



Get to Yes: Preventive Care Plans Drive Client Compliance and Loyalty

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Meet your consultant



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Learning objectives

Do you need to improve compliance, create consistency with your protocols, or find ways to establish genuine, long-term loyalty with your clients? Preventive care plans (wellness plans) give pet owners an easy way to say yes to consistent, high-quality care. Explore how implementing preventive care plans in your practice can improve client loyalty and drive hospital growth. In this introductory session, you'll walk away with an understanding of what preventive care plans are, the key components of a successful plan and how to inspire pet owners in complying with your preventive care protocols. Plus, see how practices have embraced monthly payment preventive care plans to achieve their business goals through increased patient visits and improved compliance on their recommendations – improving patient health and practice revenue.

Understanding the demand for preventive care plans

What is a preventive care plan?

A preventive care plan is a comprehensive package of annual veterinary services aimed to keep a pet healthy and lets the client pay monthly or in a lump sum. Plans typically include one or more physical exams for preventive care, essential vaccines, deworming, and diagnostics such as a heartworm/tick test, intestinal parasite screen, blood work and urinalysis. Plans also may include a spay/neuter surgery or dental cleanings. The pet owner commits to a year of preventive services and paying monthly installments.

Led by the American Veterinary Medical Association (AVMA) and the American Animal Hospital Association (AAHA), Partners for Healthy Pets is a collaborative alliance of more than 100 veterinary associations, colleges of veterinary medicine and animal health companies committed to a vision of improved overall health for pets (www.partnersforhealthypets.org).



Trends in preventive care visits

When pet owners began skipping or delaying pets' checkups in recession times, the veterinary profession received a wakeup call to shift perceptions from "Veterinarian = Shots" to "Veterinarian = Preventive Care." The 2011 Bayer Veterinary Care Usage Study found 12 percent of dog owners and 18 percent of cat owners had consciously decided to go to the veterinarian less often.¹ Among pet owners surveyed in the study, 36 percent said that were it not for vaccinations, they wouldn't take their pets to the veterinarian and 24 percent thought routine checkups were unnecessary. Surprisingly, 15 percent of pet owners said they thought indoor pets didn't need checkups at all.²

Average annual revenue growth for veterinary hospitals in 2015 was 5.1 percent, which was slightly behind average annual growth in 2012-2013, according to the 2015 AAHA State of the Industry Report.³ A quarter of hospitals surveyed exhibited annual growth of more than 10 percent. These "Outgrowers" provided guidance to pet owners and ways to make preventive care easy, including forward booking exams and providing preventive care payment plans. The report found 8 out of 10 pet owners are interested in preventive care plans, regardless of income, and 6 out of 10 would forward book their next exam before leaving the veterinary hospital.³

Without regular checkups, you won't have an opportunity for early diagnosis of dental disease, obesity, arthritis, kidney disease and other chronic health conditions. Preventive care is the cornerstone of veterinary medicine, letting us proactively help patients live healthier, longer lives.

"Our core business model is to treat every pet as royalty and to make care affordable so that every pet receives the right care," says Stacey Wieder, CVPM, PHR, of Royal Pets Veterinary Center, which has veterinary centers, pet hotels and retail stores in Palm Harbor, Tampa and St. Petersburg, Florida. "Wellness plans help us do that."

Understanding the cost of preventive care

When asked about price, 34 percent of clients say veterinary care is higher than they expected.⁴ Too often, pet owners don't budget for preventive care and assume that going to the veterinarian costs hundreds of dollars for "shots." Based on averages from the *AAHA Veterinary Fee Reference*, 9th edition, here is what a pet owner might spend:

Adult dog checkout, age 1 to 6

Professional service	Average fee
Comprehensive physical exam	\$43.25
Heartworm-tick screen (i.e. IDEXX 4DX test)	\$48.03
Intestinal parasite screen	\$23.90
Early detection blood screen (CBC with 8-12 chemistries)	\$125.11
Urinalysis	\$63.85
DA2PP vaccine	\$24.48
3-year rabies vaccine	\$23.16
Bordetella vaccine	\$21.09
Leptospirosis vaccine	\$21.68
Professional services subtotal	\$394.55
Preventatives (Average dose of \$25, 12 months dispensed)	\$300.00
Total canine preventive care visit⁵	\$694.55



Adult cat checkup, age 1 to 6

Professional service	Average fee
Comprehensive physical exam	\$44.23
Intestinal parasite screen	\$23.90
Early detection blood screen (CBC with 8-12 chemistries)	\$125.11
Urinalysis	\$63.85
FVRCP vaccine	\$23.23
Feline Leukemia vaccine	\$26.68
3-year rabies vaccine	\$24.41
Professional services subtotal	\$331.41
Preventatives (Average dose of \$25, 12 months dispensed)	\$300.00
Total feline preventive care visit⁶	\$631.41

Pet owners may mistakenly assume that “shots” cost \$600 at the veterinarian, causing declining visits or having clients seek care from low-cost providers. Preventive care plans can remove the surprise of veterinary bills and make care affordable with monthly payments.

