Computer Confusion?
Technology That's Right for You

Be Prepared
A Disaster Recovery Plan You Can Count On

Getting Paid
Tips for Navigating the Insurance Claims Process

Security First
3 Things You Should Know about the HIPAA Security Rule

Protection Plan
When to Protect, When to Report

... and much more
Welcome to GOOD PRACTICE
Dear Practitioner:

The APA Practice Organization is continually seeking new and effective ways to help members build and grow their practices. With that in mind, I am pleased to introduce you to Good Practice.

Good Practice will be an annual publication filled with practical, informative, detailed articles that will keep practicing psychologists up-to-date and help you make informed decisions about how you operate your practice.

In this inaugural issue, you’ll learn more about evaluating new practice opportunities, getting paid more quickly for your services, managing risks to your practice, record keeping, and much more.

We at the Practice Organization look forward to serving you in countless ways through this and other resources. We hope you’ll keep it handy, share it with colleagues (you can download and print additional copies from APApractice.org), and learn more about the resources, products, and services available from the APA Practice Organization and our resource vendors.

Finally, as always, we invite your comments and suggestions.

Sincerely,

Russ Newman, PhD, JD
Executive Director for Professional Practice
Choosing Technology That’s Right for You

Practitioners are increasingly using technology within their practices. For some, computers are used to carry out the basics: communicating via email and finding professional information online. For a growing number, technology is also being employed to streamline scheduling, billing and record-keeping functions.

According to a 2004 survey of practitioners conducted by the APA Practice Organization, more than half of practitioners now use a broadband connection to access the Internet. This faster pipeline is speeding up their ability to use technology effectively.

Another important key to using technology to its fullest advantage is having an up-to-date computer setup in your office.

The first question most practitioners ask is, “What computer setup is right for me?” How much computer you need depends on what you intend to do with it. If you plan to use a computer only for basic word processing, browsing the Internet, and sending email, then the most basic and reasonably priced systems will probably meet your needs.

If you routinely use your computer to run practice management or financial software, to process electronic insurance claims or credit-card transactions over the Internet, or to keep your professional calendar and electronic files, then you might want to consider a computer with some extra features.

If you also plan to use your computer to view video files, download and share digital photographs or music, watch DVD movies and television, or play computer games, consider a better system that includes upgraded memory and video/graphic card features.

Mac vs. PC?
Perhaps the most significant consideration is whether to purchase a PC or a Macintosh computer. Macs are valued by many for their ease of use and graphics capabilities, but because they are less popular than PC computers, there are significantly fewer business software applications (e.g., practice management software) available for Macs than for PC computers.

Regarding price: PCs are generally considered to be less expensive, especially at the low end of the market. However, at the higher end of the market, some Apple models are cheaper than a Windows computer offering the same features.

Is there a right or wrong choice? No. It boils down to personal preference. Just make sure that the software you want to run is compatible with whichever system you decide to purchase.

A Basic System
A basic PC or Mac desktop computer system includes:

- 2 GHz+ Pentium 4 CPU (PC) or 1.42GHz PowerPC G4 (Apple)
- 512K cache
- 256 megabytes SDRAM memory
- Video/Graphics Card
- 80 megabyte Hard Drive
- Sound Card
- 17" monitor
- Windows XP (PC) or OS X (Apple) operating system
- V.92 56K DATAFAX Modem
- CD-ROM Drive
- 3.5" Floppy Disk Drive (optional, not necessary)
- 2 USB ports
- 2 Serial ports
- 1 Parallel port
- Mouse and Keyboard
- Speakers

A More Powerful System
The next level of system has upgraded versions of everything included on the basic system, plus additional features. This system will work faster, store more data, and with the addition of an Ethernet card, easily connect to a broadband Internet connection as well as other computers in your home or office.

- 3 GHz+ Pentium 4 CPU (PC) or 1.42GHz PowerPC G4 (Apple)
- 512 megabytes SDRAM memory
- Upgraded (256 meg) Video/Graphics Card
- 100+ megabyte Hard Drive
- Upgraded Sound Card
- 19" monitor
- Windows XP (PC) or OS X (Apple) operating system
- V.92 (56K) Telephony-capable modem
- Ethernet (network) card
- CD-ROM Drive
- 3.5" Floppy Disk Drive
- 4 USB ports
More than half of practitioners use a broadband connection to access the Internet.

