

# The big picture

Are your annual earnings down? Don't panic. The results of our annual nationwide survey present a mixed picture.

BY MELISSA HEYBOER



THINKSTOCK

**W**hile it's true that the economy isn't yet out of the woods following years of a nasty recession, the decrease in annual salaries and total compensation reported in our 15th Annual Salary & Expense Survey, may not tell the whole story as to why.

In this year's survey, DCs reported annual overall salaries of \$82,500 and a total compensation of \$107,000. Overall salaries are thus down 28 percent from last year's average annual salary of \$115,500, and average total compensation fell 13 percent from the \$123,000 reported in 2011.

We can only speculate as to why numbers fluctuated so significantly from last year's survey to this year's, but it's very possible that our 2011 survey was more of an anomaly than a trend.

One thing we can take away from this year's survey is the reduction of time being spent each week in practice. DCs reported spending an average of 31 hours a week in patient care. The decrease in patient care

could be a telling reason for the decline in compensation.

The good news is, while salaries appear to be down for the time being, the average reimbursement rate reported by DCs is up more than three percentage points from last year (70 percent and 66 percent, respectively).

## More conscientious

Whether it's a reason for the downward spike in salaries or the result of it, this year's survey indicated that DCs are spending less and less on office expenses — most notably advertising and marketing.

In this area, chiropractors spent almost \$3,000 less in 2012 (\$6,800) on average than they did in 2011 (\$9,700), and almost \$6,000 less than they did in 2009 (\$12,600).

While a lower bottom line could certainly be the reason for this downward shift, it could also be a good indication of the times.

Chiropractors aren't the only healthcare professionals using new technologies to get their message out. Social media platforms — like

Facebook, Twitter, and Google Plus — have become not only an effective way to fill your practice's waiting room but an inexpensive one, too.

This means you're getting creative in your search to reach potential patients wherever you can find them.

## Healthcare today

Despite the slightly upward tick in reimbursement rates this year, the fact remains that the healthcare industry as a whole is experiencing a decline in insurance and Medicare reimbursements. And while from one year to the next the average rate might rise slightly, the overall trend points to a downward shift in this area.

According to an article published by *CNN Money*, "Federal law requires that Medicare reimbursement rates be adjusted annually based on a formula tied to the health of the economy. That law says rates should be cut every year to keep Medicare financially sound."<sup>1</sup>

This highlights a trend that could affect solo practitioners more than ever before.

### 3-Year Comparison of Respondent Information

| Personal Characteristics      | 2012      | 2011      | 2010      |
|-------------------------------|-----------|-----------|-----------|
| Average age                   | 48.4      | 45.4      | 44.5      |
| Male                          | 81.1%     | 78.6%     | 77.2%     |
| Female                        | 18.9%     | 21.4%     | 22.8%     |
| Years in practice             | 19.3      | 16.5      | 16.3      |
| Solo practitioner             | 69.6%     | 66.1%     | 66.1%     |
| Group practitioner/partner    | 22.3%     | 25.7%     | 23.5%     |
| Associate                     | 7.6%      | 6.3%      | 9.4%      |
| Franchise owner               | 0.5%      | 1.9%      | 1.0%      |
| Practice Characteristics      |           |           |           |
| Suburban                      | 54.9%     | 57.7%     | 55.5%     |
| Urban                         | 29.5%     | 25.6%     | 26.1%     |
| Rural                         | 15.6%     | 16.8%     | 18.4%     |
| No. of employees              | 3.1       | 3.2       | 3.2       |
| Hours/week in patient care    | 31.6      | 31.4      | 33.1      |
| Average PVA                   | 21.4      | 60.2      | 40.8      |
| Average patient visits/week   | 106.5     | 122.5     | 122.4     |
| Average new patients/week     | 5.1       | 6.1       | 5.9       |
| Income Comparisons            |           |           |           |
| Average gross billings        | \$425,668 | \$523,014 | \$541,396 |
| Average gross collections     | \$297,419 | \$345,247 | \$323,421 |
| Average DC salary             | \$82,532  | \$115,513 | \$87,538  |
| Average DC total comp.        | \$106,784 | \$123,375 | \$112,368 |
| Expenses                      |           |           |           |
| Advertising                   | \$6,782   | \$9,666   | \$10,660  |
| Malpractice insurance         | \$2,740   | \$2,413   | \$2,405   |
| Office lease or mortgage (yr) | \$28,892  | \$24,114  | \$26,146  |

#### All is not lost

Because of these headwinds, it's important that all healthcare providers — not just chiropractors — understand the business side of running and maintaining a practice. As we've stated in *Chiropractic Economics* before, DCs didn't go to school to learn to run a business. They went to school to make patients well.

Being cognizant of how and where you're spending your money, can make all the difference in keeping your practice afloat.

In that same *CNN Money* article, it states that most doctors in private practice experience a 10 percent to 15 percent profit leak, which can lead to significant losses in your bank account.

*Chiropractic Economics* has conducted this same salary and expense survey for the past 15 years with a few minor tweaks and changes over time, and yet the results are always different.

Keep in mind also that upcoming changes with HIPAA 5010 and ICD-10 could potentially affect your cash flow in a negative way while you work to prepare for the transition.

We encourage you to study the trends in healthcare and how they affect your practice and use this survey as a general reference as you prepare for the future. ■

#### Reference

<sup>1</sup>Kavilanz P. "Doctors going broke," *CNN Money*, [money.cnn.com/2012/01/05/smallbusiness/doctors\\_broke/index.htm](http://money.cnn.com/2012/01/05/smallbusiness/doctors_broke/index.htm)

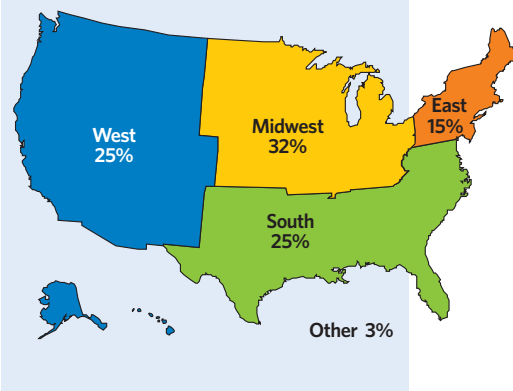
### About this survey

Our 15th Annual Salary & Expense Survey had 410 doctors of chiropractic responding to the confidential, Web-based questionnaire. Throughout March and April 2012, *Chiropractic Economics* magazine invited practicing chiropractors and CAs to participate in our annual survey.