Financing options could give your hospital a competitive edge. About 70 percent of U.S. animal hospitals accept CareCredit while 9 percent to 20 percent offer preventive care plans. Half of veterinarians are considering offering plans with monthly payments.⁷ A 2016 Veterinary Hospital Managers Association (VHMA) survey of 261 practice managers found 20 percent offer pay-by-the-month preventive care plans, with most started within the last two years.⁸

While pet insurance covers unexpected illness or injury, preventive care plans are affordable packages of preventive care services that reflect the hospital’s standards of care. Plans take a proactive approach to preventive medicine with an emphasis on disease prevention and early detection to ensure longer, healthier lives for pets. Preventive care plans cover scheduled services, while insurance covers unpredicted illnesses and third-party financing covers the gap in coverage.

The largest provider of plans, Banfield has about 2 million pets enrolled in preventive care plans. Plans enable veterinarians to prevent illness or catch diseases early on, when they’re typically easier to treat. “Our average veterinarians see wellness plan clients more frequently than our non-Optimum Wellness Plan[®] clients, which helps them establish and preserve their bond with the pet and pet owner,” says Jeannine Taaffe, senior vice president, sales and marketing at Banfield Pet Hospital.⁹

Benefits of preventive care plans

When comparing results of 7,682 practices to the top 40 performing practices that use IDEXX Petly Plans[™], practices experienced:¹⁰

- Double-digit revenue growth year over year during a three-year period
- 30 percent more revenue per patient
- Number of products and services provided per patient grew by double the rate of non-plan clients

Welcome more new clients

To sustain a healthy, growing practice, a veterinary hospital needs 25 new clients per full-time-equivalent veterinarian each month.¹¹ A two-doctor small animal practice should target 50 new clients per month or 600 annually.

After a 30-year career in emergency medicine and owning two hospitals in Oklahoma City and Norman, Oklahoma, Dr. Leonardo Baez opened Midtown Vets in downtown Oklahoma City in 2014



(www.midtownvets.com). From opening day, Dr. Baez has offered preventive care plans as a way to distinguish his hospital from others. He uses IDEXX Petly™ Plans (www.petlyplans.com) to manage plans for more than 400 patients. Plans include unlimited free exams and emphasize diagnostics over vaccinations. Plans encourage clients to bring in pets at the first sign of illness. “Many pet owners wonder if their dogs are OK and are not sure if they should spend \$50 on an exam if nothing is wrong with the dog,” Dr. Baez says.

Every plan includes blood work, urinalysis and intestinal parasite screening. “Plans are the best way to ensure that pets will lead long, healthy lives,” says Dr. Baez. “You can’t tell someone that his 6-year-old dog will live a long, healthy life on vaccines alone. We’re offering real preventive medicine with real solutions. Once you explain the power of diagnostic tools, clients understand it. We have found so many conditions early and have been able to successfully manage them.”

Doral Centre Animal Hospital in Doral, Florida, has gained 30 to 40 new clients per month due to preventive care plans alone (<http://doralvet.com/wellness-plans.html>).¹² Plans were attractive to new pet owners because they didn’t know what care pets would need and were nervous about anticipated costs. Plans gave new pet owners a health roadmap and way to budget for expenses.

National Veterinary Associates (NVA) has plans in 129 of its corporate practices with more than 40,000 active patients. Corporate and private hospitals have found that plans helped attract new clients, improved patient care, made preventive care more affordable and strengthened the practice-client bond.¹²

Retain more clients

An analysis of 15 years of client data by Trupanion, a Seattle-based pet insurance company, found pets with preventive care plans are more likely to stay active at a veterinary hospital for their entire lives, compared to a three-year tenure for pets without plans.⁹ Once a client has been receiving veterinary care for three years, the risk of losing that pet to another hospital is cut in half.

Increase patient visits and revenue

NVA found professional service visits for plan holders increased 69 percent compared to the same period before these clients bought plans, going from 3.3 visits per year to 5.5.¹² Trupanion’s analysis found clients with plans will visit veterinary hospitals 70 percent more often and will spend 50 percent more compared to those without plans.⁹

NVA found that the mean amount spent annually per patient for medical services increased 57 percent, from \$389 to \$613.¹² Expenditures on non-medical products and services outside of plans increased 29 percent, from \$223 to \$286. The total boost from plans was \$287 per patient per year.