2004 APA PRACTICE ORGANIZATION SURVEY

- 2 High Speed Serial ports
- 1 Parallel port
- Wireless Mouse and Keyboard
- Upgraded Speakers

Additional Features to Consider (for backing up and transferring data):
- CDR Drive
- DVD Drive
- Tape (Zip) Drive

What can I expect to pay?
Plan to pay $700 to $1,300 for a basic system. Cost-conscious purchasers can add any additional features to a basic system without having to purchase all the upgrades included in a more powerful system, which can still cost less than $2,000.

Which software should I consider?
The most basic need for any business computer user is business productivity software, which consists of programs that help with basic, everyday work-related tasks. The most common business productivity software available today (for both PC and Mac) is Microsoft Office. Depending on the version of Office a user purchases, it can contain word processing, spreadsheet, database, presentation, and email/calendar/contacts software programs that work together easily and efficiently.

The most common business software used by psychologists are practice management and financial management software. Psychologists considering either types of software should first make a list of the kinds of tasks they want to automate in order to determine how best to meet those needs.

Among the tasks that many practice management software programs automate are scheduling, accounting, and billing (see the Practice Management Software: Features Comparison box below). Many psychologists also use financial management software alongside their practice management software or by itself. Intuit Corporation’s Quickbooks is the most popular financial management software program used by psychologists. A more limited number use Intuit’s Quicken or Microsoft Money.¹

Where can I go to learn more?
The trend toward increased computer automation in health care is one that will continue for the foreseeable future. The topics touched on in this article only represent a sampling of the hardware, software, and functional issues that psychologists should consider before beginning the automation process. To learn more about automating their practice psychologists can find additional resources in the “Practice Management” section of APAPractice.org.

¹ APA Practice Organization members who purchase Intuit’s Quickbooks and Quicken software products for their practice via APAPractice.org receive special discount pricing.

### Practice Management Software: Features Comparison

<table>
<thead>
<tr>
<th>PRODUCT NAME</th>
<th>FEATURES</th>
<th>Install software or access via the Internet?</th>
<th>Scheduling</th>
<th>Accounting</th>
<th>Billing Paper</th>
<th>Billing Electronic</th>
<th>Formal Training?</th>
<th>Support?</th>
<th>PC/Mac</th>
<th>HIPAA Compliant?</th>
<th>Website</th>
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<tr>
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<td><a href="http://www.medisoft.com">www.medisoft.com</a></td>
<td></td>
</tr>
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</table>

¹ Purchased separately ² Free resources ³ Add-on services require additional fee(s) ⁴ Requires use of PC emulator software for Mac ⁵ Requires connection to electronic claims clearinghouse
When Disaster Strikes, Will You Be Ready?

Disaster recovery planning always seems to get pushed to the bottom of the to-do list, despite constant reminders that it’s a wise thing to do. The devastating impact of Hurricanes Katrina and Rita on individuals and businesses is the most recent reminder of the need for disaster preparedness.

Taking steps today can help to expedite computer data recovery should a disaster such as a flood, earthquake, fire, or terrorist act occur.

A HIPAA-Approved Plan

If you have determined that you must comply with HIPAA, then you are automatically required by law to develop and regularly test a computer disaster recovery plan. Even if you are not required to comply with HIPAA, having such a plan is good practice because it will help you to think through all of the steps that may need to be taken to securely recover any lost data.

Below is a sample Computer Data Disaster Recovery Plan for solo and small group practices that is part of the larger compliance process associated with the HIPAA Security Rule. Larger practices with significant staff and computer systems can start with this plan and add steps as needed. If you work in a large institution, talk with the HIPAA Security Officer about your institution’s disaster response plan.

Sample Computer Data Disaster Recovery Plan

This plan assumes that regular back-ups of important computer data are being created and stored in a secure offsite location.

Pre-Disaster Plan

Choose someone to be in charge of developing, implementing, and testing your plan; this person will become your Security Officer. In a solo practice, this will be the individual psychologist. In a small or large group practice, one of the psychologists or office staff can be designated as the Security Officer.

1. Create regular backup copies of important computer data on tape, CD or external hard drive and store the backup in a secure offsite location. If you run a busy practice with a lot of data activity each day, you may want to back up daily or several times a week. For others, preparing less frequent backups may be sufficient.

