17 Training to Begin a Private Practice

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Preparation for entering and succeeding in private practice is one vital area that graduate programs typically cannot give adequate attention to due to the long list of "academic" courses and clinical training experiences that must be offered to ensure the development of necessary clinical competence. And it seems that there is never enough time to learn all we need to know to be fully prepared for our professional roles after graduation day. But the preparation specific to having a career as a private practitioner is an important aspect of career growth and planning. This chapter will provide guidance on how to prepare for a career in private practice.

Years ago, psychologists would receive their degree, become licensed, have business cards printed, take out a yellow pages ad, rent an office, and begin treating patients. Unfortunately, the practice landscape has become much more crowded, competitive, and complicated over the years. There are numerous mental health professionals with various amounts and types of training who are all competing for many of the same patients. While clinical proficiency is mandatory, it is not nearly enough to ensure success in private practice. Running a private practice is a business enterprise that requires advanced planning, market analysis, a business plan, targeted marketing, and solid business practices.

1. Preparation for Private Practice

Rather than using a trial-and-error approach and just learning as you go along, it is best if you prepare well in advance to enter private practice. You can begin by using the resources that surround you to explore options that will allow you to become more marketable and better prepared to be a successful private practitioner. Use your graduate school professors, professionals in your community, state and national professional associations, internet websites, and social media networking sites to explore your options as early as possible. Seek out mentors who can assist you to prepare for a successful career as a private practitioner. Refer to the checklist below to familiarize yourself with some of the issues you will want to consider both before and after receiving your degree.

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1.1 While You Are Still in Graduate School

- Take elective courses in specialty areas that interest you. Possibilities include group or family psychotherapy, clinical hypnosis, stress management, and neuropsychological assessment.
- Explore specific externship/internship opportunities that will prepare you for the type of private practice you would like to have.
- If your school offers a course in the business aspects of practice, take it!
- Seek out professional continuing education classes that focus on business aspects of practice.
- Join your state psychological association and Psychologists in Independent Practice (Division 42) of the American Psychological Association. Participate in one of their mentoring programs.
- Talk to those professors who also work in private practice and other mentors with experience in private practice and ask questions such as:
  - o What experiences should I seek out as a student to better prepare me for a career in private practice?
  - o What challenges and obstacles might I face when entering private practice and what are some actions to take to help overcome them?
  - o What lessons have you learned over the years that contribute to being successful in private practice?

1.2 After Obtaining Your Degree

- Explore post-doctoral opportunities that will enhance your skills as a private practitioner. See Chapter 23 of this volume for further information on the potential importance and role of post-doctoral fellowships.
- Continue working closely with a mentor who is an experienced and successful private practitioner. There is no need to have to go it alone.
- Research geographical areas that interest you and determine their needs. Consider the following when deciding to practice in a certain area:
  - o If there are any groups of potential patients whose needs are not being adequately met.
  - o Assess your local area to see if it is saturated with practitioners with a certain specialty.
  - o Consider if the region you've selected for your private practice is saturated with managed care or if most private practitioners in that area have fee-for-service practices.
- Determine if you will be able to join managed care panels and if so, how long this process takes and when you can begin.
- Consider how much “unpaid” time you will spend collecting payment from managed care organizations and if it would be worth your while to hire administrative help.

- Determine if you should open your private practice immediately or if you will need to start with other work and build your private practice into a full-time enterprise over time.
- Develop a business plan, including a budget, for establishing and running your private practice. Determine which experts you should consult with to assist you with this endeavor. You might wish to seek out and consult with an attorney or a Certified Public Accountant at this stage to get a feeling for the ways in which you can set up to protect yourself, financially and legally.

1.3 After You Enter Practice

- Continue relationships with current mentors and seek out others who have expertise in areas of relevance to your private practice.
- Continue your relationships with your attorney, Certified Public Accountant, and perhaps add the services of a Certified Financial Planner to further assist you with the legal and financial aspects of private practice.
- Consider using the resources available through The Practice Institute (https://thepracticeinstitute.com) for business and marketing consultation, education, support, and assistance.
- Reflect on what successes and failures you have experienced in beginning and running a private practice. Learn from them, build on your successes, and don't repeat the failures – consider them lessons learned.
- Determine the most important things you have learned about running a successful private practice and keep these lessons in mind.
- Consider what impact your theoretical orientation has played on the nature of your private practice and on your level of success. Remember that you can build on what you know to be able to serve your client base more comprehensively. For instance, if you are trained in the use of Cognitive Behavioral Therapy (CBT), you may wish to enhance your competency around the practice of mindfulness meditation, which is often successfully used as a part of CBT.
- Seek out continuing education opportunities that will expand the skills you can offer to the public. Always consider the niche markets in your area that will keep the clients coming.

