

OUR 10TH ANNUAL FEES & REIMBURSEMENTS SURVEY

Fees, reimbursements, and your practice

DCs are not alone in the downward reimbursement trend

By Linda Segall

What is your “take” on insurance reimbursements? Are yours up, down, or about the same as last year? And how do you think reimbursements for chiropractors compare to those of medical doctors?

If you believe reimbursements are about the same as last year or possibly a little less, you are correct. This year, average fees (\$64) decreased about 1.4 percent, and reimbursements (\$45) were down about 4 percent.

The latest figures, based on responses of 667 individuals (readers and other chiropractors) who answered our survey, seem to confirm a continuing trend of declining reimbursements: From 2003 to 2007, they were: 79.4 percent, 78.7 percent, 74.3 percent, 72.8 percent, and 70.8 percent.

The trend is not unique to chiropractic. Medical doctors are also suffering at the hands of insurance companies. The 2006 fees survey of *Physicians Practice*, a business magazine for MDs, also showed a sharp decline in reimbursements. The editors wrote, “Average physician reimbursement from commercial payers and Medicare collapsed in 2006, with payment levels averaging 17 percent below that of 2002 and a staggering 36 percent below that of 2004.” The 2006 survey is the magazine’s latest, published in January 2007.

HIGHLIGHTS

Here are some facts that caught our eyes concerning your fees and reimbursements:

- **Slightly older demographic.** The average age of respondents this year was 44.5, compared to 41.8 in 2006. Because respondents, on the whole, were slightly older, it was not a surprise to note the average length of time as a practitioner increased from 13.3 years in 2006 to 15.8 years in 2007.

- **Solos still supreme.** Practicing as the only DC in the office is still the preferred clinic makeup (74.7 percent), with 23.3 percent practicing in a group or partnership.

- **Franchisees holding steady.** Last year, we noted franchisees comprised 5.7 percent of respondents. This year the number held fairly steady at 5.3 percent.

- **Cash-only practices.** In the 2006 survey, we noted cash-only practices had increased to 21.1 percent from 11.7 percent in 2005. This year, the number of cash-only practices equals 15 percent.

Cash-only practices also enjoyed collections — an average of \$65, compared to an average \$45 reimbursement.

- **Steady fees, lower reimbursements.** Fees remained fairly steady. In 2006, average fees were \$65; this year, they were \$64. Reimbursements, however, were lower this year — \$45 (the same as in 2005), down from \$47 in 2006. The reimbursement rate for 2007 was 70.8 percent, compared to 72.8 percent in 2006.

As you read the survey

As you review the survey results, please keep in mind:

- The analysis is based on the answers of 667 respondents;
- The reported numbers are mean averages;
- Cash-only practices reported fees only; and
- The survey results are provided for informational purposes only. They are not intended to be used as a recommendation for setting fee levels.

About this survey

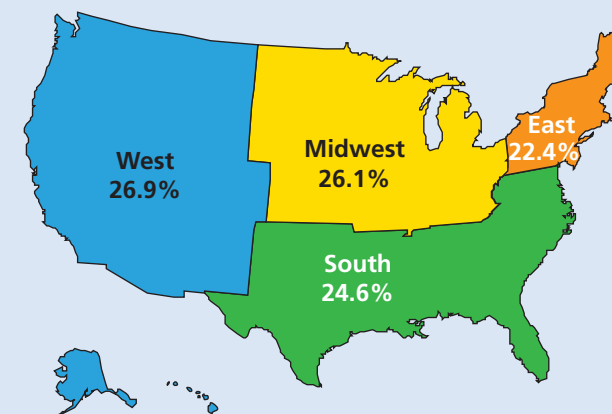
Throughout July 2007, *Chiropractic Economics* extended an invitation by e-mail to readers and other practicing chiropractors to complete a Web-based survey on fees and reimbursements.

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

- **Number of participants.** This year we had a record number of participants — 667.

- **Five states not represented.** Only a few states were not represented in the survey: New Mexico, North Dakota, Rhode Island, Vermont, and Wyoming. The survey also attracted respondents from Puerto Rico and Canada.

- **Regional distribution.** Broken into four regions of the country, participants hailed from the West (26.9



percent), the South (24.6 percent), the Midwest (26.1 percent), and the East (22.4 percent).

