

# **Making Acupuncture Pay**

## **Real-World Advice for Successful Private Practice**

By  
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## Dedication

I dedicate this book to my Mother.  
Momma – knowing you were always there made it all OK. I love you.



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## **CHAPTER ONE**

### **Introduction, Housekeeping, and a Journeyman Acupuncturist**

I decided to write this book as I approached my twenty-fifth year in practice. Twenty-five years. It's hard to believe. Time flew. I never became rich and I cannot yet afford to retire. I suspect I will need to continue to practice at some level into my seventies which is fine with me because I love what I do. While my many years of practice has not allowed me to stroll down “Easy Street”, I have long considered myself blessed to have had the success I have had—success both in being able to support my family in a comfortable manner and in helping most of the thousands of patients who sought my help.

My decision to write this book, however, was not based on some nostalgic notion of sharing my experiences to celebrate my practice's silver anniversary but rather the realization that my level of success is not at all common in the Licensed Acupuncturist profession. I had long known that some acupuncturists struggled to make it in private practice but what I did not realize until recently is how bad this situation actually is. While statistics are scarce, the few that are out there show some serious problems.

The National Certification Commission for Acupuncture and Oriental Medicine's 2008 Job Training Analysis of NCCAOM Diplomats found that 88% of those who responded to that survey were in solo private practice and their average annual gross income was between \$41,000 to \$60,000 per year. 70.1% grossed under \$61,000, 21.1% grossed between \$61,000 to \$120,000, and just 8.8% grossed over \$121,000. The important thing to remember about these statistics is

that when you are in solo private practice, a large chunk of your gross income—at least 30% to 40% and maybe more—is eaten-up by expenses such as rent, utilities, advertising, supplies, insurance, etc. When you subtract those expenses of doing business from the gross income, this brings the average before tax income of nearly three out of four Licensed Acupuncturists to no better than \$30,000 to \$40,000 a year. When you then subtract the additional self-employment taxes one has when self-employed and realize that this income does not include any health insurance or retirement benefits, you see that these are dismal figures. It is hard to imagine supporting a family and enjoying a comfortable living on those wages especially considering that 50% of those surveyed were carrying an average of more than \$40,000 in student loans. What we still don't know is how many acupuncturists go out of business after a few years of struggling although some estimate that percentage to be upwards to 50%! I hope it is not that high but I am afraid it might be.

I find the above statistics to be a tragedy and completely unacceptable, especially considering how valuable and necessary the skills of a Licensed Acupuncturist are in our society. There is simply no good reason why people trained with these skills should be struggling to make a comfortable living. There are obviously problems with the preparation of those entering this profession that is keeping those with badly needed skills from earning the type of income those skills warrant. I wanted to write this book because I believed I could help those entering this field better prepare themselves for successful practice.

In offering my advice, I am not suggesting that I have all the answers or that everyone should try to duplicate what I have done in my own career. I do, however, have an unusual mixture of experience of building a successful practice from scratch, maintaining it as my family's source of income for more than 20 years, and staying abreast of many developments in the evolution of the Licensed Acupuncturist profession. I have also worked for nearly 15 years as a consultant for an insurance company, helping create and oversee utilization management and credentialing policies for acupuncture HMO plans and as an expert witness both in private cases and for the State of California. These experiences have helped me gain insights concerning a broad range of issues relating to the acupuncture/Oriental medicine (A/OM) profession.

Some of what I have to say about building a practice might conflict with what you thought or have been taught about earning a living in this field. I think it is essential however, that someone who has made their living via their practice and kept current with the profession gives it to you straight. I will be offering my critique on where I think our profession has been falling short and how those trying to enter this field may be unrealistic in their expectations but I am not being critical for the sake of being critical. The recent statistics show us that some significant adjustments are needed within this profession and I am trying to offer insights gained from my years of experience in the hope this will help others experience the success I have been privileged to enjoy.

I had originally thought of titling this book *How to Achieve the Blessing of Earning a Comfortable Living While Helping Others* because that is the way I look at this line of work; being able to make a nice living and support a family while helping others is truly a rare blessing. Achieving this blessing is worth all the effort it takes to make it happen. So while this book is designed to offer you the advice you need to succeed in practice, the underlying philosophy I suggest you follow is that you are working to achieve the rare blessing of making a comfortable living while helping others. Acupuncturists are in the business of helping others. Private practice is a business and you do need to learn how to manage business realities, but you also need to balance the business issues with the goal of helping your patients as best you can. I thought of many possible titles. I settled on *Making Acupuncture Pay* even though this book is not primarily about making money because acupuncturists should not shy away from the fact that their practices need to be financially successful in order for them to have the opportunity to help others.

Getting good clinical results are necessary to build a successful practice and that subject is an essential part of this book also but this is not a book advocating a particular treatment technique as the “best” method to treat such-and-such conditions. There are plenty of teachers out there teaching their techniques to treat specific conditions and sifting through the overwhelming number of options to find what techniques suit your own strengths is a personal struggle all acupuncturists must go through. This book is meant to help you get the most out of whatever particular style of treatment you prefer by focusing on the many real-world considerations an acupuncturist working in private practice must understand to be successful. I will offer some of my

favorite point combinations for treating common conditions, but the focus here will be on the unique realities of a private practice setting rather than details of particular techniques.

Building a successful acupuncture practice requires making some tough choices such as where to locate your practice, how much to charge, etc. Writing a book on practice building also calls for making some tough choices. I chose to focus on acupuncture and not cover herbs or other services often associated with an acupuncture practice because acupuncture is what got this healing system's foot in the door in the West and continues to be the practice that captures the public's attention more than any other. I also chose to target students and those in their first years of practice rather than those with established practices because I felt it was important for someone to emphasize how vital it is to start a practice the right way. Of course, I hope those in established practices and those using herbs will also find my advice of value. I am using the abbreviation A/OM for "acupuncture/Oriental medicine." I chose to put the "/" between "acupuncture" and "Oriental medicine" signifying "acupuncture or acupuncture and Oriental Medicine" because some practitioners only practice acupuncture and not the broader system of Oriental medicine while others practice multiple techniques. And finally, I am using "Oriental medicine" because so many of the organizations that make-up the A/OM infrastructure use that term. I hope one day we will settle on a title or term everyone will agree upon.

I included the introduction as part of Chapter One because I feel it helps put the materials that follow into perspective and some readers skip the introduction. For those skippers who like to jump to the meat of things on the first read, you could begin at Chapter Four after finishing this chapter. Chapter Two explains why private practice is all that awaits most entering the A/OM profession and Chapter Three gives details of my first years in practice. I included chapter recaps at the ends of Chapters 7-15 because they contain the most detailed advice about how to manage patients and I thought recaps would make that more dense material easier to learn. I tried to avoid getting too cute with chapter titles so you should be able to find the subject matter you are looking for by those titles.

While I did my best to make this book a helpful guide to successful practice, I don't think any book by itself can offer all the help some may

need to help them launch a new career. To address this, I have decided to do what I can over the next few years to help in this regard and this book is just one part of the efforts I expect to make. Many practitioners need more personalized help and I will be working on additional resources to address this. To that end, I will be developing additional training resources to expand on the information in this book, such as CEU/PDA offerings including live classes and web-based methods for practitioners who seek more detailed information and advice. I am not a tech-savvy guy so please bear with me as I try to figure out the best ways to take advantage of the web-based methods. As you will be learning throughout this book, one of my keys to practice building is learning how to give quality service at rates that are affordable. I learned how to do this in my practice and I will be learning how to do the same in the practice-building resources I plan to develop. I believe the web-based methods should offer the most cost-effective means to do so although I also look forward to live teaching opportunities when feasible. To learn more about these additional resources please visit my website at: [www.MakingAcupuncturePay.com](http://www.MakingAcupuncturePay.com)

## **A Journeyman Acupuncturist**

Before beginning my A/OM schooling, I had completed apprenticeships in two different construction trades. They were both two-year apprenticeships that involved going through six stages of different pay scales. You began the training at 40% of a journeyman's pay and every four months your pay went up by 10%. In my case, events took place that didn't allow me to get the full training I should have had by the time I "turned-out" as a journeyman. This meant I had to work extra hard to make-up for my lack of training to justify my pay. After changing careers and completing my A/OM training, I immediately opened my practice and felt once again that I was under-trained and needed to work extra hard in order to survive in practice and support my family.

In the construction trades, a journeyman is someone who has the knowledge and experience to solve most any problem that gets thrown their way. They may make mistakes and not be as good at accomplishing some jobs as others, but give them some time and they can figure out how to get the job done or know when they need specialized help. Sometime into my second or third year of practice after having a week of seeing several patients with a wide assortment of different problems,

it struck me that I had finally become a “journeyman” acupuncturist—able to provide a competent service to most anyone who walked in my door no matter what kinds of problems they had. That’s pretty darn cool and why I love this work.

