

OUR 15TH ANNUAL FEES & REIMBURSEMENTS SURVEY

Silver linings

Our annual survey tells a story. But it's not always a clear or definitive one. Nevertheless, there's hope for brighter days.

BY MELISSA HEYBOER

The chiropractic industry is in the midst of a troubling trend: The decline in reimbursements has entered its fourth consecutive year and blaming the recession for earnings woes is a tired refrain for many in the healthcare profession. Not because it's not true, but because doctors are ready for some relief.

But here's the thing: Despite a decline in the average reimbursement rate this year, the 1.7 percent change was the smallest it's been during these difficult times.

And while that won't necessarily reassure DCs that happier times lie ahead, it should — at the very least — offer a silver lining in that this near-flat line means declining reimbursements are seeing their final days.

It's important to also consider ways you can help the cause.

You must begin planning for the future. This means keeping current with changes in technology, healthcare, and the new ICD-10 coding system that will likely take affect in October 2014.

Make sure you have investigated the advantages of a certified EHR. Understanding changes in Medicare and the impact of the Affordable Care Act, and being prepared for the inevitable ICD switchover are not magic bullets to increasing your reimbursements. But these things will help safeguard your practice and mitigate errors or oversights that might otherwise occur.

For technology specifically, ensuring that your software meets meaningful use standards will help the workflow of your practice — helping you work more efficiently.

Efficiency breeds perfection. And perfection is what you need when you're dealing with insurance companies and reimbursements.

It also puts you ahead of the game — and more



THINKSTOCK

importantly, ahead of your competition.

Where you stand in relation to your peers depends a lot on your geographic location and how you practice on a daily basis. But the statistics in this article can help you determine where you are and where you are going.

Highlights

Several critical statistics we noticed in this year's survey were:

Gender differences. The number of female responders reached its highest ever milestone. Nearly a third of all respondents (28 percent) were female chiropractors and they once again reported higher reimbursement rates than their male counterparts. Women reported an average reimbursement rate of 66 percent, compared to 61 percent for men.

Associates take center stage. Another sharp increase was seen in the number of respondents reporting as associates. The 48.5 percent increase over last year could mean the U.S. Bureau of Labor Statistics was right when it projected a 28 percent increase in the number of jobs in chiropractic by 2020.

The burgeoning number of new DCs, as captured by our

About this survey

Throughout July and August 2012, *Chiropractic Economics* extended an invitation by email to readers and other practicing chiropractors to complete a Web-based survey on fees and reimbursements.

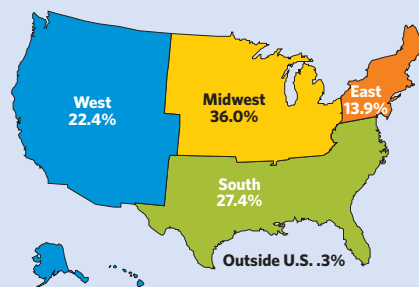
We limited survey participants to practicing chiropractors or their designated office managers/CAs to assure accuracy of information.

Number of participants. This year the analysis is based on the answers of 350 respondents.

Regional distribution. Broken into four regions of the country, participants hailed from the West (22 percent), the South (27 percent), the Midwest (36 percent), the East (14 percent), and outside the U.S. (1 percent). There were four states not represented in this year's survey, namely: Delaware, Utah, Vermont, and Wyoming.

Averages. Unless indicated otherwise, all numbers are given as averages.

Cash-only practices. Cash-only practices reported fees only.



The survey results are provided for informational purposes only. They are not intended to be used as a recommendation for setting fee levels.

noted rise in the number of associateships, seems to be in keeping with this prediction.

The cash-based practice. Declines in reimbursements could be a good reason why we're also seeing a trend in the rise of cash-based practices. The number of doctors operating this type of practice increased 16 percent over last year, and has increased 62 percent in the last two years.

The average fee charged in 2012 was \$58 for cash-based practices, that's compared to an overall average fee of \$61 and an overall average reimbursement of \$38. This means cash-based practices saw a 53 percent difference in collections.

Payment style. We have noticed a trend over the past three years that has continued in this year's survey. With the exception of managed patient financing, which saw a slight increase over last year, chiropractors are moving away from offering payment plans to patients. Most likely, this is due to increased regulatory scrutiny and auditing of such plans.