- **Mean averages.** Unless indicated otherwise, all averages are given as a mean calculation.

- **Highest reimbursement rates in the South.** Southern states enjoyed the highest reimbursement rates, 72.2 percent. Coming in close behind was the Western region, with a rate of 71.2 percent. The Midwest had a reimbursement rate of 70.1 percent. The East had the lowest rate of 66.8 percent.

- **Most popular modality offered.** Exercise was offered by 56.8 percent of respondents, making it the most popular modality, followed closely by physical therapy (55.6 percent) and nutrition (55.2 percent). Some type of massage was offered by 45.7 percent.

- **Most popular specialist — massage therapist.** Almost 41 percent of respondents have at least one massage therapist working in their clinic. Although physical therapy is a popular therapy, only 6.1 of respondents employ a physical therapist. ☺

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Profile of Respondents

	2007	2006	2005
Personal characteristics			
Male	77.0%	75.0%	80.0%
Average age	44.5	41.8	42.3
Age range	24-83	22-74	24-76
Average years in practice	15.8	13.3	13.4
Types of practice			
Solo	74.7%	75.4%	75.1%
Group	23.3%	22.6%	21.7%
Associate	2.0%	2.0%	2.9%
In a franchise operation	5.3%	5.7%	0.3%
Integrated healthcare practice (DC+MD, PT, or LMT)	54.4%	56.7%	52.6%
Cash-only practice	15.0%	21.1%	11.7%
Fees and reimbursements			
Average fees	\$64	\$65	\$62
Average reimbursements	\$45	\$47	\$45
Average reimbursement rate	70.8%	72.8%	74.3%
Geographic location			
Eastern region	22.4%	22.4%	20.2%
Southern region	24.6%	23.3%	23.3%
Midwestern region	26.1%	25.9%	34.1%
Western region	26.9%	28.4%	22.4%
Licensure			
One state	67.3%	71.4%	68.6%
Two states	24.8%	18.3%	23.1%
Three or more states	7.9%	10.3%	8.3%

Fees, reimbursements vary by region

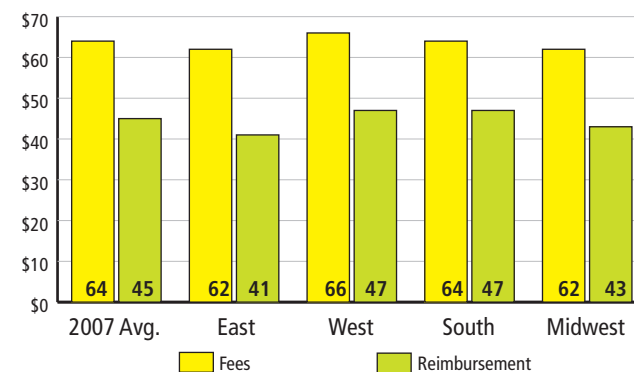
The average of all fees charged by respondents in this year's survey was \$64. The average reimbursement (amount collected from insurers) was \$45. Fees and reimbursements vary by region, however.

Respondents in the West charged the highest fees (\$66) and received the highest reimbursements (\$47, tied with the South). The lowest average fees were charged in the East and Midwest (\$62). Respondents in

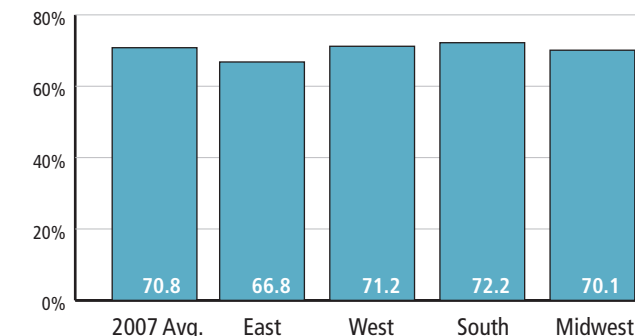
the East were reimbursed on average \$41, whereas those in the Midwest were reimbursed \$43.

Dollar amounts are one measure; percent of reimbursement is another. Respondents in the South experienced the highest overall rate of reimbursements (72.2 percent), followed by those in the West (71.2 percent), Midwest (70.1 percent), and East (66.8 percent).

