

# Simplified Method of Setting Clinic Fees

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**I**N its community mental health program, Minnesota is using the Federal income tax paid the previous year as the base for establishing the maximum fee for clinic psychiatric service. This method eliminates time-consuming investigations and complicated mathematical calculations. Yet it provides fee schedules tied to the patient's ability to pay, as required by State law. (Community Mental Health Services Act, 1957.)

The Federal income tax a patient pays is a fairly reliable index of his real economic situation, since it takes into account, in addition to income, such factors as number of dependents, other taxes paid, interest, and excessive medical and dental expenses. Still another advantage of using this figure is its ready availability, for almost everyone keeps a copy of his Federal income tax forms from year to year.

Currently, the maximum charge per clinic visit per family in the Minnesota community mental program is 1 percent of the Federal in-

come tax. (A family rate is provided when more than one member is attending the clinic, based on 1 percent of the Federal tax divided by the number of family members receiving service.) This percentage was set by the department of welfare, in consultation with private psychiatrists and lay groups concerned with mental health, to give what are believed to be realistic fees for service in this program. The percentage may easily be manipulated to alter the charges or to keep the charges the same should the base be altered (a change in the Federal tax rate, for instance). Examples of the fees that would be charged according to the 1 percent formula are given in the table.

In addition to the maximum percentage, a \$10 fee was set as the absolute maximum that could be charged. Prospective patients able to pay more than \$10 according to their income tax payments should be referred to private psychiatric services.

No charge, or only a token charge, is made if the individual paid no tax. Local mental health centers are free to make allowances for recent changes in income or other extenuating circumstances in setting fees within the statewide maximums.

Choice of these procedures for establishing fee schedules followed a survey of methods used in 92 outpatient clinics in Illinois, Minnesota, and New York and in the clinics of California's

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community mental health program. In all the grant-in-aid clinics, provisions are made for the care of psychiatrically indigent patients. Among patients making some payment the median minimum fee was 25 cents, for persons with annual incomes of less than \$2,000. The median maximum fee was \$15, for patients with annual incomes of more than \$7,000.

According to the survey, the fees charged are very similar from clinic to clinic and State to State, but the method of arriving at the annual income figures upon which the fee is based varies tremendously. Some clinics use a gross income figure, and others use an adjusted annual income figure calculated by complicated procedures which require considerable time.

### Examples of maximum fees for psychiatric clinic visits

#### *Minnesota community mental health program*

	<i>Gross income</i>	<i>Taxable income<sup>1</sup></i>	<i>Taxes paid</i>	<i>Maximum fee per visit</i>
<b>Single person</b>	\$4,500	\$3,450	\$719	\$7.19
<b>with no dependents</b>	5,000	3,900	818	8.18
<b>(1 exemption)</b>	6,000	4,800	1,048	10.48
<b>Married person</b>	4,500	2,850	570	5.70
<b>with no dependents,</b>	5,000	3,300	660	6.60
<b>joint return</b>	6,000	4,200	844	8.44
<b>(2 exemptions)</b>	7,000	5,100	1,042	10.42
<b>Married person</b>	4,500	1,050	210	2.10
<b>with 3 children</b>	5,000	1,500	300	3.00
<b>(5 exemptions)</b>	6,000	2,400	480	4.80
	7,000	3,300	660	6.60
	8,000	4,200	844	8.44
	9,000	5,100	1,042	10.42

<sup>1</sup> Computed by subtracting \$600 per exemption and the standard 10 percent deduction.