Nevertheless, just 58 percent of DCs said they offer some type of payment plan this year. That's compared to 68 percent last year, 69 percent in 2010, and 74 percent in 2009.

Specialties. The popularity in specialties typically remains unchanged from year to year — and 2012 is no exception. Massage therapy is still the most popular treatment modality offered by chiropractors (more than 50 percent). Acupuncture is still the second-most popular modality, being offered by 11 percent of DCs — a 38 percent increase over last year.

Nutritionist (7 percent), and MD/DO (6.5 percent) and fitness trainer (each at 6.5 percent) are the third- and fourth-most popular specialists brought on board in practices. •

Profile of Respondents

	2012	2011	2010
Personal characteristics			
Male	72.3%	77.6%	78.2%
Female	27.7%	22.4%	21.8%
Average age	46.9	47.3	46.0
Age range	25-76	27-77	23-78
Average yrs in practice	18.1	18.4	16.9
Types of practice			
Solo	71.3%	71.6%	79.4%
Group	23.5%	24.9%	18.6%
Associate	5.2%	3.5%	2.0%
In a franchise operation	4.3%	4.5%	6.5%
Integrated healthcare practice (DC+MD/DO)	6.5%	3.9%	3.8%
Cash-only practice	16.8%	14.5%	10.4%
Fees and reimbursements			
Average fees	\$61.00	\$71.00	\$65.00
Average reimbursements	\$38.00	\$45.00	\$44.00
Average reimbursements rate	62.3%	63.4%	67.6%
Geographic location			
Eastern region	13.9%	15.0%	18.0%
Southern region	27.4%	25.5%	27.0%
Midwest region	36.0%	31.3%	28.0%
Western region	22.4%	28.0%	26.0%
Outside U.S.	0.3%	0.2%	1.0%
Licensure			
One state	80.1%	73.0%	74.2%
Two states	12.7%	20.0%	18.7%
Three or more states	7.2%	7.0%	7.1%

The great divide

The difference between the four regions of the U.S. goes beyond just their geographical location. The fees and reimbursements reported throughout the Eastern, Western, Southern, and Midwestern areas are typically wide-ranging — and this year is no exception.

The average fees and reimbursements dropped significantly from last year (\$71 to \$61, and \$45 to \$38,

respectively), but perhaps more telling is the reimbursement rate. Despite the decline in fees and reimbursements, the average reimbursement rate dropped only 1.7 percent from last year (63.4 percent to 62.3 percent).

The results shown among the four regions present more of a mixed bag. Reimbursement rates dropped for the Eastern, Midwestern, and Western regions, but rose for the

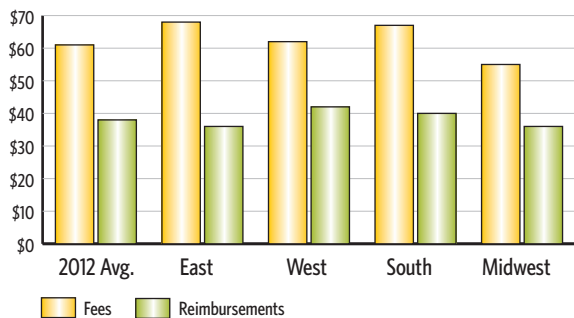
Southern states.

Starting with the good news, the South rose slightly from 58 percent to 60 percent. The East fell from 56 percent to 53 percent, the Midwest fell from 66 percent to 65 percent, and the West fell from 72 percent to 68 percent.

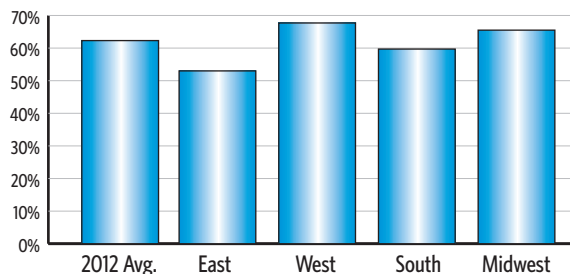
The highest fees were reported in the East (\$68), while the Midwest reported the lowest (\$55). •

