Our 9th Annual Salary and Expense Survey

A look at 2006 results and income trends over 9 years

BY LINDA SEGALL

The more things change, the more they stay the same. At least, that's what an analysis of nine years of *Chiropractic Economics* salary and expense survey information suggests.

We looked at the nine-year history, because if we *only* concentrated on comparing results of the 2006 survey with those of 2005, the news would be disheartening. All markers of growth are down or flat:

Salaries are down; patient visit average is down; the number of new patients per week is down. Median individual income is flat; likewise, gross collections are flat.

WHAT IS THE TREND?

Surveys are enlightening, not only because you can compare yourself with the mean or median, but more importantly, because they identify trends.

In 1998, *Chiropractic Economics* began asking its readers a number of questions about their practices and their income (both practice and personal). An analysis of nine years of data shows a downward to flat trend in many of the areas.

For example:

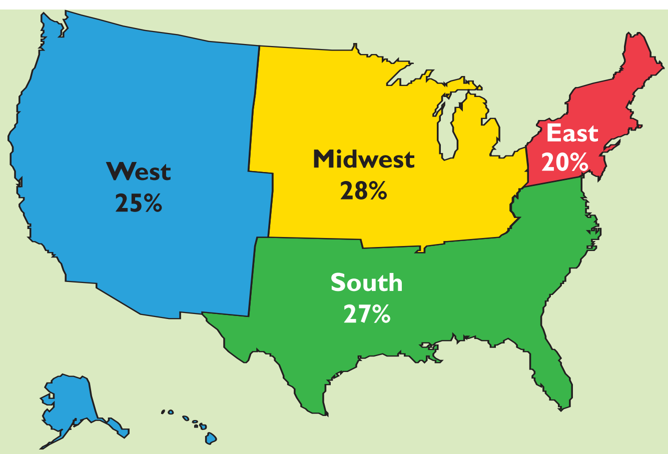
- **Solo DCs.** In 1998, approximately 86 percent of chiropractors were in practice for themselves. Today, fewer — only 69.7 percent — practice solo.
- **Hours worked.** Throughout all of the years, the median number of hours respondents see patients is 30-39.
- **Gross billings.** The median level of gross billings reported (since 2000, the third survey), is at $250K-$349K.
- **Individual income.** The median level of individual income has been $75K-$89.9K since 2002; prior to that it was $60K-$74.9K.

2006 RESULTS CONTINUED ON PAGE 50➤

About this survey

Throughout January 2006, *Chiropractic Economics* invited both readers and nonreaders to participate in our 9th Annual Salary and Expense Survey, a confidential Web-based questionnaire. The invitation was extended in the magazine and by e-mail, and was sent to subscribers of the magazine and our online newsletter, NewsFlash, as well as to other individuals, through Chiropractice Marketing Solutions and the American Chiropractic Association. It was open to practicing chiropractors or their designated assistants.

- **Respondents.** A total of 554 participants completed the survey.
- **Regional representation.** Survey participants came from all states and Puerto Rico, except for Washington, D.C., Montana, New Mexico, and West Virginia. More respondents came from the Midwest (28 percent) and the South (27 percent) than the West (25 percent) and the East (20 percent) regions.
- **Statistics used.** Throughout the survey you will find reference to a number of statistical terms: mean, median, and mode.



The mean average was calculated by dividing the sum for that question by the number of individuals who answered the question.

The median is the number in the middle of a set of values — half are above and half are below the stated value.

The mode is the most repetitive number in a set of values.

We report the statistics that are most appropriate for each question.

Survey shows changes from last year

When we compared this year's survey data with last year's, we saw some changes. We also asked a few new questions that gave some interesting insights.

• **Salaries decline.** This year saw a decline in reported salaries of chiropractors, from a mean average of $104,363 in 2005 to $96,772 — a decrease of 7.3 percent. Associate salaries also declined from $60,122 in 2005 to $57,218 in 2006.

• **Fewer patients.** The patient visit average (mean) in 2005 was 30.9. This year it was 28.5, a decrease of 7.8 percent. The median PVA for 2005 was 25; in 2006 it was 24, a decrease of 4 percent.

The average number of new patients was 5.7 in 2006. In 2005, it was 6.1, also a decrease of 4 percent.

• **Slightly older respondents.** The mean age of this year's respondents was 42.3; last year it was 41.0. In 2005, the average number of years respondents spent in practice was 12.8. In 2006, it was 13.3.

• **Identical gender split.** The same percentage of men and women responded in 2006 as they did in 2005: 84.4 percent male and 15.6 percent female.

• **Soloists remain steady.** The number of solo practitioners remained relatively steady. This year, 69.7 percent of respondents were in solo (only one DC) practices. Last year, 68.7 percent were solo practitioners.

• **No change in median individual income.** Individual income is defined as the practitioner's salary, plus other income from the practice. The median individual income remained the same at $75K-$89.9K.

• **Group or partnership more lucrative.** Working in a group or partnership pays better than being in solo practice. The mean salary paid to a solo practitioner was $78,607, compared to $134,969 paid in a group practice or partnership.

• **Net practice income stated.** This year we asked respondents for the amount of their net practice income (gross revenues minus expenses). The mean practice income was $148,625.

• **Flat billings, but...** The median level for billings remained flat at $250K-$349K. The good news, however, is that for the first time in four years, there was a change in mode for billings. In previous years, the most billings occurred at the $150K-$249K level. This year the mode was $500K-$999K.

Collections remained at the same median level as for the last four years, $200K-$249K. Likewise, the

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2006 SURVEY HIGHLIGHTS

Personal Characteristics	2006	2005	2004
Mean age	42.3	41.0	41.4
Male	84.4%	84.4%	83.4%
Female	15.6%	15.6%	16.6%
Years in practice	13.3	12.8	N/A
Solo practitioner	69.7%	68.7%	69.5%
Group practitioner or partner	22.7%	23.0%	30.5%*
Associate	7.6%	6.5%	N/A

**In 2004, associates were included in "group practitioner or partner" category*

Clinic operations	2006	2005	2004
Suburban	57.9%	60.2%	60.8%
Urban	22.3%	22.7%	26.1%
Rural	19.7%	17.1%	13.1%
Hrs/wk in patient care	30-39	30-39	30-39
New patients per week	5.7	6.1	6.4
PVA	28.5	30.9	N/A
Patients per week	133.6	N/A	N/A
Employees per clinic	3.2	3.5	4.6

Income	2006	2005	2004
Median gross billings	$250K-$349K	$250K-$349K	$250K-$349K
Median gross collections	$200K-$249K	$200K-$249K	$200K-$249K
Net practice income	$148,625	N/A	N/A
Mean DC salary	$96,772	$104,363	$97,702
Median individual income	$75K-$89.9K	$75K-$89.9K	$75K-$89.9K

Expenses	2006	2005
Advertising	$12,056	$8,744
Business supplies	$10,212	$9,016
Computers/software	$3,460	$2,757
CE/professional travel	$4,063	$3,831
Staff training	$1,975	$2,012
Equipment leases	$8,429	$6,593
Malpractice insurance	$2,461	$2,908
Office space	$21,721	$20,999
Professional services	$4,407	$3,633
Business loan payments	$14,090	$15,181
Diagnostic services	$3,319	$3,513
Total	**$86,193**	**$79,187**

Did you know?
The Dept. of Labor quotes our exclusive salary information in its *Occupational Outlook Handbook* (www.dol.gov).

