

THIRD ANNUAL

# The 2025 Financial State of Private Practice Report



**Our mission** at Heard is to empower therapists to thrive financially. We believe that starts with financial literacy and the democratization of access to financial information.

### Why we wrote this report

For the third consecutive year, we ran a nationwide survey of therapists in order to better understand the realities facing therapists in private practice today. More than 3,000 therapists responded to our survey. This report includes some of our findings.

We hope that self-employed therapists everywhere will make use of this information to help them build financially healthy, resilient practices that continue to support their clients well into the future.

We also hope this report encourages more transparency and conversation about money and finances.

### Where we go from here

Therapists continue to be underpaid by insurance companies and they're drowning in debt. With that said, 34% of therapists reported making more in profit in 2024 than 2023, which is a good sign.

There's also a lot of uncertainty. 85% of therapists reported feeling concerned about the financial impact of the new Trump administration on their practice.

We remain as hopeful as ever about the future of private practice.



Andrew Riesen  
Co-Founder and CEO, Heard

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# Location

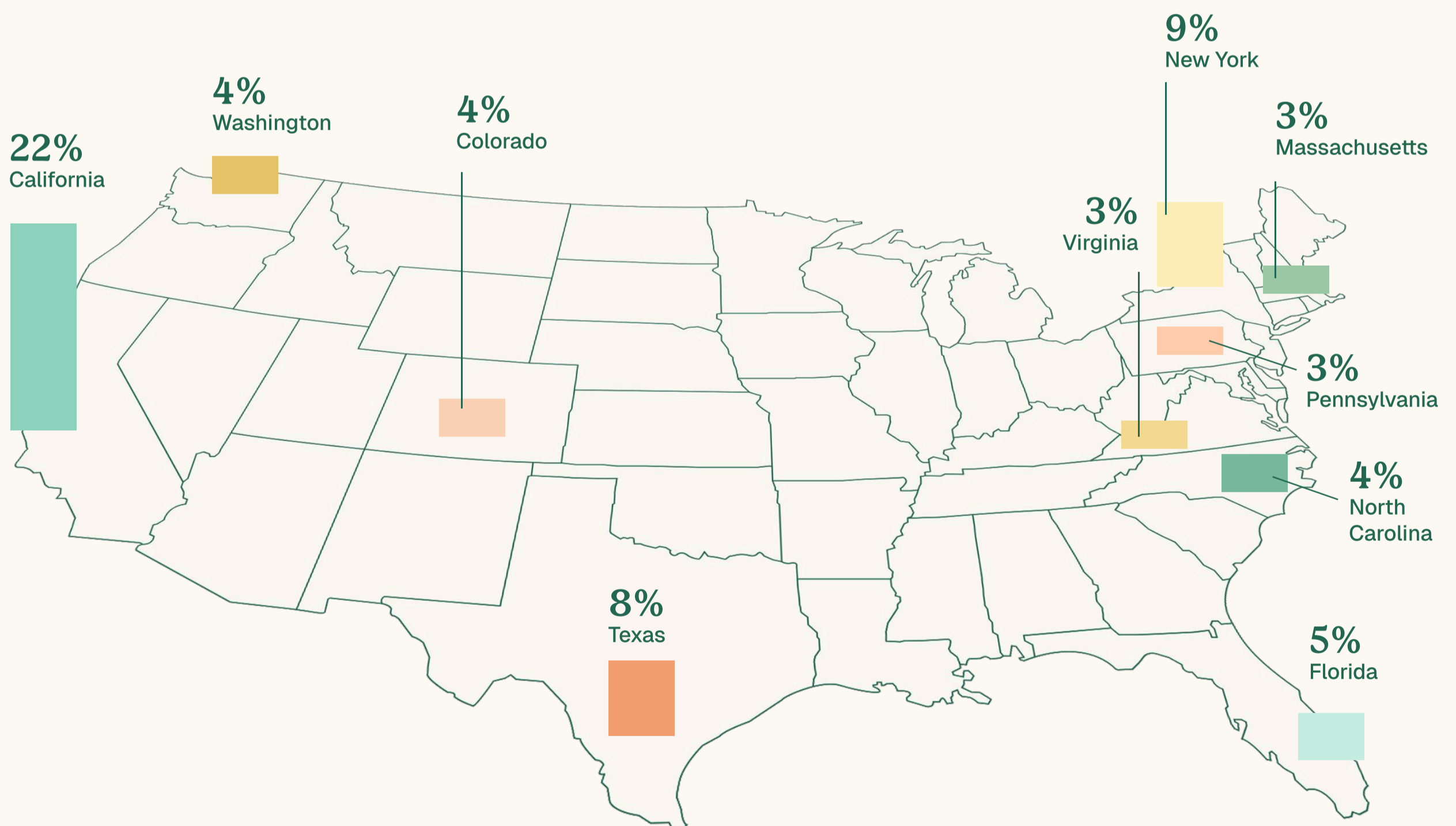
# 22%

of respondents were based in California.

This year, 3,229 therapists responded to our survey—a 42% increase from last year. Respondents hailed from every state except South Dakota and Mississippi.

As in previous years, respondents were most likely to call California home. After that, New York, Texas, Florida, and North Carolina were most common.

## Where is your therapy practice based?





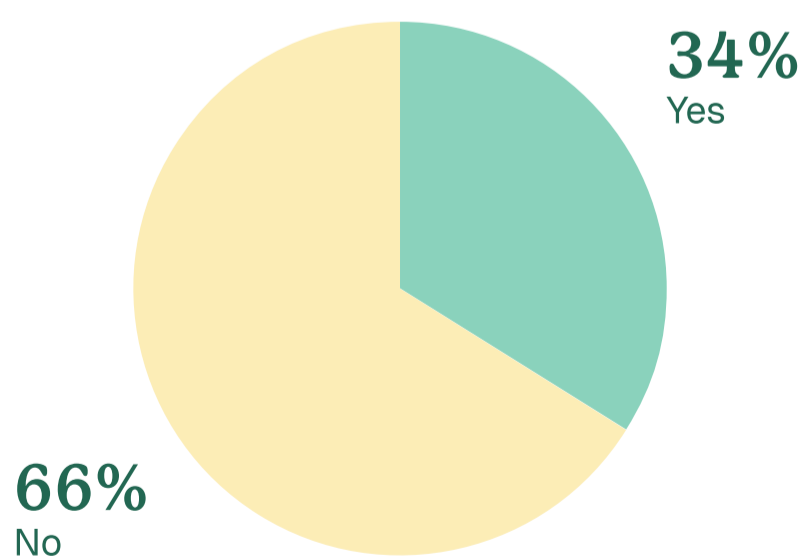
## LOCATION AND LICENSE

### Clients in other states

Thanks to telehealth platforms—and clients who, since the first COVID-19 outbreak, have continued to flock to remote treatment options—many therapists see clients in states other than their own.

This year saw almost exactly one third of respondents reporting they see clients in other states. That's down a bit from 2024 (when the number was 37%), but still a significant portion of self-employed therapists.

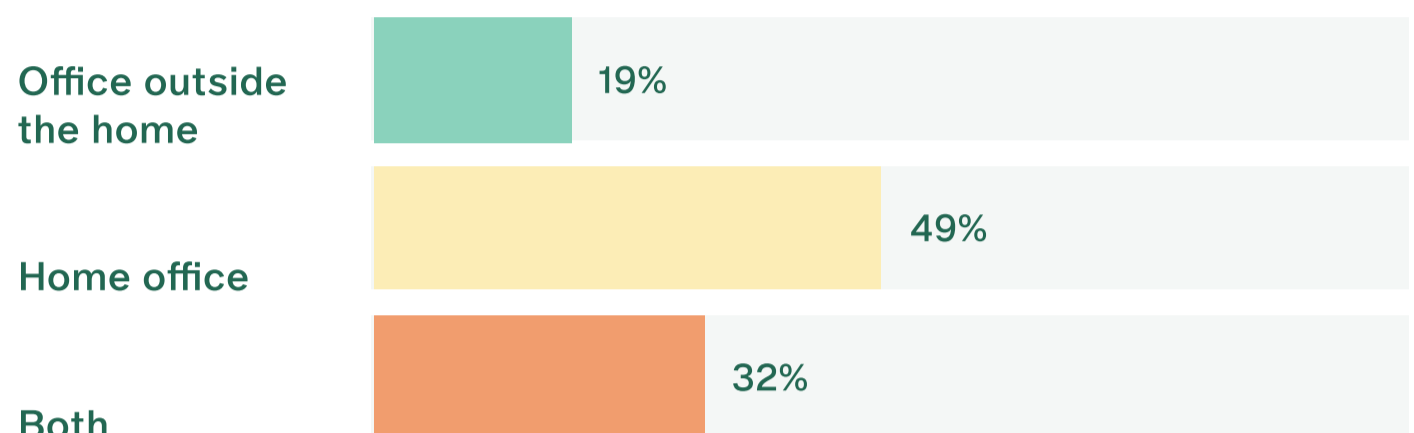
### Do you provide virtual therapy sessions to clients outside the state where you live?



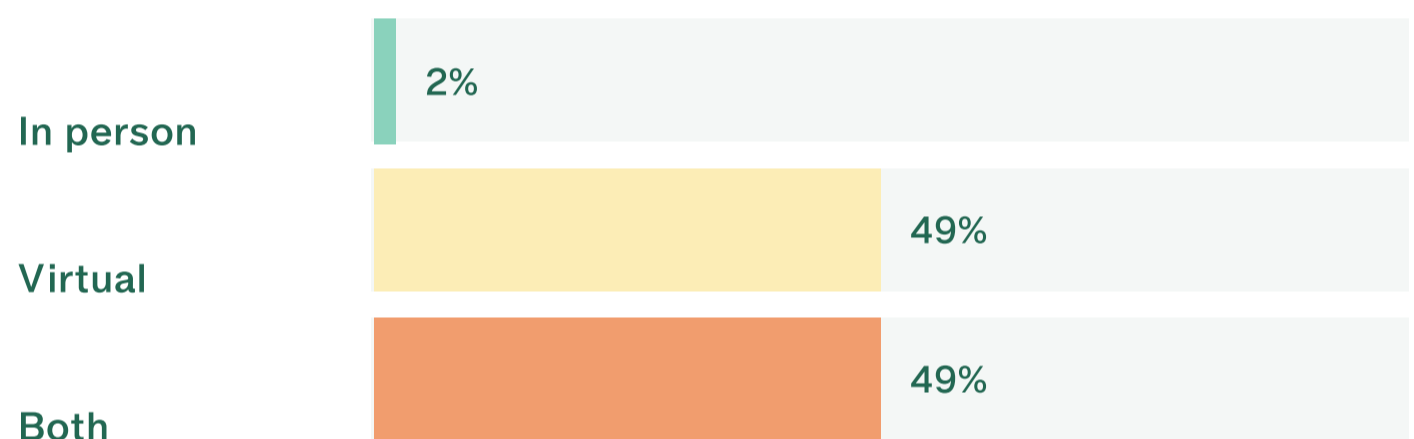
Of respondents licensed in multiple states, the majority are licensed in two.



### Where do you see clients?



### How do you see clients?



## Office location

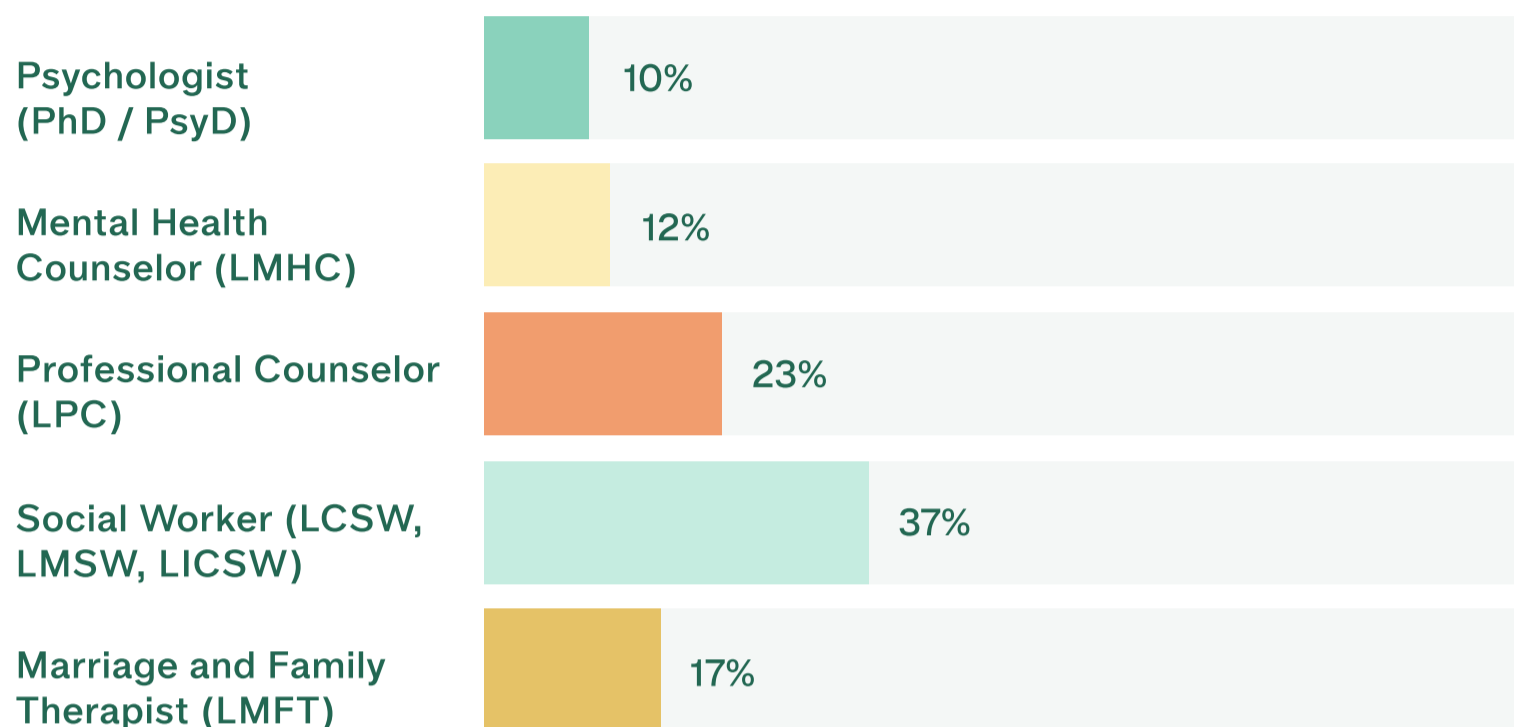
Nearly half of respondents to this year's survey work exclusively from a home office, while about one third see clients in both a home office and in an office outside the home.

That makes sense when you consider that clients are pretty much evenly split between seeing clients exclusively online (49%) or both in-person and online (49%). Just 2% of respondents said they only saw clients in person.

These results are similar to those in last year's report, suggesting that online therapy will continue to be popular with both therapists and clients in the years ahead.



### What is your license?



### License type

In total, over 60% of respondents were either professional counselors (LPC) or social workers (LCSW, LMSW, LICSW).

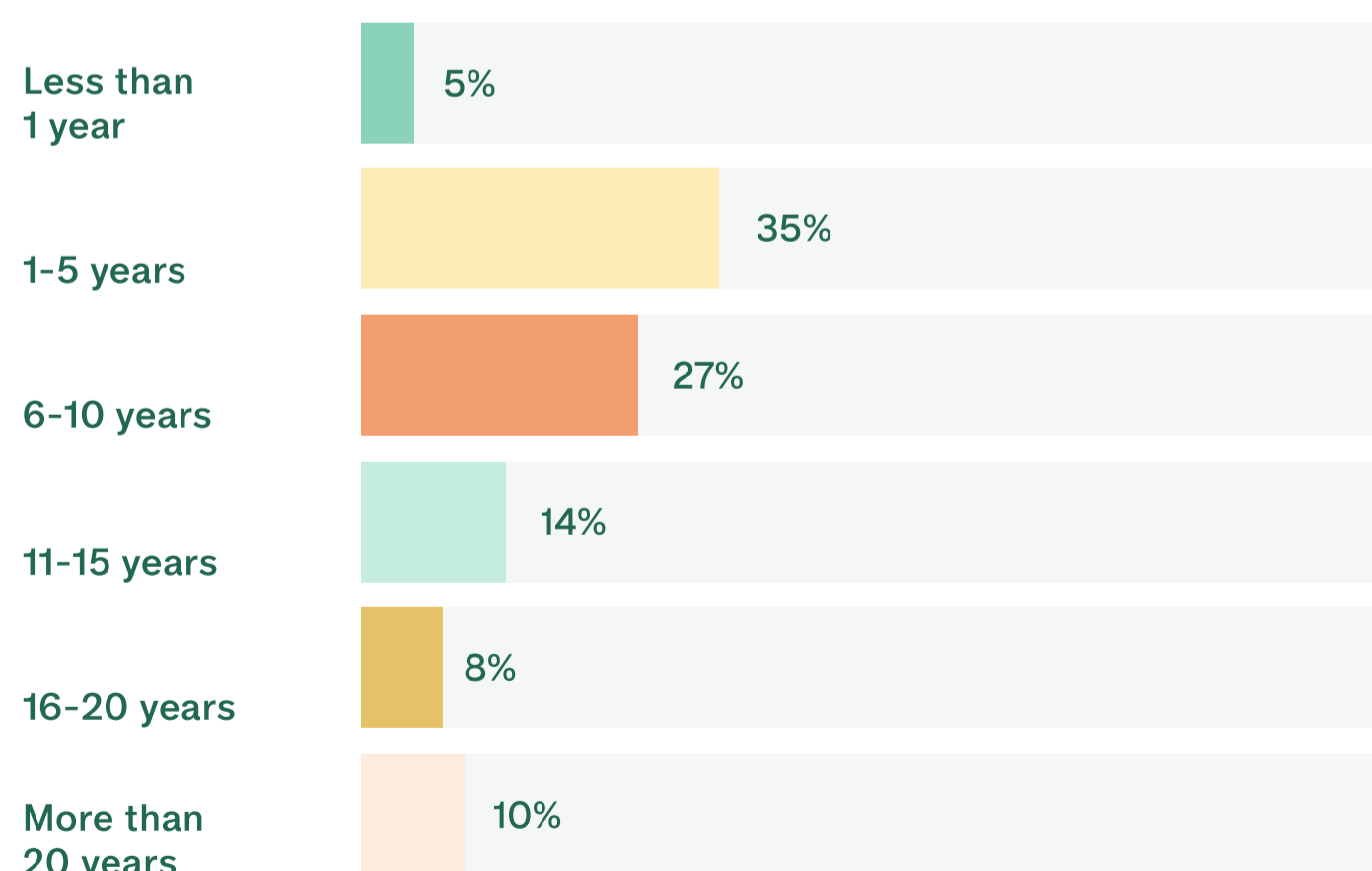
At the opposite end of the scale, mental health counselors made up 12% of respondents and psychologists made up 10%.