2. Is Private Practice For You?

A career as a private practitioner is not for everyone. However, for those who are well-prepared and who have realistic expectations, it is an enriching and rewarding career choice. Educate yourself about the realities of private practice to ensure your decisions are not influenced by common myths or misunderstandings about private practice (Barnett & Zimmerman, 2019). Consider if private practice is a good fit for your personality, needs, and professional goals. Personal characteristics such as strong

Table 17.1 *Pros and cons for a career in private practice*

Pros	Cons
Being your own boss	Financial uncertainty and risk with possible periods of low earnings
Ability to decide practice location, hours, areas of specialization	Responsibility for all expenses and overheads
Unlimited earnings potential	Possible professional isolation for solo practitioners
Flexibility	Responsibility for billing, collections, insurance, employee and staff decisions
Control over business decisions	
Full responsibility for success of practice	

internal motivation and an entrepreneurial spirit will certainly play a role in your success in private practice, but these factors alone are not enough. Consider the pros and cons to establishing and maintaining a private practice provided in Table 17.1.

After making the decision to enter private practice and considering the personal characteristics and professional issues above, it is important to start thinking about some of the more practical issues you will face as a private practitioner. For instance, how will you start your practice? Jumping right into full-time private practice is not necessarily a viable option for all recent graduates. Consider the most realistic and beneficial options relevant to your situation. Specifically, find out how much time it takes to build a full-time private practice, assess the financial demands of opening a practice in your area, evaluate how you will make ends meet while you are building your clientele, consider your need for health insurance and other benefits, and make sure you will be able to find sources of professional support, especially early on. When examining the big picture, some recent graduates prefer to start out in another setting and transition to private practice slowly. This is not considered failure or a ‘second best’ option, and in fact may teach you valuable lessons that will reinforce the success of your future practice as an independent practitioner.

One way to do this is to work full-time in a salaried position and start your private practice in the evenings and on weekends. This will provide you with a full-time salary, benefits, collegial interaction, and supervision. This is a good time to develop competence in specialty areas of practice that you can begin marketing in the local community. You will also have the opportunity to network with other professionals in the local area and to build your reputation while avoiding the potential financial instability that may be a part of your early years in practice. Or, if you have the financial flexibility, you might want to work part-time in a salaried position with benefits and build your practice in the remaining time. While perhaps slightly more risky from a financial perspective, this arrangement gives you more time to build your practice while enjoying the security and benefits of a salaried position.

An additional option is to dedicate yourself full time to the development of your private practice. This choice provides the fastest route to a full-time private practice but carries the greatest financial risk. With each of the first two choices you can decide, based on your success and/or preference, just how much of your time you want to spend in the private practice setting. Some practitioners cut back on the number of hours worked in a salaried position as their private practice grows. Others will find that working part-time in two positions provides them with the best possible combination of financial stability, benefits, varied work activities, and collegial interactions to meet their needs.

Another important decision to make concerns your practice setting. You may choose to open your own “solo” private practice; you may form a group practice with one or more colleagues; or you may join an already existing group practice, whether it be only with other psychologists or with a range of other mental health professionals. When starting out as a solo practitioner you may lease office space on your own or sublet an office in a suite with other mental health professionals. For those who decide to build their practice part-time, subletting space in a larger suite of offices may be the best course of action. Offices may typically be rented quite economically, often by the hour, the half-day, or by the day, and come furnished and offer amenities such as telephone, photocopier, internet access, and even a shared receptionist to greet patients and answer the phone. As your practice grows, you may be able to contract for additional time in the office. Another benefit of this arrangement is the proximity of colleagues. Being in a solo private practice on one’s own may be an isolating experience. Further, not having to pay for office space full time when only using it part time is much more economical. However, when working in a suite of offices with other mental health professionals it is important to ensure that your solo or independent practice is clearly represented to others so that you will not incur any liability from the actions of others in the office suite.

If you choose to participate in a group practice, an additional point to consider is the composition of the group. It may be comprised entirely of psychologists or it may be a multidisciplinary group. Further, as Walfish and Barnett (2008) recommend, “When joining a group practice, choose your associates wisely. These individuals can enhance or detract from your reputation and increase or decrease your liability” (p. 56) and your income! Thus, all potential practice arrangements should be fully investigated and careful consideration should be given before making such a decision. Table 17.2 provides an overview of the benefits and drawbacks of solo and group practice arrangements.

Again, it is helpful to speak with private practitioners in a variety of practice settings to hear about their various experiences. This will help you decide on the best plan of action for you. Keep in mind, however, that many practitioners look for positions, get interviewed, accept an offer, and *then* see how it works. There is only so much we can know in advance; some of it must be learned through experience. However, if you consider all these issues and get a clear sense that one practice arrangement best suits your needs, personality, and comfort level, then that is what you should try.