Comparisons by Region



Percent Reimbursed by Region



	2007			Eastern Region			Western Region			Southern Region			Midwestern Region		
	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.
Professional care															
98940 Spinal, 1-2 regions	\$44	\$43	97.5%	\$44	\$32	72.7%	\$48	\$34	70.8%	\$42	\$31	73.8%	\$40	\$30	75.0%
98941 Spinal, 3-4 regions	\$53	\$38	72.7%	\$52	\$37	71.2%	\$58	\$41	70.7%	\$52	\$38	73.1%	\$49	\$38	77.6%
98942 Spinal, 5 region	\$61	\$45	73.7%	\$58	\$42	72.4%	\$65	\$47	72.3%	\$60	\$45	75.0%	\$60	\$45	75.0%
98943 Extraspinal, one or more regions	\$38	\$26	68.4%	\$41	\$29	70.7%	\$42	\$28	66.7%	\$36	\$26	72.2%	\$33	\$22	66.7%
99213 Estab. patient w/expanded hist. and exam, low complx. trmt. decision	\$71	\$52	73.8%	\$70	\$50	71.4%	\$74	\$55	74.3%	\$71	\$51	71.8%	\$66	\$51	77.3%
99214 Estab. patient w/expanded hist. and exam, high complx. trmt. decision	\$95	\$70	73.7%	\$89	\$63	70.8%	\$99	\$71	71.7%	\$103	\$76	73.8%	\$84	\$67	79.8%
New patient exam															
99201 E&M service, new patient, focused hist. and exam, straightforward medical-decision making	\$62	\$44	71.0%	\$70	\$43	61.4%	\$65	\$53	81.5%	\$60	\$42	70.0%	\$54	\$40	74.1%
99202 E&M service, established patient, focused hist. and exam, straightforward medical-decision making	\$76	\$58	76.3%	\$79	\$58	73.4%	\$80	\$66	82.5%	\$77	\$57	74.0%	\$70	\$53	75.7%
99203 O.V. w/detailed hist. and exam w/low complx. trmt. decision	\$105	\$77	73.3%	\$103	\$71	68.9%	\$106	\$78	73.6%	\$110	\$81	73.6%	\$99	\$77	77.8%
99204 O.V. w/comprehensive hist. and exam w/mod. complx. trmt. decision	\$136	\$103	75.7%	\$128	\$89	69.5%	\$144	\$114	79.2%	\$142	\$115	81.0%	\$129	\$96	74.4%
Radiology															
72020 Single view x-ray	\$43	\$32	74.4%	\$46	\$38	82.6%	\$44	\$34	77.3%	\$40	\$30	75.0%	\$46	\$31	67.4%
72040 Cervical, AP and lat.	\$74	\$53	71.6%	\$71	\$52	73.2%	\$74	\$54	73.0%	\$77	\$54	70.1%	\$74	\$51	68.9%
72050 Cervical, (4 views)	\$114	\$80	70.2%	\$102	\$70	68.6%	\$113	\$80	70.8%	\$118	\$85	72.0%	\$120	\$82	68.3%
72052 Cervical, (comp.)	\$147	\$87	59.2%	\$118	\$59	50.0%	\$150	\$89	59.3%	\$157	\$92	58.6%	\$147	\$88	59.9%
72070 Thoracic, AP and lat.	\$78	\$59	75.6%	\$71	\$57	80.3%	\$80	\$58	72.5%	\$79	\$69	87.3%	\$78	\$53	67.9%
72100 Lumbrosacral, AP and lat.	\$86	\$59	68.6%	\$80	\$49	61.3%	\$98	\$65	66.3%	\$84	\$61	72.6%	\$83	\$57	68.7%
72170 Pelvis, AP	\$70	\$47	67.1%	\$68	\$46	67.6%	\$73	\$55	75.3%	\$67	\$45	67.2%	\$72	\$46	63.9%
Procedures and modalities															
97010 Hot or cold packs	\$17	\$10	58.8%	\$17	\$11	64.7%	\$17	\$11	64.7%	\$18	\$11	61.1%	\$17	\$9	52.9%
97012 Traction, mechanical	\$28	\$17	60.7%	\$31	\$15	48.4%	\$28	\$17	60.7%	\$26	\$18	69.2%	\$30	\$17	56.7%
97014 Electrical stimulation	\$27	\$17	63.0%	\$28	\$17	60.7%	\$26	\$17	65.4%	\$26	\$18	69.2%	\$26	\$17	65.4%
97035 Ultrasound	\$28	\$17	60.7%	\$29	\$16	55.2%	\$29	\$17	58.6%	\$29	\$18	62.1%	\$27	\$15	55.6%
97110 Therapeutic exercises	\$39	\$26	66.7%	\$41	\$26	63.4%	\$38	\$24	63.2%	\$38	\$28	73.7%	\$39	\$26	66.7%
97112 Neuromuscular re-education	\$40	\$26	65.0%	\$42	\$22	52.4%	\$41	\$26	63.4%	\$39	\$29	74.4%	\$39	\$27	69.2%
97124 Massage	\$43	\$30	69.8%	\$47	\$27	57.4%	\$44	\$34	77.3%	\$42	\$30	71.4%	\$40	\$29	72.5%
97140 Manual therapy	\$39	\$27	69.2%	\$39	\$26	66.7%	\$42	\$29	69.0%	\$39	\$27	69.2%	\$37	\$25	67.6%
97530 Therapeutic activities	\$43	\$30	69.8%	\$41	\$27	65.9%	\$41	\$27	65.9%	\$43	\$33	76.7%	\$43	\$31	72.1%
Overall means	\$64	\$45	70.8%	\$62	\$41	66.8%	\$66	\$47	71.2%	\$64	\$47	72.2%	\$62	\$43	70.1%

