



Guide to Fees and Billing Practices¹

FEE SCHEDULE

The Fee schedule pertains to payment to psychologists registered with the Nova Scotia Board of Examiners in Psychology. The fees represented herein are guidelines only and may be adjusted at the discretion of the psychologist.

The recommended fee for psychological services effective May 1, 2002, is \$60.00 per half-hour.

NOTES

The *Guide to Fees and Billing Practices* is intended to provide information for users of services, whether corporate, insurance, government, or individual clients. In addition, the *Guide* provides assistance for members in representing themselves and the level of fees that they may be expected to charge.

The recommendation of a fee is not intended to foster uniform fees. There are circumstances in which a psychologist may deem it appropriate to bill more or less than the recommended fee. It is ethical practice for a psychologist to discuss fees with a client at first contact with the client, prior to commencement of the provision of services, regardless of the fee. It is recommended that psychologists retain in each client's file a written statement of the fee schedule that has been signed by the client. This statement of the basis for billing may form part of an information handout providing such information as policy concerning charges for missed appointments, insurance claims, type of payment accepted.

Psychologists may bill for any reasonable portion of time as long as clients are informed of the basis for billing – whether a half-hour unit, 1/10th of an hour, or other basis. Reasonable billing for note-taking, telephone calls, and other adjunct services should be clarified before billing.

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SETTING AND COLLECTING FEES: PROFESSIONAL, ETHICAL AND PRACTICAL GUIDELINES^{1,2}

Fee issues are a source of concern to many private practitioners, particularly beginning therapists. It is widely recognized that fee-setting is the most sensitive, yet the least discussed and researched area of professional practice. Psychologists in independent practice are simultaneously helpers and entrepreneurs in the helping business, and it often seems that these roles are incompatible. For many psychologists, conflicts between altruistic identity and economic reality have been very difficult to resolve, and more than one independent practice has failed because of the psychologist's avoidance of fee issues.

When the existence of a psychologist's practice is threatened by fee issues, the psychologist is obviously the person most immediately affected. There are wider social effects, however. We are all aware of the lengthy waiting lists in publicly-funded facilities. Independent practitioners are a vital component in the health care system, and when a practice flounders because a psychologist is unable to come to grips with practical matters of money, the public is denied access to valuable resources. It is therefore not entirely self-serving to think about how much money to charge, how to ask for it with professional dignity as well as respect for the client's situation, and how to collect it if there are difficulties with payment.

Conflicts with clients over fees are relatively common. The difficulty is reflected in the number of complaints which ethics committees receive about money matters, and in some jurisdictions in the most frequent legal complaints against psychologists involve fee disputes (Keith-Spiegel & Koocher, 1985). While some of these disputes result from practices of avaricious psychologists, other simply reflect poor judgment, naivete, or inexperience.

Perhaps psychology as a profession has contributed to these problems by paying too little attention to practical matters of money. Fee issues are rarely addressed in doctoral training programs, supervised practica and internships, certification procedures, or codes of ethical and professional conduct. The clinical and research literature on fees is sparse and mainly relevant to psychoanalysis rather than other types of assessment and intervention. Thus, the independent practitioner whose livelihood depends on effective fee management has few resources to turn to for information about theoretical and practical issues associated with fees. It is not surprising, then, that beginning therapists make many mistakes in fee management (Buckley, Karasu, & Charles, 1979; Meyers, 1976). Some of these, such as charging too little or working for nothing

have a negative impact on the therapist's livelihood and self-esteem. Others, such as failing to discuss fees openly and honestly, are of disadvantage to the client. Ultimately, such errors can adversely affect the process and outcome of a psychological service as well as the profession of psychology in general. And, as we have noted, the public is not well-served if practices fail because of poor financial management.

Recognizing that private practice is an increasingly popular option for psychologists and an important health care resource, the following guidelines are intended to assist private practitioners in establishing ethically sound fee policies. The guidelines are designed to protect the integrity of psychological services while assuring the therapist a measure of economic security.

These guidelines address the manner in which fees are set, communicated, managed, and collected. They represent the collective wisdom of many professionals as expressed in publications, clinical reports, collegial discussions and consultations. They are intended as general guides to practice, but do not replace the need for good judgment and discretion in the individual case. Of course, any perceived conflict between these guidelines and major codes of conduct which govern the professional should be resolved in favour of the codes.