Table 17.2 *Considerations for a solo practice or group practice*

Solo practice	Group practice
Pro: Practitioner independence. Set your own hours, salary, benefits; decide how to run your practice	Pro: When you have a psychiatrist on staff you will have easy access and ongoing communication about your patients who need treatment with psychotropic medications in addition to their psychotherapy
Con: You must find mentorship and supervision on your own as you need it. This might come at a cost	Pro: Interprofessional collaboration and within-group referrals
Con: No administrative support, you will have to allow time for paperwork and correspondence	Pro: Access to clerical and administrative support
Con: Higher costs of operation unless operating from your home, which has drawbacks of its own	Pro: Lower overheads/sharing of costs
Pro: Absolute authority over all decisions	Con: Sharing of decisions and of profits
Con: Unlimited personal liability	Con: Each member of the group must accept some liability for the actions of all group members

Note: A sole proprietorship is not taxed as a business entity. (Depending on your total income, this can be either an advantage or a disadvantage.)

2.1 Questions to Ask When Considering Joining a Group Practice

- Who owns the group and who makes business decisions?
- How are referrals shared and what assistance will be provided to help me get started?
- What administrative support do I receive from the group?
- What per cent of the income I generate goes to the practice and what per cent to me?
- Does this percentage change over time and if so, by how much and what factors impact this?
- What if I decide to leave the practice; can I take my patients with me?
- What benefits am I provided; malpractice insurance, continuing education, etc.?
- Am I allowed to decide which patients I will treat?
- What supervision and on-call coverage opportunities and obligations exist?
- What are the criteria for evaluation and how does one become an owner or partner?

As you begin to attempt to set yourself apart from the many psychotherapists, counselors, and other mental health clinicians competing with you for a limited number of potential patients, it is important to be able to be more than just another generic mental health professional. This is where your “niche” might come into play. This is not to suggest that providing psychotherapy and assessment services with excellence is not a worthy endeavor, but these skills should be viewed as the foundation for your private practice. Beyond that, consider developing an area of expertise that can be marketed to targeted audiences (and that also are typically fee-for-service endeavors where you will earn more and not have to hassle with managed care).

Psychologists in Independent Practice, Division 42 of the American Psychological Association, has an excellent series of niche practice guides that provide an excellent introduction to developing a specialty. Each guide provides a detailed description of the specialty area, information on how to enter it, what training is needed, and where to obtain it and training resources available, ethics issues to consider, marketing considerations, and a list of resources to access for additional information. Thirty six niche practice guides are presently available for such diverse areas of practice as health psychology, infertility, psycho-oncology, eating disorders treatment, marital therapy, working with stepfamilies, smoking cessation, ADHD assessment and treatment, geriatrics, sport psychology, treatment of personality disorders, neuropsychology, women's issues, psychologist–dentist collaboration, child custody evaluations, men's issues, and many others. These very useful guides may be ordered through the Division 42 website at www.division42.org. Developing specialty areas is an important step for setting yourself apart from other practitioners in your community. Select areas that interest you, obtain the needed training, and then begin marketing the services you have to offer.

In addition to providing clinical services, you should consider how you might apply the knowledge and skills you already possess to other areas that would augment your clinical practice. Suggestions include business consultation and team building, personal and executive coaching, divorce mediation, school consultations, and forensic evaluations. An additional excellent resource for those starting out in practice is the book by Walfish (2010) that describes 50 different practice areas for providing professional services outside of managed care. While one should only enter specialty and niche areas of practice with supervision from, or consultation with, an experienced colleague, you may be surprised how little additional training and experience you'll need to be competent in these additional areas of practice. Another useful, and hopefully inspirational, resource is Verhaagen and Gaskill's (2014) book *How we built our dream practice: Innovative ideas for building yours*.

3. The Business of Practice

Even the most competent clinician can end up sitting alone in the office waiting for the phone to ring. After assessing your local area's needs, developing a specialty area or practice niche, deciding on group or solo practice/multidisciplinary or all psychologists, purchasing business cards and possibly even developing a website and/or social media presence for your practice, you must now tackle the business of practice; and it *is* a business. Ask yourself the following questions regarding the business of running a private practice.

First, will I work as an independent contractor or an employee? An employee is hired by, and works for, an employer; is directed by the employer which patients to treat, when, and how; and the employer takes out withholding for taxes and pays a portion of the individual's social security tax. IRS Tax Topic Bulletin 762, Independent Contractor (Self-Employed) or Employee, explains that an independent contractor is defined as an individual who is not an employee, but who works with another individual under a contractual agreement. Independent contractors treat whichever patients they like, and when and how they might like. They purchase their own supplies and set their own hours. They pay quarterly estimated taxes and no taxes are withheld by the other person. For additional information see the Internal Revenue Service's website at www.irs.gov/taxtopics/tc762. Additional important information is provided at the IRS webpage Independent Contractor Defined at: www.irs.gov/businesses/small-businesses-self-employed/independent-contractor-defined.

