Subcellular Psychobiology Diagnosis Handbook

Chapter 3: 'Pay for Results'

Appendix 2: Contract Examples
Appendix 10: Fee Calculation Guide
Appendix 11: Statistical and Mathematical Modeling for Fee Computation

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The Institute for the Study of Peak States
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"Methods for Fundamental Change in the Human Psyche"

Introduction

These chapters, written for therapists, are from our *Subcellular Psychobiology Diagnosis Handbook* (2014). This material addresses the question of how to act ethically with clients (by charging for results and having predetermined fees) and how to compute the fees needed to still make a comfortable living.

Chapter 3 explains the 'Pay for Results' billing system; and Appendix 2 gives some contract examples. Appendix 10 'Pay for Results' – Fee Calculation Guide' shows how to compute flat fees.

Appendix 11 is not needed for therapists, but was included for academics – it goes into other billing alternatives, and derives the detailed mathematics for determining statistically optimum cutoff times and fees for the various types of billing approaches.

For specifics on diagnosis and treatment, we refer you to the *Handbook*.

~Dr. Grant McFetridge
July 27, 2014

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Chapter 3: 'Pay for Results'

When we talk about our work with clients or professionals, their first reaction is often "where's the proof?", or from academics, "where are the evidence-based studies?". When we reply that we have a 'pay for results' policy so there is no need for it, there is a momentary pause, eyes glaze for a second, then they usually repeat themselves as if we hadn't spoken. Apparently the leap to results-oriented treatment billing is simply too foreign a concept to comprehend at first.

Why is this? Well, clients sometimes confuse this concept with some kind of scam, where people 'guarantee' a product, don't deliver and then keep the money. Or they simply don't believe that you are serious, because this is so far outside their previous experience. Academics tend to have a different issue, one that strikes at the heart of the practice of psychology and medicine. Currently, a great deal of statistical tools are used (often incorrectly) in research because they are not designing for a binary solution set of 'it worked, or it didn't work'. Instead, test outcomes are usually so vague or contradictory the best they can hope for is often only slightly above the threshold of the placebo effect. This mindset can also lead to completely bizarre situations like I saw in my own doctoral training, where we were taught measurement scales that ignored the specific client problem we were treating, and instead rated 'overall improvement' – sadly, because there really were no effective treatments for specific problems.

When Frank and I designed the structure of the Institute in the 1990s, we fully expected that our first generation techniques simply would not always work (or work partially) for some clients. We were developing something entirely new, there was a lot we didn't yet understand, and people's problems are often very complex. However, we were only interested in full elimination of symptoms (note that we use this phrase because is socially and often legally unacceptable to talk about 'cures'). Partial successes were valuable from a research viewpoint, but with 'pay for results' the only meaningful outcome is "what we agreed upon is done". This means that therapists have to actually deliver; and if they can't, that they are not financially penalizing clients because of their (or the Institute's) own limitations. This also has the tremendous advantage that we don't have to do extremely costly third-party studies – after all, the client is the one who really knows if the problem is gone and stays gone.

What is 'Pay (Charge) for Results'?

The Institute for the Study of Peak States is pioneering a way of charging clients that is different from the one used by most all conventional therapists (although it is already used in many other professions). When talking to clients, we call it 'pay for results', and when talking to therapists, we call it 'charge for results'. All therapists who license our processes and use our trademark agree to abide by this condition in *all* the work they do, whether it is using our techniques or anyone else's.

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How does it work? In the initial session, the therapist and client come to a written agreement of what is to be worked on and what criteria would constitute success. The fee is negotiated at this time (although most therapists use a predetermined flat fee that makes this step much simpler). Open-ended fees such as by the hour are *not* acceptable – the client has to know exactly what he is agreeing to and what he is going to pay as part of the contract. Obviously, some people won't choose to become clients, but there is no fee for this initial consultation since there were no results. After treatment, if the predetermined criteria for success are not met, the certified therapist does not get paid, and does *not* charge for the time spent. Clearly, some clients won't generate income and, in cases with dishonest clients, the client will get the service but the therapist will not be paid. However, this fee structure is not unusual – it is standard for most businesses, and the fees are adjusted to take these problems into account. Appendix 10 shows a simple way to calculate what a therapist's minimum fee needs to be when using a single 'fixed-fee' billing.

In some cases, the Institute sets a non-negotiable criteria for success for some licensed, specific processes used by our certified therapists – for example, someone who hears voices no longer does; the addict no longer has cravings; peak states processes have to actually give the client the sensations of the state; and so on. Another example of this pay for results principle is in research. Although we on occasion do contract with a client for a specific outcome that we have to do research to solve, the Institute never writes a contract with clients charging them for the hours spent on investigating treatments for new diseases.

The Rationale Behind 'Pay (Charge) for Results'

The 'charge for results' principle solves a number of serious problems in the medical and psychological healing profession.

In this chapter we'll discuss a number of practical reasons why charging for results is a good idea for therapists. However, from our perspective the primary problem with current billing by the hour is an ethical one. It is simply morally repugnant to require money from clients you don't help. The principle of the 'golden rule' describes this clearly – 'do to others what you would have them do to you'. Many clients come to therapists in desperate need of help, and often they are the people who have the least ability to pay due to the nature of their problems. These people need their resources to get real help, not support a sense of entitlement in the therapist. This is very much like taking your car in for repair, and having the mechanic tell you he can't fix it, but that you now owe him thousands of dollars for the time he wasted.

Probably the most serious practical problem 'charge for results' addresses is the (hopefully) unconscious incentive for failure in the current system. When we charge by the hour we get rewarded for our failures. The payment reinforces the failures and as you know, what we reinforce we get more of. This principle is well described by Kylea Taylor in her book *Ethics of Caring*, where she displays a chart of the traps therapists can easily fall into with clients. Thus, standard billing practices where you are billing by the hour, not based on performance, has several potential problems:

- The typical therapist unconsciously wants to keep his client coming in to therapy so that the therapist continues to be paid.
- The typical therapist is again unconsciously resistant to learning new, faster techniques because this would interfere with his income stream.
- The therapist has to suppress their own instincts and buy into a system that denies the ethical issue against charging people when nothing is accomplished.

From our perspective as a teaching and certifying organization, 'charge for results' also solves the major problem of how to verify a therapist's competence. Normally, therapists and other health professionals take exams to show competence. Unfortunately, this measure does not actually work well, as anyone who has taken high school or college exams can well testify! By

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using pay for results billing, we find that therapists either are or quickly become competent or they simply don't earn a living. Thus, this system itself is automatically self-correcting - our therapists are financially motivated to become better healers and seek out better treatment techniques. (Of course, we do check their knowledge and skills before licensing to help them through the transition as a new therapist. And we support them in becoming better therapists for the first year; but the problem of competency quickly solves itself without financially penalizing clients.)

'Charge for results' also solves another common problem – rejecting newer therapies simply because the therapist is comfortable with what he already knows. As the Nobel physicist Max Planck, the founder of quantum theory once famously said, "A new scientific truth does not triumph by convincing its opponents and making them see the light, but rather because its opponents eventually die, and a new generation grows up that is familiar with it." Fortunately, with the 'pay for results' principle therapists are forced to actively seek out newer, more successful techniques, rather than simply avoid change or rely on organizations that have a vested interest in promoting obsolete or ineffective techniques.

In summary, the Institute's 'charge for results (success)' fee structure means that the therapist charges for performance, not for time. It has many advantages:

1. It encourages therapists to be as capable as possible.
2. It encourages the therapist to make clear and realistic criteria with their clients.
3. It minimizes the problem of unrealistic client expectations.
4. It discourages the problem of the therapist becoming a 'paid friend' and so unnecessarily prolonging the client's suffering.
5. It encourages therapists to refer clients to therapists who can heal the client.
6. It minimizes the problem of the client forgetting that they ever had the problem after it is gone (the apex effect).
7. Is ethically satisfying.

With the 'charge for results' format, the therapist is automatically supported to reinforce results, more focused on the client's issues, and faster when working with clients. It is ethically satisfying, and is also an almost unique feature in the therapist or medical marketplace.

Therapist Fears About 'Pay for Results'

As part of our regular therapist training, we have our students practice healing on their fears about using 'charge for results' in their work. Because these issues (often involving survival fears) unconsciously drive the therapist, we've found that rational discussion of the issues involved is often a waste of time till the underlying emotional issues are eliminated. Some common triggers are:

- I feel guilty that I charge so much for such a simple/ fast process.
- I feel guilty charging extra to compensate for clients I can't help.
- What if the client gets healed and says they didn't?
- I don't understand what the client really wants – I am missing the real issue.
- I am afraid the client will have a too high expectation of me.
- This is too complicated.
- I am afraid of legal actions.

Writing the Contract - Negotiating Outcomes

As we will be showing in the next few chapters, the 'charge for results' principle has a major impact on exactly how you diagnose and do treatments with clients. Rather than offering some sort of emotional support or helpful advice, the therapist now has the job to accurately define the client's real problem and succeed in healing it.

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We've found that initially most of our students have a very difficult time writing the 'pay for results' contract with the client. Often this is because the techniques and practices that they've learned in the past get in the way, be it conventional therapy, breathwork, or other modalities. Although diagnosis can be difficult, identifying the desired *outcome* is far, far easier than people realize.

Simply ask your client what the major problem is. Clients are in your office for a reason, and usually it is fairly straightforward. Generally the client has only one major problem, even if they have trouble putting it into words. A major mistake made by most therapists happens at this step. If they are not careful in the wording of this question, they will get a laundry list of problems. It is exactly the same as if a car mechanic asked about the problems in your 15 year old car – a general question gets a reply that the door squeaks, the trunk latch doesn't work, there is rust on the body where you banged it, and so on. But the real reason you are there is because the car is belching smoke out the tailpipe!

Sometimes there really are several issues. Never write a single contract for multiple issues, because any one failure means you won't get paid for any of your work. Instead, you offer to work on and bill the issues separately. Put in these terms, the client immediately prioritizes and identifies what they are really there for. They decide what is financially important to them.

When writing the contract, less is better! If you've focused down to the real problem, usually an agreement to eliminate the emotional pain around a single phrase that evokes the maximum suffering (what we call the 'trigger phrase') is all that needs to be put in the contract. Again, new therapists mistakenly put a laundry list of symptoms into the contract, but all this does is include unrelated problems into their agreement that they are now obligated to also heal. Keep the contract simple, and keep it focused.

A new therapist can write a results contract without even a clue on what is causing the problem. This is fine, and their failures will become a learning experience for the therapist. However, with experience the therapist will now sometimes recognize an issue they know they cannot heal. In this case, they let the client know this, and offer to work on issues surrounding the problem. For example, a client has OCD that the therapist doesn't yet know how to eliminate. So once they let the client know this, they ask if the client would be satisfied if they eliminate an issue connected with having the disease, such as stress or embarrassment. In another more extreme example, a client was dying of cancer. Although the therapist could not heal the disease, he found that the client's secondary issue was fear of death, which he was able to successfully heal (the cancer-triggered fear of death was caused by a near drowning as a boy).

One problem we've seen come up with therapists doing contracts is 'overselling processes'. By this we mean that they know some treatment, say the Silent Mind Technique, and instead of really figuring out what the client needs, they suggest that the client should do a (usually expensive) treatment instead, implying that it would probably fix the client's problem. This only ends in disaster; even though the client agreed to the contract, they will be unhappy afterwards because they still have their problem. This is in contrast to a therapist who actually figured out what the client wanted and realized that he would be unable to provide it, so offered other options around the problem. In this latter case, the client is treated as an ally, rather than as an income source.

Take clear notes on what you have agreed to! Let the client read what you wrote and see if he/she understands it. Use the client's wording exactly; don't try to paraphrase. This helps make sure that the expectations are well defined (the criteria for success); this will be necessary to avoid the apex problem after you've finished.

In summary, stay focused on what you can do, and if needed break the problem down into its key elements, and offer choices for them to decide on what is important for them.

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Example: The client wants a divorce

The client has a painful issue – problems with a partner – and wants to learn the therapy so that he can help himself. You know that there are usually dozens of issues with a partner, so you focus on what the key one or ones is. In this case, the client basically wants to be with another person. You don't make a judgment but explain what therapy can do (get him to calm around his feelings). The client realizes that the key problem is about his anxiety about talking to his spouse on this issue. And he wants instruction on how to do EFT as part of the package (this assumes that EFT works on this client's issues).

In the contract, you could include EFT instruction or bill it separately. In either case, you need to determine criteria for results. It may be that results in this case is just exposure to the technique, and there are no explicit goals, or it could be a certain level of proficiency. Defining which you are comfortable providing is up to you, and you can negotiate with the client to determine what works best for both of you. An experienced therapist would not include it in the primary contract, and might simply take some time to show the client the process as part of the treatment, along with advice to watch free videos on YouTube.

Example: The client can't feel

The client was unable to remember her past, or feel emotions or body sensations. This is typical in cases of extreme sexual abuse at an early age, and in fact this turned out to be the case with this client. Determining what the client wanted as a result had to be tempered with a recognition that regression therapies would not be effective. (This assumes that the therapist does not cord with the client to suppress the extreme feelings of the abuse in the client.) Thus, the therapist would have to evaluate whether the client was a good candidate for healing issues, or whether they should just write an agreement for coaching and support time, support either on specific issues. Or whether the client should simply see a conventional therapist or peer support group for emotional support.

With more experience, the therapist might recognize the client's numbness is from an ameba problem and refer the client to a clinic for that treatment. In this case, once the numbness was gone the traumatic emotions could now be felt and follow-up treatment would probably be needed. The issue might also involve a trauma that blocks memory, or an MPD issue where the current dominant personality was not the one that experienced the trauma. The client would have to decide if they wanted treatment for this, as the trauma or the splitting was allowing them avoid the traumatic memories.

Setting Fees and Estimating Treatment Time

In the 'pay for results' approach, the contract includes a predetermined fee. Appendix 10 shows a simple, low risk and effective way for therapists to set this fee. In this approach, the general practice therapist simply offers one fee for any client problem. This is typically how most 'pay for results' therapists do their charging (although some specific disease treatments may use a different predetermined set fee.) Because we know that there is a certain percentage of clients who the therapist can't help, the therapist has to know when to give up trying. Fortunately, this optimum 'cutoff time' minimizes client costs while maximizing therapist income. This cutoff point is typically in the 3-6 hour time frame. Clients who take longer are not charged, but are sent to more advanced or specialized therapists, such as ones who work in our clinics.

It is possible to use other methods of billing, such as estimating how long therapy will take and billing on this basis. Or perhaps use some sort of combination of approaches. However, these increase the financial risk to the therapist, and increase the cost, sometimes dramatically, for about half the clients. We don't recommend these other approaches unless you specialize or are

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very experienced. If you are interested in the formulas for these other fee methods, we refer you to our Institute website.

The 'rule of three'

Therapists need to plan on including the time for two brief client follow-ups after the issue has been fully healed: one a few days after the issue has initially been fully healed, and another about two weeks after treatment is optimum. This should be scheduled with the client as a normal part of treatment. But why? This follow-up is due to the epigenetic cause of trauma and the limitations of most healing techniques. Waiting after 'successful' treatment allows relevant 'hidden' or untriggered traumas or traumas that weren't fully healed to become activated by daily circumstances in the client's life. This can also be due to 'time loops' that put the problem back into the client. This problem is not simply a client's attention moving to a new issue, although that can obviously happen and cause problems of its own.

We don't have a good estimate for how often these additional healing sessions are actually needed, but assuming it happens with a third of the clients is probably reasonable. Planning for this with the client is simply good business practice and an assumed part of 'charging for results'.

Duration of conventional treatment

The time a typical client will actually spend doing conventional psychotherapy is quite short. Oddly, it is very hard to find any studies defining exactly what these times are, especially in the last 10 years. In one summary article from 2000 (without any supporting references): "In reviewing the data about psychotherapy utilization and outcome, it is increasingly well-known that there is no such thing as brief therapy because there is no such thing as long-term therapy. About 90% of all psychotherapy patients come for less than 10 visits with the mean treatment episode being about 4.6 sessions and the modal number of visits being just one." In a large 2011 study of major depressive disorder: "The modal number of sessions for any treatment in the community mental health system was one in both 1993 and 2003. The median number of psychotherapy sessions was 5.0 in both 1993 and 2003. The average number of psychotherapy sessions was 8.5 (SD = 10.0) in 1993 and 9.4 (SD = 10.6) in 2003."

Fortunately, our approach to therapy fits this typical client pattern. As Gay Hendricks, the developer of Body Centered Therapy has said in his trainings: "The client should be healed in two sessions. If it takes more than three sessions, the therapist doesn't know what he's doing." We agree. Thus, basic certified therapists should try to fully treat as many clients as possible in the first session, heal the typical client in two or three sessions (about 2 to 4 hours), or, at worst, end treatment at about three or four sessions (4 to 6 hours).

Results Criteria and Time Duration Guarantees

When you work with a client, you need to determine exactly what the criteria for *results* are. In many cases, it may mean that you write down something that can be checked on the spot. In other cases, the client may need to actually go somewhere or meet someone to test if the intervention was successful. As a therapist, it is up to you and your client to decide what is acceptable, and for how long you are willing to wait to see if the results are stable.

For example, the Institute clinics offer specialized, often expensive treatments for various conditions or disorders. We generally require payment from the client after three weeks without symptoms. (Two weeks would be adequate to verify stability of the treatment, but that third week generally makes the client feel more secure because of the large fees involved). After that period, if the symptoms came back for some reason we would simply refund the money (and/or try to help the client). In a therapy situation, a much shorter time would be adequate and more prudent

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unless you had made an agreement with your client otherwise. You may also need to determine if you want to have the client agree to more treatment before you do a refund, or just do a simple refund. (Note that if you give more treatments, this data goes into your running tally of income and total client contact time for estimating future fees – see Appendix 10.)

Client Satisfaction and the Apex Problem

When you heal a client's issue fully, you'll quickly encounter the problem of clients forgetting that they ever had the issue you healed. This is because when they try to recall what the problem felt like, there is no feeling left and so the client simply 'can't remember' what the problem was. (This is like forgetting which arm you hurt when there is no pain left to guide you.) This may mean that they won't want to pay you – "it was never a problem" - and worse, will tell others that the therapy session was useless or a waste of time. As far as they are concerned, their *real* issue is the new one that they're feeling at the moment.

You can deal with this problem in several ways. First, education: the apex problem is addressed in the client brochure, and you will have to explain it to them up front. Explaining the nature of the latest generation of therapies and how they work is important. Second, make a record. One way to do this is to have them write down exactly what the issue is, how bad they feel, give a SUDS (subjective units of distress) rating, and particularly focus on the parameters of the 'charge for results' you've agreed on. Writing is ok, but a far better way to do this is via video or audio recordings. This captures the immediacy of their suffering, and later the clients are almost always surprised that they felt that way – they simply no longer remember.

The other advantage you have is in charging a predetermined, fixed fee that they have agreed to in a contract. How you collect fees is up to you – and obviously may vary from client to client – but one way to address this apex problem is to have them write a check for the amount you've agreed upon, and simply hold it for the duration of the therapy. Since they were willing to do this, at some level the clients decide that this must have been an important problem since they wrote the check!

Some Situations Don't Allow 'Pay for Results'

In some circumstances, the 'charge for results' fee structure isn't possible or isn't appropriate to implement. For example:

- For health insurance company payouts (and they won't allow a performance based fee structure);
- The client wants to try out one of the techniques that you know and doesn't have any particular success criteria;
- The client is your student and the session is part of or supporting a training program.

As long as particular circumstances really inhibit 'charge for results' criteria, and this is clear to the client, the therapist can put an exception rider on the client agreement on a case-by-case basis. However, outside of teaching situations, this situation rarely arises – you can generally figure out success criteria for almost any activity.

