

## OUR 11TH ANNUAL FEES &amp; REIMBURSEMENTS SURVEY

## Slight adjustment?

Surprising results from our survey

By Stanford Erickson

**F**ees charged by doctors of chiropractic and reimbursements provided by insurance groups based on those fees always make for a lively discussion.

One of the most attended sessions at many state chiropractic association meetings involves fees and reimbursements. The pages that follow attempt to report and explain the 2008 *Chiropractic Economics* 11th Annual Fees & Reimbursements Survey.

Several surprising results came from this survey and, as a result, we are being somewhat cautious in attempting to indicate trends. One reason for this is that compared to last year, when 667 DCs responded to our survey, this year we received 429 respondents. However, in 2006, we only had 365 respondents. But even though there were fewer DCs surveyed in 2008, the overall profile of respondents over the last several years is quite similar.

"In the mid-1980s, I could submit my legitimate chiropractic claims to an insurance company literally

on a paper towel, and I would receive generally 80 percent of the fees I charged," said Marty Kotlar, DC, CHCC, CBCS. "Over the last decade or so, not only have legitimate fees been questioned, but claims often have come under protractive securitization by insurance companies to determine that coding and documentation are accurate."

Kotlar, president of Target Coding Inc. and a long-time editorial contributor to *Chiropractic Economics* on issues of fees and reimbursements, said this in response to some of the surprising results indicated by our 11th Annual Fees & Reimbursements Survey. What surprised Kotlar, and other experts with whom we discussed the results, is that both fees and reimbursements of the CPT codes we surveyed were both higher this year than several years in recent times past.

In particular, fees and codes involving Evaluation and Management (E&M) of new patients — coding 99201, 99202, 99203, and 99204 — increased markedly over 2007. And even more surprisingly, fees and reimbursements among these same four codings increased on average higher than fees and reimbursements increased for medical physicians in a

## ABOUT THIS SURVEY

Throughout August/September 2008, *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.

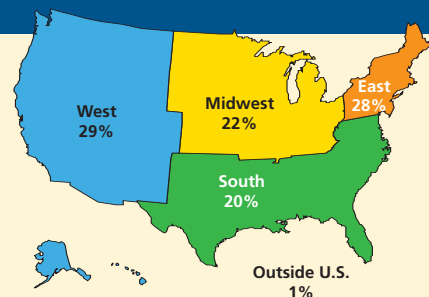
• **Number of participants.** This year the analysis is based on the

answers of 429 respondents.

• **Regional distribution.** Broken into four regions of the country, participants hailed from the West (29 percent), the South (20 percent), the Midwest (22 percent), the East (28 percent), and outside the U.S. (1 percent).

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

• **Cash-only practices.** Cash-only practices reported fees only.



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

survey conducted by *Physicians Practice* in late 2007.

For example: Fees obtained by MDs for 99201 increased 7 percent year over year while fees for that case code by DCs increased 27 percent in 2008. Reimbursements by MDs for 99201 rose 3 percent while reimbursements for the same code rose 34 percent for DCs.

Mark Sanna, DC, CEO of Breakthrough Coaching and also an editorial contributor to *Chiropractic Economics*, opined that perhaps the improvement in DC fees and reimbursements for E&M codes this year relative to fees and reimbursements for MD is twofold.

“For years, Evaluation and Management codes were assigned based upon the time required to perform the procedure,” he said. “A transformation several years ago, from the time-based system of classification to one based on specific bullet points, resulted in a learning curve by all practitioners as they scrambled to master the new rules. An increase in the rate of reimbursement for E&M codes may be evidence that chiropractors are finally mastering the new rules of coding.

“In addition, medical case management is heavily weighted toward the use of multiple diagnostic tests and examination procedures and light on treatment — either drugs or surgical procedures. On the other hand, chiropractic case management relies on relatively little use of diagnostic tests and examination procedures and may include weeks or months of treatment.

“The finding that E&M codes receive favored reimbursement over treatment codes may be further evidence that the third party reimbursement model favors diagnosis over treatment (medicine over chiropractic). Chiropractors rarely have their E&M codes denied, but are frequently frustrated by having treatment cut off or denied by third-party payers. One conclusion that could be drawn from the results of this new survey is that chiropractors should place a greater emphasis on the timely use of E&M codes to support the care they deliver.”

