

Starting a Private Practice: An Early Career Psychologist's Guide

Created by The Trust Student and Early Career Psychologists Committee

Starting a Private Practice: An Early Career Psychologist's Guide

[Starting a private practice](#) can be daunting at any stage and poses a unique challenge to early career professionals. This brochure offers an overview of important considerations and practice tools that early career professionals need to set up a successful private practice.



For Psychologists, By Psychologists



Financial Considerations

A strong financial core is essential to starting any business, yet most graduate programs neglect teaching the [business aspects of clinical practice](#).

Income Planning

- New psychologists must balance growing their business and managing debt.
- Consider the cost of living and the lifestyle you would like to attain. The fees you set for your services must cover your income, overhead costs, office rent, insurances, licenses, continuing education, practice materials, professional organization dues, marketing, and more.
- Create a business plan and a personal budget with one- and five-year goals.

Student Loan Repayment

- As a student, utilize the services that are provided by your institution to learn about financial options and track how much you borrow.
- Know your total loan amount and interest rates. Educate yourself about options for repayment and loan forgiveness.
- Live like a graduate student for a few years as you get established.
- Private and federal loans have different repayment options and rules. Be aware that consolidation, refinancing, and income specific repayment plans have different risks and benefits.

Save for Retirement

- [Know your options](#) for saving, including a 401(k) Plan, Simplified Employee Pension Plan (SEP-IRA), Savings Incentive Match Plan for Employees (SIMPLE IRA), Profit Sharing/Defined Benefit Plan, etc.
- Designate a percentage of your paycheck with a plan to increase your contribution over time.
- Consider [income protection \(disability\)](#), accidental death and dismemberment, [long term care](#), and [life insurance](#).
- Discuss your options with a tax professional, financial planner, or attorney who specializes in small business before starting.