Unfortunately, we've also seen that therapists are reluctant to approach insurance or other organizations to suggest they switch to this type of billing, either generally or in their particular case. As this financially benefits the company involved, it will be interesting in the future to see if the insurance companies themselves end up pushing for this change.

Disputes with Clients

In spite of your best efforts, there will be clients that you have problems with. Hopefully most of these people will decide not to work with you after the initial interview, but some will.

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Accept this as a fact of life, and not as some sort of personal failing on your part (We assume you do take it as an opportunity to look at your own issues, though).

If the problem is that a client feels he didn't get the results agreed upon, and you can't come to a quick and amicable agreement, the response is simple. Remember, "The client is always right". You're in this business for the long haul, and word of mouth is critical to your success. You simply don't charge (or refund the money). Obviously, there will be some people who will take advantage of this – but that happens in every business. You simply plan for it in your fees. Fortunately, in our experience dishonest clients are very rare.

As far as Institute certified therapists are concerned, their client brochures (and our websites) also tell clients that they can contact the Institute if there are disputes. This is part of our licensing agreement, and it makes it obvious to clients that these therapists are part of an exceptional professional organization. Over the years, we've rarely have problems with these licensed therapists but it sometimes happens. As part of their license agreement, we retain the right to end their license and their use of our licensed tools, trademarks and logo.

Trademarks, Logos, and Affiliate Organizations

When one of our trained therapists signs a license agreement with the Institute, they receive the right to use our processes for specific diseases or problems, have clinic backup for difficult clients, and get access to new discoveries and safety updates. They also get the privilege to use a certified therapist Institute logo on their documents and websites for advertising purposes. But this logo means more than using cutting edge therapeutic tools - it means that they have agreed to use only 'charge for results' in all their therapy work. These unusual therapists are leading the way to a fundamental change in the way therapy and medicine is done in the world.

The Institute also lists affiliate organizations or individuals from around the world on our websites. Aside from being cutting edge organizations that do excellent work in various areas, they also use the 'charge for results' (or donation) principles in their work. We feel privileged to have met and known these different individuals and groups who also work to make a difference in the world.

Questions and Answers

Q: "Do you have any suggestions on how to advertise 'pay for results'?"

One therapist found that saying 'No Result – No Fee' in his advertising worked well.

Note that offering a 'guaranteed' healing is not appropriate (as in 'guaranteed or your money back') as many places have laws against such wording when applied to psychotherapy. Note that these laws were designed to combat fraud, not forbid the use of the 'pay for results' billing model.

Q: "I'm still unsure on how to set the criteria for results. Do you have any advice?"

Some therapists tend to think this step is much harder than it is, even though they already unconsciously do it in their practices anyway. You are in a partnership with your client - you are making an agreement that both of you feel is desirable and possible. It doesn't have to be huge and difficult - it is just whatever you both want it to be. For example, if you both agree that a 30% reduction in a symptom is the result, that is fine - you don't have to make it some kind of perfect healing.

The key here is that your client agrees that what you contract to do is worth the money he will pay. The agreement can range from just a willingness for the therapist to listen to the client, to an agreement to get partially or fully get rid of a chronic, long-standing problem. There are no set rules, other than it is what you both have agreed to.

Q: "How do I keep from going broke while I still can't do diagnosis well?"

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We recommend you use the fixed per contract fee from Appendix 10. It won't take long - probably 20 clients or so - before you find that you are much more confident of your ability to diagnose and set the results criteria.

Q: "I'm a therapist using a variety of techniques. If I get certified by the Institute, do I have to charge for results even though I don't use your techniques with the client?"

Yes, your whole practice would have to change to incorporate 'charge for results' (where possible). Being certified is a license, as if you got a McDonalds franchise. You can't start serving burritos while having the Golden Arches and McDonalds name on your door. To some therapists, this feels like too big a change in their comfort zone. Thus, they don't become certified but use the publicly released techniques like Whole-Hearted Healing as just another technique, and just don't use the non-public-domain material they learned in class.

Q: "My big problem is getting clients who are just a bundle of problems, and I don't know how to clarify their issue to get an agreement on results. The client doesn't recognize that he has separate issues, as he just feels bad and wants it to stop."

Some clients really are a bundle of problems, and in that case, you would isolate the worst ones and offer to work with them either separately or as a group, depending on what you negotiate with the client. A person like this might be a good candidate for Inner Peace state. There are also certain disease processes that can cause this effect, such as the s-hole problem or the addiction bugs. You may also want to bring in a specialist or advanced practitioner/mentor right from the start if it is big and bad enough.

However, clients like this are the exception. In our experience, the real problem is that the therapist has gotten 'lost in the client's story'. Thus, as one tries to unravel it, the client moves from one problem to the next. Having them staying focused on the emotion and feeling that is the dominant sensation for them is the key to getting to the core issue. Remember - you can offer calmness and peace about their issue.

Some clients simply want to talk and feel connection. You are basically a paid friend. Identifying this and coming to an agreement about what constitutes results for this person can be done. However, you are generally more expensive than standard therapists in this situation. However, since in this case no healing is needed, you might want to lower your fee because there is no risk of not being paid. You are basically charging just a talking fee.

Paula Courteau writes: "Some clients, and this includes most people with depression, and people with a history of abuse, will need regular sessions in order to maintain decent functioning; in the case of depression this is because we don't know the root cause of every type of depression; with abuse there are often several triggering events. If you're very clear about this state of affairs with these clients, and they still want to work with you, then a teaching or coaching model with a per-session fee might be more appropriate than a per-issue system." However, if the client has an explicit or implicit expectation of healing, then a series of brief, pay for results contracts is the correct choice.

Q: "I have a client with very complex problems, and it will take a long time to unravel them. How do I charge?"

You also identify major issues and offer to charge for each separately. This causes the client to evaluate what is really financially important to him, rather than you trying to make the decision for him.

Setting a maximum time you can work with a client keeps you from getting into a financial bind with him when charging for results. However, this doesn't mean you don't have to help the client - it means that you work with your specialist/advanced practitioner/mentor to deal with the client in a more efficient fashion.

Respect your own limitations - you can’t be everything to everyone.

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Q: "I'm frustrated with this system and its limitations. I will just go back to what I already know."

Unfortunately, learning and actually using new skills often involves discomfort. One of the problems here is that many therapists have never had to do a charge-for-results approach for their livelihood. However, if you'd ever done consulting, worked at a car dealership, or had your own business you would probably think it was perfectly normal. The people at those jobs all work for a fixed fee and don't always know if it will work or not for any particular client either.

Interestingly, we've had a couple of therapists notice that they didn't have a feeling of calm underneath their sense of frustration with this new system - a key indicator that the feelings are from past trauma - so they healed their issue, and to their surprise, found themselves feeling very comfortable about it.

Q: "There are lots of other therapists out there doing excellent work. I don't see how the Institute's certification stuff is significantly better. After all, your material is now mostly in the public domain."

Yes, there are many therapists with the same skill and success rates as Institute certified therapists. What you have that is different is: 1) charging for results; 2) Institute clinic backup for your practice; 3) the chance to do peak states work with some clients; 4) hopefully an eventual name recognition with the Institute: and 5) after you become comfortable with the basic techniques, the possibility of working at one of our clinics.

Q: "I feel there are too many rules by the Institute. I want to be trusted to use my own judgment, because I'm an honest, ethical, competent person. I'd like to move forward slowly into these new ways of working. There wasn't anything like this in my old bodywork profession."

Many people in the helping professions have never had exposure to the way a high technology company operates. The certification agreement with our graduates is a license to use the some of the material we've developed, something that many are not familiar with from their own working background. Fortunately, although unfamiliar, it is quite normal and accepted in other professions - including the concept of 'charging for results'.

Because we're backing up our certified practitioners with support and our reputation, the agreements we make are more specific than many are used to from other modalities. Additionally, the material we're developing is experimental, and requires more careful handling for safety and quality control.

Q: "I didn't succeed in healing the client before my 3 hour cutoff time. Now what?"

You have to decide if you want to continue or not. You may have already realized that you can't help this person anyway. If you simply stop right now, on average, you will make your income goals - because you already figured this happening in the prices that you charge people. At this point, you should refer the client – or if you are so inclined, to continue to try and help and accept that your equivalent hourly income will be somewhat reduced.

Paula Courteau writes: " I would also ask: is the person healing anything at all? That is, is it taking a long time because the person can't heal (can't get in body, can't feel, resists the process, etc) or because the issue is complex? If there is good progress and the issue keeps progressing, I might consider spending extra time. If we're spending most of the time being blocked, I'd quit without hesitation and forfeit my fee."

Q: "I've decided to run over my three hour cutoff limit ("I'm almost there!"). Was this a bad idea?"

Obviously, you may gain your fee if you succeed. However, it is wise to plan on failing, which means your income will take a dip depending on how long you continue. Sometimes the

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learning time is good, as you stretch yourself. However, remember that you have the Institute clinics ready to assist (if you are certified by the Institute).

Q: "There is no way I'll have enough clients if I heal each in just three sessions!"

This is both a problem and an opportunity. For better or worse, the nature of therapy is changing due to the introduction of power therapies. The therapist has to figure out ways to get a continuous flow of clients, such as by working for an institution that finds and funnels them to the therapist. Thus, having something that sets one apart from the competition is important, such as 'charging for results'. Word of mouth might help you, if the apex problem doesn't defeat it - but the best way to avoid this overall problem of client base is to specialize in one problem or problem area, and build your reputation on that, rather than be a generalist.

Q: "How many practice sessions will it take me so I can calculate fees accurately?"

Roughly 10 successful sessions will give you good enough information to compute your standard minimum fee and optimum cutoff time. However, you should keep a running tally as you get better at diagnosis and healing, to make sure your equivalent hourly income rate is still on track.

If you are setting fees by estimating completion times, you are going to need a much bigger experience base! We only recommend this for very experienced therapists, or therapists who specialize and are familiar with most of what can happen.

Key Points

- ‘Pay for results’ addresses ethical problems by making explicit agreements: (1) you are paid only if all the predetermined success criteria are met; (2) the client knows how much treatment will cost before it starts.
- The ‘pay for results’ billing system is standard for many industries. With minimal practice it is simple to incorporate into therapy.
- The ‘pay for results’ principle automatically requires the therapist to identify the key client issue and determine the outcome of therapy (criteria for success) that the client wants.
- The simplest billing system for ‘pay for results’ is a fixed fee for all clients. It incorporates a predetermined ‘cutoff time’ for when to give up on trying to heal a client issue.
- With ‘pay for results’ the client determines the results they want, except in the case where they are using a specific process that has predetermined outcomes.
- The use of subcellular psychobiology and modern trauma therapies means that the client is usually healed in a few sessions. This fits well with the actual amount of time that typical clients are actually willing to put into therapy.
- The apex effect causes many clients to forget they had a problem after it is fully healed. You need to plan on this happening by keeping written or recorded material of the client’s difficulty before treating them.

Suggested Reading

- *The Ethics of Caring: Honoring the Web of Life in Our Professional Healing Relationships* by Kylea Taylor and Jack Kornfield (1995).

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Appendix 2: Examples of 'Pay for Results' Contracts

In this appendix we'll look at several different styles of 'pay for results' contracts. They vary from simple and informal to very detailed, depending on the therapist or the client's needs. For the most part, therapists simply use their own template and plug in information while doing the first interview (and perhaps diagnosis), so that the whole process is done in a few minutes and they can hand or email the agreement to the client on the spot. Whether the therapist asks for prepayment or payment after some set time interval is up to them or can also vary from client to client.

Your contract serves several purposes. Obviously, it defines the criteria for success and your fee; but just as importantly, it helps minimize disagreements after treatment about whether you actually healed the issue or not. This can happen because of the apex phenomenon – many clients literally cannot remember that they had the problem you healed. The contract helps to address this (as does video or audio recordings of the initial interview). Less frequently, clients sometimes have unrealistic expectations, and having the exact success criteria in black and white can help address this when they complain that their 'real' (and sometimes completely new) problem is not gone. If their 'real' problem is not gone, even though it was not in the contract, smart therapists will usually offer to treat that problem or give a refund (writing down the new success criteria) even though they actually healed the client's issue. Remember, word of mouth is your best friend – and if you were not experienced enough to realize what the client was really trying to ask you to heal in the first place, then this becomes a cheap and valuable training experience.

If a client contacts the Institute because of a contract dispute, the first thing we will do is ask to see the contract so we can check if the agreed upon criteria have been met. If the therapist did not write one (perhaps because they could not believe the client could ever forget their issue!), the therapist is automatically required to give an immediate refund. If the agreement terms were not met the therapist is also required to give an immediate refund. In this later case, this can happen because the results criteria were too broad and vague; or it was not something that a therapist could really deliver or verify; or they offered to do too much and failed in part of the agreement. Therapists quickly learn to write more focused contracts when this sort of thing happens.

In some cases, the client will offer a donation for time spent even if there was no success. As long as this is from their heart and not subtly coerced or via some kind of emotional blackmail, it is acceptable. A helpful and meaningful way to respond to their kindness is by putting this towards pro bono clients.

Institute certified therapists also use contracts with two different types of success criteria: ones where the client and the therapist come to a mutual agreement on what is to be healed; and ones using an Institute licensed process with predefined criteria (to ensure quality control around a given disease process).

A typical contract usually includes the following:

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- The client's exact wording describing what they want healed (this can be very important later!)
- It can be helpful to include the client's current SUDS rating about their issue. This is useful later to show the client that yes, they really did have emotional upset about that issue.
- The appointment time.
- How to contact the therapist in case of emergency.
- How payment is handled (if it is held on deposit, payable after treatment, or some other arrangement).
- The length of time you give the client to verify that the problem is gone before payment is due (if needed).
- What happens if the symptom returns (they can get a refund or more treatment to see if the problem can be eliminated).
- Verification that they signed liability and informed consent and have no remaining questions; and filled out the patient history form.
- Verify their permission to use any testimonial (with or without their name as they specified).

Example: General therapy contract using symptoms

This is an example of a client who wanted distinct physical symptoms (and associated feelings) eliminated. Note in this case a trauma phrase would not be relevant or appropriate. These sorts of contract range from pain, to back alignment, to PMS symptoms, and so on.

> Dear -------,
>
> For our pay-for-results criteria, we agree to treat and eliminate your fear and anxiety about being sick, throwing up and having intestinal cramps in public places. You will test the treatment by driving distances and being around people away from home.
>
> Plan on three sessions, spread over two weeks (and one more if needed).
>
> If we eliminate the issue, the fee is $-----. If you decide to cancel treatment before the third session (if needed), the cancellation fee will be $200. Payment is to be made 3 weeks after we see substantial results – if that does not happen there is no fee.
>
> If you have any problems related to the therapy process after we start, feel free to call me at home at any time. If I am not available, contact my colleague ------- at -----------.
>
> Thank you, and we look forward to working with you.
> Signed -----------

Example: General therapy contract using a trauma phrase

Many contracts just use a simple trigger phrase to identify the problem in the client's mind.

> Dear ------------,
>
> I am confirming the session on Saturday at your 12:30pm (US Central timezone).
>
> Attached is the liability form. Please read, sign, witness (anyone will do), and email it to me or mail it to -----------.
>
> For our pay-for-results criteria, we agree to treat the following, and eliminate all the feelings around the phrase involving the husband and previous intimate relationships:

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"I have to take care of the person or I'm going to die." The feelings are panic and anxiety, with numbness on and in the mouth triggered by these emotions. My current level of distress (SUDS from 0 to 10) is ______.

You will then test the treatment by sending divorce papers to your husband shortly after the first session. We agree to re-treat you the following weekend, if needed. We may do a third short session if needed.

If we do not heal the issue in three sessions, there is no fee. If we eliminate the issue, the fee is $-----. If you decide to cancel treatment before the third session (if needed), the cancellation fee will be $200.

Sincerely,
Signed -----------

Example: Predetermined criteria contract for the Silent Mind Technique

The Silent Mind Technique is a licensed process that certified therapists use with clients to eliminate all ribosomal voices. For this process the Institute specifies predetermined criteria, although the therapist can adjust them as needed to fit the client's wording and situation. There are also several other Institute processes with predetermined criteria.

Dear --------,

As we discussed on the phone today (July 27, 2014), we still need one or two recent pictures of you for our files. A phone photo would be fine. We'll need it before we start treatment.

Thank you for signing the liability and informed consent forms, and filling out your patient history form.

We're scheduled to work with you at your 6pm (8am in Australia). As we discussed, we'll need to do the treatment three times - the first time should get rid of your voices, but by the next day they may return. We do a second treatment 2 to 4 days later, and then a final check (and minor treatment if needed) in about 2 weeks to make sure the problem does not return.

This is a charge for results' agreement - this means if we don't meet our agreement, there is no fee. Note that we do not agree to eliminate other issues. For example, your childhood abuse will not be treated with this process. As we also discussed, we do not know if your visual hallucinations will be eliminated or not. You should not expect that they will go away with this treatment.

AGREEMENT

We agree to eliminate the client's autonomous voice chatter; i.e., background thoughts you hear when you are trying to meditate (that can sound like other people's voices). We will test the results by having the client meditate for a few minutes and listen. These voices feel like they are in fixed locations in space, and have fixed emotional tones.

After the process, the client will have the sensation that their head feels empty, quiet, open and large (like they are now standing on an empty stage). Note that the client will soon become used to this feeling and it will be hard to notice it later.

The fee is $------- payable in 3 weeks after the change is stable. If the voices return, there is no fee.

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If treatment is successful, you might have a reaction to losing your voices. Although infrequent, some clients have feelings of loneliness after their voices leave. If you have this issue, please let us know so we can treat it in the follow-up sessions. Some find that people they are close to (spouses in particular) feel like you are more distant or aloof, even though you have not changed. This is a normal outcome, due to the fact you don't unconsciously connect to them in the same way. This issue passes with time as they adjust to your new condition.

If you have any other problems arise as an immediate outcome of treatment, contact us immediately. In Australia, phone ------------.

Sincerely,

Signed -----------

Example: Predetermined criteria contract for CFS (chronic fatigue syndrome)

This process is currently only available through the Institute's clinics. As we develop new treatments, there is usually a lag of a year or two as they go through more testing and optimization before they are released to our certified therapists.

Dear -------,

As we discussed on the phone, here is a contract for our treatment for your chronic fatigue syndrome symptoms. Please review it for changes before treatment starts at 2pm on -------------.

For a sum of $------- payable after three weeks without symptoms, we agree to treat your chronic fatigue syndrome so that: "the overwhelming fatigue will be gone, to normal levels, like I had before the disease started less the fact I haven't had exercise for a long time and I'm older than when this started." (My CFS symptom is: debilitating fatigue = bedbound.) Be aware that we are not treating other symptoms, and you should not assume that they will go away with this treatment. This agreement also does not include any issues that resulted from the chronic fatigue, or other issues that occurred before or during his illness.

You have already signed a liability agreement; and read the disclosure form on the PeakStates Therapy website, and have understood what you read without further questions.

As I mentioned, after the symptoms are gone (assuming we are successful), we will do two more sessions to make sure the healing is stable. The first will probably be in the first week, the second either the following week or the next after. It is not uncommon to have the problem return after the first successful treatment - this is why we plan on the follow up treatments, to eliminate anything we missed.

We may also use your write-up on our website to help others recognize the symptoms we treat, but that we won't use your name without your permission.

If you have any questions, or don't agree to these conditions, please let me know before the treatment starts.

Sincerely,

Signed ----------

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Appendix 10: ‘Pay for Results’ – Fee Calculation Guide

When using the ‘pay for results’ system, how do you calculate your fee for services? In this appendix we’ll cover the simplest, least risk method that charges your clients the minimum possible fee while still meeting your financial goals.

