Maintaining the Flow

Building a successful private practice, with change to spare

A healthy cash flow is like an underground stream – it can keep your practice watered in unseen ways, allowing you to concentrate on what you do best.

There are lots of ways to ensure this stream is flowing well and nourishing your practice – among them diversifying your skills, marketing yourself and making sure you have good bookkeeping practices in place, to name some examples.

To help you maintain a healthy financial stream, veteran practitioners recommend that you:

Diversify. Psychologists are fortunate to be trained in multiple skills with a wide array of applications. Use this training to your advantage and build on it, advises Lauren Behrman, PhD, who provides counseling and psychotherapy services for children and adults in Westchester County, New York, and Manhattan. She also acts as a divorce mediator, collaborative divorce professional and parent coordinator, among other roles.

“There are so many niches you can get involved in – doing psychological evaluations for law enforcement agencies, psychological assessments for child-care agencies, evaluations for people for various surgeries, consulting to schools, clergy or residential treatment facilities” – not to mention gigs like teaching, writing and training. “There are literally hundreds of things you can get into,” she says.

Behrman’s first niche involved counseling, assessing and evaluating young children with developmental issues – a reflection of her own practice interests that she honed in a variety of practice settings and a four-year postdoc. When she had her own children, she developed an alternate niche doing divorce mediations and counseling high-conflict couples on parenting issues – an area that was interesting to her, compatible with what she was already doing, and allowed her to fit her work around her children’s schedules.

“Create niches based on your circumstances, on what is happening in your community, and that build on your skill sets in ways that keep you interested and engaged,” she advises.

Tap into trends. When considering niches, keep in mind the vast array of opportunities in health care, counsels Kevin Arnold, PhD, ABPP, director of the Center for Cognitive and Behavioral Therapy in Columbus, Ohio, a full-spectrum practice of 35 full- and part-time clinicians with plans to expand services into primary care practices.

“As the health care system speeds toward reform, psychologists will increasingly be held accountable for delivering services that improve overall population health and decrease health care costs,” Arnold says. “That means figuring out how our services best fit within the health care system, rather than seeing ourselves as separate.”

The good news is there is no dearth of jobs in the area, he says. Psychologists are equipped to provide a multitude of useful, rewarding and viable health care services – everything from providing surgical consults to helping people change poor health habits to managing chronic pain.
Gain competencies first. Before diversifying, however, Arnold strongly recommends gaining competency in the areas you’re adding. He’s a prime example: Originally trained in applied behavioral analysis, he felt he needed to gain additional competencies in order to be a well-rounded and effective clinician.

To that end, he received extensive training in psychodynamic and cognitive behavioral therapies from seasoned trainers in both areas. He also beefed up his forensic know-how by taking several workshops with the American Academy of Forensic Psychology and consulting with two well-known forensics experts.

“To have a broadly scoped practice, you either need to have existing competencies that go beyond those of a traditional clinical practice,” he says, “or you need to gain those competencies through rigorous education and consultative training opportunities.” Don’t try doing it the other way around, he adds: Putting the cart before the horse can harm your clients and your reputation.

Think financially. Arnold calls the many diversified aspects of his practice “revenue centers” – separate income streams that contribute to the overall health of his practice. A couple of these niches include applied behavior therapy for people with autism and interventions for children and adults with learning disabilities.

Similarly, Behrman thinks of her practice as an investment
GETTING YOUR PROPER DUE

Filing proper claims and all that entails can mean the difference between a practice that’s flush and one that is bust. Still Waters Professional Counseling in Muncie, Ind., takes the matter seriously. To make sure they’re on track, the 14-provider practice hired a keen-eyed billing manager, Darci Palsrok, who suggests the following:

- **Get it right the first time.** Obtaining all of patient’s correct information up front — their legal name, correct birth date, up-to-date insurance information — is your first and best line of defense, Palsrok says. Drill down with clients on insurance-related questions, for example on whether they have secondary insurance, their insurance is up to date and whether they have changed employment or insurance, especially at the beginning of a new calendar year. Clients often forget such details, and they and your practice can lose money as a result.

“Having the correct information up front will drive everything else and help you get successfully reimbursed,” Palsrok says.

- **Inform clients about payment policies.** Make sure clients clearly understand your fees and fee policies, for instance that co-pays are due at the time of service. Still Waters provides each client with a service agreement that educates them about their payment responsibilities and the practice’s no-show and cancellation policies, and has the client sign it. These policies are also covered in the Psychotherapist-Patient Agreement from The Trust and the HIPAA for Psychologists CE course and compliance product.

- **Document all of your work.** Carefully documenting your work can save your practice time and unnecessary aggravation, Palsrok adds. In fact, Still Waters has a policy requiring providers to enter their progress notes into the electronic record-keeping system before she can file a claim.

Include in your notes the kinds of services your client needs, the services you provided, how your client benefitted from them, plans for future treatment, major topics you discussed, goals you have set, and professional observations about your client. Also include time and length of sessions, since extended sessions use different codes and therefore receive more reimbursement. Finally, make sure to connect each element to the proper diagnostic code.

The bottom line is your bottom line, she says. “It’s a line we’ve heard for years: ‘If it’s not documented, it wasn’t done.’”

