OUR 14TH ANNUAL
FEES & REIMBURSEMENTS SURVEY

Strategic positioning

The changing nature of chiropractic business reflects the restructuring of the economy.

SHUTTERSTOCK

Like a bad hangover, the lingering effects of the recession are still with us, and the numbers in our survey reflect this disquieting reality. Optimistic projections for a quick turnaround in the economy have failed to materialize.

Despite scattered positive signs, the operating environment for chiropractors remains difficult. Henry Farber, an analyst for the National Bureau of Economic Research, writes: "It is clear that the dynamics of unemployment in the Great Recession are fundamentally different from unemployment dynamics in earlier recessions."

Specifically, he notes that unemployment depresses the number of people with healthcare benefits, and many of those being rehired are not regaining the health insurance that they once had. The patient base for chiropractic is thus in retrenchment and it will take time yet to recover.

The picture is not uniformly negative. Group and integrated practices are better positioned to weather economic turmoil, and there is a concomitant net migration away from solo practice.

One example of strategic repositioning is seen in the number of practices adding services, particularly massage therapy and acupuncture. Another signpost is the growth in doctors who collect cash fees and those who operate cash-only practices.

Americans are tightening their belts in the face of an uncertain future, and healthcare costs continue to rise. With patients in a frugal state of mind, perhaps the most solace we can take is that the numbers aren't worse.

How our survey results reflect your own financial circumstances will depend a great deal on your location and type of practice. These averages can help you gain a rough sense of where the industry is moving as a whole and where you stand in relation to it.

Highlights

A number of thought-provoking statistics emerged from this year's survey, among which are the following:

Gender differences. The number of female responders was 22 percent, nearly unchanged from the prior year. But female chiropractors improved their average reimbursement 4.5 percent to $46, achieving parity with their male counterparts' 2010 figure. When it comes to reimbursement rates, however, women saw gains too, improving from 65 percent in 2010 to 69 percent in 2011.

Franchises to groups. Although the trend in 2010 was toward more chiropractors working in franchise operations (6 percent), by 2011 this figure fell to 4.5 percent. Conversely, the number practicing in group settings (25 percent) jumped 6 percent from the 19 percent in 2010.

When the economy became difficult, many of you found strength in numbers. Group practitioners collected 68 percent in 2011 against their solo counterparts' 60 percent. Speaking of solo practitioners, there are 11 percent fewer of them this year, down to 72 percent compared with 79 percent in 2010.

The cash advantage. Doctors in many disciplines find value in cash collections. In 2011, chiropractors opting for cash fees had reason to celebrate. Whereas the average fee charged in 2010 was $68, the average reimbursement was only 68 percent of that figure, or $46. In 2011, the average fee was slightly higher at $71, but whereas the average reimbursement fell to $45 (63 percent), cash-only practices netted $68 (96 percent). This may be partly why the percentage of cash-only practices grew substantially from 10 percent in 2010 to 14.5 percent in 2011.

Payment style. The more challenging the economy, the more creative you have to be in offering your patients ways to pay for care. But the survey numbers suggest a tendency toward greater conservatism. Those offering payment plans are about unchanged at 68 percent, just 2 percentage points fewer than last year. Prepayment plans have fallen out of favor, plunging 33 percent from 2010 to 24 percent this year. Those negotiating for payment rose 11 percent to 35.5 percent, and those accepting down payments decreased 21 points to 17 percent in 2011.

Specialties. Massage therapy continues to be the most popular treatment modality, now offered in nearly half of all practices, jumping 14 points to 49 percent. In line with last year, acupuncture is the second-most popular modality, offered by 8 percent of practices, a rise of 27 percent over 2010. •

Profile of Respondents

	2011	2010	2009
Personal characteristics			
Male	77.6%	78.2%	78.4%
Female	22.4%	21.8%	21.6%
Average age	47.3	46.0	44.4
Age range	27-77	23-78	25-81
Average yrs in practice	18.4	16.9	15.4
Types of practice			
Solo	71.6%	79.4%	73.7%
Group	24.9%	18.6%	23.7%
Associate	3.5%	2.0%	2.6%
In a franchise operation	4.5%	6.5%	5.9%
Integrated healthcare practice (DC+MD, PT, or LMT)	51.1%	51.4%	54.0%
Cash-only practice	14.5%	10.4%	8.8%
Fees and reimbursements			
Average fee	$71.00	$65.00	$68.00
Average reimbursement	$45.00	$44.00	$47.00
Average reimbursement rate	63.4%	67.6%	69.1%
Geographic location			
Eastern region	15.0%	18.0%	20.0%
Southern region	25.5%	27.0%	27.0%
Midwest region	31.3%	28.0%	24.0%
Western region	28.0%	26.0%	28.0%
Outside U.S.	0.2%	1.0%	1.0%
Licensure			
One state	73.0%	74.2%	75.4%
Two states	20.0%	18.7%	17.6%
Three or more states	7.0%	7.1%	7.0%