First, your fee is quoted *up front* in the contract offer you make the client during the initial interview. If you succeed in meeting the contract terms, you get paid that amount – if you don’t meet the terms, or only succeed partially, you don’t get paid at all. Nor do you charge separately for diagnosis or consultations with clients that don’t accept your contract offer, nor charge clients you were unable to heal. Although this sounds impossible for many therapists used to hourly billing, numerous professions use exactly this ‘pay for results’ billing method. In fact, you encounter this billing method almost every day! After all, you expect your grocery store to only sell fresh, healthy food; not mixed in with old, rotten or spoiled merchandise…

10.1: Compute your fixed fee

In reality, most therapists in general practice who use the ‘pay for results’ model simply use the same standard, set fee for every ordinary therapy issue. Essentially, "one size fits all". No matter what problem the client has, they charge the same amount. Flat fee billing minimizes financial risk for the therapist, because risk and reward are spread evenly among all clients. Typical minimum fees for general therapy range around $250 - $350US, but vary with country and cost of living.

Interestingly, in our experience most ‘pay for result’ clients are fine with a fixed fee – they are only really concerned with eliminating their issue. (It is generally just therapists or other ‘healthcare practitioners’ who have a problem with this billing method.) Clients recognize that they are paying for your expertise, not your time. In fact, for them shorter is better – clients are tired of suffering and just want the issue gone as rapidly as possible. Like with car repair, clients are happier if it’s done in an hour rather than a day. Quoting a fee in advance also allows them to evaluate the cost/benefit and budget for their treatment. Again, since this is ‘pay for results’, their chief worry that they are going to waste a large amount of money for nothing is no longer an issue. This fee structure also means that half of the clients are charged less, and the other half more, as compared to an hourly rate fee system. This really helps the slower clients and is not an excessive burden on the faster ones.

So, how do you set your fixed fee? Like those grocers, you have to price your services to cover the clients you heal and the ones you don’t. Although you can’t predict which particular clients will heal (and make you money), over time your successes and failures average to a reasonably steady rate. With this, we can now write down a simple way to figure out your needed fee:

Eq. 10.1

$$\text{Fee} = \text{(desired hourly rate)} \times \left[\frac{\text{(total of all client contact hours)}}{\text{(\# clients healed)}} \right]$$

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Figure 10.1 shows this relationship on the graph below.

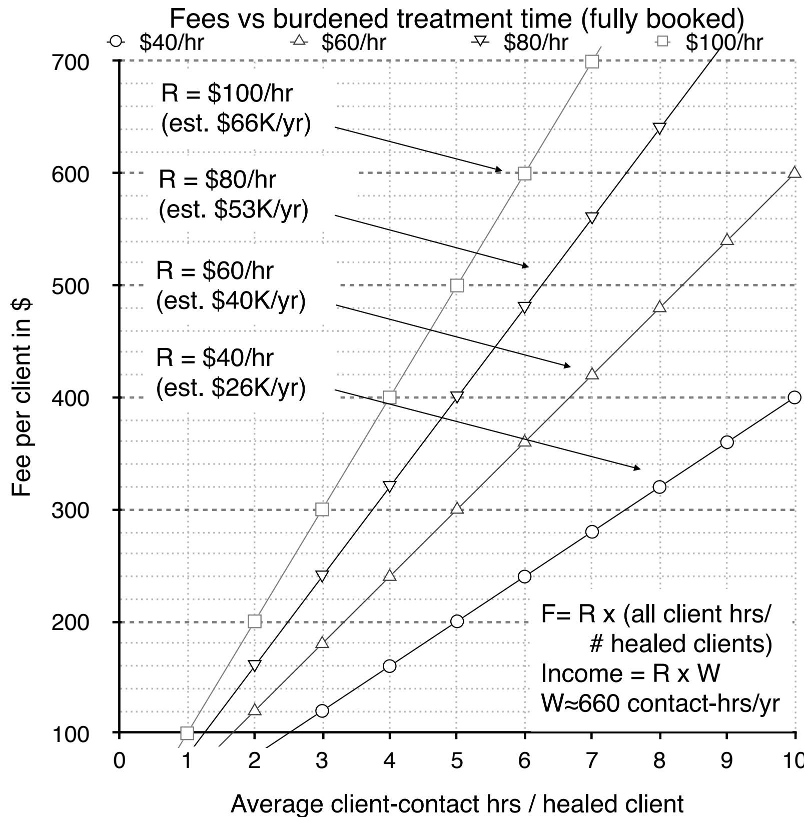

Figure 10.1: A plot of the fixed fee (equation 10.1) for four different hourly rates. Estimated annual incomes computed by using 660 contact-hours per year.

Figure 10.1 shows the relationship between fixed fee versus hourly rate from equation 10.1. The plot's name 'burdened treatment time' means this average also includes the time spent on clients we did not succeed in healing, as well as time spent in all initial interviews. It also assumes a full client load.

Note that the fees you set give you an income based on your *client-contact hours*. Other overhead time you spent, say cleaning your office or writing advertising material does not directly influence your fee. In private practice, it is customary that overhead time is covered by the equivalent hourly rate you chose. Of course, what you charge is up to you (within the constraints of 'charge for results').

Nothing says you have to charge your standard, fixed fee if the client's issue was handled quickly, meaning you could charge less if you wanted to - but you have to watch out, as your income depends on having some clients heal quicker to make up for the ones who heal more slowly!

> *Example 10.1: Math, yuck! Just tell me how much to charge…*
>
> A fixed fee of about $350US is a reasonable estimate for a typical beginner using subcellular psychobiology techniques. Over time, you can use equation 10.1 and adjust your fee to better fit your skill level and client issues.
>
> So how did we get a $350 beginners fixed fee? Here are the (hopefully) reasonable parameters we used. You want a $50,000US/year income and you work 660

client contact hours a year, which means you need an equivalent hourly rate (R) of \$76/hr. Your average diagnosis time (T) is 0.5 hours; your average general therapy treatment time (A) is 2 hours; your maximum cutoff time (C) when you should quit is 4 hours (we'll explain that later); the percentage of clients who start treatment after your initial interview (Pt) is 80%; and your success rate (P) on the ones who start is 70%. Thus, in terms of figure 10.1, you have 4.6 total contact-hours per healed client.

Given these numbers, you would have to work on 256 clients in a year, which means you have to see 6 new clients each week (if you work a 5-day work week with 15.2 client-contact hours per week spread out over 217 work days for 43.4 weeks a year). If you can't get that many new clients, you'll have to either accept a lower annual income (e.g., for 10% fewer clients your income would be 10% lower) or raise your fee to compensate (e.g., for 10% fewer clients you raise your fee 10%).

10.2: Monitor your financial performance

The simple equation 10.1 says that to figure your fixed, 'one price fits all' fee, all you have to do is keep a running total of the time you spent on *all* your clients, while keeping track of how many you were actually able to heal. The only thing you need to know ahead of time is your desired hourly rate R (say \$75/hour). As the weeks pass, you just keep adding to these totals to make sure your fee is about right.

We can also rewrite that equation so we can make sure our desired hourly rate is holding steady. Simple, eh?

Eq. 10.2

$$R = \frac{\text{(total of client fees)}}{\text{(total of all client contact hours)}} = \frac{\text{Fee x (\# clients healed)}}{\text{(total of all client contact hours)}}$$

in \$/hr

Actually, over time your success rate increases and then plateaus as you become more skilled; and continues to bump up as new techniques are developed and subcellular cases are identified. If you are a beginner, therapists we've trained to use subcellular techniques quickly improve during their first 20 clients. Thus you find you can decrease your fee yet still meet your hourly income target. Experienced therapists get more capable but often start accepting (or attracting) tougher clients that take longer. Thus, their increased speed can be counterbalanced with harder clients, sometimes requiring a fee adjustment to keep their equivalent hourly rate on target.

10.3: Make Choices About Your Practice

10.3.1: Estimate your client contact hours (W)

As a therapist with a private practice, you need to decide how many client hours you want to do per week. You also have to account for time you have to spend on the business (making calls, appointments, advertising, chatting with potential organizations, keeping records up to date, billing insurance, paying bills, etc.) If you work a full 8-hour day, it is reasonable to assume 2 hours a day for these other tasks.

Time off is another issue. You need time off, and the clients often don't come in during certain periods of the year. For example, summer months and the month after Christmas are unlikely to have a full caseload. Thus, although it varies widely, the most you can probably expect is 10 months of full-time work at 30 hours per week of patient contact time, and 40 hours per week total work time. Thus we work about 217 days or 43.4 weeks at 5 days per week. This

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gives a maximum of 1,320 contact hours - and more likely you'll have a lot less contact hours, because you probably won't have a continuous back-to-back stream of clients. Figuring on a half-time caseload is probably a reasonable maximum estimate (although it may be a lot less especially when you start out). With this estimate, you'll only have 660 client-contact hours per year doing private practice (with another 220 hours for other tasks). This number is low for a therapist employed at a facility, but probably realistic for a therapist in private practice.

If we work about 660 contact-hours per year, this means we have about 3 contact-hours per working day. (Figuring another 220 hours per year for other tasks, this means a total of about 4.1 hours per working day.) This half-day schedule is not unreasonable, because the number of clients who want our services is usually the limiting factor, and this trauma-healing work is very demanding on the therapist. It also allows the trauma therapist to run overtime far more easily, something that happens a lot with this work. It also allows the therapist to work longer on weeks with a lot of clients, and shorter on weeks where there are fewer clients.

10.3.2: Determine your desired equivalent hourly rate (R)

With ‘charge for results’ you set a price per job, rather than charge by the hour. However, averaged over a number of clients, you can look at your income as if you had a job paying an equivalent hourly pay rate R – the total money you’ve earned divided by the total time you’ve spent with all your clients (i.e., $/hr). This idea is helpful in several ways. It lets you compute fees based on the pay rate you want; allows you to compare your income to those of other therapists; and gives you an easy way to figure out your annual income.

First, you can choose your equivalent hourly rate R by comparing yourself to other ordinary therapists’ hourly rate. Find out what psychotherapists in your area are charging (both the low end and the high end). You then decide where your skill level and your ability to connect to people put you on the local hourly pay range. (Often, being able to make people feel good about themselves and their relationship with you is more important to being able to charge higher fees than being competent in healing clients). Once you have a figure, find out if it meets your annual financial targets - compute what you'll earn at the end of the year to see if it is enough.

The second way to choose your equivalent hourly rate R is to start from the annual income you want, and then compute what you have to charge to meet that target. Obviously, there is some give and take on this - you'll want to find out what the typical range of fees in your area is, so you can see if what you want is reasonable.

Eq. 10.3
$$R = \frac{\text{(desired annual income)}}{\text{(annual client contact hours)}} \text{ (in \$/hr)}$$

According to a 2009 American Psychological Association survey, the median income for a licensed Master’s level in private practice in clinical psychology was $40.5K (SD=27K); for an average of 660 client-contact hours, this means R=$61/hr. The median income for a Masters level in private practice in counseling psychology was $55K; for an average of 660 client-contact hours, this means R=$83/hr. There was also quite a variation of income based on years of experience.

Whatever rate you choose, remember that you offer your general clients two exceptional features that make your services far more valuable than those of your colleagues. First, your ‘charge for results’ policy removes the client’s financial risk. This is the single most valuable thing you can offer a client (especially ones with chronic problems where they have wasted their usually very limited savings in futile attempts to be healed). Secondly, your skill with subcellular psychobiological techniques means that you can help many typical therapy clients who are suffering greatly and cannot get help anywhere else.

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Example 10.2: What should my equivalent hourly rate be?

Because your practice is new, you decide that your base rate should be in the middle of the range of psychotherapy fees in your area. This turns out to be $75/hr. If you figure a half-time caseload and the same average equivalent hourly rate R of $80 per hour, you can expect a gross annual income of $75/hr x 660 hrs = $49,500.

Instead, if you decide that you want an annual income of $100,000 (which is unreasonably high for most general practice therapists, but more possible for therapists who specialize), you'll have to charge an equivalent hourly rate R of $100,000/660hrs = $151 per hour. However, since you're offering very effective therapy with a 'charge for results' policy, you may be worth it - but it will take some time to get you well enough known for this fact to make a difference to your client base.

10.3.3: Charge different rates for different services

This appendix was written to allow you to get a feeling for what you will earn based on a simple, 'one hourly rate for everything' model that most 'pay for results' psychotherapists use in general practice. In other words, the formulas assume that you are charging the same equivalent hourly rate R for all client issues.

However, if a general practitioner also occasionally treats some specialized, particular issue – for example, eliminating schizophrenic 'voices' – they might use a different, higher fixed fee for just that particular problem, especially if it is a pre-defined, standard but time consuming process. Essentially, it is in a time category of its own and should be billed as such.

Also, some of the unique services that a certified Peak States therapist can offer (such as peak state processes or treatment of 'untreatable' conditions) are far more valuable to clients than standard therapy and can be billed at a higher rate. Although this may sound rather mercenary, you've spent a lot of time and money learning this cutting edge material that can help your clients when nothing else can – and the client can decide if the cost is worth it for him. And remember, you don't have a monopoly, since the Institute is doing its best to spread this new way of working as fast as we can. Thus, your client can simply 'vote with his feet' and find another certified therapist whose fees are more reasonable, after all.

10.3.4: Specialize

Experienced therapists generally move into a specialization that they feel passionate about. This can make it much easier to get the needed stream of clients, especially if the therapist can work over the internet, gets referrals for their specialty, or has more than one office location. Specialization also usually pays better than general therapy (experts charge more for their expertise and training) and allows longer treatment time without increasing financial risk.

The fixed fee structure is especially appropriate for therapists who are primarily specialists. They usually set higher than average fees for their work; and since a specialist can accumulate experience in predicting the duration of their treatments, it is also far easier for them to vary their prices to fit the client's issue if they choose to.

Specialists also do a better job (higher success rate) in their area of expertise than a general therapist; and most importantly for long-term job contentment, they wake up looking forward to working and having more fun!

10.4 Cutoff time

However, there is just one little problem...

It has to do with how long you spend trying to heal clients before you give up. You know that some clients are just not going to heal, usually because the state of the art is just not yet good

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enough to help everyone. So the longer you spend with these clients, the more time you waste not earning any money or treating the clients you could help. Since these impossible clients don't come with little signs on their chests – they're mixed in with the ones who you can actually help - how do you deal with this?

The answer is to have a 'cutoff time'. This means that you quit trying to help your client if the total time you've spent with them goes past this limit. Thus, the other essential part of setting your fees is to pre-determine when to quit and accept that you can't help your client (nor earn a fee).

OK you say, but how to pick it? Well, it turns out that the cutoff time you choose has a real impact on your fee. Too short, and you have to charge way too much to account for all the clients you cutoff. But too long and again you have to charge way too much to account for the many hours you wasted on clients you couldn't help anyway. So there is a 'sweet spot', a cutoff time just right for you that makes your fixed fee as cheap as possible while at the same time giving you the best equivalent hourly rate (your average earning in dollars per hour of client-contact time).

But doesn't the cutoff idea mean that some of your clients might still have healed if you had just kept going? Is this ethical? First, very few clients slip through (only about 8% or so based on a Gaussian distribution). But regardless, you don't just dump the clients you can't help into the street! You pass them on to specialists who work with the tough cases, such as our Institute clinic staff. This means you need to network with your colleagues to find out who has a hope of helping these more difficult cases. Generally, if the specialist succeeds in treating your client, he shares some of his earnings to you for the referral, a win for all three of you.

One final point - as you become more experienced, you begin to recognize during your diagnosis the clients who you know you simply can't help. For example, perhaps they have a disease you don't know how to treat, say OCD, and are not interested in paying for what you can treat, perhaps a reduction in feelings about having the problem. Thus, with time your overall treatment speed and success rate increases because you know when to not even try.

In the next section we're going to cover how to choose an 'optimum', statistically derived cutoff time – but that doesn't mean you have to use it! Say for example you want to always try and help the few clients who take a lot more time than usual; Equation 10.1 and 10.2 will still allow you to calculate the required flat fee. Your income may now wobble a bit more than if you'd use the optimum choice, but probably not by much. And your fee may have to be higher than it would be if you'd optimized, but again, probably not by too much. Or you may just want to skip all the measurement jazz and just arbitrarily pick parameters you think seem about right. You can still compute a fee, and then over the next month or so adjust it to fit real life.

10.4.1 Predict the statistically optimum cutoff time, fee, and number of clients

Many experienced therapists already have a good feel for when they need to give up trying to heal a client. However, beginners and even experienced therapists can benefit from knowing when the statistically derived cutoff time to quit is, to help them understand the instinctive time tradeoffs they are making. Of course, you can use any cutoff time, and compute fees to match, but this little process usually helps you get close to your 'sweet spot'.

For this, we're going to ask you to do some steps without understanding the math behind it. [If you still want to know and have a good grasp of math and statistics, we refer you to our in-depth article at PeakStates.com.]

One mistake that is easy to make – this cutoff time does *not* include your diagnosis time. The cutoff clock starts when you start treating the client. Think of diagnosis as a completely different activity, even if you launch into treatment right after finishing the contract.

Tip - don't forget the 'rule of three' time: Because of the not uncommon problem of missed or inadequately healed traumas, therapists generally do follow-up sessions after all

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symptoms are eliminated to make sure that the issue didn't return. This is usually scheduled for a few days after completing treatment, and then usually a phone appointment after 2 to 3 weeks to recheck the healing. Be sure to include this 'extra' time in your session length measurements.

Step 1: Get your client times

Record the times it takes you to heal the next 10 successes you have (more is better up to 20 - but 10 is usually good enough). For the tougher clients, work with them an extra hour or so more than you would have normally before you give up; this gives the math better data. Also record the times it took to do diagnosis on everyone who came through the door up to the last client you healed successfully.

Example 10.3a: You've recorded all your diagnosis times in minutes: 25, 35, 40, 26, 37, 22, 40, 28, 38, 15, 17, 50, 28, 40, 20. You've recorded your treatment times in hours: 0.5, ∞, 4.0, 1.5, 2.5, 1.0, 3.0, 1.5, ∞, 2.5, 2.0, 2.5. The infinity symbols are for those clients you just couldn't heal.

Step 2: Compute the mean and standard deviation

Use a calculator or web program that gives you the mean (m) and standard deviation (s) of the *treatment* times you recorded (not the diagnosis times). Use the 'sampled standard deviation' if it gives you a choice. The 'ideal standard deviation' is close enough if it doesn't. For this calculation, you ignore the clients you couldn't heal.

Example 10.3b: The hand calculator gives a value of m=2.1 hours, and s=1.02 hours on the 10 treatment times.

Step 3: Compute your cutoff time

Using a 'rule of thumb', the cutoff time C = m + (1.35 x s). This is an average that doesn't quite fit every case, but is close enough for most therapists.

If you want to see if more precision matters:

(1) if most of your clients heal early or in the middle of your time range (in statistical terms, Gaussian or positively skewed distributions), use C = m + s x [2.04 x ((# clients healed) ÷ (#clients attempted) - 0.13)];
(2) when most of the clients take about the same long length of time and not many heal fast (a negatively skewed distribution), use C = m + (1.5 x s).

Eq. 10.4 $$C = m + 1.35 \times s$$

Example 10.3c: C = 2.1 + 1.35 x 1.02 = 3.48 hours. Rounding to the nearest tenth hour, C = 3.5 hours.

Since we have very few slow healing clients, we try the more exact formula: C = 2.1 + 1.02 x (2.04 x 9/12 – 0.13) = 2.1 + 1.02 (1.4) = 3.53. The difference is negligible.

Step 4: Add up the diagnosis times

Add up all of the diagnosis times for every client that walked in your door (= Td). Note the total number of people that walked in the door (= Na).

Example 10.3d: You converted that to hours, and added them up. Td = 7.69 hours. The number of people who walked in the door Na = 15.