Feeling that I had become a journeyman acupuncturist was great (and still is) but that achievement alone was not what was responsible for the growth of my practice. Having the clinical skills to help people in theory and being able to do so while earning a living in private practice are two different things. My father was legendary as one of the most skilled workers in his construction trade as a Union worker for hire. But when he tried to strike-out on his own as a contractor, he failed and ended-up going back to Union work owing a lot of money. As skilled as he was in his trade, he did not have great business skills as a self-employed contractor. There are many clinically qualified A/OM practitioners who similarly struggle or fail in their practices because they don’t understand how to translate their clinical abilities into a viable self-employed business. My father had the option to be a worker for hire or self-employed. At this point in time the worker for hire option is virtually non-existent for A/OM practitioners as I will detail in the next chapter. For the vast majority of those entering the A/ OM profession, making a living means one needs to be successful in private practice and that takes knowledge in subjects beyond diagnosis and treatment.

In addition to achieving journeyman clinical abilities, you need “Business 101” knowledge like how to set budgets and manage finances. You also need an understanding of basic medical private practice issues like patient recordkeeping and insurance billing. Most A/OM students will get at least a little training in those two areas and there are other resources available that address these subjects as well. But beyond the basic business and medical private practice subjects, there are a host of skills needed that are unique to managing a private A/OM practice in the West. These are abilities that span the business and clinical aspects and these subjects are almost never identified or even discussed in the A/OM profession. On one hand, you could say that it only takes two primary skills to build a successful A/OM practice: You must get prospective patients in your door and then make sure they go out that door satisfied with your services. The problem is that each of these two requires competence in many unique sub-skills and the training received in school typically only addresses a portion of the knowledge

needed. The goal of this book is to identify and offer practical advice on those skill sets unique to managing an A/OM practice in the West today. I also hope doing so will further discussion of practice building issues within the A/OM profession.

The services offered in an A/OM practice are not at all well understood by those we seek to service. That's a big problem. You need to be able to appreciate this lack of understanding and have the means to address this. You also need to have a keen awareness of the anxiety many people have about seeking-out acupuncture and I am not just referring to the fear of needles. The public has no understanding of what to expect when they consult an acupuncturist and they don't understand how acupuncture works therapeutically. Then, there is the issue of cost. How do you structure your fees to make it affordable for your patients to get the treatments they need and allow you to earn a living? How should you space the treatments over what period of time? All of these factors and many more will have a great impact on how you manage your business as a private practitioner.

As I went through the process of writing this book I thought of the construction apprenticeship pay scales and how they relate to the training needed to succeed in practice. Using this model as a means to put this issue in perspective, I would say that most graduates of our A/OM schools receive training at a 70% apprenticeship level at best in clinical skills and no better than 30% or 40% in the unique skills of marketing and managing a private A/OM practice. It may not be possible for our schools to train graduates at full journeyman level in all the skills required to succeed in practice and that leaves those entering this profession needing additional resources to help them identify and fill-in the gaps in their training.

It is only natural that schools will focus most of their attention on attaining and maintaining accreditation and high licensing exam pass rates and I don't wish to be too critical, especially as I have never worked in any school management position. However, if you look at where most of the A/OM schools are at in this stage of our profession's development, it seems that very few students attending our schools get much training from those who have actually made their living in private practice. Some of our best teachers developed their clinical expertise working in the Far East under socialized medical systems or as employees within hospitals or large clinics. While the high volume of patients

and hospital privileges such systems generate afforded these practitioners tremendous clinical experience, this style of practice is far removed from running a private acupuncture practice in the West.

The same is true for the school clinics in which most students get their hands-on training. While many of these clinics have some first-rate clinical teachers, the multi-practitioner, school-owned teaching clinic is also very different from private practice, especially solo private practice. Some schools will have arrangements with private practitioners allowing students to get training in a private practice setting. This can be helpful because it is much closer to the manner most students will end up practicing themselves, but often these arrangements don't allow for students to follow specific patients through the entire treatment process—knowledge critical to patient management. Also, this type of training usually does not involve the business side of private practice. Considering the above, most acupuncture students get very little exposure to the realities of earning one's living from solo private practice despite the recent evidence that this is where nearly nine out of ten of them end-up. No wonder graduates struggle once they "turn-out" as licensed practitioners.

One could even go so far as to say that the A/OM profession in the U.S. and probably the West in general got off on the wrong foot as far as business models go. We initially needed to import most of our teachers from cultures that deliver A/OM services in completely different settings and we were so focused on developing our clinical knowledge that we overlooked the market realities within which that knowledge would be applied.

Although acupuncture is now experiencing an explosion of worldwide growth, during the first half of the 20<sup>th</sup> Century it had actually reached its lowest point in its more than 2,000 year history. China, Korea, and Japan all struggled greatly after the advent of the Western scientific and industrial revolutions. East Asian traditional practices, once a great source of pride within these cultures, became viewed as a backwards hindrance to needed progress and were largely unsupported by any institutions. It was only after the 1950's when China's Chairman Mao Tse-Tung decided to institutionalize traditional medicine as part of his government's health care system that acupuncture started to rebound.

I point this out to illustrate that while it is true that acupuncture has survived more than 2,000 years of continuous practice, we can't look back to its recent history to help us understand how it was best practiced from a practice model perspective. Acupuncture has gone from an almost disregarded ancient relic to being the superstar of the alternative medicine field in a mere 50 years. Its growth in clinical popularity has far outpaced the growth in the models employed to deliver its clinical benefit. Even in China today many acupuncturists are leaving that field because they cannot make a living off it. So, while we can all marvel at acupuncture's resiliency and applaud the fact that it is gaining worldwide recognition as a useful method of healthcare, much more progress is needed to understand how *acupuncturists* can actually make a living delivering that care.

### ***What Is Acupuncture's Value?***

*Value: Extent to which a good or service is perceived by its customer to meet his or her needs or wants, measured by customer's willingness to pay for it. It commonly depends more on the customer's perception of the worth of the product than on its intrinsic value.* [businessdictionary.com](http://businessdictionary.com) Value; Marketing

After the NCCAOM's 2008 Job Training Analysis statistics were released, there started to be more discussion in the A/OM profession about why so many practitioners are struggling and failing in their practices. Some think the problem is a lack of education believing A/OM students need more and better education. Among those are some who say more education is needed in Western medicine and science so those entering the profession can better communicate with Western medicine specialists and become integrated into mainstream medicine. Others say the problem is that students don't learn their A/OM skills at a high enough level and so are not as successful with their patients as they could be. Still others say the problem lies with not learning the basic business skills of how to run a practice.

Others have criticized the fees many A/OM practitioners charge and the high costs of training and licensing as the greatest problem. They stress that high treatment fees place acupuncture out of reach for most working class people and have turned acupuncture into a kind of luxury for the upper classes. They also point out that high debt levels

from student loans put those trying to start their practices so deeply in the hole that they can't claw their way out.

As for myself, I have long advocated that the main problem is a lack of public education or marketing. I have stressed that the public does not understand our services and the key to improving the success rate for practices is for both individual practitioners and the profession as a whole to undertake smart public education efforts.

Throughout the process of writing this book, I gave these theories including my own a great deal of thought. I now believe that while all of these theories have at least some merit, none alone capture the essence of the problem of how to make a living in this field. The reason I now feel this way stems from my realization that there are acupuncturists struggling all over the world who are doing so despite not having at least some of the problems listed above. For example, there are Medical Doctors who practice acupuncture and have no lack of education in Western medicine and science and are already integrated into mainstream medicine yet they cannot make acupuncture work financially in their practices. Some of these doctors have successful private medical practices and so their problem is not a lack of knowledge of how to run a private practice or student loan debt.

In China, as I mentioned earlier, acupuncture is mainly delivered at a very low cost, a fee set by the government of about sixty cents for a course of treatments. There, acupuncturists are leaving that field because they can't make a living being paid so little. These practitioners have extensive training in both Western and Chinese medical subjects, are integrated into their country's mainstream medical system, and, unlike in the West, the public has a fair understanding of their services.

So, if clinical education or high treatment fees or public education alone is not the problem, why are many acupuncturists all over the world struggling to make a reasonable living? I believe the problem lies with addressing how to establish the proper value of acupuncture services within whatever marketplace those services are being delivered. Acupuncture "can" be effective in a remarkably wide range of different medical conditions but the odds that a series of treatments "will" be successful for any given patient is difficult to know. The odds of success will vary depending on a complex dynamic of factors including the type

of condition being treated, the level of training and experience of the practitioner, the number of treatments given over what period of time, the level of cooperation of the patient, and many more.