EFFECTS OF FEES ON THERAPY: A BRIEF REVIEW

There has been widespread agreement that the way a fee is handled affects the therapist-client relationship, which, in turn, influences the course and outcome of the therapy. There has been much less agreement, however, about the specific impact of fee issues. The controversies centre on the fee as a motivator and possible negative effects of fees.

Fees as Motivators

The classical psychoanalytic position is that the therapist must require sacrificial fees because they provide the patient with motivation, generate analytic material, and are beneficial to countertransference (Chodoff, 1986). This led to the conception, shared by other therapies, that "charging 'till it hurts" is a propellant for change. This tradition has been more recently challenged by evidence which suggests that therapy can proceed successfully in the absence of fees or with low fees (Chodoff, 1986).

¹ Reprinted with permission, Ontario Psychological Association, October 3, 1988.

² Chodoff, Shipton & Spain, and Trautt & Bloom references, which were missing in original, have been added in reprinting.

Several clinicians have argued that the fee is just one of many factors which might motivate a client to make an effort in therapy. Others have taken a more extreme position, claiming that in some cases fees may be antitherapeutic (Mintz, 1971) or have a "barrier effect", preventing clients from seeking therapy and deriving benefits from it (Trautt & Bloom, 1982). Chodoff (1986) concluded that the fee is a more important motivator for the therapist than the client.

Recent reviews of evidence (Herron & Sitkowski, 1986; Shipton & Spain, 1981) have highlighted serious methodological limitations of the research on this question. Overall, these reviews conclude that only limited experimental evidence exists to support or refute the position that clients who pay a fee benefit more than clients who do not pay a fee. Clearly, the research in this area has not begun to address the complex role of the fee in psychotherapy across various client groups, therapy modalities, and fee arrangements. In the interim, psychologists should carefully examine empirical support for their assumptions and remain open to further tests of their clinical hypothesis about motivational properties of fees.

Negative Effects of Fees

Some therapists regard the fee as having the potential to impair progress in therapy. Indeed, some psychologists believe that fees may prevent people from seeking psychological services and possibly lead to their premature termination of therapy.

Cautions have also been issued about possible detrimental effects of reducing or waiving fees. Some psychologists believe that low fees convey the impression that therapy is charity, contributing to the client's sense of inadequacy, low self-esteem and dependency. Other possible adverse consequences to low fees include guilt for taking up the therapist's valuable time, compliant responses stemming from feelings of gratitude or indebtedness, withholding aggressive or assertive responses, fantasies about being the "favorite child" and suspicions that the therapist wants sexual favours in lieu of fee.

Regardless of the fact that there is no compelling evidence that such adverse reactions are common, it is not difficult to imagine how they could interfere with a healthy therapist-client relationship and optimal progress in therapy. In general, then, psychologists should try to establish fee policies which do not exacerbate client issues of dependency, helplessness, low self-esteem, and lack of personal responsibility.

Practical and Ethical Considerations

Arranging Fee Contracts

Financial arrangements require clarification when someone considers becoming a client. This includes an agreement on the fee, the length and approximate number of sessions, clarification about charges for auxiliary services (e.g. telephone calls made on the client's behalf), probable charges for disbursements, and the

therapist's policy on missed appointments (see below). Vagueness in this area can have an adverse effect on the benefits of psychological service. A session that happens to run longer than usual, for instance, may be contaminated if the client wonders if more money will be charged for the extra time. Such information may be provided in an information sheet or brochure, but it must also be reviewed with the client to insure a clear understanding. The critical feature of fee contracts is a clear understanding between psychologist and client about how the fee will be managed and collected. Clarity about financial arrangements is as important as clarity about client goals and rights, or any other feature of the psychologist-client contract.

Obviously, psychologists must exercise great caution not to exploit the distress of those seeking their services. Pressure regarding the importance or necessity of psychotherapy is especially inappropriate during the contract discussion concerning fees.

Fee Levels

Fees may vary from "pro bono" services expected under principle 6(d) of the Ethical Principles to fees at the maximum or beyond those recommended by the Fee Schedule. The client must be advised if a psychologist charges fees higher than the schedule. It is generally understood that higher fees should be associated with superior service, usually in keeping with the psychologist's seniority. A new psychologist should not ordinarily charge fees above those of more experienced psychologists in the city in which they are practicing.