About this survey

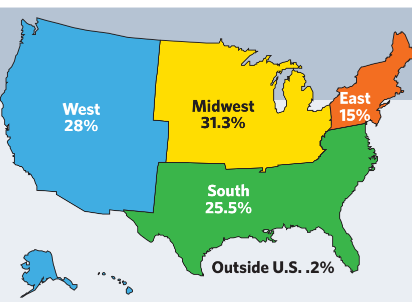
Throughout September 2011, *Chiropractic Economics* extended an invitation by email to readers and other practicing chiropractors to complete a Web-based survey on fees and reimbursements.

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

Number of participants. This year, the analysis is based on the answers of 440 respondents.

Regional distribution. Broken into four regions of the country, participants hailed from the West (28 percent), the South (25.5 percent), the Midwest (31.3 percent), the East (15 percent), and outside the U.S. (.2 percent). There were five states not represented in this year's survey, namely: Alaska, Delaware, Nevada, New Hampshire, and North Dakota.

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.

A separation of codes and state

We don't need a survey to tell us that the four regions of the U.S. are vastly different. Even still, our annual Fees and Reimbursements Survey seems to affirm this notion year after year.

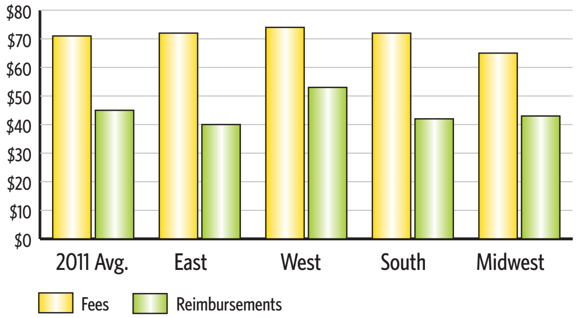
The average fees and reimbursements reported in this year's survey were $71 and $45, respectively, with an average reimbursement rate of 63.4 percent. This is down more than 4 percentage points from last year (67.6 percent). It's the third consecutive year rates have dropped.

This is also the case when each region is broken down individually. Despite the West reporting a reimbursement rate higher than the overall average, rates dropped for each of the four regions: the Midwest fell from 68.6 percent to 66.2 percent, the South fell from 65.2 percent to 58.3 percent, the East fell from 57.3 percent to 55.6 percent, and the West fell from 76.4 percent to 71.6 percent.

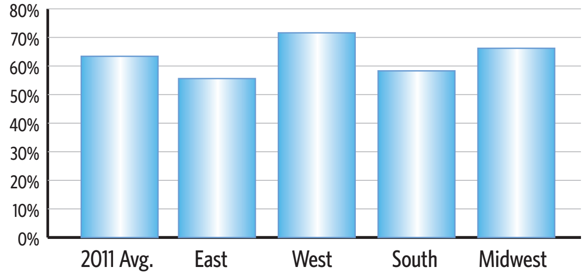
Unlike last year, the West reported the highest fees ($74), while the Eastern and Southern regions both reported average fees of $72. For the second straight year, the Midwest recorded the lowest fees ($65).