Financial Considerations

Practice Models

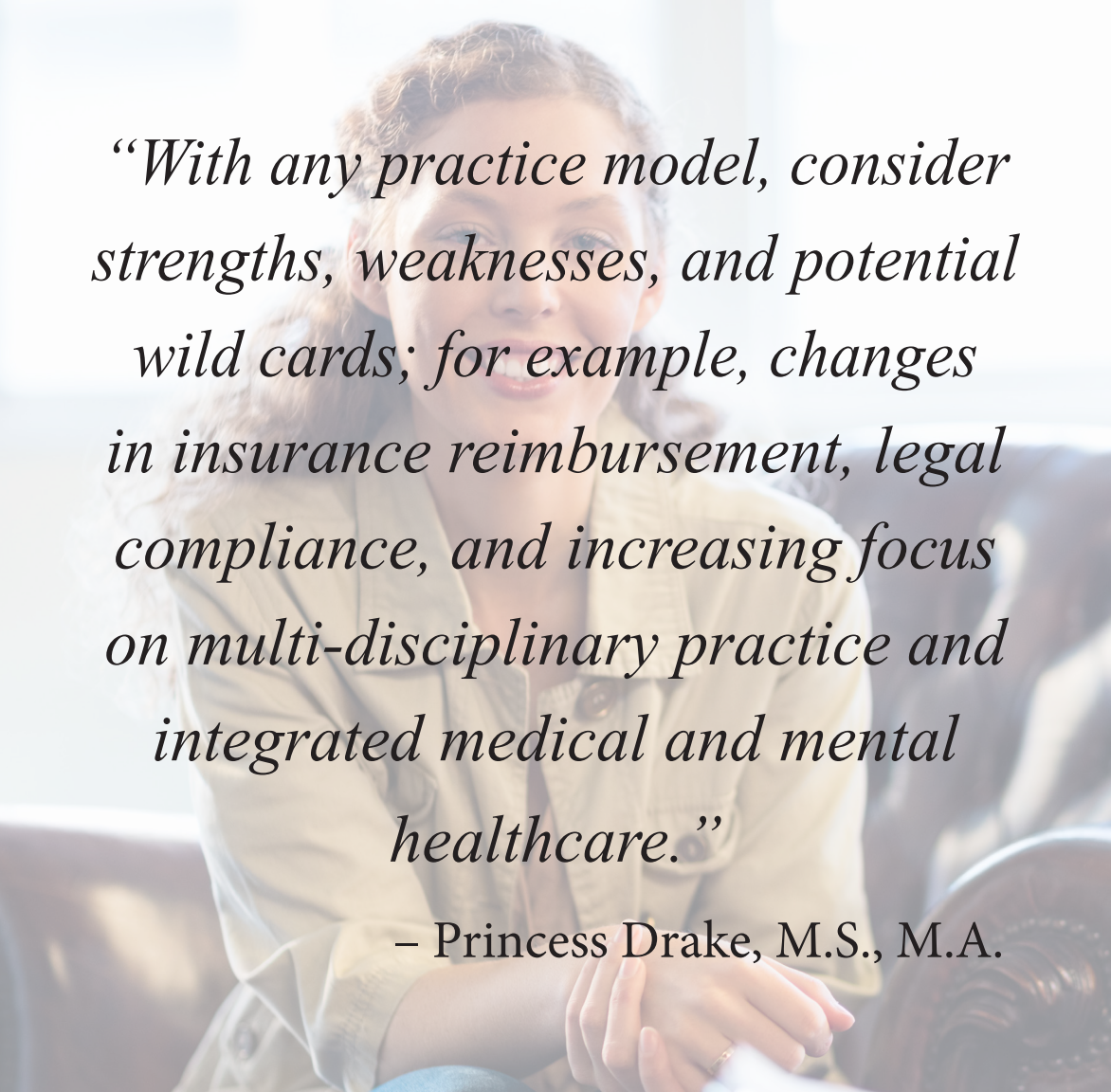
Setting Up Your Practice

Liability Insurance

Protecting Your Clients

Professional Consultations, Laws and Ethics

Marketing: Building Your Brand



“With any practice model, consider strengths, weaknesses, and potential wild cards; for example, changes in insurance reimbursement, legal compliance, and increasing focus on multi-disciplinary practice and integrated medical and mental healthcare.”

– Princess Drake, M.S., M.A.

Practice Models

Traditionally, private practitioners were essentially “an island to oneself.” New models include working in concert with other providers, which comes with its own challenges.

Individual vs. Group Practice Considerations

- An individual practice can be solo or co-located with other mental health providers.
- In a group mental health practice, the group entity takes responsibility for overhead, operational expenses, referrals, billing, and other expenses. The group bills as an entity, rather than individual providers.
- When choosing a practice model, consider availability of referrals, consultation opportunities, access to support, and alignment with your career goals.

Integrated Healthcare Models

Psychologists may become part of an Independent Practice Association (IPA), Management Services Organization (MSO), or Accountable Care Organization (ACO) to integrate within healthcare settings.

- Integration Model: Early career psychologists may feel more inclined to join a practice ranging from limited to full integration with primary care providers.
- Mauer Model: Identifies the level of integration based on client needs. For example, clients with high behavioral health and physical needs would be best served in primary care and specialty mental health settings.

Other Considerations

- Telepsychology: Risks include HIPAA compliance issues, practicing across state lines, technological issues, and issues with translating face-to-face practice in a different delivery methodology.
- Individuals with full-time employment may want to test the waters with part-time private practice. Consider the costs of equivalent benefits such as health insurance, retirement, and paid time off when transitioning to part-time private practice.

Practice Models
Setting Up Your Practice

Liability Insurance

Protecting Your Clients

Professional Consultations, Laws and Ethics

Marketing: Building Your Brand



*“Plan well in the beginning so you
can be secure in the future.”*

– Krystal Stanley, Ph.D.

Setting Up Your Practice

Starting a practice can be both exciting and overwhelming. This section will help you think through the preliminary aspects of getting started.