If you should choose to work as an employee, ask yourself how you will establish your fee structure for services rendered *and* how you will be compensated by the practice. Employees typically receive a specific salary and benefits, based on a certain number of employee billable hours provided in the practice. The employer also pays a portion of the employee's social security taxes. Additional administrative tasks may also be assigned as part of your work duties as specified in your employment contract. As an employee, you have the right to negotiate your employment contract, but do consider the learning and support you will receive as an employee as part of what you are gaining and factor that into your negotiations.

For independent contractors the typical arrangement is to pay the practice owner a certain fee or certain percentage of fees collected for each patient seen. Typically, independent contractors working within an established practice pay the practice owner 40 per cent of all fees collected and keep 60 per cent for themselves. If you are offered a lower percentage of fees collected, such as 50 per cent, be sure your contract stipulates criteria for it increasing over time. Keep in mind that a lower percentage reflects the fact that the practice may be providing referrals and your business will get built-in marketing just by being a part of an established practice with its own reputation. A typical arrangement would be to start with paying 50 per cent to the practice and then having this percentage decrease as you begin generating your own referrals. Should you begin providing referrals to others in the group due to your success, the percentage paid to the practice should decrease even further. All of this should be clearly laid out in the contractual agreement signed upon joining the group. Being aware of these long-term issues when starting out is very important to your success in private practice.

It is essential that you have all contracts reviewed by your own attorney prior to signing them. Without legal training, we are not able to know the implications of every clause that may appear in a contract. Your attorney is your advocate and considers each contract based on your best interests, at present and over the long term. An investment in legal services at the outset is an investment in yourself and your practice. Paying for the services of an attorney can save you tens of thousands of dollars over the years as opposed to trying to do it all on your own. Specifically, your attorney will help you agree to a contract that contains provisions that will grow your earnings in years to come. Failure to consult with your own attorney prior to signing a practice agreement or contract may result in your unknowing agreement to provisions that promote the best interests of the practice owners over your own best interests, and sometimes even at your expense.

Additionally, as you negotiate the contract, you will need to consider what you are receiving for the percentage of collections you pay to the practice. The practice owner is providing the office space, furnishings, office staff and supplies, and perhaps most importantly, referrals of patients for you to evaluate and treat. Typically, practice owners who are very busy and have more incoming referrals than they can personally treat will take on independent contractors. For the new psychologist just entering private practice this can be an excellent way of starting out. There is a ready stream of referrals, a furnished office with trained staff and infrastructure already in place, and the possibility of supervision and peer support. As mentioned, other contractual arrangements are possible, such as leasing space in another practitioner's or group's office, so consider the options available to you as you find the arrangement that is in your best interest and best meets your needs based on your particular circumstances.

Finally, be sure to educate yourself on certain business principles such as non-competition clauses *before* you sign a practice agreement or contract. This is a major area of concern for independent contractors, especially when and if you eventually hope to leave the practice and branch out as a fully independent practitioner. The non-competition clause will be laid out and agreed upon between you and the practice owner when signing your initial contract. This clause may specify that if you decide to leave you may not practice psychology for a specified period of time within a certain distance of the practice you are leaving. This will protect the practice owner from direct competition from you should you decide to leave after they assist you in becoming established and developing your professional reputation with referral sources in the local area. Unless you have a specialty area not otherwise available in the local area, such contractual clauses are generally deemed enforceable. The practice owner is providing you with referrals and assisting you to develop your reputation and referral sources in the local area. Without such a clause in the contract you could fill your schedule, build your reputation, and then leave and open your own practice across the street or across town. Yet, these clauses can sometimes be negotiated and they do not necessarily need to be included in practice agreements and contracts. This is another important aspect of contractual negotiations where your attorney can prove invaluable.

4. Rules of Business Success

4.1 Consult the Experts

The first thing you need to know, even if you open a solo practice, is that you can never enter or run a private practice on your own. You will need the services of experts in two key areas of expertise: legal issues and accounting. As has been highlighted, unless you have graduated from law school we strongly suggest that you *never* enter a business arrangement or sign any contract before first consulting with your attorney. Too many practitioners have learned the hard way just how costly a mistake being your own attorney or accountant can be. While their fees may seem expensive, these professionals will save you a great deal of money, anguish, and legal difficulties in the long run. Speak to experienced practitioners in your local area to find out who they use, if they are happy with the fees charged and services provided, and then use this input to guide you. You may also obtain referrals for attorneys through your local or state psychological association as well as through the local bar association, but be sure to check their references and reputation. Don't rely on fancy advertisements for guiding you in such an important decision. Just to clarify the point made above ... never sign any contract without first having it reviewed by your attorney who will ensure it is in your best interest and suggest any needed modifications *before* you sign it.