	2011			Eastern Region		
Professional care	**Fee**	**Reimb.**	**% Reimb.**	**Fee**	**Reimb.**	**% Reimb.**
98940 Spinal, 1-2 regions	$45.00	$30.00	66.7%	$50.00	$30.00	60.0%
98941 Spinal, 3-4 regions	$55.00	$37.00	67.3%	$60.00	$38.00	63.3%
98942 Spinal, 5 region	$63.00	$41.00	65.1%	$70.00	$35.00	50.0%
98943 Extraspinal, one or more regions	$40.00	$23.00	57.5%	$46.00	$31.00	67.4%
99213 Estab. patient w/expanded hist. and exam, low complx. trmt. decision	$83.00	$54.00	65.1%	$87.00	$46.00	52.9%
99214 Estab. Patient w/expanded hist. and exam, low complx. trmt. decision	$112.00	$74.00	66.1%	$115.00	$51.00	44.3%
New patient exam						
99201 E&M service, new patient, focused hist. and exam, straightforward medical decision making	$72.00	$44.00	61.1%	$101.00	$54.00	53.5%
99202 E&M service, new patient, focused hist. and exam, straightforward medical decision making	$90.00	$57.00	63.3%	$106.00	$44.00	41.5%
99203 O.V. w/detailed hist. and exam w/low. complx. trmt. decision	$121.00	$79.00	65.3%	$129.00	$58.00	45.0%
99204 O.V. w/comprehensive hist. and exam w/mod. complx. trmt. decision	$149.00	$102.00	68.5%	$118.00	$66.00	55.9%
Radiology						
72020 Single view X-ray	$39.00	$27.00	69.2%	$36.00	$27.00	75.0%
72040 Cervical, AP and lat.	$76.00	$48.00	63.2%	$67.00	$46.00	68.7%
72050 Cervical (4 views)	$120.00	$72.00	60.0%	$118.00	$69.00	58.5%
72052 Cervical, (comp.)	$166.00	$96.00	57.8%	$141.00	$63.00	44.7%
72070 Thoracic, AP and lat.	$79.00	$48.00	60.8%	$79.00	$53.00	67.1%
72100 Lumbrosacral, AP and lat.	$84.00	$50.00	59.5%	$85.00	$53.00	62.4%
72170 Pelvis, AP	$72.00	$44.00	61.1%	$57.00	$39.00	68.4%
Procedures and modalities						
97012 Traction, mechanical	$31.00	$17.00	54.8%	$37.00	$20.00	54.1%
97014 Electrical stimulation	$28.00	$15.00	53.6%	$32.00	$16.00	50.0%
97035 Ultrasound	$29.00	$15.00	51.7%	$33.00	$16.00	48.5%
97110 Therapeutic exercises	$40.00	$26.00	65.0%	$43.00	$29.00	67.4%
97112 Neuromuscular re-education	$42.00	$28.00	66.7%	$51.00	$33.00	64.7%
97124 Massage	$46.00	$38.00	82.6%	$50.00	$32.00	64.0%
97140 Manual therapy	$41.00	$25.00	61.0%	$44.00	$27.00	61.4%
97530 Therapeutic activities	$44.00	$28.00	63.6%	$47.00	$30.00	63.8%
Overall averages	$71.00	$45.00	63.4%	$72.00	$40.00	55.6%

Comparisons by Region



Percent Reimbursed by Region



Western Region			Southern Region			Midwestern Region		
Fee	**Reimb.**	**% Reimb.**	**Fee**	**Reimb.**	**% Reimb.**	**Fee**	**Reimb.**	**% Reimb.**
$48.00	$34.00	70.8%	$43.00	$29.00	67.4%	$44.00	$28.00	63.6%
$59.00	$41.00	69.5%	$53.00	$35.00	66.0%	$53.00	$35.00	66.0%
$67.00	$46.00	68.7%	$62.00	$40.00	64.5%	$59.00	$42.00	71.2%
$42.00	$25.00	59.5%	$38.00	$21.00	55.3%	$37.00	$20.00	54.1%
$94.00	$65.00	69.1%	$82.00	$50.00	61.0%	$71.00	$52.00	73.2%
$133.00	$104.00	78.2%	$115.00	$68.00	59.1%	$89.00	$62.00	69.7%
$84.00	$53.00	63.1%	$61.00	$37.00	60.7%	$58.00	$38.00	65.5%
$107.00	$71.00	66.4%	$86.00	$52.00	60.5%	$74.00	$54.00	73.0%
$135.00	$100.00	74.1%	$127.00	$75.00	59.1%	$101.00	$75.00	74.3%
$179.00	$142.00	79.3%	$155.00	$97.00	62.6%	$127.00	$97.00	76.4%
$36.00	$27.00	75.0%	$42.00	$29.00	69.0%	$39.00	$26.00	66.7%
$75.00	$56.00	74.7%	$79.00	$42.00	53.2%	$75.00	$48.00	64.0%
$111.00	$83.00	74.8%	$133.00	$62.00	46.6%	$116.00	$70.00	60.3%
$157.00	$111.00	70.7%	$179.00	$81.00	45.3%	$164.00	$116.00	70.7%
$77.00	$53.00	68.8%	$80.00	$45.00	56.3%	$80.00	$45.00	56.3%
$79.00	$57.00	72.2%	$88.00	$48.00	54.5%	$82.00	$46.00	56.1%
$67.00	$51.00	76.1%	$73.00	$41.00	56.2%	$79.00	$46.00	58.2%
$29.00	$18.00	62.1%	$33.00	$18.00	54.5%	$27.00	$16.00	59.3%
$29.00	$15.00	51.7%	$29.00	$16.00	55.2%	$24.00	$14.00	58.3%
$29.00	$15.00	51.7%	$31.00	$17.00	54.8%	$25.00	$14.00	56.0%
$40.00	$28.00	70.0%	$38.00	$25.00	65.8%	$39.00	$25.00	64.1%
$42.00	$30.00	71.4%	$43.00	$25.00	58.1%	$40.00	$26.00	65.0%
$51.00	$42.00	82.4%	$42.00	$35.00	83.3%	$42.00	$40.00	95.2%
$43.00	$27.00	62.8%	$42.00	$26.00	61.9%	$37.00	$23.00	62.2%
$46.00	$36.00	78.3%	$43.00	$25.00	58.1%	$43.00	$26.00	60.5%
$74.00	$53.00	71.6%	$72.00	$42.00	58.3%	$65.00	$43.00	66.2%

