

Dear Loyal and Loved Clients,

I am writing this letter to share some major changes that will be taking place at my clinic Structural Innovations. As of March 1, 2014, we will no longer be directly billing your insurance company. We will give you the necessary paperwork that you can send off to be reimbursed, but we will require payment for our services at the time of service. If you are currently going through the 10 series we will honor the completion of your series and bill the remainder of your treatments for you and then upon completion, any further tune ups will be subject to the new policy.

Cassandra and I have thought long and hard about this, having spent many late nights pouring over the figures, and we have decided that this decision will ultimately best serve you as our loyal, loved, and valued clients. I would like to take a moment and explain why and how we have made this decision.

As you are all aware, our medical world has changed as a result of Obamacare coming into play. The truth is, the insurance world has been changing a great deal over the last 5-6 years. Both republicans and democrats have had a hand in aiding the insurance world to turn into what it is becoming. Almost all of you have seen your co-pays increase and your overall benefits decrease. All you need to do is go back and compare your policies.

Costs are skyrocketing and benefits are plummeting. Healthcare costs have gone up an average of over 30% in just the past year. This is not including the previous 5 years where many of my clients have seen an incredible increase in their co-pays and deductibles combined with a major decrease in their overall benefits. As a result of these major changes, small and medium sized clinics, like mine, have had a harder time every year keeping up with the larger clinics and insurance companies.

We are now seeing more healthcare providers closing their doors, going to cash payments only, or having to get jobs at the large hospitals and clinics because they can't compete and afford to operate a small clinic within the insurance world. All you have to do is a little bit of research and you will learn that this is a common theme within many fields of health care and it is only going to continue. One of my doctor friends just got back from a conference where a keynote session stated that doctors will be retiring or getting out of the industry 10-15 years sooner than they were supposed to because of the increased costs, stress, and pressure of how the insurance world is taking advantage of our nation.

Here is what has happened for my clinic. It is taking us longer than ever to get paid from the insurance companies and the allowed amounts that we receive have been going down over the last 5-7 years. What does that mean? Well, it means that we are having to do more work than ever for less money every single year. All the while costs of doing business continue to go up. Imagine if I asked you to take a 20-30% cut in pay to work an additional 30-40 hours per week.

I would like you to see it from my perspective and experience for a moment. The normal American gets paid every 2 weeks or so, and I am betting this is how you get paid. Now imagine if that time frame was spread out to every 4 weeks, 6 weeks, or even 8- 12 weeks in some instances (by some I mean this is becoming common place for us). On top of that, imagine if every paycheck you got you never really know what that amount was going to be, sometimes more, sometimes less then what you are used to or expected. This happens often with payment from insurance companies and our staff has to spend many hours fighting for the correct payment amount.

Insurance companies are doing everything in their power to delay payment as long as they possibly can so they can keep every dollar possible in their investment accounts where they earn millions of dollars in interest per day.

As this is happening, the health care provider has to try and manage their dollars as best as possible during these long, sporadic, and inconsistent repayment processes. We have to sit on the phone or computer for hours at a time fixing and fighting with the insurance company for money that is owed to us for a service we have provided. Often they say that we processed something incorrectly, and they never take any accountability for when they mess things up and then this delays our payments by weeks or months.

All of these things delay repayment so much more than you will ever know. Your healthcare providers just do not tell you that this is going on because healthcare providers have taken on the extra burden and cost of doing the billing for you. The healthcare provider is not actually obligated to do this as it is actually the responsibility of the client. But insurance companies have made the process so complicated people need go to school and get a degree in medical billing and coding to be able to understand the process.

The other difficult part to this is that I have to pay my employees every two weeks even though I may not get the money to pay them for 6-12 weeks. Imagine having to try to come up with another person's salary out of thin air all the time. With a cash based practice I can then pay my employees every two weeks, like most people receive, and I don't have to figure out where I am going to get the money to pay them because our business has already received the payment for the service. We cut out the middle man

As a result of costs being so high, healthcare providers are having to see more clients than ever just to be able to cover the costs of their business, not including actually making some kind of profit. The therapy that I practice is a specialty. It takes more schooling and time to get this highly effective training, but because I am licensed in the state of Washington as a massage therapist I can't be reimbursed for the actual value of my profession. Now, that was my choice as a business owner and that is what I have done for the last 10 years. I thought it was the best way to serve the public. Well, that would be like your orthopedic doctor or neurologist being compensated urgent care or general practitioner rates. They don't do it. They charge a higher fee because they have taken the time and spent the money in a much higher level education and offer a higher level service. I have been taking massage therapist rates which are half of the average rate of Structural Integrators across the country.

