

Practitioner Perspective

Let's Talk about the F word!

A reflection on fees

By Brendan O'Shaughnessy



Introduction

In researching and writing this article I have become more aware of the therapeutic, personal, ethical, and business issues involved with fee setting. I hope it will be a source of interest and reflection for you, but first let's look at what prompted me to explore this issue.

Prior to an initial meeting with a prospective experienced supervisee, I sent a draft contract and my fee scale for supervision. Subsequently, we had a phone conversation where she expressed her shock at my concept of a fee scale. We had a very open discussion about this, and I committed to reflect on how I came to this method of fee setting. This

article is part of my reflection and an examination of my reasoning. It is my hope that this will be useful in your fee determination.

Coincidentally, I was reading some comments on the Irish Association for Counselling & Psychotherapy (IACP) Facebook page (Irish Association for Counselling and Psychotherapy, 2021) about the commoditisation of therapy in Ireland. Therapy and Employee Assistance Programmes (EAP) providers are advertising low rates and then paying therapists a portion of this. The comments were highlighting the conflict between making therapy more accessible to more people and a race to the bottom in terms of fees that may follow.

Finally in my work as a supervisor with students I have become aware that their expectations regarding making a living may be too optimistic. I share a financial model with them that may provide a more realistic view of private practice. More on this later.

My own Background

My attitude to fees is strongly influenced by my life experiences. For most of my 40-year working life, I held senior management positions in several multinational electronic companies. This experience encouraged data analysis as a prerequisite to developing strategies. For 28 of those years, I also worked as a part-time counsellor with a charitable organisation that offered low-cost professional counselling to people who may not otherwise have access to therapy. In 2019, the charity was dissolved and I set up my own private therapy and supervision practice. I also retired early from my position in the electronics industry. I am in the lucky position to be able to work at therapy and supervision for two days a week and not be reliant on it as my main source of income. I realise that this is not the case for everyone and I recognise this influences my attitude to fee setting.

We will explore the topic of fee setting then in four sections; the therapeutic bit; the ethical bit; the research bit and the business bit. I will then conclude with my thoughts and observations on the topic.

The Therapeutic bit

From a client's perspective fees can be viewed positively and negatively. In writing about fees and the therapeutic relationship McLeod notes:

Freud and other psychoanalysts have argued for the 'sacrificial' nature of the fee. The assumption here is that, as a means of maximising the motivation of the patient for therapy, and signalling the importance of their commitment to therapy, a fee should be set that is the maximum affordable by the patient. This implies that sliding fees should be operated: a fee that represented a major personal commitment for one client might be insignificant for another, more affluent client. (McLeod, 2019, p. 43)

This would seem to support the notion of a fee scale.

On the other hand, payment may also have a negative impact on the therapeutic relationship, as clients may feel the therapist is 'only in it for the money'; "he/she is only pretending to value me because they are being paid" (Wills, 1982, p. 56).

From a therapist's perspective fees can be also have different meanings. On the one hand fees may be a tangible measure of how the client and the therapist values the service provided. However, as McLeod noted "Some therapists experience 'fee guilt' arising from the conflict between being wanted to be perceived as a 'helper' and being involved in a business that involves making a living and a profit" (McLeod, 2019, p. 152). On a more sinister note, "If a therapist's income is contingent on a client remaining in therapy, he or she might subtly find ways to prolong treatment" (Kottler, 1988, p. 154).

From a personal perspective my earliest experience with fees was when the charity I worked with began asking for donations. Most clients were happy to donate between €5 and €10 and I became used to making this clear at the initial meeting with a client/clients. One client whom I remember well was an older woman who suggested a €1 donation. As I came to learn later this was not easy as she was in difficult financial circumstances. At the end of one of our sessions she was searching in her handbag for the €1. I assumed she was not able to afford it that week and I made the terrible mistake of telling her it was OK not to pay for that session. She fished out the €1 and let me know in no uncertain terms that this was her counselling, and she was paying for it. I came to treasure that €1 more than any I have received since for what the experience taught me.