9-YEAR COMPARISON OF SALARY AND EXPENSE SURVEY INFORMATION

	2006	2005	2004	2003	2002
Mean age	42.3	41.0	41.4	42.0	41.8
Male	84.4%	84.4%	83.4%	85.3%	89.5%
Female	15.6%	15.6%	16.6%	14.7%	10.1%
Years in practice	13.3	12.8	N/A	12.2	12.6
Solo practitioner	69.7%	68.7%	69.5%	73.8%	80.0%
Clinics owned	1.2	1.2	1.2	1.1	1.0
Suburban	57.9%	60.2%	60.8%	54.2%	53.0%
Urban	22.3%	22.7%	26.1%	19.3%	30.0%
Rural	19.7%	17.1%	13.1%	26.5%	17.0%
Hrs/wk in patient care	30-39	30-39	30-39	30-39	30-39
New patients per week	5.7	6.1	6.4	6.0	5.7
Patients per week	133.6	N/A	N/A	134.1	135.0
Employees per clinic	3.2	3.5	4.6	3.6	3.5
Median gross billings	$250K-$349K	$250K-$349K	$250K-$349K	$250K-$349K	$250K-$349K
Median gross collections	$200K-$249K	$200K-$249K	$200K-$249K	$200K-$249K	N/A
Mean DC salary	$96,772	$104,363	$97,702	$93,900	$105,000
Median individual income	$75K-$89.9K	$75K-$89.9K	$75K-$89.9K	$75K-$89.9K	$75K-$89.9K

2001	2000	1999	1998
40.5	41.7	41.0	41.0
84.0%	82.5%	88.0%	88.0%
16.0%	17.5%	12.0%	12.0%
11.9	12.1	12.6	12.6
77.0%	77.0%	82.0%	86.0%
1.1	1.0	1.1	1.1
49.0%	50.0%	55.0%	N/A
24.0%	27.0%	22.0%	N/A
27.0%	23.0%	23.0%	N/A
30-39	30-39	30-39	30-39
5.8	5.1	5.4	5.4
117.0	97.0	106.0	114.0
3.7	3.5	3.2	2.8
$250K-$349K	$250K-$349K	N/A	N/A
N/A	$150K-$249K	$150K-$249K	$150K-$249K
$82,900	$76,100	$81,800	$131,200
$60K-$74.9K	$60K-$74.9K	$60K-$74.9K	$60K-$74.9K

mode for collections remained the same at $250K-$499K.

• **Expenses higher.** Overhead expenses increased 8.8 percent over those of 2005, to a mean average of $86,193. The most significant increase was in advertising. Respondents spent an average of $12,056 in 2006, up from $8,744 in 2005.

• **More retirement benefits offered.** This year 43.4 percent of respondents said they offer some type of retirement benefits to their employees, whereas in 2005 only 36.5 percent offered these benefits.

• **Slight increase in franchises.** Franchises were up from 1.8 percent in 2005 to 2.7 percent in 2006.

• **'Wellness center' becoming more popular.** Although "clinic" describes the overwhelming majority (74.7 percent) of practices, the use of

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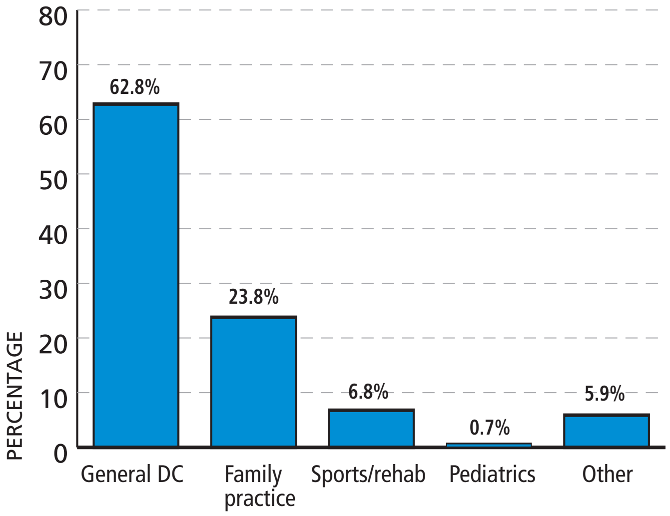
What's your specialty?

What do you call your practice — a clinic? If you do, you are like 74.7 percent of respondents. "Wellness center" is catching on, though. This year 17.6 percent (up from 15.4 percent last year) said that was the name of their practice, and 7.0 percent refer to their clinics as "rehab centers." Less than 1 percent (.7 percent) call themselves medical spas.

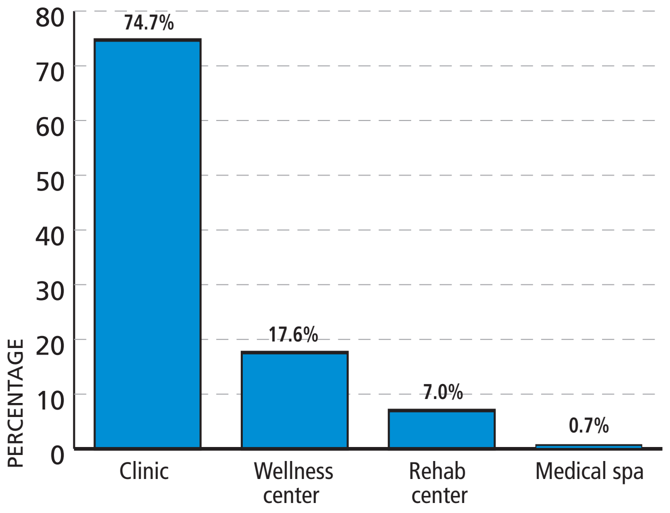
Our survey found that franchises enjoyed a slight increase of popularity, with 2.7 percent of respondents saying they owned a franchise, compared to 1.8 percent last year.

Most practitioners (62.8 percent) describe themselves as general practitioners, while 23.8 percent say they are family practitioners, 6.8 percent specialize in sports and rehabilitation, .7 percent focus on pediatrics, and 5.9 percent specialize in an unspecified "other."

SPECIALTY PRACTICES



CLINIC LABELS



Billings and collections: Bad news, good news

It's bad news/good news for billings and collections.

The bad news: Billings remained at the same median level as that of the last four years: $250K-$349K.

The good news is the mode was the $500K-$999K level of billings, up significantly from the previous three years ($150K-$249K).

Another level of billings that had a significantly greater number of respondents was the $350K-$499K level. In 2006, it had 15.4 percent of respondents, whereas in 2005, it had only 10.9 percent.

The median collected was $200K-$249K, the same as it has been since 2003. The mode for collections remained at $250K-$499K, the same as it has been since 2003.

In 2005, 19.0 percent said they collected $250K-$499K. This year that number rose to 26.6 percent.

