

2026 Market Observation Report

Part 2 of 2

THE STATE OF PRIVATE PSYCHOLOGY PRACTICE TODAY

*A Frank Conversation About the Post-Pandemic
Practice Landscape in Canada*

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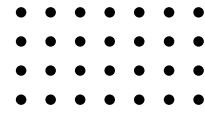
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About This Report



This report synthesizes published market research, industry financial benchmarks, direct experiences, and observable changes in the Canadian mental health services market, with a particular focus on the period between 2020 and early 2026.

In this report, Alberta is used as a prominent case study due to RAE Institute and its founding member organizations being headquartered in Alberta. However, its insights are intended as an evidence-based briefing for owners and leaders of psychological and counselling practices across Canada who may be experiencing similar trends.

Methodology

The analysis is based on four categories of input:

1

Published research and industry reports from Canadian and North American sources between 2024 and 2026 (full reference list in Appendix A). Where possible, Canadian and province-specific data has been prioritized; where only U.S. data exists, this is flagged inline and its directional applicability discussed.

2

Regulatory and registration information from the Canadian Psychological Association (CPA), various provincial Colleges of Psychologists, and other provincial regulatory bodies where relevant to the broader workforce context.

3

Observable market signals including online directory traffic patterns, EAP and benefits-network changes, and discussions within national practitioner communities. These are treated as supporting context rather than primary evidence.

Methodology Contd.

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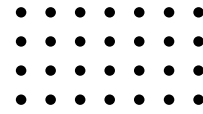
Direct experience over significant periods from RAE Institute's founding member organizations, Insight Psychological Inc. and Kells Psychology, as well as from consulted private practices.

What This Report is Not

This report is not a primary research study. RAE Institute has not conducted an original survey of Canadian practices for this edition; where such data is referenced, it is drawn from third-party publications. A future edition is planned that will incorporate primary survey data from Canadian clinicians.

Some financial benchmarks presented here are industry rules of thumb drawn from U.S. behavioural-health advisory firms. They are directionally useful but should be interpreted alongside Canadian payroll, tax, and revenue-mix realities, which can differ materially from the U.S. context.

Executive Summary



The private practice landscape for psychologists across Canada has undergone highly significant structural shifts between 2020 and 2026. While specific provincial conditions amplify these changes, the core trends are national in scope, profoundly impacting how we practice, the ease of client acquisition, and the financial sustainability of our services.

What is happening in the psychological care market is not a passing disruption, but a fundamental market shift affecting every aspect of private practice, from the nature of the work and the demand for our specialized skills, to the operational costs and strategic decisions we must now make.

The implications for how psychology practices operate are very real and necessitate proactive adaptation for long-term viability. As of early 2026, the psychological health of Canadians has hit its lowest point since the inception of the TELUS Health Mental Health Index in April 2020; this has been driven by increasing workplace stress and heightened financial concerns (TELUS Health, 2026).

This decline underscores the immense and persistent need for our services. However, despite this growing need, Canadians are struggling to navigate and stay in the mental healthcare system. Nearly half of those who access support are ending care earlier than planned or needed due to various barriers (Mental Health Research Canada, 2026).

The challenge is not that fewer Canadians need psychological care. Economic pressure has reduced the number of clients who can afford full-fee services. At the same time, more providers and competing channels are entering the market, intensifying the competition for those who can pay. This is a market access and affordability problem, not a collapse in need.

Tough decisions and meaningful adjustments may be necessary for many practices to remain viable. At the end of the day, a healthy practice does not survive by simply weathering the tough times. It needs a solid, sustainable foundation to thrive beyond lean times and to provide the long-term stability that their clients, teams, and mission deserve.

2 The Economics of the Mission

The Resilience Margin: A Financial Framework for Sustainable Private Practice



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THE FINANCIAL REALITY OF PRIVATE PRACTICE

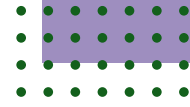
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Pricing Benchmarks for Canadian Psychologists



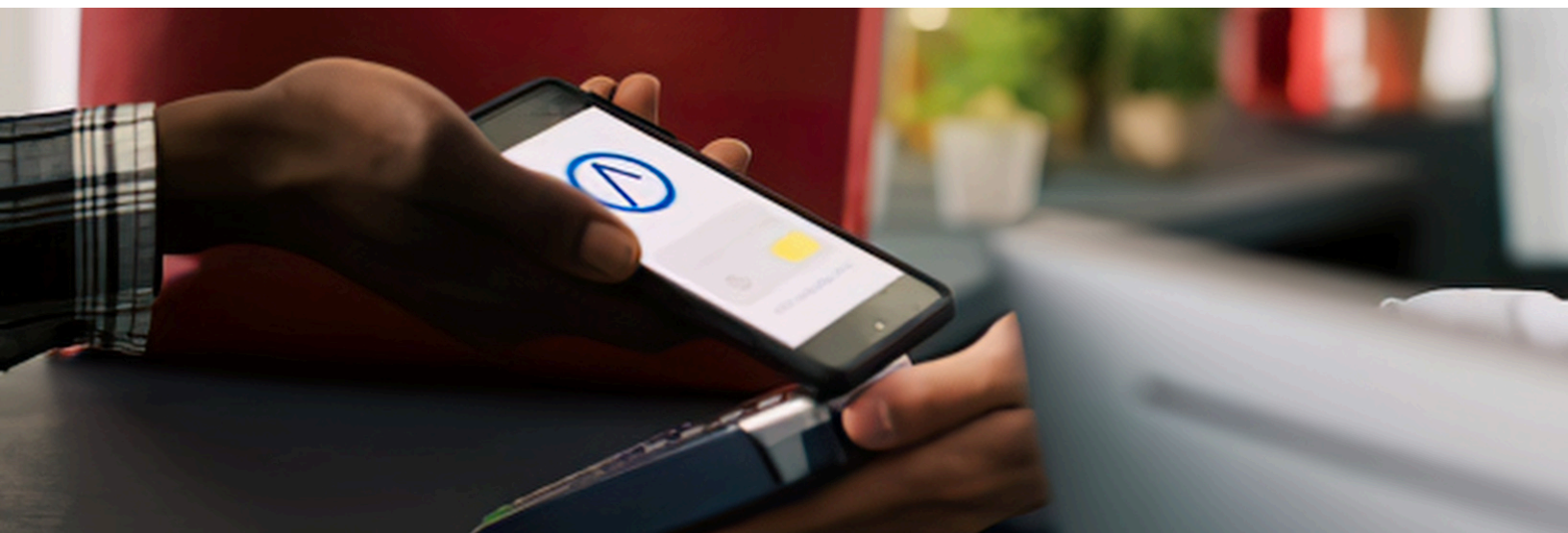
One of the most frequently asked questions in practice-leadership conversations across Canada is: what should we be charging? The answer involves three key reference points: recommended fees from regulatory/professional bodies, market reality, and benefits-plan reimbursement rates. These are increasingly diverging.