A Certified Public Accountant (CPA) can assist you with numerous important financial aspects of setting up and running your private practice. For a detailed explanation of all this see the book *Financial management for your mental health practice* by Zimmerman and Libby (2015). Additionally, a CPA can assist you in making important decisions such as if you should incorporate your practice and if so, how. Numerous options exist to include incorporating as a Limited Liability Corporation or a Professional Corporation, among others. Each incorporation status brings with it different costs and benefits. Your CPA will be able to guide you to make the best choice for your needs and circumstances. A CPA can also assist you with retirement planning, something you should consider from the outset of your career.

A Certified Financial Planner can be of immense help in offering guidance on investments and retirement planning. Private practitioners need to save money for their retirement and invest it wisely over the long term. Unless one is a salaried employee who works for a company that offers a pension plan, one has to plan for and save for their own retirement. Consulting with a financial expert can make this process easier and more successful.

4.2 Market Your Practice at Every Opportunity

Even if you are an independent contractor in a group practice, but especially if you decide to open your own practice, marketing yourself to the local community and to a variety of possible referral sources is of great importance. Potential referral sources may include physicians in your community, schools, attorneys, other mental health professionals, and a variety of others depending on the type of professional services you offer. It is important that you have a visible and positive presence in-person in your community as well as online.

4.3 In-Person

Possible strategies to secure referrals include:

- Send an announcement of your practice opening. Follow up with a brief letter describing your training, background, and expertise. Be sure to tailor the letters to the perceived needs of each referral source and the specific population they serve. (See Appendix A for an example.)

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- Telephone potential referral sources and request a brief meeting to meet and describe the services you offer (and how you can help them and their patients). Especially if you contact medical offices or other practices, determine whether you can offer a service they need and mention that specific service when you call. Let them know that you would be willing to briefly attend a few minutes at the start or the end of their next staff meeting so that you have the chance to meet everyone at once and answer any questions.
- Offer free presentations to the patients of your referral sources. For example, you could offer a seminar on behavior management strategies to the parents of a pediatrician's patients, a presentation on stress management skills to an internal medicine physician's or cardiologist's patients, or a seminar on strategies for working with certain types of learning disabilities for teachers at a school you hope will refer patients to you.
- If you give presentations or seminars, be sure to bring business cards, brochures, and fliers describing you, your practice, and the services you offer. Ensure that all these materials include your e-mail address and the web address for your website. You can utilize marketing professionals and create your own brochure or you can purchase brochures from the APA's Division 42 and then attach your business card to them.
- The APA offers free fact sheets that provide practical information on a wide range of mental health issues and how psychologists can help address them. These are available at www.apa.org/helpcenter/fact-sheet.
- Keep likely referral sources updated on additional training you receive and new types of patients you can treat.
- Some private practitioners write a monthly or bi-monthly newsletter or blog that they send to members of the community. Others write columns in local newspapers or do radio talk shows or podcasts on mental health topics, and some give presentations to local groups such as C.H.A.D.D., the PTA, support groups, or at sites such as the YMCA, senior centers, and schools. These indirect forms of marketing may also be very effective in establishing your reputation as a local expert and can increase your referrals over time. When giving these presentations do not worry about lost billable time; you are making an investment that may pay significant dividends over time through the referrals these presentations may generate.

4.4 Online

- Utilize available professional referral services. Some, such as Psychology Today which at present costs $29.95 per month and which provides an online listing accessible over the Internet, can be very cost-efficient. If this generates just two referrals per year you will likely be making money on your investment. Other online referral networks exist and each should be investigated to see which best meets your needs.

- Use technology to market yourself as well. Create a website for your practice and link it to a variety of mental health sites. Be sure to keep it up-to-date and include useful information for visitors similar to a brochure or newsletter. If you write a blog or publish podcasts, make them public and sharable via your website so that referral sources can easily get to know you via this source.
- Visit a range of other practitioners' websites to see what you like and dislike about them as well as what you find to be effective and ineffective. You may create your own website utilizing many widely available templates that can be utilized by filling in your information. You also may hire a web designer who can assist you in designing, creating, and managing a customized website that best meets your practice's needs.
- It is also important to have a broader social media presence. This may include the use of platforms such as Facebook, LinkedIn, or Twitter, among others. Being seen as an expert by members of the public can help generate many referrals to your practice.
- You should also market yourself to your colleagues. Utilize your contacts in the State Psychological Association and let them know of your practice and the services you offer. Explore the successful practices in your local area and offer to take the practitioner(s) out to lunch to introduce yourself and meet with them. Many practitioners with busy practices are frequently looking for colleagues to whom they may refer patients they can't fit into their schedule. They also need competent practitioners to whom they can refer patients whose needs fall outside their areas of expertise. They are only likely to refer patients to you if they know you and the services you provide.
- Writing articles in your State Psychological Association's newsletter, giving presentations at conferences and continuing education events, and participating actively on the organization's listserv, each may make you known to your colleagues in a way that highlights your professionalism and areas of professional competence.