2. Establish a relationship with a computer technology support service or person. Such services can be obtained through retailers, in the telephone book, or by referral from a colleague or friend. Engage them to do a maintenance review of your system to ensure that all software is up-to-date and that your computer is virus-free. This will also give them an opportunity to get to know you and your computer system.

3. Provide your computer support person with a list of the computer hardware and software you will need in case of a disaster.

4. Keep a list of all of your user names and passwords in a secure off-site location for easy access in an emergency.

5. Add an uninterruptible power supply to your computer system. The battery will provide power for about ten minutes after losing commercial electricity. This is enough time to save important documents and shut down your system in an orderly fashion.
Disaster Identification and Notification

Staff encountering a computer data disaster situation (such as a flood, hurricane, fire, earthquake, etc.) will immediately report the disaster to the Security Officer. A disaster is defined as a major event that halts business operations, threatens the physical security of the office, and/or destroys or could potentially make important computer data unavailable for more than 72 hours. The Security Officer determines if the disaster requires implementation of the Computer Data Disaster Recovery Plan. If so, the Security Officer immediately informs all staff who may be affected.

Disaster Recovery Plan

Mitigation – Under the direction of the Security Officer, staff immediately begins taking steps to mitigate any obvious and apparent security breach(es). Staff attempts to restore, recover, salvage and secure any computer hardware, software, or files that are no longer secure due to the effects of the disaster.

Staff and the Security Officer supervise emergency or other workers assisting with disaster recovery to ensure that such workers do not inadvertently come in contact with confidential information.

Staff reports any security breaches to the Security Officer, who takes steps to inform appropriate individuals or entities of the breach, the steps taken to mitigate the breach, and how the computer data has been secured, if required and/or appropriate.

Recovery – The following list of activities is used only as an example. Generate your own list of the activities unique to your practice and determine the order in which to restore them.

In the event of a computer data disaster, the following activities will be undertaken in this order:

Obtain Space for Disaster Recovery Operations

The Security Officer immediately takes steps to find a location in which to undertake computer disaster recovery operations. The space will be physically secure (e.g., it can be locked securely), and provide the services needed for computer data disaster recovery (e.g., electrical power, compatible computer(s), telephone connections, etc.).

Restore Computer System and Backup Data

1. The Security Officer will obtain appropriate computer hardware and recreate the computer system.

2. The Security Officer will load the required software onto the computer hardware.

3. Using backup data, the Security Officer will restore files containing patient data and other critical business functions in the following order:
   a. Practice management software and backup data
   b. Financial software and backup data
   c. Calendaring/Appointment software and backup data
   d. Email communications software and backup data
   e. All other necessary software and backup data

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4. The Security Officer will take steps to ensure that the recreated computer system and software are password-protected and regular data backups are made.

Configure Space to Support and Provide Services
If appropriate, the Security Officer and staff obtain the office equipment needed to configure the computer disaster recovery space to support and provide services. If appropriate, staff communicates with patients about the temporary computer system and the steps being taken to recover and secure confidential information.

Declaration of the End of Disaster Recovery
If, after evaluating the disaster recovery operations, the Security Officer determines that the disaster is no longer a threat and that the office systems have been appropriately restored and made secure, the Security Officer will inform staff that computer data disaster return to regular operations.

Post-Disaster Evaluation
Following a return to regular operations from disaster recover operations, the Security Officer and staff will evaluate the disaster recovery plan and make any appropriate modifications.

Regular Testing and Evaluation
This disaster recovery plan will be tested annually by the Security Officer and all relevant staff and modified if appropriate.

FIND OUT MORE
To learn more about backing up your important computer data, visit the Practice Management section of APAPractice.org.
Insurance Claims: Avoiding Common Payment Pitfalls

If you’re like many psychologists, the health of your practice finances is tied directly to the insurance claims process. Unfortunately, throughout the claims process, there are many opportunities for errors or delays. Read on for tips for avoiding payment errors, minimizing delays and handling actions taken by payers that can plague the claims process.

Common Reasons Claims Are Rejected
Major reasons that payers reject or delay payment on a claim include:

- The health plan did not receive the claim.
- A CPT code is missing or incorrect.
- Provider and/or patient identifiers are not included.
- The health plan information is incorrect.
- The plan does not cover the service.