	2012			Eastern Region		
	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.
Professional care						
98940 Chiropractic manipulative trmt., 1-2 regions	\$45	\$31	68.9%	\$49	\$35	71.4%
98941 Chiropractic manipulative trmt., 3-4 regions	\$53	\$38	71.7%	\$57	\$38	66.7%
98942 Chiropractic manipulative trmt., 5 regions	\$61	\$43	70.5%	\$66	\$42	63.6%
98943 Extra spinal manipulation, 1 or more regions	\$38	\$23	60.5%	\$44	\$24	54.5%
98912 Established patient E/M services	\$51	\$34	66.7%	\$56	\$26	46.4%
99213 Established patient E/M services	\$69	\$41	59.4%	\$72	\$40	55.6%
99214 Established patient E/M services	\$89	\$60	67.4%	\$73	\$35	47.9%
New patient exam						
99201 New patient E/M services	\$65	\$42	64.6%	\$83	\$51	61.4%
99202 New patient E/M services	\$83	\$57	68.7%	\$91	\$46	50.5%
99203 New patient E/M services	\$109	\$74	67.9%	\$104	\$64	61.5%
99204 New patient E/M services	\$136	\$96	70.6%	\$113	\$45	39.8%
Radiology						
72020 Single view X-ray	\$42	\$23	54.8%	\$44	\$20	45.5%
72040 Cervical, 2 or 3 views	\$77	\$49	63.6%	\$75	\$55	73.3%
72050 Cervical, 4 views	\$118	\$67	56.8%	\$128	\$100	78.1%
72052 Cervical, complete, including oblique and flexion and/or extension studies	\$156	\$82	52.6%	\$121	\$62	51.2%
72070 Thoracic, AP and lat.	\$83	\$52	62.7%	\$88	\$62	70.5%
72100 Lumbrosacral, 2 or 3 views	\$84	\$55	65.5%	\$82	\$57	69.5%
72170 Pelvis, 1 or 2 views	\$64	\$49	76.6%	\$66	\$31	47.0%
Procedures and modalities						
97012 Traction, mechanical	\$29	\$17	58.6%	\$33	\$16	48.5%
97014 or G0283 electrical muscle stimulation	\$27	\$14	51.9%	\$31	\$13	41.9%
97035 Ultrasound	\$28	\$15	53.6%	\$32	\$14	43.8%
97110 Therapeutic exercises	\$39	\$24	61.5%	\$38	\$23	60.5%
97112 Neuromuscular re-education	\$37	\$23	62.2%	\$38	\$19	50.0%
97124 Massage	\$43	\$27	62.8%	\$48	\$22	45.8%
97140 Manual therapy	\$37	\$23	62.2%	\$37	\$24	64.9%
97530 Therapeutic activities	\$37	\$23	62.2%	\$39	\$13	33.3%
S8948 Low level laser, ea. 15 min.	\$33	\$12	36.4%	\$53	\$17	32.1%
S909 Spinal decompression therapy	\$68	\$25	36.8%	\$66	\$25	37.9%
Overall averages	\$61	\$38	62.3%	\$68	\$36	53.0%

Comparisons by Region



Percent Reimbursed by Region



Western Region

Fee	Reimb.	% Reimb.
\$46	\$35	76.1%
\$55	\$43	78.2%
\$64	\$47	73.4%
\$41	\$30	73.2%
\$54	\$44	81.5%
\$71	\$57	80.3%
\$101	\$70	69.3%
\$62	\$48	77.4%
\$89	\$74	83.1%
\$114	\$89	78.1%
\$159	\$140	88.1%
\$36	\$15	41.7%
\$74	\$40	54.1%
\$118	\$58	49.2%
\$146	\$67	45.9%
\$80	\$46	57.5%
\$80	\$48	60.0%
\$53	\$44	83.0%
\$31	\$19	61.3%
\$27	\$18	66.7%
\$30	\$20	66.7%
\$40	\$29	72.5%
\$36	\$23	63.9%
\$47	\$34	72.3%
\$40	\$29	72.5%
\$41	\$28	68.3%
\$30	\$12	40.0%
\$58	\$19	32.8%
\$62	\$42	67.7%