Once established, a fee schedule should apply to all clients and psychologists should not charge wealthy clients more than the usual maximum. Given the paucity of compelling evidence that clients must pay "until it hurts" to be adequately motivated for treatment, requesting unusually high fees from wealthy clients must be considered economically exploitative and ethically questionable behaviour.

Fee-setting considerations must also deal with those who cannot afford the fee. In such cases, the psychologist assumes responsibility for referring to a facility that the client can afford.

Fee Modification

1. **Increasing Fees.** A psychologist may reasonably determine that circumstances justify a fee increase. The presentation of a new fee schedule to new clients presents little difficulty beyond the practical matter of their ability and willingness to pay, but how does a practitioner deal with the clients who have established a therapeutic contract under the lower fee schedule?

General wisdom in this area suggests that fee increases should be passed on to current clients rarely, if at all. Perhaps a practitioner is justified in raising fees for clients of long standing (generally defined as one year or more), but that should be done only if the client has been advised from the outset that a fee

increase is possible. Otherwise the psychologist would have no alternative to continuing at the original fee.

Some psychologists have been known to increase fees contingent on client behaviour. For instance, a client may be charged ten dollars more for a session for which he has not completed a homework assignment. Fee increases of that sort, thought unorthodox, are appropriate if the client has been advised from the beginning of the contingency. The primary rule in this area is that the client should always be informed in advance of possible fee increases.

The matter of fee increases must be approached cautiously even with clients who have been advised of a possible increase. The likelihood of emotional dependency is particularly great in long term therapeutic relationships, and care must be taken not to exploit that situation. The request obviously should not occur during a crisis in the client's life. The psychologist must be sensitive to the client's need for service and the likelihood of a request for more money disrupting the therapeutic course.

The psychologist should be prepared to discuss fully reasons for the increase and options available should the client decide not to pay the higher fee. Those of psychoanalytic orientation might view such discussion as an opportunity for exploration of significant material, but psychologists of other traditions might find it difficult to justify as therapeutic activity. Many psychologists might even find it ethically questionable to charge for a session dominated by the subject of money that the therapist has introduced in his own interest.

2. Decreasing Fees. Psychologists are sometimes called upon to provide services to people who cannot afford to pay the usual fees. In such circumstances, it is appropriate to make services more affordable, such as by accepting a lower fee or waiving fees altogether.

Another step that psychologists can, and should, take to make psychological services more affordable is to explore insurance coverage with potential clients. It is probable that many clients are unaware of insurance coverage through employment or other resources that would help to pay a psychologist's fees. While some psychologists are reluctant to become acquainted with the complexities of insurance forms and protocol, familiarity with insurance practices is usually in the client's best interest as well as those of the practitioner.

Psychologists can also help clients budget for their services by being flexible in scheduling appointments. For many, if not most, psychological interventions, frequency and spacing of sessions does not appear to be a potent determinant of overall therapeutic outcome, and the convention of weekly or bi-weekly appointments may not be necessary for clients who are willing to take longer to accomplish much the same result. In situations where less frequent sessions are contraindicated a psychologist may work out an arrangement of deferred payments that are based on the full fee (see below).

As a general rule, it is not in the best interests of the profession for psychologists to severely discount their services. It seems entirely appropriate that clients should accept a share of responsibility for gaining access to psychological services, and that the consequence of accepting clients in less than optimal financial circumstances should not fall entirely on the service provider.

Many practitioners, however, feel that accommodating fees to client income is an important way of making psychological services available to clients who need them. Sliding fee scales are commonly used. Practitioners usually seem to accept the client's word about income, and the fee may be established by the simple exercise of asking a client to point to an income bracket-fee level on a printed card. Figure 1 shows sample sliding schedules. These are, of course, presented only for reference and are not intended in any way as "official" guidelines for preparation of such scales.

Most of our clients have insurance coverage for psychological services (and are often unaware of this) through their employee health insurance plan. In this illustration the basic fee for those clients is \$90/session. For clients without insurance coverage, the following sliding fee schedule applied:

Figure 1. Schedule of Fees Based on Combined Family Income

Sample Sliding Scale

Family Income	Fee per Session
- 15,000	\$40/session
15 - 20,000	\$50/session
20 - 30,000	\$70/session
30 -	\$90/session

If a psychologist accepts a client for a reduced fee, or no fee at all (see below) it must be with the understanding that the client will be eligible for services no different from those available to full-fee clients. It would clearly be unethical, for instance, to prematurely end contact with one client to provide time for another who would pay more.