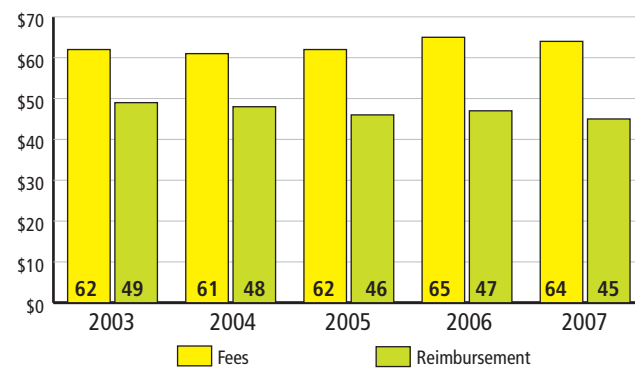
What's the trend?

To get a true picture of what is happening to fees and reimbursements, it's necessary to look at dollar amounts as well as reimbursement rates.

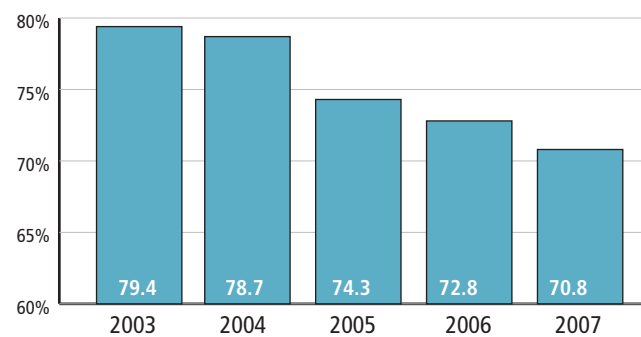
The five-year trend in overall average fees charged by chiropractors is fairly flat. In 2003, average fees were \$62. The low was in 2004, \$61; the high in 2006, \$65. This year, average fees were \$64.

Although dollar amounts remained fairly flat for the period, reimbursements (and their rates) show a definitive decline. In 2003, reimbursements were \$49 (79.4 percent rate). In 2004, they were \$48 (78.7 percent); in 2005, \$46 (74.3 percent); in 2006, \$47 (72.8 percent). And in 2007, reimbursements were \$45 (70.8 percent).

Year-by-Year Comparison of Fees and Reimbursements 2003-2007



Year-to-Year Comparison of Reimbursement Rates 2003-2007



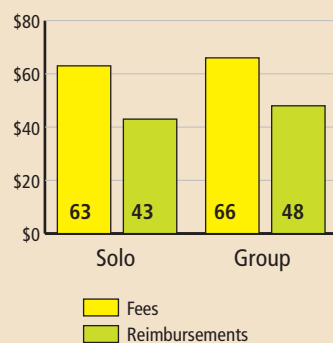
Groups come out ahead

Although respondents still prefer to operate as solo practitioners (74.7 percent), groups do better in setting higher fees (\$66 vs. \$63 for solo DCs) and getting reimbursed (\$48 vs. \$43 for solo DCs).