Southern Region

Fee	Reimb.	% Reimb.
\$43	\$29	67.4%
\$51	\$36	70.6%
\$60	\$42	70.0%
\$36	\$19	52.8%
\$52	\$31	59.6%
\$74	\$45	60.8%
\$99	\$69	69.7%
\$61	\$35	57.4%
\$84	\$51	60.7%
\$114	\$72	63.2%
\$150	\$91	60.7%
\$43	\$26	60.5%
\$81	\$52	64.2%
\$139	\$78	56.1%
\$201	\$113	56.2%
\$88	\$57	64.8%
\$87	\$56	64.4%
\$73	\$55	75.3%
\$31	\$18	58.1%
\$28	\$14	50.0%
\$31	\$14	45.2%
\$44	\$24	54.5%
\$45	\$28	62.2%
\$51	\$34	66.7%
\$42	\$22	52.4%
\$45	\$25	55.6%
\$39	\$20	51.3%
\$95	\$33	34.7%
\$67	\$40	59.7%

Midwestern Region

Fee	Reimb.	% Reimb.
\$44	\$28	63.6%
\$51	\$36	70.6%
\$59	\$40	67.8%
\$36	\$21	58.3%
\$47	\$34	72.3%
\$65	\$48	73.8%
\$79	\$57	72.2%
\$63	\$41	65.1%
\$78	\$56	71.8%
\$102	\$69	67.6%
\$116	\$82	70.7%
\$43	\$26	60.5%
\$76	\$50	65.8%
\$100	\$60	60.0%
\$129	\$74	57.4%
\$80	\$49	61.3%
\$84	\$57	67.9%
\$62	\$49	79.0%
\$26	\$15	57.7%
\$24	\$13	54.2%
\$25	\$13	52.0%
\$36	\$21	58.3%
\$31	\$18	58.1%
\$34	\$21	61.8%
\$32	\$18	56.3%
\$31	\$20	64.5%
\$28	\$19	67.9%
\$62	\$33	53.2%
\$55	\$36	65.5%

No news is good news

What we know is this: for the fourth straight year, the average reimbursement rate in our annual survey has posted a decline. This is undoubtedly due to the long recession, and while it is premature to predict when this trend will make a U-turn or flatten out, it is

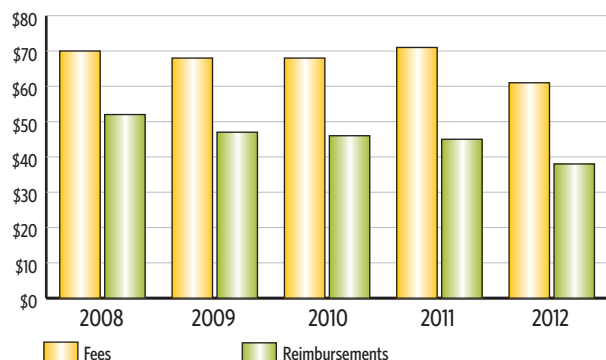
likely that the worst is behind us.

After all, while this year's average reimbursement rate dropped from last year (63 percent compared to 62 percent), it was the smallest decline since before 2007 — just 1 percentage point. This ideally means things have

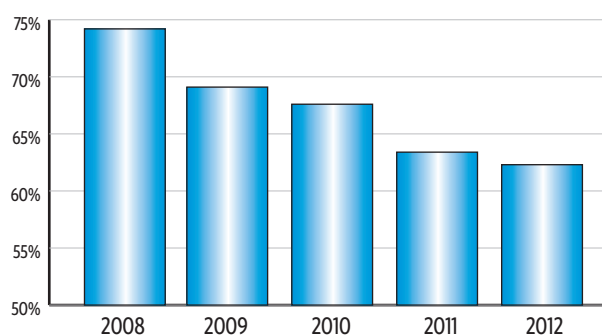
officially bottomed out and the economy can finally begin to turn a corner.

While we won't know for sure if that's the case until this time next year, we do know that the less reimbursement rates are seen to be dropping, the better. •

Year-to-Year Comparison of Fees and Reimbursements 2008-2012



Year-to-Year Comparison of Reimbursement Rates 2008-2012



Going it alone

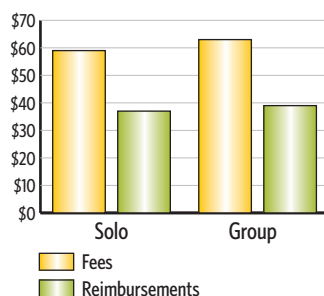
Are you practicing solo? You're not alone. Solo practitioners once again led this year's survey (71.3 percent compared to 71.6 percent last year).