BILLINGS

	2006	2005	2004	2003
$99K or less	13.8%	12.2%	13.7%	14.7%
$100K-$149K	8.0%	13.5%	9.3%	10.9%
$150K-$249K	17.5%	18.6%	18.8%	19.2%
$250K-$349K	17.9%	17.7%	17.5%	14.6%
$350K-$499K	15.4%	10.9%	13.2%	13.9%
$500K-$999K	18.6%	17.5%	17.3%	18.3%
$1M+	8.8%	9.6%	10.2%	8.4%
Median	$250K-$349K	$250K-$349K	$250K-$349K	$250K-$349K
Mode	$500K-$999K	$150K-$249K	$150K-$249K	$150K-$249K

COLLECTIONS

	2006	2005	2004	2003
$89K or less	16.3%	15.1%	15.0%	16.0%
$90K-$139K	13.5%	18.1%	15.8%	14.9%
$140K-$199K	14.3%	14.0%	11.6%	12.3%
$200K-$249K	12.6%	13.1%	12.2%	10.5%
$250K-$499K	26.6%	19.0%	26.2%	27.4%
$500K-$999K	12.8%	15.1%	14.2%	14.5%
$1M+	3.9%	5.7%	5.0%	4.4%
Median	$200K-$249K	$200K-$249K	$200K-$249K	$200K-$249K
Mode	$250K-$499K	$250K-$499K	$250K-$499K	$250K-$499K

Groups/partners bill and earn more than solo DCs

Our surveys since 2003 show that the number of solo practitioners remains fairly consistent — approximately 69 percent for the last three years.

How does solo practice compare to group or partnership practice? We made several comparisons and found that for the most part, groups/partnerships faired better:

• **DC's salary.** The average chiropractor's salary in a solo practice was $78,607 in 2006, compared to $134,969 paid to chiropractors (principals, not associates) in a group practice or partnership.

• **Net practice revenue.** The mean net practice revenue reported by all respondents was $148,625. Solo practitioners, however, said their net practice revenues were $116,779, compared to $220,016 for group/partnership practices.

• **Billings and collections.** Solo DCs billed at a median of $150K-$249K, while groups/partnerships billed at a median of $500K-$999K. Billings are one thing; collections, another. Solo chiropractors collected a median of $140K-$199K; groups/partnerships collected a median of $250K-$499K.

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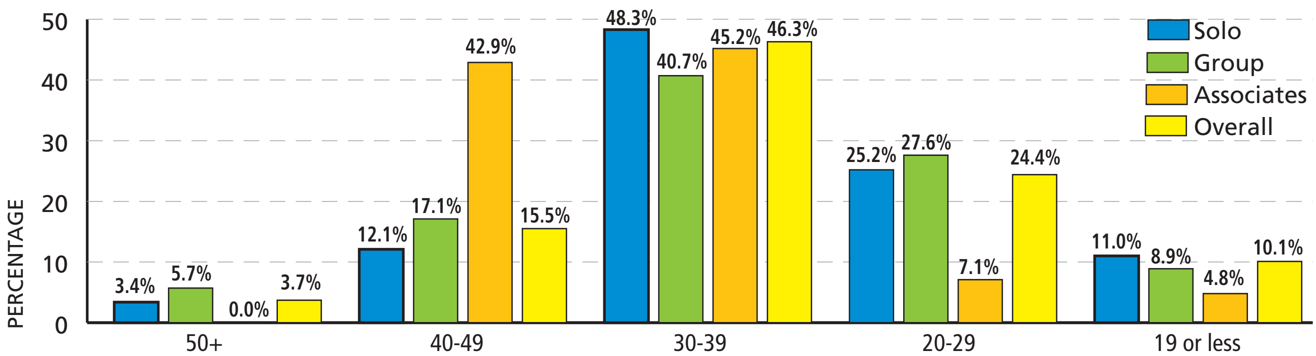
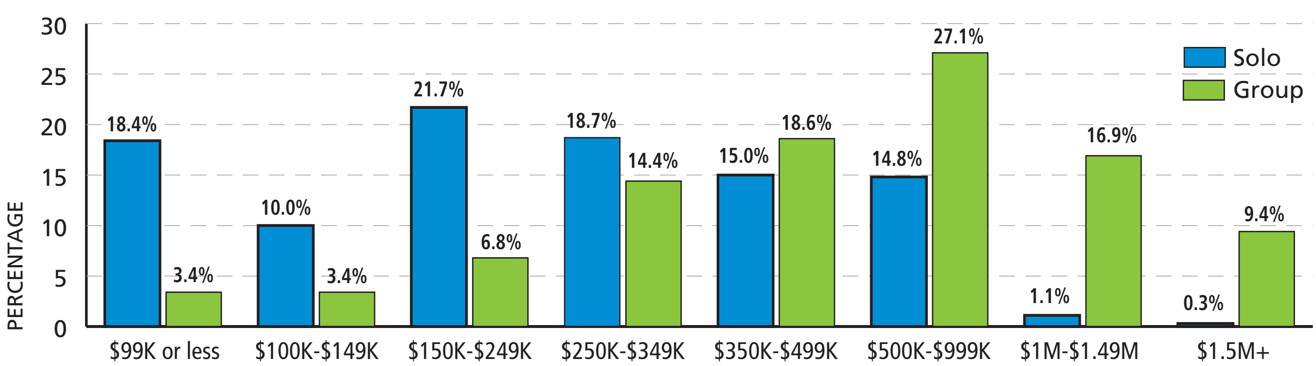
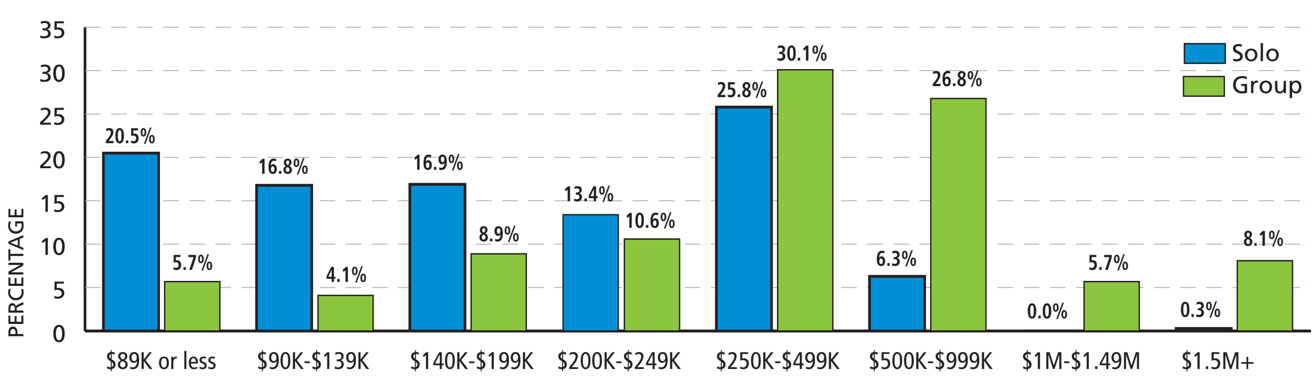
SOLO VS. GROUPS/PARTNERSHIPS: HOURS SPENT WITH PATIENTS



