Creating a ‘Hybrid Practice’

Practitioners diversify their revenue streams to shore up their bottom line.

As a hedge against declining reimbursement rates, practitioners are increasingly varying their sources of revenue. Steven Walfish, PhD, of Atlanta sees this creation of what he calls “hybrid practices,” characterized by involvement in a variety of revenue-producing professional activities, as an opportunity for psychologists to be creative and entrepreneurial, as well as to benefit financially.

Just as investors diversify their investments to protect themselves from fluctuations in the financial market, many psychologists are diversifying with multiple revenue streams, as well as making a portion of their practice self-pay. By doing so, “You are not subject to the whims of insurance companies that may drop fees at a moment’s notice,” Walfish says.

According to the APA Practice Organization’s 2011 online survey of members, 36 percent of respondents indicated that self-pay clients accounted for at least one quarter of their client base. Fifteen percent reported that they derived all their practice revenue from self-pay clients.

Those who diversify note the importance of using the broad range of their skillset. Walfish’s practice includes psychological evaluations for traffic accident personal injury cases, pre-surgical psychological evaluations prior to weight-loss surgery, and substance abuse evaluations of impaired professionals. He also derives a portion of his revenue from writing and presenting on how to earn a living practicing outside of managed care.

With a clinical specialty in treating children, adolescents and adults with ADHD, Alan R. Graham, PhD, of Chicago owns a small group practice. Other revenue streams include ADHD coaching—which teaches clients to manage their attention, hyperactivity and impulsivity—executive coaching and part ownership of a website, ADDvisor.com, that interviews well-known practitioners and researchers in the ADHD field. The site sells books and other materials for those with ADHD.

He takes insurance for some aspects of his practice, and notes that the volume of his work allows him to choose the companies with which to work. “I won’t participate in a number of panels because of the reimbursement levels,” Graham says. And with alternate sources of revenue, he doesn’t have to.

In her private practice, Spark Inspiration, and as the clinical director of the Behavioral Health and Wellness program at the University of Colorado School of Medicine, Cindy Wang Morris, PsyD, of Denver offers psychotherapy, coaching and training and helps organizations around the country create healthy workplaces. For example, she helps conduct workplace wellness evaluations for organizations looking to increase positive communications between leadership and staff, reduce turnover and increase productivity.

These psychologists, along with David Ballard, PsyD, MBA, assistant executive director of marketing and business development in the American Psychological Association Practice Directorate, offer various pointers to help guide practitioners in diversifying their practice activities and potential revenue sources.
Start with your core competencies and skills and build from them. According to Ballard, psychologists’ expertise in relationship building can be tapped to establish mutually beneficial business relationships with payers, partners, colleagues, referral sources and other professional contacts. Skills in program design and evaluation can be applied to developing a new service or consulting with individuals, organizations and communities to help them develop, implement and evaluate programs to enhance their functioning. (For more examples of core competencies and their applicability to the business of practice, see “Putting Business into Practice: Leveraging Your Skills as a Psychologist” in the Winter 2008 issue of Good Practice, available online to Practice Assessment payers at http://bit.ly/Kq5dsZ.) Graham notes he uses his core skills in all his jobs and finds unifying principles in his different duties. “When I work with a child with ADHD, I need to understand the child and the environment in which he lives,” he says. “And when I go into organizations, I need to understand the executive and the environment in which he lives.”

Be confident. Morris believes that despite their knowledge and talents, psychologists often underestimate their abilities. “Don’t be afraid to try something new and fail at it. Just because it’s not on your resume yet doesn’t mean you don’t have the ability to do it.”

Be open to ideas from many sources. Graham got into executive coaching after sitting and talking to the father of his daughter’s friend at a bat mitzvah. The man was the managing partner for a consulting organization with a work need that Graham was able to fill.