### Professional experience

The majority of survey respondents have been in practice for 10 years or less. And of those, a sizable majority have been practicing for less than five years.

Anecdotally—on social media, for instance—many therapists have commented on the influx of new practitioners to the field. Whether you see new therapists as colleagues or competition, the data supports this observation.

### How many years have you been a licensed therapist?

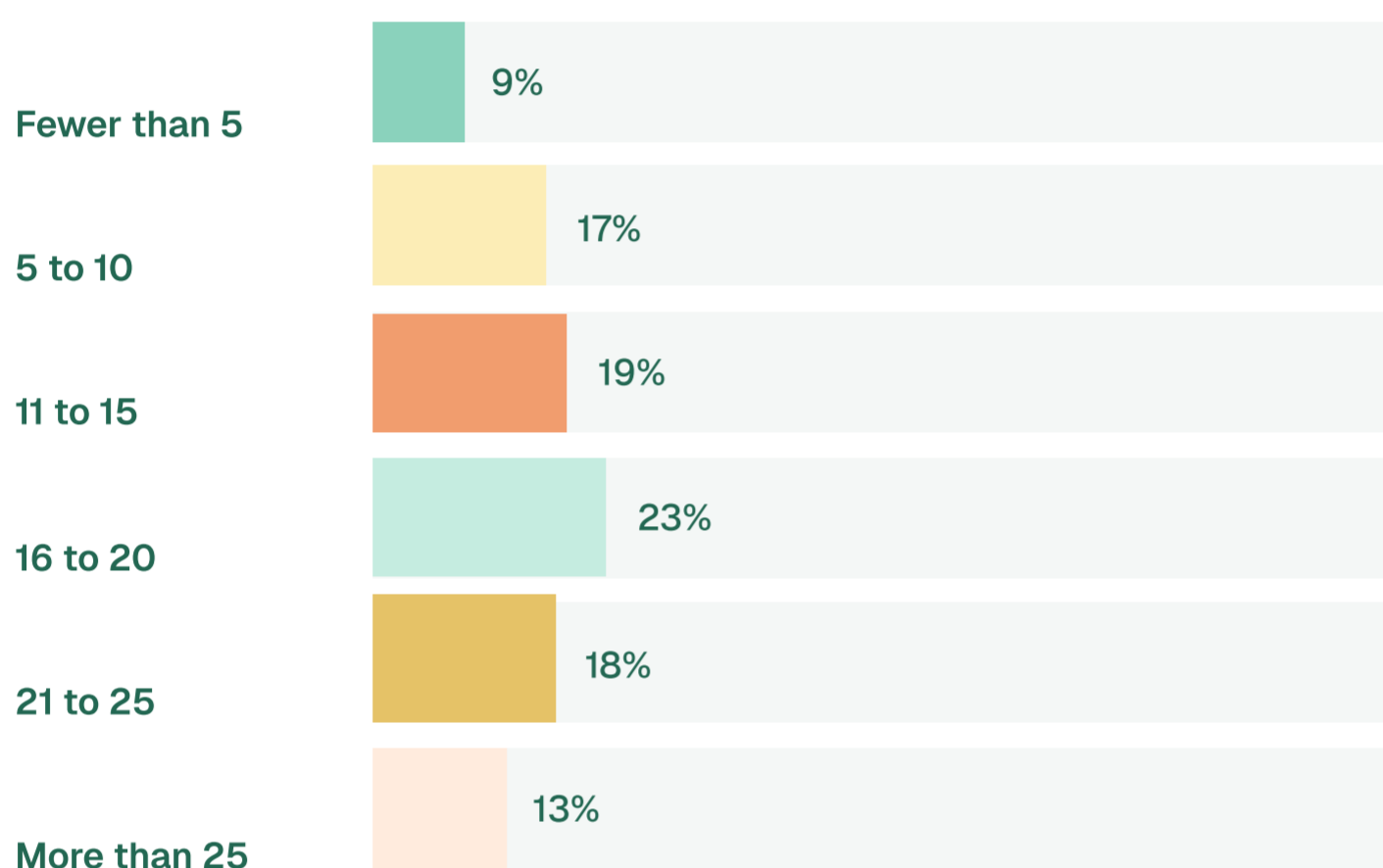




### On average, how many clients do you see per week?

**68%**

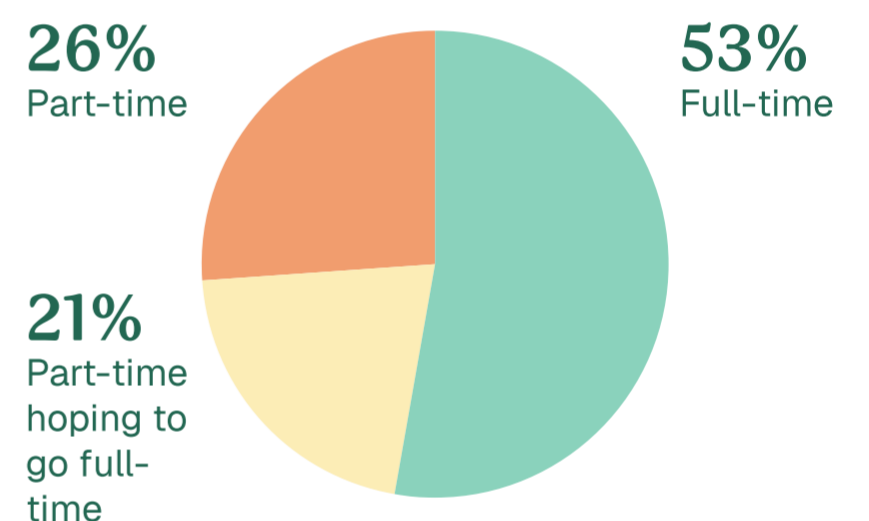
of therapists see fewer than 20 clients per week.



### Part-time vs. full-time

Only slightly more than half of respondents said their practices were full-time occupations for them. One fifth of respondents said they were part-time, with the intention of becoming full-time—possibly representing the cohort of new therapists entering the field.

### How would you describe your practice?

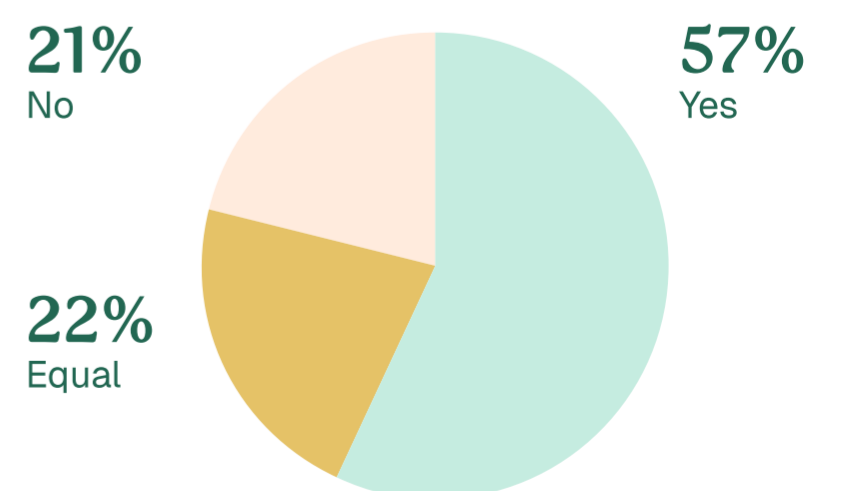


### Client caseloads

When it comes to caseloads, the majority of therapists reported seeing 20 clients or fewer each week. As an anecdotal rule of thumb, 20 to 25 clients is the “sweet spot”—more than that, and the total work needed to keep a practice operating runs over 40 hours per week.

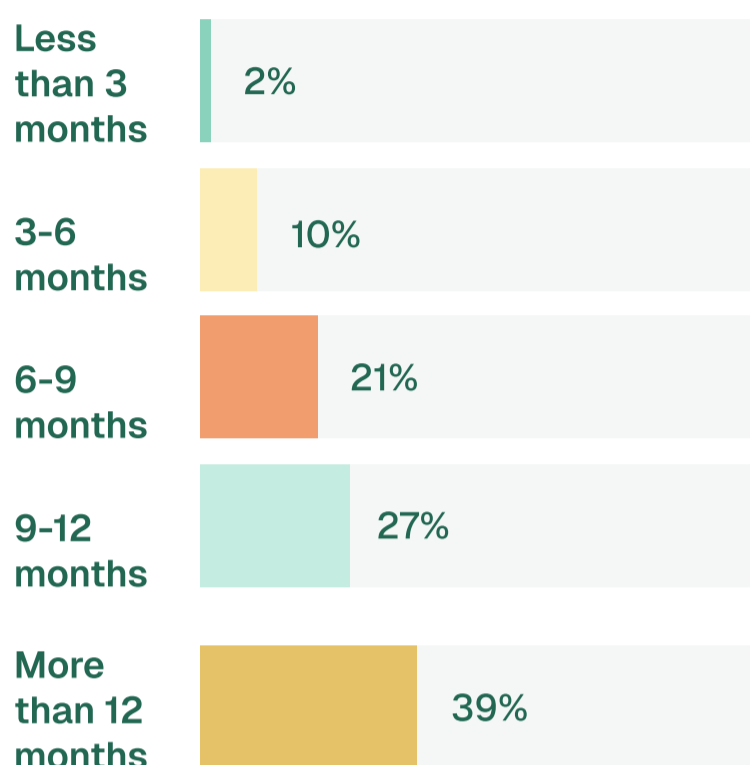
Still, about 13% of therapists reported seeing more than 25 clients on a weekly basis.

### Are you the primary earner in your household?



The slight majority of therapists said they were the primary earners in their households.

## How long do you typically work with a client?



## Length of client treatment

Nearly 40% of respondents said they typically worked with clients for longer than one year. Clients lasting less than six months are comparatively rare, suggesting that medium and long-term clients make up the majority of most therapists' caseloads.

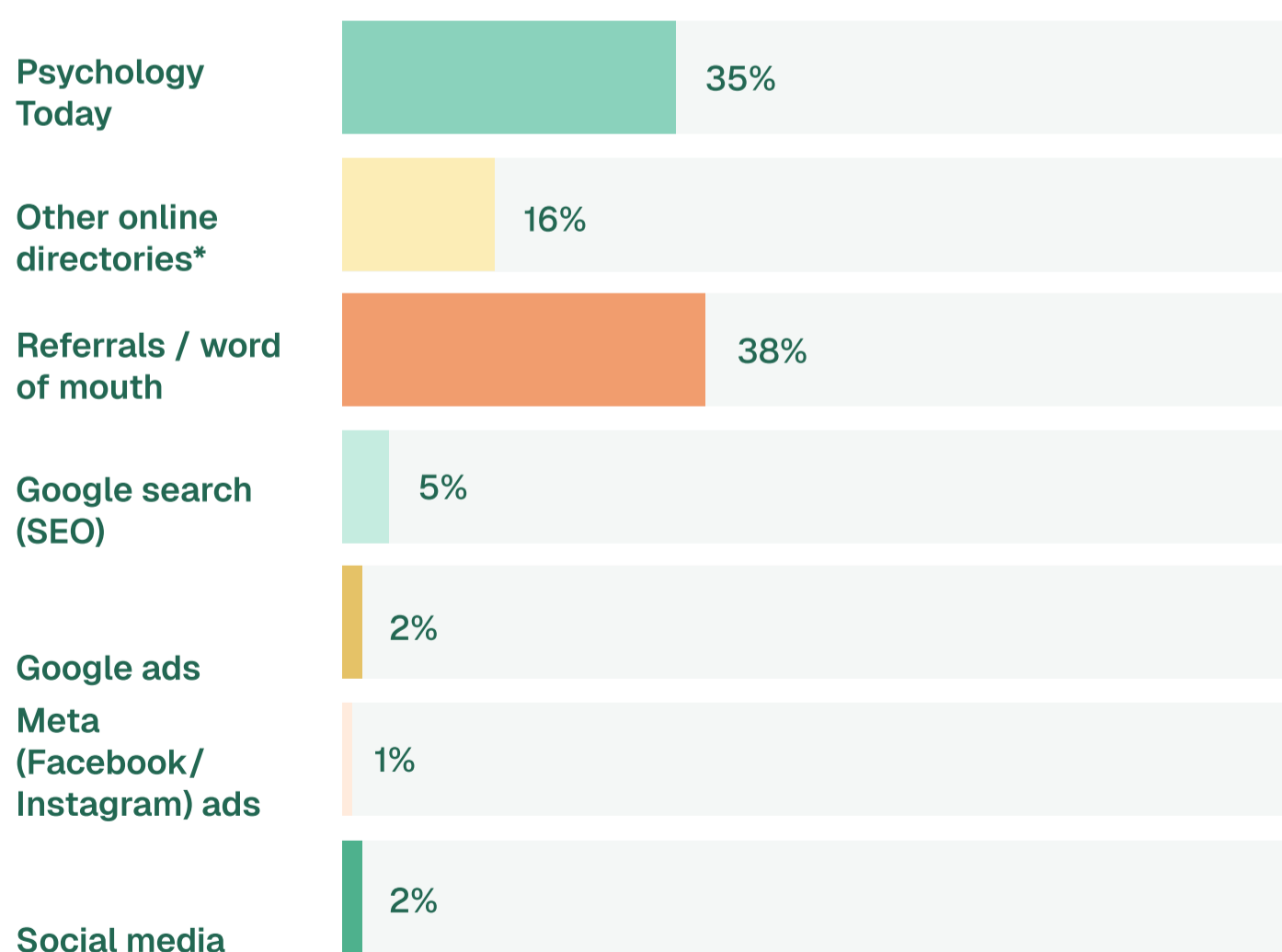
On the other hand, the fact that 61% of therapists typically work with a client for 12 months or less underlines the importance of ongoing marketing—even when client lists are full—to keep new clients coming in the door.

## Marketing methods

Word-of-mouth referrals were the single most abundant source of new clients, according to respondents. Psychology Today was a close second.

That may come as a relief to therapists who struggle to gain a following on social media or make an impact with online marketing. At the end of the day, referrals are still the most effective draw for therapy practices.

## How do you get new clients?



Percentage who identified choice as most common referral source.

