

# Trends

magazine

## *Game Changers*

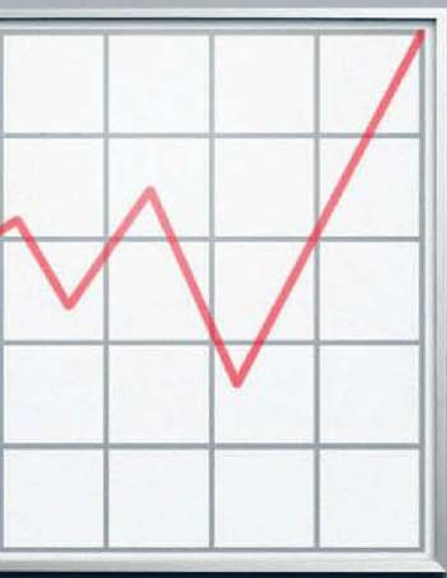
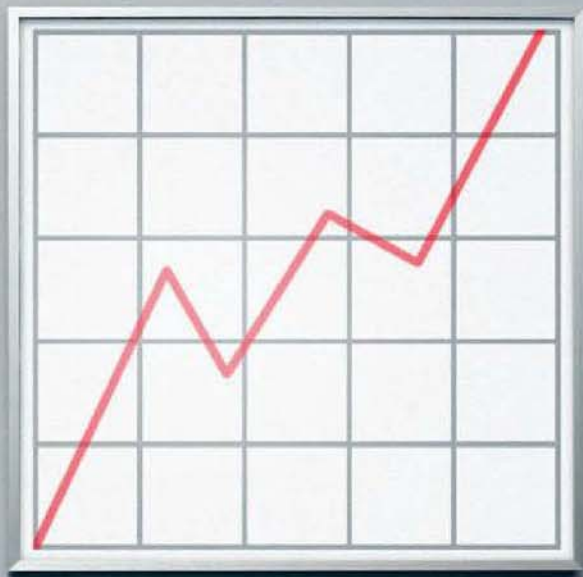
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## Ties That Bond

Strengthen bonds between  
clients and their pets **39**





# *The Game Changers*

Pet insurance and forward booking offer growth potential to veterinary medicine

by Jen Reeder



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“I used to think pet insurance was for pet owners who didn’t have any money, but now I think pet insurance is for pet owners who want to give the best to their pet.”

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—STACEE SANTI, DVM

SPENDING ON VETERINARY MEDICINE IS FAIRLY ROBUST in the United States—Americans spent \$15.04 billion on veterinary care in 2014 (including pet insurance), and it’s estimated they will spend \$15.73 billion in 2015, according to the American Pet Products Association.

Of course, there’s plenty of room to grow. And two concepts have the potential to have a huge impact on the future of the veterinary field, both in terms of increasing revenue and the quality of care a pet receives: pet insurance and forward booking.

### **Pet insurance**

David Bruyette, DVM, DACVIM, medical director of AAHA-accredited VCA West Los Angeles Animal Hospital in Los Angeles, Calif., became interested in pet insurance years ago when investigating growth potential for animal hospitals because of the rising indebtedness of veterinary students and “what their starting salaries are like.”

“It seemed like a fairly logical thing that if pet owners had pet insurance—and it was actually set up that people were being reimbursed and getting significant money back—that they probably would spend more money,” Bruyette said. “Now, as costs are rising and the expense involved in doing a lot of procedures is quite high, then it really makes sense for them to have insurance for their pets, just like it does for them to have insurance for themselves.”

Bruyette, who joined the board of pet insurance company Trupanion, felt strongly that the payment structure should be different from that of human health insurance, instead set up so that the interactions are primarily between the pet owner and the insurance company.

“The last thing a vet needs to do at the end of the day is fill out a bunch of insurance forms or have their staff sending a lot of records back and forth.”

With pet insurance, clients pay the veterinary bill and then submit a claim with a copy of the invoice to their insurance provider. Unlike a decade ago, often the veterinarian doesn’t have to sign any forms or provide a diagnosis in order for the client to receive payment.

Bruyette said once pet owners meet their deductible, Trupanion pays 90 percent of the bill.

“For years, we’d sit around and say, ‘What are we going to cover, what are we not going to cover,’ and eventually the management said, ‘If a veterinarian is prescribing it, we’re going to cover it.’”