A troubling trend?

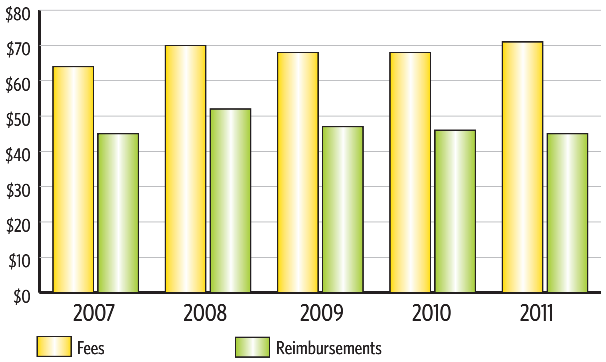
Last year we indicated that with the recent end to the recession, improvements were hopefully on the horizon for chiropractors and their practices. Unfortunately, 2011 isn't the year you likely saw any improvement.

For the third straight year, reimbursement rates have fallen. And since 2008, when the average reimbursement rate was 74.2 percent, rates have dropped more than 10 percentage points.

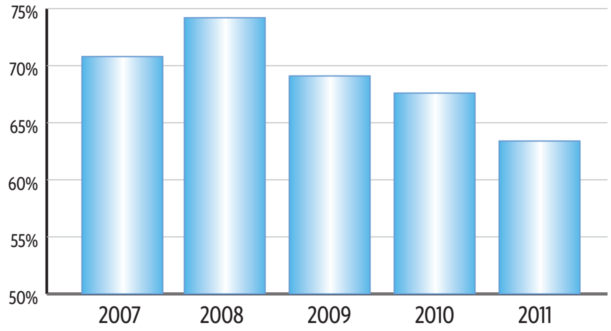
The question remains: When will the effects of the recession and low unemployment begin to taper off? With such a drastic dip in reimbursement rates this year, one would assume recovery will occur sooner than later.

But these surveys have a way of surprising us year after year.

Year-by-Year Comparison of Fees and Reimbursements 2007-2011



Year-by-Year Comparison of Reimbursement Rates 2007-2011



Maintaining groupie status

Despite still being the most popular way to practice, respondents operating as solo practitioners (71.6 percent) dropped almost 8 percentage points from last year (79.4 percent).

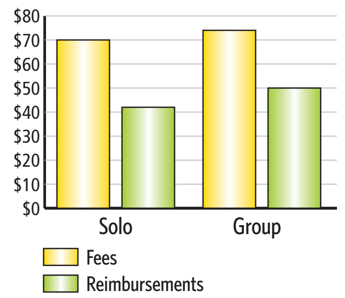
This left room for more respondents practicing in a group setting, which increased from 18.6 percent last year to 24.9 percent this year.

Doctors operating in a franchise dropped slightly this year from 6.5 percent to 4.5 percent.