We extended the invitation by email and through announcements in our e-newsletter *Newsflash*, and on our social networking sites. Additionally, we invited a number of state associations to encourage their members to participate in the survey.

**Regional representation.** The response to this year's survey was fairly wide-ranging, and we received at least one response from every state but Alaska, Mississippi, West Virginia, Rhode Island, Vermont, New Hampshire, Maine, and Wyoming. The regional breakdown is as follows: Midwest, 32 percent; South, 25 percent; West, 25 percent; and East, 15 percent. Another 3 percent came from outside the U.S.

**Statistics.** You will find references to only averages (or means) in this year's survey. Feedback from readers impressed us that the survey is better understood by only stating averages. The average is the number calculated by dividing the total by the number in the set — an arithmetic average.



# The average respondent

This year's survey attracted a wide range of doctors, from 25 to 84 years old, who have been in practice for less than one year to 58 years. By averaging the responses to many of this year's questions, we can define what the average respondent might look like:

- ▶ Male. (Only 19 percent of respondents were female.);
- ▶ 48 years old;
- ▶ A solo practitioner (70 percent); and
- ▶ Licensed in 1.5 states;

Our average respondent:

- ▶ Owns 1 clinic;
- ▶ Prefers to practice in the suburbs (55 percent);
- ▶ Employs 3 persons in the clinic (2 of whom work full time);

- ▶ Sees 107 patients each week;
- ▶ Has a patient-visit average (PVA) of 22;
- ▶ Attracts 5 new patients each week; and
- ▶ Sees patients 31 hours a week.

In addition, the average respondent:

- ▶ Has average billings of \$426,000 and collections of \$300,000 for a reimbursement rate of 70 percent;
- ▶ Sells products to patients for 9 percent of gross revenues;
- ▶ Pays his CAs \$28,000 and himself \$82,500; and
- ▶ Enjoys an average total compensation of \$107,000.

Finally, this typical respondent spends \$29,000 on office leases or mortgages, \$6,800 on advertising, and \$2,700 on malpractice insurance. ■

## Profile of Respondents

### Personal Characteristics

|                           |       |
|---------------------------|-------|
| Average age               | 48.4  |
| Male                      | 81.1% |
| Female                    | 18.9% |
| Years in practice         | 19.3  |
| Solo DC                   | 69.6% |
| In a group or partnership | 22.3% |
| Associate                 | 7.6%  |
| Franchise owner           | 0.5%  |
| No. of state licenses     | 1.4   |

### Clinic Characteristics

|                           |       |
|---------------------------|-------|
| Clinics                   | 1.0   |
| Urban                     | 29.5% |
| Suburban                  | 54.9% |
| Rural                     | 15.6% |
| Employees                 | 3.1   |
| Average PVA               | 21.4  |
| Average patients/week     | 106.5 |
| Average new patients/week | 5.1   |
| Cash practice             | 25.5% |

### Specialty

|              |       |
|--------------|-------|
| General      | 59.0% |
| Family       | 21.7% |
| Sports/rehab | 7.8%  |

|            |       |
|------------|-------|
| Pediatrics | 1.0%  |
| Other      | 10.5% |

### Specialists In Clinic

|                      |       |
|----------------------|-------|
| LMT                  | 46.3% |
| Acupuncturist        | 12.8% |
| PT                   | 6.1%  |
| Nutritionist (LDN)   | 8.0%  |
| MD/DO                | 7.3%  |
| Fitness trainer (FT) | 4.2%  |
| Other                | 5.1%  |
| None                 | 43.5% |

### Income

|                      |           |
|----------------------|-----------|
| Average billings     | \$425,668 |
| Range                | 12K-9M    |
| Average collections  | \$297,419 |
| Range                | 11.9K-6M  |
| % income from retail | 9.0%      |

### Average Salaries

|                   |           |
|-------------------|-----------|
| Average MD/DO     | \$108,875 |
| Total DC comp.    | \$106,784 |
| Average DC        | \$82,532  |
| Average associate | \$63,213  |
| Average FT        | \$47,933  |

|             |          |
|-------------|----------|
| Average PT  | \$44,062 |
| Average CA  | \$27,919 |
| Average LDN | \$27,600 |
| Average LMT | \$24,852 |

### Average Expenses

|                            |          |
|----------------------------|----------|
| Advertising                | \$6,782  |
| Malpractice insurance      | \$2,740  |
| Office lease/mortgage (yr) | \$28,892 |

### Modalities Provided

|  |       |
|--|-------|
| Chiropractic                                 | 98.5% |
| Nutrition                                    | 62.0% |
| Exercise programs                            | 53.5% |
| Massage                                      | 51.4% |
| PT/rehab                                     | 50.5% |
| Electrotherapy                               | 44.3% |
| Weight loss programs                         | 30.7% |
| Laser therapy                                | 28.8% |
| Instrument assisted soft tissue mobilization | 27.0% |
| Acupuncture                                  | 24.8% |
| Decompression                                | 21.7% |
| Homeopathy                                   | 15.8% |
| Fitness devices                              | 12.4% |
| Other  | 6.8%  |

Let your voice be heard! Be on the lookout for your chance to participate in our upcoming Fees & Reimbursements Survey.

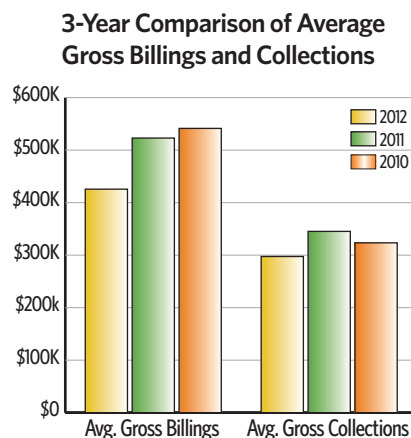
## Average billings and collections

While average billings and collections dropped in this year's survey, the average reimbursement rate grew a few percentage points over the previous years.

In our 2010 survey, respondents reported average gross billings of \$540,000 and collections of \$320,000, which equates to a reimbursement rate of 60 percent. Similarly, in 2011's

survey, average billings were \$520,000 and collections of \$345,000 for a reimbursement rate of 66 percent.

In our 2012 survey, however, average gross billings were reported at \$425,000, while collections were reported at \$300,000. Those numbers equate to a reimbursement rate of 70 percent — a 6 percent increase from last year and a 17 percent increase from 2010. ■



## MD versus DC

As a chiropractor, staying abreast of the current trends in your profession — whether it's breaking news or the state of the economy — is important. But it's also important for you to understand the state of other health-care professions.

Luckily for us — and you — *Medical Economics* publishes a similar report every year, which breaks down salaries for MDs.

