## Price Your Services to Reflect Their Value

Jennifer Castellanos-Bonow, PhD, BCBA-D, LBA (NV) & Shane Isley, MS, BCBA, LBA (WA)

**CASP**, June 8th, 2023











Medicaid rates are typically insufficient to create a sustainable and profitable business

Commercial insurance rates are meant to be discounted





## **Service Pricing - Dos**

Consider all of your costs

Consider the value delivered through your services

Plan for the future





total service hours





### costs

- Include fixed and variable costs
- Include operational and employee costs
- Calculate expenses at the level that makes sense for your org
- Calculate cost per month for each expense (or expense category)
- Remember to include the cost of non-revenue generating staff as part of your overhead



- The \$\$ left over after paying the bills
- Calculate enough of a margin to leave room for negotiation



total service hours

 The number service of hours per time period



total service hours





## Let's Try a Simple One

Monthly Costs: \$5,000

10% Profit Margin: \$500

Total Hours Delivered in a Month: 200



## **\$5,000** + \$500

200 hours



## Variables That Influence Pricing

The total number of revenue generating employees

↑ employees = ↓ overhead cost/employee

The number of hours delivered by an employee, or type of employee

↑ hours = ↓ fixed employee costs/hour of service

Company standards for behavior analyst time bundled with RBT services

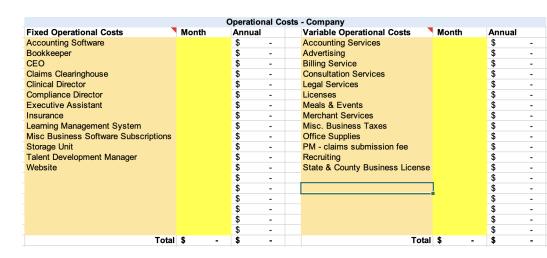
1 QHP time = 1 cost of employee time/hour of service

And many others...



#### **Build a Calculator**

Overhead Costs & Employee Costs



					Employee Costs	
Fixed Per Employee Costs	1	Month	Annual		Variable Per Employee Costs	Payroll Tax Multiplier
Cloud Business Platform			\$	-	Health Insurance	
Practice Management Software			\$	-	Incentives (Appreciation)	Retirement Plan Multiplier
HR Software			\$	-	Continuing Education	
Payroll Software			\$	-	Professional Licensing/Registration	Number of Revenue Generating Employees
Background Check			\$	-	Retirement Plan	
To	otal	\$ -	\$	-		

#### **Build a Calculator**

#### Hourly RBT Level Employee Costs

	Week	Annual		
RBT Hours Worked			0	
RBT Variable	Monthly	Annual	Average Hourly Rate	W/Taxes
Health Insurance		\$ -		\$ -
Incentives (Appreciation)		\$ -		
Continuing Education		\$ -		
Professional Licensing/Registration		\$ -	Average Hourly Cost	
Retirement Plan		\$ -	#DIV/0!	
NB Time	\$ -	\$ -	Per Employee Hourly Overhead Cost	
Total	\$ -	\$ -	#DIV/0!	



total BT service hours

hourly rate BT services



#### **Build a Calculator**

#### Salaried Behavior Analyst Level Employee Costs

BCBA Variable	Monthly		<b>A</b> nnual		Average Annual Salary	W/Taxes	Service Hours Delivered
Health Insurance			\$	-		\$ -	
Incentives (Appreciation)			\$	-	Average Hourly Cost		
Continuing Education			\$	-	#DIV/0!		
Professional Licensing/Registration			\$	-	Per Employee Hourly Overhead Cost		
Retirement Plan	\$	-	\$	-	-		
0	\$	-	\$	-	Average Annual Cost (Salary & Variable)		
Total	\$	-	\$	-	#DIV/0!		



#### BCBA costs + profit margin

total BCBA service hours

hourly rate BCBA services



# The value hidden in bundled services



## **Create Rules for Calculating Bundled Time**

#### **QHP** Bundled Time

RULES					
Bundled: QHP services are included in cost of BT services & direct QHP services					
	QHP Hours Per 1 BT Hour	QHP Indirect Per QHP Direct			
BT assessment with QHP on site	1.25	#na			
BT Assessment without QHP on site	1	#na			
BT Direct Tx/Group Tx	0.1	#na			
QHP Services (no assessment)	#na	0.25			
QHP Assessment (all services included - no additional cost)	#na	#na			



total BT service hours

(BT hourly costs + cost of bundled QHP time)

profit margin = hourly rate BT services



## **Accounting for Bundled Services**

Example: Direct Service Bundled Price

**RBT Hourly Cost: \$20** 

BCBA Hourly Cost: \$40

BCBA Time Required for 1 Hour of RBT Time: 0.1 hours

Cost of BCBA Time/RBT Time: \$40 \* 0.1 = \$4.00





\$26.40

That's a lot. Where do I start?

Small and simple. Try one service type, or an average rate for all services.

Practice with different numbers.

Build complexity as you gain confidence.



Who can help me figure this out?

Your bookkeeper.

Your financial advisor.

Your accountant.

A business consultant.



If I set new rates, will insurance companies pay me more?

That depends on the terms of your contract.

You can use the information to decide whether to renegotiate or remain in the contract.



You just said I won't be paid more once I determine my prices? Why should I do this?

Increased understanding of your business.

Confidence when deciding to join a network.

Help the field in general by *charging* what the service is worth, not the agreed rate.







## **Thank You!**

Jen Castellanos-Bonow

drjen@thelcreno.com

Shane Isley

shane@sixboxes.com



