The Business of Psychology: Practical Matters for Practitioners
by Margaret Sears

This fall marks 25 years I have been working with psychologists. In the late 1970's and early 1980's I was the administrator of OPA, your first full time paid employee. It was an amazing period of growth, for me personally and for OPA. When I left OPA, it was to start my own business, Professional Practice Management, a firm devoted exclusively to practice management consulting and billing/collection services for mental health professionals. I am privileged to earn my living helping you achieve the practices of your dreams!

So, when Linda Grounds, a psychologist I've known respected for most of my 25 years working with the profession, asked me to write this column on the Business Aspects of Psychology Practice, I was honored and delighted. I appreciate the opportunity to give back to the Oregon Psychological Association and to the profession that has supported me these many years.

In my experience, it's the rare new psychologist who enters practice equipped by nature or by nurture with all the qualities necessary to become a successful entrepreneur. Until recently, graduate schools focused on clinical training, to the exclusion of any significant education about the business side of practice. I have met with many a newly licensed psychologist eager to open a private practice, who was overwhelmed and befuddled about even how to begin. New psychologists are not the only ones who are business challenged. I have met countless psychologists who have been in practice for years or even decades who have only the most elementary understanding of the business side of their profession and who come to me having struggled for years to succeed with only excellent clinical skills in their tool kits (not a bad place to start!). And then there are those of you who understand, innately it seems, what's needed to carry on both an excellent clinical practice and a successful business. I am in awe of you, I learn from you and I respect the generosity with which you share information with your colleagues.

Having good information about how to run a successful practice isn't all that's needed, however. Many psychologists have attitudes, anxiety, ambivalence or avoidance about issues of money or business that handicap them in achieving rewarding, successful practices. Some resist the whole notion of insurance or managed care, yet continue to take patients for whom they agree to bill insurance, then they do not manage to dot all the i's or cross all the t's. Some struggle with accepting the notion that it is really okay to accept money for what they do. Some worry that they will not write a "good enough" report or treatment plan, so they procrastinate about paperwork and that affects their ability to get reimbursed by third parties. Some are uncomfortable talking about money with their patients and have not learned and practiced a graceful way to ask to be paid.

Some worry that asking patients to pay will make them appear avaricious and that will affect the therapeutic alliance. Some lack office systems and organization and become deluged in paper, starting many things, but finishing few. The list goes on. Like the rest of the human race, psychologists have limitations and issues too. These play out in their therapeutic relationships, are often graphically represented in the bottom lines of their profit and loss statements, and they affect their overall satisfaction (or lack thereof) with being in the business of psychology practice.

It is my belief that excellent clinical skills are best supported by clear and solid business practices and attitudes. I have seen many psychologists burn out in practice, often because the business parts of the practice were not working well. They just got sick and tired of hassling with insurance companies or not getting paid, or trying to make a good living in the ever shrinking financial market of managed care, or the HIPAA regulations just put them over the top. For most of us to bring our best selves to our work each day, we must enjoy our work and find it personally and financially rewarding. In order to stay happily in practice for the long haul, we must have businesses that work.

There are many components to a successfully managed practice. Some of them are:

- Practice Building, which includes attracting the right patients when you first enter practice, but also having an ongoing marketing plan to keep your practice fresh and going in the direction (sometimes new directions) you want it to go.

- Office Management, which includes choosing and equipping an appropriate office for you and for your clientele, deciding whether to have support staff (either employees or contract services), having a system for appointment scheduling, deciding on a communications system (phone, fax, voice mail, pager, answering service), maintaining client records (financial and clinical, that meet HIPAA and ARC requirements), setting up business systems to handle accounting, taxes, licenses and insurance, and managing information (Where is that handout I wanted to give to my patient? Or the name of that book I wanted to read?)

- Financial Soundness, which includes creating clear, well thought out financial policies and forms for patients, pricing your services, choosing whether and to what extent to work with insurance companies, or in the alternative, having a plan for building a cash pay practice, choosing excellent business advisors (accountant, attorney, consultant), controlling overhead expenses and monitoring cash flow and creating and maintaining an effective and efficient billing and collection system (whether you hire a billing service, an employee or do it yourself). It is also important to diversify your income sources (by keeping a good payer mix, doing related work, making other investments) and do regular financial check-ups such as analyzing your own business data to see how you are doing compared to your colleagues or to prior periods in your practice.

- Clinical Considerations, which include patient charting, attending promptly to reports and correspondence, returning phone calls, opening and dealing with mail, doing excellent work, seeking clinical and ethical consultation and peer support as needed and continuing to stretch each day for enthusiastic excellence.

In upcoming issues of the Bulletin, I will share my thoughts about these topics and others. If you have questions or particular topics you would like me to address, please let me know. I hope that in some small way I will be able to help you create a more rewarding psychology "business" that serves not only your patients, but also the psychologist who owns it!

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