How could this increased spending impact your hospital? A typical veterinary hospital has two doctors and sees 3,600 patients annually. If 20 percent of patients or 720 are enrolled in plans and each client spends \$287 more per patient, the annual revenue increase would be \$206,640 on top of income from plan sales.

Plans often include more professional services than the typical client buys a la carte in routine exams. Lab work and dental services are the two greatest drivers. Most plans feature adult and senior preventive screens, which eliminate previous “Do you want...?” negotiations. If a CBC with eight to 12 chemistries averages \$125.11, the amount spread over 12 months in a plan would be \$10.43—a much easier price to suggest and have clients accept.⁵ Plans reduce the time spent educating and selling clients a la carte services. Instead, one conversation explains the entire package of preventive care.

“We found clients wanted high-quality medicine but could not afford the price all at once,” says Dawn Ellis, Hospital Manager of Tampa Veterinary Hospital in Tampa, Florida. “Making monthly payments made it easy for them to say yes.”



Tampa Veterinary Hospital has 20 percent of its clients enrolled in preventive care plans (www.tampavet.com). Plans offer appeal across socioeconomic lines. Working professionals, families with young children and retirees alike appreciate the benefit of monthly payments. Tampa Veterinary Hospital uses IDEXX Petly™ Plans to manage plans, including automatic renewals. Clients get an opportunity to review plans before renewal and Ellis says many upgrade from silver to gold after the first year.

Dental services often increase, especially when offered as a plan add-on. The average dental case totals \$511, according to the *AAHA Veterinary Fee Reference*, 9th edition.¹³ If an adult dog owner spends \$630.70 for today's preventive checkup where dental disease is diagnosed, the client could be facing more than \$1,100 in veterinary care when she assumed her dog just needed "shots."

At Tampa Veterinary Hospital, most clients choose gold or platinum plans that include dental treatments. The medical team performed 44 dental procedures last month. "We're trying to get people to recognize that professional dental care should be done once a year," Ellis says.

Midtown Vets also saw a swell in dental services. Dental cases at the practice average \$450, which plan holders can spread over 12 monthly payments of \$37.50. Combined preventive and dental services result in monthly plan costs of \$50 to \$80 depending on the pet's age and level of needed dental care.

Proactive disease prevention

Dr. Baez believes proper care has doubled the protection of patients at Midtown Vets. Early detection diagnostics have uncovered diabetes, renal disease, cardiac problems, allergies, Cushing's Disease, and more. "Clients are happy to spend the money on preventive care plans because pets are getting better care," he says. "We do real checkups, not just vaccine checkups."

As plans evolve and become more sophisticated, veterinarians could create plans for chronic disease management, breed, age and specific health conditions. A diabetic pet could have blood glucose curves built into the plan. My cat, Caymus, has cardiomyopathy and gets cardiac ultrasounds twice a year, which also could be a plan feature. Dr. Baez is considering a plan for pets with allergies.

Improved compliance

Because clients agree to purchase a package of services, your goal is to achieve 100 percent compliance by delivering all of those services. If you want a senior pet to get preventive blood work and urinalysis annually, you build it into the plan. This removes the time-consuming task of selling diagnostics a la carte during checkups. Instead of asking whether the client wants a senior screen for his pet, you simply say, "Today we will collect blood and urine samples for the senior preventive screen that is included in your pet's preventive care plan." Wieder of Royal Pets Veterinary Center agrees. "Educating pet owners about senior blood work and urinalysis once a year becomes part of our culture and values," she explains. "It's easier to get compliance because it's imbedded in the plan. We catch more diseases earlier and alert pet parents of conditions that we need to monitor."

Reports let you track usage and then contact clients with unused services. Reminders, phone calls and forward booking the next preventive exam can ensure that clients use all of the plan's services.

NVA found dental compliance skyrocketed for enrolled pets. Pre-enrollment compliance for dental services was 8 percent compared to 74 percent post-enrollment compliance.¹²

Avoid seasonal revenue peaks and valleys

Based on the number of plans sold, you could predict monthly payments that will be received and calculate the impact on cash flow. If you have 500 patients on wellness plans that average \$40 each in monthly payments, you would receive \$20,000 per month in plan revenue or \$240,000 annually.



Key components of successful plans

Design plans that echo your standards of care. AAHA-AVMA offers preventive care guidelines at www.aahanet.org.

Choose the right partner for your preventive care plans. Pick a provider who can offer:

- Ability to customize preventive care plans to your standards of care
- Create custom preventive care plan codes in practice-management software
- Handles secure monthly payment processing and auto renewals (IDEXX Petly™ Plans can set up credit card, checking or savings account for payment.)
- Ability to track through practice-management software
- Reports to track usage of services, number enrolled, what plan holders are spending
- Ability to change plans (i.e. go from puppy to adult dog plan)
- Coordinator to walk you through setup
- Provide staff training
- Offer marketing materials

"IDEXX Petly™ Plans supported the upstart and implementation to begin our plans," Wieder says. "Modules to train our staff were helpful because they need to understand the value of plans. The whole team must deliver a consistent message at any touch point with clients."