For fun we compute the average diagnosis time T = 7.69 ÷ 15 = 0.513 hours, not too bad but it could be a bit faster with more experience.

Step 5: Add up your treatment times

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For this step, you first need to add all the time you've spent trying to heal your clients. Here is a tricky bit – all the measured times *longer* than the cutoff time you replace with the cutoff time in the sum. (This makes the calculation like it would be in the future, when you actually use your calculated cutoff time with your clients.)

> *Example 10.3e:* Now let's add up all the times. We already did the total diagnosis time in step 2, so we know Td = 7.69 hours. Now we've got to add up all the treatment times, so Ttreatment = 0.5 + 1.5 + 2.5 + 1.0 + 3.0 + 1.5 + 2.5 + 2.0 + 2.5 + 3.53 + 3.53 + 3.53 = 27.6 hours.
>
> Notice that we remembered the tricky bit and replaced our client with 4.0 hours with the shorter cutoff time, and also replaced the 2 we couldn't heal at all (those were the ones which we recorded as ∞) with the cutoff time.

Step 6: Compute your fixed fee

From equation 10.1, your fee F = (equivalent hourly rate) x (total of all client hours) ÷ (# clients healed).

> *Example 10.3f:* Let's assume you want to earn $75/hour (a yearly income of about $50,000). Putting this all together, F = $75 x (7.69 + 27.62) ÷ (9) = $293.

Step 7: Calculate how many new clients you need

From equation 10.5, and using 660 client contact hours per year, our required number of new clients per year is your forecast annual contact client hours divided by the average time you spend per new client. Thus, N_Y = (W x Na) ÷ (Td + Ttreatment) – that's equation 10.5.

> *Example 10.3g:* N_Y = (660 x 15) ÷ (7.69 + 27.6)] = 660 hours/year ÷ (2.35 hours/client) = 280.5 new clients per year. For 43.4 weeks per year, this means you need 280.5/43.4 = 6.46 new clients per week.
>
> This is quite a lot, so you may need to adjust your prices upwards to fit the smaller, actual average number of new clients you attract to your practice. (See section 10.6.)

Feel free to ignore this next part…

At this point, all the steps for Example 10.3 are finished and nothing more is needed. But for those somewhat more interested in math, the steps you did for example 10.3 (as well as fees and incomes for other cutoff time choices) are illustrated graphically below.

The computations of the mean and standard deviation in Step 2 for Example 10.3b are plotted in Figure 10.2 below. The statistically optimum cutoff time for Example 10.3c is shown at about the 1.4σ point on the graph.

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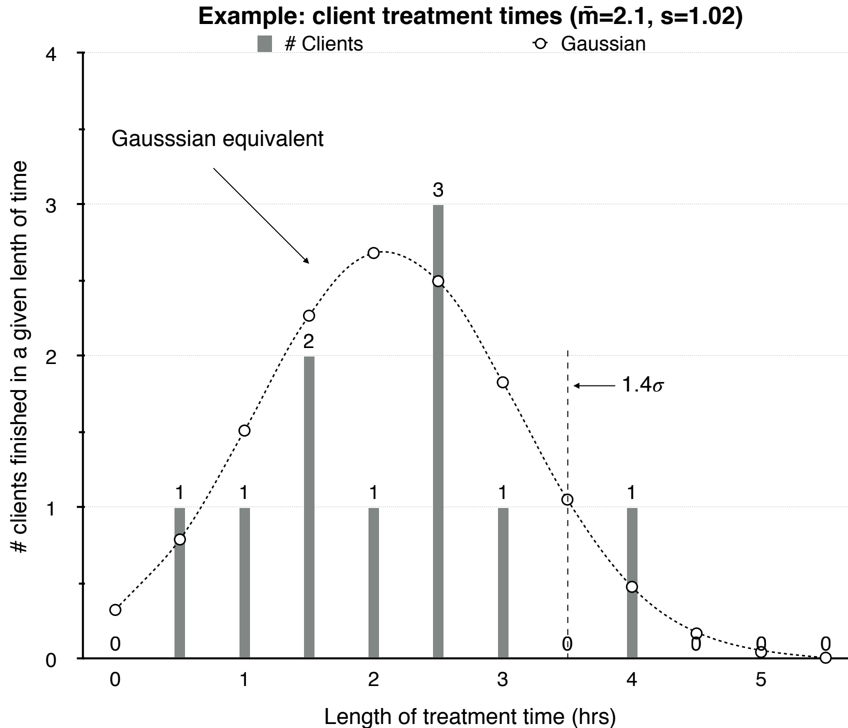

Figure 10.2: (a) From the example data is a frequency plot of the 10 client treatment times. Superimposed on this plot is a Gaussian curve with the same mean and standard deviation. The statistical optimum 'sweet spot' cutoff point is shown as a dashed line at 1.4σ.

In Step 6 of Example 10.3f we computed the fixed fee we need to quote to clients for the statistically derived cutoff time. But we can also compute the fees and the equivalent hourly rate we would get with the data that we actually measured for every possible cutoff time. This is shown in Figure 10.3 on the next page.

It is interesting to be able to see visually that the lowest client fee gives the highest hourly income over the range of cutoff times. Notice that the statistically optimum choice for cutoff – the 'sweet spot' - fell in a dip. This was probably due to the small sample size; we would anticipate that with more clients, the curve would 'smooth out' and make this choice closer to optimum.

Also note that for this particular client distribution you could pick a cutoff anywhere from 3.5 to 4.0 hours and get nearly the same financial results. Using the longer time would also let you finish healing a few more percent of your clients; or you could vary the time somewhat when you actually quit working with a given client and still get about the same financial return. Past the 4 hour point, your failure rate (the percentage of clients you cannot heal) causes your income to drop (for a given fee) - and if your failure rate was worse that the 17% we used in this example, that drop (with respect to cutoff time) would be faster and more severe.

The figure also includes the results of Step 7 for the number of clients per week (for 660 client contact hours per year) you would be treating for a given cutoff time. Notice that the number of clients is roughly the same per week for reasonable choices of cutoff times.

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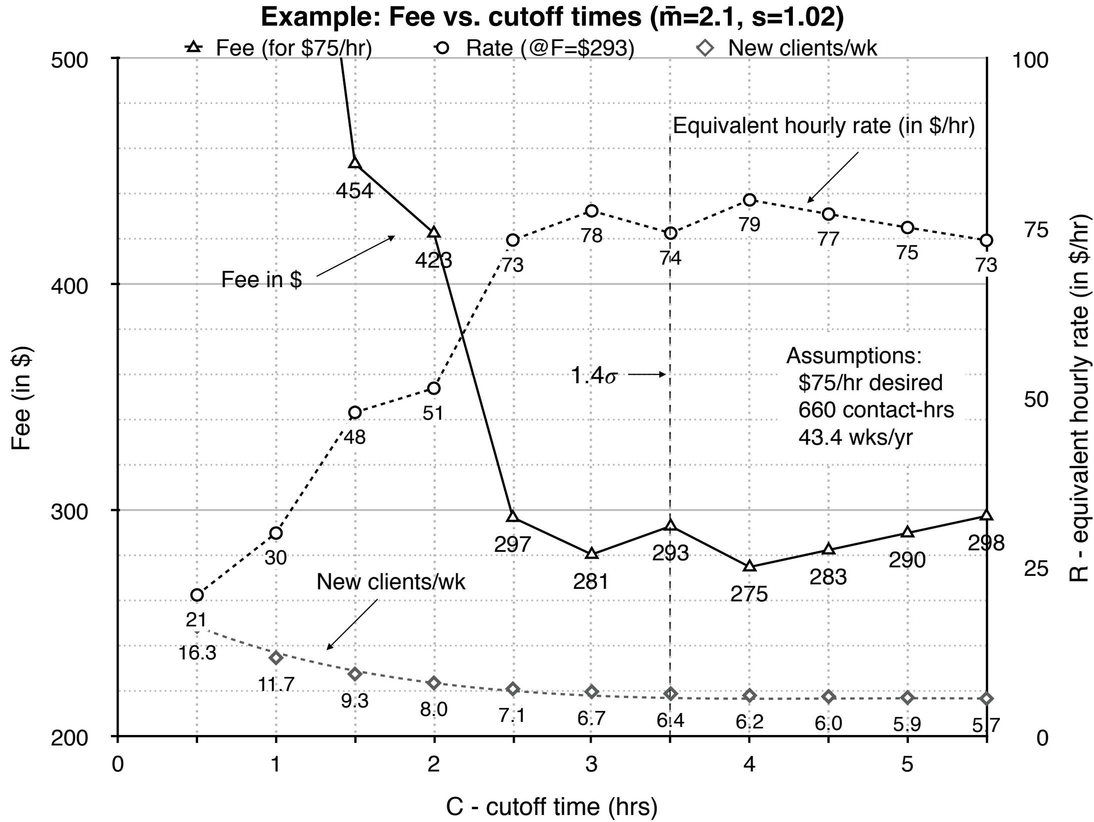

Figure 10.2: (b) For example 10.3 we show plots of fee (for an equivalent hourly rate of $75/hr), equivalent hourly rate (for a fixed $293 fee), and new clients required, all for different choices of cutoff times.

10.5: How Do You Calculate Fees If You Have Less Than A Full Caseload?

Up to this point, the fee formulas in this appendix all assume you've got a full case load. Unfortunately, this may not be true for typical trauma therapists. In this section we'll look at this issue.

Probably the biggest surprise for new therapists is how many more new clients they will have to see to earn a living. This is due to the fact that with the newer trauma therapies – and even more so with the new subcellular biology techniques - clients are either healed quickly or you soon realize that you can't help them. Hence, turnaround is quite fast and therapists have to see a lot of new clients to fill up their open time slots. So what do we do if we just can't attract that many new clients consistently?

Working with another institution that sends you clients in your specialization is by far the best answer. Or simply specialize and focus on what you really care about, where you can charge more for your unique contribution to your clients' lives. But given that you don't have an institutional affiliate and still work as a general practitioner, you will either need to raise your fees to compensate, accept that you'll be earning less annual income, or get a second job.

The other option is just to accept that you have an ebb and flow in your practice. The fee you've calculated ignores any missed appointment slots – so if you have a client, that is the right fee, and if you don't, you don't try and make it up by charging more; you just wait till you do get another client. Perhaps you simply work more hours in weeks that you have a lot of traffic in the

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door. Of course, you still need to pay the bills, so you need to keep track of your hours and income to see if you are meeting your financial goals.

10.5.1: Compute the full caseload number of clients

So just how many clients are we talking about? Let's start by computing how much time we spend *on average* with each person that we meet in our office. This means the total of all client-contact hours – all the diagnoses, all the treatments, all the failures – divided by how many new clients (or old clients with new issues) walked in the door. That's what the 'average time per new client' means in equation 10.5 below. Thus, for N_Y = (# of new clients per year), you can look at your records and calculate the terms in the formulas:

$$N_Y = \frac{\text{(planned client contact hours per year)}}{\text{(average time per new client)}} = \frac{W \times N_a}{(T_d + T_{treatment})} \qquad \text{(in clients/year)}$$

Eq. 10.5

$$= \frac{\text{(planned total client contact hours per year)} \times \text{(\# clients in the door)}}{\text{(total of all client contact hours)}}$$

To put this issue in more easily grasped terms, we can express N_Y in the more meaningful 'clients per week' by dividing it by the number of weeks we work. That's just the number of new (or repeat) clients that we need to have every week. As covered in section 10.3.1, if we assume you are in private practice and take about 2 months off (during times that most clients are not seeing therapists anyway), we work 217 days or 43.4 weeks at 5 days per week.

Eq. 10.6

$$N_W = \frac{N_Y}{\text{(217 work days)/(5 days per week)}} = \frac{N_Y}{\text{(43.4 weeks)}} \qquad \text{(in clients/week)}$$

Of course, you particular circumstances might be different – we've shown these simple formulas so you can just plug your numbers into them and compute results for your own situation.

10.5.2: Adjust your fees for light caseloads

If you decide you are going to raise your fees to compensate for a lack of clients, the adjustment to your fee is simple – the percent change to the optimum clients is also the percent change to the optimum fee. In other words, if you've got fewer clients, your fee has to go up by the same percentage. The same holds true for time – if you've scheduled for 15 hours of client contact time per week, but on average only use 10 of those hours, your fee is going to have to increase by (15-10)/15 = 33% to compensate.

Eq. 10.7

$$\text{New fee} = \text{(fee from full caseload)} \times \frac{\text{(\# clients in reality)}}{\text{(\# clients with full caseload)}}$$

$$= \text{(fee for full caseload)} \times \frac{\text{(full caseload hours)}}{\text{(actual caseload hours)}}$$

Another way to compute your fee is by just adding the time in you did not see clients (but were planning to) to your total client-contact hours. Thus the fee is:

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Eq. 10.8

$$F = (\text{desired hourly rate}) \times \left[\frac{(\text{total of all client contact hours}) + (\text{total time of empty appointments})}{(\#\ \text{clients healed})} \right]$$

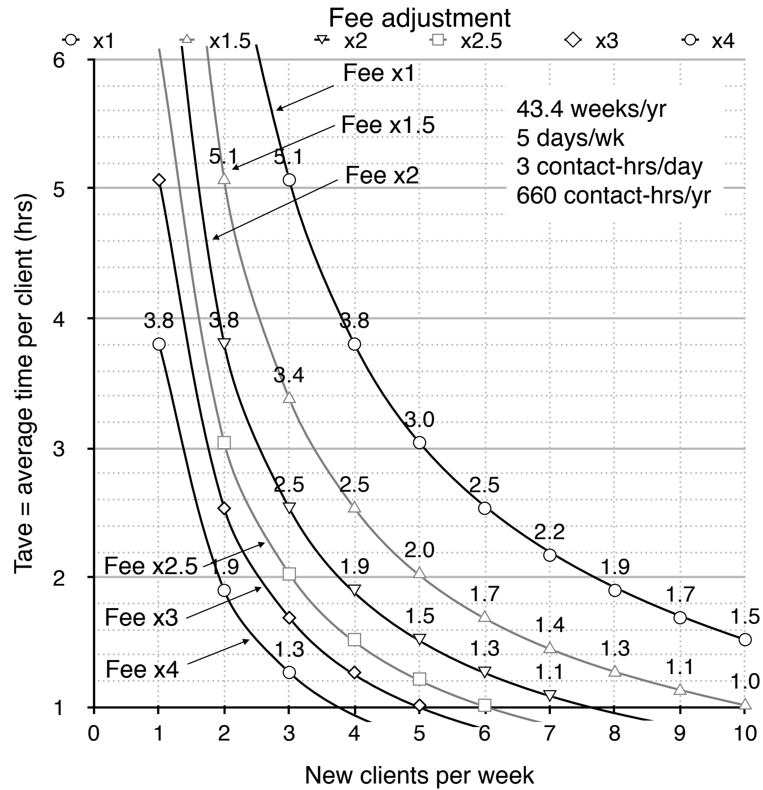

Figure 10.3: Plot of how much you have to multiply your fee if you don't have a full client load (or get a lower income instead). The upper right curve is for a full case-load at 660 contact-hours per year.

Example 10.4: Showing fees versus clients per week

Figure 10.3 illustrates the magnitude of the problem of needing new clients. You've optimized your fee for a full workload. Say your average time per new client (including diagnosis) is a fast 2.5 hours. This means you need to see an average of 6 new clients a week, every week you work that year to stay busy (the full client-load line is labeled Fee x1). But say you can only really average 3 new clients in the door a week? Well, you either earn half as much (6/3 = 0.5), or you have to double your fee to account for all the missed work. You can see this on the plot as the Fee x2 line.

10.6: Other Options – Variable Fees

Therapists who are used to charging by the hour often ask, "Instead of having one fixed fee, how about setting fees based on how long we think the client will take to heal?"

We don't recommend this in general, and here is why. Flat fee billing minimizes financial risk for the therapist, because risk and reward are spread evenly among all clients. New therapists have a (justified) concern that they don't have enough experience to judge how long a client will take to heal, or even if they can help them at all. Unfortunately, failing to heal their higher fee

clients has a big impact on income – small errors in your estimates and assumptions matter a lot more than with fixed fee billing. Thus, for many therapists variable fee contracts can be a financial nightmare.

Worse, the estimated time based fees can get prohibitively expensive for the slower half of their client load – and the slowest would be paying two or three times your average rate. $300 is a lot – but $600 to $900 or more is a whole different level of pain for people who may already be struggling to pay bills. Many of these clients simply couldn't afford it even if they have insurance.

Therapists who are primarily specialists might consider variable fee billing, but their situation is different than a general therapist. Specialists usually set higher than average fees for their work; but since they can accumulate focused experience in predicting the duration of their treatments, it is also far easier for them to vary their prices to fit the client's issue if they choose to.

If you decide you want to explore using variable fees, we recommend you make yourself a guide of 'standard times' for the various problems you encounter; obviously, the general therapist would have a far harder time doing this than a specialist, although it is possible. Of course, with experience you can start to get a feel for client's issues and how long they take, and work from your intuition – but if you do, we suggest keeping a close eye on your cumulative equivalent hourly rate!

10.7: A Final Reflection on Fees

'Charging for results' is all about ethical conduct and really living the golden rule – doing to others what you would have them do to you. This appendix has just shown you can do this while still making a living - you now know exactly how to charge the smallest fee to your clients while minimizing your financial risk and maximizing your income.

In practice, you might bend the fixed-fee rules a bit but by this point you should have a good feel for the tradeoffs. For example, you might decide to charge less for some of the 'easy' clients and more for some of the 'hard' clients. Or go longer with a client you think is almost done, and shorter with a client you've figured out you can't help (and need to pass on the a specialist or one of our clinics). Or you might reserve some of your time for charity clients, (a practice we encourage and do ourselves) by charging more than the minimum to cover these unpaid clients.

Obviously, how you bill your clients is up to you and the constraints you have on your practice. One comment we've heard is that the therapist has a lot of insurance billing and can't go to a 'pay for results' policy with them – but have you called and asked the company? After all, it is to the insurance company's benefit to have you work this way! Or you might argue that you don't have to change your billing because it is 'illegal' in the location you live in to give a guarantee. Sadly, we've had a number of therapist use this argument to avoid change; in fact the laws are written to handle the problem of 'snake oil salesmen' who offer cures that they can't deliver. Not about charging for results.

Although how a therapist charges is very personal – for example, some work for free, some only accept donations for their work – we actually encourage our therapists to charge a premium for our new, unique treatments (with a 'pay for results' policy, and no, the Institute does not get any of it). Why? Because we want this new paradigm to spread for the eventual benefit of all people. Introducing new ideas or treatments is very difficult even when there are no paradigm conflicts - for example, it took many years for experienced physicians to accept that ulcers were caused by a bacterial infection, even though it is quickly and easily demonstrated by treatment with tetracycline. Obviously, we hope that over time an altruistic desire to help their clients will make the subcellular psychobiology approach spread. But sadly, the reality is that a huge

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motivator in much of Western society is just simple self-interest. Thus, we hope to harness this motivation by having treatments that pay more, which we expect will cause people who normally would not use this material to adopt our approaches to their own work. As our models spread, this should in turn allow more people to get help, and give financial incentives for others to develop new treatments for other diseases and problems. And rather quickly bring down he cost to consumers as well as encourage its spread to the various state supported health systems.

Suggested Reading

- "Pay for Results – Statistical and Mathematical Modeling for Fee Calculations" by Dr. Grant McFetridge, at www.PeakStates.com. It derives the equations and statistical models for optimum fees used in this appendix for fixed-fee and variable fee pricing for therapists.