The Ethical bit

So, what advice as we get from codes of ethics on the topic of fee setting? The IACP Code of Ethics briefly mentioned fees in section 2.3 where it mandates that therapists

- a) Take responsibility for the setting and monitoring of appropriate, boundaries within the practitioner/client relationship, making these explicit to the client.
- b) Take responsibility for making a clear contract with the client to include issues such as availability, fees, and cancelled appointments... (Irish Association for Counselling and Psychotherapy, 2018)

The British Association for Counselling & Psychotherapy (BACP) makes no mention of fees, but does suggest that therapists

communicate "any benefits, costs and commitments that clients may reasonably expect" (British Association for Counselling and Psychotherapy, 2018).

The American Counselling Association (ACA) notes that

In establishing fees for professional counseling services, counselors consider the financial status of clients and locality. If a counselor's usual fees create undue hardship for the client, the counselor may adjust fees, when legally permissible, or assist the client in locating comparable, affordable services (American Counselling Association, 2014).

Due to the scant advice above, I wonder if this reflects a professional sense of "fee guilt" mentioned by McLeod above?

The Business Bit

When setting up in private practice, a personal challenge involved challenging my own attitude toward fees. Having spent the previous 28 years in a counselling organisation that transitioned from no fees, to asking for donations to setting a minimum negotiable fee, I had little experience with how to ask clients for money. As I tend to be more instinctive in my counselling life, I did not make any detailed analysis of fee setting but did start out with a scale based on an evaluation of client's income levels.

Had I adopted my prior business approach (data analysis), I would have completed several steps before setting up my own practice. So, for the purposes of this reflection, I now present the steps which now guide my fee setting.

1. Budgeting: Prepare a budget for practice running costs and identify my income goals.

2. Competition Comparison:
Discover what other therapists charge.

3. Market Analysis: Investigate what can clients afford.

What do in need to charge (Budgeting)

For illustration, I present a sample budgeting model based on several goals and assumptions. Particularly, with respect to income, the goal of earning the average Industrial wage as measured by the Central Statistics Office (Central Statistics Office, 2021). Note: Microsoft Excel has a function called Goal Seek, where, based on your goal (in this case the average Industrial wage), you can calculate the fee you need to charge. You will see this number highlighted in the yellow cell in Figure 1.

If anyone wants to adapt and use the budgeting model for their own circumstances, please email me and I would be happy to share it.

Competition Analysis: What do other therapists charge?

The following analysis (Figures 2 to 4) is based on IACP website “Find a Therapist” Section (Irish Association for Counselling and Psychotherapy, 2021) as of July 11th, 2021. Of the 2,762 therapists listed 2,566 mentioned a fee. Many fees are negotiable, but I assume this is interpreted as negotiable downwards rather than upwards by most clients. 490 IACP members did not state a fee, but said fees were negotiable.

How many IACP Therapists work fulltime?

Based on the above analysis, it would seem that most IACP therapists do not earn the industrial average. So how do they survive? According to the IACP member survey (conducted during the Covid 19 pandemic) Figure 5, only 9% of members work more

Budgeting Model:

	Daily	Weekly	Annual
	5	46	230
Start Time	09:00		
Finish Time	18:00		
	9.00		
Hours per Client	1.50		
	6		
Clients per day			
Plan	6		
Can't Fill/No Show/Cancellation etc %	30%		
Actual	4.2		
Rounded	4	20	920
Average Fee per Client	€69.08		
Income	€276	€1,382	€63,556
Expenditure	Per Session		
Room Rental	€12		€11,040
Professional Fees (IACP Membership)			€410
Training & CPD	Sessions @ 30:1 Ratio	Per Session	€500
Supervision	31	€ 70.00	€2,147
Office Supplies			€500
Website and Advertising			€1,000
Professional Indemnity Insurance			€105
Bank Charges and Payment Processing fees			€1,274
Heat, Light Power			€200
Travel			€600
Phone and Internet			€600
Miscellaneous			€500
Total Expenditure			€18,876
Net Income	Avg Industrial Wage		€44,680
Tax, PRSI, USC etc			€13,404
Net Income	€120	€601	€31,276

Assumptions in the model

1. 5 Day working week from 09:00 to 18:00.
2. 6 Weeks allowed for holidays, Christmas, Easter, Training, and self-care.
3. 55 Minute sessions and 35 minutes between each client to allow time for notes and preparation.
4. 30% allowed for not being able to fill each slot each day or cancellations/no shows.
5. Supervision is based on 30:1 ratio and at €70 per session
6. Room Rental is based on paying €12 per hour on sessional basis. Some people may opt to work from a home office saving this cost, but work/life balance and safety issues ought to be considered in this case.
7. So, if I want to earn my desired income, I need to charge €67.58 on average per session.