## HIGHLIGHTS

Other highlights of our survey include:

- **Cash-only practice.** Our 2006 survey hit a high watermark in which 21.1 percent of DC respondents indicated they were operating a cash-only practice. In 2007, this fell to 15 percent. This year, 13.2 percent of sole practitioners and 10.7 percent of all respondents indicate they operate on a cash-only basis.


- **Payment options.** Our 2008 survey indicates that payment options offered by DC respondents are more *adaptive* and *accommodating* to each patient's

## Profile of Respondents

	2008	2007	2006
<b>Personal characteristics</b>			
Male	80.0%	77.0%	75.0%
Average age	45.0	44.5	41.8
Age range	24-86	24-83	22-74
Average yrs in practice	16.8	15.8	13.3
<b>Types of practice</b>			
Solo	74.0%	74.7%	75.4%
Group	22.0%	23.3%	22.6%
Associate	4.0%	2.0%	2.0%
In a franchise operation	4.0%	5.3%	5.7%
Integrated healthcare practice (DC+MD, PT, or LMT)	64.0%	54.4%	56.7%
Cash-only practice	11.0%	15.0%	21.1%
<b>Fees and reimbursements</b>			
Average fees	\$69	\$64	\$65
Average reimbursements	\$51	\$45	\$47
Average reimbursements rate	73.9%	70.8%	72.8%
<b>Geographic location</b>			
Eastern region	28.0%	22.4%	22.4%
Southern region	20.0%	24.6%	23.3%
Midwest region	22.0%	26.1%	25.9%
Western region	29.0%	26.9%	28.4%
Outside U.S.	1.0%		
<b>Licensure</b>			
One state	63.6%	67.3%	71.4%
Two states	25.8%	24.8%	18.3%
Three or more states	10.5%	7.9%	10.3%

financial situation. Although DCs reduced offers of payment plans from 72.5 percent in 2007 down to 64.9 percent in 2008, negotiations on a *case-by-case* basis increased to 41.7 percent from 34.3 percent in 2007.

- **Solo vs. group.** Solo still reigns as the preferred practice mode. In 2008, 74 percent of the survey respondents operate solo practices. However, solo practitioner fees in 2008 were higher than group fees — a first in some time.

- **Differences of gender.** Fees and reimbursements tend to separate the genders. Female DCs charge more (\$78) compared to male DCs (\$70) but are reimbursed less. 

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## Fees, reimbursements vary by region

The average of all fees charged by respondents in this year's survey was \$70. The average reimbursement (amount collected from insurers) was \$52. Fees and reimbursements, however, vary by region.

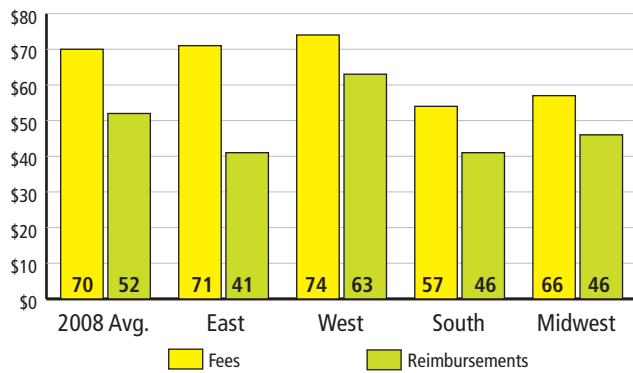
As in last year's survey, respondents in the West charged on average the highest fees (\$74) and received the highest reimbursements ((\$63). The lowest fees charged on average were in the South (\$57) and Midwest (\$66) with a corresponding low reimbursement of \$46 for the South and for the Midwest.

DCs in the East charged on average \$71 and were reimbursed \$41.