SOLO VS. GROUPS/PARTNERSHIPS: BILLING



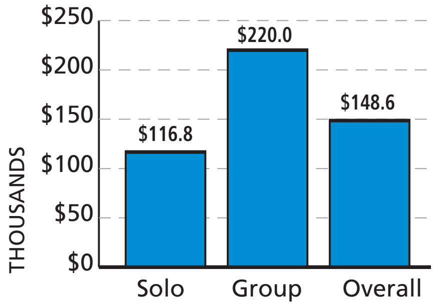
SOLO VS. GROUPS/PARTNERSHIPS: COLLECTIONS



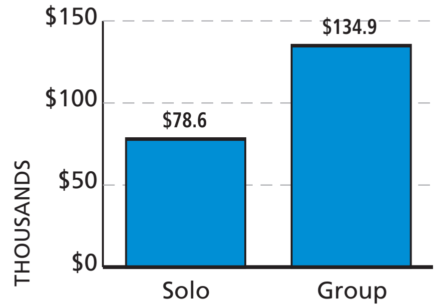
• **Individual income.** Whose overall individual income is better? Groups/partnerships. According to the survey, groups/partners had a median individual income of $120K-$134.9K, compared to the median individual income of $75K-$89.9K of solo DCs. Also, more of these chiropractors (33.6 percent compared to 12.1 percent of solo DCs) enjoyed individual income of more than $175K.

Significantly, the mode (most frequently reported) income for solo practitioners was $44K or less, while the mode for groups/partnerships was the opposite extreme — $175K+.

SOLO VS. GROUPS/PARTERNSHIPS: NET PRACTICE INCOME



SOLO VS. GROUP/PARTNER: AVERAGE DC SALARY



SOLO VS GROUPS/PARTNERSHIPS: INDIVIDUAL INCOME

	Solo	Group
Median	$75K-$89.9K	$120K-$134.9K
Mode	$44K or less	$175K+

Does age matter?

Common sense would suggest that age influences earning power. Does it? We looked at the 2006 survey results to see the differences in age groups.

• **Ages of respondents.** Respondents ranged in age from 24 to 69. The average age was 42.3 years.

• **Salary.** Chiropractors earn a higher salary between ages 40-49, when the mean salary earned is $118,885.

• **Individual income.** As you would expect, the median individual income also rises to a peak ($90K to $104.9K) at age 40 and stays at that level until age 60, when it declines.

• **Net practice income.** Practice income also comes to a peak between ages 40-49, with a net mean income of $156,635, which exceeds the overall mean average of $148,625.

• **Patients.** It is interesting to look at the correlations between age and patients. Older chiropractors seem to retain patients longer. DCs between the ages of 50 and 59 have the highest patient visit average (PVA) — 34.9. New chiropractors (younger than 30) have a PVA of 23.5, but the lowest PVA (21.7) is with DCs over age 60.

As you would expect, because of billings and collections, DCs 40-49 have the highest patient visits per week (147.6). However, chiropractors 30-39 (who may be eager to build their practices) have the highest average of new patients per week (6.4).

• **Hours worked.** The median number of hours of patient care per week is 30-39, enjoyed by all groups. However, more DCs age 60 or older tend to spend more hours with their patients.

NET PRACTICE INCOME

20-29	$122,863
30-39	$155,272
40-49	$156,635
50-59	$128,577
60+	$104,583
Overall mean	$148,625

HOURS WORKED BY AGE

	20-29	30-39	40-49	50-59	60+
50+	6.8%	3.1%	3.8%	5.7%	0.0%
40-49	20.5%	13.8%	11.3%	14.8%	26.7%
30-39	43.2%	46.9%	52.8%	35.2%	60.0%
20-29	27.3%	27.5%	22.6%	29.5%	6.7%
19 or less	2.3%	8.8%	9.4%	14.8%	6.7%

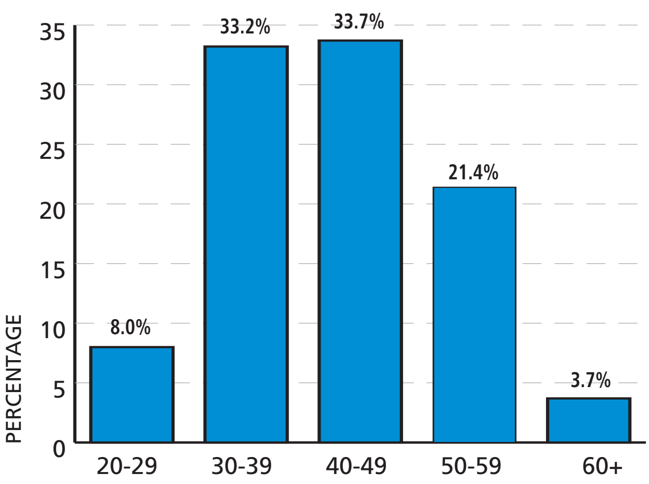
CORRELATING PATIENTS WITH DC'S AGE

	PVA	Patients/wk	New patients
20-29	23.5	116.2	4.8
30-39	27.8	131.6	6.4
40-49	29.0	147.6	5.7
50-59	34.9	130.3	5.5
60+	21.7	113.0	6.0

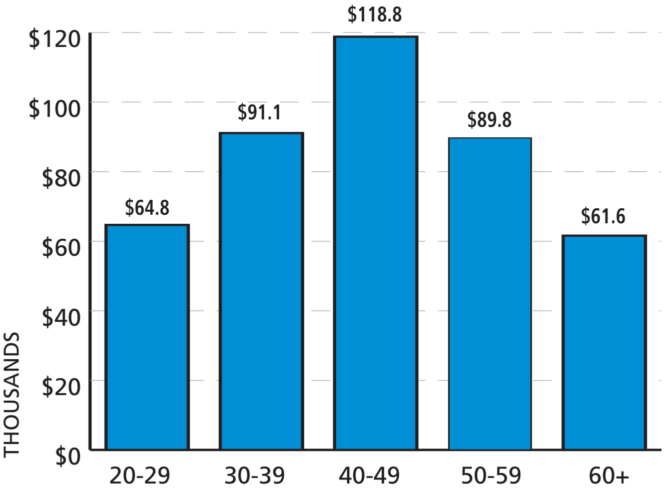
MEDIAN INDIVIDUAL INCOME BY AGE

20-29	$45K-$59.9K
30-39	$75K-$89.9K
40-49	$90K-$104.9K
50-59	$90K-$104.9K
60+	$60K-$74.9K
Overall	$75K -$89.9K

AGE OF RESPONDENT



MEAN DC SALARIES BY AGE



A look at gender differences

This year, as in past years, we found differences between the sexes. Male chiropractors bill more, collect more, and earn more than female chiropractors. More females are in practice for themselves, have a higher PVA, and work fewer hours than their male counterparts. The same ratio of men and women responded to this year's survey as they did last year: 84.4 percent men and 15.6 percent women.

• **Practice type.** More women (75.3 percent) than men (68.5 percent) reported being in solo practices. Also more women (10.6 percent) were associates than men (6.9 percent).

• **Years in practice.** Male respondents average 14.0 years in practice, while women have been in practice for 9.5 years. The overall average was 13.3 years.