The number of doctors who work in a group setting also declined slightly, dropping from 25 percent to 23 percent. The number of physicians in franchises fell from 4.5 percent to 4.3 percent, while those identifying as associates rose from 3 percent to 5 percent.

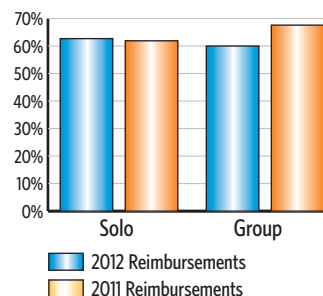
In the past, group practices saw higher reimbursement rates than solo doctors. This year, the roles have reversed. Respondents in group settings reported an average fee of \$69 and an average reimbursement of \$39, for a reimbursement rate of 62 percent. Those practicing as solo practitioners saw an average fee of \$59 and average reimbursement of \$39 — a reimbursement rate of 63 percent.

Group practices did report higher percentages of specialists, however. Only 22 percent of group respondents indicated that they had no specialists working in their clinic, while 46 percent of solo DCs answered "none." •

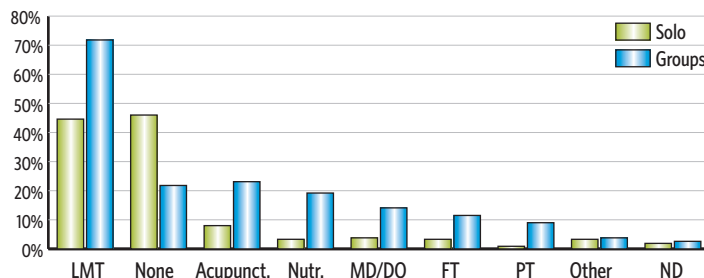
Solo vs. Group Fees and Reimbursements



Solo vs. Group Reimbursement Rates



Specialists Working in Solo and Group Clinics



MDs vs. DCs: In stark contrast

While both chiropractors and medical doctors have the same title before their name, it's no secret that in most cases they go about treating patients differently.

Even so, these vastly different professions share many of the same codes (including 99201 [evaluation and management for new patient] and its variations — 99202, 99203, and 99204) when dealing with insurance companies and their fees and reimbursements.

But it's not just that. Both DCs and MDs are also seeing a declining trend in reimbursements.

According to a similar survey published in the January 2012 issue of *Physicians Practice*, a business journal for medical doctors, average reimbursements for MDs dropped 3 percent from last year.

For chiropractors, unfortunately, the change is more drastic. Last year, DCs saw an average reimbursement of \$45, while this year they reported an average reimbursement of \$38. This is a 15.5 percent decline.

In previous years, *Physicians Practice*

has reported on both fees and reimbursements; however, for the past few years, they have reported solely on reimbursements. As a result, we will only report on DCs' reimbursements as well.

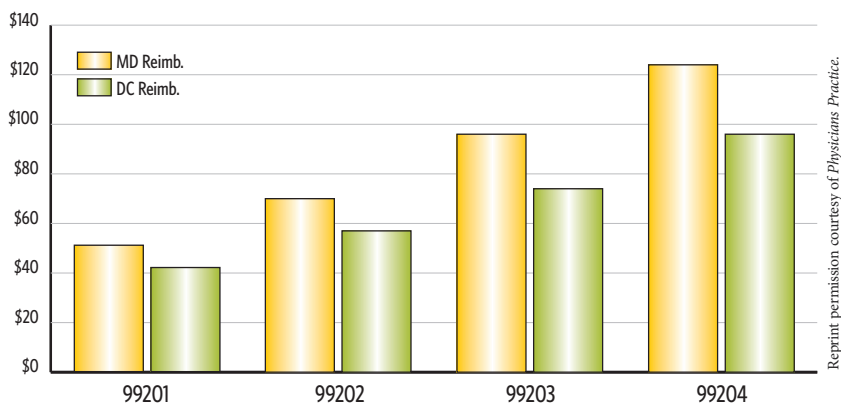
For code 99201, DCs averaged reimbursements of \$42, while MDs' reimbursements were \$51. This is the only code where reimbursements rose for MDs over last year.

For code 99202, MDs' reimbursements were \$70, while DCs averaged \$57 in reimbursements. This is compared to \$71 and \$58, respectively, last year.