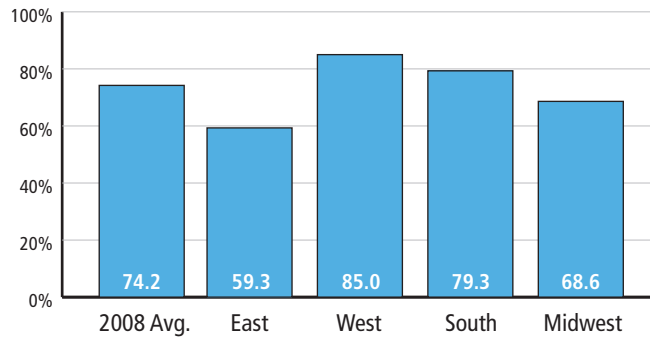
Dollar amounts are one measure, percent of reimbursement is another. DC respondents in the West received the highest overall rate of reimbursements at 85 percent, followed by the South at 79.3 percent and the Midwest at 68.6 percent. As was the case last year, DCs in the East trailed in reimbursements. Only 59.3 percent of all claims in the East were reimbursed. This compares to 66.8 percent in 2007.

	2008			Eastern Region		
	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.
<b>Professional care</b>						
98940 Spinal, 1-2 regions	\$47	\$35	74.4%	\$50	\$28	56%
98941 Spinal, 3-4 regions	\$53	\$41	77.3%	\$59	\$35	59.30%
98942 Spinal, 5 region	\$59	\$49	83.0%	\$61	\$38	62.2%
98943 Extraspinal, one or more regions	\$40	\$27	67.5%	\$43	\$22	51.1%
99213 Estab. patient w/expanded hist. and exam, low complx. trmt. decision	\$75	\$54	72.0%	\$79	\$45	56.9%
99214 Estab. patient w/expanded hist. and exam, low complx. trmt. decision	\$106	\$80	75.4%	\$109	\$65	59.6%
<b>New patient exam</b>						
99201 E&M service, new patient, focused hist. and exam, straightforward medical-decision making	\$77	\$59	76.6%	\$80	\$45	56.2%
99202 E&M service, established patient focused hist. and exam, straightforward medical-decision making	\$86	\$64	74.4%	\$92	\$55	59.7%
99203 O.V. w/detailed hist. and exam w/low complx. trmt. decision.	\$115	\$90	78.2%	\$130	\$82	63%
99204 O.V. w/comprehensive hist. and exam w/mod. complx. trmt. decision	\$152	\$122	80.2%	\$165	\$107	64.8%
<b>Radiology</b>						
72020 Single view x-ray	\$45	\$36	80.0%	\$39	\$23	58.9%
72040 Cervical, AP and lat.	\$80	\$60	75.0%	\$72	\$45	62.5%
72050 Cervical, (4 views)	\$123	\$81	65.8%	\$123	\$58	47.1%
72052 Cervical, (comp.)	\$157	\$111	70.7%	\$153	\$68	44.4%
72070 Thoracic, AP and lat.	\$81	\$60	74.0%	\$74	\$41	55.4%
72100 Lumbrosacral, AP and lat.	\$90	\$66	73.3%	\$81	\$49	60.4%
72170 Pelvis, AP	\$76	\$56	73.6%	\$66	\$33	50%
<b>Procedures and modalities</b>						
97012 Traction, mechanical	\$31	\$20	64.5%	\$35	\$21	60%
97014 Electrical stimulation	\$27	\$19	70.3%	\$27	\$19	70.3%
97035 Ultrasound	\$27	\$16	59.2%	\$27	\$17	62.9%
97110 Therapeutic exercises	\$40	\$31	77.5%	\$46	\$31	67.3%
97112 Neuromuscular re-education	\$39	\$29	74.3%	\$40	\$26	65%
97124 Massage	\$38	\$28	73.6%	\$36	\$24	66.6%
97140 Manual therapy	\$36	\$24	66.6%	\$37	\$22	59.4%
97530 Therapeutic activities	\$50	\$49	98.0%	\$44	\$28	63.6%
Overall means	\$70	\$52	74.2%	\$71	\$41	59.3%