Figure 1: Budgeting

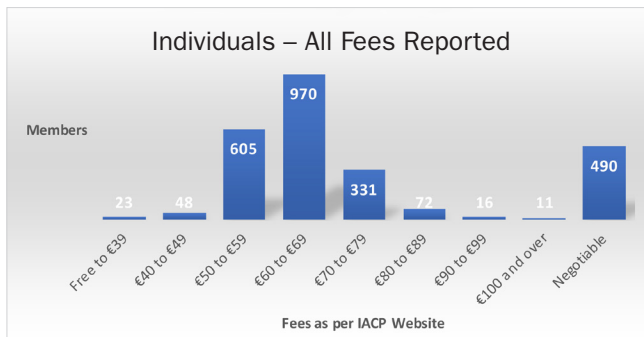


Figure 2: Fees for Individual Therapy

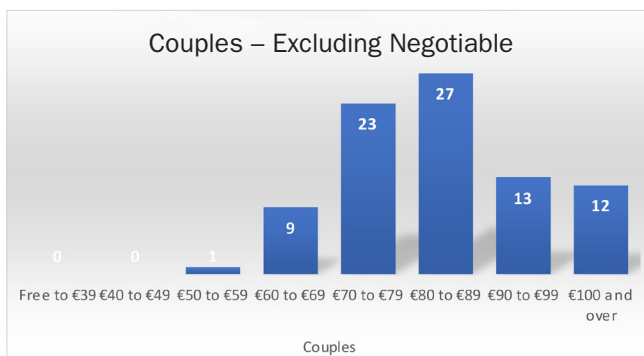


Figure 3: Fees for Couples Therapy

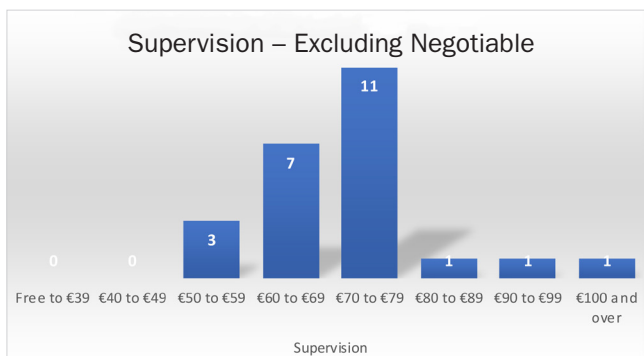


Figure 4: Fees for Supervision where specifically mentioned

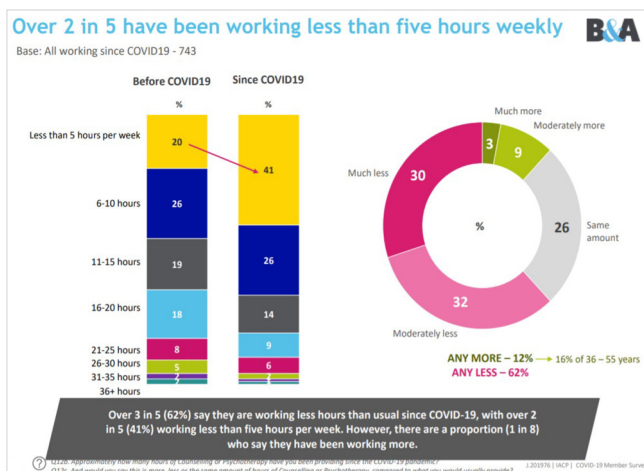


Figure 5: Extract from IACP members survey on Covid 19

than 26 hours per week (no change from a prior survey). The majority of respondents, 63%, worked less than 15 hours per week before the Covid 19 member survey and 67% since (Behaviour & Attitudes Limited, 2020).