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Appendix 11: 'Pay for Results' – Statistical and Mathematical Modeling for Fee Calculations

To review, the fee is derived from a desired 'equivalent hourly rate', which makes it compatible with existing billing methods – and makes it simple to understand. Thus:

$$\text{Fee} = \text{(Hourly Rate)} \times \left[\frac{\sum(\text{all client contact hours})}{(\#\,\text{healed clients})} \right]$$

11.0: Chose a Fee Method

Now, choose a billing option based on your experience level (or client base) from the list below:

- *Appendix 11.3:* Compute a fixed per-issue fee that does not vary for any client – the fee is the same no matter how long the job takes. We assume you give up when you reach an upper time limit that is the same for all clients. This is the absolute simplest way of charging and has the least risk for the therapist, but isn't the most cost effective for half your clients. Many 'pay for results' therapists use this billing method; it is especially applicable for specialized treatments, such as the Silent Mind Technique™. This formula includes an additional term to cover the non-charged consultation fee.
- *Appendix 11.4:* Compute a fixed per-issue fee that varies from job to job – the fee is proportional to your estimated length of treatment time. We still assume you give up when you reach an upper time limit that is the same for all clients. Unlike the fixed per-issue fee that doesn't vary from job to job, this charging technique is more economical for the faster half of your clients, but is more costly for the slower half. This billing method is more challenging for the therapist to estimate, so needs a more experienced therapist, and has more financial risk for the therapist. The formula includes an additional term to cover the non-charged consultation fee.
- *Appendix 11.5:* Compute a fixed per-issue fee that varies from job to job – the fee is proportional to your estimated length of treatment time. However, unlike 11.3 or 11.4, you now give up when you reach your estimated time *plus* a fixed overrun time. It is useful if your client time estimates are unusually long or widely varying (for example, if you do treatments that typically take 8 hours or more). This billing method poses the highest risk to the therapist, and so needs the most experience. We don't normally recommend it for most therapists. This formula includes an additional term to cover the non-charged consultation fee.
- *Appendix 11.6:* Decide if you want to increase your fee for clients that you think will take longer to heal, in order to minimize your financial risk, and to reduce the cost for clients that take less time. However, this is difficult to compute and we don't recommend it for most therapists.
- *Appendix 11.7:* How do you compute fees if you have a less than a full caseload? We calculate how many new clients you need per week to meet your financial target based on the minimum fee, and then how much to adjust your fee if you have less than optimum numbers of new clients.

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11.1: Make Choices About Your Practice

Estimating Your Client Contact Hours (W)

As a therapist with a private practice, you need to decide how many client hours you want to do per week. You also have to account for time you have to spend on the business (making calls, appointments, advertising, chatting with potential organizations, keeping records up to date, billing insurance, paying bills, etc.) If you work a full 8-hour day, it is reasonable to assume 2 hours a day for the other tasks.

Time off is another issue. You need time off, and the clients often don't come in during certain periods of the year. For example, summer months and the month after Christmas are unlikely to have a full caseload. Thus, although it varies widely, the most you can probably expect is 10 months of full-time work at 30 hours per week of patient contact time, and 40 hours per week total work time. This gives a maximum of 1,320 contact hours - and more likely you'll have a lot less contact hours, because you probably won't have a continuous back-to-back stream of clients. Figuring on a half-time caseload is probably a reasonable maximum estimate (although it may be a lot less especially when you start out). With this estimate, you'll only have 660 client-contact hours per year doing private practice (with another 220 hours for other tasks). This number is low for a therapist employed at a facility, but probably realistic for a therapist in private practice.

Determining Your Equivalent Hourly Rate (R)

With 'charge for results' you set a price per job, rather than charge by the hour. However, averaged over a number of clients, you can look at your income as if you had a job paying an equivalent hourly pay rate R – the total money you've earned divided by the total time you've spent with all your clients (i.e., $/hr). This idea is helpful in several ways. It lets you compute fees based on the pay rate you want; allows you to compare your income to those of other therapists; and gives you an easy way to figure out your annual income.

First, you can choose your equivalent hourly rate R by comparing yourself to other ordinary therapists' hourly rate. Find out what psychotherapists in your area are charging (both the low end and the high end). You then decide where your skill level and your ability to connect to people put you on the local hourly pay range. (Often, being able to make people feel good about themselves and their relationship with you is more important to being able to charge higher fees than being competent in healing clients). Once you have a figure, find out if it meets your annual financial targets - compute what you'll earn at the end of the year to see if it is enough.

The second way to choose your equivalent hourly rate R is to start from the annual income you want, and then compute what you have to charge to meet that target. Obviously, there is some give and take on this - you'll want to find out what the typical range of fees in your area is, so you can see if what you want is reasonable.

According to a 2009 American Psychological Association survey, the median income for a licensed Master's level in private practice in clinical psychology was $40.5K (SD=27K); for an average of 660 client-contact hours, this means R=$61/hr. The median income for a Masters level in private practice in counseling psychology was $55K; for an average of 660 client-contact hours, this means R=$83/hr. There was also quite a variation of income based on years of experience.

Whatever rate you choose, remember that you offer your general clients two exceptional features that make your services far more valuable than those of your colleagues. First, your 'charge for results' policy removes the client's financial risk. This is the single most valuable thing you can offer a client (especially ones with chronic problems where they have wasted their usually very limited savings in futile attempts to be healed). Secondly, your skill with subcellular psychobiological techniques means that you can help many typical therapy clients who are suffering greatly and cannot get help anywhere else.

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Example 11.2: What should my equivalent hourly rate be?

Because your practice is new, you decide that your base rate should be in the middle of the range of psychotherapy fees in your area. This turns out to be $80/hr. If you figure a half-time caseload and the same average equivalent hourly rate R of $80 per hour, you can expect a gross annual income of $80/hr x 660 hrs = $52,800.

Instead, if you decide that you want an annual income of $100,000 (which is unreasonably high for most general practice therapists, but more possible for therapists who specialize), you'll have to charge an equivalent hourly rate R of $100,000/660hrs = $151 per hour. However, since you're offering very effective therapy with a 'charge for results' policy, you may be worth it - but it will take some time to get you well enough known for this fact to make a difference to your client base.

11.2: Measure Your Performance

To make a fixed-fee, charge only for results process work, you need to know when to quit and accept that you can't help your client. In a sense, you have an 'all or nothing' gamble with each client. At some point your likelihood of success becomes slim; any more time you spend will be unlikely to heal your client or earn you your fee. This appendix applies this idea in different ways (sections 11.3 to 11.6) to trade off risk, client fees, and success rates.

All of the different approaches in this appendix use parameters that you can guess values for, in order to compute your fees. However, it is *far* better to actually measure key parameters. This lets you select a more optimum cutoff time C that maximizes your income while minimizing your fee, making you as competitive as possible. This value of C also makes your income the least sensitive to parameter variations – this means your gross earning will stay about the same even though your measurements might not be perfectly representative, or your clients have some kind of weird non-normal (in a statistical sense) treatment time probability distribution, or you are sloppy about when you actually cutoff therapy with real clients who you can't help.

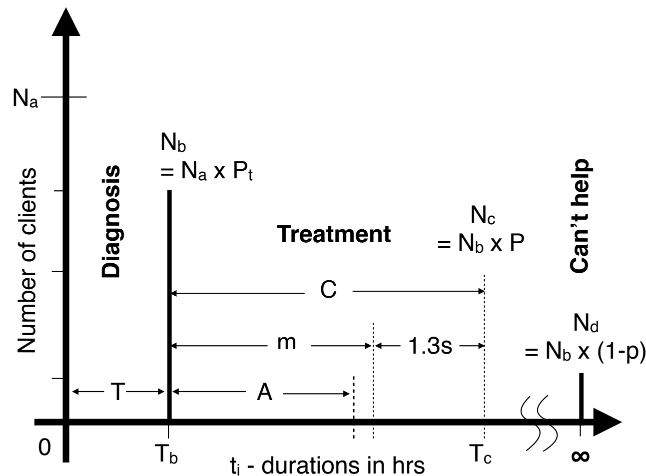

Figure 11.1: Terms in the formulas can be better understood by looking at a frequency distribution plot.

Measure real treatment times and client numbers:

The following procedure usually gives reasonable parameter estimates. (The measurements just help you to roughly figure out the cheapest fee that gives you the most money

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with the least financial risk. Later, you'll keep ongoing track of your income and client hours, and make adjustments to your fee or cutoff time as needed.)

1. During the diagnosis phase you record how many clients (Na) you needed to interview to get 10 healed therapy clients (ones who you genuinely plan to treat, *not* ones who you would normally have rejected as unsuitable for treatment). Thus, Na is 10 plus all the ones you didn't treat plus the ones who you worked on but couldn't help. Record the total time (Ta) that all those interviews took you (including the ones of clients who continued to treatment).
2. In the treatment phase you record the total treatment time (excluding the diagnosis time) of each of the 10 clients you actually healed. Of course, you can't heal everyone, but for the harder clients you should *continue trying to heal the difficult cases for at least an hour longer* than you would normally. This will give you more accurate results (i.e., a better statistical analysis of your client treatment time probability distribution).
3. In the 'can't help' phase you record how many treatment failures you had - these are the ones you just couldn't help – to get to 10 clients who healed successfully.

Be sure to take these measurements on sequential clients – don't skip any! It is important that the sample be unbiased. If you think that you just got a bunch of non-representative clients, just continue on to add a few more treatment clients to the measurement. You can stop at any point (after your first ten), but there is no point in going beyond 20 healed clients. Ten samples gives pretty good results for the standard deviation, and most therapists quit at that point; a few extra clients may give a better probability distribution profile, or a better estimate on the 'can't help' group as it can significantly affect your fee.

Tip - don't forget the 'rule of three' time: Because of the not uncommon problem of missed or inadequately healed traumas, therapists generally do follow-up sessions after all symptoms are eliminated to make sure that the issue didn't return. This is usually scheduled for a few days after completing treatment, and then usually a phone appointment after 2 to 3 weeks to recheck the healing. Be sure to include this 'extra' time in your session length measurements.

Next, derive the statistical parameters from your measurements:

- $T = \frac{\sum T_{diagnosis}}{N_a}$ = average of measured time in hours it takes you to do exam, diagnosis, and set your price on all the clients who walk through your door.
- $P_t = \frac{N_b}{N_a}$ = percent of clients who decide to continue with you after your examination, diagnosis and estimate (the contract acceptance rate) = (# who continue) ÷ (# attempted). Use decimals, e.g. 80% would be 0.8 in the formulas.
- $m = \frac{\sum T_{treatment}}{N_b - N_d}$ = mean of *all* your measured client healing times in hours (except for clients that you can't heal).
- $s = \sqrt{\frac{\sum (T_{treatment} - m)^2}{N_b - N_d - 1}}$ = sampled standard deviation of *all* your measured client healing times (except for client that you can't heal). The ideal standard deviation value is close enough if that is the only one your calculator will do.
- $p = \frac{N_b - N_d}{N_b}$ = percent of measured clients you could actually heal (given enough time) of the ones you attempted = (# healed irrespective of cutoff time) ÷ (# contracted). Use decimals, e.g. 0.7 means 70%)

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Example 11.3: Measuring parameters

You are concerned about choosing the best C cutoff time that maximize your income R in $/hr. So you start measuring how long your diagnoses and treatments actually take. You keep taking data (and putting in extra time on the slower clients just to see if you can succeed) until you've successfully healed 10 clients. Table 11.1 shows your time measurements. Thus, you had to diagnose 15 clients to get 12 that you felt that you could treat (and who wanted treatment). Of those 12, you were able to successfully heal 10 (and that's when you quit taking data.) You could not heal two of those twelve clients and so they were shown as ∞ in the table (hence p = 80%).

Diagnosis measurements				
$T_{diagnosis}$ *(diagnosis times, minutes)*	$T_{diagnosis}$ *(diagnosis times, hours)*	*N (number of clients)*	*T (average time for diagnosis, hrs)*	P_t *(% of diagnosis clients who you then treated)*
25, 35, 40, 26, 37, 22, 40, 28, 38, 15, 17, 50, 28, 40, 20	= 0.42, 0.58, 0.67, 0.43, 0.62, 0.37, 0.67, 0.47, 0.63, 0.25, 0.28, 0.83, 0.47, 0.67, 0.33	N_a=15 clients in diagnosis N_b=12 clients attempted	$T=\sum T_a/N_a$ =(0.42+0.58+0.67 +0.43+0.62+0.37 +0.67+0.47+0.63 +0.25+0.28+0.83 +0.47+0.67+0.33)/13 =7.69hr/15clients =0.51 hrs/client	$Pt=N_b/N_a$ =12clients/15clients =0.80 (80%)
Treatment measurements				
$T_{treatmentt}$ *(treatment times, hours)*	*N (# number of clients)*	*m (mean, without a cutoff)*	*s (standard deviation, without a cutoff)*	*p (% healed, without a cutoff)*
0.5, ∞, 4.0, 1.5, 2.5, 1.0, 3.0, 1.5, ∞, 2.5, 2.0, 2.5	N_b=12 clients attempted N_d=2 couldn't heal	$m=(\sum T_{treatment})/(N_b-N_d)$=(21.0 hrs)/(12-2 clients) =2.1 hrs/client	$s=\sqrt{[\sum(T_{treat}-m)^2/(N_b-N_d-1)]}$ =√[9.4/12-2-1] =1.02 hrs	p=(# healed)/(#attempted) $=(N_b-N_d)/N_b$ =(10-2)/12 =0.83 (83%)

Figure 11.2: Time data on 15 clients (taken one after another). Diagnosis times were measured in minutes, so had to be converted to decimal hours for the formulas. This therapist got a little lazy and measured the treatment times in increments of a half hour.

You then compute the mean (m) and the sampled standard deviation (s) of your 10 (or more) successful therapy times. Hence, m is 2.1 and s is 1.02 hours. You are now ready to figure out your fee.

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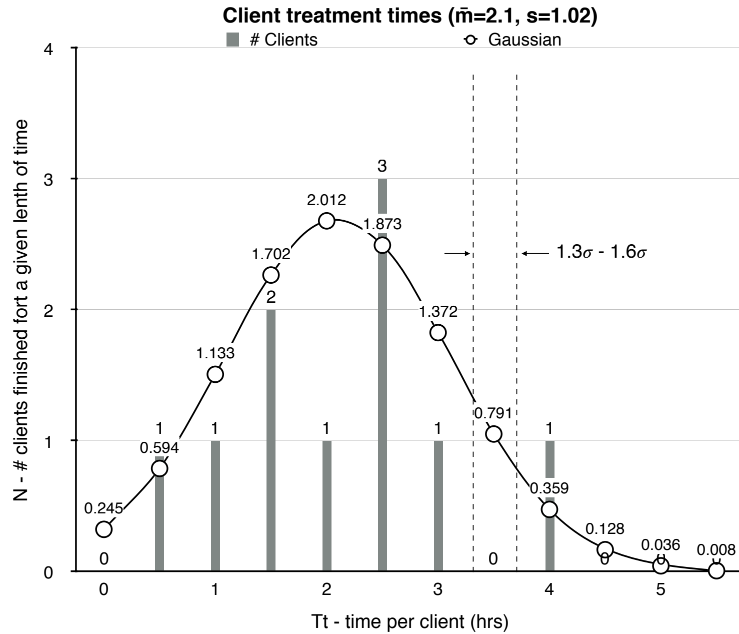

Figure 11.3: A frequency plot of the 10 treatment times (shown as solid bars) for Example 11.3. A truncated Gaussian curve with the same mean and standard deviation is plotted over the bar graph.

11.3: Calculate a Standard Flat Fee With a Fixed Cutoff Time

In reality, most therapists who use the 'pay for results' model simply use a standard, set fee they charge for every ordinary therapy issue. Essentially, "one size fits all". Typical fees for general therapy range around $400US per contract, but vary with country and cost of living.

11.3.1: Determining the statistically optimum cutoff time C

Unfortunately, there is no closed analytical solution for an optimum C (cutoff time) and the derived R (equivalent hourly rate) for every therapist. It varies too much with the therapist's ability, the types of problems their clients have, the fit of the data points they measured to a (hopefully) real underlying distribution, and the stability of that distribution over time. However, what we *can* do is plot various types of probability distributions of client times versus C, R and p. Fortunately, from these plots it turns out that we can generate a 'rule of thumb' for getting a near optimum value for C by using Gaussian statistics. Once we have that, we check it against the C versus R plot from our measured treatment times to select an optimum cutoff, and then monitor the results over time.

We'll use the following equation to plot normalized equivalent hourly rate R curves to find an optimum cutoff C. The formula is for a rate R_N (normalized for a fee=$1) as a function of cutoff time C for arbitrary frequency probability distribution of treatment times N(t). (We're ignoring the time spent during diagnosis – that is added on later.)

Eq. 11.1

$$R_{\mathrm{N,\ treat}}(t) = \frac{I_N(t)}{T_{\mathrm{T,\ treat}}(t)} = \frac{\text{(Income up to time C)/(fee)}}{\text{(Total treatment time spent with clients up to time C)}}$$

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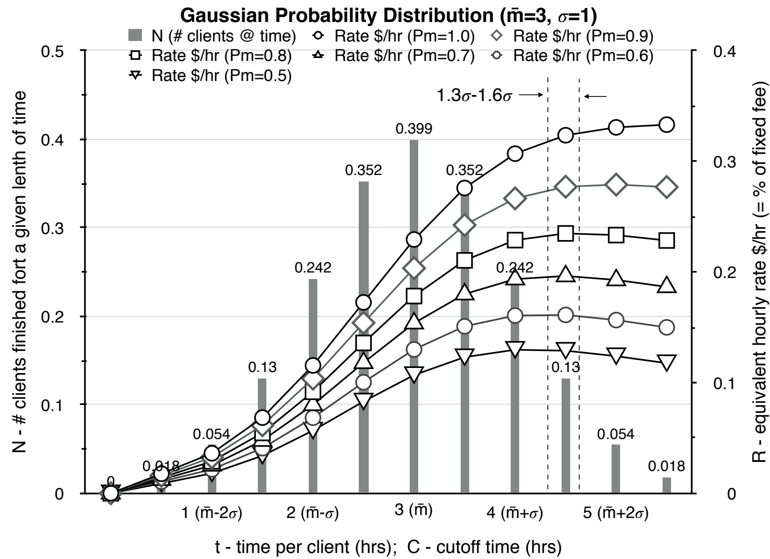
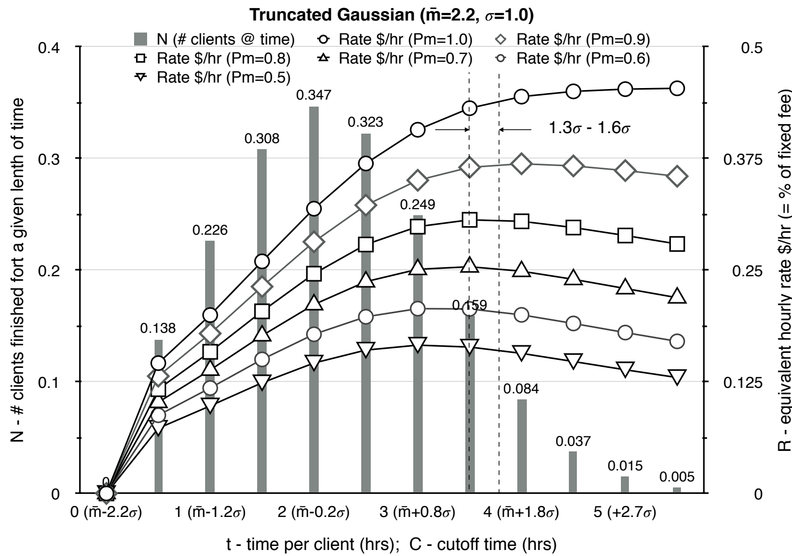
$$= \frac{\int_0^t N(t)dt}{t(1-p)\int_0^\infty N(t)dt + \int_0^t t \times N(t)dt + t\int_t^\infty N(t)dt}$$

where $R_{N,\ treat}(t)$=Rate in \$/hr-fee for treatment only (normalized to a \$1 fee), I_N=Income in \$ normalized to a \$1 fee, $T_{T,treat}$=Total client treatment hours, N(t)=probability distribution of client times, p=percent success of treatment clients (ignoring cutoff); all for t=cutoff time C.