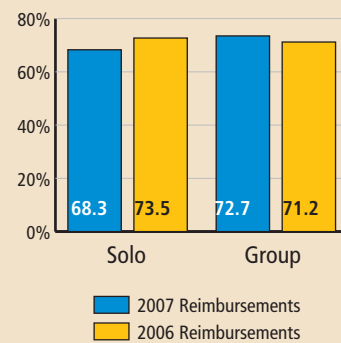
In 2006, solo chiropractors had a slight edge over group practitioners in their reimbursement rates (73.5 percent, compared to 71.2 percent for groups). However, this year, groups enjoyed a higher reimbursement rate (72.7 percent) than solo respondents (68.3 percent).

A greater percentage of respondents in group or partnership practices, compared to solo practitioners, report employing (either as a regular employee or as a contractor) specialists. A good example is massage therapy: 52.6 percent of groups have licensed massage therapists, compared to 37.3 percent of solo DCs.

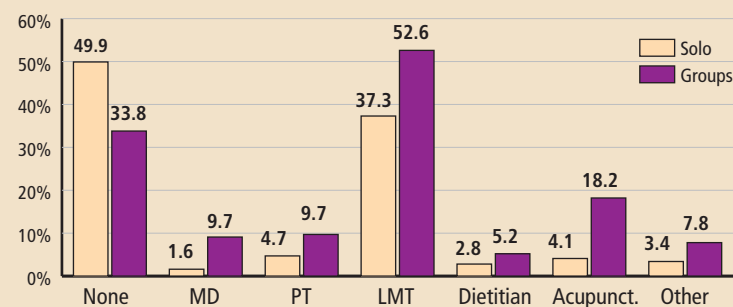
Solo vs. Group: Fees and Reimbursements



Solo vs. Group: Reimbursement Rates



Specialists Working in Solo and Group Clinics



What about MD fees?

Chiropractors are not the only healthcare professionals whose fees and reimbursements are on a downward trend. Medical doctors are suffering, too.

Although it is not possible to make a direct comparison of codes between MDs and DCs, it is possible to pick out a few codes they share in common, such as 99201 (evaluation and management, new patient) and its variations — 99202, 99203, and 99204.

According to *Physicians Practice*, a business magazine for medical doctors, average fees for 99201 were approximately \$68 in 2006. The average reimbursement for the same code was about \$35 (52.1 percent).

For 99202 (evaluation and management, established patient), MD fees were \$100; reimbursements, \$57 (56.6

percent).

For 99203 (office visit with detailed history), average fees were \$142; reimbursements, \$83 (58.8 percent).

For 99204 (office visit with comprehensive history), average fees were \$226; reimbursements, \$111 (49.0 percent).

DC COMPARISONS

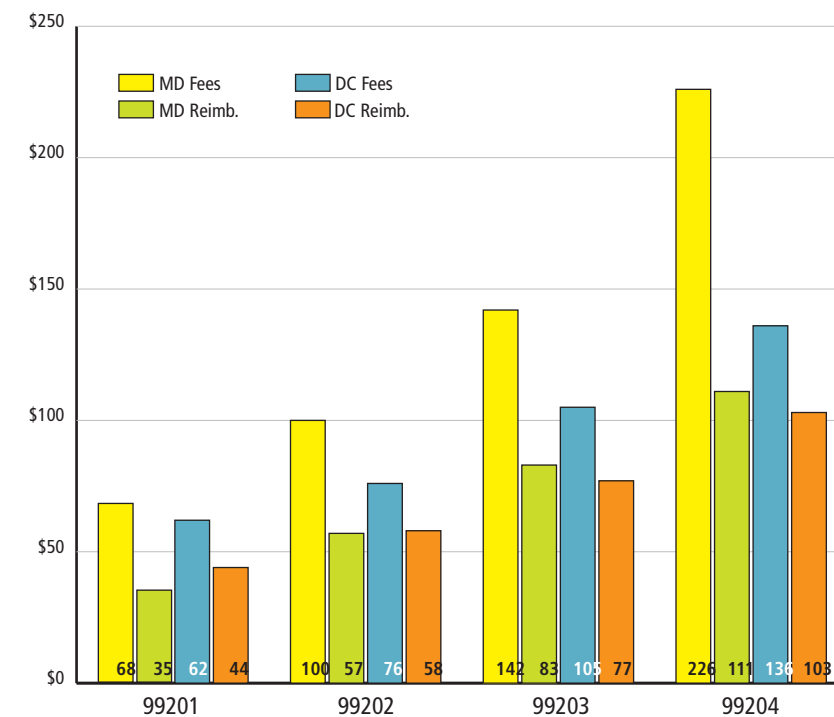
Respondents in our survey, on the other hand, for 99201 charged on average \$62, but were reimbursed on average \$44 (71.0 percent).