Neither OHIP nor British Columbia's MSP pays for routine privately delivered psychological services (OPA, n.d.; Government of British Columbia, n.d.). Private care therefore often relies on out-of-pocket payment, extended health plans, health spending accounts, or institutional contracts (OPA, n.d.; Canadian Psychological Association [CPA], 2023). Canadian scholarship on e-mental-health similarly identifies financing and limited coverage of non-physician mental-health services as structural features of the access environment (Gatov et al., 2023). For practices, the strategic issue is the size and structure of the payer pool: benefit design can determine how long higher-fee psychological care remains financially accessible before more of the cost shifts to the client.

Fee benchmarks show why that matters.

Recommended Fee Schedules

Alberta: The Psychologists' Association of Alberta (PAA) publishes an annual recommended fee schedule for registered psychologists (PAA, n.d.). For 2025–26, the recommended fee for a 50-minute individual psychological service is **\$220–\$235 per hour**, reviewed annually.



Ontario: In the Ontario Psychological Association's 2024 survey, \$250 per hour was the most common psychological-intervention fee (OPA, 2024).

British Columbia: In British Columbia, the British Columbia Psychological Association's 2025-26 recommended psychologist rate is \$245 per hour, explicitly a guideline rather than a mandated fee (British Columbia Psychological Association [BCPA], 2025). BCACC's 2026 fee guide recommends \$140-155 per 50 minutes for less-experienced RCCs, \$155-175 for more-experienced RCCs, and \$175-225 for specialized services; RCCs may charge differently (BCACC, 2026b). Although the benchmarks differ in methodology and session length, they show that clients can encounter materially different price points across provider types. That increases the importance of demonstrating why psychologist-level fees are warranted through scope, specialization, assessment capability, or payer requirements rather than competing on routine psychotherapy alone.

Important context for Canadian psychologists:

Practices should consult their provincial association's current schedule directly, as these figures are updated each year and vary by province. Recommended fee schedules are not regulatory floors or ceilings. They are guidance figures intended to reflect the cost of practice for regulated professionals given their extensive training, ethical obligations, and operational overhead.

Many practices charge at or near these rates; however, digital-platform-affiliated providers and many counselling therapists (where not regulated or regulated with differing scopes/fee structures) often charge meaningfully below it, creating competitive pressure.

Scope of Practice as a Competitive Asset

The provider-supply analysis in the British Columbia fee schedules is most consequential where services are substitutable. Routine psychotherapy can be delivered across multiple professions, but substitutability falls where formal diagnostic authority, specialized assessment and training, or institutional credentialing matter. In Ontario, psychology registrants are authorized to perform controlled acts that include psychotherapy and communicating a diagnosis, while CRPO registrants are authorized for the controlled act of psychotherapy but not the controlled act of communicating a diagnosis (CPBAO, n.d.-a, n.d.-b; CRPO, 2026). The competitive value of psychology therefore lies less in exclusive ownership of psychotherapy and more in the parts of practice where scope, competence, and credentials narrow the provider pool.

That distinction has direct market implications in Ontario. The Regulated Health Professions Act, 1991 identifies controlled acts that include communicating a diagnosis and the controlled act of psychotherapy. CPBAO confirms that psychology registrants may perform the controlled acts of communicating a diagnosis and psychotherapy, while CRPO's current standards authorize its registrants to perform the controlled act of psychotherapy within their scope and competence (CPBAO, n.d.-a, n.d.-b; CRPO, 2026). A practice built mainly around general psychotherapy therefore competes in a broad provider field, whereas diagnostic and related assessment work can create a more differentiated referral proposition.

The controlled act of psychotherapy is also shared across several regulated professions in Ontario, so the competitive pool extends beyond CRPO registrants alone (CPBAO, n.d.-a; CRPO, 2026). Not every assessment is exclusive to psychology, and service eligibility can depend on legislation, payer rules, competence, and institutional requirements. The strategic advantage is consequently service-specific: where a payer, referral source, or clinical need requires diagnostic authority, complex assessment, specialist competence, or particular credentials, direct substitutability can be lower than it is for routine counselling (CPBAO, n.d.-b; CIHI, 2026b).

British Columbia differs because psychotherapy itself is not yet regulated. CHCPBC describes psychologists as providing services that include assessment and treatment of mental-health problems, neurological conditions, and cognitive functions (CHCPBC, 2026a). Regulation of psychotherapy begins on November 29, 2027, while the future profession's title, scope and restricted activities remained pending as of August 2026 (CHCPBC, 2026b, 2026d).

Across both provinces, the strategic implication is differentiation. General private-pay psychotherapy sits within a broad and increasingly visible provider environment, while formal diagnosis, complex assessment, specialized evidence-based intervention, and institutionally credentialed work may be less directly substitutable depending on the service and payer (CIHI, 2026b; CPBAO, n.d.-a, n.d.-b; CRPO, 2026; CHCPBC, 2026a). Practices that rely heavily on undifferentiated psychotherapy are therefore more exposed to provider and price competition than practices whose referral value rests on distinctive scope, specialization, or payer eligibility.

What the Canadian Market Actually Pays

Private-pay clients in major Canadian urban centres (e.g., Edmonton and Calgary) in 2024–2025 typically paid between \$180 and \$240 for a 50-minute session with a registered psychologist; counselling therapists typically charged \$130–\$180. Average hourly fees for registered psychologists in private practice in Ontario ranged from \$226–250 (Ontario Psychological Association, 2024).

Benefit-plan reimbursements from major Canadian carriers commonly reimburse at or below provincial recommended fee schedules per session, with annual maximums per insured person frequently in the \$500–\$1,500 range. While 93% of employers provide some psychological benefits, most coverage falls significantly short of the CPA’s recommendation of \$3,500–\$4,000 per year for psychological services (Canadian Psychological Association, 2023). A recent study by Modern Health (2026) found that only 36% of employees feel their benefits plan provides sufficient support for mental health.

Network rates (e.g., TELUS Health, Inkblot, GreenShield Health) typically pay providers meaningfully less per session than the open private-pay market in exchange for client volume and reduced client acquisition costs for the individual practitioner.

THE PRICING TRILEMMA FOR CANADIAN PSYCHOLOGISTS

Canadian psychologists in private practice face a three-way tension:

- (1) charging professional, sustainable fees to cover extensive training, ethical obligations, and operational costs;
- (2) accepting lower benefits-plan or network rates to maintain client volume amidst affordability pressures; and
- (3) remaining accessible to private-pay clients in a nation experiencing significant affordability strain.

There is no single correct answer for all practices; the optimal mix depends on a practice’s specific cost structure, specialization, client base, and referral pipeline.

The critical task is to communicate the value and necessity of regulated psychological services clearly and effectively, distinguishing our unique expertise in a crowded and sometimes unregulated market.



Indigenous Mental Health Service and Funding

A Canadian Priority

Significant federal and provincial dollars flow into mental-health services for Indigenous peoples. For private psychological practices, this represents both a critical service opportunity and a strategic consideration, aligning with our ethical responsibilities and commitment to equity.

