Setting up a private practice: Issues to consider
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Table of Contents

Purpose of this document ............................................................................................................................................. 4

Advantages and disadvantages of private practice ........................................................................................................ 5

Are you ready for private practice? .................................................................................................................................... 6

You have decided to start your own private practice ..................................................................................................... 8

Private practice resources .................................................................................................................................................. 11
Purpose of this document

This document is designed to assist members who are thinking about, or in the process of, setting up a private practice. It highlights some areas that are important to consider when contemplating a private practice. It is not exhaustive but serves to provide some thinking points. It is recommended that this document be used in conjunction with other APS and external resources which are listed at the end of the document.
Advantages and disadvantages of private practice

Whilst having your own private practice can be very rewarding it is not for everyone. Some of the advantages and disadvantages of running a private psychology practice are listed below and are worth considering before setting up a private practice.

<table>
<thead>
<tr>
<th>Area of work</th>
<th>Advantages</th>
<th>Disadvantages</th>
</tr>
</thead>
<tbody>
<tr>
<td>Autonomy</td>
<td>• Independence</td>
<td>• You are the boss – no one to turn to for assistance</td>
</tr>
<tr>
<td></td>
<td>• Freedom to determine business and professional direction</td>
<td>• Totally responsible for all areas of the practice</td>
</tr>
<tr>
<td></td>
<td>• Ability to aspire to work/life balance</td>
<td>• Risk of isolation</td>
</tr>
<tr>
<td>Flexibility</td>
<td>• Able to set own work hours and the number and type of client</td>
<td>• Pressure to bring in money to sustain business and lifestyle</td>
</tr>
<tr>
<td></td>
<td>• Ability to make quick decisions and respond to changes</td>
<td>• Can be difficult to schedule time off</td>
</tr>
<tr>
<td></td>
<td>• Ability to choose which services will be provided</td>
<td>• Time pressure to ensure non-billable tasks are completed (e.g., billing, filing, record keeping)</td>
</tr>
<tr>
<td></td>
<td>• Ability to develop own policies and procedures</td>
<td></td>
</tr>
<tr>
<td>Environment</td>
<td>• Control over your own office and working environment</td>
<td>• Ongoing expenses related to rent, building maintenance and infrastructure</td>
</tr>
<tr>
<td>Finances</td>
<td>• Ability to set own fees</td>
<td>• Exposure to fluctuating market, bad debts and cash flow problems</td>
</tr>
<tr>
<td>Professional Skills</td>
<td>• Total control over professional development</td>
<td>• Cost of keeping current and continuing professional development</td>
</tr>
<tr>
<td>Accountability</td>
<td>• Ability to provide best possible service</td>
<td>• Total responsibility for errors</td>
</tr>
<tr>
<td></td>
<td>• Total control over success of practice</td>
<td>• Issues of time management and self motivation</td>
</tr>
</tbody>
</table>

*Note: Table adapted from the Psychologists’ Association of Alberta. A Guidebook for Starting and Operating an Independent Professional Practice in Psychology*
Are you ready for private practice?

Before starting a private practice, a psychologist should consider whether they are professionally, personally and business ready.

Below is a list of questions for psychologists to ask themselves prior to committing to developing their own private practice. Each section has links to relevant resources listed at the end of this document identified by numbers.

Are you professionally ready? [4, 12]

- Do I have current qualifications required to practice in Australia?
- Do I have the professional experience, competence and skills required to work in private practice?
  - Risk assessment and response?
  - Crisis support?
  - Knowledge of and experience in the treatment modalities and presenting issues that I intend to work with?
  - External referral networks for complex clients?
- Do I have access to individual or peer supervision?
- Do I have sufficient professional indemnity insurance?
- Am I familiar with and understand the relevant:
  - Laws?
  - Code of ethics?
  - Ethical Guidelines?
- Can I manage the requirements of my own case load independently?