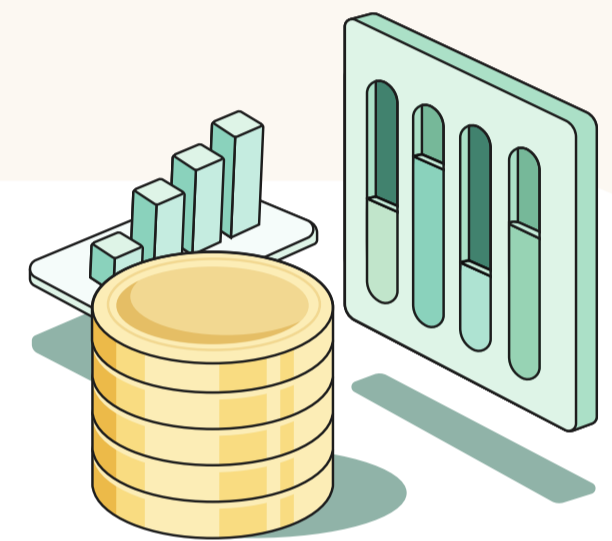


# Gross income

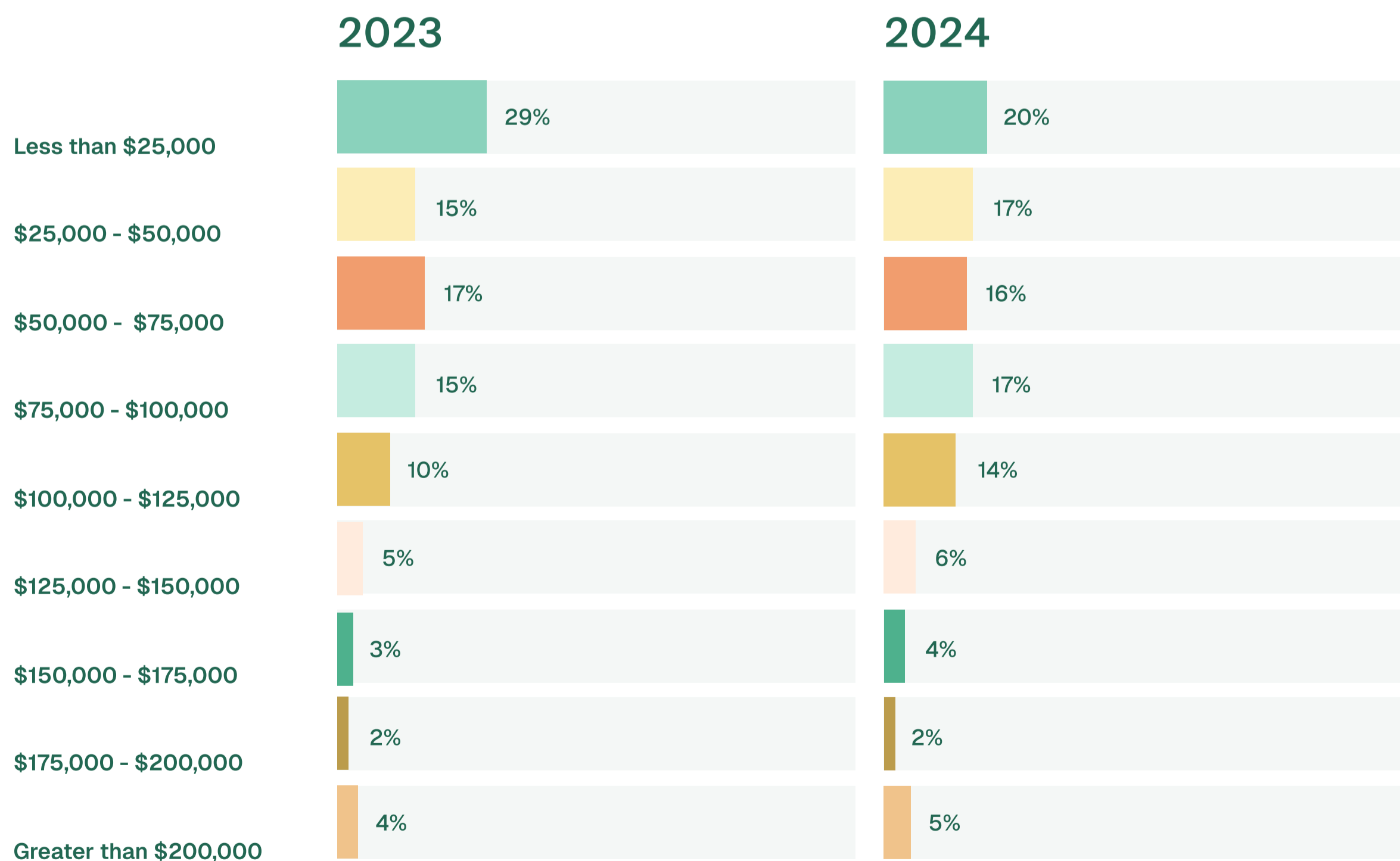
This year, we asked clients to report their gross income for both 2024 and 2023. The results show a slight upward shift, with close to a third of respondents who were earning less than \$25,000 annually in 2023 breaking that threshold in 2024.

# 31%

of respondents reported making \$100,000 or more in gross income in 2024.



**What was your gross income (income before expenses) from your practice?**



# Net income

As with gross income, we asked respondents to provide their net income for both 2023 and 2024.

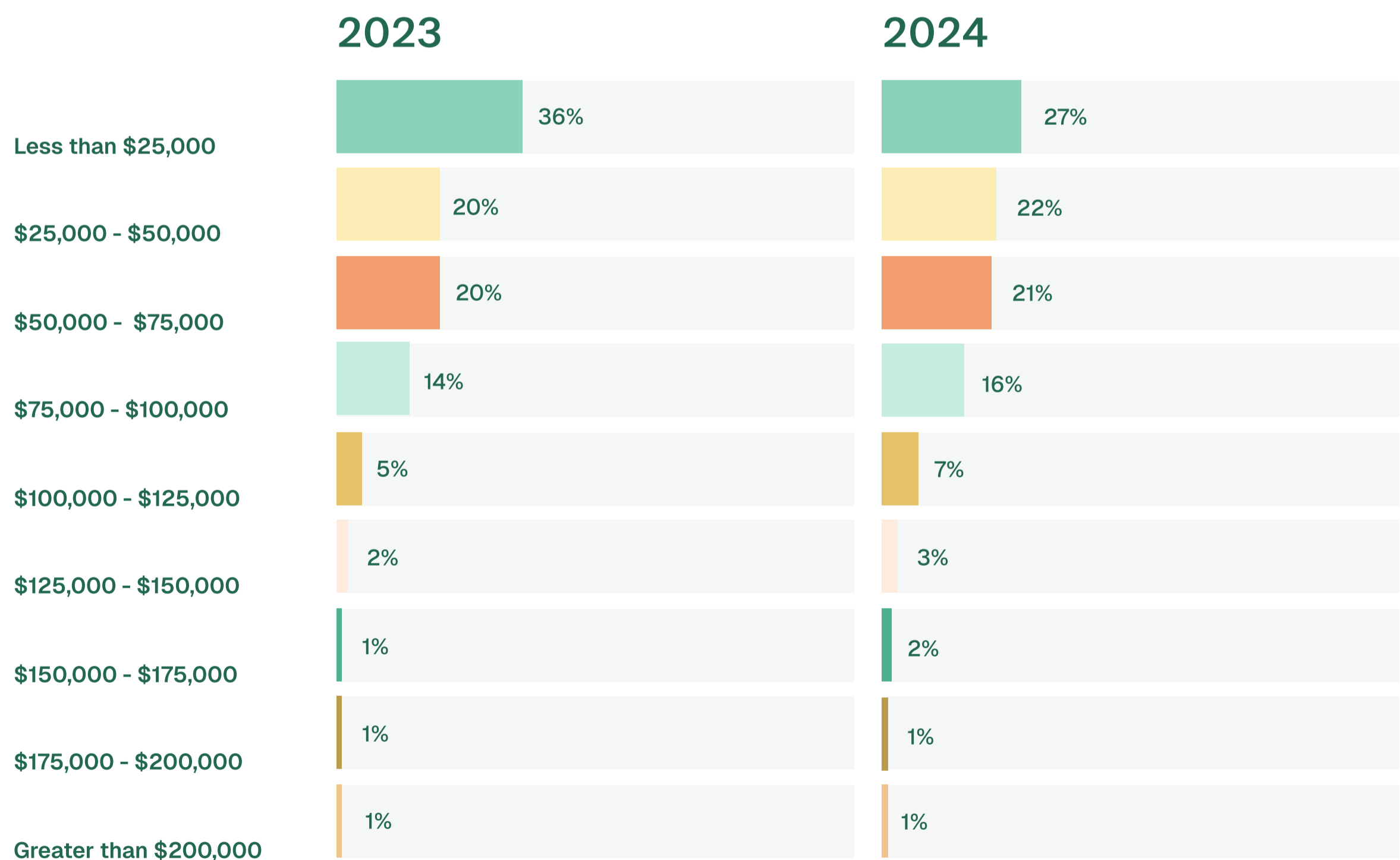
The results suggest a corresponding upward shift in income for therapists in the lowest bracket. 14% of therapists reported making more than \$100,000 in net income in 2024 while 33.7% of therapists reported an increase in net income from 2023 to 2024.

# 34%

of therapists reported an increase in net income from 2023 to 2024.



## What was your net income (income after expenses) from your practice?



# Non-therapy income sources

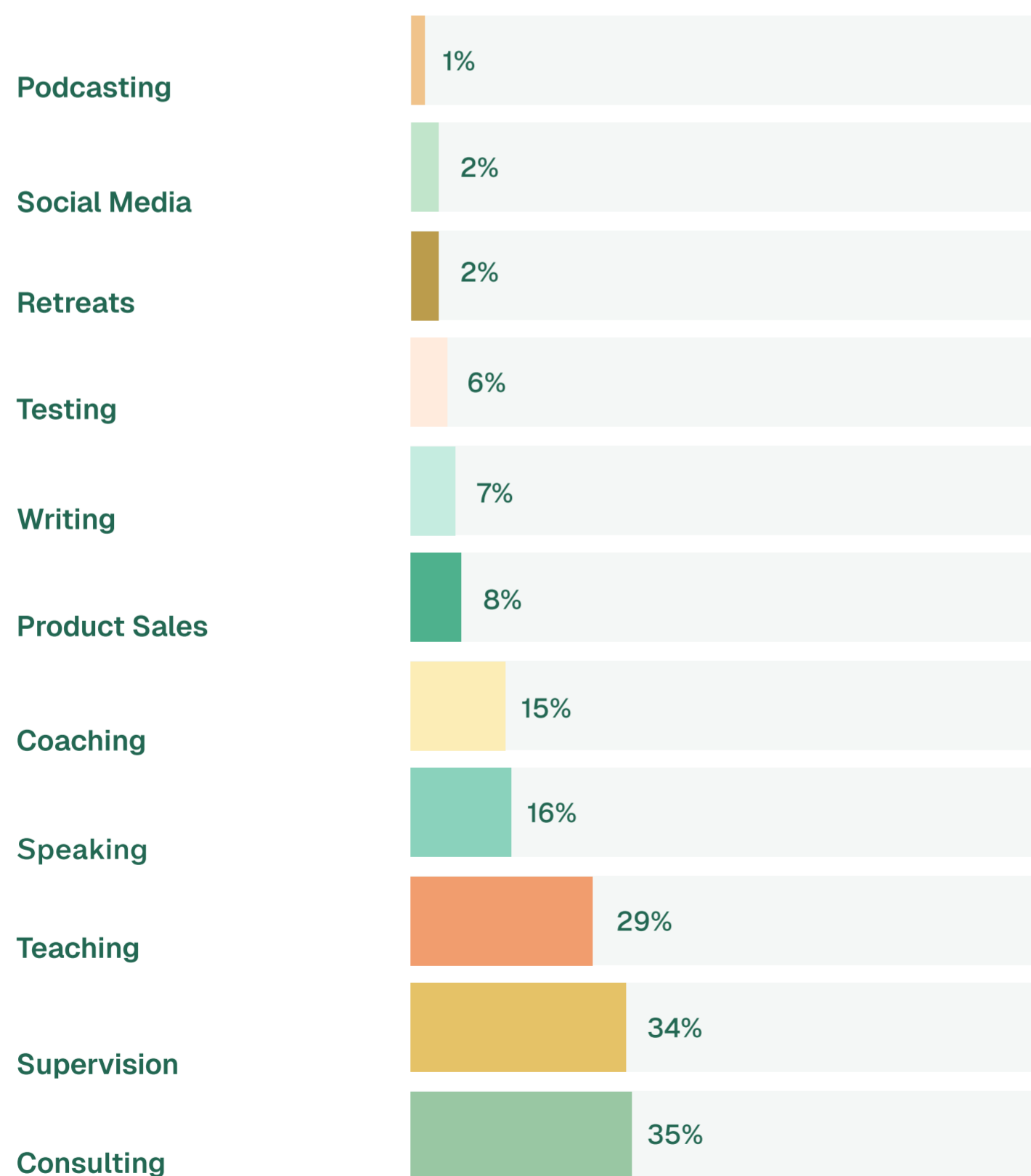
# 38%

of therapists earned income from non-therapy sources in 2024.

Of the non-therapy income sources reported by therapists, consulting and supervision were neck-and-neck for first place, followed closely by teaching.

Last year's report had speaking in third place, followed by consulting—suggesting that consulting is becoming a more common means of earning extra income.

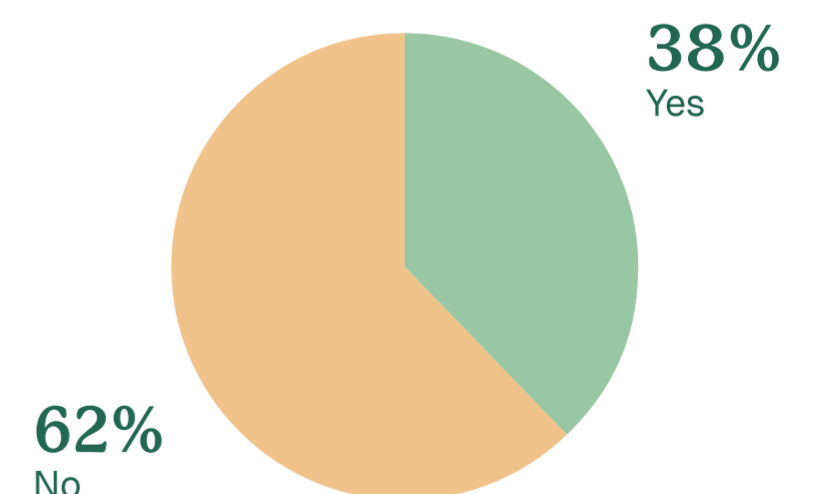
## Select any non-therapy sources of income you earned.



## Non-therapy income

Close to 40% of therapists reported earning income from non-therapy revenue streams, highlighting the importance of diversified revenue sources for therapists practicing today.

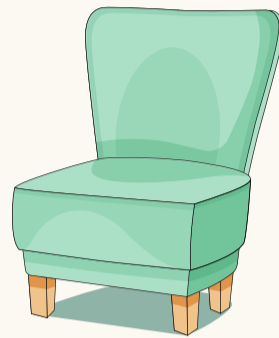
## Did you generate income in 2024 from non-therapy sources?



## FEES

# \$159

was the average fee for individual therapy in 2024.

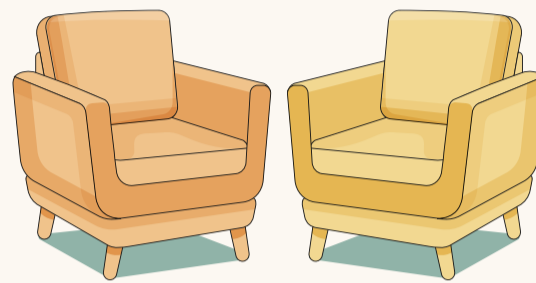


### Fees for individual therapy

The average session fee for individual therapy was \$159. In last year's report, the average session fee for individual therapy was \$157. So rates have stayed consistent year-over-year.

# \$82

was the average fee for group therapy in 2024.

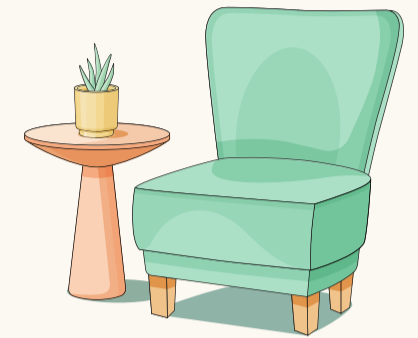


### Fees for group therapy

When it came to group therapy, social workers showed a slight but disproportionate lead over professional counselors relative to their rates for individual therapy.

# \$183

was the average fee for couples therapy in 2024.



### Fees for couples therapy

Fees for couples therapy track with fees for individual and group therapy, with psychologists charging the most on average.

#### Individual therapy rates by license type

License type	%	Avg. fee
Psychologist (PhD / PsyD)	10%	\$216
Marriage and Family Therapist (LMFT)	17%	\$166
Social Worker (LCSW, LMSW, LICSW)	37%	\$151
Mental Health Counselor (LMHC)	12%	\$146
Professional Counselor (LPC)	23%	\$147

#### Group therapy rates by license type

License type	%	Avg. fee
Psychologist (PhD / PsyD)	10%	\$114
Marriage and Family Therapist (LMFT)	17%	\$94
Social Worker (LCSW, LMSW, LICSW)	37%	\$80
Mental Health Counselor (LMHC)	12%	\$65
Professional Counselor (LPC)	23%	\$74

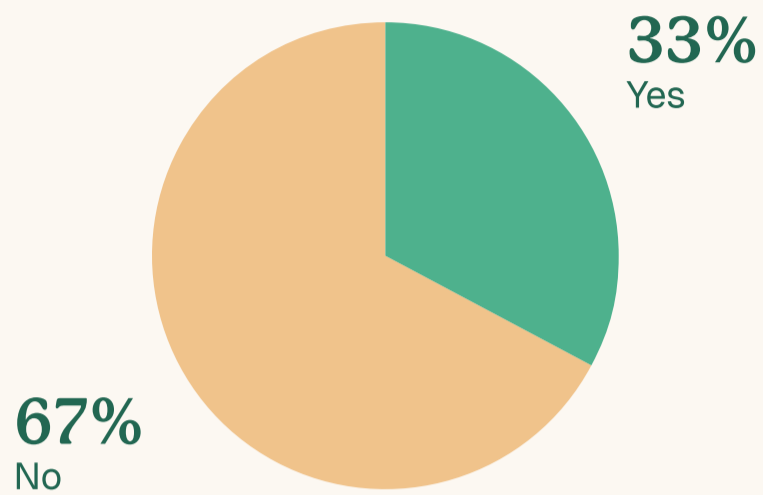
#### Couples therapy rates by license type

License type	%	Avg. fee
Psychologist (PhD / PsyD)	10%	\$244
Marriage and Family Therapist (LMFT)	17%	\$188
Social Worker (LCSW, LMSW, LICSW)	37%	\$177
Mental Health Counselor (LMHC)	12%	\$175
Professional Counselor (LPC)	23%	\$164

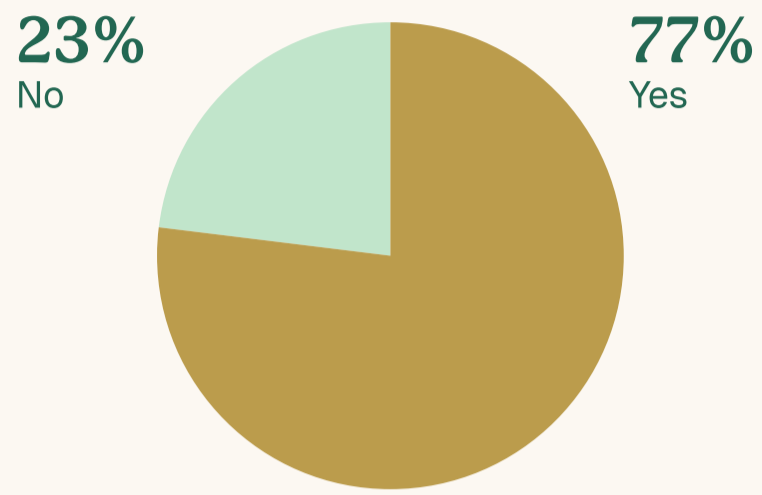


## FEES

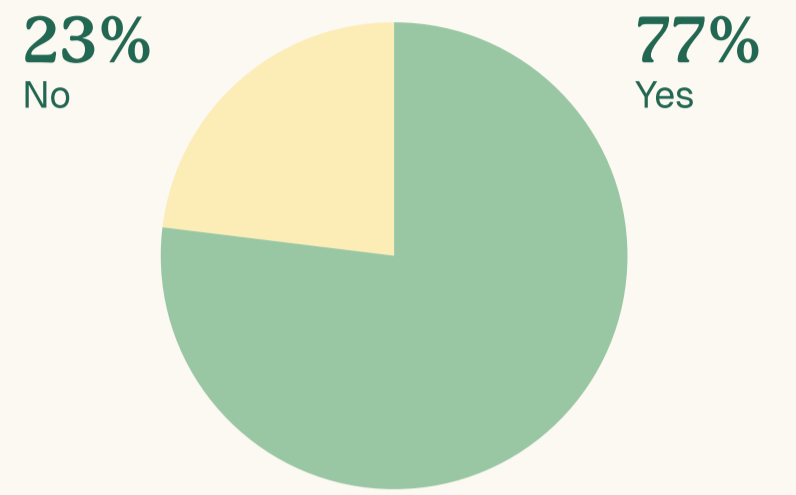
Did you raise your fees in 2024?