Major Funding Streams (Federal and Regional)

Non-Insured Health Benefits (NIHB)	A federal program providing coverage for eligible First Nations and Inuit clients, including a defined number of mental-health counselling sessions with approved providers (Government of Canada, 2024). This provides an important avenue for psychologists to serve Indigenous populations.
Indian Residential Schools Resolution Health Support Program (IRSRHSP)	Federally funded, this program provides culturally sensitive counselling and cultural support services for Survivors of Indian Residential Schools and their families (Government of Canada, 2026).
Jordan's Principle	A federal initiative ensuring First Nations children receive the services they need, when they need them. This includes mental-health and assessment services, often with relatively rapid approval pathways (Government of Canada, 2025).
Provincial/Territorial Rural & Northern Health Programs	Various provincial and territorial health authorities (e.g., AHS in Alberta) offer contracts, grants, or recruitment incentives for mental-health services in communities outside major urban centres.
School Authority/Board Contracts	Many rural and even some urban school divisions across Canada directly contract with private practices for student mental-health and assessment services. These contracts can represent a more stable and less price-sensitive source of revenue.

Why This Matters for Strategic Practice

These funding channels are more insulated from the affordability pressures driving the private-pay market correction, as they are funded through public or institutional sources rather than directly out of household budgets. Psychology practices ready and equipped to invest in the administrative work (credentialing, specific billing infrastructure), cultural competence, and relationship building (with Indigenous band councils, school divisions, and rural health authorities) can find such opportunities to be rewarding, steadier, and less price-sensitive than general private-pay urban work.

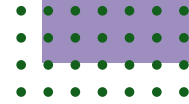
A Critical Caveat

Serving Indigenous clients and communities effectively requires genuine cultural competence, ongoing humility, a commitment to respectful relationship building with Indigenous leaders and communities, and a willingness to operate on terms and protocols set by the community, not solely by the practice.

This is not a market segment to enter casually for revenue diversification; it represents a long-term commitment to reconciliation and equitable care, to be approached with profound respect and sensitivity.



What Practices Across the Sector Are Experiencing



The challenges that psychologists and other private practitioners are discussing in professional communities, national listservs, Facebook psychologist groups, and industry forums are remarkably consistent with what published research and financial benchmarking reports document.

Client Acquisition Is Harder

Client acquisition is harder and the cost (CAC) for doing so is rising across the sector

(Place Digital, 2025; Blueprint AI, 2025; Medfluence Advisors, 2024). Many highly experienced, skilled psychologists are finding it more challenging to maintain a consistently full caseload. The era of relying on passive directory listings and word-of-mouth alone to fill practices is largely over. One major therapy directory documented an individual practitioner's profile views dropping significantly (e.g., from 43,000 to 3,000 views over two years) due to increased platform saturation (Blueprint AI, 2025). Proactive and professional marketing, strong online presence, a clear niche positioning, and deliberate cultivation of strategic referral networks are now essential activities for psychologists.

Many psychological practices that maintained full caseloads and waitlists during the 2020–2022 surge are now experiencing below-capacity caseloads or longer client acquisition cycles

Caseloads Have Softened

Many psychological practices that maintained full caseloads and waitlists during the 2020–2022 surge are now experiencing below-capacity caseloads or longer client acquisition cycles. This softening largely reflects the market correction following the unprecedented pandemic demand bubble, rather than a decline in the quality of clinical work or psychologist underperformance.

Professional Income Is Experiencing Compression

Heard's 2025 Financial State of Private Practice Report (U.S. data) found that therapist gross income decreased year-over-year, with 31% earning under US\$100K in 2024 (Heard, 2025). **Canadian-specific income data, while sparser for individual psychologists, reflects similar pressures.** There is substantial operational overhead that psychologists must cover, underscoring the tight margins many practices operate within (College of Alberta Psychologists, 2019; Artz, 2026).

High Operational and Compensation Costs Are Threatening Sustainability

During the pandemic period of strong intake volume and healthy revenue, practices had both the means and the imperative to invest. Practices upgraded their service environments, enhanced the resources available to practitioners and clients, and offered increasingly escalated compensation rates as organizations competed aggressively for the then-still-limited pool of qualified practitioners. Those decisions were rational responses to the high-growth market condition at the time.

What has changed is the market. What has not changed, however, are the cost structures those decisions left behind. What was feasible at the time is much more difficult to sustain in the significantly softer market for the foreseeable future.

Practices that scaled operation and compensation faster than their current revenue can sustain, are now having to make some difficult adjustments to remain viable. The situation is further exacerbated by the continually increasing operational overhead costs (Blueprint AI, 2025; Leichter Accounting, 2024).

Specializations and Assessments Are Robust Stabilizers

- Psychology practices with **clear clinical niches** (e.g., specific ages, disorders, modalities) generally maintain more stable caseloads than generalists in a crowded market.
- **Psychological assessments** (e.g., ADHD, learning disabilities, forensic, fitness-for-duty, neuropsychological assessments) are particularly resilient. These services are less able to be substituted by digital platforms or AI tools, are largely outside the scope of unregulated providers, command higher professional fees, and are often critical for public-system access (e.g., school accommodations).
- Psychology practices with **established corporate, government, or EAP contracts** are more insulated from individual consumer affordability pressures.

The Financial Reality of Private Practice

With the Canadian market context established, it is crucial for psychologists to understand the financial realities of running a sustainable private practice. Many clinicians are given little to no formal business preparation during their extensive education. This section aims to bridge that gap with real case analysis and industry benchmarks that apply across multi-site psychological practices, ensuring that a clinical mission is supported by sound financial stewardship.

Operational Margins: Industry Benchmarks

Multiple and varied sources for benchmarks

Benchmarks are industry norms – reference points against which an organization can assess its own position. The operational margin benchmarks presented in this report are drawn from multiple independent industry and professional advisory sources, including data cited from the American Psychological Association, US Census, and PricewaterhouseCoopers research. While these sources are predominantly US-focused, the general structure of the operational ratios (people costs, overhead, and net profit margins) is directionally applicable to Canadian psychology practices, despite possible differences in payroll systems, certain overhead structures, and applicable taxes.

Interpreting benchmarks with caution

While the operational margin benchmarks in the table below reflect what might be common for many in the industry, **they do NOT automatically represent best practice or target numbers that organizations should aspire to achieve, if they want to build financial sustainability or gain the extra financial edge to reinvest and grow. That is because the benchmarks reflect what is the norm, not necessarily what is the ideal or best** (unless the benchmarks are justifiably set or substantiated to be best practices or target benchmarks). In particular, benchmarks for private psychological practice could be significantly distorted by the pandemic-driven operational and compensation escalation of 2020–2023 (that residually continued on to 2024 and even the early part of 2025). Accepting those distorted norms as targets, risks perpetuating cost structures that are incompatible with the current market and long-term financial sustainability.



Benchmarks objectively grounded on broader healthcare sector

For a more objective and balanced margin reference, financial benchmarks for costs, **especially people costs**, in private psychological practice are **best understood within the broader context of the healthcare services sector, not in isolation from it**. Private psychology practice is, at its core, a labour-intensive professional healthcare service: the cost of the people who deliver the services, as well as those who support and manage the operation, will always represent the dominant expense in any well-run practice.

Limiting benchmark analysis exclusively to psychological practice with data that is mostly defined by the pandemic-era condition (though still being applied today) means importing the distortions of an exceptional market and presenting them as stable norms for the current or general market. Grounding the analysis in broader healthcare benchmarks, supplemented by mental health-specific data, provides a more defensible and honest baseline from which to assess whether a practice's cost structure reflects sound stewardship or accumulated strain in the current softer market.