Administrative errors or delays by the payer can also result in processing errors and delays. Here are some ways you can help to ensure the accurate processing of your claims and avoid payment delays:

What to Do When You Submit a Claim

- Obtain preauthorization (also called precertification), if that is required.
- Verify that the patient’s insurance covers the service before providing treatment. Ask the company if there are any limitations or restrictions, such as the number of visits or length of the sessions.

After Receiving Notification of Adjudication

- Use the required forms and check that all claim submissions are completed fully and accurately.
- Follow the payers’ requirements for claims submission as described in their contract or provider manual.
- Check your procedure codes and diagnosis codes to ensure they are accurate and, if necessary, HIPAA-compliant.

Before Providing Services

- Review your contract with the health plan regarding the claim submission requirements, preauthorization requirements, fee-schedule and adjudication process.

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What to Do on a Regular Basis

- Establish and follow a schedule for submitting claims on a routine basis. Inquire regularly with the health plan or intermediary about the status of unpaid claims, generally within one month after filing.
- Keep current information on file regarding the terms of your clients’ insurance policies.
- Know how to access provider manuals and other documents related to your contract. Many are available online. Read health-plan bulletins and newsletters to keep track of the most current information and be alert to upcoming changes.
- File documents describing any changes with your contract and provider manual.
- Understand the collection policies required by various payers. For example, while acknowledging that there may be circumstances affecting patients’ ability to pay, it can be considered fraud for providers not to collect co-payments from beneficiaries.

Two Final Tips for Problem Resolution

With the exception of South Carolina, all states have prompt payment laws. You may be able to use the laws to persuade insurance companies to pay within the required time. These laws typically require the company to pay within 30 days of receiving a “clean claim” that contains all of the information that the payer needs to process the claim.

In addition, your state insurance commissioner’s office may be a source of help, especially if there is a pattern of problems or an egregious situation with a payer.

View new Medicare fee increases and revised CTP codes for 2006 on APAPractice.org.

HEALTH AND BEHAVIOR CPT CODES

Practicing psychologists are eligible to bill for applicable services and receive reimbursement from Medicare using “health and behavior assessment and intervention” Current Procedural Terminology (CPT)® codes. These codes, which took effect in January 2002, apply to psychological services that address behavioral, social, and psychophysiological conditions in the treatment or management of patients diagnosed with physical health problems. The Practice Directorate and other key APA representatives developed and won the inclusion of these codes in the CPT manual. A question-and-answer guide about the codes is available at APAPractice.org in the “Legislative & Legal Advocacy” section, under “CPT Coding.”

Current Procedure Terminology © 2006 American Medical Association. All rights reserved.
Chances are you have taken steps to comply with the Health Insurance Portability and Accountability Act (HIPAA) Privacy Rule. But compliance with the Privacy Rule does not make you compliant with the latest rule to go into effect — the Security Rule.

Security Rule compliance involves an entirely separate process to secure all patient information that is electronically stored, generated, transmitted or received. This includes related information such as patient notes, insurance records, email, or even a paper fax you send that is received via someone else’s computer.

As of April 20, 2005, psychologists deemed in violation of the HIPAA Security Rule could be subject to substantial penalties, including fines and even imprisonment.

Here are three important things every psychologist should know about Security Rule compliance:

1. **The HIPAA Security Rule requires its own set of compliance activities.**

   Although there is some overlap, each HIPAA Rule is separate and distinct and requires its own compliance process. Under the Security Rule, if protected health information is transmitted electronically or stored on a computer, you must take specific steps to ensure that unauthorized parties cannot access that information. In other words, while the Privacy Rule outlines the process for obtaining authorized disclosures of protected health information, the Security Rule focuses on preventing unauthorized disclosure. A separate set of steps must be taken to ensure compliance with both.

2. **Security Rule compliance requires more than adding new locks and a password.**

   To be compliant with the Security Rule, you must conduct a formal risk assessment of your practice, document your compliance decisions, and then implement safeguards to minimize any risks you have identified. Documenting the process of identifying and minimizing risks is as important as the actual steps you take. A psychologist responding to a Security Rule complaint will be required to demonstrate that he or she not only undertook a risk assessment, but also provide a rationale for why he or she did or did not choose to comply.

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**PRIVACY – A PUBLIC CONCERN**

Consumers remain concerned about the privacy of their personal health information. According to a 2005 national survey conducted by the California Healthcare Foundation, 67% of consumers are "somewhat" or "very concerned" about the privacy of their personal medical records.
Privacy Rule Compliance Is Not Enough: Three Things You Should Know about the HIPAA Security Rule

Even if you do not submit electronic claims, complying with the Security Rule is sound risk management.