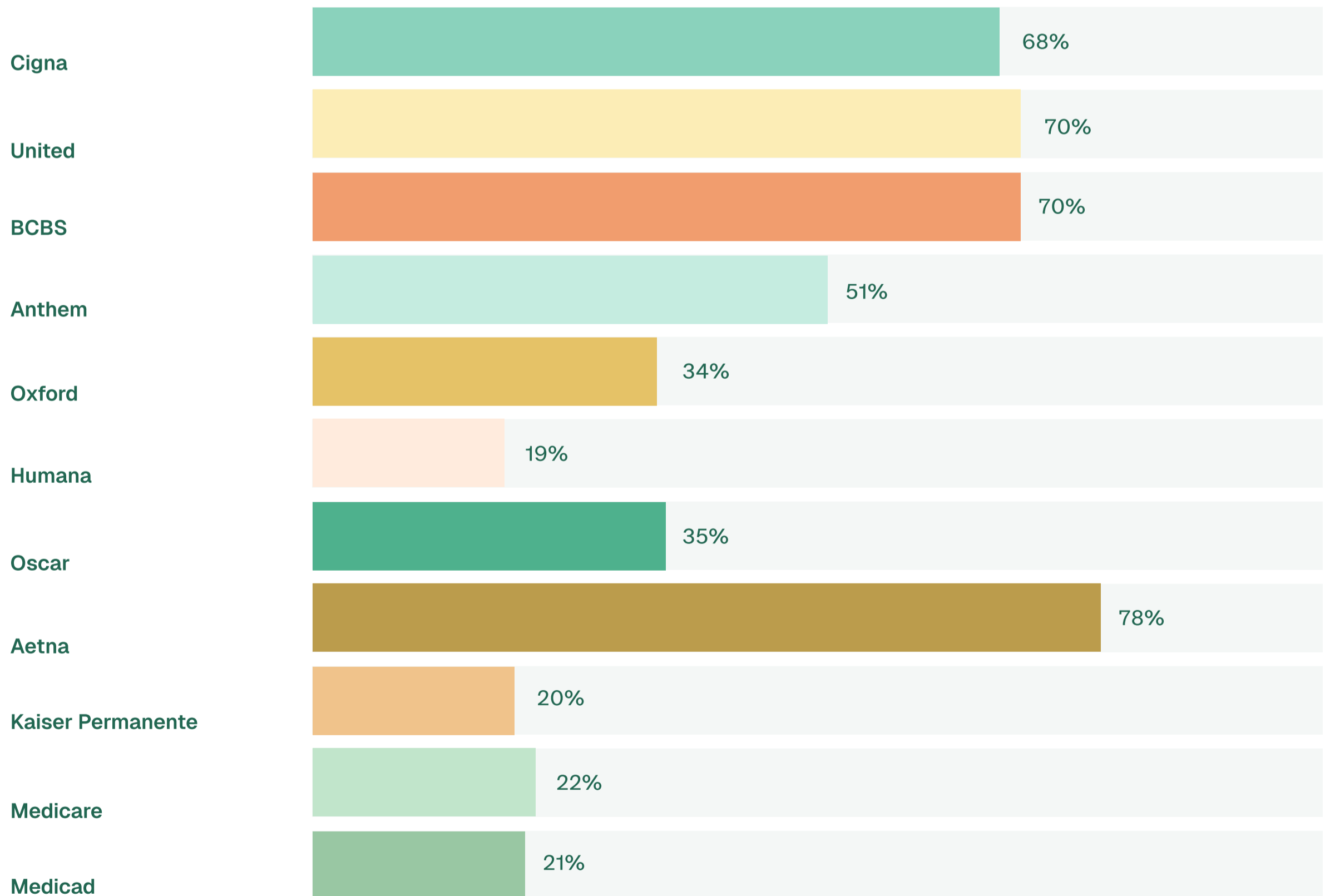
Do you offer sliding scale and/or pro bono?



Do you accept insurance?



Which insurance companies are you in-network with?

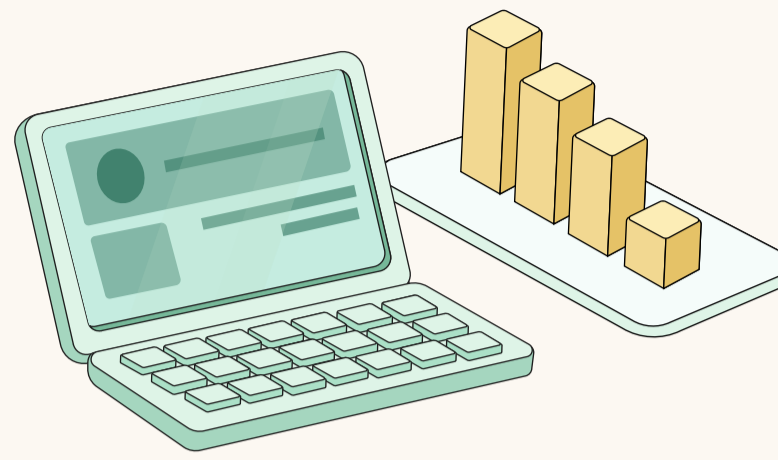


## INSURANCE

### Insurance reimbursement rates

Insurance reimbursement rates vary considerably from one state to the next.

For instance, based on the numbers provided by respondents, a therapist billing insurance in California can expect to be reimbursed 60% of their out-of-network fee, while in North Carolina the figure is 77%.



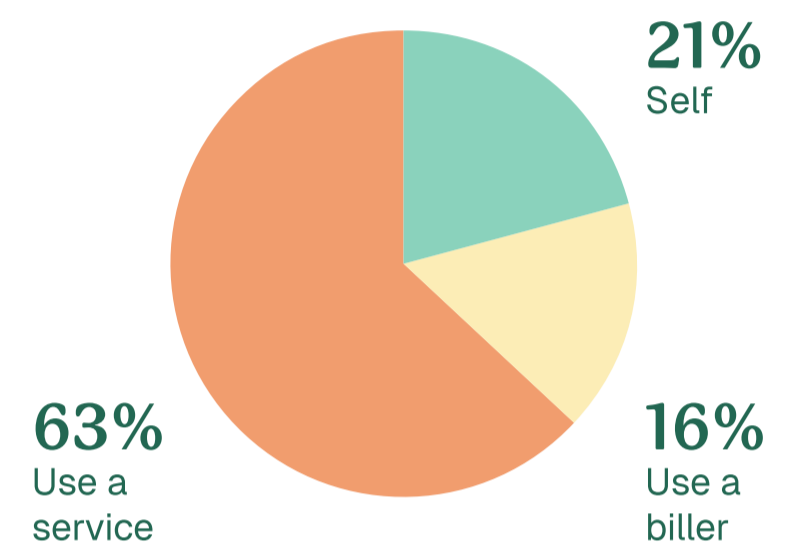
### Insurance billing methods

Therapists surveyed who bill insurance prefer to do so using an online service like Alma, Headway, Rula, or Grow Therapy. A small proportion bill insurance themselves, and an even smaller number use a traditional billing service.

# \$111

was the average insurance reimbursement rate in 2024.

### How do you bill insurance?



### Reimbursement rates by state

State	Avg. Reim.
California	\$174
New York	\$172
Texas	\$140
Florida	\$137
North Carolina	\$145
Washington	\$158
Colorado	\$180
Massachusetts	\$156
Virginia	\$148
Pennsylvania	\$146

### Reimbursement rates by insurance company

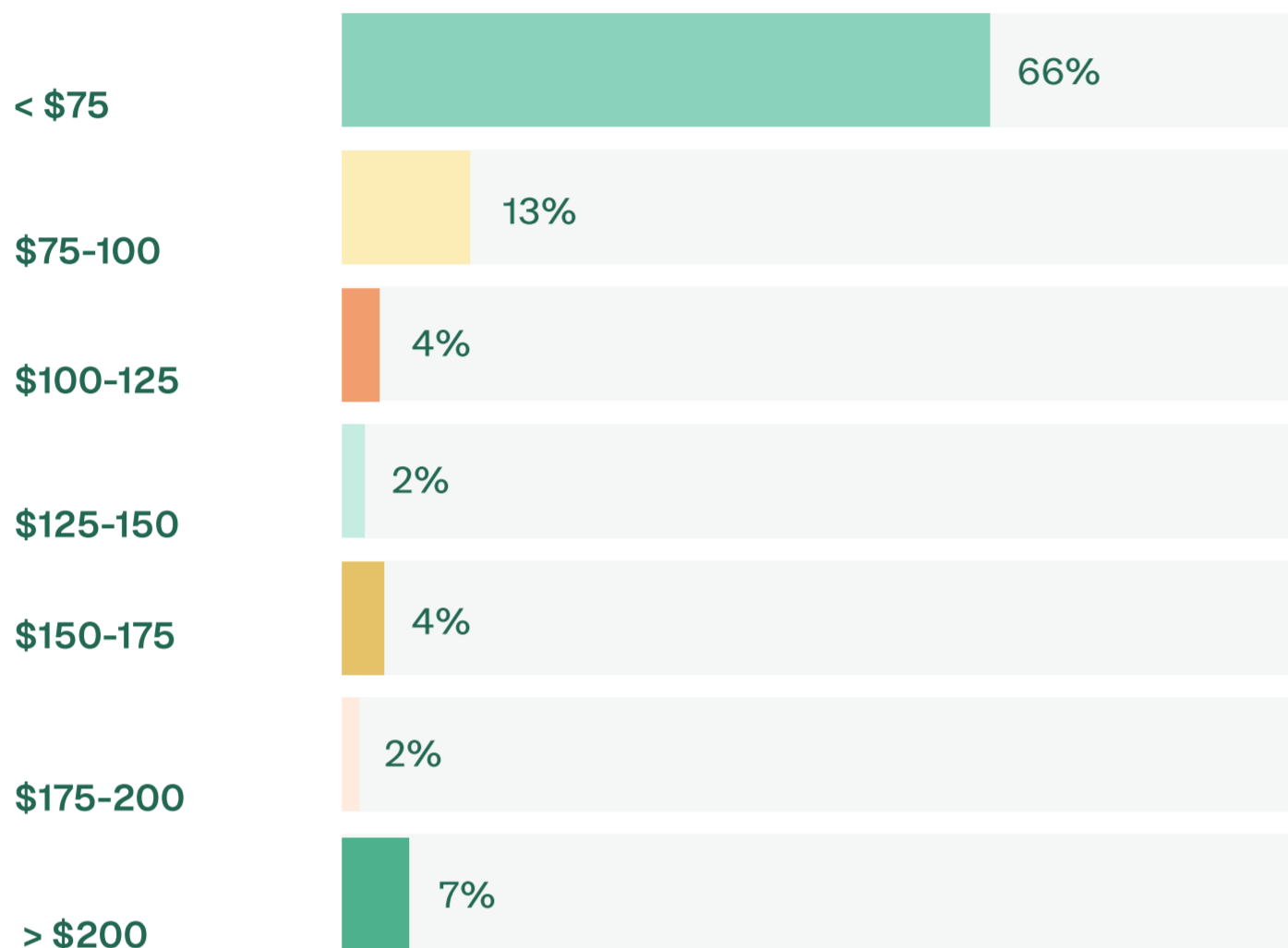
Insurance company	Avg. Reim.
Cigna	\$91
United	\$106
BCBS	\$108
Anthem	\$101
Oxford	\$107
Humana	\$96
Oscar	\$108
Aetna	\$115
Kaiser Permanente	\$102
Medicare	\$94
Medicaid	\$103
Other	\$115

### Reimbursement rates by license

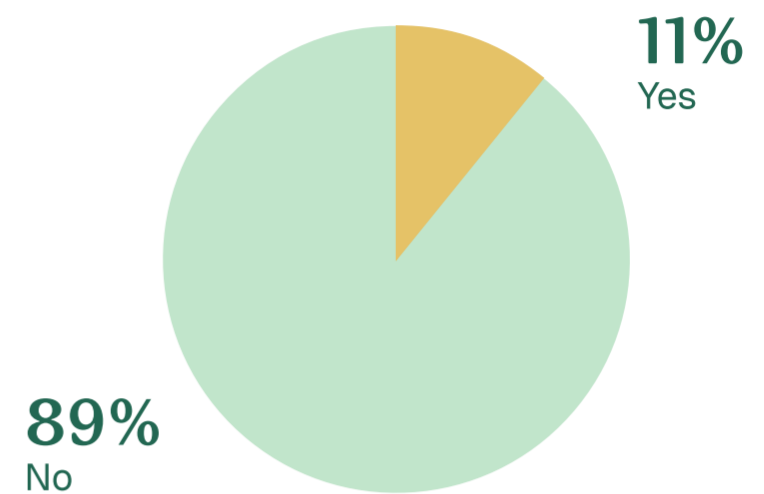
License type	Avg. Reim.
Psychologist (PhD / PsyD)	\$142
Marriage and Family Therapist (LMFT)	\$106
Social Worker (LCSW, LMSW, LICSW)	\$108
Mental Health Counselor (LMHC)	\$106
Professional Counselor (LPC)	\$84

## GROUP PRACTICES

### Average session fee for therapists in a group therapy practice



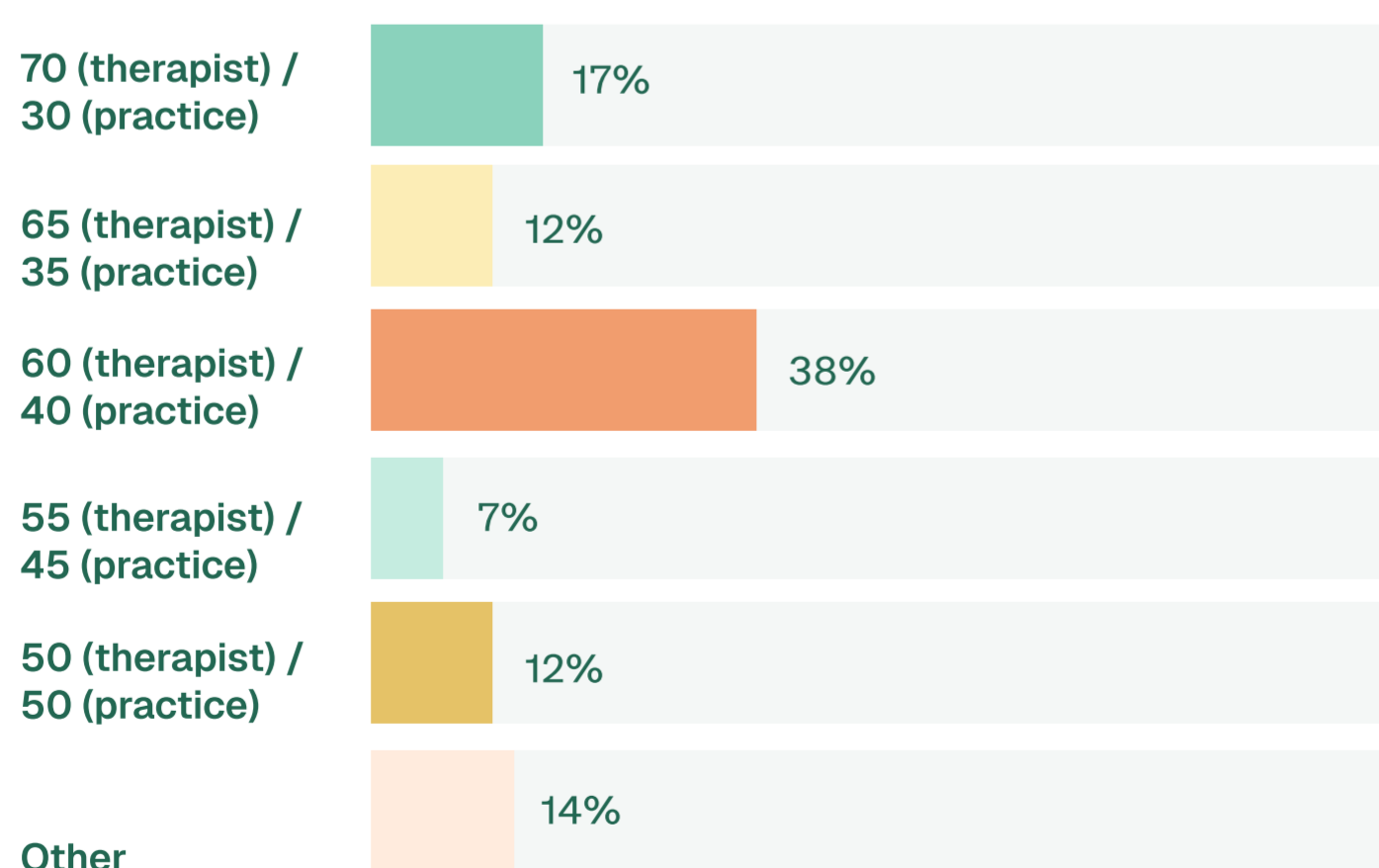
### Do you operate a group practice?