For code 99203, MDs' reimbursements dropped a few dollars — from \$100 last year to \$96 this year. DCs' reimbursements dropped several dollars as well (from \$79 last year to \$74 this year).

For code 99204, MDs reported a reimbursement average of \$124, this is down from \$131 last year. Chiropractors reported average reimbursements of \$96, down from \$102 last year — a 6 percent decrease. •

Comparison of MD and DC Reimbursements



The integration migration

Working in an integrated or multidisciplinary practice has proven over the years to offer benefits that you are unlikely to find when practicing solo. It's also been a good answer for chiropractors looking for higher reimbursements.

But not all things stay the same.

Unlike previous years, this year's survey saw practices employing specialists reporting lower reimbursement rates than practices without specialists working in their clinic.

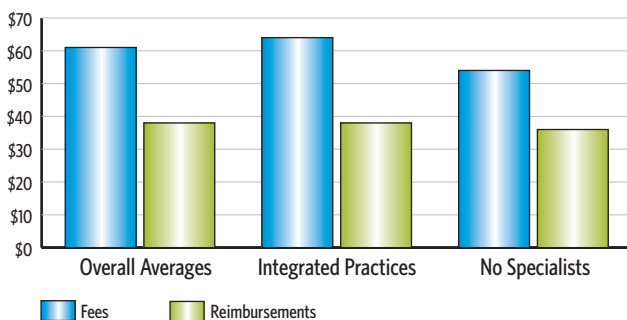
This year, clinics with specialists saw average fees of \$64 and average reimbursements of \$38, which equates to a reimbursement rate of 59 percent. Clinics with no specialists reported an average fee of \$54 and an average reimbursement of \$36, which equates to a reimbursement rate of 67 percent.

For those practices employing or contracting specialists in their clinic, LMT was once again the most popular choice with 52 percent employing a massage therapist.

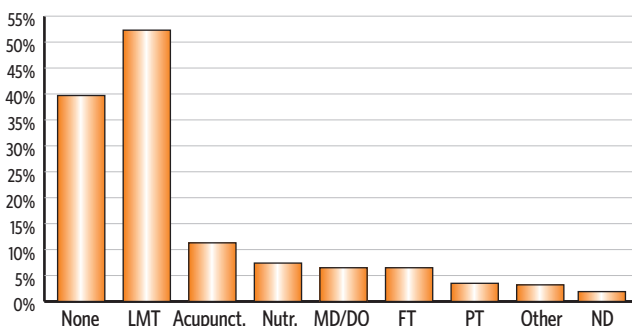
Acupuncturist was the second-most popular (11 percent), followed by nutritionist (7.5 percent), MD/DO and fitness trainer (6.5 each), physical therapist (3.5 percent), and naturopath (2 percent).

More than 3 percent of DCs selected "other" for a specialist they employ. Some of those answers included: aesthetician, podiatrist, yoga instructor, and nurse practitioner. •

Integrated Healthcare vs. No Specialists



Specialists on Staff in Chiropractic Practices



A focus on franchising

Franchising has been growing in popularity over the years as new franchise models continue to enter the industry. Last year there was a slight dip in DCs reporting as franchise owners, dropping from 6.5 percent to 4.5 percent.

While that decline continued this year, it was far less drastic, dropping only 0.2 percentage points (4.3 percent).

Unfortunately, DCs practicing in a franchise also saw a drop in average reimbursement rates. This year, franchisees saw an average fee of \$63 and an average reimbursement of \$35.

This equates to a reimbursement rate of 55 percent, down from 59 percent last year, and almost 7 percentage points lower than the overall average.

Other notes

Although only slightly, our survey also shows that franchise owners are younger than the overall average (46 years old compared to 47 years old). Last year, franchise owners were 43 years old on average and in 2009 they were 44 years old.

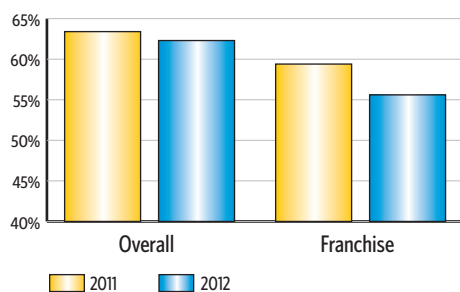
The average franchise owner is male (80 percent), has been practicing for 17 years, owns 1 practice, and is licensed in 1 state.

