

How to Set Your Fees

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How do you decide what to charge for your services? If you participate in insurance networks, you don't have much choice for clients in these networks - although there may be some wiggle room to negotiate a higher fee if you have a very unique specialty that is in demand in your community.

Even if your practice is mainly insurance-based, inevitably you'll see clients who are uninsured or who prefer not to use insurance; or you may provide services that are not covered by insurance.

Factors to Consider When Setting Your Fees

- The prevailing fees and general level of affluence in your area
- Your anticipated expenses for the year
- If you provide unique or specialized services, have specialized credentials, or many years of experience
- Your decision as to whether to participate in insurance networks
- Your values and comfort with money

How to Survey Prevailing Rates in Your Area

- Make random telephone inquiries to a variety of mental health professionals in your area.
- Ask colleagues informally over lunch or at professional meetings.
- Search therapist directories, such as PsychologyToday and GoodTherapy, for therapists in your area. Many of them list their fees.
- There is no requirement to stay within the prevailing range of fees. If you have specialized skills or extensive experience, people may be willing to pay more for your services.

Estimate Your Annual Expenses and Income Goal

Calculate the estimated annual total for your rent, utilities, insurance, conferences, professional travel and other expenses. Also include money set aside for retirement and vacation. For illustrative purposes, suppose this adds up to \$80,000.

Next, set a goal for how much you want to take home after expenses. Suppose that figure is \$100,000 before income taxes. That means you need to generate \$180,000 in income from your practice.

Now calculate a fee based on both your income goal and the number of paid hours you plan to work. For example, if you plan to take in \$180,000 and work 25 paid hours per week for 48 weeks:

$$\begin{aligned} \$180,000 \div 48 \text{ weeks} &= \$3,750 \text{ income per week} \\ \$3,750 \div 25 \text{ paid hours} &= \$150 \text{ per hour} \end{aligned}$$

The above example does not take into account unforeseen expenses, unpaid bills, unfilled hours, or pro bono services. If you participate in insurance networks, you don't have flexibility in what you collect from insurance, so you'll probably have to work more hours, or develop additional streams of income in order to take in \$180,000.

Don't Undervalue Yourself

Like many clinicians, you may be concerned about people not being able to afford your fee if you set it too high. "Afford" and "too high" are subjective. They are not tied to specific income levels. Most people with disposable income will find a way to pay for what they value, even if they have to give up extras or take out a loan.

If you have calculated your fee based on objective criteria, as illustrated above, and you still feel uneasy about charging that fee, it may help to reflect on your own values and discomfort around money.

The practice of your dreams can be your reality. If you're looking for personalized guidance or more on this topic, consider a one-on-one consultation with a TPI consultant. Contact us at support@thepracticeinstitute.com to arrange a convenient time.

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