Not knowing the odds that a given number of treatments will prove just how successful for a given patient makes calculating the value of acupuncture very difficult. Not knowing the value of acupuncture makes setting charges for those services difficult to say the least. It also makes the question of educating practitioners—both the content and cost—hard to determine. Practitioners do need the clinical skills to get journeyman results for their patients. Fees do have to be affordable for patients while allowing enough for the practitioner to make a living. Patients and the public do need to understand just what acupuncture can do for them. Students do need to leave school with low enough debt to make a living while paying-off their education costs. Striking the right balance between all these factors is essential to making a living as an acupuncturist. Just how to strike that balance will vary depending on things like what country/culture is involved, what type of patient is being treated, what the income needs of the practitioner are, etc.

I don't know what advice to offer acupuncturists working in China about how to improve their situation. The same goes for acupuncturists in many other parts of the world. I don't have the first-hand experience with the dynamics of the specific factors that influence their struggles. I am not even sure I could offer insights to the Medical Doctors practicing acupuncture here in the West about how to make acupuncture work financially in their practices. Their overheads/income expectations may just be too high. I do believe, however, that I can help those coming out of acupuncture schools in the U.S. and perhaps other Western countries put the relevant factors into perspective and learn how to make a living practicing acupuncture.

Acupuncture is valuable and the value of acupuncture should absolutely allow for private practitioners to earn a reasonable living. The problem is learning how to manage the fact that assessing the value of acupuncture is so tricky. When you open a private practice, you are going into business as a self-employed, small business entrepreneur. Specifically, you are establishing a type of service business; providing a service for a fee. But let's think about this service business you are opening:

Unlike most service businesses, the outcomes of the services you will offer are difficult to predict and this will make it difficult for you to establish your fees. Contrast this with other services businesses. A house painter or hair stylist will be able to explain to you how much they charge and just what you will get for that price. There may be some uncertainty over how well the job gets done, but your house will have paint applied or your hair will get cut. When a patient comes to an acupuncturist, they do so for the service of getting relief for their problems, not just to get needles stuck in them. Unfortunately, neither the patient nor practitioner knows for sure if the patient's problem will be fixed or even helped at all. How do you set charges for providing a service when you can't be sure of the outcome of that service? How do you make a potential patient feel comfortable about engaging your services with this uncertainty hanging in the air?

If you knew just how much you could help a patient's problem over exactly how many treatments, you could set a price and it would be a simple matter for the patient to decide if they thought that service was worth the price. Then, your biggest challenge would be making the cost of your services competitive with others providing the same service. But an acupuncturist cannot have set prices for sciatica, headaches, allergies, and so forth, because we cannot be certain exactly how many treatments will be needed or even if any number of treatments will get the job done at all. That is a major problem that saps the confidence of many beginning acupuncturists. When patients who already have doubts and anxieties about you and your services pick-up on that lack of confidence, you've lost them.

Some might say that this same problem exists in any health care field—that there are no guarantees in the medicine. While that is true, it is far less a problem in most other health care businesses. Many doctors or therapists delivering Western medical services do so while being paid a salary within a hospital or large clinic setting where the majority of the payment for those services comes from third parties like HMO's or Medicare. Even those Western medical providers working within their own private practices still have most of the cost of their services paid for by third party payment. Having no or limited third party help with the cost of A/OM services greatly magnifies the stress involved with not being able to make any guarantees about the outcome. The public also understands how Western medical services are supposed to

work in theory. They don't understand how sticking needles in people can help the range of different conditions acupuncturists claim.

All successful A/OM practitioners find ways to manage this stressful situation even without necessarily realizing they are doing so. I developed my methods for managing this by trial and error over years of building my practice but I never took the time to identify this as a key to my success until I wrote this book. Had anyone told me when I first opened my practice that this was the biggest problem I must learn to manage to be successful it would have made my first years in practice go much easier. As the inability to effectively manage this issue may well be the biggest reason A/OM practices struggle or even fail, I am excited to share with you the system I developed to manage this.

What I will be teaching you is how to establish a service business delivering a no-guarantee medical service whose value is difficult to determine and has limited third party payment support and to do so for a public that does not understand how your services work and has little if any respect for your training. While that may sound like an impossible task, the good news is that it can be done once you address how to value acupuncture services within your market. While I will be offering advice on basic business and private medical practice subjects, most of the focus will be on how to manage delivering a service that is difficult to value and that the public does not understand. Here are some of the key concepts I will be teaching you in this regard:

**How to estimate the odds of success** – There is a logical system for determining the odds of treatment success that will allow you to explain this to your patients up front and also deepen your own understanding of the strengths and limits of your therapies.

**How to communicate with patients and potential patients** – Making acupuncture easily understandable without confusing jargon plays a big role in practice building. The explanations I will teach you will make this so simple you'll wonder why no one ever taught this to you before.

**How to squeeze the most from the least** – Learning how to help your patients more effectively with fewer treatments will increase the value of those treatments in your patient's eyes.

**How to space your treatments and why** – Daily, weekly, monthly? Knowing this is as important as any diagnostic skill or treatment technique and is critical to squeezing more from less.

**How to determine your fee structure** – You might have great technique but if no one can afford your services, your technique ends up doing no one any good.

## **First Survive, Then Thrive**

As we consider how to make your service business (practice) successful, special attention must be paid to surviving the first few years while laying a firm foundation for future growth. Most businesses that fail do so within the first few years. While most all practices will continue to need to attract new patients as the years go by, this becomes less of a problem the longer a practice has survived (if the patients were happy with the service provided). The more patients you treat over the longer period of time, the more repeat patients you will have and the more referrals your patients will provide. Building an existing practice to higher patient volumes or higher profitability (those two are not always one and the same) becomes easier the longer a practice has been successfully operating. That is why so much focus needs to be placed on surviving and building sound habits in how you run your practice. Doing so has allowed my practice to continue to grow even through the current Great Recession.

Considering how important it is to survive those first years, one might think that the first of the two primary skills I mentioned above— attracting potential patients (marketing) is the most crucial to focus on. While it is important to work on getting potential patients in your door, the second primary skill of making sure they go out that door satisfied with your services (patient satisfaction) is even more important. Why? Because nothing will kill a young practice faster than unhappy patients. If you go to a new restaurant and the food or service was bad, chances are you will not go back and you will tell all your friends to stay away. While I will be referring from this point onward to “patient satisfaction” or “satisfaction rates”, what I really mean about the need to achieve high patient satisfaction rates is that there is a need to have very low patient *dissatisfaction* rates. You really don’t want a flood of new patients if you have not yet learned how to achieve high satisfaction/low

dissatisfaction rates. Satisfied initial patients are both the key to surviving the first years and to building a thriving practice over time.

Before we dig into the details of how to survive and then thrive in practice, I want to offer some encouragement by dispelling a common myth about A/OM practice, detail why private practice offers those entering this profession the best option for earning a living, and then share some of my experiences in the hope it will help you realize that if I could build a successful practice, you can too.

## **Myth Busting**

There is a rich tradition in many of the Asian arts regarding the respect afforded teachers or Masters. I have great respect for this tradition and consider myself to be extremely fortunate to have studied with some truly remarkable Masters. I am talking about those with seemingly mystical abilities that were trained in the ancient disciplines from childhood. One thing I learned from being around those of the highest skill level is that nobody cures everybody. I don't care who the Master is or how remarkable a healer they are, everyone has their failures. No one is successful even 90% of the time. I would estimate that the very best of the best are successful no more than 85% of the time and even that may be a little high. That means they will fail to "heal" their patients somewhere on the order of one out of every five times at best. Healing is (or at least should be) a very humbling art. You will have failures, even the very best do. I will be teaching you how to improve your odds of success and even how you can often turn your failures into a positive for your patients but you need to better understand the limits of any healing approach so you won't be too hard on yourself when those inevitable failures happen.

To help put the success/failure rate into perspective, consider what has been coming to light lately in some of the controlled clinical trials conducted on acupuncture. In many of these trials, researchers will test the effectiveness of points that have traditionally been recognized as being effective for the condition being studied against other points that are not even on known meridians. These are the so-called placebo or sham points. In many of these studies, the sham or placebo points are found to be surprisingly effective. In other words, acupuncture often gets good results in 40-50% of patients no matter where you put the

needles! Many acupuncturists don't want to believe this but it is true. My theory about this is that sticking acupuncture needles in people causes the body to produce some anti-trauma chemistry or similar defensive reactions because the body thinks it has suffered some significant injury. This anti-trauma response can help many symptoms by itself especially pain-related ones. A recent study strongly suggests that this is the case.