Are you personally ready? [16]

- Do I want to own and run my own business?
- Do I have the time to devote to establishing and running a private practice?
- Am I confident enough to own and run a private practice?
- Are there any personal problems or conflicts in my life that could affect my ability to practice?
- Am I physically and mentally able to meet the demands of a private practice?
- Am I willing to undertake risk?
- Do I want to practice as a sole practitioner? Do I want a team around me?
- What will I gain from working in my own private practice?
- What will I lose/miss from not working in public health/academia/not for profit or other sectors/models of psychology practice?
Are you business ready? [4, 15, 16]

- Do I need a business plan?
- What is my vision of my own private practice?
- Will I work as a sole practitioner, hire staff or contract to someone else?
- Do I understand the basic business requirements of running a small business?
  - Insurances
  - Accounting
- Paying myself a salary
- Taxation
- Superannuation
- Cash flow
  - Book keeping
  - Legislation
- Occupational health and safety
- Public liability
- Where do I want to locate my practice?
- How much will I charge?
- How much do I want to earn?
- Can I calculate and evaluate the costs of running a business?
- Do I need a business loan?
- Do I feel comfortable collecting money from clients?
- Do I have good time management skills?
- Will I engage in contract work? If so, do I understand contractual agreements or have access to legal advice? Do I need to consider trust arrangements or partnerships?
- Can I afford to start a private practice?
- How can I calculate/project my income?
- How many hours/days do I want to work?
You have decided to start your own private practice

What next?

It is important that you spend some time asking yourself some of the questions previously identified in the section “Are you ready for private practice”.

If you have made the decision to establish a private practice, you will need to allocate considerable time in identifying the most immediate requirements to ensure that your private practice complies with the APS Code of Ethics, Ethical Guidelines, AHPRA registration and insurance requirements, legislation and professional standards, prior to accepting client referrals.

Ethical and professional responsibilities [1, 2, 11, 12]

- Am I familiar with the APS Code of Ethics?
- Do I have a plan to meet my professional development and registration requirements?
- Is my online APS professional development learning plan up to date?

Insurance [9, 11]

- Do I have a certificate of currency?
- What does my professional indemnity insurance cover?
- What other insurances may I require?
  - Building?
  - Contents?
  - Public liability?
  - Income protection?

Legislation [4, 9, 11, 16]

- What are the State or Federal Legislations that apply to owning and operating a psychology private practice?
- What do I need to learn about legislation that is applicable to me prior in private practice? File retention and record keeping [1, 2, 4, 8, 17]
- What is the Federal and State legislation that applies to file retention and record keeping?
- How long do I need to keep files for?
- Do I know the policies regarding file management (including a two file system)
- If I keep electronic files, how should these be managed?

EHealth and technology [7, 10, 14]

- What do I need to know about ehealth?
- Should I consider getting a Public Key Infrastructure (PKI)?
- What practice software is available?
- Should I consider electronic claiming?
Confidentiality and informed consent [1, 2, 8]
- What are the APS Ethical Guidelines for informed consent?
- How will I gain informed consent?
- Is there a proforma for seeking informed consent available?
- What are the limits to confidentiality?
- Does my consent process include information regarding fees to be charged including non-attendance?

General office administration [3, 4, 5, 6]
- How will clients contact me (mobile phone, answering machine, email?)
- Are the consulting rooms confidential?
- What equipment do I need?
- What fee will I charge?
- What are my personal safety needs (e.g., exits, entrances, alarm system, security company)?
- Can I manage my own administration?
- Will I register my practice for Medicare and other third party providers?
- How will I market my practice?
  - Word of mouth?
  - APS Find a psychologist?
  - Mental health networks?
  - Consumer based marketing products (e.g., yellow pages, google)
- What client populations do I have the competencies and interest to see?

Financial records [5, 6, 10, 15, 16]
- Do I need an ABN?
- What are my taxation responsibilities?
- Do I need to register for G.S.T?
- How will I produce receipts and store copies of them?
- Is my Medicare Provider Number listed to my current practice address?
- What does the APS Code of Ethics state about financial arrangements with clients?
- What banking facilities will I use (e.g., EFTPOS, cash, cheque, business bank account)?
- Do I want to register a business name?
- What other financial arrangements do I need to consider (e.g., third party contract work)?

(You have decided to start your own private practice continued over page)
You have decided to start your own private practice (cont.)