Like the Privacy Rule, the Security Rule is “triggered” when you transmit information in electronic form in connection with a “standard transaction.” The following standard electronic transactions are specified by the Security Rule and trigger the need for compliance:

- Health care claims
- Health care payment and remittance advice
- Coordination of benefits
- Health care claim status, enrollment or disenrollment in a health plan
- Eligibility for a health plan
- Health plan premium payments
- Referral certification and authorization
- First report of injury
- Health claims attachments

What are the penalties for non-compliance? The Security Rule is enforced by the Center for Medicare and Medicaid Services (CMS) within the U.S. Department of Health and Human Services, which may impose the following:

- Administrative Action (i.e., implement a corrective action plan created by CMS)
- Civil Penalties ranging from $100 to $25,000
- Fines of up to $250,000 and imprisonment for up to 10 years

The Bottom Line

It makes sense for practitioners who electronically store, access, send or receive patient or patient-related information to ensure they are in compliance with the HIPAA Security Rule. The APA Practice Organization has developed the HIPAA Security Rule Primer and the HIPAA Security Rule Online Compliance Workbook, created especially for practicing psychologists and available at APApractice.org.

ARE YOU PREPARED FOR A MEDICARE AUDIT?

Psychologists who provide services to Medicare beneficiaries need to be prepared for the possibility of an audit. It’s helpful to know what triggers Medicare audits, how to prevent them, and how to handle an unfavorable audit determination. To read a question-and-answer guide about Medicare audits, visit APApractice.org.
Steps to Understanding Your Duty to Protect

What needs to happen if you work with a client who threatens serious physical harm against another person and you believe the client intends to commit the violence? Knowing the answer to this question is vital since you as a practitioner must be prepared to meet the requirements you face under the legal mandate known as “duty to protect.”

“Duty to protect” is an exception to the general rule that communications between a client and psychologist in the context of a professional relationship are confidential, and a practicing psychologist is responsible for maintaining that confidentiality.

Understanding duty to protect (also known as “duty to warn”) and taking the necessary steps in situations that may entail this duty can help shield you from legal problems while protecting others from possible danger.

What to Do

Taking the following steps should help prepare you to meet your professional obligations:

Learn the provisions of relevant state law. This includes decisions made by courts known as case law as well as statutes. If your state has a duty to protect statute, it is important for you to know the details and to check regularly for possible statutory changes.

Know when duty to protect applies. Certain elements of duty to protect statutes are common across jurisdictions. For example, to trigger a duty to protect, the communication generally must take place as part of the professional relationship between you and your client. Another commonality among these laws is that they focus on the client’s potential for violence. If a client talks about other people who are violent, the treating psychologist typically does not have a duty to protect.

Other aspects vary from one statute to another. Some may indicate, for example, that the duty to protect arises only when there is an identifiable victim and the intended violence is imminent. Other statutes may apply to a more general threat not limited to a specific person or persons — for example, when a client says he intends to set off an explosive device in a public place.

Be prepared to take the steps required by law. These vary from reporting to the police and/or the intended victim to taking additional steps to prevent the violence, such as hospitalizing the client.

Consult with other practitioners who are well-informed about duty to protect and take additional steps to gain relevant information. Certain aspects of duty to protect may be
perplexing. For example, when is an intended violent act considered “imminent?” How do you evaluate if a client intends to follow through on threats or is just blowing off steam? To help you consider such questions and take appropriate steps in response to clinical encounters, it may be useful to consult with another psychologist or other health professional with expertise in this area, especially if you have little or no prior experience of your own. Documentation of such consultation along with the rationale for decisions about the steps you take can be important if any legal actions occur.

Additional steps that may be helpful to take include reviewing the current literature about duty to protect, considering risk management workshops on the topic, and asking your malpractice insurance carrier representative for information. Tapping such sources of knowledge can help you stay abreast of relevant state law.

Learn what duty may exist even if your state has no relevant statute or case law. Psychologists can not reasonably assume they have no duty to protect if their state lacks a statute or relevant court decisions. The duty also may arise from “common law,” which involves legal concepts that are not necessarily encoded but that may apply if a case were brought to trial.