Industry	People Cost <i>Clinicians + admin + leadership – as % of revenue</i>	Operational Overhead <i>Rent, tech, marketing, systems – as % of revenue</i>	Net Profit - Resiliency Margin <i>What remains after costs – as % of revenue</i>
General Healthcare	40% to 50%	20% to 30%	20% to 40%
Likely Reality For Many Psychology Practices	60% to 80% <i>(in many cases, 50–70% clinician compensation alone)</i>	10% to 30% <i>Often low due to limited capacity after people costs</i>	5% to 25% <i>Limited by high people cost and overhead</i>

The table above illustrates the fundamental financial equation of a private psychological practice across three interconnected bands - people costs, overhead, and net profit margin. Understanding each band and where private psychology practice actually sits relative to broader healthcare benchmarks is essential context for what follows.

People Costs

In psychology practice as well as in most other healthcare practices, people are unequivocally the core offering. As such, **clinical and administrative compensation will always represent the largest share of practice expenses**, and rightly so. Our clinical expertise, compassionate care, and administrative support are paramount and fully deserve to be compensated fairly. **The critical financial challenge arises when compensation growth outpaces revenue growth for a sustained period, putting immense pressure on overall sustainability.** With that, there is a need to both recognize and acknowledge the distinction between fair compensation and sustainable compensation.

Broad healthcare industry benchmarks from multiple independent sources place people costs for labour-intensive healthcare operations at 40–50% of revenue (Leichter Accounting, 2024; MetricHQ, 2025; Oracle NetSuite, 2025; Rippling, 2026; PayPro, 2025). This range reflects the natural cost structure of organizations where skilled human service is the core provision.

The critical financial challenge arises when compensation growth outpaces revenue growth for a sustained period, putting immense pressure on overall sustainability.



Multiple sources indicate that **the current people cost reality for many psychological practices sits at 50–70% of revenue, mostly for clinician compensation alone.** In many cases, this figure does not include administrative, leadership or other positions (Custom Accounting, 2026; Heard, 2025; Finmodelslab, 2025; Harris, 2025). **When all people costs are combined, the actual margin can reach 60–80% or higher.** This reflects people cost structures that became normalized during the pandemic market, when high intakes and acute clinician scarcity drove rates well beyond what stable revenue could support. Now, the market condition has softened noticeably and the scarcity that drove those rates has eased. Unfortunately, the cost margins they created have not. Practices that continue to carry these elevated people costs find themselves in a precarious position – bound by compensation commitments forged in a different market reality, and increasingly vulnerable to the financial consequences of that misalignment (Benson Advisory, 2025; Harris, 2025).

When people costs climb into and beyond the 50–60% band, the margin necessary for long-term organizational sustainability is significantly eroded, regardless of how lean the practice is in every other area. This is the single most consequential financial variable in private practice.

Operational Overhead

Items such as facilities, technology, insurance, marketing, and administrative systems **can reasonably sit at the 20–30% range** (Finmodelslab, 2025; Vocal Media Journal, n.d.). For multi-site organizations, higher fixed costs make disciplined management in this area even more critical. Notably, as the table reflects, **practices carrying very high people costs can show artificially low overhead percentages, not because they are managing overhead prudently, but because there is simply insufficient revenue remaining to invest in it properly.**

A practice's net profit margin is its resilience buffer – its capacity to absorb disruption, sustain operations through difficult periods, reinvest in clinical quality and growth, and fulfil its mission over the long term.

The Resiliency Factor - Net Profit Margin

The general industry net profit margin benchmark is 20–40% (Klindeck, n.d.; Traktion, n.d.; Business Dojo, n.d.). However, **due current cost realities for many private practices, actual margins are more within 5% to 25%, with those on the lower end possibly being less than 5%.**

There are conflicting reports on whether a **solo practice** can yield a higher profit margin than a group practice. Some reports (Traktion, n.d.; Business Dojo, n.d.) indicate that practitioners in solo practice can yield a lower net margin of (10–20%) due to having to carry all operational overhead, combined with a limited one-person capacity to generate revenue. Other reports (Therapy Reimagine, n.d.; Zynnyme, 2023) argue that a solo practice may yield a high 40% to 60% net margin due to significantly lower overhead costs.

A larger group practice can distribute its operational overhead amongst multiple clinicians, though a group practice as a whole would likely carry a noticeably larger burden of cost than a solo practice. At the same time, a larger group practice has the capacity to generate significantly more revenue and have administrative tasks assigned to staff with significantly lower pay rates. If and when people and operational costs are kept at a sustainable range, a group practice can realistically achieve a net margin of 20–30% or more.

It should be noted that **profit margins measure percentage, not overall take-home pay**, so a higher profit margin on a much lower total revenue **might yield less take-home pay for a solo practice-owner clinician than they would have received as a contractor or co-owner in a group practice.** Heard's 2025 Financial State of Private Practice Report (US data) indicates that the largest percentage of private practices (27%) yields a net income of less than \$25,000 while only 1% generates a net income of over \$200,000.

When any one of the three bands above moves significantly out of range, it compresses the others - that interconnectedness is precisely why the cost structure of a practice deserves the same rigorous attention that its clinical model receives.

Net Profit Margin = Resilience Margin

Net profit margin is the percentage of revenue that remains after all legitimate expenses of running a psychology practice have been paid, including fair compensation for every team member, rent, technology, administration, marketing, and everything else it takes to operate.

Net Profit Margin is not merely a financial metric. It is a powerful barometer of organizational resilience – the organization’s ability to sustain itself, weather disruption, and strategically invest in its future. This margin is crucial for mission delivery, not a diversion from it.

No Margin = No Mission!

This is a phrase that circulates widely in healthcare leadership. It is not a corporate sentiment, it is a clinical one.

An organization that cannot sustain its financial health will eventually find its ability to serve its clients, support its team, and fulfil its purpose progressively undermined. Sustainability is not in tension with our values or mission. It is what makes our values and mission possible to live out over the long term.

What “Profit” Actually Means

For a practice deeply oriented around its clinical mission and ethical principles, the word “profit” can sometimes land uncomfortably, sounding like something that competes with our purpose. This perception is often a misunderstanding of what “profit” represents in a values-driven organization.

When this report refers to a “target net margin” or a “15–20% profit target,” what it actually means is the **resilience margin** or financial safety cushion that the practice can then strategically deploy to build security and capacity. Specifically, this margin funds:

- **Capacity to absorb disruptions:** A strong cash reserve will enable a practice to sustain operations (including paying clinicians and overhead) through slow periods, unexpected disruptions (e.g., billing system failures, economic downturns), or significant clinician leaves. Without it, a practice has no buffer between disruption and crisis.

- **Investment in clinical excellence:** A practice would have the extra reserve to facilitate continuous professional development, specialized supervision, acquisition of gold-standard assessment instruments, ethical technology upgrades (e.g., secure EHR systems), and the vital infrastructure that underpins high-quality psychological care.
- **Capacity to grow and adapt:** The retained resource would enable the strategic hiring of specialized psychologists, opening of new sites in underserved areas, piloting innovative service lines, or pivoting effectively when market conditions shift.
- **Reduced personal financial exposure:** Having a strong reserve can minimize a practice owner's reliance on personal guarantees and lines of credit as well as decrease the need to use personal savings to bridge cash-flow gaps.
- **Ability to weather a multi-year market correction:** Ready access to funds would ensure the practice's ability to continuously provide essential psychological services at a time of unpredictable and prolonged market adjustments such as the one described in this report.