Some psychologists consider it in the best interest of therapeutic work to reinforce certain behaviour with lower session costs. Family therapists, for example, may charge less if the family comes to a meeting rather than just sending the one child causing concern, or behaviour therapists may provide a discount if a client meets a therapeutic objective. Such arrangements are appropriate, if the rules for access to lower fees are clearly understood. Otherwise the public may perceive the billing practice as unfair. A useful heuristic device in fee setting is to proceed as if clients are sharing information with each other about the fees each is charged. Even though that possibility is unlikely, preparing for it provides some assurance that fee reductions will not be made capriciously, will generally be in the

clients' best interests, and will be fully explained to them.

In setting and reducing fees, psychologists should carefully consider community standards and economic realities. Part-time practitioners working in a setting with low overhead may be tempted to offer their services for less money, or persons just establishing practices may be tempted to set low fees to attract clients. While this is consistent with professional autonomy, undercutting is not in the best interests of the profession and makes matters much more difficult for colleagues who have a higher fee schedule. As a general principle, it is perhaps wise to remember that fees reflect practitioners' perceptions of the benefits, as well as the marketability of their services.

3. Waiving Fees. Professionals are generally expected to offer at least some "pro bono" services, and that expectation is clearly conveyed in the Ethical Principles (principle 6d). It is entirely a matter of conscience how individual practitioners decide to donate their services. Private practitioners may very well wonder why they should be expected to see clients with no charge when their salaried colleagues working in institutions usually make no such provision. Perhaps the situation seems more equitable if the "pro bono" concept is extended to include serving on community boards or committees, or donating psychological expertise to social action groups.

Major ethical questions arise when a psychologist decides that she/he cannot afford to donate services to a client who cannot afford to pay for them. Such situations call for a sensitive and appropriate referral, and psychologists should be fully aware of community mental health programmes that might provide services at no cost. To avoid embarrassment for clients, psychologists should ensure that their referral agents are fully aware of their fee schedules and the availability of lower cost services.

4. Deferring Fees. Many professionals have moved away from the custom of offering their clients the option of deferred payment. In dentistry, for instance, it is now common for payment to be requested when service is rendered. There are sound reasons for requesting immediate payment. Billing is time consuming and costly, and some people do not pay (see below). But clients sometimes do not have funds when they need services. How does a psychologist responsibly deal with those situations?

Although apparently not common among psychologists, some practitioners accept credit cards for payment. The psychologist received prompt payment (usually at a sizable discount given the small volume of most psychology practices) and the client receives a credit arrangement that, in principle at least, should not contaminate his therapeutic work. Credit cards have the disadvantage of bearing high interest rates on outstanding balances, but that is probably best thought of as a responsibility of the client unless financial problems are part of the therapeutic agenda.

Perhaps the most serious consequence of credit card use is potential erosion of confidentiality. Receipts need not provide details about service provided, of course (a simple "services rendered" is adequate), but the business transactions between the client and a psychologist become a matter of record. A client's involvement with a psychologist could hardly be called confidential if a computer network contains details about office visits and payments. Many clients may be untroubled by that feature, but it would be prudent for a practitioner to obtain appropriate release before accepting credit card payments. Given the concerns of many clients about confidentiality, it seems unlikely that credit cards will soon replace the comparative anonymity of personal billing.

Collecting Fees

Clients do not always pay bills when they are submitted, sometimes because of carelessness, sometimes because of dissatisfaction with the service obtained, sometimes because of lack of funds. How does a responsible practitioner deal with those difficult situations?

The best strategy. The best strategy for collecting fees is to extend as little credit as possible. As noted earlier, a great many professionals in other disciplines have decided to request payment when services are rendered. With those precedents, it might be safe to presume that clients would not be surprised to receive a similar request from a psychologist.

When billing is necessary, it is better to send bills for small amounts rather than waiting for sums to accumulate to excessive levels. It is rarely of benefit to a client to allow financial obligation to mount.

Tactics for collecting late payments. When following up on late payment you must decide about whether to approach the client gently or more insistently. A more gentle approach might include the following steps:

- a. If you mailed the bill, ask if it was received or not.
- b. Ask if services have been satisfactory, then remind the client that payment is due.
- c. Bill a second time without a late fee.