*Medical Economics'* 2011 Exclusive Physician Earnings Survey (featured in its Sept. 25, 2011, issue) indicates that nearly 40 percent of MDs' practices are doing worse than they were last year and only 15 percent said they were doing better.

This seems to be in line with the state of DCs' average salaries and total compensation for this year compared to last. Average salaries reported for DCs in this year's survey were \$82,500. This is down from 2011's survey (\$115,500) and slightly down from 2010's survey (\$88,000).

According to *Medical Economics'* results, the mean income for family physicians, general practitioners, and internists was \$180,000, which is down slightly (\$181,000) from the previous year.

To compare more statistics between chiropractors and primary care doctors, visit *Medical Economics* online at [modernmedicine.com](http://modernmedicine.com). ■

# Are you making the switch?

Given the combination of recent reforms in healthcare and the financial struggles many in the profession have faced over the past few years, the popularity of group practices remains strong, as also shown in our previous surveys.

This year's survey still proves that group practices — although down a bit from last year — are a popular choice for DCs, and the percentage of doctors switching from solo practice to groups could continue to rise.

In this year's survey, nearly 23 percent of respondents indicated that they were in a group practice, while 70 percent responded as solo practitioners.

Likewise, while average billings and collections for group practices were down, reimbursement rates rose. Last year, group practices saw average billings of \$870,000, while this year's billings were \$690,000. Collections went from \$560,000 to \$470,000 in 2012. That is an average reimbursement rate of 70 percent, up from 65 percent last year.

Despite a small rise in reimbursements, the trend in healthcare continues to show a decrease in how much doctors are collecting. This could be indicative of the lower overall salaries reported for both solo and group DCs.

The average DC compensation for solo DCs this year is \$92,000, compared to \$100,000 from last year. Similarly, the average total compensation for a DC practicing in a group setting dropped from \$165,000 to \$140,000.

*(Note: Total compensation for unincorporated DCs is defined as earnings after tax-deductible expenses, but before income tax. For DCs in a professional corporation, it is the sum of salary, bonuses, and retirement/profit-sharing contributions made on their behalf.)*

Another change from last year can be seen in expenses being paid. Our survey indicates that for the most part, solo practitioners are actually spending more on malpractice insurance this year (\$2,500) than last year (\$2,200), more on office leases (\$24,000 compared to \$20,000), but less on advertising dollars (\$6,800 compared to \$7,300).

For their part, group practices are spending less on advertising (\$7,500 compared to \$15,000), less on office leases (\$28,000 compared to \$34,000), but more on malpractice insurance (\$3,400 compared to \$3,000). ■

## Comparison of Solo & Group Practices

| Clinic Label    | Solo  | Group |
|-----------------|-------|-------|
| Clinic          | 72.2% | 62.6% |
| Wellness center | 24.6% | 24.2% |
| Rehab center    | 2.8%  | 13.2% |
| Franchisee      | 0.4%  | 0.0%  |
| Medical spa     | 0.0%  | 0.0%  |

### Clinic Statistics

|                      |           |           |
|----------------------|-----------|-----------|
| No. of employees     | 2.1       | 5.3       |
| No. of FT employees  | 1.2       | 3.8       |
| PVA                  | 21.3      | 22.9      |
| No. of patients/week | 91.1      | 150.0     |
| New patients/week    | 4.4       | 7.3       |
| Cash only            | 28.8%     | 15.9%     |
| Mean billings        | \$286,845 | \$689,594 |
| Mean collections     | \$204,438 | \$473,462 |

### Compensation and Benefits

|                        |          |           |
|------------------------|----------|-----------|
| Retirement             | 25.5%    | 38.5%     |
| Healthcare benefits    | 18.5%    | 38.3%     |
| Incentives or bonuses  | 41.9%    | 53.8%     |
| Profit sharing         | 7.8%     | 2.0%      |
| Paid time off          | 58.7%    | 69.2%     |
| Average CA             | \$28,495 | \$27,054  |
| Average LMT            | \$25,381 | \$25,222  |
| Average DC             | \$83,125 | \$91,300  |
| Average total DC comp. | \$91,864 | \$141,143 |

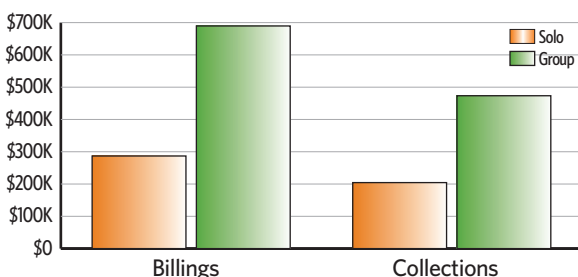
### Specialists Provided

|               |       |       |
|---------------|-------|-------|
| None          | 51.6% | 24.3% |
| LMT           | 40.7% | 57.1% |
| Acupuncturist | 8.1%  | 22.9% |
| LDN           | 7.7%  | 10.0% |
| FT            | 3.2%  | 8.6%  |
| MD/DO         | 2.7%  | 20.0% |
| PT            | 2.7%  | 17.1% |
| Other         | 5.0%  | 5.7%  |

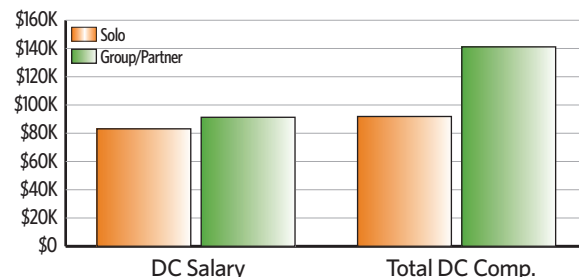
### Expenses

|                               |          |          |
|-------------------------------|----------|----------|
| Office lease or mortgage (yr) | \$23,657 | \$28,046 |
| Advertising                   | \$6,783  | \$7,395  |
| Malpractice insurance         | \$2,507  | \$3,367  |

