



*Dynamic Chiropractic* – July 1, 2002, Vol. 20, Issue 14

## **52 Cents on the Dollar**

By John Amaro, LAc, Dipl. Ac. (NCCAOM), FIAMA, DC

On a recent trip to a large Southeastern city where I was conducting an acupuncture orthopedics symposium, my wife and I were able to make time to visit her best childhood friend and the man she'd married (whom I'll call "Dr. Smith"). What I would experience that evening would rank as one of the more disturbing revelations of my career.

I learned that Dr. Smith was a well-known, dedicated physician specializing in internal medicine and pediatrics, and CEO of the largest physician group in this vibrant, upscale city. When we went out to dinner with the couple, no less than eight people dropped by our table to say "hello" to Dr. Smith. I marveled at the attention he was getting, but then his medical group was the largest in that part of the city. His clinic had the most specialties attached to it, and was located in a beautiful building in a spectacular setting.

By most anyone's evaluation, this doctor would be considered having reached the pinnacle of success. Not only was he a caring, loving, dedicated doctor, but a businessman of intimidating proportions. He had the practice, the income and ability to manage to have and do just about anything he wanted.

During dinner, the topic of golf came up. Dr. Smith explained he dropped his membership at the country club because he was too busy to play. "Besides, I can't afford the membership," he lamented.

I am sure shock and disbelief were evident on my face. "What do you mean you can't afford the membership? You operate the largest clinic in the entire city. That's impossible!" I exclaimed.

He explained that he and all of the other doctors were putting in 60-80 hours per week just to meet the clinic's overhead. He said that with insurance reimbursement, PPOs and HMOs, collecting the fee for medical service was a major challenge. "I've studied it from every angle, and regardless, we earn 52 cents on the dollar!"

He elaborated: The major problem was that the laboratory billed their clinic for 100 percent of their service, but the clinic only received 52 percent on average. For a \$100 laboratory test, the doctor only received \$52 in insurance reimbursement. This same scenario was repeated in every phase of the business. The mortgage on the building was billed at 100 percent; the payroll for office personnel was paid at 100 percent; and malpractice and all other insurances were billed to the doctor at 100 percent. However, the doctor only receives 52 cents on every dollar billed to insurance companies. Obviously, we can carry this to a multitude of examples, such as the grocery store, the movie theatre, the clothing store, the accountant, the barber, etc. Everyone who charges us bills for 100 percent of the service; we are expected to pay 100 percent of the bill. It doesn't take a mental giant to realize if everyone in our lives who charges us a fee is at 100 percent and we only collect 52 percent for every dollar billed, this is the recipe for sure failure. Remember, taxes are also billed at 100 percent.

How in the world did the healing arts ever become involved with this type of insurance billing? To me, it is one of life's major predicaments. It torments me to no end, except for the realization that many practices would love to collect as much as 52 cents on the dollar. Practices of all disciplines are collecting 40-47 percents of what is billed. Thank goodness there are some who do much better than that, but unfortunately, they are few and far between.

Why do we feel that a patient will not seek our service unless an insurance company pays for it? What insurance company pays your grocery bill; haircut; tax accountant; trash pickup; utility bills; and the scores of other services that we pay for regularly?

As Dr. Smith and I discussed the problem, I made a recommendation: "Work a 40-hour week, charge a legitimate office fee and collect 100 percent of the fee. The practice would be more profitable, you could enjoy more free time with your family, and have time for a game of golf."

I have conducted a "pay-for-service-at-time-of-delivery" practice for the last 16 of my 32 years in practice. The outpatient services we provide are not an outrageous expense! There are a variety of procedures requiring hospitalization, tests and treatment, for which insurance definitely eases the financial burden. However, for the average practitioner who is seeing patients on an outpatient basis, pay-for-service is most certainly a viable option.

Take a hard look at your practice. What is your financial bottom line? What percentage of services are you collecting? Put a sharp pencil to the figures. There are hundreds to thousands of doctors who have changed careers because they could not afford the cost of operating a clinic. I am personally approached far too often by physicians who have left their practices and are now working as, of all things, financial consultants. I find it difficult to place my trust in someone seeking to offer me financial guidance who cannot manage his own affairs.

We have far too much to offer humanity to allow an insurance mentality to destroy our mission, talent and destiny. Be able to justify your fees to yourself and obtain a healing response in the shortest time possible. Recommend management follow-up care a maximum of four times a year, or as needed if the patient requires more, as opposed to the all-too-infamous "once-a-month" visit. You will find for patient retention, this idea alone is priceless. Remember, it is much better to see a patient (as the dental profession does) twice a year for maintenance than to try and prescribe more treatment than justified. Patients will always return to us if they feel they have received good value for their dollar and have not been taken advantage of. Throughout life there are numerous instances where "less is more."

Realize that what you are charging for an office visit pales in comparison to the costs of surgical procedures, hospitalization and extensive medical screening. The patient is more than willing to pay a legitimate office fee as long as the treatment success can be accomplished in a relatively short time. Acupuncture and chiropractic procedures are famous for their quick clinical responses. The worst thing one can ever do in practice is to overutilize. Less is more!

We in the so-called "alternative and complementary" healing arts are (from a financial perspective) sitting in one of the best positions any profession can possibly be. As long as we do not become a slave to the insurance industry and our fees are legitimate, justified and collected, our future is secure.

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Click [here](#) for more information about John Amaro, LAc, Dipl. Ac. (NCCAOM), FIAMA, DC.



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