• **Hours worked.** Both men and women spend a median 30-39 hours per week with patients. However, a greater number of women (18.8 percent) work less than 20 hours per week than men (8.4 percent).

• **Billings and collections.** Men bill at a median level of $250K-$349K and collect $200K-$249K. Women, on the other hand, bill at a median level of $150K-$249K and collect $140K-$199K.

The mode for billings for men was at the $500K-$999K, with 19.7 percent billing that level. The mode for women (22.4 percent) was $250K-$349K.

The mode for collections for men was $250K-$499K (27.3 percent), while for women it was $89K or less (24.1 percent).

• **Earnings.** The net practice income for men was $154,498, while it was $121,414 for women. The mean salary for male chiropractors was $101,707, while female DCs were paid approximately $32,000 less, at $69,214. The median individual income for men was $90K to $104.9K. For women it was significantly less, $45K to $59.9K.

• **Time with patients.** Both men and women spend on average 30-39 hours per week with patients. However, more women (44.7 percent, compared to 32.6 percent of men) work less than 30 hours per week.

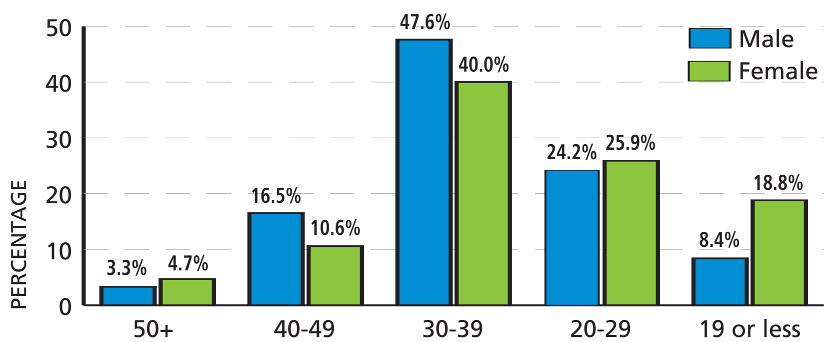
BILLINGS

	Male	Female	Overall
$99K or less	13.0%	18.4%	13.8%
$100K-$149K	6.7%	15.7%	8.0%
$150K-$249K	18.8%	10.5%	17.5%
$250K-$349K	17.2%	22.4%	17.9%
$350K-$499K	15.1%	14.5%	15.4%
$500K-$999K	19.7%	13.2%	18.6%
$1M-$1.49M	6.5%	5.3%	6.3%
$1.5M+	3.0%	0.0%	2.5%
Median	$250K-$349K	$150K-$249K	$250K-$349K
Mode	$500K-$999K	$250K-$349K	$500K-$999K

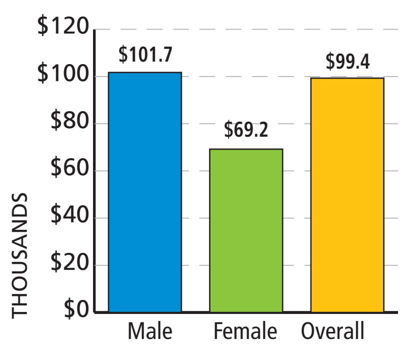
COLLECTIONS

	Male	Female	Overall
$89K or less	14.8%	24.1%	16.3%
$90K-$139K	13.1%	16.9%	13.5%
$140K-$199K	14.0%	14.5%	14.3%
$200K-$249K	13.1%	9.6%	12.6%
$250K-$499K	27.3%	22.9%	26.6%
$500K-$999K	13.3%	10.8%	12.8%
$1M-$1.49M	2.0%	0.0%	1.7%
$1.5M+	2.4%	1.2%	2.2%
Median	$200K-$249K	$140K-$199K	$200K-$249K
Mode	$250K-$499K	$89K or less	$250K-$499K

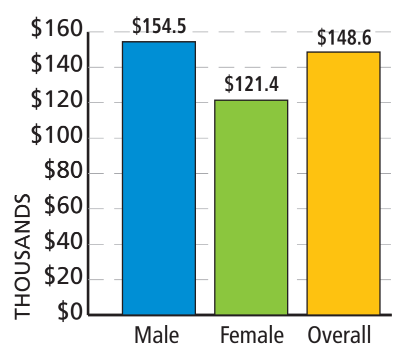
MALE VS. FEMALE: HOURS WORKED



MALE VS. FEMALE: SALARIES



MALE VS. FEMALE: NET PRACTICE INCOME



Is integrated healthcare more profitable?

Some people might define an "integrated healthcare practice" as one that includes an MD or physical therapist. However you define the term, it is interesting to compare DC/MD and DC/PT practices to practices that have no specialists.

• **Most frequently hired specialists.** The most common specialist in chiropractic offices is the licensed massage therapist, with 40.8 percent of respondents saying they have an LMT on staff. Other specialists on staff include acupuncturist (9.0 percent), physical therapist (7.4 percent), MD (5.8 percent), nutritionist (5.4 percent), and trainer (2.7 percent).

• **Modalities offered.** Chiropractors often offer a number of modalities but do not employ specialists to perform them. Most popular is physical therapy (69.3 percent), followed by nutrition (63.2 percent), exercise (63.0 percent), massage (49.8 percent), weight loss (19.9 percent), acupuncture (18.4 percent), and homeopathy (13.4 percent).

• **DC/MD most profitable.** DC/MD practices reported in this survey were the most profitable. DC/MD practices enjoyed a net practice income ($264,365) considerably higher than the average net practice income of practices without specialists ($167,825).

Additionally, DC/MD practices boasted a higher individual income ($120K-$134.9K, compared to $90K-$104.9K of practices without specialists.

They also boasted more new patients per week (10.8, compared to 6.2).

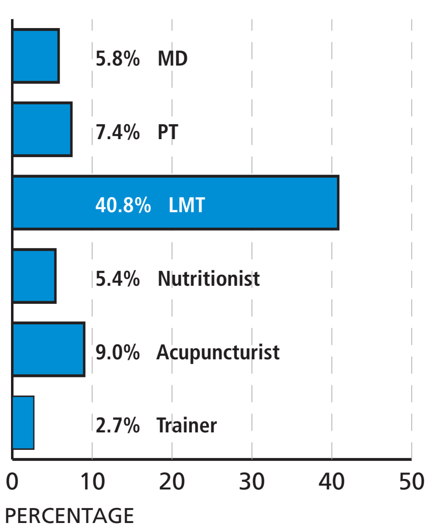
DC/PT combinations were also more profitable than clinics without specialists. Their net practice income was $249,949; individual income, $90K-$104.9K; and collections, $250K-$499K.

DC/PT practices also attracted more new patients per week (9.0).