For 99202, average DC fees were \$76; reimbursements, \$58 (76.3 percent).

For 99203, average DC fees were \$105; reimbursements, \$77 (73.3 percent).

For 99204, average DC fees were \$136; reimbursements, \$103 (75.7 percent).

Comparison of MD and DC Fees and Reimbursements



'One-stop' clinics get better fees, reimbursements

Integrated healthcare brings more income to the practice (see "Integrated healthcare practices earn more," *Chiropractic Economics*, Vol. 53, Issue 8, p. 30). The reason is obvious: Integrated healthcare clinics get higher fees and reimbursements.

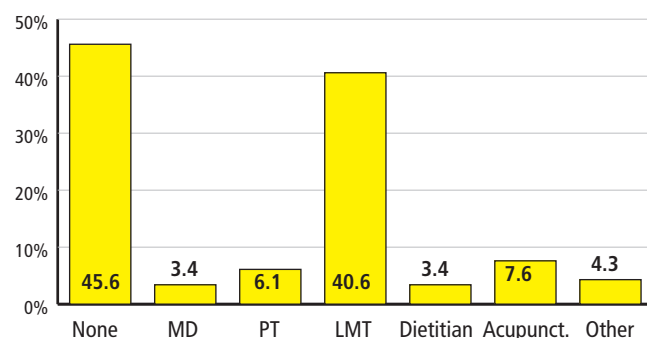
More than half — 54.4 percent

— of respondents have some type of specialist on staff — an MD or DO, physical therapist, or licensed massage therapist. Integrated practices charge on average \$68 and get reimbursed \$49, for a rate of 71.6 percent. Practices without a specialist on staff average \$61 fees and \$42 reimbursements, for a rate

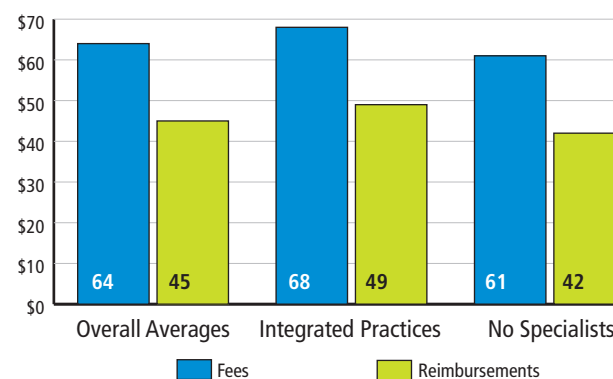
of 68.8 percent.

The most popular specialist to have on staff is a licensed massage therapist (40.6 percent), followed by an acupuncturist (7.6 percent), and a physical therapist (6.1 percent). Only 3.4 percent of respondents had a medical doctor as part of their team.

Specialists on Staff in Chiropractic Offices



Integrated Healthcare vs. No Specialists



Cash beats reimbursements

A trend toward accepting cash-only seems to be developing in chiropractic. In 2004, 6.4 percent reported a cash-only status. In 2005, the number grew to 11.7 percent. In 2006, an even greater number — 21.1 percent — reported to be cash-only. However, as sometimes happens in surveys, that increase appears to have been an anomaly. This year, the number reporting cash-only status equals 15.0 percent — a significant increase from the percent calculated in 2005.