### Group practice owners

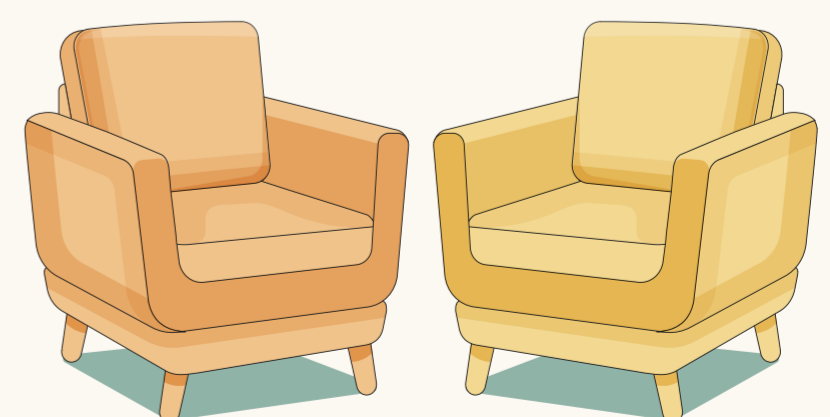
Just slightly more than one in ten respondents reported operating a group therapy practice, mirroring last year's survey results.

### Are therapists at your group practice paid on a fee split?



### Fee splits at group practices

At group practices that pay their therapists with a fee split, splits in the 70/30 to 60/40 range are most common, representing a little over 65% of the splits reported by respondents.



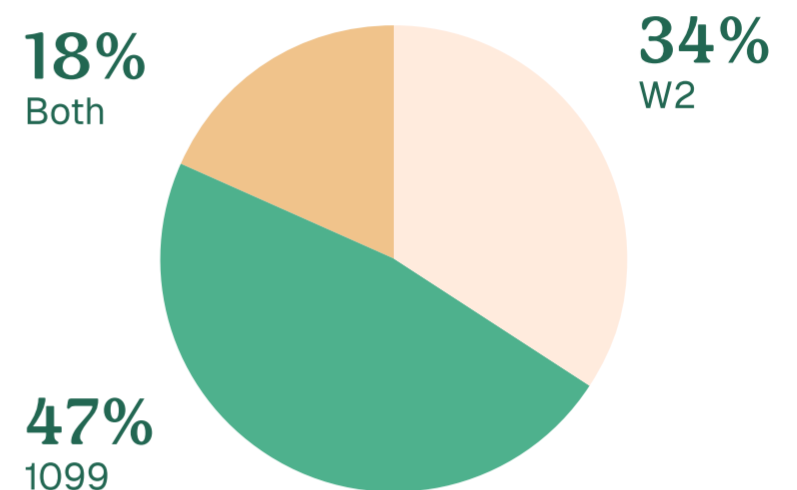
### Employment status at group practices

The majority of practices that exclusively employ either W2 or 1099 workers hire only contractors. There's a slight shift in these numbers compared to last year's report, which showed 29% of respondents exclusively hiring employees and 51% contractors.

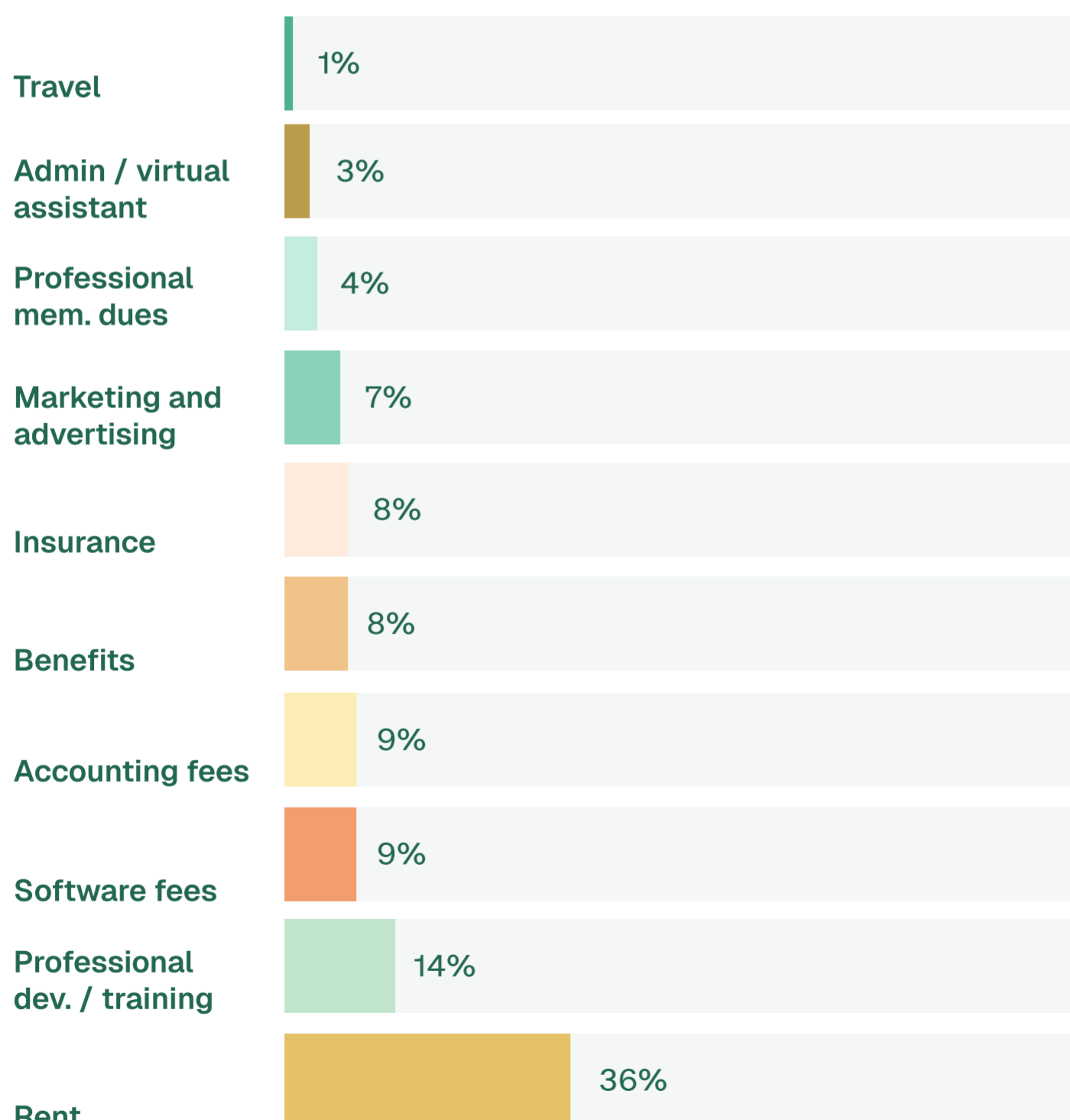
**47%**

of group practices exclusively employ 1099 contractors.

### Do you employ therapists as 1099 contractors or as W2 employees?



### Rank your business expenses in order from most to least expensive



Percent of respondents who ranked expense as biggest expense.

**36%**

of therapists said that rent is their biggest expense.



### Biggest expenses

Rent dominates as the expense most commonly ranked highest by therapists, and it stands head and shoulders above the others. Interestingly, that's the case even though nearly half of respondents said they saw clients exclusively in their home office, and only 2% of therapists said they only see clients in person.



## EXPENSES

### Total business expenses

As past reports have shown, when it comes to running your own therapy practice, higher gross income doesn't necessarily translate into higher expenses. Otherwise, we'd expect to see total expenses closely match the curve of gross income for 2024 reported above. As it turns out, nearly 70% of respondents reported total annual expenses of \$25,000 or less, suggesting that even therapists in higher income brackets rarely break \$25,000 in annual expenses.

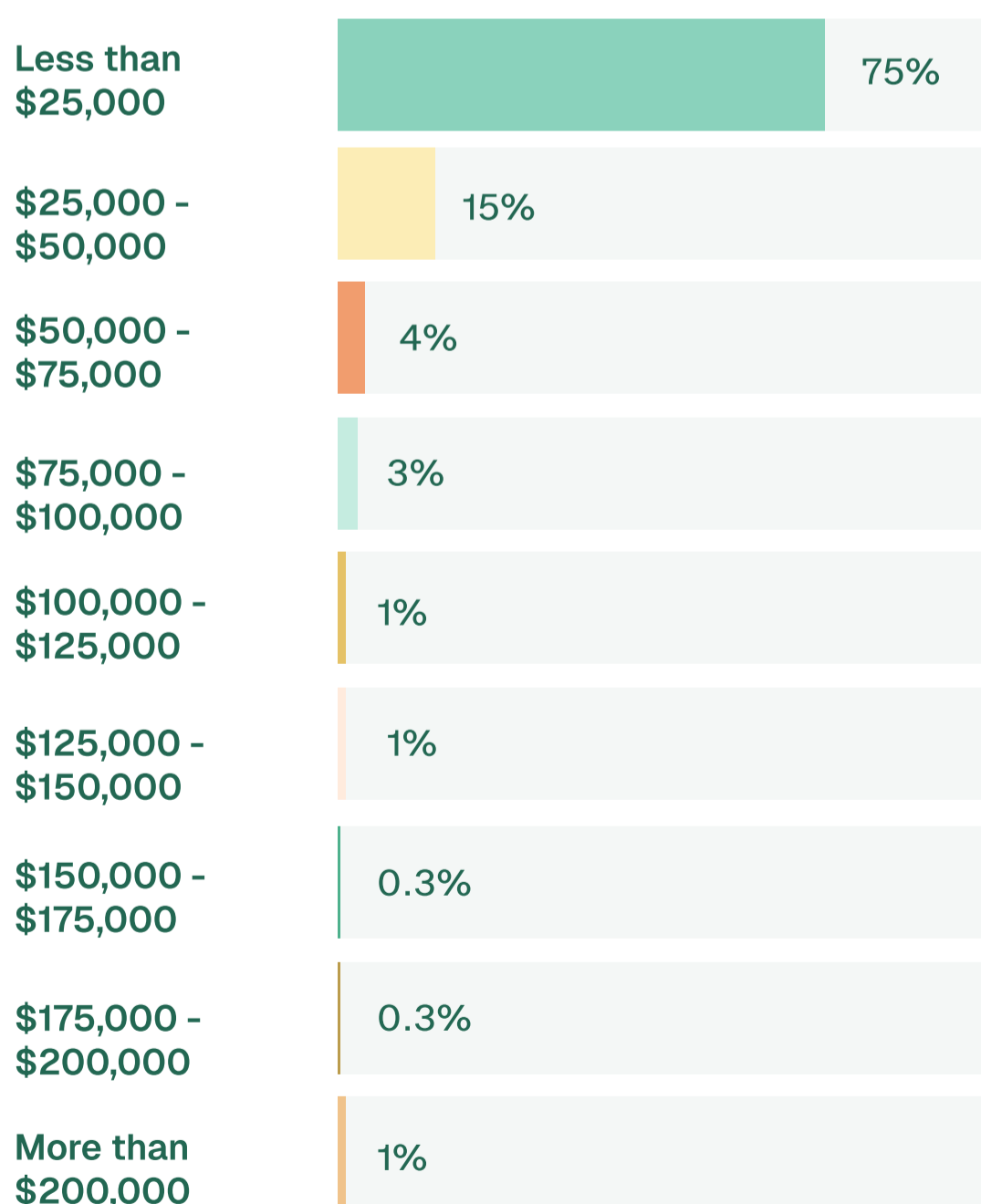
That being said, expenses do seem to have increased somewhat in 2024 compared to 2023, when therapists were slightly more likely to report total expenses of less than \$25,000.

# 69%

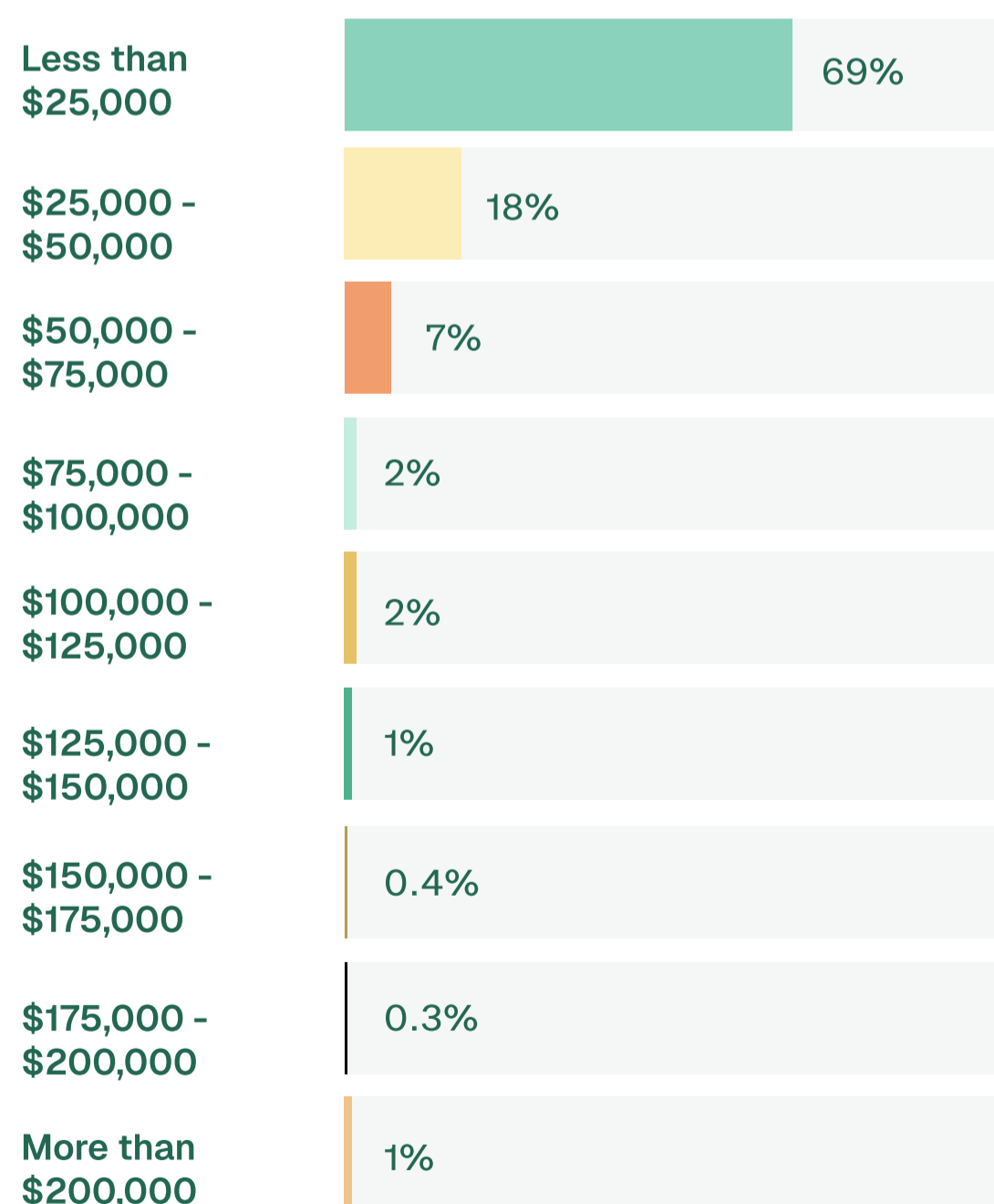
of therapists spent less than \$25,000 on expenses in 2024.