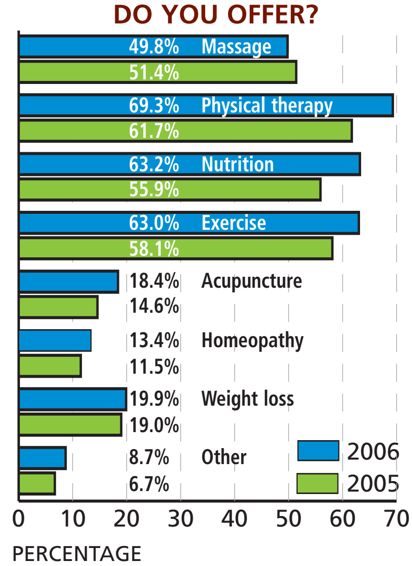
CHIROPRACTIC-ONLY VS. INTEGRATED HEALTHCARE CLINICS

	DC/MD	DC/PT	DC (only)
PVA	25.3	23.8	29.5
Patients/wk	162.0	162.1	141.0
New patients/wk	10.8	9.0	6.2
Collections (median)	$250K-$499K	$250K-$499K	$250K-$499K
Net practice income	$264,365	$249,949	$167,825
Individual income	$120K-$134.9K	$90K-$104.9K	$90K-$104.9K

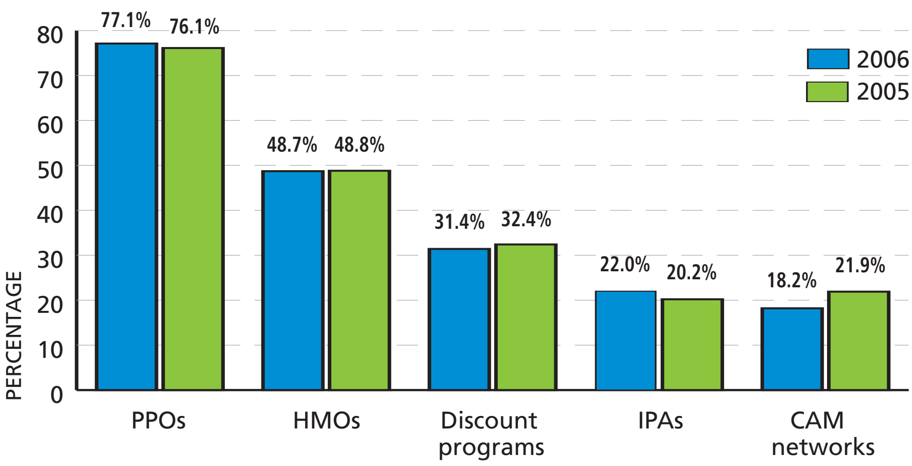
WHICH HEALTHCARE SPECIALISTS WORK IN YOUR CLINIC?



WHICH MODALITIES DO YOU OFFER?



REIMBURSEMENT SOURCES

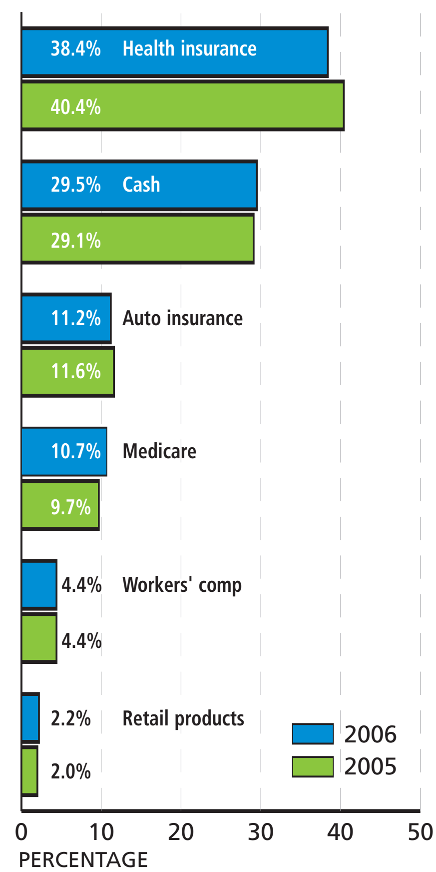


Revenue sources remain the same

This year's survey saw little change in the sources of revenue of chiropractic practices, with respondents relying heavily on insurance reimbursements for their revenues. The one area that saw a drop in participation was in CAM (complementary and alternative medicine) networks. In 2005, 21.9 percent participated in CAM networks. This year, 18.2 percent said they participated in CAM networks.

Reimbursement reliance was reinforced by responses to the question, "Please indicate the percent of your practice's revenue from each of the following sources." Respondents said they receive 38.4 percent of their revenues from insurance reimbursements, 29.5 percent from cash (approximately the same as in 2005), and 11.2 percent from auto insurance.

TOP 6 SOURCES OF REVENUES



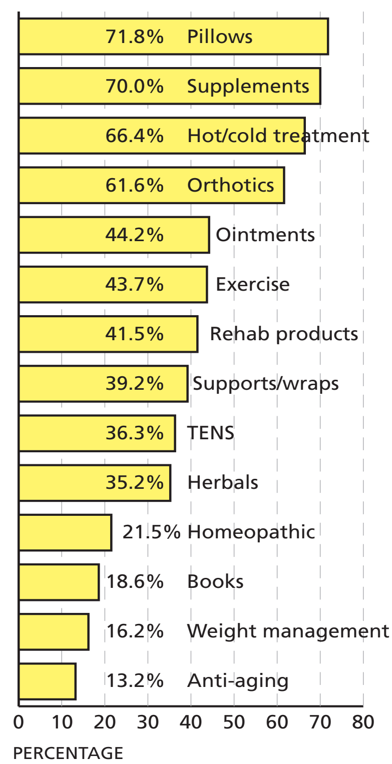
Special Report

Pillows, supplements are popular products

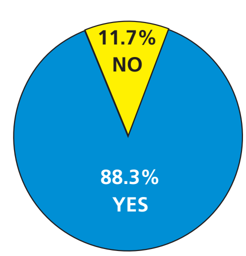
According to 2006 survey results, 88 percent of all respondents offer some type of retail products to their patients. The five most popular items are pillows (71.8 percent), dietary supplements (70.0 percent), orthotics (61.6 percent), hot or cold treatments (66.4 percent), and ointments (44.2 percent).

Although the weight-loss and anti-aging markets are natural adjuncts to nutritional supplements, only 16.2 percent of respondents offer weight-loss products and 13.2 percent sell anti-aging products to their patients.

TOP PRODUCTS OFFERED TO PATIENTS



DO YOU OFFER RETAIL PRODUCTS?



A look at regional differences and similarities

Most of us make assumptions about the economics of the different regions of the country — for example, that in the East and in the West, everything is more expensive. But are those assumptions valid?

Let's see what the survey shows concerning revenues, expenses, and patients. As you make comparisons, however, take into consideration that the East Coast had the least amount of participation in the survey (20 percent of respondents). The Midwest had the most (28 percent), followed by the South (27 percent) and the West (25 percent).

• **Collections.** The median level of collections was identical for all for regions ($200K-$249K). Also, the mode for collections was at the same level ($250K-$499K). However, the East enjoyed a higher percentage of respondents reporting collections (30.1 percent) at the $250K-$499K level, than the other regions (West, 26.1 percent; South, 28.4 percent; and Midwest, 22.8 percent).

• **Net practice income.** According to our respondents, net practice income in the East ($144,666) was *lowest* among the four regions. The top region? The Midwest, with a net practice income of $152,128. The South had a net practice income of $145,056, and the West, $148,146.