Solo vs. Group: Average Billings and Collections



Solo vs. Group: Average DC Compensation



## DC vs. Integrated and Multidisciplinary Clinics: Significant Comparisons

| Practice Type                    | Multi     | Integrated | DC Only  |
|----------------------------------|-----------|------------|----------|
| Solo                             | 62.2%     | 30.8%      | 76.6%    |
| Group/partnership                | 28.6%     | 50.0%      | 16.9%    |
| Franchisee                       | 0.8%      | 3.8%       | 0.0%     |
| <b>Clinic Label</b>              |           |            |          |
| Clinic                           | 60.2%     | 52.0%      | 76.2%    |
| Wellness center                  | 30.5%     | 24.0%      | 20.8%    |
| Rehab center                     | 8.5%      | 24.0%      | 2.7%     |
| Medical spa                      | 0.0%      | 0.0%       | 0.0%     |
| <b>Location</b>                  |           |            |          |
| Suburban                         | 61.2%     | 42.9%      | 53.3%    |
| Urban                            | 26.5%     | 42.9%      | 29.8%    |
| Rural                            | 12.3%     | 14.2%      | 16.9%    |
| <b>Specialty</b>                 |           |            |          |
| General                          | 47.2%     | 31.6%      | 68.3%    |
| Family                           | 25.8%     | 31.6%      | 20.0%    |
| Sports/rehab                     | 12.4%     | 21.0%      | 4.9%     |
| Pediatrics                       | 1.1%      | 0.0%       | 0.5%     |
| Other                            | 13.5%     | 15.8%      | 6.3%     |
| <b>Clinic Statistics</b>         |           |            |          |
| No. of employees                 | 4.3       | 3.5        | 2.6      |
| No. of FT employees              | 2.9       | 3.1        | 1.5      |
| PVA                              | 21.6      | 20.8       | 21.8     |
| Patients per week                | 113.3     | 109.7      | 103.7    |
| New patients/week                | 5.4       | 5.9        | 4.9      |
| Cash only                        | 27.8%     | 20.0%      | 24.3%    |
| <b>Expenses</b>                  |           |            |          |
| Office lease/mortgage (yr)       | \$33,647  | \$27,816   | \$19,415 |
| Advertising                      | \$9,006   | \$11,758   | \$8,905  |
| Malpractice insurance            | \$3,099   | \$2,208    | \$2,640  |
| <b>Compensation and Benefits</b> |           |            |          |
| Paid time off                    | 59.7%     | 92.3%      | 57.7%    |
| Offers incentives/bonuses        | 41.3%     | 53.8%      | 44.2%    |
| Offers retirement plan           | 36.2%     | 26.7%      | 25.8%    |
| Healthcare benefits              | 25.8%     | 53.8%      | 22.6%    |
| Profit sharing                   | 6.6%      | 15.4%      | 7.7%     |
| Average total DC comp.           | \$123,760 | \$128,052  | \$97,473 |
| Average DC                       | \$90,143  | \$92,400   | \$77,968 |
| Average CA                       | \$28,182  | \$37,350   | \$27,087 |
| Average LMT                      | \$21,105  | \$21,666   | \$28,528 |

## Analyzing how DCs practice

In response to reader requests, *Chiropractic Economics* expanded its “integrated clinics/DCs only” breakdown to provide a more comprehensive look at the profession and how DCs practice.

We asked respondents to indicate if they were practicing as: a DC only, in an integrated clinic, or in a multidisciplinary clinic.

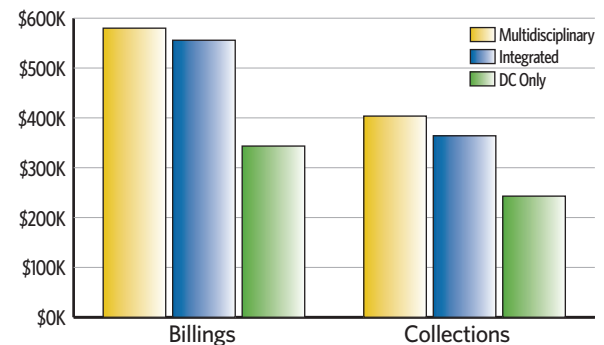
An integrated clinic is defined as one that has a practicing DC and a medical doctor on staff. A multidisciplinary clinic is defined as having a practicing DC and any other complementary and alternative medicine practitioner on staff.

This year, 65 percent of respondents reported operating alone, while 30 percent said they operated as a multidisciplinary clinic, and 6 percent operated as an integrated clinic.

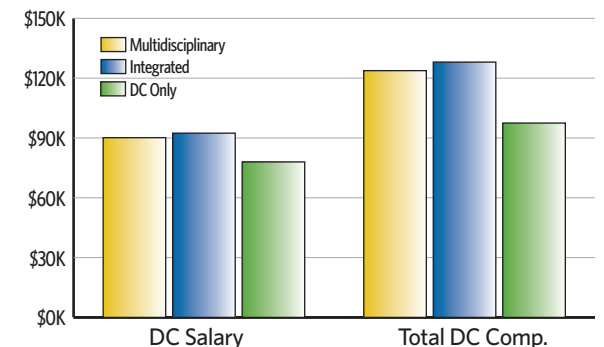
Here is further breakdown of the numbers:

**Billings.** Multidisciplinary practices reported the highest billings (\$580,000), while integrated clinics reported billings of \$556,000, and solo DCs reported billings of \$344,000.

DC vs. Integrated Healthcare vs. Multidisciplinary Clinics: Comparison of Financials



A Look at Average DC Compensation



**Collections.** Likewise, multidisciplinary practices saw the highest collections (\$404,000), while integrated clinics reported collections of \$365,000, and solo DCs had collections of \$243,000.

**Salaries and total compensation.** DC salaries and DC total compensation also saw a slight decrease from last year. Respondents in multidisciplinary clinics saw an average salary of \$90,000, compared to \$92,500 for integrated clinics, and \$78,000 for solo practices.

Total compensation for unincorporated DCs is defined as earnings after tax-deductible expenses, but before income taxes.

For DCs in a professional corporation, it is the sum of salary, bonuses, and retirement/profit-sharing contributions made on their behalf.

For DCs in integrated clinics, the average total compensation was \$128,000, while multidisciplinary clinics saw an average total compensation of \$124,000, and solo DCs came in at \$97,500.

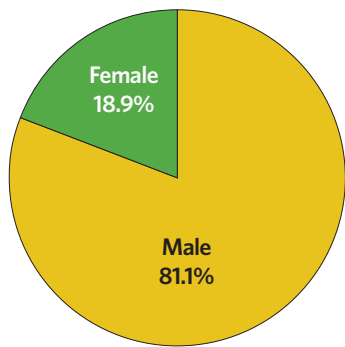
## **More data of interest**

**Practice label.** For integrated clinics, 25 percent of practices called themselves wellness centers compared to 29 percent in 2011. Likewise, 20 percent of solo clinics labeled themselves as wellness centers in 2012, compared to 21 percent last year. About 30 percent of multidisciplinary clinics said they were wellness centers.

**Urban growth.** One area of growth across the board was in the number of DCs working in urban areas. Integrated practices in urban areas increased from 12 percent last year to 43 percent this year. Likewise, solo DCs reported that 30 percent worked in an urban area — up more than nine percentage points from last year.