**Comparisons by Region**



**Percent Reimbursed by Region**



	Western Region			Southern Region			Midwestern Region		
	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.	Fee	Reimb.	% Reimb.
	\$46	\$39	84.8%	\$39	\$33	84.6%	\$44	\$30	68.2%
	\$52	\$46	88.5%	\$44	\$39	88.6%	\$49	\$37	75.5%
	\$61	\$54	88.5%	\$55	\$47	85.5%	\$51	\$42	82.4%
	\$42	\$39	92.9%	\$29	\$22	75.9%	\$36	\$23	63.9%
	\$80	\$66	82.5%	\$70	\$55	78.6%	\$65	\$53	81.5%
	\$115	\$92	80.0%	\$86	\$72	83.7%	\$96	\$76	79.2%
	\$80	\$56	70.0%	\$63	\$55	87.3%	\$64	\$47	73.4%
	\$86	\$74	86.0%	\$86	\$70	81.4%	\$81	\$56	69.1%
	\$103	\$93	90.3%	\$101	\$91	90.1%	\$109	\$76	69.7%
	\$149	\$137	91.9%	\$109	\$68	62.4%	\$166	\$112	67.5%
	\$60	\$50	83.3%	\$38	\$35	92.1%	\$26	\$21	80.8%
	\$93	\$84	90.3%	\$65	\$48	73.8%	\$83	\$59	71.1%
	\$134	\$107	79.9%	\$102	\$69	67.6%	\$118	\$83	70.3%
	\$178	\$150	84.3%	\$95	\$85	89.5%	\$189	\$138	73.0%
	\$87	\$77	88.5%	\$82	\$60	73.2%	\$78	\$46	59.0%
	\$101	\$81	80.2%	\$87	\$64	73.6%	\$78	\$49	62.8%
	\$88	\$79	89.8%	\$72	\$45	62.5%	\$63	\$53	84.1%
	\$28	\$23	82.1%	\$25	\$17	68.0%	\$29	\$14	48.3%
	\$29	\$23	79.3%	\$20	\$17	85.0%	\$24	\$11	45.8%
	\$30	\$28	93.3%	\$19	\$15	78.9%	\$24	\$10	41.7%
	\$37	\$34	91.9%	\$27	\$25	92.6%	\$44	\$26	59.1%
	\$42	\$38	90.5%	\$30	\$25	83.3%	\$43	\$26	60.5%
	\$53	\$45	84.9%	\$27	\$24	88.9%	\$32	\$15	46.9%
	\$40	\$35	87.5%	\$29	\$24	82.8%	\$40	\$24	60.0%
	\$43	\$28	65.1%	\$37	\$35	94.6%	\$30	\$13	43.3%
	\$74	\$63	85.0%	\$57	\$46	79.3%	\$66	\$46	68.6%

# What's the trend?

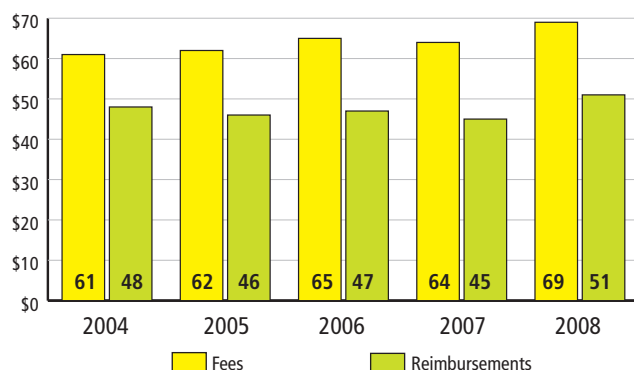
As noted in the beginning of this special report on fees and reimbursements, some caution must be taken in interpreting the trend in a year-by-year comparison of fees and reimbursements.

Although fees charged by DCs on average over the last several years have tended upward slightly, reimbursement rates have been declining — until

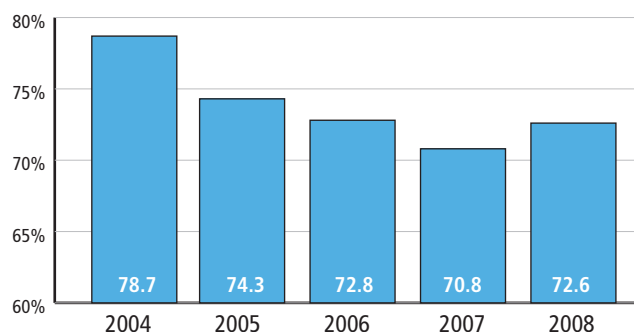
2008. In 2007, the reimbursement percent was 70.8 percent — having fallen steadily each year from 78.7 percent in 2004 and higher than that in earlier years.

But in 2008, respondents said on average their claims were reimbursed 72.6 percent, an uptick over 2007 and nearly the same percent rate as received in 2006.

