Fee Setting Article 1: Negotiating Fees with Patients

"Doctor, your fees for this treatment plan seem awfully high to me. I called Dr. Slipshod's office down the block and they said they could do it for a lot less."

For many doctors, this statement leads to the ultimate test of self confidence. When a patient questions your fees, you may feel that they are questioning your personal and professional integrity, your technical competence and/or the value of your services.

You have invested years of education and financial sacrifice to master your craft. Yet, invariably, you continue to encounter patients who question your right to be adequately compensated.

In addition, the patient is making you feel that you are overpriced for the marketplace and can't compete. You worry about losing the time you've invested in preparing the treatment plan, if the patient goes to another practice that's willing to cut fees to compete.

While all of these thoughts and emotions may come to mind, the reality of the situation may be entirely different. In reality, the patient is setting the stage to negotiate.

The patient is saying that in her opinion, your fees "seem awfully high." The reality is that the patient hasn't the slightest clue of what it costs you to provide the treatment. Her only justification for her statement is that she called Dr. Slipshod's office for a comparative bid. Did Dr. Slipshod perform a complete exam and prepare a treatment plan over the phone?

When a patient makes this type of statement, she is really making her opening move to negotiate a lower fee. She is "bottom fishing" for the best deal.

You have several choices at this point.

1. Cave in and cut your fee.
2. Become irate and lose the patient to Dr. Slipshod.
3. Play the game, understanding that the stake is the patient's personal health care.

The first thing you must understand is that choice number one is never acceptable.

Cutting your fee is cutting your throat. It is tantamount to telling the patient that your craftsmanship is overpriced and your fees are negotiable.

On top of that insult, you are adding injury to the basic economics of managing your practice. It costs money to deliver quality health care. Inadequate compensation can only lead to a reduction in qualified support staff, the use of lesser materials, and reliance on inadequate or obsolete equipment.

Choice number two is a "Lose-Lose" for both you and the patient. You become angry because you feel the patient has attacked your personal and professional value. Rather than deal with the negotiating ploy, you send the patient to Dr. Slipshod, for what could possibly be inferior treatment. This reaction denigrates you and embarrasses the patient.

Even worse, you have lost the patient and the patient's health care may have suffered. Again, an unacceptable alternative.

Your final choice is to play the game, understanding that you and the patient are really negotiating on the quality of the patient's health care. You must structure the negotiation so that both you and the patient can "WIN". Remember that in the psychology of negotiating, the person who blinks first often loses. With that in mind, let's replay the dialogue:
Patient: "Doctor, your fees for this treatment plan seem awfully high to me. I called Dr. Slipshod’s office down the block and they said they could do it for a lot less."

Doctor: "Mrs. Bottomfisher, we are very proud of our fees."

At this point the doctor must be absolutely silent. What you have just said is that you feel good about your fees and that they are correctly calculated. At this point, eighty percent of the patients will stop negotiating and accept treatment. The worst case is that the patient asks: "What do you mean by that?"

Your reply is, “Our fees are based on the quality of the materials we use and our experience in performing this treatment.” And don’t say another word.

It is rare that a patient will persist in questioning your fees after this statement. The implication to the patient is that if you want your treatment performed with lesser quality materials or by a less experienced doctor, you are welcome to go elsewhere. In any case, you have made the statement in such a way as to reinforce your personal and professional integrity without embarrassing the patient. If Mrs. Bottomfisher persists in arguing about fees, the question now becomes – is this the type of person you want in your practice? Assuming you offer a full range of payment alternatives to make the treatment plan affordable, the persistent bickering over fees indicates the patient places a higher value on money than health care.

Do you want this type of person in your practice? Most likely not. In this case, you end the conversation with this statement:

"Mrs. Bottomfisher, we appreciate your concern over the cost of your treatment plan. If you like, we’ll be happy to send your x-rays down to Dr. Slipshod’s office."

This statement tells the patient the negotiation is over and that you are confident in your position. It should always be followed by, "If for any reason you would like to return to our practice, please don’t hesitate to call us. We’ll be glad to have you back."

The final statement graciously leaves your door open to the return of the patient. Plus, there is a good chance that she will return within a year, after having thought about the possibility that she is receiving poor materials or inexperienced treatment at Dr. Slipshod’s office.

In developing financial strategies for our consulting clients we are often asked, “What should my fees be?”

Our answer is invariably, "Whatever you feel confident in charging.” There is essentially no limit to what you can charge for your services. (We will discuss the issues surrounding insurance companies and your fees in next section of this report.)

The basic premise is that you are confident that your fees are representative of the quality of the materials you use and your experience in performing the treatment.

The key word is “confident.” Any lack of confidence or hesitation will be detected by the patient and exploited in the negotiation.

One of the most successful doctors we know accepts no insurance and require payment of all fees be paid in full prior to beginning treatment. The cost to a patient for a single gold crown ranges from $950 to $1,250.
He presents his treatment plan by saying, "My fee for performing this treatment is $950. I will attach a copy of the lab bill detailing the materials and their preparation cost to your bill." His case acceptance level is in the 90% range.

Patients immediately perceive that this doctor knows his worth. I must also add that every stage of the patient's interaction with the doctor's staff, facility and post-treatment care are of the very highest quality. This high level of quality supports the 90% acceptance level and reinforces the sense of value the patient perceives in the doctor's capability to deliver the treatment.

The best confidence-builder to help you feel comfortable with your fees is very simple. Just remember that quality treatment must be supported by commensurate fees.