• **Sources of income.** Insurance and cash are the two primary sources of income for all practices, in all regions. Practices in the South get the least amount of these revenues from insurance (38.7 percent), with 28.2 percent from cash.

In the West, practices take in 35.3 percent of revenues through cash, and 39.5 percent through insurance.

Practices in the East depend most heavily on insurance — 45.2 percent, with 27.7 of revenues coming from cash.

In the Midwest, 43.8 percent of revenues come from health insurance and 26.7 percent, cash.

• **Salaries.** The region that has the highest salaries paid to DCs (not associates) is the South with a mean salary of $106,582. It is followed by the East ($105,933), West ($93,081), and Midwest ($84,623).

• **Individual income.** Salaries do not tell a complete story of success; individual income is a better indicator. The top region for median individual income is the East ($105K-$119.9K), followed by the South ($90K-$104.9). The West and Midwest were tied at the same income level of $75K-$89.9K.

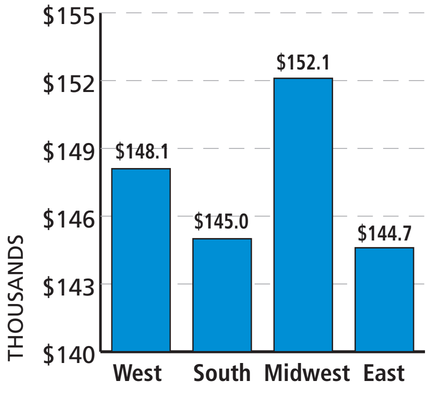
The mode for the West (25.6 percent) and Midwest (26.8 percent) was $44K or less, while the mode for practitioners in the South (22.9 percent) and the East (18.6 percent) was on the other end of the spectrum — $175K+.

• **Expenses.** Do you think expenses are highest on the East Coast? Think again! The East Coast has the lowest reported total expenses at $82,873.

Chiropractors in the South pay the most for the same expenses — $91,464. In the West, expenses are $85,874; and in the Midwest, $83,812.

• **Patients.** The East Coast boasts the highest PVA (36.1) and patients per week (146.0). The Midwest attracts the most new patients per week (6.1).

NET PRACTICE INCOME BY REGION



REGIONAL COMPARISONS

	West	South	Midwest	East
PVA	26.9	25.0	28.8	36.1
Patients/Wk	127.5	130.7	134.5	146.0
New patients/wk	5.1	5.7	6.1	5.8

INDIVIDUAL INCOME

	West	South	Midwest	East
Median	$75K-$89.9K	$90K-$104.9	$75K-$89.9K	$105K-$119.9K
Mode	$44K-less	$175K+	$44K-less	$175K+

MDs: In the same boat

Salaries and net practice income for chiropractors are down from last year. But if it's any comfort, medical doctors are in the same boat.

Medical Economics, a major business magazine for MDs, conducts various surveys each year. Its latest salary findings were reported in September 2005. It found that median compensation for all respondents plateaued in 2004 at the same level as the previous year.

And collections increased only 3 percent over the previous year.

The magazine said, "[The plateau] was a familiar feeling for primary care doctors, who repeated their performance in 2003 and 2002, netting $150,000."

CONTINUED ON PAGE 52 ➤

What are 'average' salaries around the country?

The survey asked respondents to calculate the average (mean) salary for several groups of employees. If they had more than one employee in a class (such as chiropractic assistant), they were to add all salaries together and divide by the number of incumbents to arrive at the mean salary for the class.

All reported salaries were down slightly this year, compared to 2005.

• **Associates.** The overall average salary for associates was $57,218. The highest reported average salaries were in the South ($66,625), followed by the West ($56,283), the East ($53,439), and the Midwest ($50,993).

• **CAs.** Assistants earned on average $23,672, with the highest salaries in the West ($27,020), followed by the East ($24,326), the South ($22,525), and the Midwest ($22,168).

• **LMTs.** Licensed massage therapists earned approximately the same as CAs: Overall, $24,043; Midwest, $24,613; South, $23,928; East, $23,800; West, $23,440.

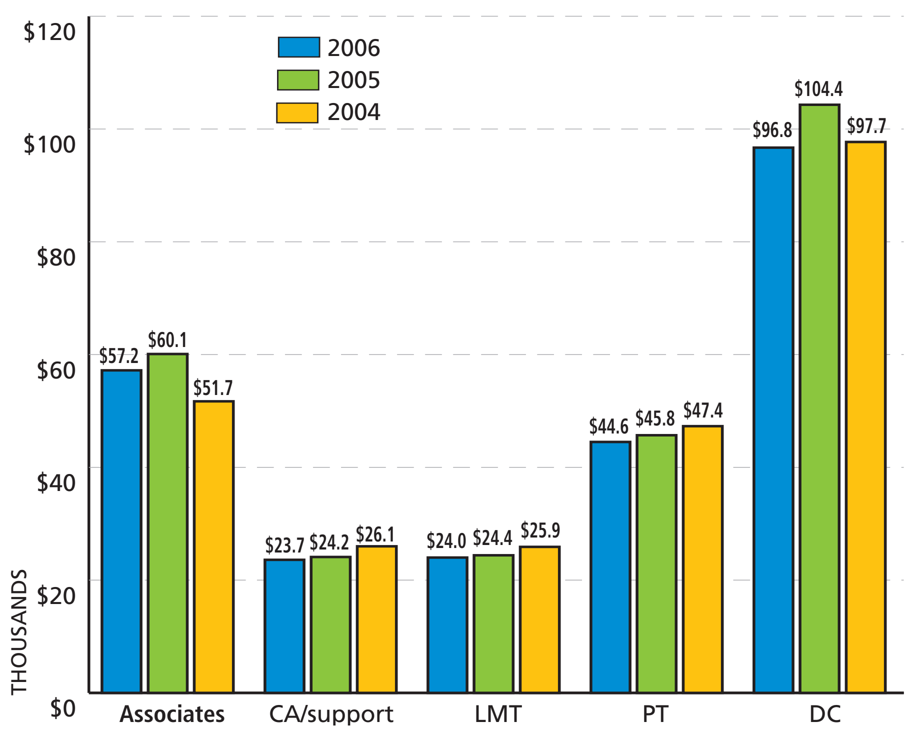
• **PTs**. Physical therapists took home on average $44,550. The lowest average salary was in the East ($37,500), and the highest was in the Midwest ($46,666). Mean salary in the South was $42,750, and in the West, $45,000.

• **DCs.** This year, the average salary chiropractors paid themselves was $96,772, which was approximately 7 percent lower than the mean DC salary in 2005 of $104,363.