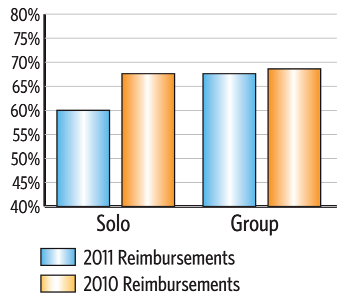
Our survey typically shows that group practices get reimbursed higher than those practicing solo. This year is no different. Respondents practicing in a group setting reported average fees of $74 and an average reimbursement of $50, which equates to a 67.6 percent reimbursement rate — down almost 1 percentage point from last year, but still almost 8 percentage points higher than solo practices (60 percent).

Unsurprisingly, group practices also report higher percentages of specialists. Only 30.3 percent of group respondents indicated that they had no specialists working in their clinic, while 51.7 percent of solo DCs said the same. •

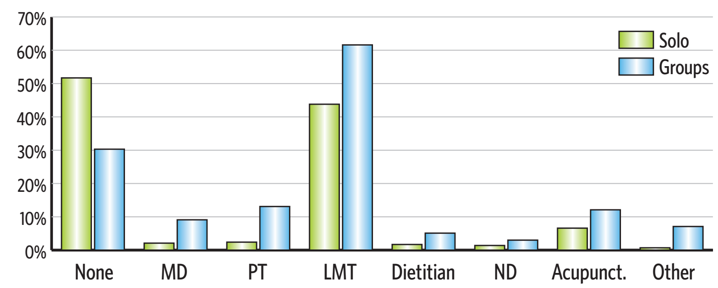
Fees and Reimbursements



Reimbursement Rates



Specialists Working in Solo and Group Clinics



DCs vs. MDs: coding comparisons

In difficult times — particularly those affecting fees and reimbursements — it can sometimes be comforting to know your profession isn't the only one taking a monetary hit.

While DC codes and MD codes are generally different, preventing a direct comparison, there are several codes both professions have in common, including 99201 (evaluation and management for new patient) and its variations — 99202, 99203, and 99204.

Compared with last year, average fees and reimbursements for both DCs and MDs remained largely unchanged. However, according to a similar survey published in the January 2011 issue of *Physicians Practice*, a business journal for medical doctors, reimbursements for MDs actually rose 1.4 percent overall from last year.

While this isn't a huge increase, it's certainly a step in the right direction. And one the chiropractic profession has yet to see. Unfortunately for DCs, reimbursements dropped another 6.2 percent from last year to the present.

In previous years, *Physicians Practice* has reported on both its fees and reimbursements, however, for the past few years, they have reported solely on reimbursements. As a result, we will only report on DCs' reimbursements here as well.

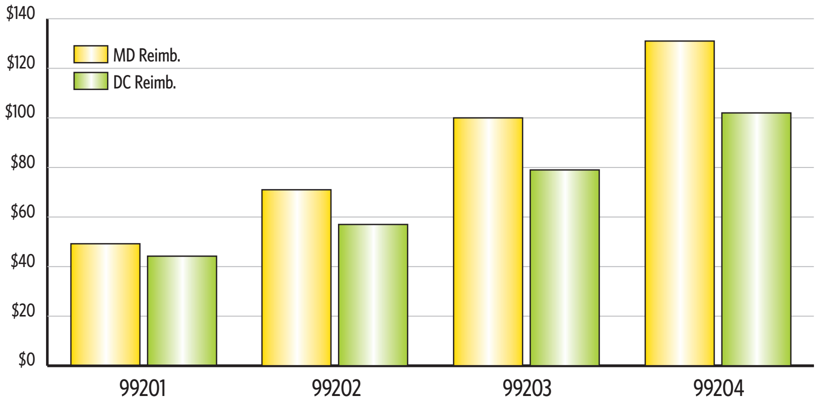
For code 99201, DCs averaged reimbursements of $44, while MDs' reimbursement was $49. These averages remain unchanged from last year.

For code 99202, MDs' reimbursements were $71, while DCs averaged $58 in reimbursements. This is compared with $72 and $59, respectively, last year. Both professions saw a $1 decrease in this area.

For code 99203, MDs' reimbursements rose by $1 — from $99 last year to $100 this year. DCs' reimbursements stayed the same at $79.