**Specialties.** Our 2012 survey indicated that the highest percentage across the board for a practice niche was “general.” ■

### Male vs. Female Respondents



## Do Venus and Mars align?

Comparing your statistics to other chiropractors and healthcare practitioners is a common practice in any profession. But so too is the desire to see how you stack up against your male and female counterparts.

That's why every year we provide statistical breakdowns for both sexes, which show you important differences between the two.

The percentage of female respondents (19 percent) in this year's survey was the lowest it's been since 2009, when just 16 percent of respondents were female.

Whether this number indicates a significant trend remains to be seen.

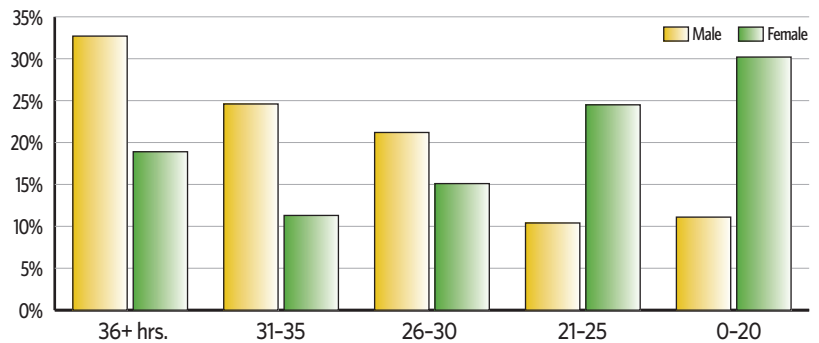
Despite fewer women taking this year's survey however, the difference in average salaries between male and female DCs was the smallest it's been in years. The average salary for women was \$79,000 compared to \$83,000 for men, while the average total compensation for women was \$80,000 compared to \$110,000 for men.

Last year, the difference in salaries was much greater. The average salary for women in 2011 was \$86,000 compared to \$130,000 for men, while the average total compensation for women was \$94,000 compared to \$130,000 for men.

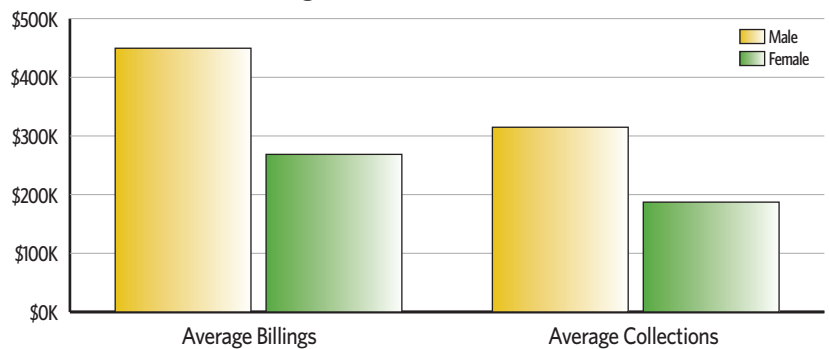
Other statistics:

**Patient hours.** Similar to past years, this year's survey indicates women spend

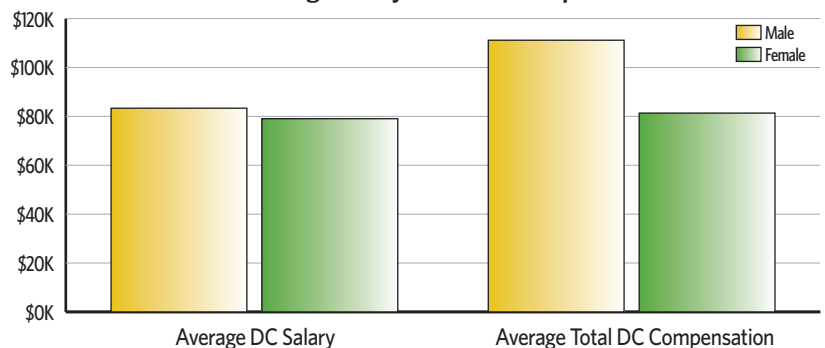
### Sex Differences: Hours Spent in Patient Care



### Sex Differences: Billings and Collections



### Sex Differences: Average Salary and Total Compensation



fewer hours per week in patient care. The largest percentage of women (30 percent) reported that they spend between zero and 20 hours per week in patient care. Conversely, the largest percentage of men (33 percent) spend 36 hours or more in patient care per week.

**Groups or partnerships.** A higher percentage of women than men are involved in a group or partnership, 25 percent compared to 22 percent, respectively. However, a fewer number

of women were involved in groups this year (25 percent) than last year (27 percent). The same is the case with men (22 percent compared to 25 percent).

**Marketing efforts.** Unlike previous years, women reported spending more on advertising than men (\$7,000 compared to \$6,700). In this year's survey, women also spent more on office leases than men (\$31,000 compared to \$28,500). Men, however, spent more on malpractice insurance than women (\$2,800 compared to \$2,700). ■



# The South is tops again

Despite some changing trends in this year's survey, and despite falling in the salary ranks last year, the South is back on top again.

The Southern region returned to its 2010 ways by reporting the highest average salary (\$93,000) and total compensation (\$120,000) for chiropractors. The next highest was the Western region, which reported an average salary of \$91,000 and DC total compensation of \$112,000.

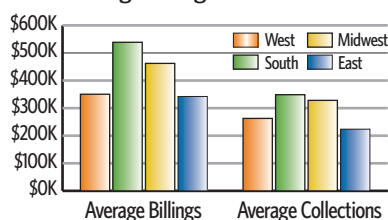
The biggest change from last year was in the salaries reported by the Eastern region. Last year, the East reported an average total compensation of \$145,000 compared to \$87,000 this year — a 40 percent decrease.

In terms of billings and collections, the South and Midwest finished first and second, respectively. Average billings for the Southern region were \$540,000, while collections were \$350,000 — a 65 percent reimbursement rate.

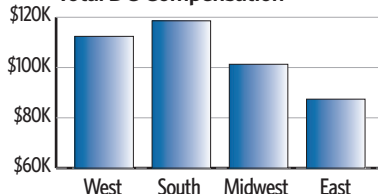
The Midwest reported average billings of \$460,000 and collections of \$330,000 — a 70 percent reimbursement rate.