COMPARISON OF SALARIES BY REGION

	West	South	Midwest	East	Overall
Associates	$56,283	$66,625	$50,993	$53,439	$57,218
CA	$27,020	$22,525	$22,168	$24,326	$23,672
LMT	$23,440	$23,928	$24,613	$23,800	$24,043
PT	$45,000	$42,750	$46,666	$37,500	$44,550
DC	$93,081	$106,582	$84,623	$105,933	$96,772

3-YEAR COMPARISON OF MEAN SALARIES



Benefits are on the rise

An important element in attracting and retaining top-notch employees is benefits. If you don't offer them, you run the risk of high turnover. This year's survey showed an improvement in benefits offerings:

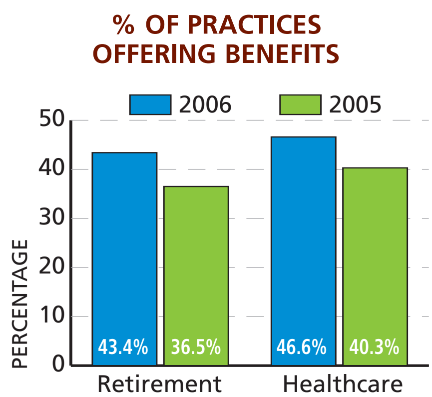
• **Retirement benefits.** Less than half (43.4 percent) of respondents offer some type of retirement benefits to their employees. This is up from 36.5 percent last year. Of those who offer some type of retirement plan, most (39.3 percent) pay for some or all.

• **Healthcare benefits.** Healthcare benefits can be provided in a number of different ways, including group healthcare plans, Health Reimbursement Arrangements, and Health Savings Accounts. The practice may or may not contribute to any of these. In 2006, 46.6 percent of those who answered this question said they offer some type of healthcare benefits. Most (32.7 percent) said they pay for some or all of the premium for group health insurance. However, 7.9 percent offer Health Savings Accounts and 1.1 percent offer Health Reimbursement Arrangements.

In 2005, 40.3 percent of respondents said they offered some type of healthcare benefits, include 7.8 percent who offered either an HSA or HRA.

• **Paid time off.** More chiropractors are seeing the benefit of provided paid time (PTO, which includes vacation and/or sick time) off to their staffs. This year 70.8 percent offered PTO, compared to 67.8 percent in 2005 and 64.8 percent in 2004.

• **Compensation programs.** Incentives and bonuses also improved over 2005's survey results. This year, 57 percent of respondents said they offered incentives or bonuses, compared to 54.0 percent in 2005.



Where does the money go?

Running a business costs money. Our survey asked respondents to identify their costs in a number of overhead areas.

They told us that, on average, they are spending approximately $1,000 a month to advertise, $1,800 a month on office space (leases or mortgages), and about $1,100 a month on business loans.

On average, the total amount of overhead expenses (except for salaries, benefits, and taxes) were $86,193. In 2005, these same expenses were $79,187, for an increase in operating expenses of 8.8 percent.

ANNUAL EXPENSES

	2006	2005
Advertising	$12,056	$8,744
Business supplies	$10,212	$9,016
Computers/ software	$3,460	$2,757
CE/professional travel	$4,063	$3,831
Staff training	$1,975	$2,012
Equipment leases	$8,429	$6,593
Malpractice insurance	$2,461	$2,908
Office space	$21,721	$20,999
Professional services	$4,407	$3,633
Business loan payments	$14,090	$15,181
Diagnostic services	$3,319	$3,513
Total	**$86,193**	**$79,187**

2006 RESULTS CONTINUED FROM PAGE 22

NOTABLE CHANGES

Some things have changed, however.

• **More women.** When the survey began in 1998, 12 percent of respondents were female. The low mark was in 2002, when only 10.1 percent were female. The high mark was in 2004, when 16.6 percent of respondents were women. This year, 15.6 percent were women.

• **Patients per week.** In 1998, respondents said they each saw 114 patients per week. Now, they see 133 patients per week.

• **DC salaries.** In 1998, chiropractors reported paying themselves a salary of $131,200. That dropped to $76,100 in 2000, and has see-sawed ever since. This year's mean salary of $96,772 represents a decline of 7 percent from 2005. (Salaries of employees also showed a decline from 2005.)

WHAT DO THE TRENDS MEAN?

When you closely look at the data, it's easy to conclude that chiropractors are working harder today — and earning less for their time. For example, according to the survey, in 2000, respondents said they saw on average 97 patients per week, and they had gross billings of $250K-$349K.

This year, respondents said they see an average of 133 patients per week. Their median gross billings? The same as in 2000 — $250K-$349K.

Kevin Corcoran, executive vice president of the American Chiropractic Association, says, "The survey results demonstrate a fact that ACA hears from its members every day — that it takes a lot of hard work to be a successful chiropractor. The survey results show that doctors are earning less. The results don't reflect that doctors are working harder for those dollars than ever before."

The survey also shows a heavy reliance on managed-care reimbursements. In fact, when you add all sources of managed-care income (insurance, Medicare, auto insurance, and workers' compensation), you find that in 2006, 64.7 percent of a practitioner's income came from managed care.

Mark Sanna, DC, CEO of Breakthrough Coaching, says, "Too many DCs still have the mentality of the 1980s and 1990s that patients should have full coverage for their care. This, we all know, is simply not the case. Patients are required to pay for more of their care out of their own pockets. DCs must learn that to see their practices thrive in this new paradigm, they will need to learn to manage with the limited benefit that a patient's insurance will provide, and yet provide patients with the care that they need."

Ruth Sandefur, DC, vice president of academic services at Cleveland Chiropractic College, concurs. "The entire healthcare provider industry is taking drastic steps to reduce their costs, while the cost of healthcare is escalating exponentially."

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WHAT TO DO?

The trends are evident; the solution to change them is not always so evident:

• **Work smarter.** Corcoran suggests, "Identify new revenue sources, new ways to cut expenses, and new services to offer patients to meet as many of their health needs as possible. In this environment, continuing education and professional development can be great assets for chiropractors."

• **Continue learning.** Professional development is necessary in this environment, says Corcoran. And if you learn to code and document properly, you can help reverse the trend by improving the view the insurance industry has about chiropractic, says Sanna.

• **'Don't volunteer for the slaughter!'** Sanna said, "Many chiropractors are willing to accept reduced payment schedules and care plans because of threats made by the insurance companies," said Sanna. "Stop volunteering for the slaughter! If no one joins the managed-care networks — if we do not accept the fees — there is no network!"

• **Get involved.** Both Corcoran and Sanna agree that professional involvement is key to bucking the trend.

"Join your state and national association today," encourages Sanna. "Working collectively is the key. No one DC is powerful enough to take on the task at hand. If we as a profession are dissatisfied with the current state of affairs, then we must speak with our wallets. Getting involved is the way we'll all survive. Keep the focus positive; join management groups to improve your skill sets to maximize your communication, your acquisition of and retention of patients. Become a joiner."

Linda Segall is editor-in-chief of Chiropractic Economics*. She can be reached at 904-561-1537 or by e-mail at lsegall@chiroeco.com.*

CHANGES CONT. FROM PAGE 25

"wellness center" as a title increased from 15.4 percent in 2005 to 17.6 percent in 2006.

• **Sources of income stable.** Practitioners rely on the same sources of income at approximately the same levels as last year, with 41.7 percent of practice income from insurance reimbursements. (Last year insurance payments represented 42.9 percent.)

MDS CONT. FROM PAGE 45

The reasons for the plateau, according to the magazine, included "penny-pinching by payors." Small hikes by Medicare and stingy raises by insurers were primary reasons. The article also said that "private payers are finding it easier to force their fee schedules down your throat" because of insurance company mergers.

Source: Medical Economics, *www.memag.com*