For code 99204, MDs reported a reimbursement average of $131, which is unchanged from last year. Chiropractors reported average reimbursements of $102, down from $108 last year — a 5.5 percent decrease. •

Comparison of MD and DC Reimbursements



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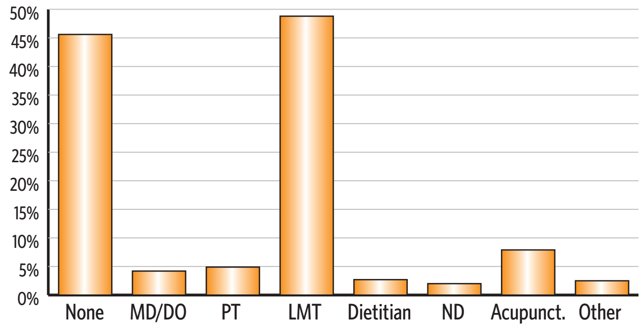
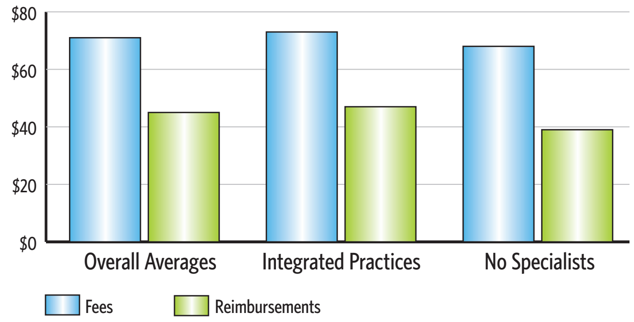
Specialists on Staff in Chiropractic Offices



Integrated Healthcare vs. No Specialists



Integrating pays off

Though not for everyone, working in an integrated practice can offer many potential benefits. Aside from being a "one-stop shop" for patients, a multidisciplinary clinic typically generates higher reimbursement rates, according to our respondents.

Integrated clinics do report higher fees ($73) than non-specialist clinics ($68), but also collect more in reimbursements ($47 compared to $39), which results in higher reimbursement rates (64.4 percent compared to 57.4 percent).

Our results show a decrease in reimbursement rates for both groups over last year, which had integrated clinics reporting a 68.1 percent reimbursement rate and non-specialist clinics reporting a 67.2 percent reimbursement rate.

For those practices employing or contracting specialists, LMTs once again far surpassed all other specialties as the most popular with 48.8 percent of clinics employing a massage therapist.

Acupuncture was the second most popular (7.9 percent), followed by physical therapist (4.9 percent), MD/DO (4.2 percent), dietitian (2.7 percent), and naturopath (2 percent).

Nearly 3 percent of DCs selected "other" for specialists they employ. Some of those answers included: aesthetician, chiropractic orthopedist, chiropractic neurologist, personal trainer, hypnotherapist, and lactation consultant. •

The facts about franchising

Despite reporting its highest average last year (6.5 percent), respondents indicating they operate in a franchise declined for the first time since 2008, when only 4 percent of DCs practiced in a franchise. This year, the response was 4.5 percent.

While the number of franchise owners dropped, so too did their reimbursement rates. Franchise owners reported average fees of $64 and average reimbursements of $38, which equated to a 59.4 percent reimbursement rate — down almost 7 percentage points from last year, but more on par with 2009, which saw reimbursement rates for franchisees at 55.8 percent.

Other notes

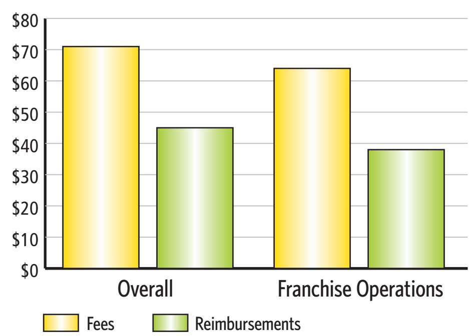
Our survey often indicates that franchise owners are younger than the overall average. Keeping in accord with that trend, this year's survey showed that franchise owners were 42.9 years old on average — nearly 5 years younger than the overall average. Last year, franchise owners were 44.3 years old on average and in 2008 they were 38.7 years old.

The average franchise owner is male (78.9 percent); however, female franchisees increased to 21 percent this year — almost 8 percentage points higher than last year.