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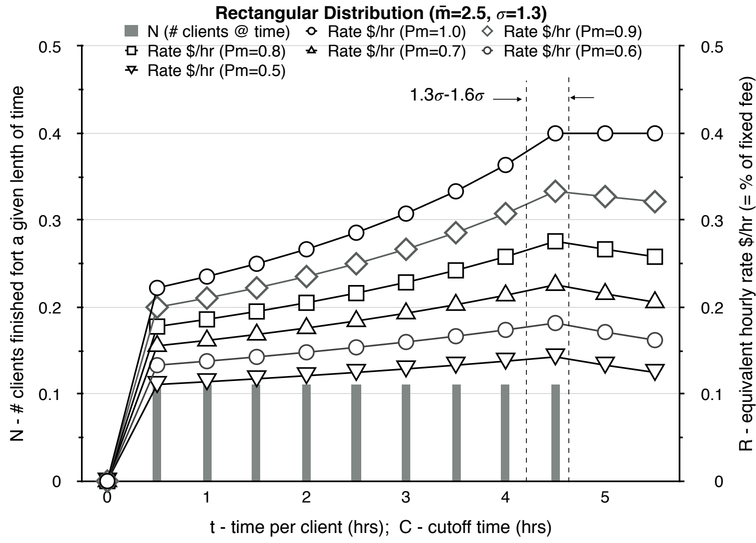

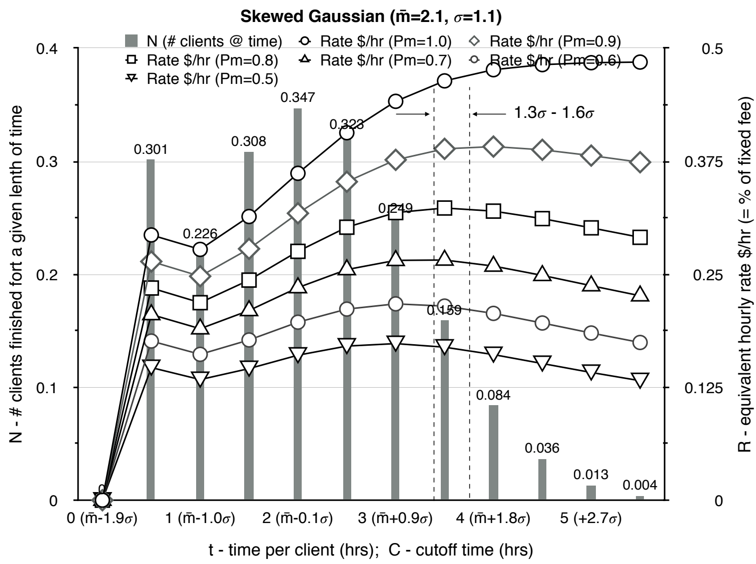

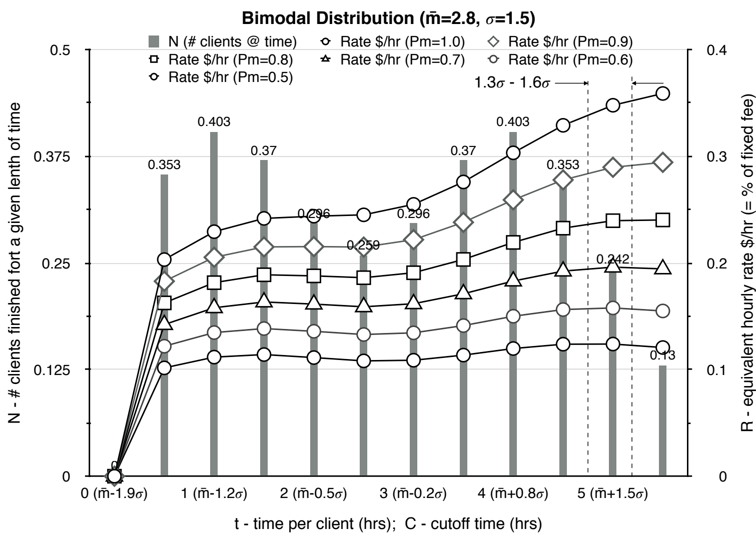

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Figure 11.4: Plots of equivalent hourly rate R for changing cutoff C times for various distributions normalized to a fixed fee of $1. Success rate p is varied from 100% to 50% in 10% increments to give a family of curves. The mean plus 1.3 and 1.6 standard deviation values are shown as dashed vertical lines.

Figure 11.4 shows normalized equivalent hourly rate plots for various client treatment time distributions. The best cutoff time C is when the curve of R_N reaches a maximum. However, not only does this maximum vary with the client treatment time distributions, it also varies somewhat with the percentage success rate p – a worse success rate means it is more optimum to have a shorter treatment cutoff time.

With statistically derived values for m, s, and p, we can now make a reasonable 'rule of thumb' estimate for C, the cutoff time. See the lookup table below on C versus p. (This level of time accuracy is a bit of an overkill, given how sloppy all the approximations are; in real use, therapists just round this C to the closest half hour and use that as a target cutoff time.) You can now compute the smallest fee that still allows you to still meet your financial target – and this increases your likelihood of keeping clients. Assuming a Gaussian distribution of clients, this means you will heal roughly 90% to 93% of them (not counting the ones that you could never have healed anyway).

p (% success)	**C** (statistical)	**CDF** (Gaussian)
p=0.9-1.0	C=m+1.7s	96%
p=0.8-0.9	C=m+1.5s	93%
p=0.7-0.8	C=m+1.35s	91%
p=0.6-0.7	C=m+1.2s	89%
p=0.5-0.6	C=m+1.1s	86%

Figure 11.5: A lookup table for choosing a 'rule of thumb' value for C. A rough approximation for Gaussian or positive skewed (rather than more rectangular) distributions is s=2.04p-0.13.

11.3.3: Determining cutoff time C based on measurements

Even though you can compute a statistics-derived value for cutoff time C, you should check it against reality. The easiest way is to use your 10 (or more) measured $T_{treatment}$ values to make an R_N versus C plot. On the plot, you can compare the measured optimum R_N with the statistical table R_N and choose a final value for C. The best choice is where the hourly rate R_N is a maximum. Unfortunately, choosing between the statistical C and the real C is somewhat of a judgment call, since you only have 10 or so measured values that might not be too representative of the real probability distribution - but it does allow you to visually see if there is something obviously off in your statistical choice.

The formula for the normalized hourly rate R as a function of C is:

Eq. 11.2

$$R_{N,treat}(C) = \frac{\text{(total income)}}{\text{(total time spent treatment)}} \text{ x } \frac{1}{\text{(fee)}} = \frac{R_{\text{treat}}(C)}{F}$$

$$= \frac{\text{(\# clients healed)}}{\text{(time up to cutoff)} + \text{(time on cutoff clients)} + \text{(time on can't help clients)}}$$

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$$= \frac{N_c}{\sum_0^C T_{treatment} + C(N_b - N_c) + CN_d}$$

- $R_{N,treat}$ = equivalent hourly rate (the per-hour rate that you would get if you were just a normal therapist) in $/hr, divided by the fee F to give a normalized value. The effect of diagnosis time is added later. To un-normalize, $R_{treat} = R_{N,treat}$ x F (in $/hr).
- C = maximum hours for the client cutoff (i.e., no fee charged after this length of time).
- N_b = # of clients you start treatment with.
- N_c = # of clients you treated up to and including the cutoff time.
- N_d = # of clients that you can't help.

Example 11.4: Choose C from the measured data

In Example 11.3 we derived mean (m) and standard deviation (s) for the 10 measured client treatment times (*without* using a cutoff time). We use the lookup table in figure 11.5 to get a 'rule of thumb' value for C. Since m=2.1, s=1.02, and p=0.83, we find:

C = m+1.5s = 2.1+1.5x1.02
= 3.63 hours.

We then visually check our statistical estimate against a plot of the actual data's hourly income R_N as a function of cutoff time C. This gives us a feel for our data's R_N's sensitivity to the cutoff time C. We use equation 11.2 to make this plot. Because we only had 10 points, the R_N curve is not very smooth – the maximum equivalent hourly income is the same for C=3 or 4 hours, but drops 8% for a cutoff time of C=3.5 hours. Thus, since we want the maximum R_N, the statistically derived value of C=3.63 hours looks reasonable. True, there is a dip just about the point we are choosing, but if we smooth out the curve by eye, it looks like that is close to the maximum R_N value.

Example 11.4: Rate $R_{N,treat}$(C) from Equation 11.2												
	C=0	C=0.5	C=1.0	C=1.5	C=2.0	C=2.5	C=3.0	C=3.5	C=4.0	C=4.5	C=5.0	C=5.5
$\sum T_{treat}$ (0 to C)	0	.5	0.5+1.0 =1.5	0.5+1.0 +1.5+1.5 =4.5	0.5+1.0 +1.5+1.5 +2.0 =6.5	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 =14	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 +3.0 =17	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 +3.0 =17	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 +3.0+4.0 =21	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 +3.0+4.0 =21	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 +3.0+4.0 =21	0.5+1.0 +1.5+1.5 +2.0+2.5 +2.5+2.5 +3.0+4.0 =21
N_c	0	1	2	4	5	8	9	9	10	10	10	10
$C(N_b-N_c)$	0	0.5(10-1) =4.5	1.0(10-2) =8	1.5(10-4) =9	2.0(10-5) =10	2.5(10-8) =5	3.0(10-9) =3	3.5(10-9) =3.5	4.0(10-10) =0	4.5(10-10) =0	5.0(10-10) =0	5.5(10-10) =0
CxN_d	0	0.5(2) =1	1.0(2) =2	1.5(2) =3	2.0(2) =4	2.5(2) =5	3.0(2) =6	3.5(2) =7	4.0(2) =8	4.5(2) =9	5.0(2) =10	5.5(2) =11
R_N(C) $/hr =R(C)	0	1/(0.5 + 4.5+1)	2/(1.5 + 8+2)	4/(4.5+9+3) =0.242	5/(6.5+10+4) =0.244	8/(14+5+5) =0.333	9/(17+3+6) =0.346	9/(17+3.5+7) =0.327	10/(21 + 0+8)	10/(21 + 0+9)	10/(21 + 0+10)	10/(21 + 0+11)

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/F		=0.167	=0.174						=0.345	=0.333	=0.323	=0.313

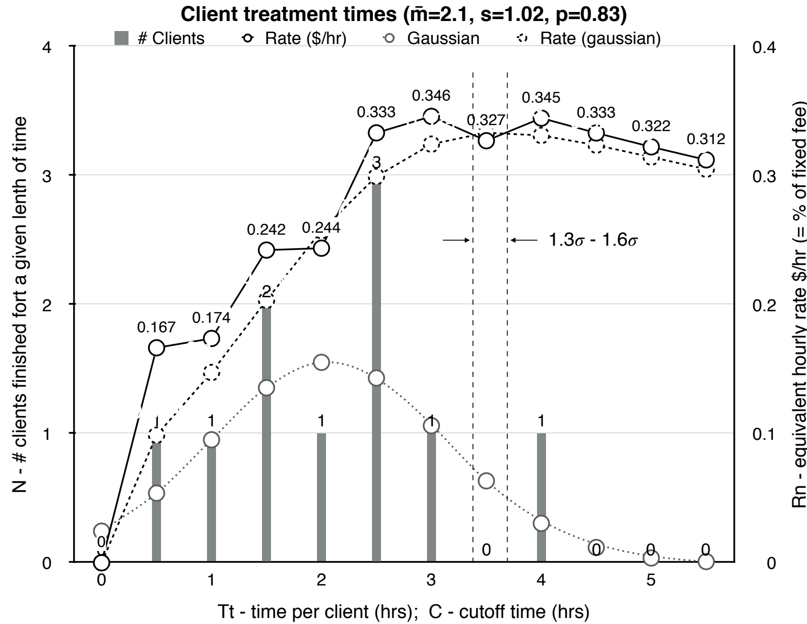

Figure 11.5: Plot of normalized hourly rate R_N as a function of cutoff C for the example measured treatment times.

11.3.4: Determine the flat fee formula parameters

We’re now going to derive the parameters you’ll need to compute your fee and equivalent hourly rate. All the calculations from now on will be on data using a chosen maximum time cutoff – no special test group is needed. Note that this assumes that you have a full caseload – i.e., you have as many new clients as you have time available. If this is not the case, see appendix 11.7.

A = average hours per client with clients you can heal up to the cutoff time. (Exclude the clients past the C cutoff, and exclude the diagnosis time.) A = (total successful client treatment times les diagnosis time) ÷ (# of clients treated successfully).

Eq. 11.3
$$A = \frac{\sum_{T_b}^{T_c} T_{treatment}}{N_c}$$

P = percent of clients who successfully heal up to the cutoff time, based on the total number of clients you actually do healing work with. P = (#healed up to cutoff) ÷ (# attempted). Exclude clients you diagnosed but did not treat. Use decimal, e.g. 70% would be 0.7 in the formula.

Eq. 11.4
$$P = \frac{N_c}{N_b}$$

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Adding for diagnosis time:

When calculating a standard fixed fee, you include your diagnosis/exam time as part of your 'charge for results' fee, *not* as a separate fee. So you need to increase your standard fee (hopefully not too much) to cover the diagnosis time for clients that contract with you and for ones who end up deciding not to use your services. To figure this part of the standard fee, you will have to determine the average time it takes you to do an examination (T), and the percentage of clients who continue with you after the diagnosis (Pt).

Thus, your success rate (the percentage that you actually heal) for every client who walks in the door is a combination of your skill in diagnosing, luck in getting clients you can actually help, your ability to convince clients to try your services, and your skill in actual treatment:

$$\text{Success rate} = PP_t = \frac{(\text{\# clients healed})}{(\text{\# clients in the door})} \qquad \text{(in decimal)}$$

The average time you spend per client on every client that walks in the door is:

Eq. 11.5

$$T_{ave} = \frac{\sum(\text{client contact hours})}{(\text{\# clients in the door})}$$

$$= APP_t + C(1-P)P_t + T \qquad \text{(in hrs/client)}$$

11.3.5: Compute your standard flat fee F

Thus, the fixed per issue fee F to charge clients is shown below. The first term covers the time spent healing, the second term covers the average diagnosis time.

$$F = \frac{(\text{Income})}{(\text{\# clients in the door}) \times \text{PP}_\text{t}} = R\left[\frac{T_{ave}}{PP_t}\right]$$

Eq. 11.6

$$= R\left[A + \frac{C(1-P)}{P}\right] + R\left[\frac{T}{PP_t}\right] \qquad \text{(in \$)}$$

Your equivalent hourly rate R, if you chose to calculate it from a given flat fee F, is:

Eq. 11.7

$$R = \frac{F}{A + \frac{C(1-P)}{P} + \frac{T}{PP_t}} \qquad \text{(in \$/hr)}$$

In the figure below we illustrate graphically one way that you can use equation 11.6. The ratio of two measured values, average client-contact time and success rate, allow us to easily choose the minimum standard fee for a desired income or hourly rate. Although the term Tave/PPt can be computed from other parameters (eq. 11.6), it is far easier if the therapist just keeps a running total of his client-contact hours divided by how many clients he successfully heals to get (and constantly update) this key value. By monitoring your performance in your practice, you can adjust your client fees as needed to give you your target income or hourly rate (if you have a full client load – if you don't, see section 11.7).

$$\left[\frac{\text{T}_\text{ave}}{\text{PP}_\text{t}}\right] = \frac{(\text{average time per new client})}{(\text{success rate})} = \frac{\sum(\text{all client contact hours})}{(\text{\# healed clients})}$$

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Eq. 11.8

$$F = R \times \left[\frac{T_{\text{ave}}}{\text{PP}_{\text{t}}}\right] = \left[\frac{(\text{Income/yr})}{(660\ \text{hrs/yr})}\right] \times \left[\frac{T_{\text{ave}}}{\text{PP}_{\text{t}}}\right]$$

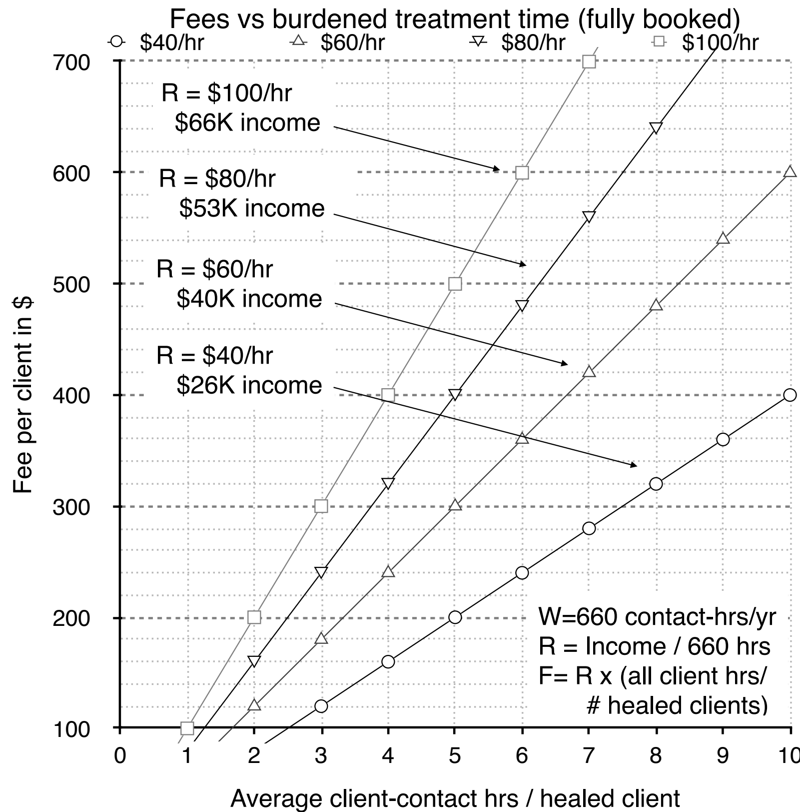

Figure 11.6: Tradeoffs between fee, hourly rate, yearly income, and performance parameters. The x axis = Tave/PPt.

Example 11.5: Calculate your hourly rate R and your standard fee F_d from your measured data

In Example 11.3 and 11.4, we plotted the data from our measured client session length data and chose C=3.63 hours. We can now compute a fee based on the equivalent hourly rate we want to earn. From example 11.4, we derived the mean time for client interviews at T = 0.51 hrs, and the contract acceptance rate Pt = 0.80 (80%). Now let us say we want an equivalent hourly rate of R = $100/hr.

From equation 11.3,

A = (0.5+1.0+1.5+1.5+2.0+2.5+2.5+2.5+3.0)/9
= 1.89 hours

From equation 11.4,

P = (#healed up to cutoff)/(#attempted) = N_c/N_b
= 9/12
= 0.75 (75%)

From equation 11.6,

F = 100[1.89+(3.63(1-0.75))/0.75] + 100[(.51)/(0.75x0.8)] = 100[3.1] + 100[0.85]
= $310 + $85
= $395 per issue.

As we noted in example 11.4, the curve of R_N derived from measured data has a 'dip' in it at 3.5 hours that would probably smooth out with more samples. Thus, the fee we compute here is a bit excessive – over time we would expect to earn a little more money than we were planning on (our hourly rate would be more than the target $100/hr). If our clients are unusually price sensitive, we could use accumulated data from more real clients to compute a slightly less expensive fee.