More than 70 percent of franchise owners run a solo practice, while 27 percent operate in a group setting. •

Comparison of Franchise Fees and Reimbursements with Overall Averages



Franchise Reimbursement Rates



Paper or plastic?

One option for DCs that is seeing significant and steady growth in popularity is the cash-based model a lot of practices are beginning to adopt. This could be the result of the sustained decline in reimbursement rates.

Nevertheless, this year's survey recorded its highest percentage of cash-only practices (17 percent). That is up from 14 percent last year, 10 percent in 2010, and 9 percent in 2009.

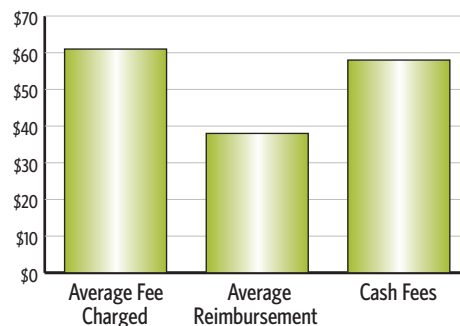
DCs reported average fees of \$58, down from \$68 last year, but more in line with 2010, when doctors saw average fees of \$59.

By strict definition, a cash-only practice would have no reimbursements from insurers. So, fees in a cash-only practice are equivalent to reimbursements (collections). Cash-only practice fees of \$58 represent a 53 percent advantage over the overall average reimbursement of \$38.

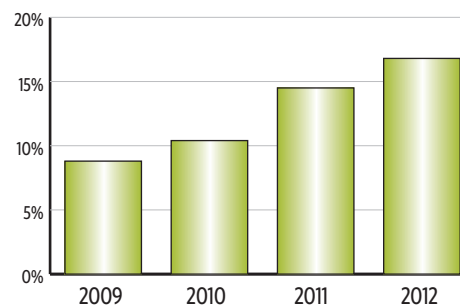
Your typical cash-only practice respondent is male (74 percent), with an average age of 50, and working in a solo clinic (90 percent). Those respondents operating cash-only practices have been working as a practitioner for 19 years.

Regarding cash-only practices: 61 percent offer nutrition, 37 percent offer massage, 36 percent offer electrotherapy, 34 percent offer weight loss programs, 32 percent offer exercise programs, 32 percent offer physical therapy, 27 offer instrument assisted soft tissue mobilization, 25 percent offer homeopathy, 17 percent offer acupuncture, 12 percent offer fitness devices, 10 percent offer laser therapy, and 7 percent offer decompression. •

Cash Fees vs. Reimbursements



Growth of Cash-Only Practices



Bridging the gap

This year's survey reported the highest percentage of female respondents (28 percent) since we first published the Fees and Reimbursements Survey 15 years ago.

Female chiropractors reported an average fee of \$55 and an average reimbursement of \$36, which equates to a reimbursement rate of 66 percent. This is almost four percentage points higher than their male counterparts.

Male DCs reported an average fee of \$62 and an average reimbursement of \$38, for a reimbursement rate of 61 percent.

While the woman did see a higher average reimbursement rate, both male and female doctors saw decreased rates when measured against last year.

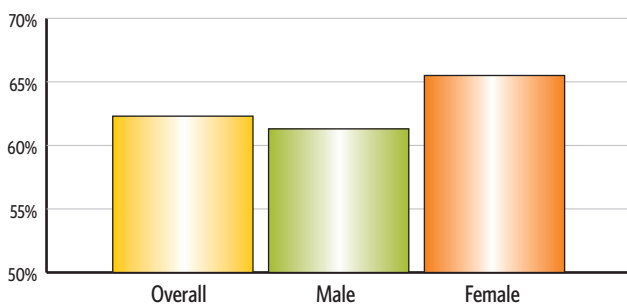
Women respondents were younger on average (44 years), compared to men (48 years).

As a result, female DCs reported being in practice for fewer years (15), while male respondents have been in practice for an average of 18 years.