Self care [2, 3, 4, 9]

- What strategies will I use to maintain good physical and emotional wellbeing?
- Do I have access to regular peer support?
- What arrangements will I make to ensure that I have adequate leave?
- What strategies will I use if I receive too many referrals (e.g., waiting list, refer on)?
- How will I divide my time to ensure I can manage all factors of seeing clients outside of the appointment (e.g., writing reports, liaising with referrers, phone calls, emails)?
Private practice resources

Some important resources to consider before entering private practice are listed.

Please note – Most of the resources listed below are only accessible to APS members who are logged into the APS website. If you are unable to access the link by clicking it directly use the link to navigate within the APS website once you have logged in using your APS membership number and password.

1) APS Code of Ethics

APS members are required to abide by principles of professional conduct. These are set and monitored by the Society in its Code of Ethics. The Code was developed to safeguard the welfare of consumers of psychological services and the integrity of the profession.


2) APS Ethical Guidelines

The Ethical Guidelines apply the APS Code of Ethics to issues encountered in everyday professional practice.


2) APS Private Practice Management Standards – Self assessment tool and resources

The APS has developed an online self-assessment instrument to help psychologists in private practice evaluate and manage their private practice standards. Six standard areas have been identified to promote quality assurance within private practices with additional resources to support psychologists in private practice.


4) APS Professional Practice Handbook

This document is a comprehensive outline and analysis of most aspects of professional practice. It considers both private and public sector practice including legislative and professional perspectives.


5) APS Medicare-related information

The APS website outlines Medicare-related information including:

- Continued professional practice requirements
- Psychology services available
- Billing
- Obtaining a Medicare provider number
- Medicare compliance audits
- Medicare Australia’s contact details

http://www.psychology.org.au/medicare-psychology/
Private practice resources (cont.)

6) Third party funders
The APS website provides information about several third party groups that psychologists provide services under:

- Department of Veterans’ Affairs
- Motor Accident Authority
- Victims of crimes
- Workcover


7) Software for psychologists in private practice
To assist APS members make best use of the technology available to them, the APS has reviewed ten software packages available in Australia that would be appropriate for the psychologist in a sole or group practice.


8) APS privacy resources
The APS website outlines privacy related resources including:

- Privacy policy for recruitment-related psychological assessments
- Federal Privacy Act
- Privacy resources for private practice
- New South Wales Health Records and Information Privacy Act (2002)
- Victorian Health Records Act (2001)
- InPsych articles on privacy

http://www.psychology.org.au/practitioner/resources/privacy/

9) APS practitioner resources
The APS website provides links to a range of resources including:

- Practice essentials
- Professional resources
- Funded programs
- Professional practice groups


10) APS electronic claiming related information
The APS website outlines electronic claiming related information including:

- Medicare claiming
- HICAPS
- IBA

11) AHPRA registration requirements
Psychologists must be registered with the Psychology Board of Australia (PBA) to practice as a psychologist in Australia. The national scheme was implemented in July 2010 and its requirements are outlined on the APS website.
- Transition to the national scheme
- Maintaining registration
- New reporting obligations

12) AHPRA and APS Continuing Professional Development (CPD) requirements
The APS website outlines the CPD requirements including:
- CPD requirements
- Transitioning to new national registration scheme
- Documentation of CPD

13) Professional Advisory Service
The APS assists members with specific matters, such as complicated ethical dilemmas that require careful, objective consideration. Members can contact the National Office for help and clarification at these crucial times.
http://www.psychology.org.au/contact_us/

14) eHealth
eHealth refers to the application of electronic technology to support the provision of health services. The APS website outlines eHealth information including:
- Electronic client files
- Privacy
- Practice management software
- Internet supported interventions
- APS Submissions regarding e-health

15) Australian Taxation Office (ATO)
The ATO website provides extensive information regarding your small business and personal taxation requirements.

16) Business Victoria
Business Victoria is a Victorian Government website which provides comprehensive online resources designed to help you start, run and grow your business.

17) Psychologist’s records: Management, ownership and access
The APS has developed a document to assist members understanding their responsibilities regarding recording, owning, accessing and disposing of confidential client information.
Notes