If sticking needles anywhere can help 40%- 50% of some conditions and the very best Masters have about 80%-85% success rates, what success rates should we expect from a competent, journeyman acupuncturist? I would say somewhere in the 75% range. That is not such a great difference, is it? It is certainly not the primary factor that separates successful practices from those that fail. So don't worry. If you start out doing a good job on around 65% of your patients while you are learning how to improve your skills, you are still doing a respectable job for most of your patients—better than a lot of medical doctors do on the stubborn cases that often seek-out acupuncture. Too many acupuncturists get an inferiority complex because they think some of their teachers walk on water. They don't. And the myth of “mastery” gets inflated as people talk about how they cured someone with this or that condition while leaving out the fact that they also had some patients with the same condition they were not successful with.

Here is something one needs to keep in mind regarding acupuncture: It helps the body to better heal itself. I will be going into quite a bit of detail about that fact throughout this book but I mention it here to highlight the potential cure rates that happen when you help the body to heal itself. When you treat hundreds and then thousands of patients with this method of helping the body to heal itself, every once and a while, you will run across a case that responds in a really remarkable way—a miraculous cure. These rare cases happen because some people can develop serious conditions that actually need just a little push to help the body's resources gain the upper hand and heal the problem. Just like the saying about the straw that breaks the camel's back—sometimes lifting just a straw heals the camel's back. So all acupuncturists who see a high enough number of cases will have a few remarkable ones in which the treatment seems like magic.

Some acupuncturists will then point to these cases as though they get such miracle cures routinely. Baloney. No one routinely has miracle-type

success. I can tell you about my patient with 40 years of back pain that was cured with one treatment and never had that problem again or the patient with M.S. who was deteriorating rapidly and had such a turn-around with treatment that her doctors later thought she never actually has M.S., but these cases are not the norm. They are just the much better-than-normal responses based on the law of averages that are bound to happen if you see enough cases. There will always be some cases that do better than average and some that do worse than average. Some acupuncturists brag about the ones that do better than average while neglecting to mention their failures and this makes many starting out in this profession feel like they will never match-up. You will match-up if you can learn how to establish the value of your services for your market and survive your first years in practice while getting the experience needed to reach journeyman competency at the two primary skills of marketing and patient satisfaction.

If you can survive your first years in practice and see enough patients to refine your skills to the point that you are helping three out of four of your patients, you will be doing far better than most other health care providers and laying the foundation for a very successful and secure practice. Getting through school and getting licensed should allow you to have the knowledge-base needed to succeed once you add the practical information of just what it takes to survive in private practice that is largely missing from the current A/OM training. It will take hard work and dedication, but nothing less should be expected in achieving the blessing of earning a comfortable living while helping others.

## **CHAPTER TWO**

### **Making the Case for Private Practice**

While the bulk of this book is about helping you to succeed in practice, I think it will be useful to start by considering why private practice offers the best chance to make a living for most entering this profession. I want to explore this because many of you may have your doubts about opening your own practice and be tempted to take a position that really does not work for you just because you are afraid to strike-out on your own. I occasionally give talks at acupuncture colleges and when doing so, I like to ask students what they plan to do once they graduate and pass the licensing exams. Virtually everyone I have asked this question to answers that they hope to start out by first working with an established practice, such as some sort of multi-disciplinary center or with another acupuncturist, chiropractor, or medical doctor. I don't recall a single student telling me they expect to go right out and begin their own practice.

I understand that for most, the idea of jumping into a solo private practice as soon as one gets their license is a scary thought. It would seem to be a safer transition to get started by working with others who are already out there practicing themselves whether as an acupuncturist or some other medical modality. I agree this would be an ideal way to start to learn the ropes, unfortunately such opportunities are few and far between as reflected the NCCAOM's JTA study showing only 12 % of Licensed Acupuncturists working in anything other than private practice. Don't you think most of those 88% in that survey working in solo private practice would like to be working in a multi-practitioner setting? Many undoubtedly tried for those types of jobs just out of school but could not find any or they possibly found some sort of position they thought would

be good for them that didn't work out and eventually ended-up on their own.

The fact is that up to this point in time, it is a very rare situation in which an existing practice would want to bring-in an acupuncturist—especially one just out of school. Sure, you can find those willing to sub-lease you some office space in their practices (especially chiropractors) but most of those types of opportunities will be from someone who is struggling themselves and are just looking for help paying their rent. These practitioners are not the best ones to partner-up with and try to learn from. You need to be careful about just what you may get yourself into. Building a practice is not easy and for those practices that are doing things correctly, adding another practitioner who does not bring their own patient-base with them does not make financial sense in most instances. I will explain why this is so a little later.

There are two basic types of settings one might hope to land some sort of opportunity in an existing practice. One is coming into an existing acupuncture/Oriental Medicine practice and the other is getting into an integrated, multi-discipline practice. Let's look at both of these options and think logically about their viability:

Unlike what can be found in some physical therapy clinics, there are not many busy acupuncture clinics that have several acupuncturists working in them that would need to hire a new practitioner just out of school. I am not saying there is not a single one of these types of practices, just that they are very rare. This would be an ideal way for many to get started in this career and I hope such clinics become more plentiful over time, but there are not many now so if you should find such an opportunity, make sure you read all the fine print in any contract (or seek professional advice) and if it all checks-out, grab it and consider yourself one of the very lucky few. The vast majority of acupuncturists starting out, however, should not count on being so fortunate and need to face this reality.

What about a smaller practice then? Perhaps a solo practitioner who has gotten so busy that they need to bring in another acupuncturist to help them manage their overflow? While such a scenario is more likely than finding a position in a big, busy, multi-acupuncturist clinic, finding a solo practitioner ready to bring another acupuncturist into their practice is also rare. Why? First of all, the unfortunate fact is that

there are not many acupuncturists who get to the point that they are so busy they are having trouble handling their patient load. This can be seen in NCCAOM's JTA stats showing only 9% grossing over \$120k. That's why I wrote this book, remember? Secondly, if you find an acupuncturist fortunate enough to need to bring someone in, this is going to be a big deal for that acupuncturist. They are taking a chance bringing someone else into their good thing. They worked hard to get to the point they are having trouble handling their patient load and they could always just turn patients away when they can't accommodate any more. The minute a practitioner like that brings someone else in they are going to have to give-up some of their patients to help get the new practitioner off the ground. I will explain this further as understanding this can also help those with successful practices who may want to bring in another practitioner.

When a busy practitioner shifts some of their patient load to the new acupuncturist they just brought-in, they will experience a drop in income in the beginning. Of course, the hope is that eventually, the two together will build up the patient volume allowing the new practitioner to give a big enough percentage of their income to the original practitioner and eventually benefit both of them financially. It is also attractive to someone who has been working by themselves for some years while they built their practices to work with someone else as two heads are better than one. So while the hope of making more income and having a partner to work together with can be attractive to a busy solo practitioner, the logistics of pulling this off successfully are very difficult.

Successful solo acupuncture practices become successful because the acupuncturist was able to win the trust of their patients. People are skittish about having needles poked in them and tend to build strong loyalties toward their acupuncturist. It is not easy for an established practitioner to bring-in another acupuncturist and just turn over some of his or her patients to the new practitioner. The patients will not be very comfortable with being handed over to the new practitioner especially one recently licensed. Finding just the right person to bring into an established practice becomes essential. It is almost like choosing a spouse; it has to seem like the best fit possible on many levels. It is not easy to find someone like that. I would know. I've tried to find such a partner without success (I mean acupuncturist partner, I found the right spouse on my second try).

Another problem with bringing in a second practitioner is that this may require moving into a bigger office. If the established practitioner was smart, they would have kept their overhead low by leasing space that was not bigger than they needed for themselves. If they are now going to bring in a second practitioner, this could require a move to a bigger office with a higher overhead and the considerable hassle moving a practice entails. The same thing goes for front office staff. However the established practitioner has been managing their insurance billing, recordkeeping, and other front office responsibilities, doubling the number of practitioners by adding a second will require a significant change in how the office is run. These obstacles can be overcome of course, but the bottom line here is that with so few acupuncturists finding themselves busier than they can manage by themselves and the numerous problems associated with adding a second practitioner, few such positions await those trying to establish themselves in this profession.

The possible exception to the absence of a job market for acupuncturists is the occasional opportunities in Community Acupuncture clinics. As I will explain in more detail in the chapter on practice models, Community Acupuncture clinics operate under a high volume, low fee system and are growing rapidly. While the high volume of patients these clinics strive for has the potential to create demand for employees, those positions still tend to be quite limited and demand skills not many new graduates have. The specialized skills such clinics require mean that most Community Acupuncture clinics are hesitant to hire those just out of school.

## **Multi-Disciplinary Centers**

How about finding a position in a multi-disciplinary practice in which you might be the only acupuncturist working with other disciplines such as Chiropractors, Physical Therapists, Massage Therapist, and Medical Doctors?