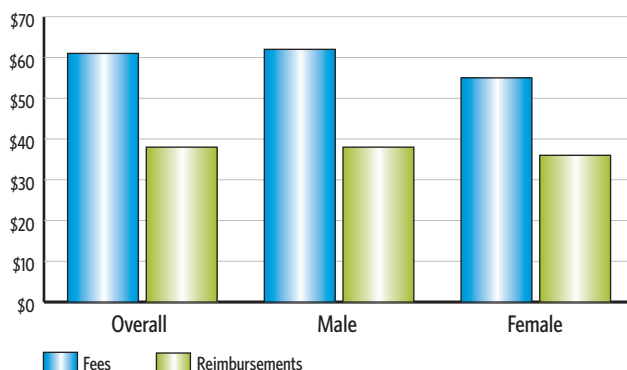
Last year, 22 percent of women reported working in group clinics. This year, that number rose to 24 percent. In comparison, 26 percent of men worked in groups last year. This year, that number dropped to 23 percent.

When it comes to modalities, nutrition was still the most popular modality among both male and female DCs. Exercise, PT/rehab, and electrotherapy were also popular. •

Reimbursement Rates: Male vs. Female



Gender Comparison of Fees and Reimbursements



Gender Comparison

	Overview	Male (72.3%)	Female (27.7%)
Personal			
Age	46.9	48.0	43.6
Years in practice	18.1	19.0	15.4
Types of practices			
Solo	71.3%	73.7%	64.2%
Group	23.5%	23.5%	24.2%
Associate	5.2%	2.8%	11.6%
Owns franchise	4.3%	4.8%	3.2%
Cash only	16.8%	16.9%	16.0%
Modalities			
Chiropractic	99.0%	99.2%	99.0%
MD/DO	5.4%	6.0%	4.2%
Acupuncture	23.7%	22.0%	27.1%
Exercise	53.1%	53.6%	51.0%
Homeopathy	11.7%	10.0%	15.6%
Massage	48.9%	48.8%	49.0%
Nutrition	64.0%	66.0%	57.3%
PT/rehab	52.6%	52.8%	50.0%
Fitness devices	11.4%	12.4%	9.4%
Weight loss	31.1%	32.4%	27.1%
Decompression	21.4%	24.0%	14.6%
Laser	29.1%	30.0%	25.0%
Electrotherapy	51.1%	53.6%	43.8%
Instrument	30.6%	30.8%	28.1%
Other	12.9%	13.6%	11.5%
Specialists			
None	39.7%	39.0%	41.1%
MD/DO	6.5%	6.7%	5.9%
PT	3.5%	3.1%	4.7%
LMT	52.3%	51.1%	55.3%
Fitness trainer	6.5%	6.3%	7.1%
Nutritionist	7.4%	8.1%	5.9%
ND	1.9%	2.2%	1.2%
Acupuncture	11.3%	10.8%	12.9%
Other	3.2%	3.6%	2.4%

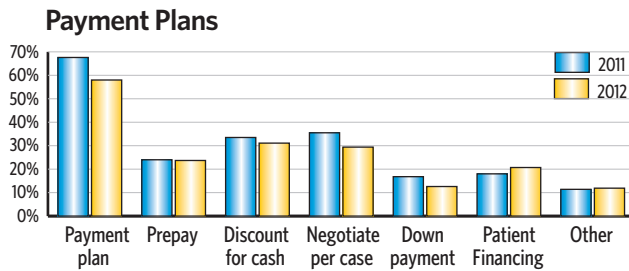
Ways to pay

This year's survey shows a downward shift in the number of chiropractors offering payment plans. Just 58 percent of DCs reported that they offer some kind of payment option to patients. This is down from 68 percent last year, 69 percent in 2010, and 74 percent in 2009.

The only increase in this year's options was for doctors offering patient financing. Last year, 18 percent said they offered patient financing, compared to 21 percent this year.

The most popular type of payment plan was discount for cash (31 percent), followed by negotiate per case (29 percent), prepay (24 percent), patient financing (21 percent), and down payment (13 percent).

Almost 12 percent of DCs also selected "other." •



Last but not least

Each year, we ask for additional information on three codes: 95851, range-of-motion testing; 95831, muscle testing; and 97750, physical-performance evaluation. It should be noted that we *did* include these codes when calculating the fees and reimbursement averages for the other sections.

Average fees for range-of-motion testing were \$36, while average reimbursements were \$18 — a reimbursement rate of 50 percent.

Average fees for muscle testing were \$30, with an average reimbursement of \$14 — a reimbursement rate of 47 percent.

Average fees for physical-performance evaluation were \$27, with an average reimbursement of \$20, and a reimbursement rate of 74 percent. 