**Year-by-Year Comparison  
of Fees and Reimbursements 2004-2008**



**Year-by-Year Comparison  
of Reimbursement Rates 2004-2008**



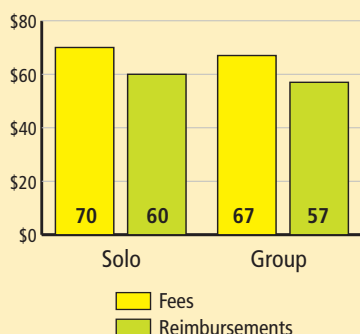
## Similar results for solo and group practices

Solo still reigns as the preferred practice mode, according to our survey. The number of respondents who are solo practitioners at 74 percent was similar to 2007 at 74.7 percent, 2006 at 75.4 percent, and 2005 at 75.1 percent.

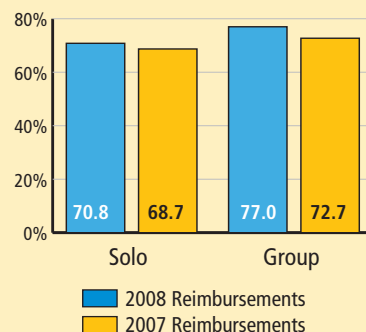
But this year, solo operators charged more (\$70) on average compared to group practices (\$67). In 2007, group practice fees averaged \$66 compared to \$63 for solo operations.

Correspondingly, solo reimbursements were slightly higher in 2008 (\$60) compared to group reimbursements (\$57). But the rate reimbursements to fees for both solo and group increased markedly over 2007.

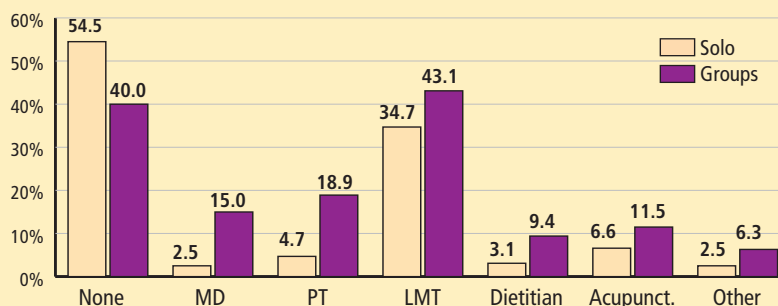
**Solo vs. Group:  
Fees and Reimbursements**



**Solo vs. Group:  
Reimbursement Rates**



## Specialists Working in Solo and Group Clinics



## DCs vs. MDs — Fees and Reimbursements

One sunrise does not have to indicate a pattern. But the comparison of chiropractor's fees and reimbursements in 2008 with fees charged and reimbursements obtained by medical doctors in some significant coding categories indicates that DCs are doing a bit better in increasing fees and obtaining increases in reimbursements than the MDs.

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

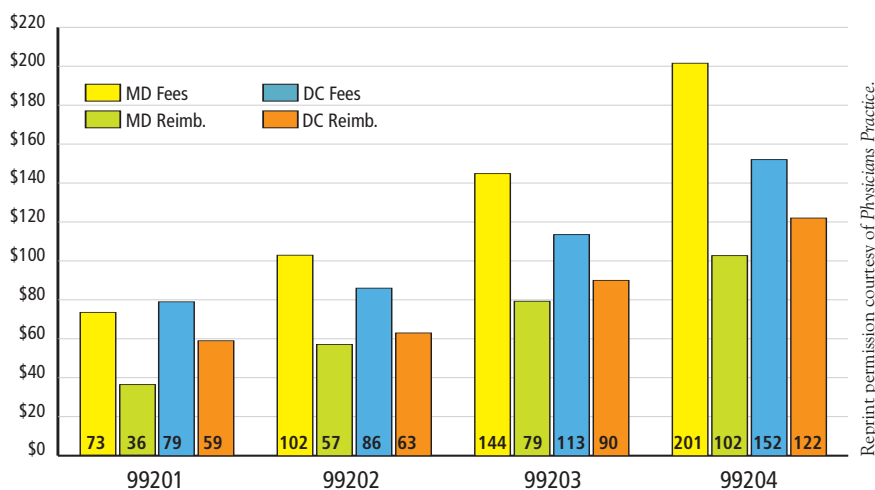
According to a survey published in the January 2008 issue of *Physicians Practice*, a business journal for medical doctors, the average fees charged by MDs for 99201 increased 7 percent year over year. For the same code, 99201, chiropractic practitioners increased their fees 27 percent over the year before. For the same code, MD's reimbursement increased 3 percent over the year before, while DC's reimbursement

increased by 34 percent. For code 99202, MD's fees increased 3 percent and DC's fees increased 13 percent. Reimbursements for code 99202 did not increase by MDs year over year, while reimbursements for DCs increased 9 percent.