This is consistent with the 2013 survey which noted “7 in 10 work in counselling/psychotherapy on a part time basis but fewer than a half (44%) have another occupation” (Irish Association for Counselling and Psychotherapy, 2013)

It appears then that the majority of therapists are opting for the average industrial wage area of €60 to €69 per hour and work part time. It would appear that counselling is not therapists’ primary source of income.

Market Analysis. What Can Clients afford?

One of the things I have learned is that clients with higher incomes can usually claim a set number of session fees from their health insurance provider (Voluntary Health Insurance (VHI), Laya etc). Further, excess fees may be claimed as tax relief at 20%. It is worth acknowledging though that clients on lower incomes are unlikely to have Health Insurance or pay tax.

Figure 6 illustrates two extreme examples for the net cost to two couples. Example A is of a couple with a joint income of €100,000, good VHI plan and able to claim tax refund. Example B is of a couple with a joint income of €30,000, no health insurance and not paying any tax.

This brings up some interesting questions about social equity and the redistribution of wealth in Ireland.

	Example A	Example B
Annual Income	€ 100,000	€ 30,000
Weekly Income	€ 1,923	€ 577
Cost per Session	€ 105	€ 60
VHI Refund @ 80%	-€ 84	-
Tax refund @ 20%	-€ 4	-
Net Cost	€ 17	€ 60
As % of Income	1%	10%

Figure 6: Affordability for clients

It has also encouraged me to appreciate to the real cost to clients on lower incomes. By using a fee scale based on clients’ incomes, it could be argued that clients on higher incomes are thus subsidising those on lower incomes. That seems fair to me.

Following discussion on this topic with my supervisor, another interesting aspect arose. How do my fees reflect how I value what I offer to clients? By setting too low a fee am I saying my service is only worth x amount? By setting too high a fixed fee am I overestimating my value and excluding people who can’t afford my fees?

Finally, part of the why I do counselling is to assuage my sense of social responsibility. I am lucky to be in a position where fees are not my only source of income. I learned the hard way to value what clients can pay and to be able to structure my fees to make it more affordable for more people.

The table in Figure 7 then, provides an illustration of a scaled fee structure.

Conclusion

So, what have I learned from this?

Broadly, our profession appears primarily part time one and the range of fees offered vary considerably. My own experience with supervisees would lead me to believe that few are fully aware if starting a private practice that can be financially sustainable, while also expressing a desire to work full time in counselling.

At the same time, it appears there are and will be more companies setting up commercial counselling/psychotherapy services which also impact on the earning potential of therapists.

Fees are a far more complicated topic that I had originally considered. One that cannot be ignored from a therapeutic relationship or private practice perspective. Also found myself considering social justice issues and the concept of fee guilt.

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Income Levels	€ Per Session	
	Individuals	Couples
Income over €101k per year	85	105
€51k to €100k per year	70	80
€31k to €50k per year	60	70
Less than €31k or on Social Welfare	50	60
All Negotiable depending on family financial circumstances		

Some observations on the above structure:

GDPR: You are not collecting client income data. e.g., it is possible for someone on €40,000 income per year to have huge mortgage and only pay €50. To ensure you comply with General Data Protection Regulation (GDPR) regulations you should only keep a record of the agreed amount and not how it was calculated and as with all client data only use it for the purpose of the therapy.

Practical Billing: I use payment platform to process payments from clients. Initially, I used a debit/credit card reader for payment at the end of each session, but when I moved to online was able to use a billing feature of my payment platform to create an invoice which is emailed to the client with a link so that they can pay online. On resuming in-person work, I continued this practice as it is easier for me to keep track of payments and saves time at the end of each session. It more secure than dealing with cash and less covid risky. I also believe this is a more professional way of issuing receipts. Summary information can be extracted for accounting and taxation purposes. The cost of this service is currently 1.69% of each transaction.

Figure 7: Illustration of a scaled fee structure

Whether we use fee scales or fixed fees seem less important than how this reflects the cost of the service we offer, both for ourselves and our clients. To provide a sustainable service to clients, whether this be free, low cost or fee based, I think we have a responsibility to consider the costs involved so we can continue to serve our clients.

I hope you have gained some insight from this, and it has provided you with some food for thought. ☺

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