I am the last Structural Integrator in Spokane who is actually performing the 10 series and accepting insurance. The other ones are now doing other therapies or stopped taking insurance a few years ago because of these same reasons. In fact I have been the only Structural Integrator to take Group Health after the others stopped a long time ago because they are difficult to work with and require us to do so much more ridiculous extensive busywork. This drives up costs for everyone.

It has been difficult for me to compete because we are a very small clinic and just don't have the hours in the day to see the numbers of clients to offset the costs to work with the insurance companies like many other chiropractic, physical therapy, or massage therapy clinics do.

The common business model for chiropractors, physical therapists, and large massage clinics is to have a high patient volume, often too high in my opinion, to provide the best possible care. The average chiropractor see 6-10 clients per hour plus have other chiropractors working for them seeing a similar volume of clients. They will also have a handful of massage therapists they are paying \$12-15 per hour. The average physical therapy clinic will have a few physical therapists that are supervising many physical therapy assistants each. Most massage therapy clinics will have 5-12 massage therapists on staff paying the massage therapist an average of \$12-15 per treatment. Only a couple of clinics in town actually pay their massage therapists more than that. Because these clinics have such a high client volume and often times pay their therapists such a low rate they can afford to hire medical billers and coders, which then allows them the resources to work

within the insurance realm. I just can't do this because I won't pay my employees \$12 per hour and I can't see multiple patients at a time like most physical therapists and chiropractors.

Up until the last year I have been seeing more clients per week and year than just about any other Structural Integrator or massage therapist in the nation. Since opening my practice in Spokane, my client load average has been 30-40 per week. The average client load nationally is 12-14. As you all know, I am committed to taking care of my clients. This does not count or include the time it takes to do all of the paperwork such as chart noting, marketing, meetings, development and all the other things it takes to run a business. Nor does it include all of my teaching hours. You all know that I have been teaching for 14 years and traveling to teach the last few years. This has been a great opportunity but part of the reason I have been doing this is because I have needed to have other lines of income to deal with the changes and increased expenses of the insurance world.

My priority in life is my family. For 8 years, while Cassandra was in the Air Force, I stayed home with the boys during the day and saw clients or taught at night. I went into business and started a practice so I could have more time with my family and that has not happened because I have had to work so many hours to keep up with the increased costs. Between seeing clients, and traveling so much to teach these past 2 years I have missed much with my boys and my amazing wife.

The stress levels that have come with the changing insurance world have been so significant that it has affected our practice and our patients. Moving to a cash based practice will allow us to get out of that oppressive machine and allow us to provide the best possible care for our clients. This kind of practice is exploding all over the country, especially on the east coast, and is working its way here.

What the research is showing is that, as a result of being cash only, these clinics actually provide better care because the healthcare providers can see fewer patients, which in turn allows for more time with their patients, and this allows them to provide better care. Did you know it is common for a doctor to have to see 2,000 to 3,000 patients per year in order to make enough money to deal with the rising insurance costs? Some of these offices now have gone to a cash system and only see 300 patients per year and patients report they are getting healthier than ever. In fact, when I first opened my practice all of my doctor friends and mentors tried to encourage me to stay away from the insurance world predicting 10 years ago exactly where things are currently at.

We all have to choose every single day how we spend, save and invest our money. We each commit money to what we find beneficial and valuable. I know with all my heart that the service and help I provide you is of great value and benefit. I treated a woman this past week who was going to hand me \$150 dollars for a treatment which I could not accept. She hugged me and in tears said it was worth every penny and more for the relief this therapy brought her.

Our cash price will be and always has been \$100 for each session including tune ups. This has been the going rate for Structural Integration since the 1960's. Many Structural Integration clinics and practitioners across the nation are charging \$150 - \$200 per session in today's market.

If you still want to bill your insurance we will gladly give you the paperwork needed and you can send it out to them and you can work with your insurance company and be reimbursed if you have coverage for massage therapy.

We will still be more than happy to make payment arrangements for those who need help. I would rather take a little extra time in receiving payment from you, then allowing the insurance companies the opportunity to use payments owed to me to build their bank accounts billions of dollars bigger while I have to scramble to make ends meet. We have always offered this service to our clients from the very beginning and would love to continue that.

I appreciate your time and thank you for allowing me to know and help you. If you have any questions, Cassandra and I would love to speak with you personally, so please don't hesitate to call the office. I know we offer an amazing service and therapy that nobody else can match. I hope to see you soon and look forward to helping you even more than before.

With profound love and appreciation,

A handwritten signature in black ink that reads "Kevin Lucas". The signature is written in a cursive style with a light blue highlight behind the text.

Kevin Lucas, BCSI, LMT
Owner
Structural Innovations