For code 99203, MD's fees increased 2 percent year over year, while DC's fees increased 8 percent. Reimbursements by MDs for code 99203 actually decreased by 5 percent while DC's reimbursements increased by 17 percent. For code 99204, MD's fees dropped nearly 11 percent year over year, while fees charged by DCs went up 12 percent. Reimbursements for MDs also dropped by 7 percent while reimbursements for DCs rose 18 percent.

Naturally there is need to put this discussion in perspective. The *Physician Practice* was conducted in the later part of 2007 while the survey undertaken by *Chiropractic Economics* survey took place in August and September 2008. Additionally, as the tables below indicate, MDs fees on average are higher than the fees charged by chiropractors.

**Comparison of MD and DC Fees and Reimbursements**





## 'One-stop' clinics get better reimbursements

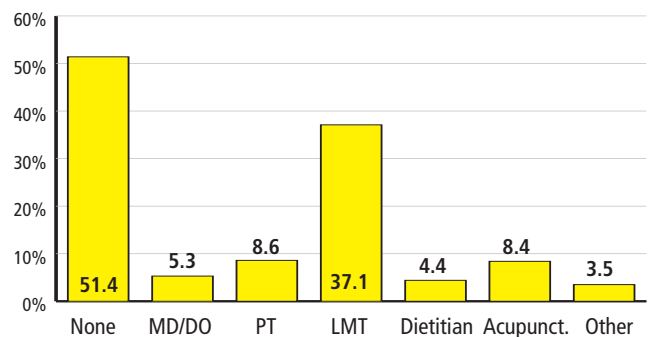
In other surveys by *Chiropractic Economics* over the last few years, results have indicated that integrated healthcare practices generally bring in higher fees and higher reimbursements than practices without an array of specialists.

Surprisingly, and it might just be the composition of the DCs who responded to our survey this year rather than an overall trend, practices with nonspecialists actually charged higher fees — fees that were nearly 9 percent higher. But, even given the higher fees by nonspecialist practices, the integrated healthcare practices obtained higher reimbursements on average, about 6 percent higher over nonspecialists practices.

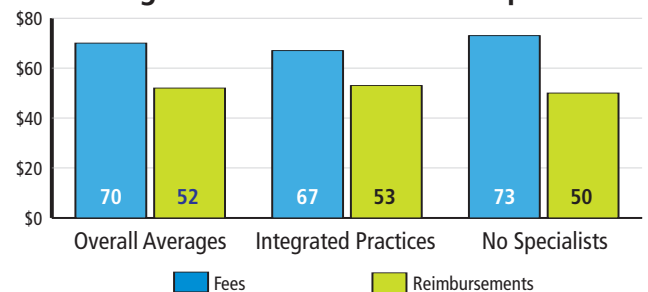
Also, if you compare last year's 10th Annual Fees & Reimbursements survey with our 2008 survey, the fees charged on average by nonintegrated practices increased considerably. Last year, practices with no additional specialists charged \$61. This year nonspecialist practices charged \$73, nearly a 20 percent increase. Average fees charged by integrated practices stayed about the same for 2008 as in 2007.

The types of specialists housed in an integrated practice this year versus the year before are nearly similar. Licensed massage therapists are the most popular followed by physical therapists and acupuncturists.

### Specialists on Staff in Chiropractic Offices



### Integrated Healthcare vs. No Specialists



# Franchising facts

The last couple of years, DCs surveyed who own a chiropractic franchise exceeded 5 percent of all respondents. In our 11th Annual Survey, the respondents owning franchises was 4 percent. But in 2005, the respondents only represented 0.3 percent.