#### What were your total business expenses for 2023?

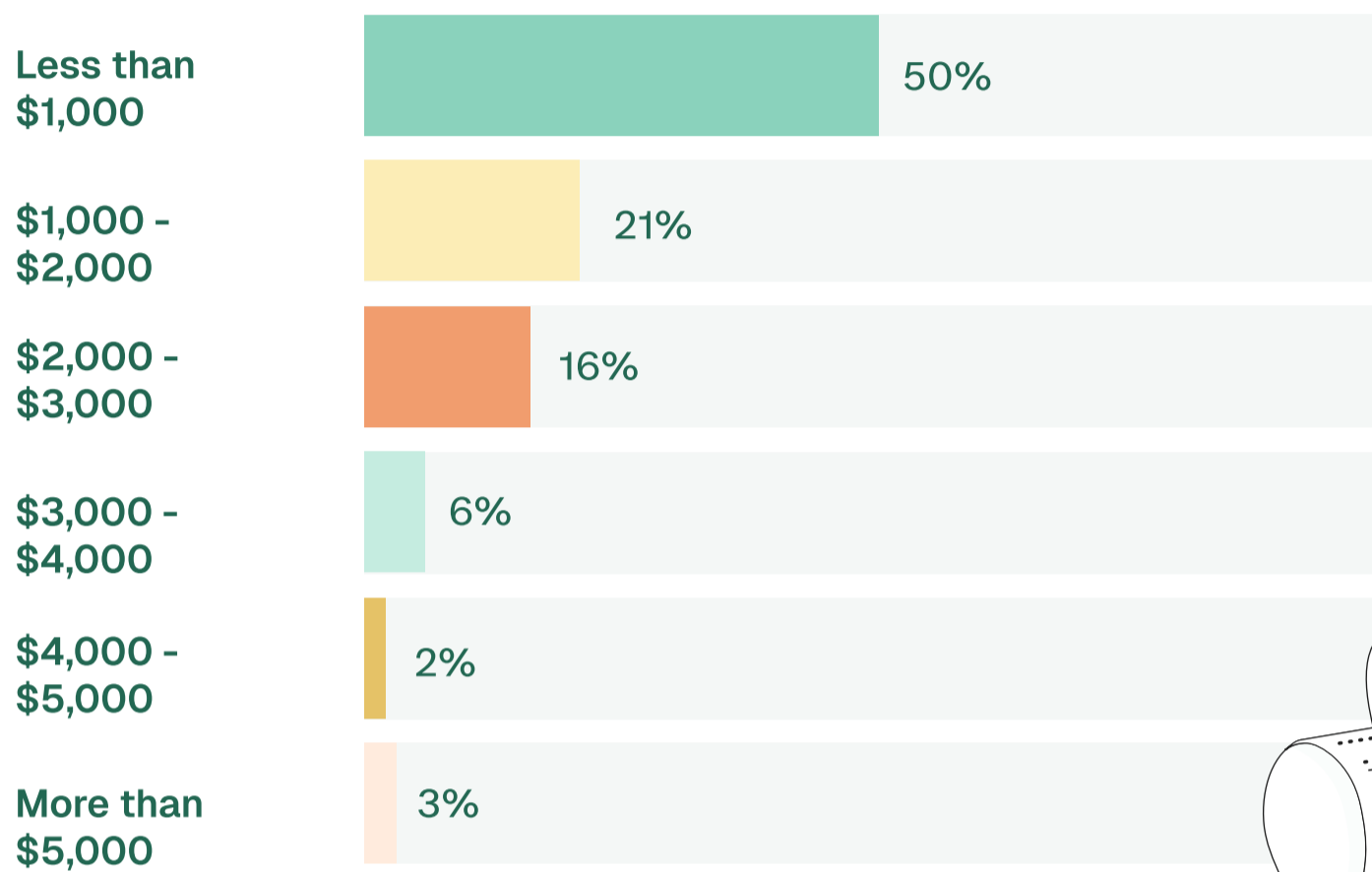


#### What were your total business expenses for 2024?



## EXPENSES

### How much did you spend in 2024 on accounting, bookkeeping, and tax filing fees?



### Accounting expenses

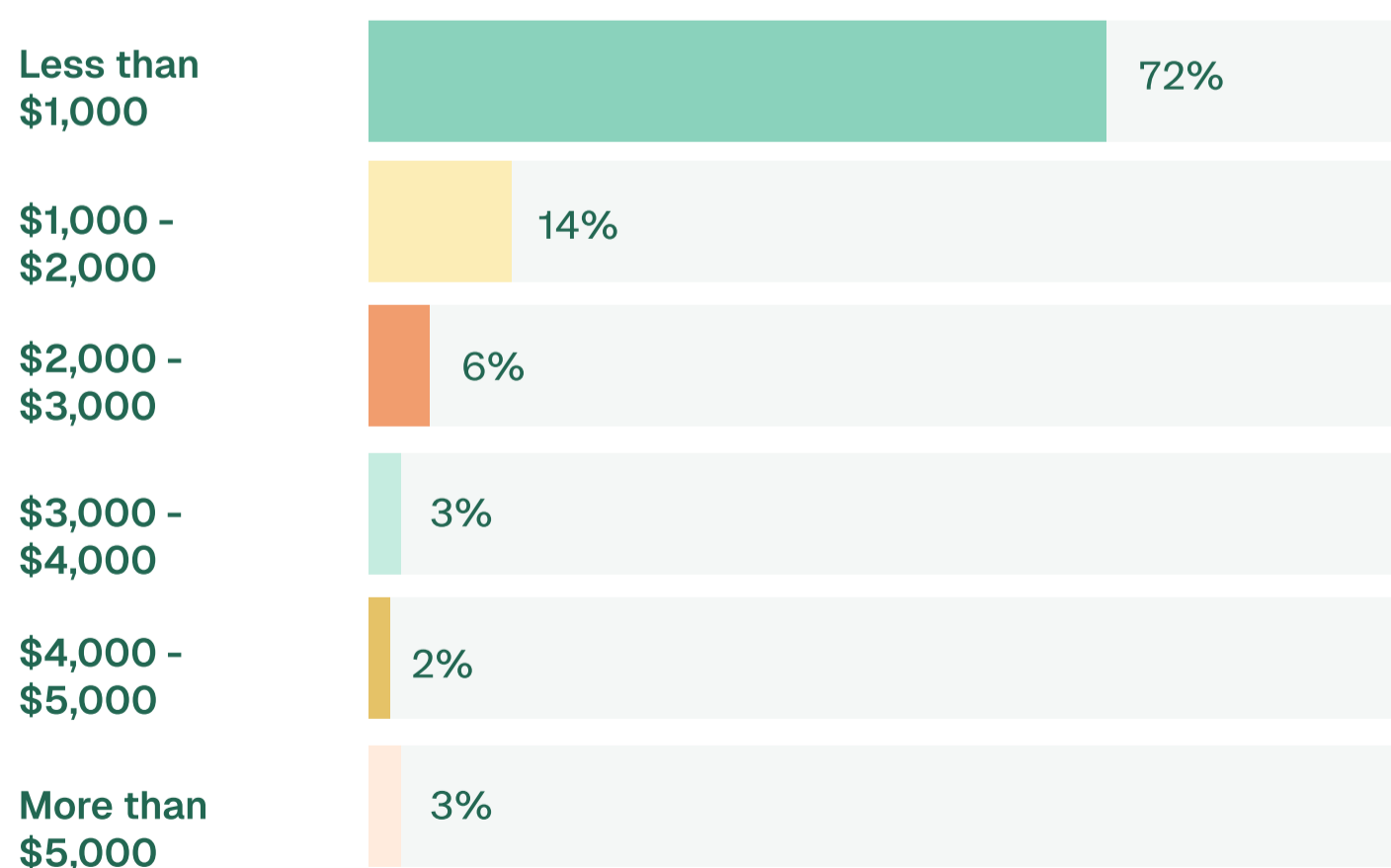
50% of survey respondents said they spent less than \$1,000 on financial back office tasks in 2024. That's down slightly from 2023, when the number was 59%, suggesting either that the cost of accounting and bookkeeping has slightly increased, or that more therapists recognize the benefits of investing in the financial side of their businesses.

### Marketing expenses

In 2024, marketing was not a major expense for most therapists. It carries forward the trend from 2023, when about three quarters of therapists also reported spending less than \$1,000 on marketing efforts.

That could be because therapists rank word-of-mouth referrals above other forms of marketing in terms of effectiveness.

### How much did you spend in 2024 on marketing?



22%

of therapists reported having \$100,000 or more in student loan debt.

### Student loan debt

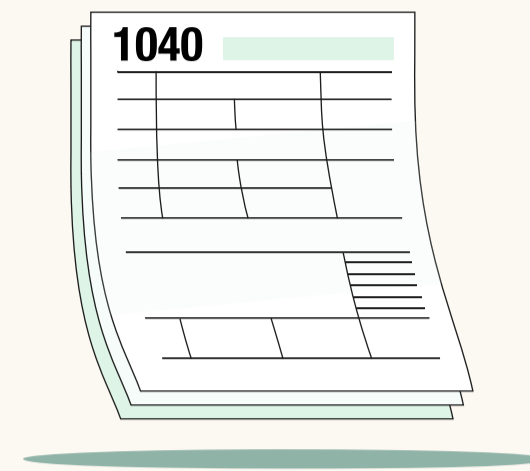
68% of therapists reported having some student loan debt with 22% having more than \$100,000.

That may be part of the reason why one in three therapists named paying off debt as their number one financial goal in 2025.



57%

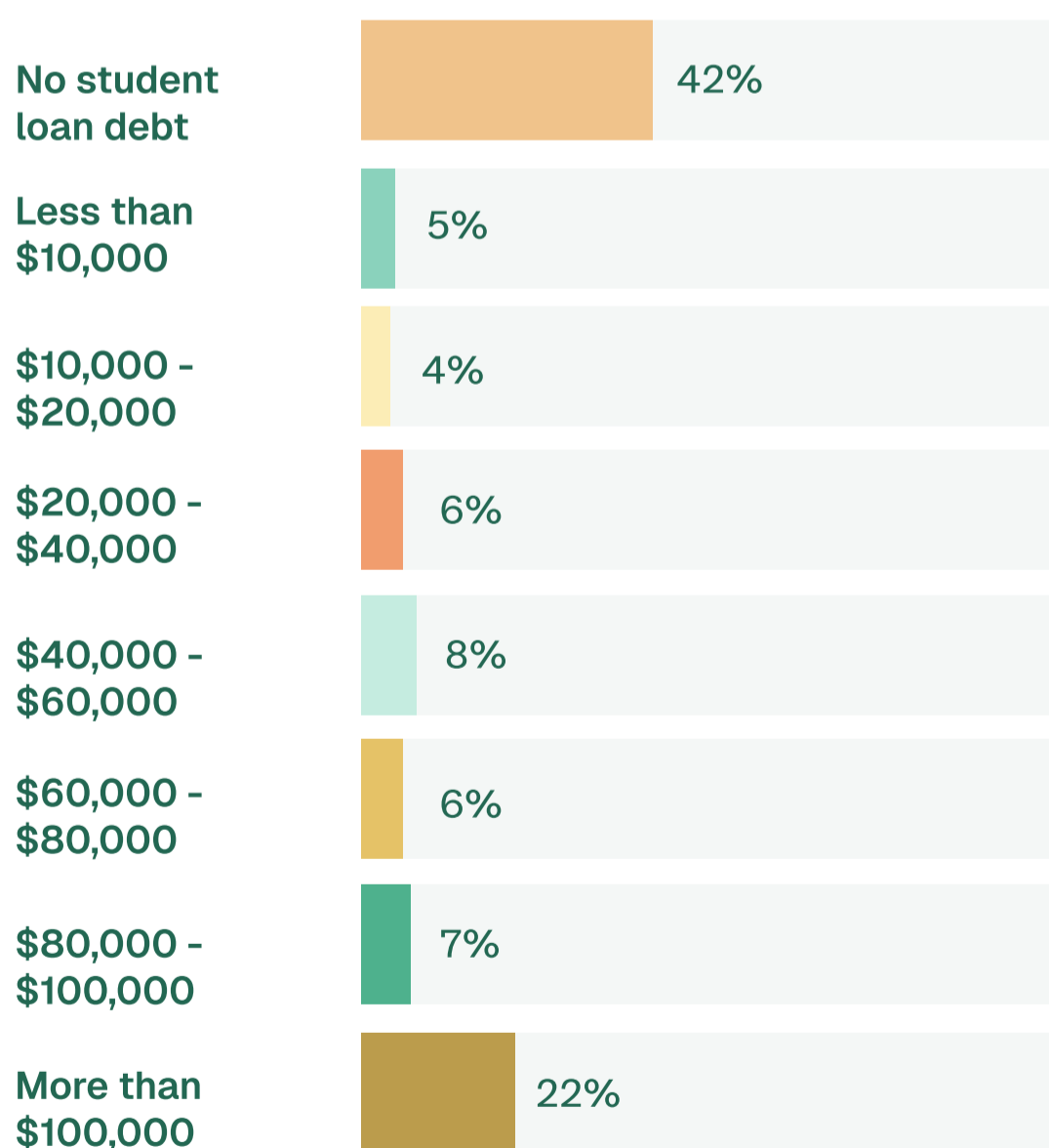
of therapists expected to pay \$10,000 or less in taxes for 2024.



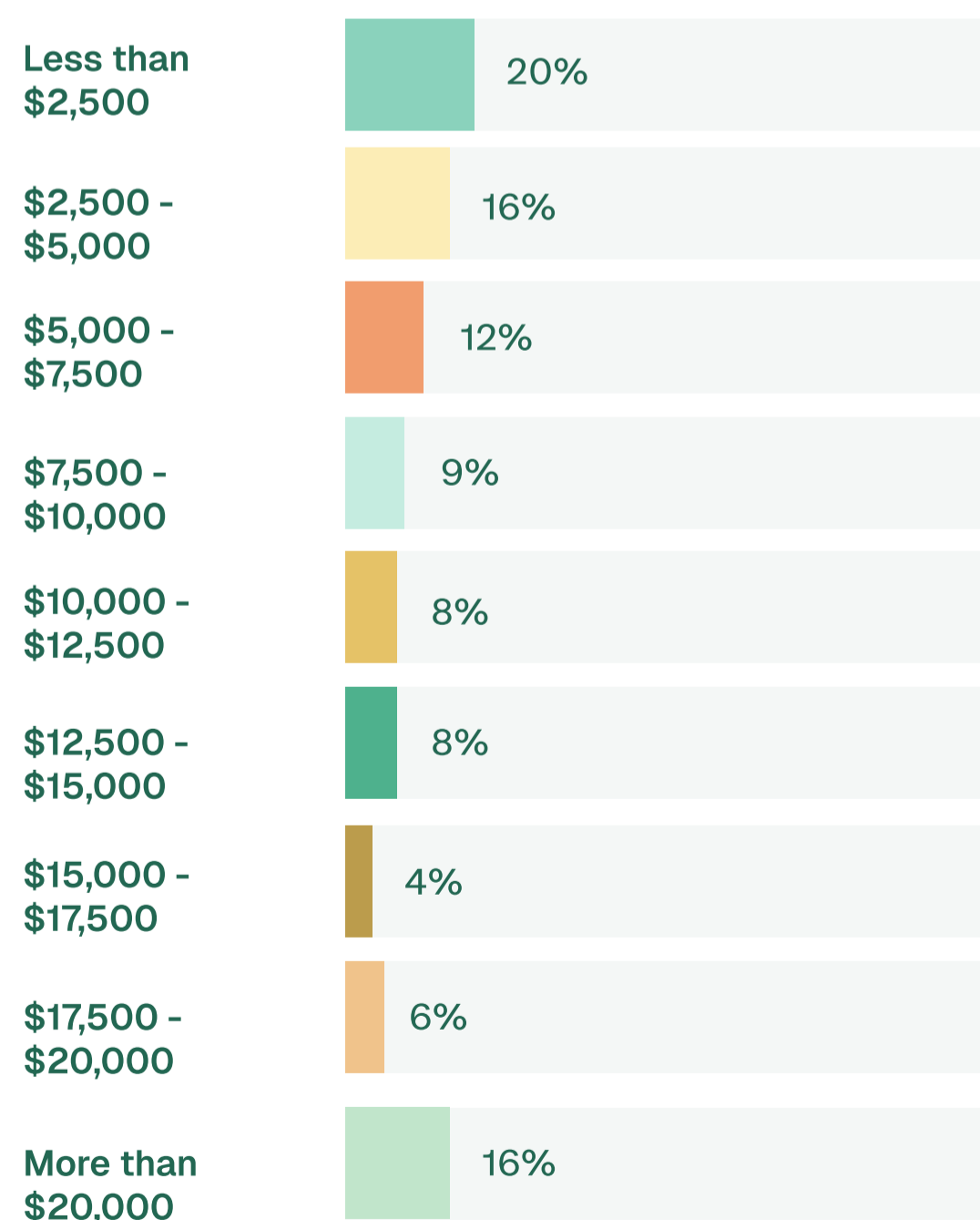
### Tax burden

Respondents' expected tax burdens for 2024 correspond, more or less, with the distribution curve of gross income for the year.

#### Do you have student loan debt?

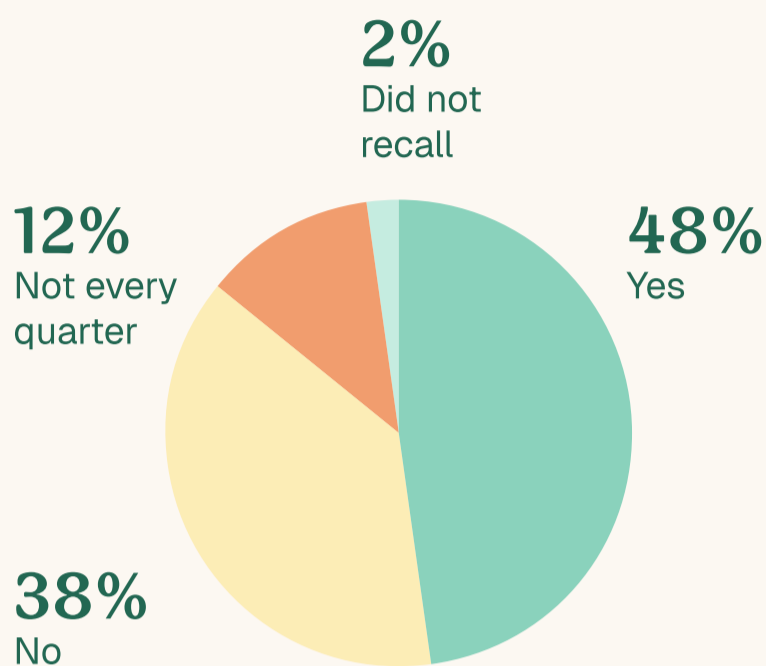


#### How much do you expect to pay in taxes for 2024?



## TAXES

### Did you pay estimated quarterly taxes in 2024?



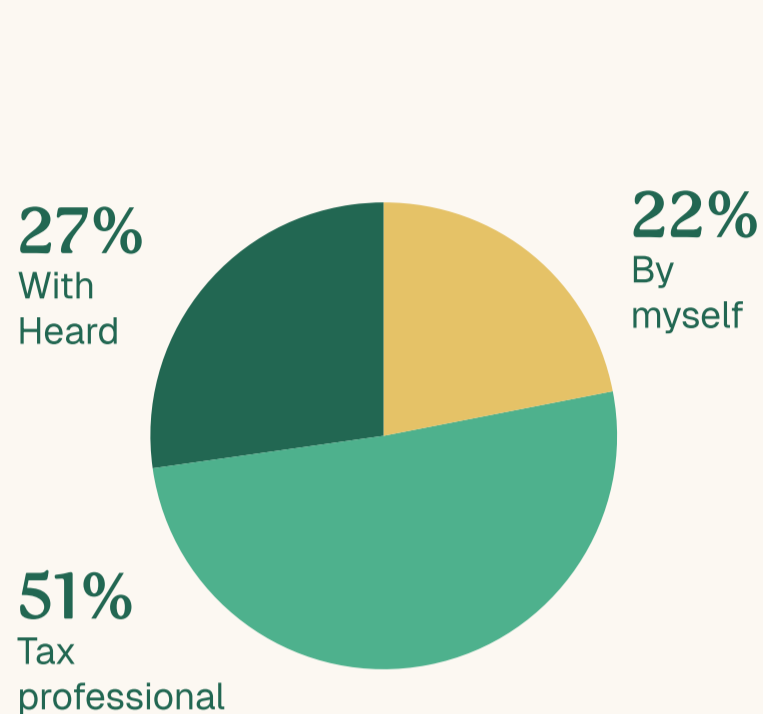
### Quarterly taxes

Self-employed therapists owing over \$1,000 in annual taxes are required by the IRS to pay in quarterly installments. While the vast majority of therapists break this threshold, more than a third report paying no quarterly taxes at all.