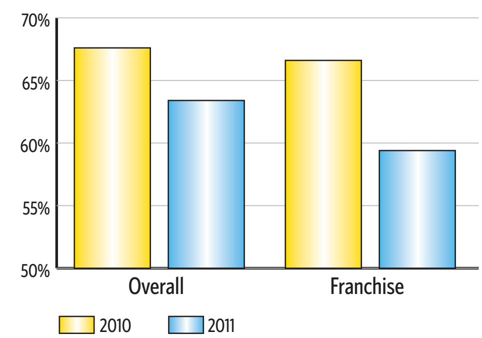
More than 57 percent of franchise owners run a solo practice, while 36.8 percent operate in a group setting, and almost 1 percent work as an associate.

The average franchise owner has been practicing for 14 years. •

Comparison of Franchise Fees and Reimbursements with Overall Averages



Franchise Reimbursement Rates



Cashing in

Is cash king again? This year's survey might be a good indication. With insurance companies tightening their belts and reimbursement rates dropping, it seems more practices are turning to a cash-based philosophy.

This year's survey reported the highest percentage of cash-only practices (14.5 percent) since 2007 (15 percent).

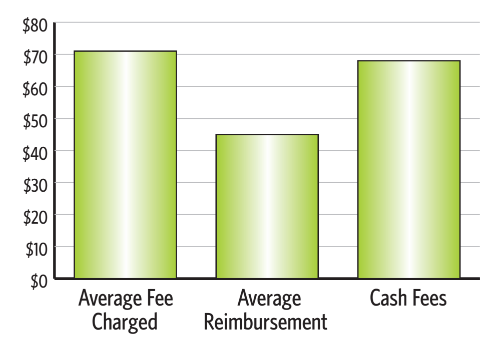
Cash fees rose more than $10 from last year ($68 compared to $59). This is the highest average reported since 2008, when cash-only practices reported average fees of $80.

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 $68 are 47.8 percent greater than the overall average reimbursement of $45.

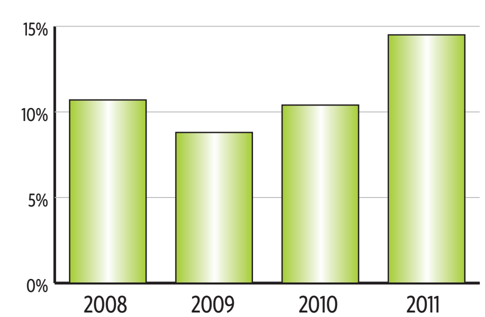
Your typical cash-only practice respondent is male (70 percent), 50.9 years old, and works in a solo clinic (90.3 percent). Those respondents operating cash-only practices have been working as DCs for 20.7 years.

Regarding cash-only practices that offer additional modalities: 67.4 percent offer nutrition, 38.7 percent offer electrotherapy, 35.5 percent offer exercise programs, 32.3 percent offer nutritional testing, 32.2 percent offer physical therapy, 30.6 percent offer weight loss programs, 30.6 offer instrument assisted soft tissue mobilization, 29 percent offer massage, 24.2 percent offer homeopathy, 24.2 percent offer acupuncture, 22.6 percent offer laser, and 11.3 percent offer decompression. •

Cash Fees vs. Reimbursements



Growth of Cash-Only Practices



Comparing X's and Y's

This year's survey reported the highest percentage of female respondents (22.4 percent) since 2007 (23 percent), which is also the last time female DCs had higher reimbursement rates than men — until this year.

Female DCs reported an average reimbursement rate of 68.7 percent, compared to last year's 64.7 percent. Male DCs saw an average reimbursement rate of 62.5 percent, compared to 67.9 percent last year. Women DCs reported younger ages (44.7) compared to male DCs (47.9).

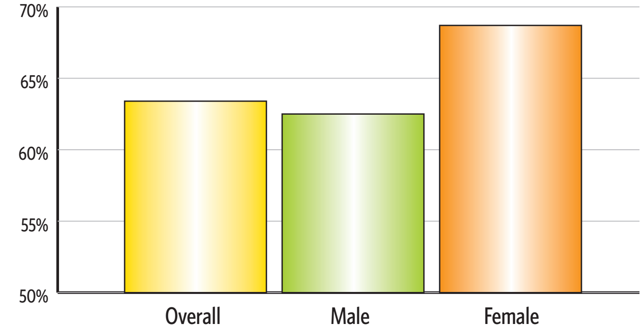
As a result, female DCs reported being in practice for fewer years (15.7), while male respondents have been in practice for an average of 19.1 years.

Last year, 21.8 percent of women reported working in group clinics. This year, that number rose to 22.3 percent. Comparatively, 17.8 percent of men worked in groups last year, while 26.2 percent did this year.