Given these results over the last few years, one might assume that franchising took off rapidly in 2006, grew a small bit in 2007, and now has contracted a bit. But the safest conclusion is that we should wait until next year to draw a more definitive response.

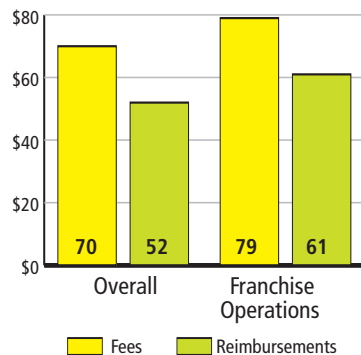
Like last year and the year before, those operating a franchise are a bit younger than the average responder to our survey at 41 years of age compared to 45 years for all respondents. Males dominate at 75 percent compared to 25 percent women. But since 80 percent of chiropractors who respond to our survey year-in and year-out on average are males, it would appear that women increasingly are working for a franchise.

Solo practitioners account for 84 percent of those DCs operating a franchise. Favored modalities offered by the franchise owners are physical therapy (75 percent), exercise (56 percent), and massage (44 percent).

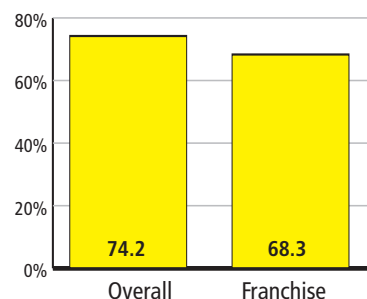
In 2008, franchise operators' fees averaged \$79, an \$12 increase over last year (which may account for a reduction in franchise operators), while reimbursements averaged \$61, compared to \$42 in 2007.

Both nonfranchise operators and franchise operators experienced an increase in reimbursement rates 2008 over 2007. Nonfranchise operators saw reimbursement rates increase from 70.8 percent to 74.2 percent and franchise operators saw their 2008 reimbursement rates increase to 68.3 percent compared to 63.3 percent in 2007.

Comparison of Franchise Fees and Reimbursements with Overall Averages



Franchise Reimbursement Rates



## Cash only rates increase

A trend toward **cash-only practices** took a ride up from 6.4 percent in 2004 to a high of 21.1 percent in 2006, then moved down to 15 percent in 2007 and, perhaps, has bottomed out at 10.7 percent in 2008.

As we pointed out last year, 2006 might have been an anomaly with that year's particular survey. More likely, however, given the good economy of 2006, it might have been easier to obtain cash from a patient than in less robust economies.

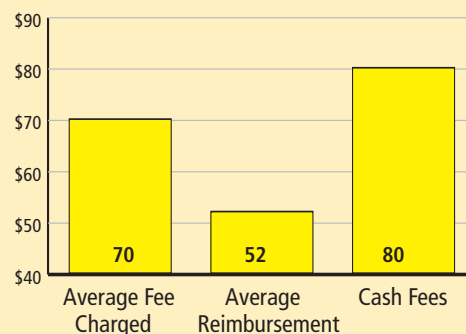
Cash fees charged in 2008 reached \$80 compared to \$65 in 2007.

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' fees of \$80 are a 52 percent increase compared to an overall average reimbursement of \$54.

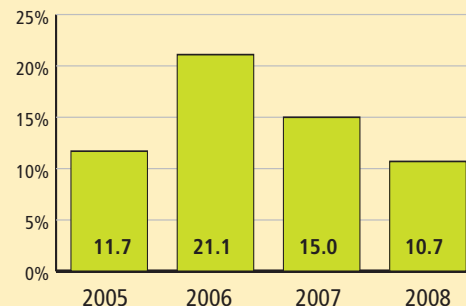
Who runs cash-only practices? Our survey shows the majority of DCs (82 percent) are male, with an average age of 49, and 91 percent are in solo practices. Those respondents operating cash-only practices have been working on average as a practitioner for 16.8 years.

In terms of offered modalities, 28 percent offer physical therapy and 50 percent offer nutrition. Nearly half has a massage therapist in the office.