If your state has no statute or case law, speak with an attorney or other knowledgeable individuals to find out what the standard of practice is in your state and the likelihood that a duty to protect would be imposed in a particular situation. Factors that may have a bearing on your professional obligations include any applicable common law and what surrounding states do regarding duty to protect.

**ONLINE RESOURCES**

Here’s where to find information online about selected legal and ethical matters of interest to practicing psychologists.

**Responding to a Subpoena –**
*Strategies for Private Practitioners Coping With Subpoenas or Compelled Testimony for Client Records or Test Data* by the APA Committee on Legal Issues. Available soon on APApractice.org.

**A Matter of Law –**
This series of articles from the PracticeUpdate e-newsletter about how various laws affect practicing psychologists can be found on APApractice.org in the “E-Newsletter” section.

**APA Ethics Code –**

**Psychology Board Disciplinary Procedures –**
*Understanding Licensing Board Disciplinary Procedures* by the Committee for the Advancement of Professional Practice/Board of Professional Affairs Task Force on Understanding Licensing Board Disciplinary Procedures. Available on APApractice.org in the “HIPAA and Regulatory Issues” section.
Keeping appropriate client records is a matter of sound practice. Among their many uses, good records can help ensure continuity of care and protect a practitioner in the event of legal proceedings.

The following common questions from APA members are followed by answers from staff attorneys for the APA Practice Organization.

Q. How should I determine what to include in my records?

A. It is important for you to know about and comply with relevant laws, which vary among states. For example, psychology licensing laws often contain provisions that pertain to record keeping. Many state psychology licensing board websites include links to statutes and administrative rules that govern client record keeping. A knowledgeable attorney also can assist you with knowing what state law requires of practitioners.

APA offers guidance through its Record Keeping Guidelines (approved in 1993; currently being updated), as well as the APA Ethical Principles of Psychologists and Code of Conduct. If you are a member, check also with your state, provincial or territorial psychological association for pertinent information about record keeping requirements in your state.

Several additional considerations may help you determine what to put in your records:

The level of detail and the types of observations you record about your clients may vary depending on your type of practice and your theoretical orientation.

Your record may need to include information to support claims for insurance reimbursement. For example, your local Medicare carrier may have specific requirements related to documentation of services that you can find on the carrier’s web site. Private insurance companies also may have record keeping requirements that you should know about before starting treatment. Keep in mind that such insurance requirements are separate from and do not supplant legal and ethical mandates.

Consider the possibility that your records may be subpoenaed in connection with a legal action. For example, you may want to keep records of therapy for a parent involved in a child custody dispute with that circumstance in mind.

Be mindful of institutional requirements. Many health care facilities have specific record keeping policies that affiliated health professionals must comply with.

Q. How long should I keep records?

A. The amount of time depends on factors including state law and insurance requirements. State laws governing record retention often require that they be maintained for seven years after the professional relationship ends. This time period does not start for minors’ records until the minor reaches the age of majority.

The nature of your practice also has a bearing on how long to keep client records. For example, psychologists who do forensics work need to determine whether the duration of litigation that they are involved with may require keeping records beyond the period required by state law.

Q. What access do my clients have to information in their record?

A. Although state laws differ concerning the nature and extent of access that clients may have to their records, many states grant considerable rights to clients. Some laws give unrestricted access to clients.

Other state laws may allow a health professional to deny access only when the provider believes that it will harm a client to see his or her records. These laws vary in how they define the type and severity of harm necessary to justify withholding access. For example, one law may establish a standard of “substantial risk of significant adverse consequences to the patient,” while another law would allow psychologists to

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Q & A

On the Record About Client Records

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withhold information in the record if they thought it would be “harmful to patient’s physical or mental health.”

Q. Who “owns” the record if I leave a practice setting where I have been employed?

A. There is not always a clear answer to this question unless it has been addressed contractually as part of an employment agreement. It is generally advisable to clarify at the outset whether a facility or group practice considers that it keeps the records or that the individual psychologist does so.

If there is disagreement on the issue of record ownership when you leave an employment setting, you may look to several factors in settling the dispute, including:

• **Standard practice in your geographic area.** Does the employer or the psychologist typically keep the record?

• **Clients’ perceptions.** Do clients view the facility or group practice as their source of treatment? Or do they consider that their primary relationship is with the individual psychologist and expect that he or she is keeping the records?

• **The degree of latitude in keeping records.** Does the facility or group practice have a policy that governs how records are kept, or do the health professionals employed there generally keep records as they see fit?