While the idea of practicing “Integrative Medicine” in a multi-disciplinary center that brings several disciplines together is touted as a desirable goal, the reality is that most of these centers struggle to make things work. The reason for this is that many of the so-called “Alternative” or “Complementary” therapies share a great deal of overlap in

their patient base. Do you know the number one reason people in the U.S. seek-out acupuncture? You should. The number one reason is for back pain. What do you think is the number one reason people seek-out chiropractic or massage or physical therapy? Again, it is back pain. While there are plenty of people out there with back pain to go around, it is financially unfeasible to treat a condition like back pain with multiple disciplines when each of these disciplines have evolved as a stand-alone therapy. Treating a patient with back pain with acupuncture and chiropractic and massage therapy is just not cost effective especially considering the limits in insurance coverage.

Because cost factors require keeping the number of therapies down, in a multi-disciplinary center, someone must decide which therapies will be used for what patients and this tends to cause some resentment and competition between disciplines. So while the idea of blending many different types of therapies sounds great, in the real world these types of centers are not blossoming. Many open with high expectations and then struggle. Some end up with each discipline fending for themselves, carving-out their own patients and only rarely cross-referring to other disciplines. I worked in such a center for a short time in which I was lead to believe they needed an acupuncturist because their patients were asking for it after the previous acupuncturist had left. I came to find out the previous acupuncturist had worked hard to build his clientele but got so frustrated with the manner in which the center operated he left understandably taking most of his patients with him. After seeing few patients referred to me from the other disciplines, I also left and the center soon closed.

The lesson here is that there are very few centers that have multiple disciplines working in an integrated fashion that will need an acupuncturist because they have patients they want to refer for that service. In most of these centers, the individual disciplines will have to fend for themselves in building their own patient base. While there may be some advantages to trying to build a patient base within such a facility rather than your own private practice, there are also several downsides. You may be limited in how you market your services, or even the hours you can work, how you bill, etc. The bottom-line in such a setting is that you have less control over your own destiny as the center may go belly-up leaving you stranded or they might just decide they don't want to offer acupuncture anymore.

As in my warnings about finding a position in an acupuncture practice, I am not saying it is impossible to land a position in a multi-disciplinary center that works for all parties involved, just that it is very rare. Although opening your private practice certainly has risks, depending on others for your livelihood carries a lot of risks too. I wanted to stress the harsh realities of the very limited opportunities of finding a position in an established practice because those entering this field need to face the fact that private practice is the only viable means of making a career out of A/OM for the vast majority who become licensed in this field. It is far better for you to come to terms with this and *plan* for it so you have the best chance of making a success of it.

The very significant upside to opening your own private practice is that you have much more control over your own destiny. And, depending on your financial needs, it does not have to be so stressful. As you will read, in my case I began my practice under very stressful circumstances of trying to quickly become the sole source of income for my family of four. While I hope most of you aren't under as much financial stress, it is possible to make it work even under those circumstances as my example shows.

You know, it's kind of funny. When I started my practice in 1986 almost no one getting out of school at that time had any thoughts of doing anything other than going right into private practice. There were not any "integrative" or "CAM" medical centers and acupuncture was still viewed with extreme skepticism by most doctors so there was little thought of working within someone else's practice. 10-15 years later, when I spoke at acupuncture schools and all those students told me they were hoping to get positions in other practices, I was a little jealous that none of those opportunities were available to me when I first graduated. Now that I have been paying more attention to what is happening in the A/OM job market, hearing horror stories, and seeing the most recent stats, I realize that having no chance of anything but private practice was actually a very good thing for me. This kept me from any illusions of avoiding the risks of private practice when starting out. I now see that there are many advantages to starting an A/OM career in private practice and this perspective together with the right advice on how to make it work is badly needed by those entering this profession.

Building a practice does not have to be so scary. Your skills are badly needed and you can operate with very low overhead so setting up a private

practice does not require much of an initial investment beyond your schooling. When you consider the vast array of conditions acupuncture can treat and that only something like 3% of Americans have ever had acupuncture, the potential for growth of the patient base for A/OM is tremendous. So while it is true that there are risks to building a private practice that must be approached carefully, it is also true that making your living in an A/OM practice is achievable while also being a truly wonderful blessing. If you achieve this blessing, you will be one of the most fortunate of all people including other healthcare professionals. You will be helping all kinds of people with all kinds of problems and doing so in a very safe way. You won't get wealthy but if you factor in the gratitude of your patients as part of your reward, you will enjoy a richness in your vocation few enjoy today.

A successful A/OM private practice office can be like a little oasis of calm, positive, healing qi in a stressed-out world. People will tell you how wonderful it is to come into your office, how peaceful and positive it feels. This is so different from many medical practices where they dole out drugs that cause side-effects and often fail to effectively address the cause of people's problems. Many of those offices have stressful qi about them because doctors are trying to treat 8-10 patients an hour and can never afford to spend the time necessary to connect with their patients. The Western medical profession as a whole is under increasing pressure as patient satisfaction is dropping and stresses within the doctor/patient relationship are rising. Your practice can be like an antidote to the souring that is taking place within the healthcare system in our society.

Just keep in mind that that you are not "settling" for a private practice because there were no jobs out there. A private A/OM practice is an honorable and more than 2,000 year-old tradition. While times change and many changes have and are taking place in A/OM, the practice of individuals helping the suffering of other individuals is as old as humanity and will always be so. To be able to make a career out of your humble practice helping those who are not being helped in the impersonal, high-tech system of modern medicine is a blessing deserving serious effort.

For now and for the foreseeable future, the best chance those entering this profession have to make a living in this field is to make it in private practice and this is where we should be focusing our efforts to

improve training. I hope salaried jobs in hospitals or large centers will one day materialize but common sense should tell us that even if they do, they will always be only a small part of the overall job balance for A/OM practitioners. If good paying hospital and multi-disciplinary clinic jobs start to become plentiful, the acupuncture schools will crank up their student recruiting efforts and there will be a huge increase in the numbers of those entering this profession creating many more applicants vying for these positions. I will comment more about the dynamics within the A/OM profession's organizational structure toward the end of this book but just want to again stress that learning the realities of successful private practice should be seen as a fundamental part of your A/OM education.

## **CHAPTER FOUR**

### **Practice Models – Emperor’s Medicine, Peasant Medicine, and the Middle Way**

I stated in the first chapter that while acupuncture has seen tremendous growth in its popularity over the last fifty years, little attention has been paid to just how acupuncturists can make a living offering that service. The subject of how to deliver acupuncture in a practical and sustainable manner that allows acupuncturist to earn a living is the subject of practice models. As I pointed-out in Chapter Two, about the only model most A/OM practitioners have available to them today in the West is private practice. Within the private practice model, there are a variety of models possible also. Before you can build a successful practice, you must decide just what type of private practice model you will pursue. There are many factors to consider but as far as income generation goes, the most important is deciding the volume or patient load you hope to build and the rate you will be charging for your services. As a general rule, most practices with a higher volume of patients will have relatively lower fees while those with lower volumes will have higher fees. The range between these two ratios can be remarkably wide in different practice models.

I once heard of an acupuncturist who practiced a type of Korean Constitutional acupuncture—a system using a spring loaded needle taking just few minutes to complete a treatment—who charged \$10 a treatment and saw around 100 patients a day. Then there are some acupuncturists who take 1 ½ to 2 hours with every patient and charge \$200 or more per treatment. Other than these rather extreme examples, the more typical higher volume/lower fee models charge fees of around \$30 per treatment seeing 3-4 patients an hour. In my state of California

with its large Asian population, you tend to see this model being practiced more by Asian practitioners perhaps catering mainly to Asian patients although that is just a general trend and there are many exceptions. At the lower volume/higher fee end of the spectrum, fees of around \$80-\$150 per treatment and seeing 1-2 patients an hour are fairly average.

Unfortunately, we don't have any statistics regarding how many practitioners are charging at what rates and how many patients on average they are seeing so we can't really compare different models to say which is working best on average. The stats of the 2008 NCCAOM's Job Training Analysis showing only 8.8% grossing over \$120,000 per year suggests that neither model is doing particularly well. It may be that the fee charged per treatment is not a crucial factor for successful practice but until we have strong evidence proving this, I think it safest to assume fees play a major role in practice building.

The model that I developed and want to promote here is a **low overhead, moderate patient volume** (8-12 per day), **with a low rate of patients' average out-of-pocket expense**. What I mean by a low rate of my patients' average out-of-pocket expense is that I charge rates that are a little higher than most high volume/low fee practices but considerably less than the low volume/high fee practices and I accept insurance. I say "average" out-of-pocket expense because I charge different rates for children, adults, and seniors and then some of my patients who have insurance coverage will often just be making a co-payment. I will go into more detail about my fee structure and setting fees in the next chapter and the subject of accepting insurance later. The main point I wish to stress here is that in order to have the best chance to survive your first years in practice, you should pursue a model that strives to keep your patients' out of pocket costs low while not requiring you to see a high volume of patients in the beginning to survive. I call this model the *Middle Way* because it is somewhere between the high volume/low fee and low volume/high fee ones and also because that term has great significance in Taoist philosophy.