The Eastern and Western regions saw reimbursement rates of 65 percent and 75 percent, respectively. ■

**Regional Comparison of Average Billings and Collections**



**Regional Comparison of Average Total DC Compensation**



## Comparing the Regions

|                                 | West      | South     | Midwest   | East      |
|---------------------------------|-----------|-----------|-----------|-----------|
| <b>Personal Characteristics</b> |           |           |           |           |
| Average age                     | 50.2      | 47.0      | 47.1      | 50.4      |
| Male                            | 78.2%     | 87.4%     | 80.9%     | 86.3%     |
| Female                          | 21.8%     | 12.6%     | 19.1%     | 13.7%     |
| Solo                            | 70.1%     | 69.0%     | 65.5%     | 80.4%     |
| Group/partnership               | 21.8%     | 23.0%     | 24.5%     | 15.7%     |
| Associate                       | 8.1%      | 8.0%      | 9.1%      | 3.9%      |
| Franchisee                      | 0.0%      | 0.0%      | 0.9%      | 0.0%      |
| Years in practice               | 19.7      | 17.9      | 19.1      | 21.3      |
| Licenses                        | 1.3       | 1.5       | 1.3       | 1.6       |
| Clinics owned                   | 1.1       | 1.0       | 1.0       | 1.0       |
| <b>Location</b>                 |           |           |           |           |
| Suburban                        | 50.6%     | 58.0%     | 49.5%     | 72.5%     |
| Urban                           | 35.6%     | 29.5%     | 25.7%     | 21.6%     |
| Rural                           | 13.8%     | 12.5%     | 24.8%     | 5.9%      |
| <b>Clinic Statistics</b>        |           |           |           |           |
| No. of employees                | 2.5       | 4.0       | 3.4       | 2.1       |
| No. of FT employees             | 1.5       | 2.9       | 2.2       | 1.0       |
| Patients per week               | 90.3      | 129.3     | 104.8     | 100.0     |
| PVA                             | 20.8      | 19.7      | 21.4      | 27.5      |
| New patients/week               | 4.7       | 6.6       | 4.8       | 3.8       |
| Cash only                       | 28.0%     | 25.3%     | 25.7%     | 14.9%     |
| Average billings                | \$350,364 | \$538,676 | \$462,130 | \$342,205 |
| Average collections             | \$262,715 | \$348,614 | \$328,117 | \$223,689 |
| <b>Expenses</b>                 |           |           |           |           |
| Office lease/mortgage (yr)      | \$21,274  | \$22,153  | \$28,399  | \$19,828  |
| Advertising                     | \$6,224   | \$9,235   | \$13,259  | \$4,487   |
| Malpractice insurance           | \$2,161   | \$2,817   | \$3,134   | \$2,899   |
| <b>Salaries</b>                 |           |           |           |           |
| Average total DC comp.          | \$112,405 | \$118,588 | \$101,303 | \$87,425  |
| Average DC                      | \$91,312  | \$93,082  | \$76,619  | \$62,250  |
| Average associate               | \$58,388  | \$67,840  | \$68,723  | \$53,333  |
| Average CA                      | \$26,115  | \$29,343  | \$28,254  | \$26,315  |
| Average LMT                     | \$29,229  | \$23,312  | \$24,823  | \$18,000  |

# An urban attraction

While the “suburban” lifestyle (55 percent) is still the most popular among our respondents, we noticed an increase in DCs whose practices reside in urban locations (30 percent compared to 25 percent last year). There was also a slight decline in respondents who practice in rural locations from last year (16 percent, down from 17 percent) — the lowest percentage since 2009 when it was 13 percent.

Despite an increase in urban DCs, they reported the lowest salary (\$79,000) and the second-lowest total compensation (\$110,000).

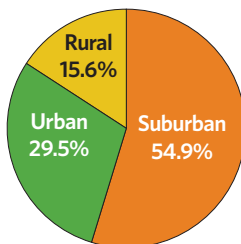
Suburban DCs took the top spot in average salary and total compensation (\$85,000 and \$111,000, respectively), while rural DCs had an annual average salary of \$80,000 and a total compensation of \$87,000.

Suburban practices also reported the highest average in billings (\$460,000) and the second-highest average in collections (\$312,000) — a 68 percent reimbursement rate.

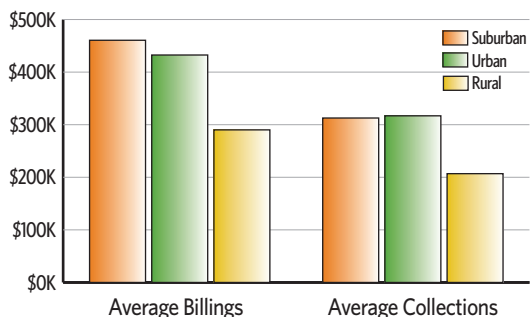
Urban practices were right behind their suburban counterparts, reporting average billings of \$432,000 and collections of \$316,000 — a reimbursement rate of 72 percent.

Rural practices reported average billings of \$290,000 and collections of \$207,000 — a 71 percent reimbursement rate. ■

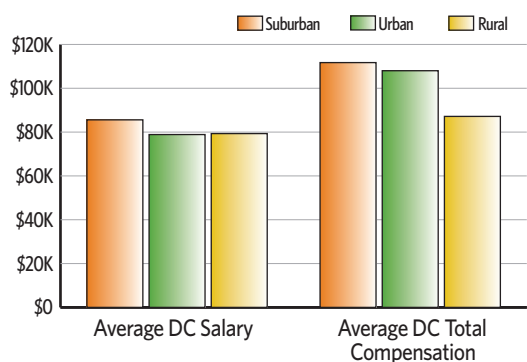
**Location Preferences**



**Suburban, Urban, and Rural Comparisons**



**Average DC Compensation by Locality**



# Aging gracefully

Sometimes, older is better. Or, in the case of our annual salary and expense survey, older is richer. Unlike last year’s survey, the connection between age and income was very apparent.

What that means: The average annual total compensation reported by DCs rose slightly by age bracket.

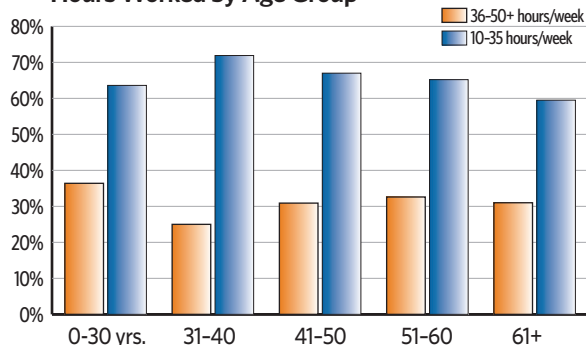
The “over-60” group saw the highest average total compensation at \$115,000, despite having the lowest (\$85,000) last year. The average total compensation for the 51- to 60-year-old age group was \$113,000, while the 41- to 50-year-old age group followed with \$112,000. The 31- to 40-year-old age group came in at \$100,000 and the 30-year-old-and-below age group rounded out the bottom at \$64,000.