In addition to these questions and answers, another important consideration involves requirements of the HIPAA Privacy and Security Rules that pertain to record keeping. Licensed APA members who pay the Practice Assessment will find information about these rules at APAPractice.org.

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**PracticeUpdate E-NEWSLETTER**

The *PracticeUpdate* email newsletter from the APA Practice Organization provides timely and practical information and tools to assist you with your professional needs. *PracticeUpdate* covers a range of issues and topics affecting the practice of psychology — for example, the impact of various laws on practitioners, recent legislative developments, and information and tools to help you manage and grow your practice.

*PracticeUpdate* is emailed to members who are eligible to access APAPractice.org and have provided APA membership with their email address. To access current and past issues of *PracticeUpdate*, register for APAPractice.org and visit the “Publications and Books” section of the site.

For assistance accessing *PracticeUpdate*, email PracUpdate@apa.org.

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Legal issues are complex and highly fact-specific and require legal expertise that cannot be provided by any single article. In addition, laws change over time. The information in this section should not be used as a substitute for obtaining personal legal advice and consultation prior to making decisions regarding individual circumstances.
Looking for ways to diversify your practice and offer new services to meet emerging needs often means stepping outside your comfort zone and into unfamiliar territory. Using a systematic approach to evaluate potential opportunities can not only help you consider a variety of important issues related to launching a new service, but also facilitate effective decision-making and increase the likelihood of success in new ventures.

This article presents one framework for evaluating new practice opportunities as well as a variety of questions to consider when thinking about embarking on a new venture or simply adding additional services to your existing offerings.

Your Practice

Taking stock of your current practice and professional activities is an essential component of any good evaluation. When evaluating a potential opportunity, consider:

- Are you interested in or passionate about this issue, service, or population?
- Is the new activity consistent with your professional competencies and strengths?
- Does it fit your mission?
- Can you integrate the new service into your business plan or revise your plan to include the new venture?
- Do you have (or can you acquire) the necessary skills?
- Will the new venture require knowledge, skills or abilities in areas in which you are not particularly strong?
- Are your practice finances sound enough to support your new direction?
- Will the new activity be profitable enough for you to justify the time, energy and resources needed?
- Do you have the necessary resources (e.g., office space, materials, funding, administrative support) or can you afford the cost of acquiring them?
- How risky is the venture; how much risk can you tolerate?
- How can you differentiate yourself in this area to create a competitive advantage?
- Can you create a clear strategy for developing, implementing and marketing the new service?

The Environment

It is also important to conduct an external analysis that includes a review of general environmental trends, developments in your local community and characteristics of the market you are considering entering. Be sure to consider both the current environment and likely future developments.

- What are the key environmental trends, opportunities and threats related to such factors as demographics, the economy, legislative and regulatory developments, technology, public opinion/attitudes, and the evolving healthcare marketplace?
- Is the new service a good fit with the environmental trends you identified?
- Is the service needed in the community?
- Do potential clients know they need the service and what will be the likely volume of demand?
- Is demand increasing or decreasing?
- Will the demand last or will it quickly disappear?
- What effect will the service have on individuals, groups or the community, and what is the potential benefit?
- Who are the referral sources or gatekeepers and do you have access to them?
- Are there related services you can offer to complement the new venture and add value?
- How attractive is the market? Will others find it lucrative and start to offer the same services?
  Tip: The more attractive the market, the more important it will be for you to establish a strong competitive advantage.
- If competitors enter the market, what is the likelihood of supply outpacing demand?
- What are the barriers to entry (e.g., required education, credentials, special expertise, necessary resources, startup continued on page 16
A Framework for Evaluating New Practice Opportunities

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- Would users be able to easily access the service?
- Can purchasers afford to pay for the service and are they willing to spend the money? Is the perceived value or benefit worth the cost?
- When (under what circumstances and at what times) would your potential clients use the service, how frequently would they need it, and for what duration?
- Who would actually purchase or pay for the service? Is it the same as the user of the service? If not, what are the characteristics of the purchaser and what is their relationship to the user?
- Who would make decisions about purchasing, accessing and utilizing the service and how do they make their decisions? What factors do they consider (e.g., cost, quality, value for the money, easy access, location, excellent customer service), and who influences their decisions?
- How and where do potential purchasers and users get information about this type of service and appropriate providers (e.g., directory listings, recommendation from a friend, family member or co-worker, referral from another healthcare provider or other professional, advertising or other promotional materials, affiliations with community groups and other organizations)?
- How will you reach potential clients and how much will it cost? Tip: Don’t underestimate the time, money, and effort that will be required to market the new service.
The Competition

