



Business - Constructing Efficient Systems - Contracting to Provide Services

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ABOUT THE AUTHOR

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There are several different types of contracts that can be negotiated in your private practise. In order to incorporate them into your business you will need to ensure that you understand the options and details of each contract..

There are several advantages to providing contracted services as follows:

1. You will have a steady stream of referrals form the company with whom you have the contract
2. You will likely be paid on a regular basis so can count on the income
3. Long-term relationships with the companies can be established

The disadvantages of contracting services include:

1. Most insurers pay a set fee per hour for the client. Some do not allow you to charge the difference between their fee and your regular fee to the client.
2. You may need to complete specific forms to invoice the company.
3. Payment is usually done on a monthly basis and may be one to several months after the services were provided.

Contracts can be negotiated in different ways:

1. Government programs - Before you are placed on a "provider" list you may have to go through a rather extensive process where you provide your credentials and/or references. Departments usually have a set fee schedule and payment procedures which are rigid. Usually you are advised of the number of sessions that have been approved at the time of the client referral.
2. Employee Assistance Programs - These are usually benefit plans that have been arranged by the client's employer who pays an insurance company on behalf of the client. It is "use it or lose it" for the client who cannot carry hours over into the next insured year. Most of these programs are short-term and designed to assess the client who is then referred to community resources. You invoice the insurer and wait for payment.
3. Health Spending Accounts - Many employers have been providing clients with this type of benefit rather than using a defined benefit plan. The client can use the amount for a number of eligible services such as vision, dental or health care. They pay you at your regular fee and then submit the receipt to their plan for reimbursement.
4. Insurance Plans - Some companies purchase insurance plans which have several aspects to them including short-term disability and long-term disability. Therapy services usually are limited and may be restricted to those provided by a psychologist. If the employee is on a leave from work, s/he may have a worker who will negotiate a block of hours with you. These will then be directly billed to through the worker and, once authorized, are paid for by the insurer.
7. Supplemented programs - Many companies will provide a limited number of sessions with a defined hourly fee but allow you to invoice the client for the difference between those fees and what you would otherwise charge. You will therefore need to create two invoices - one for the plan and one for the client, each with the appropriate fees.

8 Self-referrals - Some clients do not have coverage and pay the entire fee after each appointment. I recommend that they provide the receipts to their accountant who will consider if they qualify under "Medical Expenses" on their Income Tax annual submission.

Contracting with different types of programs can provide balance for your business. At the same time, however, you will be required to accommodate the different fees, invoicing procedures and payment terms. Be sure that you go into each contract with enough information to decide if you want to flexible enough to deal with the differences that each company offers.