In addition, our respondents ranged in age from 25 to 84 and spent anywhere from five hours per week in patient care to more than 60.

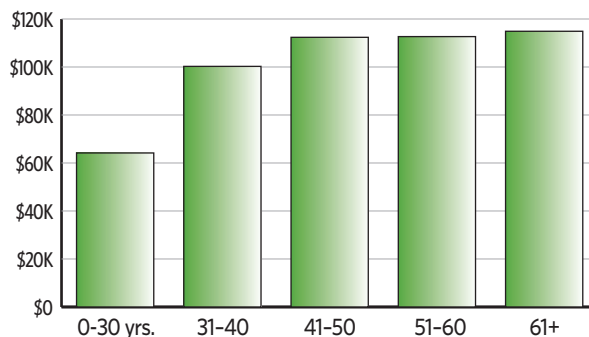
Our survey indicated that respondents up to age 30 spent the most amount of time in patient care, with 36 percent spending 36 or more hours per week in practice. The “51-60” age group was not too far behind with 33 percent.

The group that spent the least amount of time with patients was the 31- to 40-year-old age group, with only 25 percent reporting they spend 36 or more hours with patients. ■

**Hours Worked by Age Group**



**Income by Age Group (Total DC Compensation)**



# Benefitting everyone

When it comes to the success of your practice, taking care of yourself almost pales in comparison to the importance of supporting, encouraging, and reassuring your staff.

One way to remind your staff of how valuable they are to the overall practice success is by providing them with decent benefits and professional salaries.

In this year's survey, we asked for salary information on full-time

employees only — not part time. We defined “full time” as employees who work 30 hours or more per week.

Our results indicated that practices employ an average of 3 employees, with 2 qualifying as full time.

The average salary paid to those full-time employees was: CA, \$28,000; LMT, \$25,000; PT, \$44,000; associate, \$63,000; LDN, \$28,000; FT, \$48,000; MD/DO, \$110,000; and DCs paid themselves \$82,500.

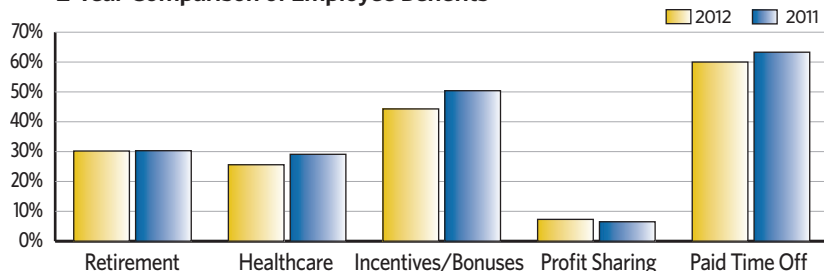
It's not always money that makes an employee happy. Benefits, bonuses, and praise are important, too.

According to our survey, 30 percent of respondents indicated that they offered some type of retirement plan, a number almost unchanged from last year. Those offering a healthcare plan also declined slightly, with 26 percent of respondents reporting that they offer a healthcare plan, compared to 30 percent last year.

Respondents offering paid time off — a combination of vacation and/or sick days — dropped to 60 percent compared to 63 percent last year and 65 percent in 2010.

Finally, those offering incentives and bonuses and/or profit sharing fell from 57 percent last year to 52 percent this year. ■

**2-Year Comparison of Employee Benefits**



# Standing out

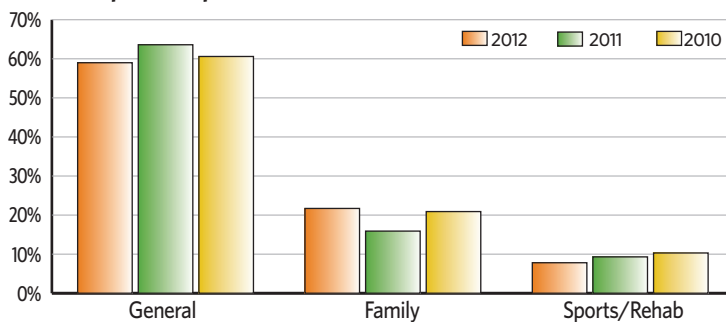
In light of the immediate trend toward declining reimbursements against an economy that's showing signs of rebounding, it's as important as ever to brand your practice in a unique way.

This means making sure patients understand that what you and your practice offer can't necessarily be found elsewhere.

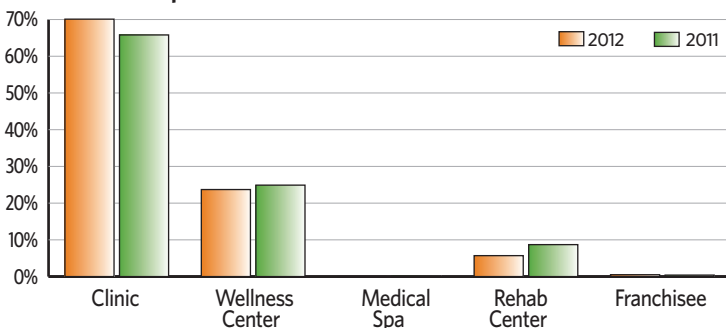
Respondents classifying their practice as “general” still represent the largest cohort at 60 percent. This number declined a bit from last year (64 percent). Family practice came in second (22 percent) and sports/rehab came in third (8 percent).

In addition, “clinic” was still the most popular label among respondents at 70 percent, up from 66 percent last year. Rehab center saw a decrease from last year (6 percent compared to 9 percent, respectively). Wellness center saw the second-highest number of respondents at 24 percent, while franchisee rounded out the bottom with 0.5 percent. ■

**Chiropractic Specialties**



**2-Year Comparison of Practice Labels**



# The power of products

Retailing products in your practice not only boosts your bottom line, but it creates a more well-rounded practice and helps build trust with your patients.

Patients appreciate your opinion and when they know you have their best interests at heart, they are more likely to refer others to your care.