This suggests a significant portion choose to ignore quarterly payments, paying a lump sum—plus penalties and interest—after the end of the year.

More than 10% of respondents reported paying quarterly taxes, but not every quarter. That could be due to individual budgeting or cash flow issues.

### How are you planning to file your taxes for 2024?



### Tax filing

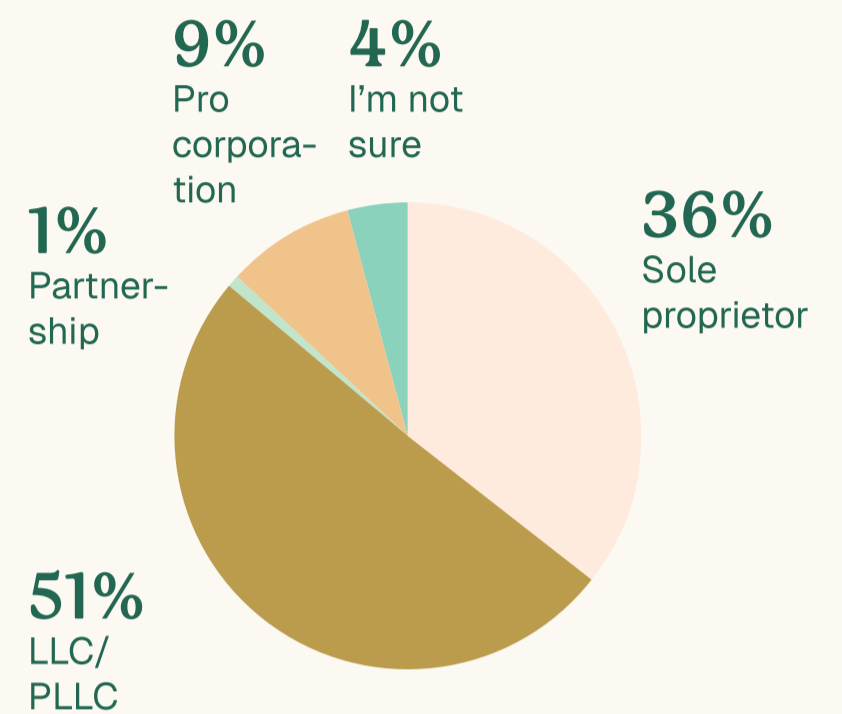
When it comes to tax filing, the number of respondents using Heard is likely overrepresented (Heard users were invited to fill out this survey).

Still, a relatively small number of respondents—one in five—report completing their own tax returns. Most prefer to pay for professional help.

**4/5**

therapists hire professionals to file their taxes

### How is your practice set up?



### Business structure

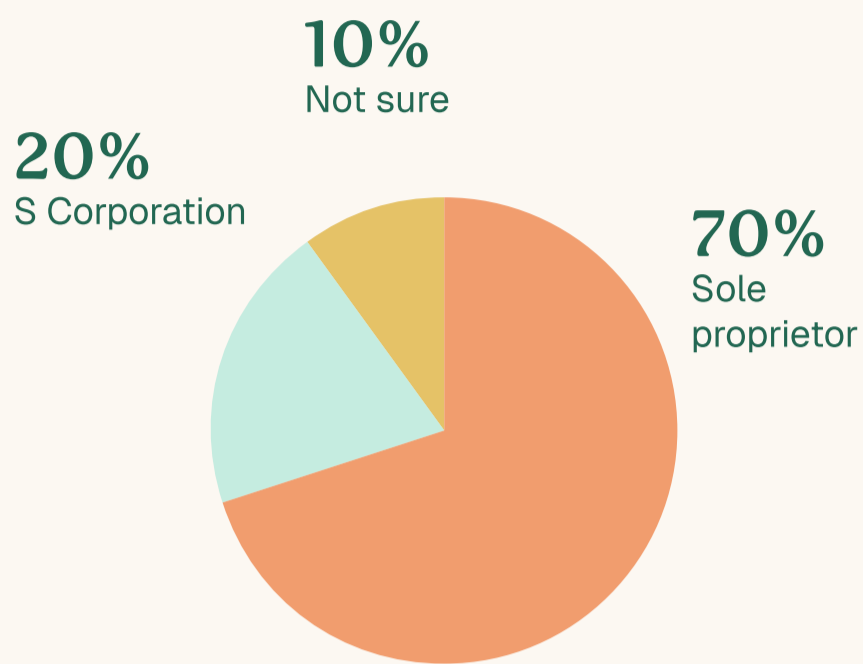
About half of respondents said their practices were registered LLCs or PLLCs.

While not required to operate as a therapist, forming an LLC or PLLC opens up the option to elect S corp status, which can offer tax advantages for therapists earning \$100,000 or more in net annual income.





### How is your practice taxed?

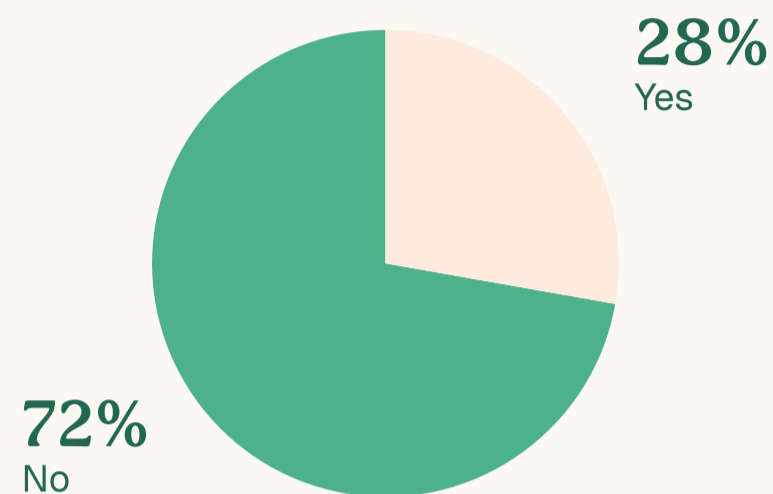


### Tax status

A comparatively small proportion of therapists opt to elect S corp status.

Meanwhile, over 30% of respondents reported net income of \$100,000 in 2024, meaning they would likely stand to pay less in taxes by electing S corp status.

### Are you considering electing S corporation status in 2025?



### Converting to S corporation

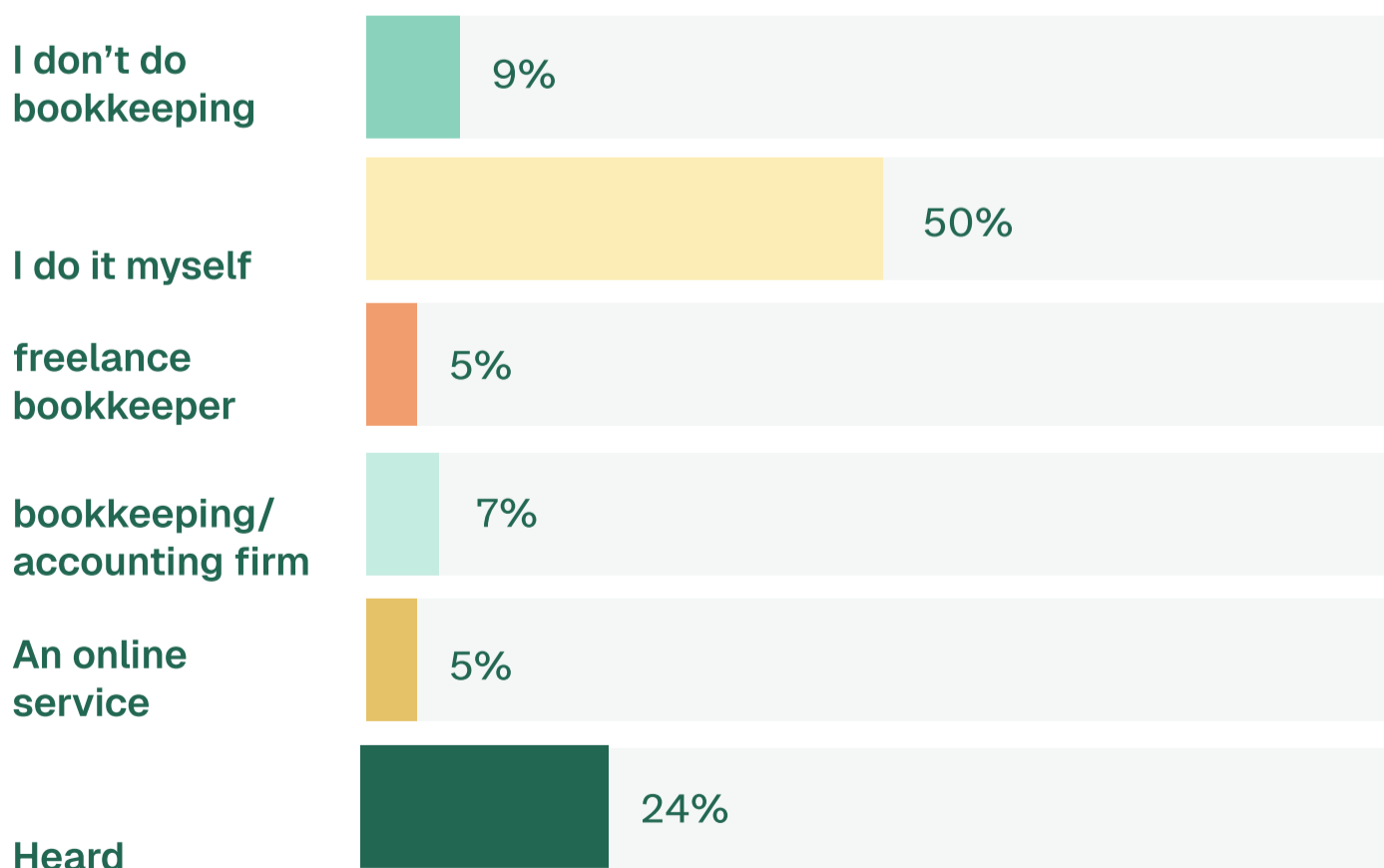
A little over one quarter of therapists plan to elect S corporation status this year, suggesting they’ve moved into an income bracket where S corp status would benefit them.

### Bookkeeping methods

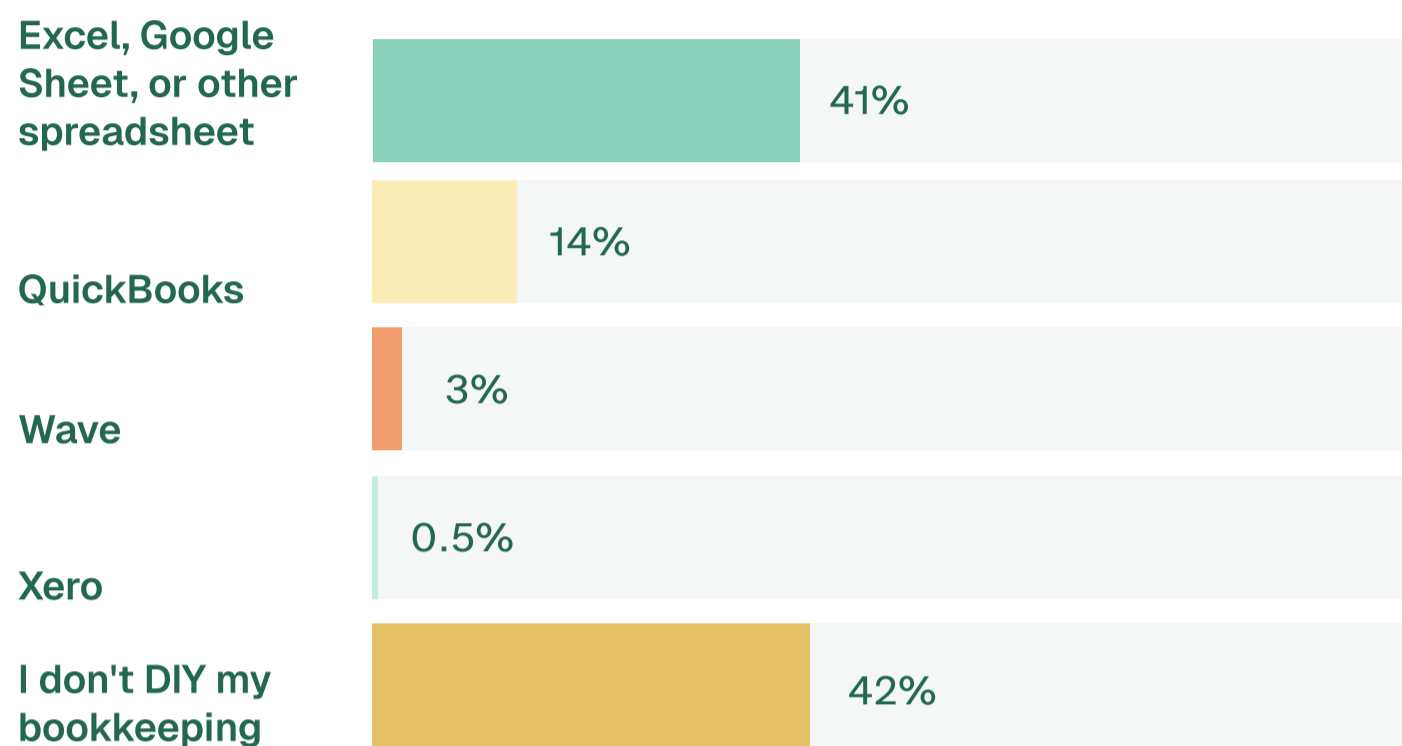
About half of respondents reported doing their own bookkeeping. Troublingly, nearly one in ten report doing no bookkeeping at all.

Bookkeeping is essential for filing taxes accurately, taking advantage of deductions, and making informed business decisions—meaning, there’s still room for self-employed therapists to improve the financial side of their businesses.

### How do you currently do your bookkeeping?



### What bookkeeping tool do you use?



### DIY bookkeeping tools

The majority of therapists who handle their own bookkeeping use spreadsheets to do so. That's 41% of all respondents, with another 42% hiring someone else to do their bookkeeping for them.



**41%**

of therapists who do their own bookkeeping use a spreadsheet.

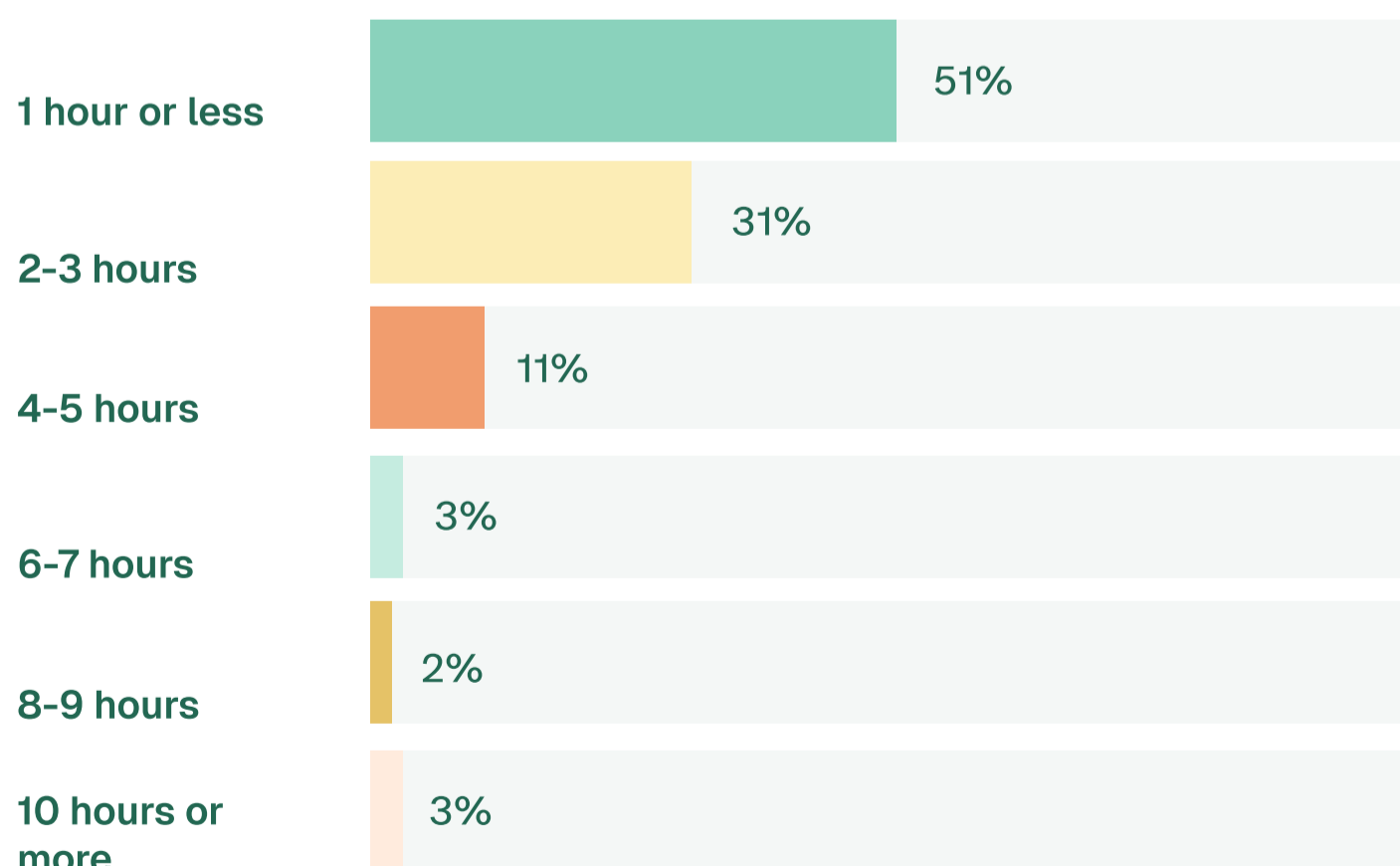
**49%** of therapists report spending more than 1 hour per month on bookkeeping.