4.5 Follow-Up

Keep in mind that only half the work is done when you have received a referral. By nurturing the contact, you will be sure to keep the referrals flowing in. For instance, when a referral is received, always send a letter (or e-mail message) of acknowledgment of the referral (with appropriate consent of the patient). In the case of specific services, be sure to keep the referral source in the loop at pertinent stages. For instance, when doing an evaluation, forward a copy of your report to the referral source; for treatment, provide periodic written updates on the patient's treatment progress. Always be sure to first obtain the patient's written consent before doing sharing records of any kind.

Also bear in mind that your relationship with your referral sources will be best served if you can reduce their workload and help them to solve problems. Ask them, specifically, what they need and what obstacles they are facing in their practice and market yourself accordingly, if appropriate. Initially, they may send you their most difficult and demanding patients. Satisfied clients and successful treatment outcomes are your most powerful marketing strategies (see Appendix B for a sample letter). Additionally, if a referral is inappropriate for you or your schedule is full, you may want to assist your referral source by offering other appropriate referral suggestions if you know of any. Being helpful in this way can possibly lead to receiving many more referrals from them.

In summary, you must provide high-quality services, give referral sources timely and useful feedback, and market your services both directly to referral sources and indirectly to the community. Actively follow-up all these marketing efforts on a regular basis.

5. Being a Business Person and Entrepreneur

If you are in practice, you are in business. While your goal undoubtedly is to help others in a compassionate and caring manner, if you are not adequately compensated for the professional services you provide you will not be able to stay in practice. Thus, you will need to run an effective business. You will need to create a business plan, understand what your start-up expenses will be and how much financial support you will need to run your practice while working to build it, and know how many patients you will need to have to break even and to then begin making a profit. Stout and Grand (2005) provide an excellent template for a business plan in their book *Getting started in private practice: The complete guide to building your mental health practice*. Using such a template can help ensure that you have a viable and realistic business plan for your private practice and increases the likelihood of being financially successful.

You will also need to address issues such as renting or leasing office space, buying or renting furniture and décor, signing up for utilities and telephone service, and purchasing and maintaining necessary insurance (professional liability insurance, premises insurance, etc.). You will also need to decide which administrative tasks you will do yourself and which ones will be supported by someone other than you. You can either contract out certain services (like insurance billing) or you can hire administrative support staff to do it in house. Depending on who you hire and the agreement you make, support staff can handle everything from billing, collecting, and bookkeeping to scheduling, client relations, and external communications, as directed by you. Finally, with guidance from your attorney and accountant you will need to decide what tax status is most advantageous to you. You may decide to become a professional corporation, a limited liability corporation, a sole proprietor, or some other legal status. Each brings with it certain potential tax and liability costs and benefits.

It goes without saying that as a business person it is essential that you provide patients and referral sources with excellent service. In fact, you should be thinking (at least in part) of your ability to provide high-quality customer service from start to finish, just as any business owner would with their customers. Your patients are customers who are purchasing a service from you. Customer service can include business practices such as:

- Returning telephone calls, emails, and texts in a timely manner. Thus, you will need to schedule time to check for messages and to return communications throughout the day. Be sure to check for messages evenings, weekends, and holidays unless you have otherwise communicated your availability directly to your patients.
- Have an office that is welcoming and comfortable for patients. Many practices have complimentary water, coffee, and tea available in the waiting room. Comfortable furnishings and a professional atmosphere are important. Consider a white noise machine if you will have clients in a waiting area while you are in treatment. Even if you know that your treatment area is soundproof, your clients do not, and the extra step will give them comfort.
- Ensure that office staff members are warm, welcoming, and professional with patients.
- Be flexible with scheduling. Offering appointment times that are convenient to patients, especially when starting out, is very important. This may include working some early morning, evening, and weekend hours.
- Complete work in a timely manner. For those conducting evaluations, be sure to schedule feedback sessions quickly and have the evaluation report ready for the patient at that time.
- Be available to patients between sessions should they experience a crisis or have questions for you. If you use e-mail or texting, check it often and respond quickly. Be sure patients know how to reach you should a question or crisis arise between treatment appointments. Communicate your emergency procedures clearly and early in treatment, particularly a patient's need to call 911 (or other local emergency services number) if they are in crisis and cannot reach you.
- Return telephone calls from referral sources in a timely manner and periodically provide them with written feedback on the work you are doing with the patient they refer.