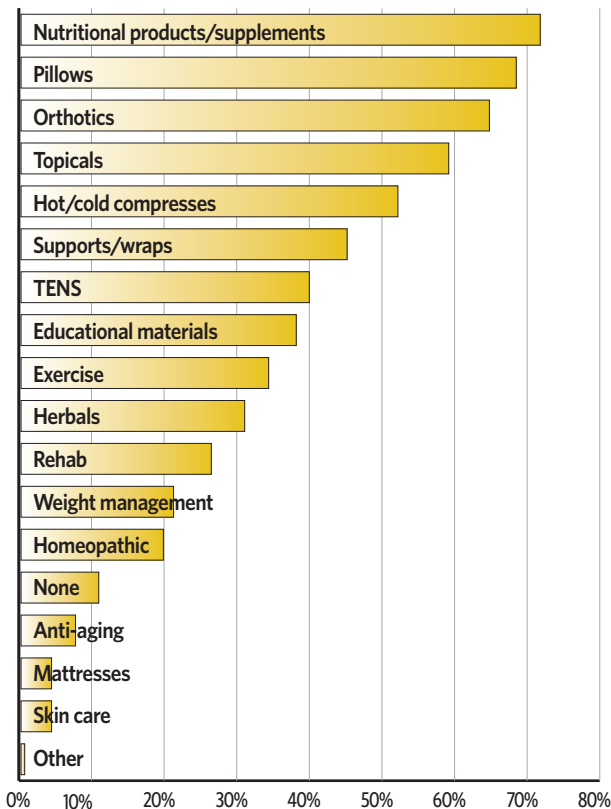
About 90 percent of all respondents indicated they sold at least one product in their practice.

What are the most popular products DCs offer? Are you selling the same products as your colleagues? The top five include:

- ▶ **Nutritional products/supplements.** 72 percent, up from 63 percent last year;
- ▶ **Pillows.** 68 percent, up from 60 percent last year;
- ▶ **Orthotics.** 65 percent, up from 55 percent in 2011;
- ▶ **Topical analgesics.** 60 percent, up from 52 percent last year; and
- ▶ **Hot/cold compresses.** 52 percent, up from 48 percent the previous year.

*Noteworthy:* One significant category that decreased from last year was exercise products (34 percent, down from 44 percent last year). ■

Which Products Are Offered to Patients?



# Cashing out

As with most in the health-care profession, patient visits and treatment are not the only way to build your bottom line.

In addition to patient treatment, we asked you to indicate what percent of your income comes from the following sources: retail, diagnostics, consulting, and other.

Notable here is that retail, consulting, and diagnostics all increased over last year's numbers.

From there, we asked you what percent of treatment is paid for by the following: individual or group health, insurance, cash from patients, Medicare, auto insurance, workers' compensation, Medicaid, and other. ■

## Sources of Income

|                   |       |
|-------------------|-------|
| Patient Treatment | 87.5% |
| Retail            | 9.0%  |
| Diagnostics       | 7.9%  |
| Other             | 4.2%  |
| Consulting        | 2.8%  |

## Percent from Treatment

|                |       |
|----------------|-------|
| Insurance      | 41.3% |
| Cash           | 39.3% |
| Medicare       | 11.9% |
| Auto insurance | 11.9% |
| Workers' comp  | 5.0%  |
| Medicaid       | 3.3%  |
| Other          | 2.3%  |

# The cost of care

A successful practice doesn't just require an endless stream of patients coming through your door. It also takes low overhead costs.

Our survey asked respondents to identify their expenses in three key areas — advertising, malpractice insurance, and office lease or mortgage.

- ▶ **Office lease or mortgage.** Average costs were \$29,000, an increase from \$24,000 in 2011.
- ▶ **Advertising.** Average costs in this year's survey were \$6,800, representing a decrease from last year's costs of \$9,700.
- ▶ **Malpractice insurance.** Respondents reported an average expense of \$2,700, up only slightly from last year's cost of \$2,400. ■

## Major Practice Expenses

|                            | 2012     | 2011     |
|----------------------------|----------|----------|
| Office lease/mortgage (yr) | \$28,892 | \$24,114 |
| Advertising                | \$6,782  | \$9,666  |
| Malpractice insurance      | \$2,740  | \$2,413  |

## How Specialists Boost Your Income

|                            | Specialists | No Specialists |
|----------------------------|-------------|----------------|
| Mean Total Comp            | \$115,703   | \$92,901       |
| <b>Expenses</b>            |             |                |
| Advertising                | \$8,288     | \$4,762        |
| Malpractice insurance      | \$3,328     | \$1,981        |
| Office lease/mortgage (yr) | \$28,525    | \$17,368       |
| <b>Salary</b>              |             |                |
| Associate                  | \$63,853    | \$67,718       |
| CA                         | \$28,389    | \$27,363       |
| LMT                        | \$24,100    | \$26,039       |
| PT                         | \$55,000    | \$53,750       |
| DC                         | \$88,405    | \$73,817       |

## Specialization is key

Bringing in specialists to your practice can seem like a pain, but when you weigh the pros and cons, we think you'll find that it's a great way to improve your practice's appeal.

More bodies providing care means more revenue for your practice, because at the end of the day, you're reaching a much wider range of patients.

A large percentage of survey respondents this year said they employed at least one specialist in their clinic — whether an LMT, PT, acupuncturist, MD or DO, LDN, FT, or some other type of specialist.

Clinics employing specialists see 13 percent more patients per week (than nonspecialist clinics); bill 37 percent more; and collect 38 percent more.

As a result, clinics employing specialists averaged a higher total compensation than those practices without specialists (\$115,000 and \$93,000, respectively).

Practices employing specialists also attracted a higher number of new patients per week (5.5) compared to nonspecialist clinics (4).

### Modalities offered

While most respondents have at least one specialist on staff, the most common specialist was an LMT, with more than 80 percent indicating they have one in their clinic.

Other popular specialists include:

- ▶ Acupuncturist, 23 percent;
- ▶ Nutritionist, 14 percent;
- ▶ MD/DO, 13 percent;
- ▶ PT, 11 percent; and
- ▶ FT, 7 percent.

Almost 10 percent of respondents indicated “other” for specialists they have in their clinics.

Respondents (both clinics with specialists and those without) also reported that they offer a wide range of modalities, even if they do not have specialists who provide them. These modalities include:

- ▶ Chiropractic, 99 percent;
- ▶ Nutrition, 62 percent;
- ▶ Exercise programs, 54 percent;
- ▶ Massage, 51 percent;
- ▶ PT/rehab, 50 percent;
- ▶ Electrotherapy, 44 percent;
- ▶ Weight loss programs, 31 percent;
- ▶ Laser therapy, 29 percent;
- ▶ Instrument assisted soft tissue mobilization, 27 percent;
- ▶ Acupuncture, 25 percent;
- ▶ Decompression, 22 percent;
- ▶ Homeopathy, 16 percent;
- ▶ Fitness devices, 12 percent; and
- ▶ Other, 7 percent. ☹



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