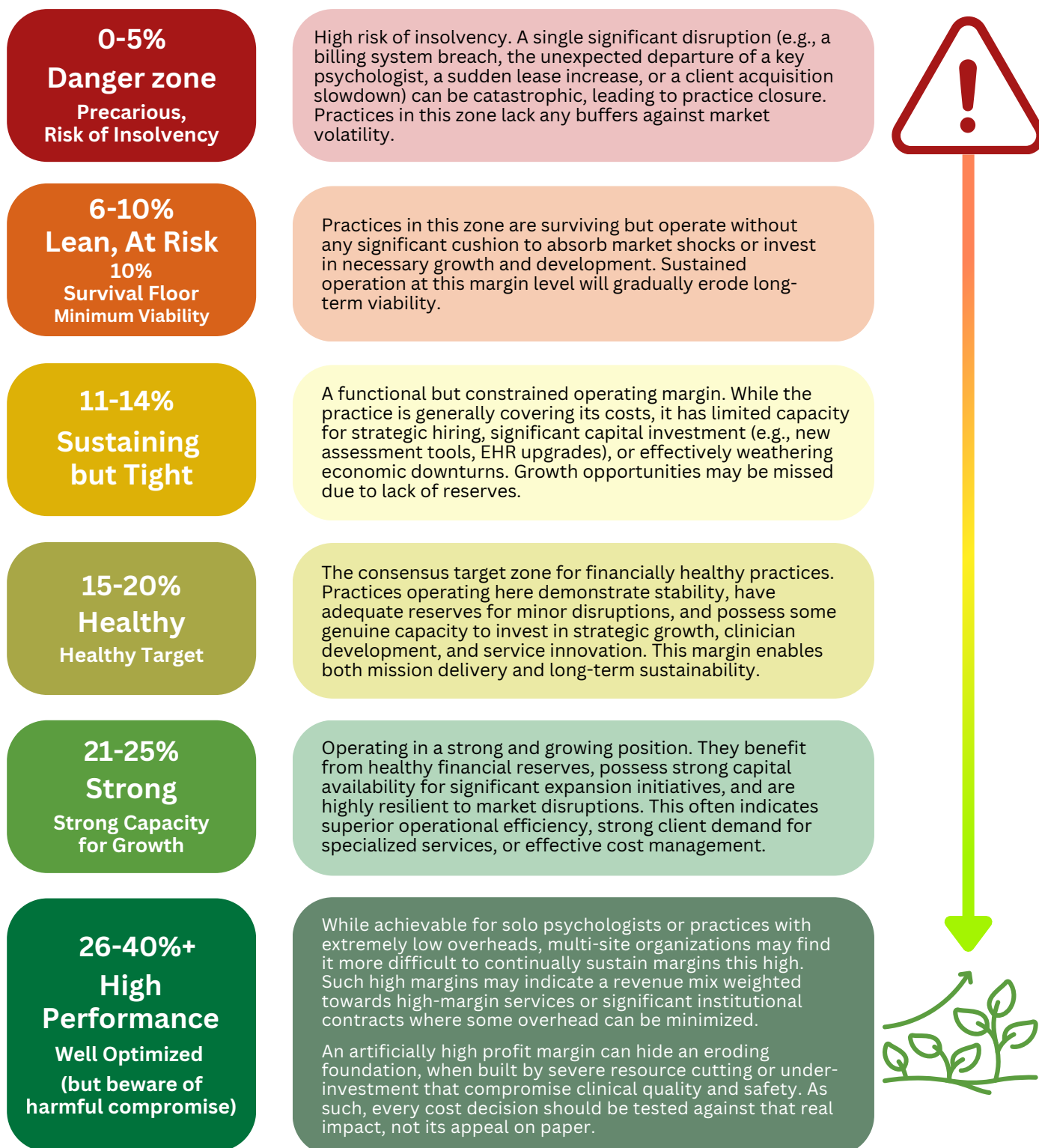
A psychology practice running at a 4% net margin is not being fiscally modest; it is operating without a cushion, reserves, or the capacity to absorb the next disruption.

A practice running at 18% net margin is not prioritizing money over mission; it is building the financial security and resilience necessary to ensure that the mission remains alive and well, and that when the next client in crisis reaches out, the door is still open to serve them.



The Resilience Margin Spectrum

In practice, profitability across the psychological and other comparable health service sector spans a wide range. The spectrum below shows how margin levels are categorized and what each zone might mean for an organization's financial health and resilience (Solomon Advising, 2024; TherapyNotes / Red Bike Advisors, 2026; Traktion, n.d.; Therapy Flow, n.d.).



The industry benchmark for a target resilience margin is 15–20% (net profit margin after all operating costs, including fair compensation for everyone). This range is where a psychology practice can achieve both financial stability and a reasonable capacity to grow, innovate, and fulfill its mission sustainably.

Operating consistently below 10% signals a significant risk, particularly for multi-site operations where disruptions in one revenue stream can cascade. A precarious financial position hinders our ability to serve our clients effectively and ethically. The resilience margin is precisely what makes our mission durable and our impact enduring.

Achieving a Healthy Resilience Margin is Challenging Without Change to Cost Structure

When taking the current cost reality of many private practices into consideration, achieving a healthy resilience (profit) margin may be difficult. For example, if a practice must allocate 70–80% of its earnings to people cost, it would have only 20–30% left for both the operational overhead cost as well as an attempt to reserve some net profit. If the practice's operational overhead is aligned with the industry benchmark of 20–30%, it would at best have 10% and at worst 0% (or at a loss) of net profit to take home, reinvest in the practice, or save for rainy days and disruptions. This would directly put the practice in the “at risk” or “danger” zone.

WHY MARGIN MATTERS — A REAL-WORLD EXAMPLE

Industry consultant Jennifer Guidry of Solomon Advising describes a practice grossing over \$1 million annually that was **operating at a 4% net margin**. When a billing clearinghouse breach interrupted reimbursements for two months, **the practice could not cover payroll**.

After two months, they closed. A margin of 15% or more is not a luxury — it is the cushion that keeps an organization standing when something unexpected happens. Operating in the precarious or lean zone means one disruption away from a crisis.



Group Practice Case Scenarios

The following are two realistic group practice case scenarios to illustrate cost and margin conditions.