Important Identification Numbers

- Your practice will need a way to be identified by the Internal Revenue Service for taxes. You can use your Social Security Number or apply for an Employee Identification Number at www.irs.gov.
- You will need a National Provider Identifier (NPI) if you or your clients plan to seek insurance reimbursement for your services. You can apply for this number as an individual provider and as a group of providers at <https://nppes.cms.hhs.gov>.

Types of Practice Structures

Choosing a practice structure depends on your future goals. The most common business structure for private practice, and easiest to set up, is a Sole Proprietorship. This is appropriate for an unincorporated business with a single owner. If you do not want to use your name as your practice name, you can “do business as” another name. Consider registering your practice name with your state. If you want the flexibility to employ others, you might consider a Limited Liability Company (LLC/PLLC), S-Corp, or Corporation. Consult with an attorney or accountant to better understand your options.

Payment Options

- Insurance
- Cash
- Contract (with an agency or government)
- Grant funded


Setting Up Your Practice

Liability Insurance

Protecting Your Clients

Professional Consultations, Laws and Ethics

Marketing: Building Your Brand



“The Trust’s Professional Liability insurance provides the broad coverage and risk management resources I need.”

- Christopher King, J.D., Ph.D.

Liability Insurance

Professional (Malpractice) Liability Insurance*

All psychologists should have [professional liability insurance](#). This type of insurance covers all professional activities performed by a psychologist and provides financial coverage if a psychologist receives a board complaint. Coverage can be obtained for both full-time and part-time work. The most common and suggested minimum amount of coverage is \$1,000,000/\$3,000,000. It is also advisable that pre-licensed individuals and individuals working in private agencies or hospital systems carry their own professional liability insurance, even if other entities provide coverage on their behalf.

Considerations

- Identify what you are doing in your practice and what services you provide.
- Determine who and what needs to be covered.
- Evaluate how much coverage you need.
- Learn about the coverage you have (individual or employer-covered), and any exclusions.
- Understand the difference between [claims-made and occurrence-based policies](#).

Business Office Insurance

Psychologists who practice independently and hold leases for physical space are typically asked to obtain [business office insurance](#). This type of insurance covers things such as:

- The property (e.g., the physical space and contents).
- Business losses as a result of covered property loss.
- Loss of physical property due to crime or burglary.
- Injuries that occur to clients as a result of services you or your employees provide.
- Medical payments if someone is injured in your office.
- Personal and advertising injury.

For more information, call a Trust Insurance Service Representative (ISR) at (800) 477-1200. ISR's will be able to walk you through your options once they have a better understanding of your needs.

* Insurance provided by ACE American Insurance Company, Philadelphia, PA and its U.S.-based Chubb underwriting company affiliates. Program administered by Trust Risk Management Services, Inc.



“Not only did The Trust provide me with insurance, it also had all of the resources I needed available in one place.”

– Kento Yasuhara, Ph.D.

Protecting Your Clients

Early career psychologists often have questions about confidentiality, abuse reporting, and duties to third parties. The Trust offers educational materials, sample forms, and access to risk management consultants to help you address any issues that arise. Visit the Trust Practice and Risk Management Association (TrustPARMA) Resource Center on our website.

HIPAA/Release of Information

- Learn federal and state requirements.
- Review our [HIPAA](#) on-demand webinars.
- [Download sample forms.](#)

Informed Consent

- Be compliant with the [APA Ethical Principles of Psychologists and Code of Conduct, 2017, Standards 10.02 and 4.02.](#)
- Know the rules in your state for special populations (e.g., minors, individuals who are considered incapacitated, court-ordered evaluations).
- [Know the rules in your state](#) for abuse/neglect reporting, involuntary hospitalization, limits to confidentiality, etc.
- Inform your clients at the outset.
- The Trust offers [sample forms](#) for personalization.

Billing

- Understand your contracts with insurance panels and include information for patients about their responsibilities if portions of the evaluation or treatment are not covered.
- Consult with an attorney who specializes in healthcare when deciding whether to offer fee-based or sliding scale services.
- Inform clients about any charges related to late cancellations or no-shows.
- Inform clients about procedures for collecting unpaid fees.