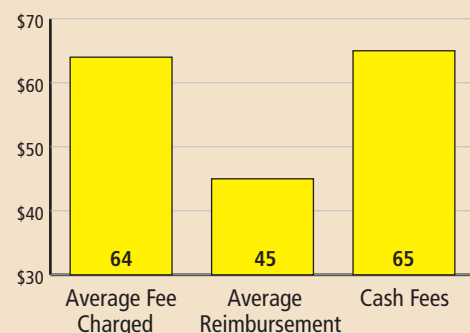
By strict definition, a cash-only practice would have no reimbursements. So, fees in a cash-only practice are equivalent to reimbursements (collections). Cash-only practices average \$65 in fees — a 44.4 percent increase over overall average reimbursements of \$45.

Who runs cash-only practices? Our survey shows the majority of DCs (70.7 percent) are male, age 43.8, and have been in solo practice (77.6 percent) for 14.2 years.

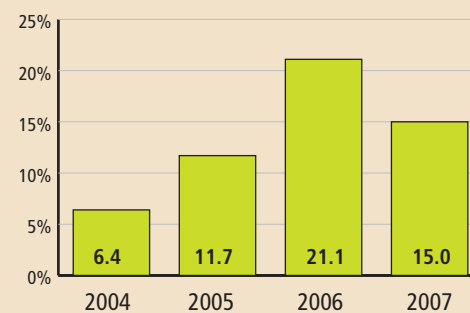
More than half (54.5 percent) offer nutrition and about a third (34.3 percent) offer a massage modality. One-third has a massage therapist in the office.

The cash-only DCs are also more likely to have a medical doctor on staff (5.1 percent, compared to 3.4 percent overall), as well as an acupuncturist (13.1 percent vs. 7.6 overall) and a dietitian (9.1 percent, compared to 3.4 percent overall).

Cash Fees vs. Reimbursements



Growth of Cash-Only Practices

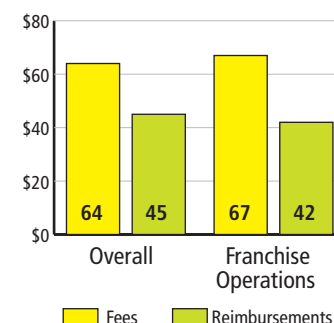


Franchising facts

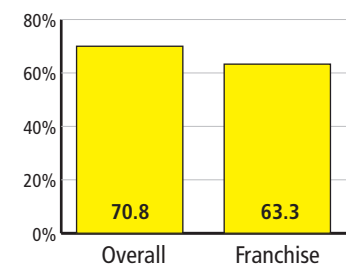
Approximately the same number (5.3 percent) of respondents own chiropractic franchises as they did in 2006 (5.7 percent). Franchise owners seem more likely to be in a group practice or partnership (34.3 percent), compared to all respondents (23.3 percent). With regard to operating cash practices, franchisees share essentially the same profile as all respondents (14.3 percent, compared to 15 percent overall).

According to the survey, franchise owners on average charge more (\$67) for fees (compared to an average of \$64), but are reimbursed less — \$42 vs. \$45 overall. Because of the higher fees but lower reimbursements, franchise owners' reimbursement rates (63.3 percent) are less favorable than overall average reimbursement rates (70.8 percent).

Comparison of Franchise Fees and Reimbursements with Overall Averages



Franchise Reimbursement Rates



Few gender differences noted

In this year's survey, female respondents are younger (41.8 years old) than their male counterparts (45.3 years old). Likewise, they have been in practice on average 11.6 years, compared to 17 years for male DCs.

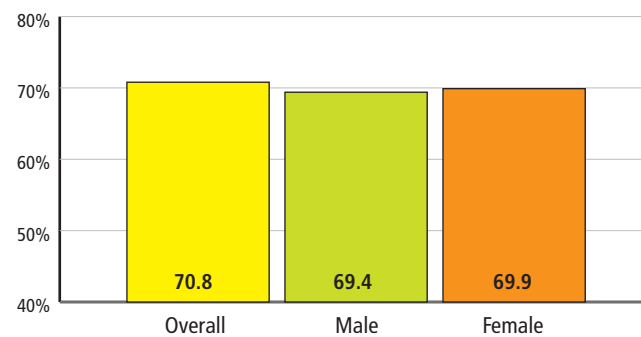
Other comparisons are unremarkable, except for a few. *For example:* Significantly more females (56.6 percent) offer a massage modality than males (43.0 percent). A larger number (52.6 percent) also employ a licensed massage therapist, compared to male chiropractors (37.3 percent).