Use data-based research. Walfish began working in personal injury after reading After the Crash: Psychological Assessment and Treatment of Survivors of Motor Vehicle Accidents by Edward B. Blanchard, PhD, and Edward J. Hickling, PsyD. The book asserts that car accidents are the leading cause of Post-Traumatic Stress Disorder (PTSD) in the general population. Walfish now suggests to psychologists that they similarly read and use published research to help generate practice ideas. To do so, he says, psychologists should routinely browse the table of contents of psychology journals of interest to monitor trends and read articles about emerging opportunities and needs.

Think like an entrepreneur. Morris says when she was studying to be a psychologist she didn’t imagine she’d be taking an entrepreneurial path. But as she found herself excited by the possibilities for new ways to engage people and organizations as she helps them transform themselves, she realized what an entrepreneur she really is.

In his article, “Creating Opportunities” (www.apa.org/education/ce/opportunities.pdf), Walfish notes research that finds “entrepreneurship enables the private practitioner to see opportunities where others do not” (Baron, 2002; Baron & Ensley, 2006; Baron & Shane, 2008), and that one doesn’t need to have a certain personality to succeed as an entrepreneur (Hisrich, Langan-Fox & Grant, 2007).

Rather, Hisrich et al. talk about “entrepreneurial cognition,” suggesting that “opportunity recognition has been attributed to actively searching for opportunities, having a general
alertness (conscious and unconscious) for opportunities and an ‘ability to connect the dots’ in order to bring opportunities together from seemingly disparate areas.”

Psychologists are well suited for entrepreneurship, according to Walfish. They can use their “therapy skills, research skills, teaching skills, consultation skills and ... ability to develop products that people want in order to branch out,” he says.

Get the proper training. Psychologists are ethically obligated to build the competencies necessary for any work they engage in. This can be achieved through a variety of channels, including formal coursework, continuing education, getting supervision from an expert in the area in which you wish to practice, having a mentor, self-study—such as reading journals and other publications—and peer supervision.

In his book Earning a Living Outside of Managed Mental Health Care: 50 Ways to Expand Your Practice, Walfish presents essays by 50 practitioners who also share the additional training they undertook to branch out. For example, a psychologist who offers a marriage skills workshop advises those who are interested to “first become expert in emotional regulation, cooperative communication and conflict resolution skills.”

More psychologists are branching out, fixing their sights on ventures that are a good fit for them and their practice, external environment and target market. When Graham went into practice 35 years ago, his business partner counseled him never to have all his eggs in one basket. “That has held for me,” he says. The variety of work keeps his finances on even keel and “it’s never dull.”

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Here are 10 emerging need areas and opportunities for new types of practice revenue, based largely on suggestions from Drs. Walfish, Graham and Morris.

1. Career development for those looking to change career paths
2. Health behavior change (for example, smoking cessation, addictive behaviors, weight loss)
3. Premarital counseling
4. Mindfulness-based stress reduction
5. Creating and selling informational products
6. Speaking engagements
7. Selling trainings and workshops at schools, businesses, associations
8. Managing health behaviors around chronic illness (for example, lifestyle changes in managing diabetes, treatment adherence for cancer)
9. Consulting with and educating physicians, attorneys and other professionals to enhance their own communications and stress management skills and help them better manage issues that arise in their work
10. Parenting coordination

More information can be found on Practice Central at http://bit.ly/LrENqk.

“Every day feels challenging and exhilarating,” says Morris. “I am constantly creating and recreating myself and my practice. It’s thrilling to know that I can expect the unexpected.”

Social Media: What’s your policy? continued from page 11

How do clients respond when you introduce your social media policy? What questions or concerns have they raised?

Most clients don’t say much about it, although some have said that they thought it was really “cool” that I spelled it all out for them so there were no surprises. A few have expressed reassurance that I won’t be Googling them without their knowledge. Since I live in San Francisco, which is a bit of a social media bubble, many of my clients work in tech. I think that for these folks, having a psychologist who has a social media policy feels pretty comfortable and helps them understand the choices I’ve made in more consumer-friendly language. Some clients specifically choose to work with me since I seem so attuned to social media issues because this is becoming such a common space for relationship issues to arise for them.