“The Advocate 800 Program’s risk management consultant helped me think through my options when I needed them most.”

– Stephanie Salo, Psy.D.

Professional Consultations, Laws and Ethics

Ongoing consultation is an important risk management strategy. If you do not have a consultation group built into your practice, develop one. Contact colleagues to meet on a weekly or biweekly basis to discuss cases and keep de-identified documentation of the content. Consult with an expert or specialist in any areas of treatment with which you are less proficient.

Advocate 800 Program

When you purchase professional liability insurance through The Trust, you get access to the [Advocate 800 Program](#). This service provides free and unlimited confidential consultations regarding legal, ethical, and risk management concerns from licensed psychologists with extensive legal, ethical, and risk management expertise.

Examples of common consultation topics include:

- Potential conflicts of interest.
- Record keeping and requests for access to professional records (e.g., subpoenas).
- Clinical issues and challenges with clients.
- Confidentiality and exceptions (e.g., bill collection, mandated reporting).
- Responding to licensing board complaints.

For more information about the Advocate 800 Program call (800) 477-1200.

Ethics and Laws Governing the Practice of Psychology

Make sure you are familiar with APA’s Ethical Principles of Psychologists and Code of Conduct, and local laws regarding the practice of psychology.

Titles

Did you know that there are laws and regulations about who can use the title “*Psychologist*?” Check your [state board of psychology](#) for how to appropriately, and legally, represent yourself in your work.



*“Create opportunities wherever
you go.”*

– Beth Arredondo, Ph.D., ABPP

Marketing: Building Your Brand

Effective marketing is critical to the viability of your practice. Psychologists are not typically trained in marketing, so consulting with experts or experienced colleagues may be beneficial.

Location

- Do your research. Find other providers in your prospective area and ask about the practice climate. Reflect upon whether or not you have a skill set that is needed in the area.
- Think long-term when choosing a practice location, which is key when considering viability and demand of services.
- Accessibility is key. Consider access to your office for clients who may have transportation or mobility difficulties. Clear signage, adequate parking, and/or accessibility to public transportation is important. Be intentional about proximity to client populations of interest.

Marketing

- Develop a plan. If you’re not sure how to do this, hire someone to help you or ask your colleagues. Your plan is the foundation of your future.
- Create your marketing collateral (e.g., website, advertising, business cards, brochures). Incorporate costs into your overall practice budget.
- Develop a [social media strategy](#) and consider the benefits, drawbacks and limitations of using social media professionally.
- Consult APA’s Ethical Principles of Psychologists and Code of Conduct to ensure your advertising and marketing plans are consistent with these rules.

Engagement

- Get involved in your community. Consider volunteering to do trainings or other public education events in schools, religious institutions, and local agencies.
- Participate in outreach or service activities in your area.
- Develop content (e.g., articles, blog posts, videos) to highlight your areas of expertise and interest, and as a way to educate your clients.
- Be active in your [local, state, regional, and national organizations](#).
- Participate in networking events.

The Trust Student and Early Career Psychologists Committee

At The Trust, our motto is “For Psychologists, By Psychologists.” The Trustees created the [Student and Early Career Psychologists Committee](#) to enhance our mission and provide additional resources for psychologists starting their career. This guide, the dedicated webpage, and informational video series are our initial offerings targeted to meet your unique needs. As students and early career psychologists ourselves, we gathered information we wish we had known about. It's our hope you find it valuable in your career. For more information visit: www.trustinsurance.com.

Contact Information

[Professional, Student, and Research/Academic Liability Insurance](#)

(800) 477-1200

[Group Term Life, Income Protection, and Office Overhead Insurance](#)

(844) 228-2480

[Auto, Home, Renters and Pet Insurance](#)

(800) 216-0640

[Long Term Care Insurance](#)

(877) 977-0125

[Business Office Insurance](#)

(800) 477-1200

[Retirement Plan Services](#)

(888) 751-0287