There is no single practice model that works best for everyone in every circumstance. Ultimately, the value of your services is what your local market is willing to pay. Just what people are willing (or able) to pay varies greatly due to many factors. The saying "Where there is a will there is a way" can apply to practice models. If you have a strong

desire to make a certain model work you should go for it but be prepared to take a few years to get it there. I believe the Middle Way model I propose is the type that will work best for most to establish themselves as it essentially splits the difference between the stress of trying to build a practice while charging high fees and one requiring a high volume of patients. This model affords practitioners time to improve their clinical and marketing effectiveness and pay the bills while growing one's patient volume. Again, your biggest challenge is those first few years, once you get established you will be under less stress as you steadily build from your sound foundation.

Opening a practice once licensed is like a 16 year old who has just gotten his or her drivers license. You went through a phase where you learned the rules and theory, then a phase where those with experience looked over your shoulder while you took the wheel yourself. Now you are on your own but it will take a few years of experience before you are a qualified, journeyman driver. During your first years in practice, you should get experience in a wide range of skills necessary to market and manage a practice like insurance billing, communicating with your patients, and getting better and faster at your treatments. Once you gain that experience, you can then decide if you want to modify your practice to a higher fee or higher volume one.

While there is no single model that works for all, there are some basics that successful practices will tend to have in common. To illustrate this, I will use the example of two other practice models that are radically different on one hand and yet actually have some important areas of agreement on the other.

### **Emperor's Medicine**

At one end of the practice model spectrum is a rather unusual model taught by Robert Doane, a dynamic individual with a forceful personality who exudes confidence. This model is one that charges fairly high fees but, under Mr. Doane's direction, he manages to service a high volume patient load. That is a different ratio than other higher-cost per treatment practice models that consider 30-40 treatments per week to be their target volume. Being that this model charges a fairly high rate, one practicing this would not necessarily need to have a high patient volume to survive.

Mr. Doane encourages practicing what he calls “Emperor’s Medicine”, meaning a comprehensive suite of services to help virtually every medical problem a patient may have somewhat like the level of care a Chinese Court physician treating the Emperor would have been responsible for in China’s past. Mr. Doane apparently made his fortune in business and was introduced to Chinese medicine after he had retired, becoming so interested he went to school and became licensed. He then studied with some highly experienced teachers and opened a practice on an island in Washington State. After studying with a practice building organization well-known in the Chiropractic field, he modified that model to fit an A/OM practice.

An important component of Mr. Doane’s model is encouraging patients to buy a block of treatments in advance at a discount over his regular rates. To his credit, he states that he and his associates will give a prorated refund if it turns-out the patient did not need as many treatments as was first estimated and will give additional treatments at no extra charge if they turn-out to need more. This model stresses that getting patients to pay in advance for the treatments they need has many advantages. This helps make the patient more committed and invested in the successful outcome of their treatment, takes the stress off both patient and practitioner regarding paying for treatment on an ongoing basis, helps put the practitioner on firmer financial ground, and takes fuller advantage of the placebo effect in healing.

While many may balk at the idea of getting patients to shell-out a few thousand dollars in advance, many chiropractors have done this for some time and Mr. Doane as an astute businessman has refined this approach within his practice model. He also has a program where he takes-on a limited number of acupuncturists to work in his office to be trained in his system as he states he wants to help others learn his methods and intensive training is the best way to do this. He also teaches CEU courses sponsored by Lotus Herbs. I took a one-day training from him and this is where I learned what I explained above. At that seminar, Mr. Doane stated he charges \$120 a treatment but then gives a discount to \$80 when a patient pays for the block of treatments. His office offers a free consultation and explains their process to each prospective patient at that time and usually will encourage patients to have four treatments in order to better determine how many more treatments will be needed and that is when the block of treatments will be offered. There are many more details to Mr. Doane’s model and I

encourage anyone interested in learning more to contact Lotus Herbs for seminar information or Mr. Doane's office.

While this model has been successful for Mr. Doane and (from what I hear) some of his students, one concern I had was over the legal considerations of charging in advance for future care. I have not tried to research this as I have no intention of using this model myself but would caution anyone considering doing so to learn the legal ramifications that will vary from state to state. This is the sort of information your state A/OM association should be able to help you with. The other concern I have with this model is the weight of responsibility that is taken on, especially for someone just out of school. I am not sure how many newer to practice are ready to be an Emperor's physician.

## **Peasant Medicine**

At the other end of the practice model spectrum are the folks associated with the Community Acupuncture Network who practice what they call "Community Acupuncture." This practice model was pioneered by Lisa Rohleder who founded the Working Class Acupuncture clinic in Portland, Oregon in 2002 and help found the Community Acupuncture Network in 2006. Ms. Rohleder often refers to acupuncture as "Peasant Medicine", as it has been used in the Far East by the common masses often at very low cost. The Community Acupuncture clinics operate under a model that is high volume, low treatment charge on a sliding scale of between \$15-\$40 a treatment with the patient deciding how much they wish to pay without any sort of income verification or other qualifying. While the forgoing sentence describes the basic practice model for a Community Acupuncture clinic, it does not describe the soul of their model which is connecting to one's local community in a productive, integral, and humble way. It is also about providing a strong support network for other acupuncturists to make a reasonable living practicing Community Acupuncture.

Just as many might second guess the viability of charging patients thousands of dollars up-front as in Robert Doane's Emperor's Medicine model, many would also second-guess the viability of a model that charges on an elective sliding scale of \$15-\$40 a treatment. But, like the Emperor's Medicine model, the Community Acupuncture's Peasant Medicine model has been refined over several years and was carefully

put together after Ms. Rohleder had worked in other types of Low-Cost clinics that relied on different types of funding grants to stay in operation. She came to believe reliance on outside funding was a significant obstacle to providing lower cost treatments in a sustainable manner. She and her associates crafted and refined their Working Class Acupuncture clinic model and built it into a sustainable clinic serving hundreds of patients a week. She considers the work she and her associates are doing to be nothing short of a revolution in the manner in which acupuncture is delivered and she pulls no punches in her criticisms of what she refers to as the “acu-establishment” – the collection of schools, organizations, and leaders in the established acupuncture field. Ms. Rohleder has been a lightning rod in the A/OM profession garnering both passionate support and admiration from some and contempt from others.

Despite this controversy, there can be no denying that this Community Acupuncture’s Peasant Medicine model is having a significant impact on the manner in which acupuncture is being practiced. Since its inception, the Community Acupuncture (C.A.) model has been followed by over 150 clinics in the U.S. and several are being opened in other countries, making this the fastest growing model in the nation and perhaps the world. Most C.A. clinics treat their patients in a large room rather than in individual treatment rooms and utilize recliners rather than treatment tables. C.A. acupuncturists—or acu-punks—as they often refer to themselves, will then treat 6-7 patients at a time as these patients recline in their recliners in a single room. Most C.A. acupuncturists employ acupuncture techniques that don’t require patients to disrobe, especially techniques using points in the lower arms and legs. C.A. acupuncturists find this type of treatment approach to be quite successful and they have a very robust support system to help those who decide to participate in the C.A. movement. In fact, I would say it is the great effort the CAN people put into developing their support system that has helped fuel the rapid growth of this model.

Community acupuncturists stress that most patients who could benefit from acupuncture need frequent, regular treatments and that too many acupuncturists have been encouraged to charge rates that make it impossible for most Americans to afford the treatments they need. This being the case, patients get under-treated which causes their results to suffer and this ends up hurting the success and growth of both individual practices and the profession as a whole. By allowing patients

to decide what they can afford within the C.A. sliding scale, patients can afford to get the treatments they need, success rates increase and practices grow as a result. The C.A. model does not advocate accepting insurance payment and the sliding fee structure might prohibit this although some individuals working within that basic system might have found a way to do so.

While these two practice models could not be farther apart in their fee structures, payment methods, and ultimate income expectations, they actually share some important things in common regarding how to improve success rates with patients. Both models are built around attempting to ensure patients get the number of treatments they need in order to be as successful as possible. Both also seek to lessen the stress of producing results deemed worth the costs to their patients albeit in a very different manner. In other words, both models address the stress of charging for a service when the outcome is uncertain. The Emperor's Medicine model does this by committing to doing as many treatments as it takes to help the patient at a fixed price while the Peasant Medicine model does that by making the treatment costs low enough that the patients can afford more treatment with less stress as compared to treatment with higher treatment fees.

Many practices charging higher rates paid for at the time of service constantly struggle to keep producing good enough results so that patients feel they are getting a good value. Too many practices that charge higher rates—say over \$60 a treatment or so—try to get by treating their patients once a week because they are afraid the patient can't afford more. But, by starting off the treatment this way, they often don't get good results because they are under-treating. Patients will tend to come two or three times, see little or no improvement and then stop coming because they don't feel the treatment is worth the cost.