One goal is for your patients to feel that they were treated well and that the clinical services provided met all their expectations. However, Berman (2005) takes this one step further, speaking of customer delight, the notion of exceeding your patients' and referral sources' expectations and achieving high standards of excellence in all aspects of their experience with you. The goal here is to provide them with an experience that leaves them so satisfied that they share about their experience with others, thus being valuable referral sources for you.

6. Setting Up Your Practice

If you work as an employee or an independent contractor in someone else's practice, this will be taken care of for you, but if you open and run your own private practice you must consider and address these important issues.

First consider the physical office. The actual office must be set up so that patient privacy is protected. The use of soundproofing, white noise machines, and even insulated ceilings, walls, and doors all help to keep confidential communications private. Secretarial staff should have an area apart from the patient waiting room where telephone calls can be made. A locked room with lockable file cabinets for treatment record storage is mandatory.

Next, consider insurance coverage. At a minimum you will need malpractice insurance. It is typically recommended that your coverage be for $1,000,000 per claim and $3,000,000 per year. If you obtain hospital privileges or work on any managed care panels this is typically the amount of coverage they require you obtain and keep in force. You may also wish to obtain disability insurance to provide you with coverage should you be unable to work for a period of time and you should consult your attorney about additional types of insurance for your office and staff. You may purchase two types of malpractice coverage: occurrence and claims made. Occurrence insurance provides coverage for claims made against you any time during your career, even if you discontinue your coverage. Claims made insurance only provides coverage while the policy remains in effect. While occurrence insurance is more costly, many choose it due to the coverage provided. The largest malpractice carrier for psychologists is The Trust (www.trustinsurance.com). Others include the American Professional Agency (www.americanprofessional.com) and Healthcare Providers Service Organization (www.hpso.com/individuals/professional-liability/malpractice-insurance-for-counselors).

Next, unless you plan to do all jobs (answering the phone, greeting patients, collecting fees, billing, doing insurance paperwork, filing, etc.) you will likely hire staff. Consult with your attorney and accountant and learn about applicable laws concerning interviewing and hiring practices, employment law, taxes, and related issues. Then be sure all persons hired understand both their job duties and all applicable ethical standards. Train your staff about confidentiality and related issues. Have written office policies that you instruct them in and have them agree to in writing. Be sure to supervise them adequately to ensure they do not exceed the agreed upon limits of their roles.

Another important area is fee setting. While you certainly should be paid what you are worth, it is advisable conduct an informal survey of private practitioners in your local area to see what fees they charge. You may either ask them directly, telephone their offices as a potential patient requesting information about their practice, or look for this information on their website. Not only will you learn their fees, but you will also learn about their office policies from the information they share.

You will then need to establish procedures, forms, and documents for informed consent, release of information, payment policies, billing and the use of insurance, the use of collection agencies, intake forms and questionnaires, follow-up letters to referral sources, follow-up letters for patients who drop out of treatment and for those who successfully complete treatment. You may also choose to do some patient satisfaction surveys, treatment outcome measures, and other measures. Rather than

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try to develop all these policies and forms yourself, you should request copies of those forms used by colleagues when you meet with them as well as from your mentor. You may also find several resources very helpful in this endeavor.

First, Zuckerman and Kolmes' (2017) book *The paper office for the digital age* is an excellent resource. It includes numerous sample forms, written policies, handouts, and guidelines. The book also includes a CD so that forms may be downloaded and printed for use in your practice. Typical forms include those for informed consent; a practice information form to distribute to patients that includes explanations of such issues as appointments and fees, billing, cancellation policy, emergencies and after-hours contact, the process of therapy, confidentiality, and related issues; a patient intake form; an informed consent to submit insurance form; and an employee agreement to maintain confidentiality form, and many others. They also provide useful information on marketing your practice online to include a web presence and use of social media.

You may also obtain a model informed consent to treatment form on the website of The Trust (www.trustinsurance.com). Additionally, this website provides a sample child therapy contract and a sample forensic informed consent document. You may download each of these and modify them for your use.

An additional valuable resource is the *Clinical documentation sourcebook* by Wiger (2020). This volume provides many useful forms such as those designed for HIPPA compliance, administrative and intake forms, screening and assessment forms, and forms used during the course of treatment, among others. Additionally, several companies market software for tasks such as documentation and patient billing. Many psychologists find the use of such software a great benefit in terms of efficiency and consistency. Examples include TheraScribe (www.therascribe.com) and TherapyNotes (www.therapynotes.com). Finally, practice management software such as therapyappointment (www.therapyappointment.com) and TheraNest (www.theranest.com) provide software that assists in automated client management, scheduling, billing, insurance filing, and related services. Ratings of, and information on, numerous other practice management software products may be easily found by doing an online search.