Scenario 1: Small 5-Clinician Group Private Practice

For illustration purposes, let's ASSUME the following of a small group practice named ABC with 4 contract clinicians plus the owner, totalling 5 clinicians:

- Each clinician is available to work different number of total hours per week but the average works out to be 20 hours a week. Each clinician has different utilization (actual billable) rate but the average works out to be 70%. That means ABC bills approximately 70 billable hours a week.
- After accounting for vacation days, statutory holidays, and a few miscellaneous days off, the average number of weeks that each clinician works per year is 47 weeks. In total, ABC bills 3,290 hours per year.
- ABC charges \$230 per billable hour, service tax-exempt. In total, with 3,290 hours a year at \$230 per hour, ABC would **gross \$756,700 per year**.
- ABC pays its clinicians (including the owner) an average of 65% of revenue, which equates to \$491,855 per year. Furthermore, ABC has the equivalent of 1 full-time administrative support at \$25 per hour and the equivalent of 1 half-time office supervisor at \$32 per hour, which equates to \$77,000 per year. In total, ABC's **people cost is \$568,935 per year — a margin of 75.2% of revenue**.
- ABC operates only 1 location and when basic operational overhead expenses are taken into account (rent, technology, billing, insurance, marketing, supplies, professional fees, licensing), the total comes out to approximately **\$170,000 per year — a margin of 22.5% of revenue**.
- With the above, ABC can possibly yield an **operating profit (before tax) of \$17,765 — a margin of 2.35% of revenue**.



This practice is in the **Danger Zone**. Despite high revenue, the high people-cost ratio leaves the practice one “slow month” away from insolvency.

Group Practice Case Scenarios

Scenario 2: Larger 15-Clinician Group Private Practice

For illustration purposes, let's ASSUME the following of a medium group practice named DEF with 14 contract clinicians plus the owner, totalling 15 clinicians:

- Each clinician's average availability works out to 16 hours a week with a 67% utilization rate. DEF bills approximately 161 billable hours a week.
- With 47 weeks per year, DEF bills 7,558 hours per year. At \$230 per billable hour, DEF would **gross \$1,738,248 per year**.
- DEF pays its clinicians (including the owner) an average of 60% of revenue, equating to \$1,042,949 per year. With 2.5 FTE administrative support and 1 FTE office supervisor, total additional people cost equates to \$177,660. In total, DEF's **people cost is \$1,220,609 — a margin of 70.2% of revenue**.
- DEF operates 2 locations with operational overhead of approximately **\$350,000 per year — a margin of 20.1% of revenue**.
- With the above, DEF can possibly yield an **operating profit (before tax) of \$167,639 — a margin of 9.64% of revenue**.

This practice is in the **Lean and At Risk Zone**. It is not building sufficient cushion to confidently absorb market shocks or invest in necessary growth and development.

Scenario 1: Small 5-Clinician Group Practice (ABC)

4 contract clinicians + owner; avg 20 hrs/week; 70% utilization; 47 weeks/year = 3,290 billable hours; \$230/hr

Annual Gross Revenue	\$756,700
Clinician comp (65% of revenue)	\$491,855
Admin staff (1 FT + 0.5 supervisor)	\$77,000
Total People Cost (75.2%)	\$568,935
Operational Overhead (22.5%)	\$170,000
Operating Profit	\$17,765

Net Margin: 2.35% — DANGER ZONE

Despite high revenue, the high people-cost ratio leaves the practice one slow month away from insolvency.

Scenario 2: Larger 15-Clinician Group Practice (DEF)

14 contract clinicians + owner; avg 16 hrs/week; 67% utilization; 47 weeks/year = 7,558 billable hours; \$230/hr

Annual Gross Revenue	\$1,738,248
Clinician comp (60% of revenue)	\$1,042,949
Admin staff (2.5 FT + 1 supervisor)	\$177,660
Total People Cost (70.2%)	\$1,220,609
Operational Overhead (20.1%) 2 locations	\$350,000
Operating Profit	\$167,639

Net Margin: 9.64% — LEAN, AT RISK

Surviving but without significant cushion to absorb market shocks or invest in necessary growth.

Mind the Cash Flow – It's What Keeps the Lights On

Revenue and margins are meaningful measures of organizational performance, but neither pays the bills when cash is not available. **Cash flow is the operational reality that determines whether a practice can meet payroll, cover rent, and keep its doors open on any given day, regardless of what the income statement shows.**

Maintaining adequate cash reserves is among the most consequential operational disciplines a practice can adopt. At minimum, one month of operating expenses should be held in accessible funds at all times; the more resilient target is three to six months in a dedicated, interest-bearing reserve account. This cushion does more than provide security – it separates a practice capable of navigating disruption from one that is endangered by it.

Practices operating with adequate cash reserves have the latitude to make decisions from a position of clarity and choice. Staffing decisions, client relationships, operational investments, and responses to unexpected disruptions can all be evaluated on their merits. **Practices operating without adequate reserves will likely have to make decisions from a position of urgency and constraint,** where the pressing question is not what is the right thing to do, but what can we afford to do or not do right now.

The quality of every decision a practice makes, whether clinical, operational, or organizational, is shaped in part by whether leadership has the financial room to make it thoughtfully; and that distinction, compounded over time, is ultimately what determines whether an organization shapes its own future or is shaped by its circumstances.



3 Adaptive Stewardship in Action

Where We Go From Here: Adjusting for the Future



FINDING THE PATH FORWARD

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Finding the Path Forward

What psychological care agencies face ahead is demanding, but it is not without clear direction and significant opportunity. The market correction is real across Canada. So, too, is the profound and enduring need for our expertise, and the opportunity that awaits on the other side of this period of adjustment.

Accepting the New Reality

The private practice landscape for psychologists in Canada is unlikely to return to the conditions of 2020–2023 in the foreseeable future. That period was an exceptional market phase, defined by surging demand, referral volumes that often exceeded capacity, and a labour market that rewarded rapid expansion. Practices that scaled during that window were responding appropriately to genuine need. The practices most likely to succeed now are those prepared to accept that the structural conditions underpinning that growth have fundamentally changed — and adapt accordingly.

The market is not permanently broken; it is recalibrating toward a new equilibrium. While this correction is difficult, it also clarifies what sustainable psychological practice truly depends on: genuine demand for our specialized expertise, disciplined operational stewardship, and services that are distinctive, defensible, and difficult to replicate.

The psychology practices that will successfully navigate this period are not necessarily the largest or the longest-established. They are the ones that clearly read the market, respond with strategic discipline, and make evidence-informed decisions based on where the market is now, not where it was.



Necessary Actions and Adjustments

In periods like this, several key adjustments can help practices not only survive the new market but also succeed in it. For many, the challenge is not knowing what needs to be done, but having the resolve, capacity, and readiness to act, especially when those actions can be mentally, emotionally, relationally, or materially demanding.

1. Realigning costs with market realities

For practices navigating this period, the path forward requires an honest examination of their full cost structure – people costs, operational overhead, and every line in between. For many practices, this necessitates difficult, but ethical and honest conversations about operational and compensation structures built during the pandemic; these made sense for the market condition at the time but are much more difficult to sustain in the significantly softer market for the foreseeable future. These conversations are not a failure of professional values; they are an act of responsible stewardship towards the organization's long-term viability, the clients it serves, and the psychologists and support staff who depend on its stability.

The work ahead for many practices is a careful, considered, and timely return of cost structures, particularly unsustainable people cost structures, to match current market realities. The practices that undertake this with care, honesty, and resolve will not merely survive this period. They will emerge from it on stronger footing than those who wait passively for the market to improve on its own.