Your evaluation of competitors should go beyond simply identifying the other psychologists offering the same service in the same area. Take a broader view of your competition by considering not only the psychologists, but also other professionals, such as psychiatrists, social workers, counselors, marriage and family therapists, clergy, executive or life coaches, business consultants, and nurse practitioners. Additionally think about other substitute products or services (e.g., self-help books, gym memberships, massage therapists, general practitioners, and other recreational activities used to relieve stress) that compete for your potential clients’ dollar.

- What competition already exists?
- Who would be your leading competitors? Are they already offering services?
- Who else will likely enter the market and begin offering services?
- What strategies are your competitors using? What are their strengths and competitive advantages?
- How intense is the competition in the market you are considering?
- Could your competitors match or beat your price?
- What do your networking contacts, friends and colleagues say about your competitors?

DIVERSIFYING THROUGH GROUP PRACTICE

One way practitioners can diversify their services is by joining together to form group practices that offer a range of services. Watch APApractice.org for helpful articles on this subject in 2006.

- What information can you gather by looking at professional association resources and materials, trade publications, promotional materials other providers are using, your local paper, consumer directories and community bulletin boards?
- What are the results of basic Internet searches using keywords related to the new service you are considering and your geographic area?
- Who is providing a similar service to that which you are considering?
- To whom are competitors providing services and what potential client segments still have unmet needs?
- What markets or new niche areas are your competitors expanding into?

If your evaluation of a potential service raises any significant concerns, proceed with caution. A venture that is not a good fit for a particular practitioner, practice, external environment, or target market is likely to face significant obstacles. Be sure to consider all of the business implications, such as those listed above, as some opportunities that sound interesting or seem like a good idea may not have strong market potential. On the other hand, if a thorough evaluation of a new service reveals that it has the potential to meet emerging needs and become a profitable business opportunity, take steps to craft a solid business plan to advance the idea.
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WEB SITES FOR PSYCHOLOGISTS

As more consumers rely on the Internet to locate health-related resources and information, having your own professional website can keep you competitive and help you reach prospective clients.

The APA Practice Organization now offers websites that psychologists can customize to reflect their own practice. The websites are available at APApractice.org to licensed APA members who pay the Practice Assessment.

The websites are designed specifically for practicing psychologists. This easy-to-use solution allows you to:

* Create your own website using templates developed by the APA Practice Organization. There is no programming involved. You simply complete online forms with your information.
* Customize your site with a color choice, your photo, and your CV/résumé.
* Display two optional content feeds on your website that include articles for consumers and psychology-related news stories.
* Update your site as often as you like.

Following a simple step-by-step process lets you set up your site and have it up and running in minutes. The website package from the APA Practice Organization includes one year of hosting and support. For pricing and additional information about the websites, visit APApractice.org.

NEW!

PSYCHOLOGIST LOCATOR SERVICE

Licensed APA members who pay the Practice Assessment can now display their contact information at the new APA Practice Organization Psychologist Locator Service. The service is designed to connect eligible practicing psychologists directly with interested members of the public who are looking for psychological services.

The service is available online at APAHelpCenter.org, the consumer website for APA’s public education campaign. Help Center visitors can locate and contact psychologists in their local area by clicking on “Find a Psychologist” near the top of each page at the APA Help Center, or by calling 1-800-964-2000 for information about referrals.

To join the APA Psychologist Locator Service, follow the instructions at www.apapractice.org/apo/locate.html.

NEW!

10 THINGS YOU’LL FIND TODAY ON APAPRactice.org

1. 2006 Revised CPT Testing Codes
2. DSM Diagnosis Crosswalk Tool
3. Current psychology-related news
4. Practitioner “Reviews and Ratings” of websites, books, and other resources
5. Mind/Body Health Toolkit from the APA public education campaign
6. Legislative Action Center where you can participate in grassroots advocacy and keep tabs on Capitol Hill
7. “Best Practices” magazine from the Psychologically Healthy Workplace Awards
8. Fact sheets and brochures for your clients
9. Registration for APA Psychologist Locator Service
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