In the 'pay for results' model, we don't charge for time spent on diagnosis if a client decides to turn down a contract, or we decide we can't help them. We cover this time by increasing our fee slightly – in this case, by $17 of the flat fee amount ($85 x (1-Pt) = $17). (The average paying customer part of the diagnosis fee is $85 x PPt = $51, and the 'can't heal' group's part is $85 x Pt(1-P) = $17.)

Example 11.6: How much do you earn if you charge with a 'per hour' flat rate fee?

Because all of this 'charge for results' stuff is so new to you, you are not willing to ask the client for the real per-issue fee you should charge to meet your financial target. Instead of computing what you need to charge, you decide to just charge using the going rate for therapy - $100/hr in this example. Using the data from example 11.5, your cutoff time C=3.63, you average A=1.89 hours per client for successful treatment and spend T=0.51 hours on average for diagnosis. Thus, you charge your successfully healed client a flat fee of F = $100/hr x 0.5 hrs (for the consultation) + $100/hr x 2hrs (for the healing) = $250. But you are curious to find out what you are really earning after you include time spent on clients you couldn't help. Thus, from equation 11.7 your average take-home pay (your equivalent hourly rate) would be only:

R = F ÷ {[A + C(1 - P)/P] + [T/ PPt]}
= $250 ÷ {[1.89hr + 3.63hr(1 - 0.75)/ 0.75] + [0.51/ (0.8 x 0.75)]}
= $250 ÷ {3.95}
= $63/hr.

11.3.6: Sensitivity of the fee to variations in parameters

Up to this point, we've been just figuring out how to compute the necessary fee given various measured parameters (or assumptions). We've worked to pick a cutoff time C where small variations in it don't affect our equivalent hourly rate (and hence our fee) very much. However, what happens if our averages or probabilities shift? Can we trust that the fee we chose is good enough, or does our income wildly change due to minor shifts in parameters? Do we have to add an extra amount to the fee to keep our income adequate? It turns out that for most people, it makes more sense to use their estimates as is, and simply check their income over time to see if they need to adjust their rates.

Fortunately, we can evaluate this question mathematically. Using sensitivity analysis on equation 11.5, we get equations that give us the approximate percentage change in the fee F due to *small* percentage changes in a parameter. (For those readers unfamiliar with sensitivity analysis, the 'sensitivity' of the fee to changes in a parameter depends on the initial conditions of your system. Thus, you have to plug in your starting values to evaluate your sensitivities.) Conveniently, the sensitivity of the fee F to the rate R (and vice versa) is 1 – for example, a 10% increase in the desired hourly rate will require a 10% increase in the needed fee. This also means that if you hold the fee F constant, your equivalent hourly rate R to the different parameters is the negative of the sensitivity of the fee F to those parameters.

Eq. 11.9
$$\int_A^F = \frac{\partial F}{\partial A} \times (\frac{A}{F}) = \frac{APP_t}{APP_t + C(1-P)P_t + T}$$

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Eq. 11.10 $$\int_{P}^{F} = \frac{\partial F}{\partial P} \times (\frac{P}{F}) = \frac{-CP_t - T}{APP_t + C(1-P)P_t + T}$$

Eq. 11.11 $$\int_{P_t}^{F} = \frac{\partial F}{\partial P_t} \times (\frac{P_t}{F}) = \frac{-T_t}{APP_t + C(1-P)P_t + T}$$

Eq. 11.12 $$\int_{C}^{F} = \frac{\partial F}{\partial C} \times (\frac{C}{F}) = \frac{C(1-P)P_t}{APP_t + C(1-P)P_t + T}$$

Example 11.8: How much does income change with shifts in your parameters?

Using the values in example 11.5, we can evaluate the sensitivity of the fee (or the equivalent hourly rate) to small changes in parameters. Note that sensitivities depend on the initial conditions. Using equations 11.9-12, for P=0.75, Pt=0.8, T=0.51hrs, A=1.89, C=3.6hrs we get:

∫Sensitivity (% fee F) ÷ (% success rate P) = -1.43
∫Sensitivity (% fee F) ÷ (% hourly rate R) = 1.0
∫Sensitivity (% fee F) ÷ (% average time A) = 0.48
∫Sensitivity (% fee F) ÷ (% cutoff time C) = 0.30
∫Sensitivity (% fee F) ÷ (% probability of treatment Pt) = -0.22

So let's look at some reasonable variations… (Remember, all of these sensitivity results are approximate!) For a change of +5% to P, your fee could be lowered by -7.2%, or if you leave your fee unchanged, your equivalent hourly income would rise by 7.2%. For a 10% increase in your average treatment time A, your income would drop by about 5%. If your cutoff time C stretched out by 30 more minutes (for your current cutoff time of 3.6 hours that would be a 0.5hr/3.6hr=14% change) which means your income would go down by about 4%. And if get a higher percentage of clients decide to work with you, with Pt increased by 5%, your income would increase by about 1.1%.

What can we expect if our parameter estimates are off by random amounts? In a worst-case scenario, the parameters that you used to set your fee are all off in the wrong direction. Given the variations we just used as maximums, you might expect that your income is about 7.2+5+4+1.1 = 17% lower than you expected! Fortunately, random errors sum statistically using root-mean-squares. Hence, $\pm\sqrt{(7.2^2+5^2+4^2+1.1^2)} = \pm 10\%$. So you could anticipate that your income would probably be about what you were planning on, but it could be up to a maximum of 10% off in either direction (assuming the maximum parameter variations were as shown in the previous paragraph). If you were a pessimist, you would expect the worse and add 10% to your fee just in case. Most people would just wait to see how it played out in real life, and adjust if needed, since the nominal value will probably be about right.

Now, what would happen if you simply got more competent, and the variations were all due to you getting faster and better? In this case, the percentages all add together in a nice way: 7.2+5+4+1.1 = +17% more income than you were expecting (assuming you also had a full case load). Of course, you could also simply lower your fee by that 17 % to keep your yearly income at the level you were targeting – or just keep the extra for a rainy day.

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11.4: Calculate a Variable Fee With a Fixed Cutoff Time

With more experience, you may want to quit using the same fee for every issue. (Although in our experience most clients are fine with the standard fixed fee from section 11.3, because they're paying you to eliminate their issue, not for your company.) Instead, you estimate how long it should take (E), and offer the client a fee based on your time estimate. You will still put a fixed upper limit C on how much time you're willing to spend with any client, just as in the previous method. (For example, you still quit at 4 hours no matter what. Note that stopping at a fixed time doesn't abandon the client, because you'll pass them on to a more skilled practitioner.)

This method gives you the ability to tailor your fees to match your expectations of how you should be charging - more for a longer problem, less for a shorter one. However, this method has more inherent financial risk for you, as you've now added the uncertainty of how well you can make accurate time estimates. Worse, mistakes in the larger estimates have a much bigger financial impact than with shorter ones. Like gambling, there is also a tendency to go past your cutoff time, trying to get that large payout. And note that you can't mix variable fees with fixed fees – charging less for shorter work has to be balanced by charging more for longer work.

You need to be skilled enough to recognize when clients have an issue you simply can't handle and screen them out of treatment, to help reduce the inherent financial risk with this method. Obviously, in this approach you will screen some people out, and screen some people in, and get it wrong occasionally. But on average, with practice you should be able to do this and improve your success rate, and so be able to charge the faster client less than with the fixed fee method.

It is very useful to generate a personal list of average times for the different problems you see in clients and place for quick your desk reverence (perhaps notes in the categories in this handbook). Ideally, you would create a handbook of standard times for different problems, as in car repair, and just pre-calculate the price using the client hourly rate you've computed.

11.4.1: Determine parameters for the variable fee formula

As in section 11.3, you pre-assign a maximum cutoff C on the number of hours you're willing to work with a client. Your success rate is still P. (P is higher than for a beginner because you are skilled enough to filter out the obviously impossible cases.) Your desired equivalent hourly rate (as if you were a regular therapist) is still R. The average time per healed client is still A. To estimate these parameters, evaluate at least 10 successfully healed clients and compute your estimated average time to completion.

You will also want to keep track of your performance over time. It is important for you to recognize if you have any systemic problems with your estimates (i.e., they're always low, which might become a serious financial problem, or always high which is not a financial problem for you but is for your client and makes your fees higher than necessary and so less competitive).

- R = equivalent hourly rate (the per-hour rate that you would get if you were just a normal therapist) in $/hr. R = (total income) ÷ (total client contact-hours).
- A = average hours/client with clients you can heal (exclude the times of ones past the C cutoff). A = (total treatment time of successfully healed clients, excluding diagnosis time)/(# of successfully healed clients).
- P = percent success rate = percent of clients who successfully heal, based on the total number of clients you actually do healing work with. P = (# healed) ÷ (# attempted). Use decimal, i.e. 70% would be 0.7 in the formula.
- C = cutoff time, the fixed length of time when you give up and end treatment, in decimal hours.
- T = average time it takes you to do exam, diagnosis, and set your price, in decimal hours. T=(sum of all diagnosis times) ÷ (# of clients in the door).

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- P_t = percent of clients who decide to continue with you after your examination, diagnosis and estimate. P_t = (# who continue) ÷ (# clients in the door). Use decimal, i.e. 50% would be 0.5 in the formula.

In this variable billing method as in the fixed fee method, you still have to quit working with a client whenever your time spent with the client passes a certain fixed time threshold. Obviously, there are many reasons that cause you to have to quit that are totally outside of your control - the particular client doesn't heal fast enough for your available time, the sheer number of their traumas takes too long, they are unable to successfully use a technique, they are an unusual complicated case, or due to the fact that the state of the art is simply not good enough to heal everyone.

11.4.2: Compute your variable fee F_v

In the variable fee method with fixed cutoff, we need to compute a new term R_v (v for variable), the hourly rate you use to set a client's fee. This is the rate you will have to charge to get the same amount as if you were just a regular therapist charging a flat hourly rate. Your estimated time for that particular client's issue = E_i (in statistics i is for a list of items). F_i is the amount you charge the client, which varies for each issue: $F_i = E_i \times R_v$. Obviously, this approach is riskier on a per-client basis, because people and their issues can be unpredictable. However, although you may not be able to accurately guess the precise length of treatment with any given client, over many clients your wins and losses will average out.

- E_i = estimate of how long a given client's issue will take to heal in hours (based on your experience)
- R_v = customer specific rate, in $/hr that includes diagnosis time (answer you are calculating)
- F_i = Variable per-issue fee in $ for a particular issue that includes diagnosis time (answer you are calculating)

Computing the amount you are going to charge is straightforward after you've figured out your average numbers. Since most therapists will work with clients in increments of 30 minutes (i.e., an office visit might be 1.5 hours long), you can have a table of fees based on 30 minute break points.. The only proviso is that you really stop when the client is finished - you don't just keep talking to fill up the rest of the client's hour. If you do plan on just chatting to fill up time on a regular basis, you'll need to compute your average time A to reflect this fact so you bill appropriately.

Thus, to calculate the variable per-issue fee F_i for a particular client issue:

Eq. 11.13 $$F_i = R_v \times E_i \quad \text{(in \$)}$$

Your hourly rate R_v to charge clients (the second term in 11.15 is for diagnosis time) is:

Eq. 11.14 $$R_v = R \times \left[\frac{\sum(\text{client - contact hours})}{\sum(\text{client treatment hours})} \right] = R \times \left[\frac{T_{ave}}{APP_t} \right]$$

Eq. 11.15 $$= R\left[1 + \frac{C(1-P)}{AP}\right] + R\left[\frac{T}{APP_t}\right] \quad \text{(in \$/hour)}$$

Your equivalent hourly rate R, if you chose to calculate it from your fee rate R_v, is:

Eq 11.16

$$R = \frac{R_v}{1 + \frac{C(1-P)}{AP} + \frac{T}{APP_t}} = \frac{\sum(\text{income earned})}{\sum(\text{client contact hours})} \quad (\text{in \$/hour})$$

You need to monitor your income over time to see if your fees continue to give you your expected equivalent hourly rate (or yearly income) R. This is simply the total income divided by the total client contact hours. If this is not meeting your expectations, you need to scale your customer specific rate by the same percentage.

For math geeks only: Because we're assuming that you've done a good job on estimating the average job times (i.e., the time that your faster clients take exactly balances the time your slower clients take), over reasonably large numbers of clients the sum of your estimated times is (hopefully) equal to the sum of the actual times. Only the clients that exceed your time threshold and don't get charged matter in our formula derivation, and is accounted for in the measured average failure time. To compute a formula for R_v, we note that the average time is a scaled version of the average income, and nicely accounts for any particular client probability distribution.

$$A = \frac{\int_0^C t \times N(t)dt}{PP_t N_T}, \qquad \int_0^C E(t)dt \approx \int_0^C t \times N(t)dt$$

$$(\text{Average income}) = \frac{\int_0^C R_v \times E(t)dt}{N_T} = \frac{R_v \int_0^C t \times N(t)dt}{N_T} = R_v \times APP_t$$

$$(\text{Average income}) = T_{ave} \times R$$

$$\therefore T_{ave} \times R = R_v \times APP_t$$

$$R_v = \frac{R \times T_{ave}}{APP_t}$$

You can also compare the equivalent flat fee against your variable fees. The assumption that the integral of your time estimates equals the integral of your actual distribution of healed client times means that the derivations in section 11.3 still apply, thus:

$$F = \frac{R \times T_{ave}}{PP_t}, \qquad T_{ave} = APP_t + C(1-P)P_t + T$$

Example 11.9: Compute a client hourly rate for your variable fees

In this example you're now charging each client differently depending on your time estimate for that client. Thus, an experienced therapist will take about 30 minutes to take a history, diagnose, set criteria for results, and set a price, so T = 0.5 hours. Let us arbitrarily assume that 60% of the clients in the door decide to take a chance with you, so Pt = 0.6 (60%). Your equivalent hourly rate R target is still \$75/hour, your cutoff C is 5

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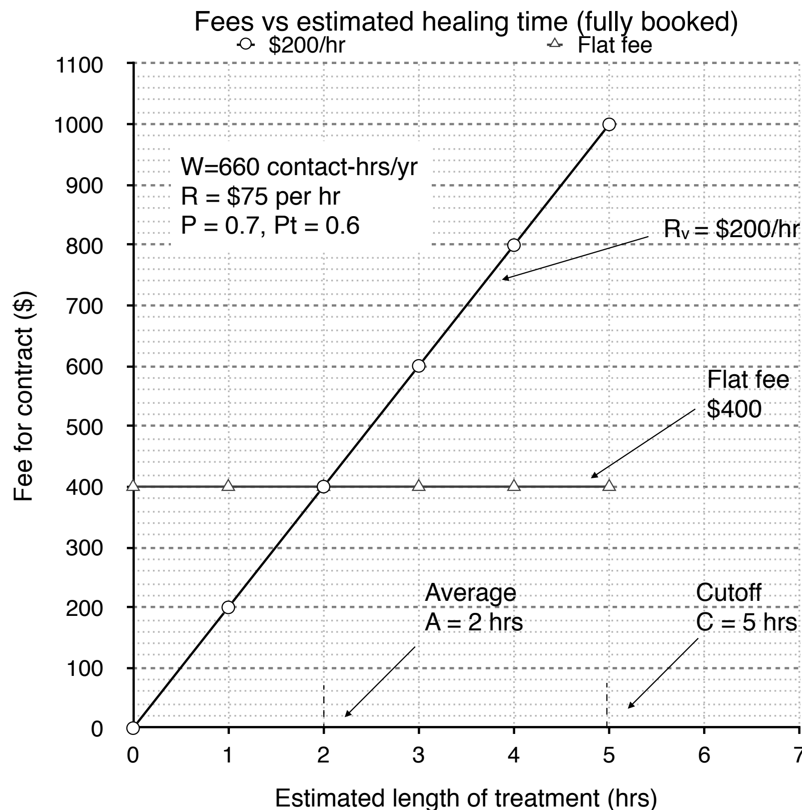
hours, your success rate P is 70%, and your average time per client A is 2 hours. (Thus for every 100 clients who walk in the door, 60 clients start therapy and 42 successfully heal.) Thus,

$$R_v = 75 \times [1+ (5(1 - 0.7) \div (2 \times 0.7))] + 75 \times [0.5 \div (2 \times 0.7 \times 0.6)]$$
$$= \$155 + \$45$$
$$= \$200 \text{ per hour.}$$

The number of clients you need to see per year is from equation 11.18: N_Y=660hrs/yr ÷ T_{ave} = 660/2.24 = 294 clients per year. This means about 294/43.4 = 6.8 new clients per week.

After you compute the rate that you need to charge, you wonder what your income would be if you just charged the going rate for therapy (at $75/hr in this example). Then your average take home pay would be only R = $75 ÷ 2.667 = $28/hr.

And finally, you wonder if billing like this makes sense. Remember, you don't get to reduce your top fee (because it is extremely high), otherwise you won't make your income target. So you compute the fixed flat fee amount you'd have to charge (using equation 11.6), and it comes out to be $400 for any client. In this particular example, for many of your clients the flat fee would seem like a real bargain!



11.5: Calculating a Variable Fee With a Variable Cutoff Time

In this fee method you would still estimate how long it was going to take to treat your client to set your price. However, rather than stopping at a fixed cutoff time C (say 6 hours from the start of therapy), you add the cutoff time to the estimated time. We call this added cutoff time the upper limit L.

For example, you have a client you think will take about 4 hours. In the flat fee method of section 11.3, with a cutoff of 6 hours you would quit at 6 hours no matter what. In this variable

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fee/variable cutoff approach, if the upper limit L was 3 hours, then you would go your estimated time of 4 hours, then continue for another 3 hours after that for a total of 7 hours and then quit (if unsuccessful in healing).

This fee method is not recommended for general practice therapists due to the high financial risk - it is much easier to lose money this way than with the previous methods. If you made a high estimated time to heal (E) and didn't succeed, you've lost a proportionally larger part of your revenue than the other fee methods give. Too, as general practitioners our client times are relatively short - the fixed fee, fixed cutoff method would usually work fine. As with the method in section 11.4, if we do choose this method, it is helpful to accumulate a manual of average times for various problems so you can quickly do estimates for clients. For example, you could enter standard times in this handbook. Unfortunately, a general practitioner usually sees a huge range of problems making it a lot harder to create a set of standard times. Since you can have clients go to more advanced therapists to handle the longer, more difficult cases this billing method is even less attractive. Most therapists have an arrangement with a more skilled therapist (generally an Institute clinic therapist) to share some of the fee if they successfully heal your client.

The one case this method might be useful is for specialists, where they have a limited number of processes and can predict their times well. This can give them more flexibility with clients - they can plan on working much longer with a given client, instead of running into the fixed cutoff time C. Unlike general practitioners, specialists work with a more limited set of problems, so making a standard time manual is much more reasonable.

11.5.1: Determine parameters for the variable fee/variable cutoff time formula

Most of the variables we'll use with this method are the same as with the flat or variable fee with a fixed cutoff (sections 11.3 and 11.4). We still measure the average time A that it takes to heal our clients. P is still the percent of clients that you successfully treat, and so on. Thus:

- R = equivalent hourly rate (as if you were just a normal therapist charging by the hour) in \$/hr.
- A = average hours/client with clients you do heal (exclude the times of ones past the C cutoff). A = (sum of times for healed clients) ÷ (# of healed clients).
- P = percent of clients who successfully heal, based on the total number of clients you actually do healing work with. P = (# healed) ÷ (#attempted). Use decimal, i.e. 70% would be 0.7 in the formula.
- T = average time it takes you to do exam, diagnosis, and set your price.
- P_t = percent of clients who decide to continue with you after your examination, diagnosis and estimate = (# who continue) ÷ (# all in the door). Use decimal, i.e. 50% would be 0.5 in the formula.