2. Diversifying revenue beyond individual therapy

Practices that rely exclusively on one-to-one therapy sessions are those most exposed to affordability pressures and competition from other provider tiers. By contrast, assessment services (e.g., diagnostic, psychoeducational, neuropsychological, and forensic assessments), group programming, strategic employer partnerships, and institutional or public-sector contracts often provide more resilient, less price-sensitive revenue streams that are harder for platform-based competitors to replicate. For psychologists, the strategic imperative is clear: capitalize on the assessment and diagnostic expertise that differentiates our profession.



3. Investing in clear differentiation and specialization

In a saturated market, the practices that have a higher ability to hold caseloads are the ones known for something specific and delivering it with excellence – a recognized leader in a particular area. Specialization, whether by population (e.g., child trauma, geriatric anxiety), specific disorder (e.g., OCD, complex PTSD), modality (e.g., CBT-E, EMDR), or service type (e.g., expert witness, leadership coaching), is no longer solely a growth strategy. In the current environment, it is a crucial sustainability strategy that reinforces our professional value proposition.

It should be noted, however, that **having some knowledge and experience in a specific area does not automatically equate to having expertise in that area**. Specializing in a specific area requires intensive commitment to furthering one's knowledge, competency, experience, and overall expertise in that area. Simply asserting and advertising that a practice specializes in a specific area without its clinicians having the knowledge, competency, and experience to demonstrate that expertise is irresponsible - it puts clinicians at risk of professional violations and most certainly puts clients at risk of harm.

4. Cultivating professional referral relationships

The era of passive client acquisition is largely over for most practices. Established relationships with physicians, allied health professionals, schools, employers, community organizations, and faith communities represent invaluable referral sources that directories and algorithms cannot replicate. Building and maintaining these relationships requires consistent, intentional effort, but unlike paid marketing or directory listings, a well-cultivated referral network compounds its value over time and is difficult for competitors to swiftly replicate.

5. Collaborating with other private practices

Many meaningful advances and mutual benefits can come from collaboration with other private practices where there is mutual trust, respect, shared values, and readiness to reciprocate in kind. Such can include jointly pursuing a big opportunity that a practice cannot adequately compete for or serve on its own, cross-referring to each other's specialty programs, consulting and supporting one another on difficult operational and clinical challenges, as well as sharing market intelligence, performance trends, operational processes, and administrative resources.

6. Acting with urgency, prudence, and transparency

The practices most at risk are those that either delay action (hoping conditions will reverse) or react impulsively, making uninformed cuts that inadvertently damage the clinical quality, team cohesion, and client trust meticulously built over years. The most effective response is deliberate: operate with honesty about the market's current severity, be thoughtful about the sequencing of adjustments, and remain clear-eyed about what core values and clinical standards must be protected even as difficult changes are implemented.



A Note on Prudence and Professional Transparency

Not all cost reduction measures carry the same degree of risk to the practice, its clinicians, or its clients. **How adjustments are designed and implemented matters as much as what is adjusted.** Reductions made thoughtfully, with genuine effort to minimize disruption to clinical quality, team cohesion, and client trust, are fundamentally different in their impact from those made reactively or without consideration of consequences.

The practices navigating this period most effectively are likely those making changes with transparency to their teams — openly sharing the market context, clearly articulating the reasons for adjustments, treating their clinicians as professionals capable of understanding genuine market realities, and genuinely considering alternatives and options that would minimize any adverse impact of necessary adjustments.

Expectations about how adjustments will be received should nonetheless remain realistic. **Even the most considerate and well-communicated changes can generate some anxiety and disruption, and that is a normal and anticipated part of any significant organizational transition.** What distinguishes a well-managed adjustment from a damaging one is not the absence of difficulty but the presence of honesty, care, and genuine effort to protect what matters most.



Reasons for Genuine Optimism for Canadian Psychologists

The underlying clinical need for mental health services in Canada is not declining; it is growing and becoming more pronounced. Youth mental health crises, pervasive workplace stress, widespread economic anxiety, and the long social aftermath of the pandemic (including increasing rates of mood and anxiety disorders; Statistics Canada, 2026) are generating profound and enduring demand that will not diminish. Canadians desperately need skilled, evidence-based psychological care, from regulated professionals, more than at any point in recent memory.

The psychology practices that are still standing, and standing well, when this correction runs its course will emerge into a market where the need for our expertise is immense and the number of credible, well-run, and sustainable providers (especially regulated psychologists) may have been meaningfully reduced due to market pressures. The least-differentiated and most over-leveraged practices across various mental health provider tiers are the most vulnerable. Psychology practices with clear, specialized positioning, strong institutional relationships, diverse service lines that leverage our unique skills, and the financial health (resilience margin) to weather this period will find themselves in a less crowded landscape, serving a client base whose need for our professional competence has only deepened.

Furthermore, a competitive consolidation is underway that will favour psychology practices built on genuine depth and our core professional assets: **clinical excellence, deep scientific knowledge, robust ethical frameworks, community trust, and disciplined operational management**. These are qualities that cannot be manufactured quickly and cannot be easily replicated by digital platforms, AI tools, or new entrants from less-regulated tiers. For psychology practices that have thoughtfully invested in building and maintaining these attributes, the market that emerges from this correction will unequivocally reward that investment, reinforcing the irreplaceable value of our profession.

Ensuring Our Enduring Impact

*The work that psychologists do is irreplaceable and scientifically grounded.
The practices built to deliver it professionally and ethically deserve to last.
With honesty about the present and collective resolve about the future,
Canadian psychologists can and will ensure our enduring impact.*

Complete Report Overview

**1**

The Fundamental Market Shift **Released September 2026**

- What Is Happening in the Market
- Canadian Practices Are Feeling the Pinch
- Regulatory and Workforce Context
- One Province Does Not Necessarily Equal One Market
- Competing Digital Channels of Service

2

The Economics Of The Mission: **This Edition**

- Canadian Pricing Benchmarks
- Indigenous Mental Health Services and Funding
- What Practices Across the Sector Are Experiencing
- The Financial Reality of Private Practice
- Net Profit Margin = Resilience Margin
- Mind the Cash Flow

3

Adaptive Stewardship In Action **This Edition**

- Finding the Path Forward
- Reason For Genuine Optimism

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Equipping Professionals for Excellence

Fostering excellence in the field
of psychology through clinical
and business education.



RAE Institute: Equipping Professionals for Excellence

About Us

The RAE Institute is a strategic partnership between Family Solutions Group and Insight Psychological. Together, our agencies represent over 65 years of combined leadership experience and a collective team of over 130 professionals, including Business Experts, Psychologists, Counsellors, Psychometrists, Social Workers, Behaviour Intervention Specialists, Mediators, and Specialized Caregivers.

Our Mission & Goals

RAE Institute provides evidence-based clinical training, resources and business systems to support psychologists, behavioural care, and mental health professionals to deliver practical, competent, and ethical services. Our goal is to share the knowledge we've built over decades of active practice to advance our colleagues, strengthen our profession, and improve the resilience and psychological health of the people and communities we all serve.

How We Got Here

Clinical Advantage Certificate Programs and Resources were developed by Senior Registered Psychologists Janet Ryan-Newell and Dr. Cory Hrushka. These professionals independently founded successful and thriving private practice clinics representing over 80 clinicians and specialists. Several years ago, they joined forces to co-found the EPIC Network: an effective sector collaboration that advances excellence in Private Psychological Clinic Business Practice.