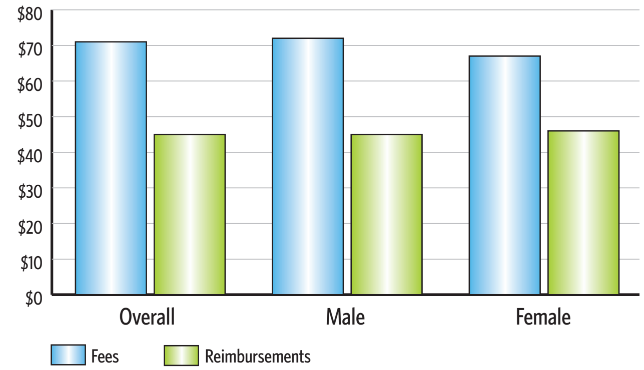
When it comes to modalities, nutrition was reported as the most popular modality among both male and female DCs. Massage was the second most popular modality among women, while exercise was for men. •

	Overview	**Male** (77.6%)	**Female** (22.4%)
Personal			
Age	47.3	47.9	44.7
Years in practice	18.4	19.1	15.7
Types of practices			
Solo	71.6%	70.1%	74.5%
Group	24.9%	26.2%	22.3%
Associate	3.5%	3.7%	3.2%
Owns franchise	4.5%	4.6%	4.2%
Cash only	14.5%	12.8%	19.1%
Modalities			
Chiro only	3.5%	3.0%	4.3%
Acupuncture	22.1%	20.1%	26.6%
Exercise	61.6%	66.0%	46.8%
Homeopathy	14.0%	14.0%	12.8%
Massage	53.7%	53.2%	55.3%
Nutrition	65.8%	67.5%	59.6%
PT	56.0%	60.8%	38.3%
Weight loss	27.0%	28.3%	21.3%
Decompression	26.3%	30.4%	11.7%
Nutritional testing	23.0%	23.7%	19.1%
Laser	30.0%	33.1%	17.0%
Electrotherapy	55.6%	60.8%	36.2%
Instrument	33.7%	34.3%	31.9%
Other	15.6%	16.4%	11.7%
Specialists			
None	45.6%	48.3%	40.4%
MD/DO	4.2%	5.4%	0.0%
PT	4.9%	4.8%	5.6%
LMT	48.8%	47.1%	51.1%
Dietitian	2.7%	2.2%	4.5%
ND	2.0%	1.9%	2.2%
Acupuncture	7.9%	7.1%	11.2%
Other	2.5%	2.6%	4.5%

Reimbursement Rates: Male vs. Female



Fees and Reimbursements Compared by Gender



How do you take it?

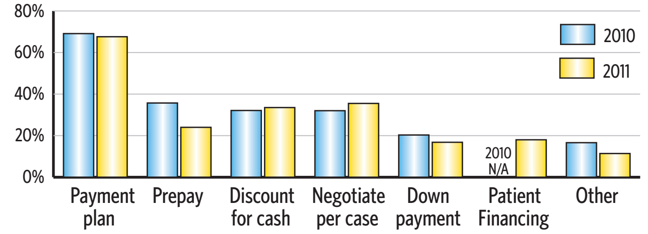
For the last three years, the number of chiropractors offering payment plans has steadily decreased: 74.4 percent in 2009, 69.1 percent in 2010, and 67.6 percent in 2011.

The biggest change from past years to this year, however, is the most popular type of payment plan. In the past, prepaid payment plans have far and away been the most popular.

This year, negotiating per case (35.5 percent) and discounting for cash (33.5 percent) were the most popular.

Prepaying was the third most popular payment option at 24 percent, while patient financing (18 percent) and down payment (16.8 percent) rounded out the bottom.

It should also be noted that 11.4 percent of respondents selected "other" as their payment option. •



The more codes the merrier

Each year, we ask for additional information on three codes: 95851, range-of-motion testing; 95831, muscle testing; and 97750, physical-performance evaluation. It should be noted that these codes are not included when calculating the fees and reimbursement averages for the other sections.

Average fees for range-of-motion testing were $52, while average reimbursements were $34 — a reimbursement rate of 65.4 percent.

Average fees for muscle testing were $49, with an average reimbursement of $41 — a reimbursement rate of 83.7 percent.

Average fees for physical-performance evaluation were $70, with an average reimbursement of $34, and a reimbursement rate of 48.6 percent.

Additional Codes