On the other hand, more males (58.3 percent) offer a physical-therapy modality, compared to only 48 percent of females. And more males (19.3 percent) offer decompression therapy, compared to only 10.5 percent of female chiropractors.

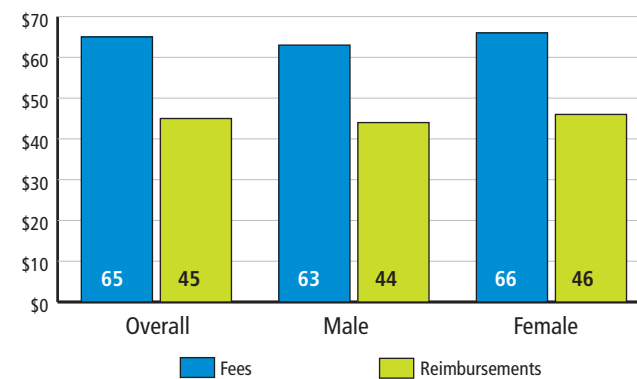
Interestingly, in this year's survey, no significant differences in fees and reimbursements were noted between men and women. Both groups were virtually on par with overall averages.

	Overview	Male (77%)	Female (23%)
Personal			
Age	44.5	45.3	41.8
Years in practice	15.8	17.0	11.6
Types of practices			
Solo	74.7%	75.3%	72.8%
Group	23.3%	23.1%	23.8%
Associate	2.0%	1.6%	3.3%
Owens franchise	5.3%	6.1%	2.7%
Cash only	15.0%	13.8%	19.1%
Modalities			
Chiro only	35.8%	36.0%	36.8%
Acupuncture	16.8%	15.3%	21.7%
Exercise	56.8%	58.7%	51.3%
Homeopathy	13.0%	11.6%	18.4%
Massage	45.7%	43.0%	56.6%
Nutrition	55.2%	55.0%	56.6%
PT	55.6%	58.3%	48.0%
Weight loss	20.1%	19.3%	22.4%
Decompression	17.2%	19.3%	10.5%
Specialists			
None	45.6%	48.9%	35.5%
MD	3.4%	3.9%	2.0%
PT	6.1%	6.7%	4.6%
LMT	40.6%	37.3%	52.6%
Dietitian	3.4%	3.3%	3.9%
Acupuncturist	7.6%	6.7%	11.2%

Reimbursement Rates: Male vs. Female



A Gender Comparison of Fees and Reimbursements



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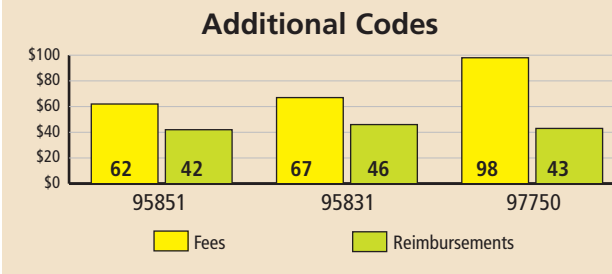
A few additional codes to note

This year's survey, again, asked for information on three additional codes: 95851, range-of-motion testing; 95831, muscle testing; and 97750, physical-performance evaluation.

Average fees for range-of-motion testing were \$62, with a 67.7 percent reimbursement rate of \$42. In 2006, the numbers were \$61 (fees) and \$41 (reimbursements) — for a rate of 67.2 percent.

Average fees for muscle testing were \$67 (\$63 in 2006), with a 68.7 percent reimbursement rate of \$46 (\$39 in 2006, for a rate of 67.0 percent).

Average fees for physical-performance evaluation were \$98, with a 43.9 percent reimbursement rate of \$43. In 2006, average fees were \$87; reimbursements, \$54; and reimbursement rate, 62.1 percent.



Payment options vary

Almost three-quarters (72.5 percent) of respondents offer some type of payment plan. The most popular (39.7 percent) is a prepay plan, followed by a discount for cash (38.7 percent) plan.

Slightly more than one-third (34.3 percent) negotiate payments with their patients and almost one-fourth (24.1 percent) have a plan that asks for a down payment.

Almost 11 percent offer other types of payment options, such as monthly payments, installment payments, discounts for children, and facilitation of financing through a financing company. ^{CE}

Payment Options