We will modify the flat fee equations from section 11.3 with a few new terms. Rather than stopping at an absolute cutoff time limit C, we set an upper limit L for how long were going to allow a given client to go over our estimated time E_i. For example, we might decide to always stop when three hours has passed beyond what we estimated that this particular client's issue would take. We also add a new term, A_L, that is the average time that we spent on clients who reach our time threshold E_i+L and don't pay us. In other words, A_L is the average of E_i+L for the clients who we couldn't help. To determine A_l accurately, use the times from about 5 to 10 failed client sessions.

The new terms are:

- R_{vc} = hourly rate to set contract fees with.
- A_L = average time for clients who we can't heal. A_L = (total time of failures) ÷ (# of failures).
- E_i = estimate of how long a given client's issue will take to heal in hours (based on your experience).

- L = upper limit to the time we work on clients. It is added to the estimated treatment time to establish a cutoff time to stop working on the client. Choosing L is an iterative process – start with L ≤ C from the fixed fee billing method (see section 11.3).

11.5.2: Compute your variable fee F_i

The fixed fee you could offer while still this method of time estimation and fixed additional cutoff L is:

$$F = R \times \left[\frac{\sum(\text{client contact hours})}{(\#\,\text{healed})} \right] = \frac{R \times \left[APP_t + A_L(1-P)P_t + T \right]}{PP_t}$$

The average per hour fee R_{vc} (includes diagnosis fee) is:

Eq. 11.17

$$R_{vc} = R\left[1 + \frac{A_L(1-P)}{AP}\right] + R\left[\frac{T}{APP_t}\right] \text{ (in \$/hour)}$$

If you choose to offer a fixed fee F using the variable time, variable cutoff method, it is:

$$F = R_{vc} \times A \qquad \text{(in \$)}$$

If you choose to offer a variable per issue fee F_i (includes diagnosis fee), it is:

$$F_i = R_{vc} \times E_i \qquad \text{(in \$)}$$

The variable fee/fixed cutoff equations of section 11.4 were modified by noting that the average time for clients we were not able to heal A_L acts as if it were a cutoff time C. However, the confidence that you can compute an accurate fee is considerably lower, because the average A_L has a high standard deviation. Note that both E_i and L are not used in the computation of the equivalent hourly rate R - instead, the therapist estimates E for a given client, notes it down, and quits working if the additional time limit L is exceeded.

The therapist needs to keep a running tally on his income and client hours to make sure his equivalent hourly rate is being met (or equivalently his yearly income target). You scale R_{vc} by the same percentage to compensate.

$$R = \frac{\sum(\text{income})}{\sum(\text{all client contact hours})}$$

Example 11.11: Calculating a client hourly rate for the variable fee/variable cutoff method

We've chosen to forfeit our fee if the treatment takes 1 hour longer than we anticipated (L=1). However, note that this number has no effect on the calculation, because this information is contained in the average time we spent on clients who were not successfully healed. If, for example, we were to decide we were too inflexible, we would have to compute new averages and re-compute the fees we had to charge. Let us say we had an A of 2.25 hours, and an A_L of 5.5 hours. Let us also say we had a P of 66% (i.e., 0.66), and Pt = 0.8, and T = 0.5hrs. Our base rate R is still $75/hr. Thus, R_{vc} would be $201/hr.

Instead of computing what you need to charge, you decide to just charge the going rate for therapy at $75/hr in this example. Using equation 11.17, your average take home pay would be only R = $75/2.68 = $28/hr.

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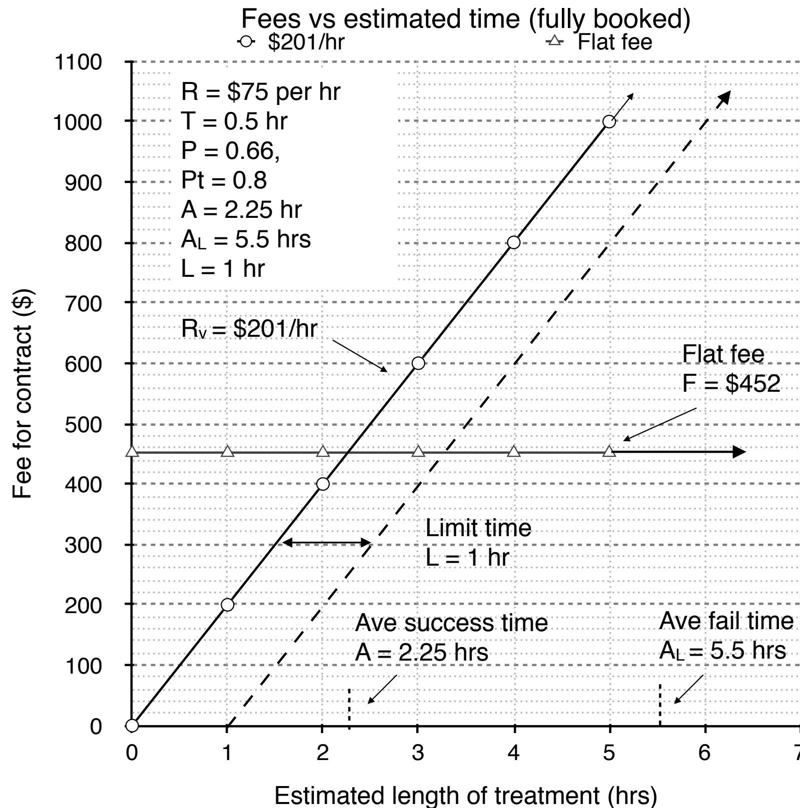
We are curious how the fixed flat fee F compares with the variable fees. Thus, \$201 x 2.25 = \$452 per client. Again, many of your clients would far prefer the flat fee!



11.6: Calculating Fees Based on Estimated Financial Risk

It is possible to compute fees that more closely reflect the risk the therapist runs in working with various clients. In this case, he varies his fee by the amount of time he's estimated the job will take. He charges a higher per-hour rate for clients who he think will take longer, because they are the clients he has the most financial risk with. Thus, easy and fast clients are charged less than longer, more complex cases. This can make his fees look more attractive to some clients, but worse to others – and some clients would think this was a reasonable way to be billed.

In other words, if you wish to make the bid more competitive (i.e. lower for short jobs and higher for long jobs, which corresponds to the relative risk you run that you won't get paid), you can offer an hourly rate that varies depending on how long you estimate the job will take. Once you've determined your averages, you can create a small lookup table and be ready to quote a price without doing any computations while the client is present.

Using this fee structure requires:

1) That the therapist has had enough experience that he can make a reasonable guess on how long a client's issue will actually take.
2) The therapist also has to define when and how he is going to give up. He can choose to stop working when he passes a threshold of time past his estimated time (i.e., his cutoff is 3 hours past his estimated time) - or he can stop when he has gone past a fixed time threshold (i.e., he always stops at 6 hours).
3) He has some idea what the distribution of times spent on each client is. Assuming a Gaussian distribution around the average would be a reasonable starting place.

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4) A decision on how much change from an average rate is optimal for the fastest to the slowest clients. A linear rate change can work, but should be checked against the actual distribution profile to be sure that financial targets would really be met.

This type of method takes more data than just a simple average. Probably 20 or more clients would be needed to establish the distribution profile before actually implementing this method. In fact, using a graphical method to compute the fees might be simpler than a mathematical one. Once this is done, the fees can be pre-calculated and ready as a lookup table on the therapist's desk, probably in increments of a half hour.

We offer this approach not as a recommendation, but rather to show some of the alternatives that are possible in charging schemes. In general, we recommend the standard fixed rate method because it is simpler and gives fairly reliable results.

11.7: Calculating Fees Based on the Number of New Clients

Up to this point, the fee formulas in this appendix all assume you've got a full case load. Unfortunately, this may not be true for typical trauma therapists. Because they heal the average client very quickly, therapists have to see a lot of new clients to fill up their open time slots. Thus, to meet their financial goals, the therapist's fee might have to be raised to compensate for a lack of paying clients. In this section we'll look at this issue.

To put this in more easily grasped terms, we're going to look at the number of new (or repeat) clients that we need to have every week.

Note that the fees you set give you an income based on your *client-contact hours*. Other overhead time you spent, say cleaning your office or writing advertising material does not directly influence your fee. In private practice, it is customary that overhead time is covered by the equivalent hourly rate you chose. Of course, what you charge is up to you (within the constraints of 'charge for results').

To compute the number of clients per year one would have to see based on the therapist's normal performance parameters, one needs to measure or decide on a couple of terms. These are defined in appendix 11.1 and 11.2:

- W = total client-contact hours per year.
- A = average hours per client with clients you can heal (exclude the times of the ones past the cutoff time C). This is the average time it actually takes you to heal a client, it does not include the average time you spent on diagnosing.
- P = percent success rate = (# healed) ÷ (# attempted). This is the percent of clients who successfully heal (up to the cutoff time), based on the total number of clients you actually do healing work with. Use decimal, i.e. 70% would be 0.7 in the formula.
- Pt = percent of clients who decide to continue with you after your examination, diagnosis and estimate = (# who continue) ÷ (# attempted). Use decimal, i.e. 80% would be 0.8 in the formula.
- C = cutoff time (i.e., after this length of treatment time you give up).
- T = average time (in hours) it takes you to do exam, diagnosis, and set your price per new client.

The average time you spend per client that comes in the door is, from equation 11.5:

$$T_{\text{ave}} = \frac{\sum(\text{client diagnosis and treatment times})}{(\text{number of clients in the door})}$$

$$= T + P_t PA + P_t(1 - P)C$$

Thus, the total number of clients per year would be:

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Eq. 11.18:
$$N_Y = \frac{W}{T_{ave}} = \frac{\text{(targeted total client contact - hours per year)}}{\text{(average time per client)}}$$
$$= \frac{W}{T + P_t PA + P_t(1-P)C}$$

We can express Ny in clients per week by dividing it by the number of weeks we work. If we assume you are in private practice, and work about 660 contact-hours per year, and take about 2 months off (during times that most clients are not seeing therapists anyway), we work 217 days or 43.4 weeks at 5 days per week (see appendix 11.1). This means we have about 3 contact-hours per working day. (Figuring another 220 hours per year for other tasks, this means a total of about 4.1 hours per working day.) This half-day schedule is not unreasonable, because the number of clients who want our services is usually the limiting factor (and this trauma-healing work is very demanding on the therapist). It also allows the trauma therapist to run overtime far more easily, something that happens a lot with this work. It also allows the therapist to work longer on weeks with a lot of clients, and shorter on weeks where there are fewer clients.

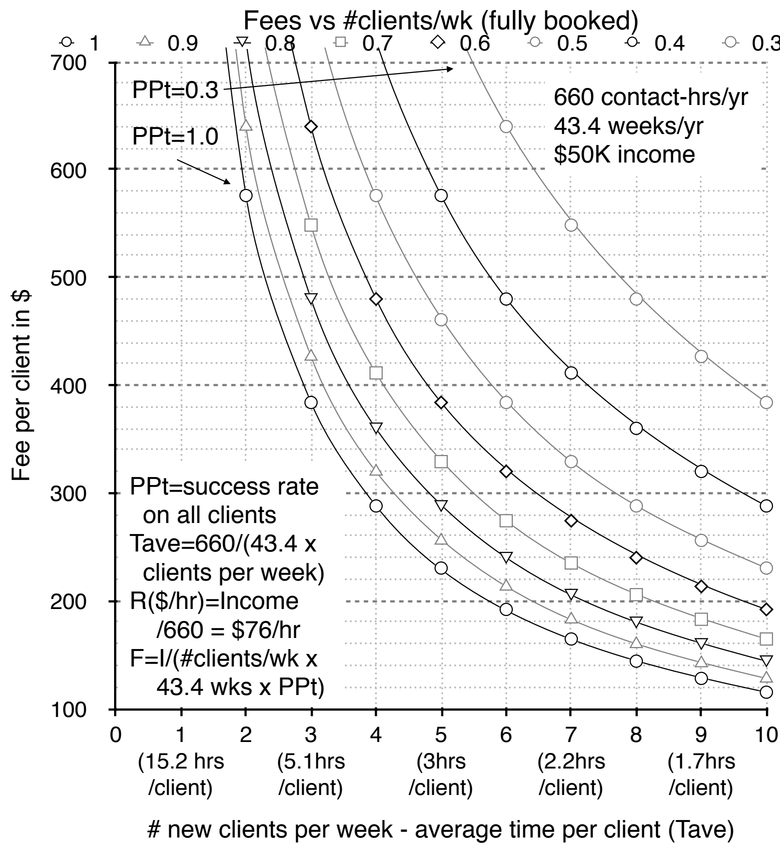

Figure 11.6: Number of clients versus minimum fee for measured success rate and average time per new client.

Figure 11.6 illustrates the flat rate equation 11.5. It shows the minimum fee versus new clients for the two measured parameters, success rate and average time per new client. The number of clients needed per week is quite large for the parameters we chose. If you have half the number of clients that you were planning on, then the fee is going to have to be twice as much to give you the same income as before. For example, for a success rate of 0.6, and an average time

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per new client of 1.9 hours, we have to see 8 new clients a week (for a fee of $240). If we have only 4 clients a week, following the curve of PPt=0.6, we’d have to have a fee of $480 to have the same overall income.

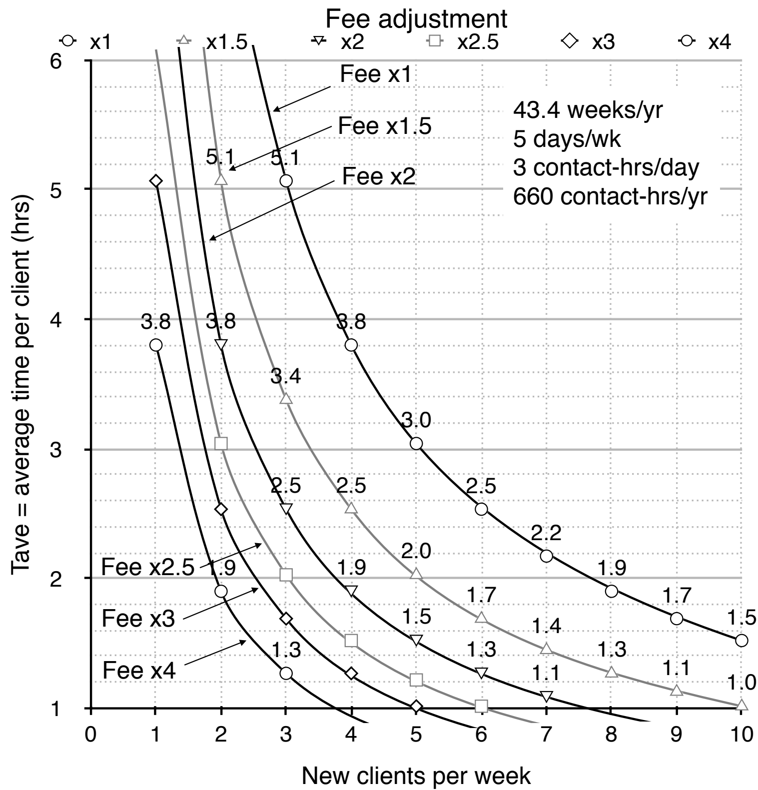

Figure 11.7: Plot of how much you have to multiply your fee if you don’t have a full client load (or get a lower income instead). The upper right curve is for a full case-load at 660 contact-hours per year.

Figure 11.7 also illustrates the magnitude of the problem of needing new clients. You’ve optimized your fee for a full workload. Say your average time per new client (including diagnosis) is a fast 2.5 hours. This means you need to see an average of 6 new clients a week, every week you work that year to stay busy (the full client-load line is labeled Fee x1). But say you can only really average 3 new clients in the door a week? Well, you either earn half as much (6/3 = 0.5), or you have to double your fee to account for all the missed work. You can see this on the plot as the Fee x2 line.

Example 11.12: How many clients do you need to meet your financial goals?

Let's compute how many clients the beginning therapist has to attract to his practice. From section 11.1, we’ll assume the typical private practice therapist has about W = 660 patient-contact hours per year. On average, this therapist has Pt = 80% of his clients continue after the diagnosis stage - these are the ones who he feels he can treat and who also choose to do therapy. Because our therapist is just a rookie, he is able to heal only P = 70% of them. (Thus, if he had 100 clients, 20 would have quit after diagnosis and 80 would have continued. Of that 80, Px80=56 would have healed and had a fee charged, and 24 would have not been helped fully and no fee would have been charged.) For this example, assume he spends T = 0.5 hours doing diagnosis and goal setting on every client who walks in the door, and he spends an additional average time of A = 2

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hours per client he heals. He fails to heal 30% of the clients he has contracts with when he reaches his maximum cutoff time C = 3 hours. Thus:

T_{ave} = 0.5 + 0.8 x 0.7 x 2 + 0.8 (1-0.7) 3
= 0.5 + 1.12 + 0.72
= 2.34 hours per client in the door

and the total number of clients per year needed would be:

N_Y = 660 hrs ÷ 2.34 hrs/client
= 282 new clients per year

Thus, given the assumptions in this example, the therapist spends on average 2.34 hours per new client in the door. If he has 660 client-contact hours, he would have to see 282 new clients (or returning clients with new issues) per year!

How does this work out on a weekly basis? Thus, for 43.4 weeks per year, he sees 282/43.4=6.5 new clients a week. This number is far larger than most therapists anticipate they will need.

Say the therapist decides to lower his fees (his fixed fee would be $317) by 10%, perhaps to be seen as more competitive. To get the same annual income he would have to work an additional 660 x 0.1 = 66 more hours per year and have an additional 282 x 0.1 = 28 clients to compensate (for the parameters of this example).

How much of an impact does one person have on the therapist's income? If his target income was $50,000, and he computed his fees based on that, then each client that walks in the door impacts his total by $50,000 ÷ 282 = $177. Thus, for each additional client who comes in for a consultation, he gets on average only $177 (given our assumptions).

Example 11.13: How many clients do you need now that you are more experienced?

Now, let us look at the same therapist after he's had more experience. Because he's gotten better at healing and evaluating clients, and not working with ones that he knows he can't help, his success rate healing clients has risen from 70% to P = 80%. But the percentage of clients in the door that he actually works with has gone down from 80% to Pt = 70%. He's also able to diagnose quicker, so his average consult time in now T=0.4 hours. His average time to heal a client has gone up to A = 3 hours because he's taking on tougher clients, and his cutoff time to quit trying to heal a client is C = 6 hours. He still has W = 660 contact-hours per year, and his target annual income is still $50K.

T_{ave} = 0.4 + 0.7 x 0.8 x 3 + 0.7 x (1-0.8) x 6
= 0.5 + 1.68 + 0.84
= 3.02 hours per client in the door.

The total number of clients needed would be:

N_Y = 660 ÷ 3.02
= 219 clients per year.

Because the therapist takes more time per client on average, the therapist now needs to see 22% fewer clients than in Example 11.12 as one would expect. However, he has to raise his fee to compensate for the fact that he's working slower, although getting more successes on average helps moderate this price increase. For an equivalent hourly rate of $76, his fixed fee would be $409.

His per client walking in the door income is now $50,000 ÷ 219 = $228.

For the fee he chose, he has to work a full caseload. Thus, he has to see 219/43.4=5 new clients per week. What happens if he can't attract that many clients? His fee has to go up proportionally to the percentage of fewer clients per week. Say he can only average 3 new clients a week. His standard fee would have to go up 5/3 x $409 = $681 to have the same income. At this point, either he's specializing so that clients think it is worth it, or he may have to specify a lower fee and take the reduced income.

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Revision History

1.2 October 31, 2014: Slightly modified figure 10.1 for clarity about estimated yearly income; and modified figure 10.2b to include diagnosis time.
1.1 Oct 18, 2014: Added Appendix 3 with contract examples. Made minor changes to the text in section 10.4.
1.0a Oct 1, 2014: Changed Figure 10.1. Updated text to match the final draft of book.
1.0 Sept 21, 2014: First version from rough draft of Subcellular Psychobiology Handbook.

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