### Bookkeeping time commitment

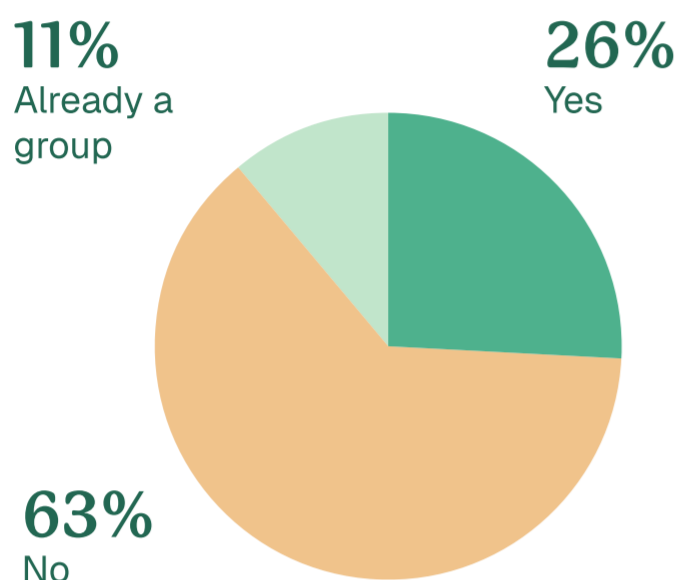
When it comes to the amount of time therapists spend each month on bookkeeping, about half report spending more than 1 hour per month.

Conservatively, that's 12 hours per year. At an average session fee of \$159, that's almost \$2,000 per year in lost income potential.

### On average, how much time did you spend per month on bookkeeping in 2024?



### If you're a solo practice, are you interested in growing into a group practice?



### Solo practice expansion

More than one quarter of respondents said they aimed to become a group practice in the future.

That shows ambition—and a real need for organized finances to make the vision a reality.



## Heard

### Economic anxieties

Only 15% of respondents said they were “not concerned at all” about the potential impacts Trump’s White House could have on their practices.

Given cuts made in early 2025, self-employed therapists working with federally-funded organizations may particularly be impacted.

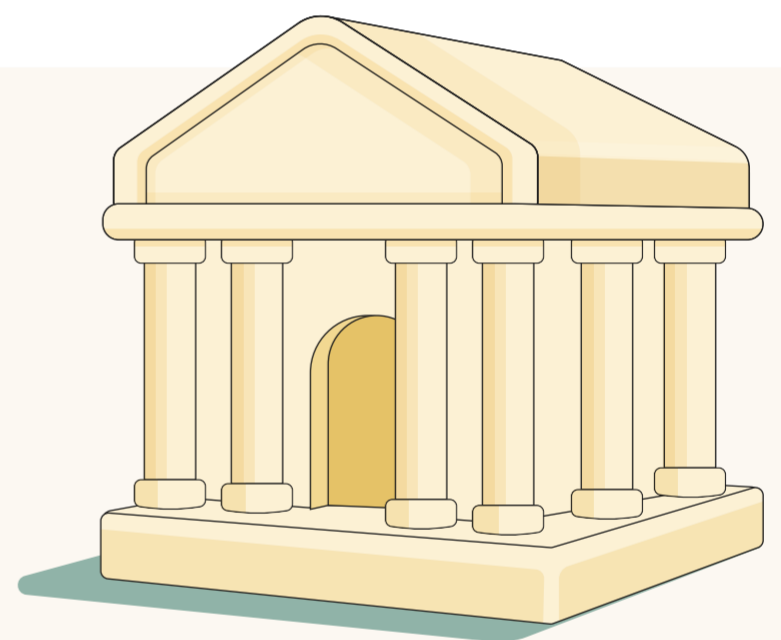
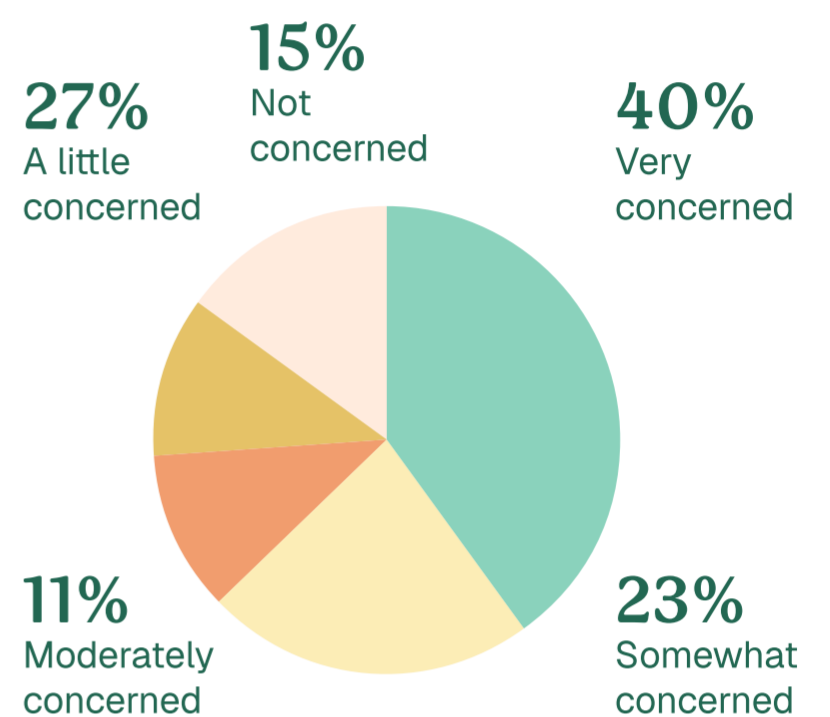
# 85%

of therapists are concerned about the financial impact of the Trump administration on their practice.

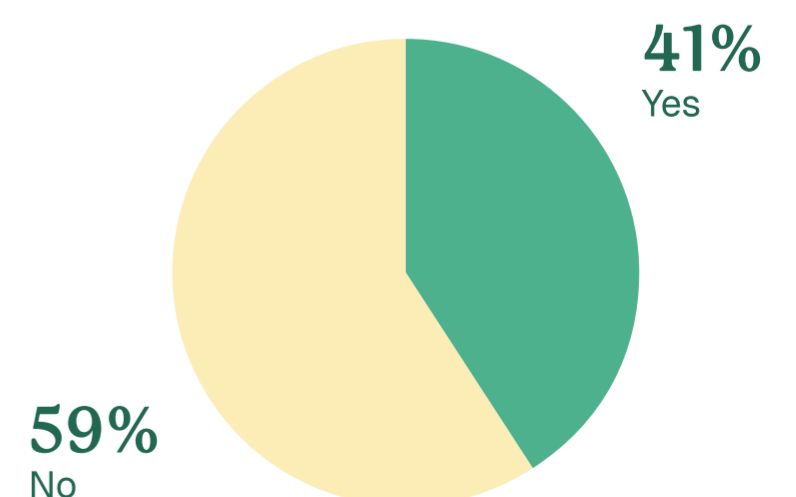
### Looking ahead

While the majority of self-employed therapists plan to maintain their current fees in 2025, over 40% reported planning to raise them. The same roughly 60/40 split showed up in both prior reports (for 2023 and 2022, respectively).

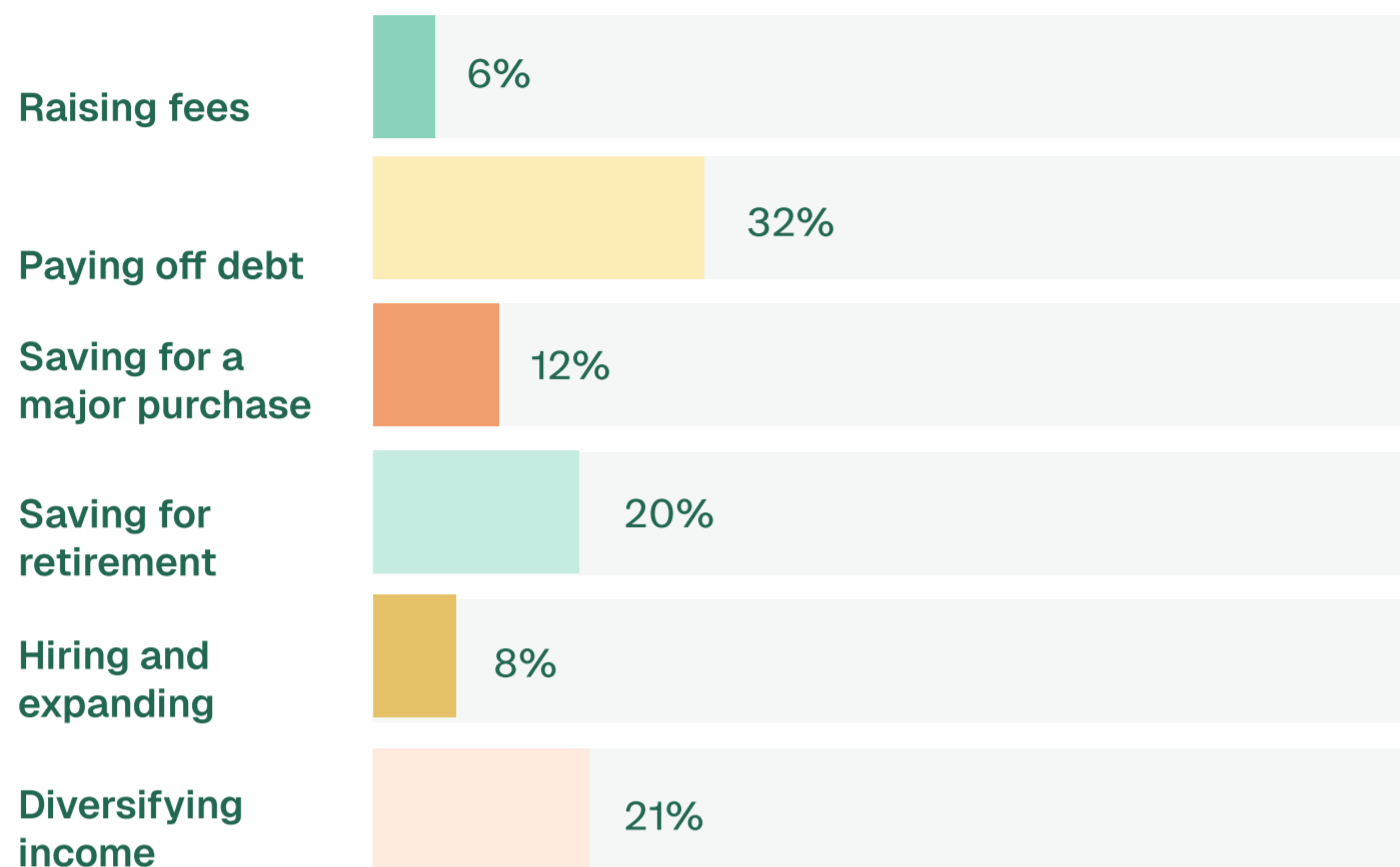
### How concerned are you about the financial impact of the new presidential administration on your practice in 2025?



### Did you (or do you plan to) raise your fees in 2025?



## What is your top financial priority in 2025?



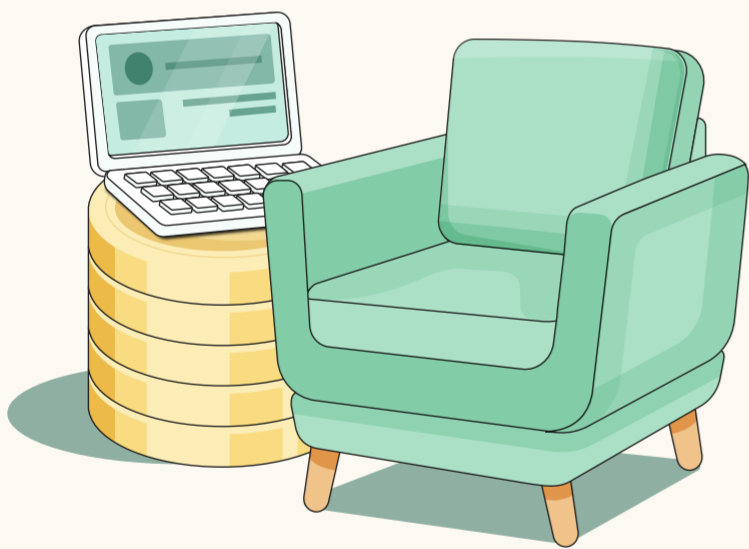
## Financial Priorities

About one in three therapists claim paying off debt as their number one financial priority in 2025.

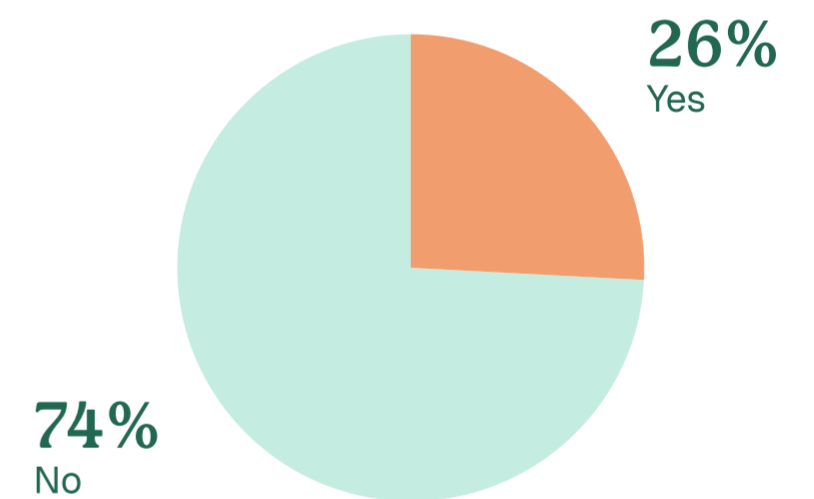
That makes sense considering the fact that nearly a quarter of respondents carry student debts of \$100,000 or more. Other top priorities include diversifying income and saving for retirement.

## Adoption of AI

While the majority of therapists still don't use AI in their practice, 26% of respondents have at least experimented with the new technology. Whether AI has a useful role to play in therapy practices remains to be seen.



## Do you currently use AI in your practice?



## Methodology

We shared our SurveyMonkey survey with our therapist community through email and social media. As an incentive to complete the survey, we offered the chance to win one of our \$250 Amazon gift cards. In total, 3,229 therapists completed the survey between January 16, 2025 and February 3, 2025.

Values are rounded to the nearest whole number. Values  $\leq 0.50\%$  are rounded to the first decimal place.



## Conclusion

Based on the data in our report, it's clear that therapists face major challenges and an uncertain economic future, but that they continue to adapt to face these challenges while prioritizing their clients.

Consistent with last year's survey, insurance companies continue to under-reimburse therapists. While the average private pay rate for individual therapy for all license types was \$159, the average reimbursement rate from insurance was 36% less at \$111.

Rent—an expense at the mercy of the rise and fall of local markets—continues to dominate budgets. And debt is a major concern, with one third of therapists naming “paying off debt” as their top financial priority in 2025. In total, 22% of therapists owe \$100,000 or more.

85% of respondents said they were concerned with the financial impact the new Trump administration could have on their practices, with 40% feeling “very concerned.” Large, unpredictable cuts to federal funding early in 2025—including cuts to healthcare spending—may be fueling these fears.

Despite all this, new therapists continue to flock to the field. 67% of therapists surveyed have been in practice for 10 years or less. Many of them are turning to non-therapy income streams to increase their earnings, and one in five name diversifying their revenue as a top goal in 2025.

Therapists have also been quick to adapt to new technology, with one in four incorporating AI into their practices, and sizable portions turning to software solutions to streamline their bookkeeping, taxes, and insurance claims.

Through all this, therapists are putting their clients first. Three in four therapists offer sliding scale and pro bono rates. And that client-centered approach seems to be paying off as word-of-mouth referrals continue to be the top single source of new clients for self-employed therapists.

Therapists may face challenges, and the future may be uncertain, but we're proud to support them.

# 36%

is how much less therapists earn per session from insurance than private pay.





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