I wholeheartedly agree with both Robert Doane and the Community Acupuncture folks that one needs to pay great attention to being able to treat often enough to get the most out of acupuncture and to be sensitive as to how the issue of affordability will be perceived by the patient. If you under-treat, you will not get the most consistently good results and this will seriously hinder the ability of your practice to grow. Then again, if you over-treat, this will raise the costs of your services unnecessarily also hindering the growth of your practice. In socialized hospital settings such as was the case in China, they didn't worry much

about over-treating because they didn't have the market pressures regarding costs that we have here. Since it is almost impossible to cause any real harm with acupuncture, the only risk associated with over-treating is the cost of the treatment or the time required of the patient. If there are no cost concerns, it is better to err on the side of over-treating to be sure you obtain the best possible benefit from the treatment. In the Middle Way model, you try to get the most benefit with the least out-of-pocket cost without over or under-treating. This is a delicate balancing act but it is the way to help make your services a good value for your patients. I will be offering lots of advice on how to pull-off this balancing act.

As you will learn, success in private practice comes from paying attention to details and not just skills like being great at diagnosis or having wonderful needling technique. Both in caring for the health of your patients and caring for the health of your practice, it really is a matter of "every little bit counts." In ancient China, they often used metaphors to describe treating health problems that evoked images of engaging in a battle. Doctors were battling the disease and had to approach their treatments with the same care as a General fighting a determined enemy. After many years in practice, I understand why those metaphors were used. Like a battle, you must pay attention to detail and not get lazy or complacent. You need to be prepared to fight for every bit of progress and be on guard for surprise attacks (unexpected complications). Once you gain ground, you need to work to hold it and then move forward again.

In the following chapters, I am going to put my model for practice building into perspective by breaking things down to their most basic elements. What I especially want you to become more aware of is just how a patient or prospective patient views you and the services you offer. The better you learn to see things from their point of view, the better you will be able to achieve a high rate of patient satisfaction. I will explain after I touch on the subject of establishing fees that patient satisfaction is the foundation of a successful practice.

## **CHAPTER FIVE**

### **Establishing Your Fees**

There are several major decisions you must make to give yourself the best chance to survive in private practice and near the top of this list is the question of how much you will charge for your services. I mentioned in the previous chapter that the model I promote focuses on maintaining a low overhead, a moderate patient volume, with a low average out-of-pocket cost to the patient. In this chapter, I want to delve into the issue of charging fees for acupuncture. As this is such a touchy topic with some people, I will go into detail explaining my perspective. Of course, this is my own opinion, others will have different opinions. What I will offer here is what I believe to be the most realistic price range for trying to build a practice in the broadest market segments.

The issue of how much acupuncture treatments are worth is relative; like many matters in the marketplace, a service like acupuncture treatment is ultimately worth what people are willing to pay, including third-party payors such as insurance companies. As I stressed in the beginning of this book, understanding the value of acupuncture services is not easy because it is difficult to know just how many treatments will be needed and different patients have different financial means and different ideas about what they believe to be manageable cost-wise.

Most acupuncturists make the mistake of setting their fees based on how much money they want or feel they need to make. Many have been taught that they should not “sell themselves short” by charging too little. Following this advice, they decide to charge \$80-\$120 per treatment, calculate how many patients they will need to see at those fees to

make the money they want to make, and then try to build their practice to that patient load. What should be done is to realistically evaluate just what the market will bear—how to make the costs of your treatments a reasonable value for your patients. This will vary depending on your market, especially the area you are in. Are you going to open your practice in Beverly Hills, California or Jackson, Mississippi? We will consider issues related to practice location and patient demographics later; the main issue I want to cover here is the basic question of what is a reasonable charge for acupuncture.

If you look over the incredibly long history of acupuncture, you become overwhelmed at the various ways it has been utilized. It really has been employed in everything from Emperor's Medicine to Peasant Medicine and all points in between. In other words, you can't look back and find how it was "usually" done. The manner in which acupuncture has been delivered and paid for varies depending on the circumstances in which it is taking place. This means there is no "right way" acupuncture should be done to help you know how much you should charge to perform it this way. As I mentioned in Chapter One, in China officials have set treatment charges so low it is causing practitioners to leave that field. Just how acupuncture has been clinically performed over the years has been as much determined by the circumstances of the culture/market as the mechanics of how it works therapeutically.

In the West before any licensing laws were adopted, most acupuncture was done within the Chinese community in the private homes of practitioners or the back rooms of Chinatown herb shops. The fees for such treatment were often on the modest side although some acupuncturists might have commanded higher fees based on their reputations (deserved or not). When acupuncture burst on the scene in the early to mid 1970's after "New York Times" reporter James Reston wrote his article about his experience with acupuncture, the first regulation of acupuncture in the U.S. began. Many of the first practitioners licensed and now openly practicing under these new regulations set the tone for how acupuncturists ran their practices including how much they charged and how often they treated patients on average.

Being that acupuncture was so new to people in the West, many of the first non-Asian patients to seek-out acupuncture were those who were more "into" innovative—even "New Age" healing methods. These tended to be female, white, college educated, higher-income

types and this demographic was the bread and butter clientele for the first generations of acupuncturists that were licensed in the U.S. Times have changed though and finding more and more of this relatively small patient demographic to serve as clientele for the rapidly growing acupuncture profession has not made sense for some years now. In my opinion, acupuncturists need to face the reality that seeing one patient an hour for one treatment per week and charging fees that would support a practice at this treatment pace and price points may have worked for some of the first generations of U.S. trained and licensed acupuncturists but cannot be counted on today to sustain our profession's growth. Some individuals are able to make this work, but not the profession as a whole.

I mentioned earlier that I work in the insurance industry. I was on the original panel of advisors that helped the insurance company American Specialty Health develop their first acupuncture HMO plan in 1997. The reason I was inclined to work with this company was my belief that the white, female, college educated, upper income clientele so many acupuncturists made their livings from was far too limited of a patient base to support our growing profession. Some of my colleagues on this advisory panel were leaders of acupuncture organizations and many of them were criticized for helping to create these HMO plans because the payment rates for acupuncture treatments were lower than what many acupuncturists charged. This was the first time that debates over how much acupuncture should cost were waged in public in the U.S. and it got pretty nasty. Those of us helping to build HMO plans with their modest reimbursement rates were made-out to be the Benedict Arnolds of the acupuncture profession. We fought as hard as we could to get reimbursement rates raised and won some modest concessions, but the fact is these rates really do reflect the state of the market. If enough acupuncturists are willing to work at these rates, then it is in the best interest of both the insurance companies *and* the patients to pay at those rates.

Critics could not accept this simple fact and claimed that these low rates would force acupuncturists to do a substandard job in their treatments. Acupuncturists, they said, could not afford to spend the time and take the care to do a good job for their patients at these rates and this would ultimately be harmful to the public. More recently, the Community Acupuncture supporters with their low fee sliding scale

have also been heavily criticized with the same rationale. Let's examine this argument and see where it falls apart:

If the argument that lower rates for acupuncture means acupuncturists will have to see too many patients and will not be able to take the time to deliver proper care, then the acupuncture being done in the TCM wards of the hospitals in China must be the worst acupuncture in the world. In that setting, acupuncturists see dozens of patients a day and are paid very poorly for it yet I have never heard anyone publicly criticize that model or those acupuncturists working under those conditions. Where is the outrage over this? Some who charge higher fees feel justified in this because they believe themselves to be so much better than the average practitioner and maybe they are. However, if you look at the very studious and hard working colleagues of ours in those TCM hospitals as representing a pretty high level of practitioner, you can see that they often need many treatments to help their patients. Nobody routinely cures their patients with just a few treatments thus justifying charges that are truly worth 3,5, or even 10 times more than the lower fees some acupuncturists charge per treatment.

The ones who complain the loudest about those accepting low fees are the fortunate few who have been successful in carving-out a niche of clientele who can afford to pay substantially more or who have the unusual types of insurance clients whose policies pay high fees. I don't begrudge these people their good fortune. I think it is great they have been able to accomplish this because it is tough to make a living in this profession. These critics need to realize, however, that the vast majority of acupuncturists have not been able to make that model work for them and will not be able to do so moving forward. The bottom-line is if acupuncture can be done well at modest fees it is in the public's best interest to do so and focusing on the public's best interest is the wisest thing a health care profession can do.