Finally, supervision is especially important as you begin your career. In addition to individual supervision you may form or join a peer supervision and support group to connect you with other new private practitioners as well as more experienced colleagues. This may be of great help from a clinical standpoint, especially as you develop tools to help you better cope with the many demands of opening and running a private practice. A supervision relationship or group may also become a source of referrals. You should also consult with the information provided in Chapter 4 of this volume for much more detailed suggestions for addressing this important area of our professional development. Commit yourself to lifelong learning and ongoing professional development. It is essential that you keep your knowledge and skills current so you can best meet the assessment and treatment needs of your local community.

Table 17.3 *Checklist for beginning your private practice*

- Analyze the local community's needs.
- Select a location.
- Develop areas of expertise.
- Develop a comprehensive business plan.
- Hire an attorney and accountant.
- Rent or lease office space; ensure soundproofing and handicap accessibility.
- Obtain needed insurance.
- Furnish the office, hire needed staff, begin phone service, utilities, etc.
- Establish office policies and train staff on ethics standards such as confidentiality.
- Set fees using prevailing community standards as a guide.
- Develop a multifaceted marketing plan and implement it.
- Become involved in your community and professional associations.
- Obtain needed supervision and additional training.
- Periodically reassess your strategies and practices. Modify as needed.
- Continue providing high-quality services and never stop marketing your practice.

In conclusion, the private practice of psychology is an exciting and rewarding endeavor. With adequate advanced thought, preparation, and the use of the resources and strategies described in this chapter you should have a good head start. While a single chapter cannot be an exhaustive reference on all aspects of preparing for and being successful in private practice the information presented above and the checklist in Table 17.3 should be of assistance.

APPENDIX A SAMPLE TARGETED FOLLOW-UP LETTER

Jenny Jones, M.D.
Jones Cardiology Group
Jonesville, MD 21108

Dear Dr. Jones:
I am writing to follow-up the practice opening announcement you recently received. I am a licensed psychologist in your community who specializes in treating stress-related disorders. The enclosed brochures describe my practice and more information is available on my website at www.stressrelief.com

I understand that many of your patients suffer from stress-related disorders and many of them may benefit from several of the services I provide. I recently presented a stress management workshop at the Healthy Hearts Program at Community Hospital. I would be pleased to offer such a workshop to your patients free of charge. I will telephone you shortly to discuss this possibility.

My practice provides a full range of mental health assessment and treatment services. I focus on health and wellness, working to provide patients with the strategies and skills to overcome their difficulties. I know many cardiology patients need assistance with stress management, combating anxiety and depression, as well as with making difficult but crucial lifestyle changes. I use a full range of evidence-based treatments and will work collaboratively with you to ensure that your patients receive the best possible care.

I look forward to meeting with you to discuss further how I may be of assistance to you and your patients. I will contact your office in the next week to schedule a time to speak.
Sincerely,

Jeffrey E. Barnett, PsyD, ABPP
Licensed Psychologist
Board Certified in Clinical Psychology and in
Clinical Child and Adolescent Psychology

APPENDIX B SAMPLE LETTER TO FOLLOW-UP A REFERRAL

Jane Smith, MD.
Smith Primary Care
Smithville, MD 99999

Dear Dr. Smith:
Thank you for your recent referral of Ms. Jen Jones for evaluation and treatment. I met with Ms. Jones initially today and we had the opportunity to discuss her reported difficulties with depression. I began my assessment of these difficulties and will continue this over the next two to three sessions. Once my initial assessment is completed I will be back in touch with you to provide you with my findings, recommendations, and our agreed upon treatment plan. I anticipate having this to you within the next two to three weeks.

(Insert patient's relevant history and mental status examination here)

While no crisis or emergency exists at present, Ms. Jones' depression is a serious concern. She understands that if her symptoms worsen she should contact me immediately. Despite the serious nature of Ms. Jones' depression I am hopeful of being of assistance to her. I utilize a comprehensive treatment approach that will focus on reducing Ms. Jones' distress and provide her with the skills and techniques to help her move forward quickly. I will work closely with you to ensure that Ms. Jones receives the best possible care and will keep you informed of her progress and all significant changes in her functioning as they occur.

I have enclosed several of my business cards for your use along with several pamphlets that may be of use to your patients. I am also separately sending you copies of a stress management tip sheet that I hope will be of value to your patients.

Once again, thank you for this very timely and appropriate referral. I very much appreciate the opportunity to be of service to Ms. Jones. Please feel free to contact me at any time if you have any questions or concerns about her treatment.

Sincerely,

Jeffrey E. Barnett, PsyD, ABPP
Licensed Psychologist
Board Certified in Clinical Psychology and in
Clinical Child and Adolescent Psychology

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