Having independently developed clinical service systems, emergent practitioner training programs, and comprehensive assessment services for their own agencies, they decided to combine their decades of expertise. The result — RAE Institute's Clinical Advantage practice systems and programs — now offers external practitioners and clinics access to effective applied training series and clinical practice resources.

Two Service Streams

Stream 1 — Clinical Training & Micro-Credentialing

RAE equips psychologists and allied mental health professionals with evidence-based, applied resources and specialized clinical training that enables them to deliver practical, competent, and ethical client care with confidence.

[Click Here to Learn More](#)

Stream 2 — Private Practice Partners

RAE helps mental and behavioural health practices equip their people and protect their practice through training and supervision for provisional psychologists, and the documentation and assessment tools to keep a practice compliant.



Clinical Depth

Every RAE program was developed by professionals with successful experience in complex service delivery, then piloted and refined through active professional practice and agency operations in our Clinical Business Practice Network. Our experts include Psychologists, Behaviour Specialists, Business Experts, and Clinicians.

RAE Institute is a CPA Continuing Education Sponsor.

RAE's parent-agency clinical specializations include Forensic Psychology, Neuropsychology, Developmental Psychology, Advanced Clinical Assessment, Learning Function, Occupational Function, Gender and Sexual Health, Parenting Capacity and Function, Family Function, Trauma Recovery, and Behaviour Intervention.

RAE's combined service portfolios encompass Counselling and Clinical Assessment, School Programming, Disability Care, Treatment Intervention, Workplace Mental Health, Residential Care, Delegated Care, and Caregiver Services. Both agencies have extensive experience working with Indigenous communities and organizations, demonstrating a commitment to culturally responsive and inclusive practice.

Our Clinical Business Executive Team

RAE understands the intersection between care and commerce — we understand both business and psychological service provision. All of our leaders have extensive training and business experience in operationalizing clinical care programs.

Janet Ryan-Newell — CEO – Director | RAE Institute. Family Solutions Group.

Dr. Hendriatta Wong — COO and Co-Director | RAE Institute. Insight Psychological.

Dr. Cory Hrushka — Co-Director | RAE Institute. Insight Psychological.

Craig Ryan — Co-Director | RAE Institute. Family Solutions Group.



Dr. Hendriatta Wong



Janet Ryan-Newell



Dr. Cory Hrushka



Craig Ryan

Authors' Biographies

Janet Ryan-Newell M.Ed. Psych., B.Ed., QAEC, R. Psych.

Founder, CEO & Clinical Director

RAE Institute · Family Solutions Group · Kells Psychology · Crossroads Family Services



Janet Ryan-Newell, M.Ed. Psych., B.Ed., QAEC, R. Psych., is a Registered Psychologist with over 40 years of experience as an educator, clinical and forensic psychologist, and the Founder, CEO, and Clinical Director of RAE Institute and Family Solutions Group (Kells Psychology and Crossroads Family Services). After a decade teaching she opened her own private psychological services agency in 1992 and has since developed exceptional expertise in trauma recovery and psychological assessment. Janet has been qualified as an expert witness in both Provincial Court and the Court of King's Bench since 1994.

Leading FSG's multi-disciplinary consortium, Janet developed Kells' counselling and assessment programs (1992) and Crossroads' caregiving and behavioural care programs (1997) from the ground up. Holding the Queen's Advanced Executive Certificate (QAEC) from the Smith School of Business, she streamlined and refined the business systems, policies, and supervision structures behind them. FSG's governance and caregiver programs have been continuously accredited with excellence through the Canadian Accreditation Council since 1999, which invited FSG to help pilot and shape revisions to its accreditation program.

A dedicated educator, Janet has trained psychologists, social workers, teachers, law enforcement, child and youth care workers, foster parents, and caregivers since 1994, served as an adjunct professor for Crisis Counselling, hosted a Parenting Solutions radio program, and acted as a Practice Consultant and Subject Matter Expert for the Psychologists' Association of Alberta. Known for her catalytic energy for change, she has also united competing agencies into collaborative sector groups. Janet is the program designer for RESET Resiliency Initiative, Master Clinician Series, Formal Clinical Assessment Program, PACE Supervision Clinic, and Clinical Advantage Business series.

Janet's work draws on decades of experience working with private clients, schools, disability care programs, FCSS Mental Health Services, the justice and children's services systems, and Indigenous Nations, and is uniquely informed by her own life as a mother of six, foster and adoptive parent, grandmother, widow, and trauma survivor. Her greatest joy is helping people grow into the strongest versions of themselves. She holds a Master in Educational Psychology and a Bachelor of Education, both completed with distinction, and maintains active membership in several prestigious professional organizations, including the College of Alberta Psychologists, the National Academy of Neuropsychology, the Canadian Psychological Association, the American Psychological Association – Law Society, and the Academy of Pediatric Neuropsychology. In 2024 Janet received the Dr. Myer Horowitz Book Award from the CASA Board of Directors, recognizing her 40-year contributions to child and adolescent mental health in Edmonton.

Dr. Hendriatta Wong DBA, MBA, CPHR, SHRM-SCP

Co-Founder & Chief Operating Officer

RAE Institute · Insight Psychological · Amare Institute



Dr. Hendriatta Wong is the Co-founder and Chief Operating Officer of RAE Institute as well as the Chief Operating Officer of Insight Psychological Inc., a respected Alberta-based mental health care provider serving individuals, families, groups, and organizations since 1997.

A recipient of the WXN Canada's Top 100 Most Powerful Women Award (2020) and the University of Lethbridge Distinguished Alumni Award (2024), Hendriatta has played a defining role in shaping Insight Psychological into a multi-award-winning leader in Canadian mental health care.

Under her leadership, Insight Psychological has achieved sustained, significant growth and has been recognized multiple times by both *Canadian Business* and *The Globe and Mail* as one of Canada's Top and Fastest Growing Companies.

Hendriatta brings over 30 years of senior leadership experience spanning the human services, healthcare, industrial, and academic sectors. She has held roles as Chief Operating Officer, Executive Director, Senior Director and Lead Officer of Human Resources, Academic Program Director, and Assistant Dean. Hendriatta has provided strategic leadership in operations, enterprise development, organizational transitions, and human resources for organizations with up to 1,000 employees.

Hendriatta extends this same leadership to her community. She has served on Management Program Advisory Committees at MacEwan University and NAIT, and was appointed by Edmonton City Council to the Women's Advocacy Voice of Edmonton Committee, where she championed women's rights and advised on gender-based policy. She has also served on multiple boards advocating for equitable access to mental health care, disability support, diversity and inclusion, and poverty elimination.

Hendriatta holds a Doctor of Business Administration, a Master of Business Administration in Human Resources Management, and a Bachelor of Management. She is a Chartered Professional in Human Resources (CPHR), a SHRM Senior Certified Professional (SHRM-SCP), a CMHA Certified Psychological Health and Safety Advisor (CPHSA), and maintains active affiliations with CPHR Alberta and the Society for Human Resource Management.

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Note: Additional references for market context cited within this installment are listed in full under Sections 1 and 2.

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