Cash Fees vs. Reimbursements



Growth of Cash-Only Practices





## Few gender differences noted

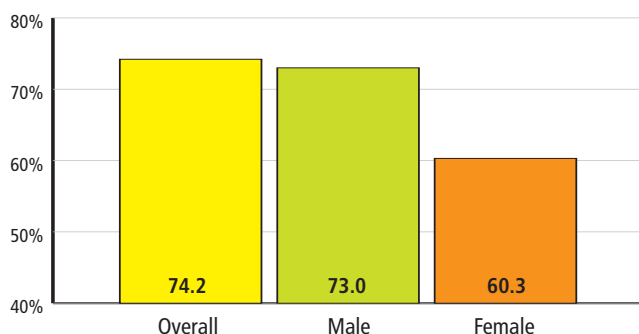
Like last year and several years before, female DC respondents are slightly younger (42.8 years old) than their male counterparts (45.6 years old). Likewise, they have been in practice on average 14.8 years compared to 17.3 years by male DC respondents. Also, among these respondents, 30.6 percent of female DCs are in group practice as compared to 19.8 percent of male DCs.

Among the modalities offered, only decompression evidences a wide disparity between the genders. Of the male DC respondents, 23.6 percent offered decompression while only 9.0 percent of female DC respondents offered this modality.

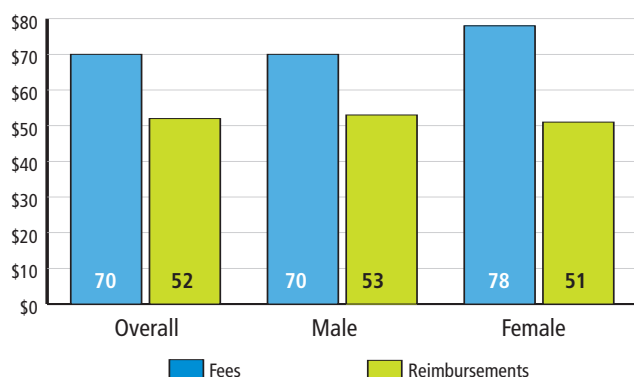
In our 2008 survey, fees and reimbursements tend to separate the genders. Female DCs charged more (\$78) compared to male DCs (\$70), but are reimbursed less, females \$51 and males \$53. Also, as a percentage, males' claims were reimbursed 73 percent compared to 60.3 percent of female DCs.

	Overview	Male (80%)	Female (20%)
<b>Personal</b>			
Age	45.0	45.6	42.8
Years in practice	16.8	17.3	14.8
<b>Types of practices</b>			
Solo	72.0%	76.3%	65.9%
Group	22.0%	19.8%	30.6%
Associate	4.0%	3.8%	3.4%
Owns franchise	4.0%	3.5%	4.5%
Cash only	11.0%	11.1%	9.0%
<b>Modalities</b>			
Chiro only	35.9%	35.9%	35.2%
Acupuncture	13.7%	13.1%	15.9%
Exercise	59.3%	61.1%	51.1%
Herbopathy	8.8%	8.1%	11.3%
Massage	49.0%	49.4%	46.5%
Nutrition	46.7%	48.2%	40.9%
PT	62.3%	63.4%	56.8%
Weight loss	15.4%	15.7%	14.7%
Decompression	20.7%	23.6%	9.0%
Other	11.4%	11.4%	11.3%
<b>Specialists</b>			
None	51.4%	50.2%	54.5%
MD/DO	5.3%	5.8%	3.4%
PT	8.6%	9.9%	3.4%
LMT	37.1%	36.8%	37.5%
Dietitian	4.4%	4.3%	4.5%
Acupuncture	8.4%	8.4%	7.9%
Other	3.5%	2.9%	5.6%

**Reimbursement Rates: Male vs. Female**




**A Gender Comparison of Fees and Reimbursements**



## Payment options vary

Our 2008 survey indicates that payment options offered by DC respondents are more adaptive and accommodating to each patient's financial situation while still permitting the DC to obtain fees in a reasonable timeframe.

DCs reduced the offers of payment plans from 72.5 percent in 2007 to 64.9 percent in 2008. But negotiations on a case-by-case basis increased to 41.7 percent in 2008 compared to 34.3 percent in 2007. Prepayment requirements are still strong in 2008 and DCs apparently are less inclined to give discounts for cash payments in 2008.

Almost 11.8 percent of the DC respondents offer other types of payment options, such as monthly payments, installment payments, discounts for children, and facilitation of financing through a financing company. 

**Payment Options**