A more insistent approach might include the following:

- a. Bill a second (or third) time with late fee. Interest rates of 1½% per month are commonly imposed for late accounts.
- b. Discuss with the client how nonpayment is contaminating the work and the possibility that the professional relationship might have to be terminated.
- c. Referral to a collection agency is permissible with the understanding that the psychologist retains ethical responsibility for collection procedures. A collection agent must be seen as an employee acting on behalf of the psychologist rather than a third party to whom a

delinquent account has been sold.

Statements of Account

Invoices should include the following information:

- a. Date of mailing or delivery.
- b. The name, address, and telephone number of the psychologist.
- c. The name and address of the person being billed.
- d. Enumeration of services, dates of services, plus units or hours and charges.
- e. Total charges for services.
- f. Separate listings for expenditures.
- g. Date charges are due and payable.
- h. Late penalties if applicable.
- i. Signature and thank you.

The psychologist should make three copies: the original and copies for the client and the file. When a bill is delivered in person there can be no confusion about its being received. Financial accounting is usually facilitated by issuing numbered receipts for payment.

Other Fee Issues

Charging for Missed Appointments

Missed appointments are the single exception to the rule that one must never charge for services not delivered. There is no ethical problem with billing a client for a "no show", provided that the psychologist's policy has been made clear beforehand.

Some psychologists define a missed appointment as one in which a client has given notice of cancellation too late for the time to be made available for another revenue-generating purpose. The criterion for insufficient notice varies from practitioner to practitioner, but 24 hours is a common time limit. Again providing that the client has been advised of this contingency, charging for appointments cancelled with insufficient notice is a reasonable business practice.

Sound business practices do not always promote good client-therapist relationships, however, and it is sensible for psychologists to be flexible in this area. Are demands for service sufficiently brisk that there is a high probability that the idle hour would have been "sold" with longer notice? Has the client re-booked the appointment so that the revenue is not actually lost? Were there extenuating circumstances? One must be cautious not to unduly punish the client for what may be a fairly minor inconvenience to the psychologist.

Charging for Ancillary Personnel

A psychologist may properly bill a client for services carried out

by directed and supervised ancillary personnel such as psychometrists. Since the psychologist assumes responsibility for service provided, such charges should always be rendered in the name of the responsible psychologist.

It is fair employment practice to pay supervised personnel a fixed salary, or, if they are employed on a part-time basis, a per diem or time-based rate. Their remuneration should not be directly tied to the fees paid by a particular client. Clients who, for some reason, pay higher fees for the psychologist's time should not be expected to pay correspondingly more for the services of ancillary personnel.

Third Party Payments

When a client's fees are paid by a third party such as an insurance carrier or a corporation via an employee assistance plan both practitioner and client stand to benefit. However, third-party relationships may also raise ethical concerns.

For instance, third parties occasionally exert pressure on the psychologist to provide information that might be detrimental to the client and would be generally viewed as exceeding the limits of confidentiality. Or, a third party might demand that a psychologist see clients only from certain referral sources, which might well be in conflict with professional standards emphasizing professional autonomy. From the perspective of third-party users there may be sound business reasons for making such demands, but psychologists are nevertheless obligated to sever relationships with those who promote behaviour inconsistent with ethical standards of the profession.

Third parties have also been known to impose certain constraints which cause difficulties for both clients and their psychologists. For instance, virtually all insurance companies pay only a fraction of the unit fee thereby encouraging psychologists to work for less money or accept only those clients able to pay the difference. Third parties sometimes require clients to file claims through their employer's personnel office, which has the net effect of discouraging many from filing for compensation lest they breach their own right of confidentiality in doing so. Rightly or wrongly, many employees fear that a history of psychological treatment would jeopardize their careers.

Such circumstances place a heavy burden of responsibility on individual practitioners to accommodate pressures on themselves and their clients. Perhaps the most ethically sound response to those pressures would be, as a professional body, to promote greater uniformity among third party users respecting the integrity of psychology and clients.

Records

Psychologists are responsible for keeping records that accurately document time and services devoted to clients. There should be no question of cooperating with clients who request details of appointment dates, time spent in adjunctive activities such as

telephone calls, report writing, and disbursements. The important guideline is "Work not recorded is work not done."

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