If you charge higher rates, you greatly compound the stress to produce results that your patients feel are worth the costs unless you are servicing a rich clientele who expect to pay inflated prices. The higher your rates, the more valuable each treatment will need to be. If you charge \$120 per treatment, will you be able to make your treatments at least three times more valuable than the acupuncturist across town who charges \$40 per treatment? Are you ready to take on this extra pressure? A course of acupuncture treatment in China currently costs about

sixty U.S. cents making it clear that there is no industry-wide guideline as to what “should” be the fee for acupuncture and much more thought needs to be given to this issue. What is being charged in China is surely too low and is causing problems in that system but their fee structure demonstrates just how great a range there can be in fees charged for acupuncture services.

Am I saying that charging lower fees is the key to practice survival? No. I am saying you have to be realistic about just what the market will bear, that the old model the first generations of U.S. trained and licensed acupuncturists employed to survive should not be followed uncritically, and that you should not be afraid of charging less if your market realities require this. I am also saying that if you charge on the upper end of your markets norm, you put yourself under greater stress to produce more results with fewer treatments. Think of it like going to a restaurant. If you go to a small Mom and Pop restaurant and they serve pretty good food at reasonable prices, you tend to be happy with the experience even if everything was not perfect. Go to a swank, high-priced restaurant and even if the food is great you might come away disappointed if the waiter didn’t keep your water glass filled fast enough.

People are tired of being sold a bill of goods by slick marketers. If you come across as someone who is obviously not getting rich off your patients but are trying your very best to help them and the money is not your primary motivation, your patients will sense this and be very grateful. They will also be less demanding and more forgiving if you make some mistakes. They will be more willing to work with you as you try to help them. If you come across as someone who really cares deeply about helping them, it subtly shifts the responsibility for the outcome of the treatment from being all on your shoulders to a team effort in which the patient also bears some responsibility. This is how it should be. Patients should bear some of the responsibility for their therapy. It should not be 100% on your shoulders. If you give the impression that you are such a special healer and that is why your fees are high, the patient will expect you to be more responsible for their improvement and will not tend to work as hard themselves. I hope you give this some thought as building a constructive relationship with your patients will not only improve your patient satisfaction rates, it will reduce your possible liability, i.e.—the likelihood of being sued.

## The Numbers

To the best of my knowledge, there has been no research comparing different types of acupuncture treatments to get an idea of what techniques get better results and thus have a greater value. One study that did look at the general issue of cost effectiveness was a study done in Germany on treating low back pain. This study was funded by German insurance companies and one of their conclusions was that acupuncture was cost effective for low back pain *if* the cost was under \$50 P/T (per treatment). This figure caught my eye because it is in line with what I believe is a ball park figure for what the market will bear for acupuncture treatments in many private practice settings in the West. Most acupuncturists should be able to make a comfortable living charging in this range if they can build a moderate patient load.

The \$50 P/T figure is just a rough one that can provide a realistic starting point that would need to be adjusted up or down depending on local market dynamics. Again, your services are worth what the market is willing to pay and I am only trying to offer my honest opinion as someone who has not only been in practice for 25 years but has been active in many aspects of the growth of the acupuncture profession including the insurance industry's coverage of acupuncture. No doubt some of the Community Acupuncture people will think this figure is too high, placing acupuncture out of reach for a large percentage of working class people, and those who have been getting two or three times as much for their treatments will think me foolish and even dangerous for advocating charging so low. No one practice model including a treatment fee guideline will work for everyone in every circumstance. But while this figure will be too high for some markets and too low for others, charging in this range will be affordable for tens of millions of middle-class people *if you can squeeze the most benefit out of the least number of treatments as I will be teaching you to do*. This price range should also work in all but the most expensive (high rent) areas and does not require seeing a high volume of patients to make a decent living.

If you calculate income based on a full-time practice being open five days a week, and averaging ten treatments a day, you end up with fifty treatments a week. If you average making \$40 P/T and you averaged fifty treatments per week for fifty weeks a year, this would give you a gross income of \$100,000 per year. With an overhead of 35%-40%,

that would leave a before tax income of \$60,000-\$65,000 a year. That figure represents a healthy income that would allow most a nice living while being able to re-pay student loans. Tweak the figures of average treatments per week, multiplied by average fees, and subtracting overhead, and you can calculate a range of different pre-tax incomes. Lower your overhead, you don't have to gross quite as much to net in this range. If your market will allow slightly higher average fees, you won't have to average as many patients per week. If you can increase your patient volume by lowering your fees, this can help get you in the target range also.

Achieving a gross income somewhere in the \$100k a year range should be feasible for most private A/OM practices if the practitioner is working full-time hours of forty to fifty hours a week. The greatest challenge you will face is surviving the first years while building-up to the patient volume you need to gross near the \$100k range. It should not be unrealistic to hope to achieve this in two to three years. Some will be able to do this in less time. I will offer advice in Chapter Twenty on ways you can get off to the best start possible—to hit the ground running and improve your chances of earning enough to survive those crucial first years. Of course, no one can offer a strategy that will insure success for everyone. If you are coming out of school with \$100k in student loans, only want to work part-time, and insist on opening your clinic in an expensive area already saturated with other established acupuncturists, you are almost certainly doomed to failure.

My treatment charges are currently \$60 for adult patients, \$40 for senior citizens (65 years of age and over) and anywhere from \$10-\$30 for infants to students depending on the time it takes to treat them. I mostly do qi-gong, acupressure and massage techniques on infants and young children and either those and/or acupuncture on older children. It is my understanding that many states do not allow charging discount rates for groups like seniors, my State of California being one of the exceptions. You should check into the legality of this in your state but I think it is easy to get around such dumb regulations by stressing your fees are based on time spent. I don't utilize quite as much time on my elderly patients and even less on my younger patients. If I was in a state that frowned on giving discounts to specific age groups, I would make sure I had some sort of written policy explaining this was due to the time factor. Many elderly patients especially need a price break as they are living on fixed incomes and Social Security does not pay for acupuncture.

With my current pricing structure, my patients' average out-of-pocket cost is about \$24 P/T. Factoring in third-party reimbursement, the amount I average in total compensation for each treatment is about \$43. Both of those figures can vary a bit up and down of course, but this means my total compensation on average is about 75% more than what the patient actually pays out-of-pocket. Yes, I do have some extra overhead involved with managing insurance billing, but it is nowhere near the 75% extra I receive as a result of accepting third-party payment.

The above figures do not include my herb sales. My policy on herbs is to only have a very modest average mark-up to cover the costs of the herbs and allow a small profit. I consider herbs to be part of my overall service and use them to help me achieve the goal of squeezing the most benefit out of the least cost to my patients. I always look for every advantage to improve the cost effectiveness of my treatments and herbs can be a big help in this. Some herbs are so expensive, I actually sell them at my cost while others are cheap enough to allow me to charge a bigger mark-up while still keeping them affordable. Just like I do with having a range of prices for my treatments that allows the higher profits ones to subsidize the lower profit ones, I have a range of mark-up for my herbs that allows me to keep the average price reasonable.

When I first opened my practice in 1986, I charged \$40 for adults, \$25 for seniors, and \$10-\$20 for children or students. I don't anticipate raising my rates in the near future except I might start to charge a modest additional fee for the first visit for adults and perhaps bump-up my rate for children a little. I know I won't be increasing my senior rates anytime soon. While I am in a position that I could raise my rates and do just fine if I were to lose some patients and have a little lower patient volume made-up for with a higher average fee per treatment, I would not feel right about putting my services out of reach for any of my patients. As I have thought back about this over my career, I realize that once my practice was well established, I could have easily raised my rates, weathered the fall-out, and shifted to catering to a higher income clientele. But when I think about all of the patients I was able to help who could not have afforded me if my rates were higher, I know I made the right choice. I feel honored that I was able to be of help to those patients. People with more money have more choices while people with less money need more choices. Our profession needs to have enough caring and qualified practitioners charging fees that provide a good

value for all. That is why I have so much respect for the Community Acupuncture people even though I think that model may not be the best for some to establish their practices right out of school as it requires such a high patient volume to make it work financially.

I know some people look at the numbers and think it's better to work at establishing a practice with higher fees. You will only need to do half as many treatments charging \$80 a treatment than if you charge \$40 they will say. While this is true from a theoretical numbers perspective, there is another important reason to seriously consider developing your practice as one with modest fees and a somewhat higher patient volume. If you are doing your job right and achieving a high rate of patient satisfaction as I will detail in the next chapter, your chances of building a successful and secure practice will be much better the more patients you treat. Every satisfied patient you have is both a potential repeat patient and one who may refer others to you. Your ability to grow and sustain your practice over the years will depend on these satisfied patients and the more of them you create, the better your odds of future growth and sustainability. I mean, think about it: The more people you help, the better the chances you will achieve the blessing of earning a comfortable living.

I will give much more information on how to make my model work as far as the business aspects of practice building goes later in this book. For now, I want to get to the part I am most anxious to share with you—the fun part of how to provide this beautiful healing service to your patients in a way that works for both.