Stand on good medicine, savings is "gravy"

Your entire veterinary team—from doctors to receptionists—must believe in the value of preventive medicine and confidently explain it to pet owners. "In our experience, doctors who only emphasize the cost-savings of wellness plans are not as successful as those who truly believe in preventive care and know how to communicate that value to their clients," explains Taaffe of Banfield Pet Hospitals.⁹

The perfect price

Pet insurance providers have found that \$30 monthly payments are the sweet spot for standard plans. Most preventive care plans cost \$25 to \$35 per month, with some reaching \$45.¹² A 2015 IDEXX study of 839 pet owners found they prefer to spend \$30 per month on a preventive care plan.¹⁰ Plan prices increase to \$50 to \$80 per month with dental or spay/neuters add-ons. Dental services are for a specific package of professional services, with extractions or additional care billed as out-of-plan services at the time of the procedure.

Plans become a budgeting tool for pet owners and can help them afford dental services. At Tampa Veterinary Hospital, the platinum preventive care plan costs \$46.95 per month and includes preventive care services along with a dental cleaning with general anesthesia, monitoring, preanesthetic testing and full-mouth x-rays. Plan holders save 10 percent on out-of-plan services and get free nail trims.

Practices typically charge a one-time enrollment fee of \$50 or more to gain client commitment and offset deferred cash flow of monthly installments.¹² Tampa Veterinary Hospital and Midtown Vets both charge a \$99.95 enrollment fee.

Should you discount?

For pet owners, the real benefit of choosing a plan is the convenience of making monthly payments. In the VHMA survey of practice managers with preventive care plans, 33 percent don't discount services.⁸ NVA discounts services 35 percent to 40 percent for plan holders, using the rationale that plans provide a more comprehensive package than clients typically buy (reward the behavior you want). Some of the discount can be recouped in unused services along with additional revenue from out-of-plan purchases that average \$287 per patient per year.¹²



Among practices that discount services in plans, the VHMA survey found:⁸

Discount amount	Percentage of hospitals
1% to 10% discount	19%
11% to 20% discount	23%
21% to 40% discount	17%
41% to 50% discount	6%

Consider the impact of discounts so you know how many plans you would need to sell to recover the lower revenue. If you have 500 patients on preventive care plans that average \$40 per month in payments, you would receive \$20,000 per month in plan revenue or \$240,000 annually. If plan services are discounted 20 percent, revenue would drop to \$16,000 monthly or \$192,000 annually. You would need an additional 100 new enrollees per month to replace the gap of \$4,000 in income.

Production pay for doctors

While employees may be able to comfortably explain affordable preventive care prices to clients, doctors may have reservations. NVA found that veterinarians were the hardest to convince due to four concerns:¹²

1. Feared loss of production income
2. Feel discounting devalues professional services
3. Overestimate client compliance for preventive care
4. Sensitive to what might be perceived as "protocol medicine"

Once NVA rolled out plans, veterinarians became the best advocates. Patients received increased care and visited more often. As a result, production pay went up. Clients also spent an average of \$287 more per patient per year on out-of-plan services. At NVA, production pay increased 57 percent for clients with plans.

To successfully implement preventive care plans, your practice team should:

- Have doctors establish preventive standards of care for patients by life stage
- Consider add-ons for dentistry, spay/neuter and/or preventatives
- Define plan services (number of exams, diagnostics, vaccines)
- Decide whether to discount
- Choose a vendor to support administration of plans (billing, renewals, legal contracts, etc.)
- Set goals for the number of plans to sell per month
- Consider a staff incentive to reward plan sales
- Determine monthly payment amounts
- Create a marketing plan for plans (website, in-clinic promotions, social media, etc.)
- Set a launch date
- Assign a champion who will lead administration, staff training, marketing and tracking of plans

What are the top three goals that you will implement from this training?

1. _____
2. _____
3. _____



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Helpful resources	Link
2010 AAFP-AAHA Feline Life Stage Guidelines	www.aaha.org/professional/resources/feline_life_stage.aspx
2011 AAHA Canine Vaccination Guidelines	www.aaha.org/public_documents/professional/guidelines/caninevaccineguidelines.pdf
AAHA-AVMA Preventive Healthcare Guidelines	www.aaha.org/professional/resources/preventive_healthcare.aspx
IDEXX Petly™ Plans	http://petlyplans.com/
Partners for Healthy Pets	www.partnersforhealthypets.org/preventive_pet_healthcare.aspx