- **Examine claims carefully before sending them out.** Is the patient’s birth date correct? Are your insurance codes up to date — for example, are you using ICD-10 codes, not ICD-9 codes? Do you have your provider identification number in all the right places? If the subscriber is different from the patient, did you note his or her birth date?

“Before I send out a claim, I review it thoroughly and make sure I have the right diagnostic codes, the correct pricing for the code that’s on there, and the correct subscriber information,” Palsrok says. Making a printout helps catch even more errors, she adds.

- **Understand the difference between “rejected” and “denied.”** A claim that’s been rejected has not yet entered insurance processing; Something is amiss with the identifying information, so you just need to correct the problem and send it back. Common errors include wrong codes and outdated insurance, for example.

A claim that is denied is a bigger deal — it has already entered processing, and the insurer has found something wrong. In this case, “you have to put your detective hat on,” and carefully examine the returned paperwork to see what might be in error. If it’s still unclear, you may need to call the insurer to get to the bottom of it. As ever, prevention is always the best course of action, she says.

- **Conduct regular audits.** Self-audits can be extremely valuable in pointing out documentation problems within the practice or with insurers. Audit one thing at a time — say all of the extended sessions for the last two months, or all of your accounts receivable reports during that time. Such scans can highlight patterns you hadn’t noticed before, like an insurer who’s consistently failing to pay a certain type of claim, or a provider who keeps making the same coding error.

- **Keep staff up to date.** Every other month, Palsrok and the two practice owners hold a dinner meeting with staff providers to address issues and changes related to documentation and billing.

“We’ll go over codes, give them examples of what their [report] notes should look like, when they should use extended sessions, and so on,” she says. “We had a nice long staff meeting when the ICD-10 came out,” she recalls with a chuckle.

Taking a careful approach now bodes well for the future of your practice, Palsrok adds. While no one can predict exactly how the Medicare Access and CHIP Reauthorization Act, or MACRA, will change the claims and billing landscape, one thing seems clear: It’s likely to require more, not less documentation of everything you do.
portfolio where she puts varying degrees of time and energy into more or less risky investments.

In the beginning of her career, for instance, her practice was 100 percent in the “bonds” of managed care – financially safe and secure, but beholden to the system’s therapy model and financial arrangements.

About 15 years into her practice, she started taking more risks. “I realized I would much rather slide my fees to help people who couldn’t afford to come and have control over treatment decisions,” she says. She kept moving in the direction of greater autonomy, while retaining aspects of practice she could count on for regular income, such as consulting and evaluations. There are many other ways to make your “investment contributions,” but whatever balance you choose, reflect on it from time to time and tweak it as necessary, she advises.

“After 32 years, I figured out how to see myself not only as an independent practitioner, but also as a small business owner and an entrepreneur,” Behrman says.

**Network.** Virtually nothing bad can be said about networking: When things are going well, it provides collegiality and friendship; in moments of need, it proffers job leads and career opportunities.

Tyson Bailey, PsyD, credits networking with the opportunity to become a practice partner early in his career. He and his first practicum supervisor, Bill Heusler, PsyD, hit it off so well that they decided to form a group practice centered on trauma treatment, Spectrum Psychological Associates in the greater Seattle area.

That initial networking paid off. Today, Spectrum is a successful five-site practice that models the conditions for a healthy workplace by providing strong benefits, regular opportunities for staff to consult, and a collegial atmosphere.

At monthly breakfast meetings, for instance, “we spend more time laughing and joking around than we do talking about anything serious,” Bailey says. “Our goal from the beginning was to create an environment where people are happy and healthy and getting what they need.”

**Befriend technology.** Arnold has been using automated billing in his practice for a long time, and his office maintains databases that track patient process and progress and aid in overall planning, scheduling and business operations. Thanks to the recent installment of a new electronic health records system, his center will now enjoy a greater ability to analyze and plot data in ways that are useful to the practice, as well as provide patients with a portal to check appointment times, test results and other information.

After a number of other arrangements, Behrman now does her own billing with a type of user-friendly billing software. She can also accept credit cards, and uses a banking system that allows clients to deposit payments directly into her bank account.

Such techno-tools have helped a lot. “They’ve really helped me streamline my billing and cut down on the amount of accounts receivable I have,” she says.

**Farm out.** If you lack the resources or desire to take on certain office tasks, hiring out can be a smart option.

Behrman, for example, uses a virtual receptionist; she also pays an assistant to snail mail and email her bills. On the marketing end, she hired a graphics designer to create a functional and attractive web site, and uses a service that helps her write a newsletter, post blogs and maintain a presence on social media.

The cost of delegating such functions is worth it, with the time and money you save down the road amply compensating for the initial outlay, she says.

**Stay flexible.** Because their Seattle practice is relatively new, Bailey and Heusler are still ironing out issues of money flow and the best way to manage expenses. Unanticipated costs can and do arise, and the partners are also in the process of considering the types of external office management services they need and can pay for.

While the team is working hard to build a financially sound practice, they also recognize that nothing’s perfect – that a flexible attitude and sense of humor are important antidotes to financial concerns.

“Our model is we are constantly going to be learning,” Bailey says. “Bill and I share the philosophy that we’re never going to have it all, we’re never going to have it completely figured out. If we do things right,” he adds, “we, and our practice, will keep growing, changing and learning.”

Written by Tori DeAngelis