He said pet insurance is “severely underutilized” in veterinary medicine. Indeed, the 2013 Packaged Facts publication *Pet Insurance in North America* (fifth edition), estimated less than 2 percent of dogs and cats were insured here, versus rates as high as 25 percent in the United Kingdom and over 50 percent in Sweden.

“The growth potential is huge because the number of pets that are covered is really low,” Bruyette said. “I do think it is something that may greatly help the profession.... We can practice and offer the best possible care that we can.”

Stacey Santi, DVM, managing veterinarian at AAHA-accredited Riverview Animal Hospital in Durango, Colo., agreed that alleviating the financial concerns of pet owners allows pets to receive the best care. She said she has discussions about tailoring treatment plans based on a client’s finances “pretty much on a daily basis,” and finds it frustrating when pet owners decide to euthanize an animal because they can’t afford a treatment that would have led to recovery.

“My life as a veterinarian would be so much easier if everybody had pet insurance,” she said. “I wouldn’t have to have those conversations.”

# Pet Insurance

American spending on veterinary care

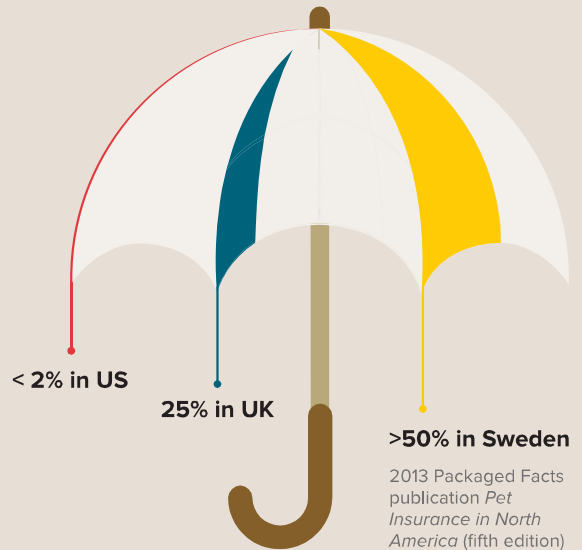


American Pet Products Association. Spending estimated for 2015.

People with pet insurance spend **30%–40% more** on veterinary services than uninsured pet owners, and they are more likely to be compliant about monthly medications.

—Chris Ashton, founder of Petplan

Insured dogs and cats



# Forward booking

Forward booking by industry

2015 AAHA State of the Industry Report  
(based on a survey conducted jointly with IDEXX)



**6 in 10** pet owners would say **“yes”** to forward booking

2015 AAHA State of the Industry Report

by doubling to 10%, veterinarians could reach a

**\$1 billion opportunity**

2014 AAHA State of the Industry Report

On the flip side, she recently treated a dog owned by a “financially strapped” woman who had an accident plan. “Her Saint Bernard ran after a deer and came up lame, and without insurance she couldn’t have done all the things we were able to do for her dog, which included a full series of X-rays and medication.”

Santi said pet insurance could particularly benefit referral practices that provide more expensive services. In fact, she started insuring her pets earlier this year after her schnauzer herniated a disk over the holidays and needed an MRI that cost \$3,000.

“I used to think pet insurance was for pet owners who didn’t have any money, but now I think pet insurance is for pet owners who want to give the best to their pet,” Santi said. “I tell clients, ‘If you want the best for your pet, get pet insurance.’”

She used to be aggravated by the “complicated” paperwork involved with pet insurance, restrictions such as breed caps or exclusions, and the catch-22 of having to provide a diagnosis before a costly test could be authorized by the insurance company. In one instance, she recommended an MRI to try to determine if a dog had a brain tumor, but the company wouldn’t confirm it would



Many Americans are surprised to learn pet insurance even exists.

pay unless the brain tumor was ultimately diagnosed; the pet owners were unwilling to move forward with the test without knowing if it would be covered.

But now that the system has been increasingly streamlined in recent years, she proactively recommends pet insurance. Though only about 5 percent of her clients have pet insurance policies, she thinks pet insurance will become more commonplace as the human-animal bond continues to deepen.

“If you look back even 15 to 20 years ago, dogs were supposed to stay in the backyard in the doghouse. I bet the doghouse industry’s really been hurt,” she said with a laugh.

“It’s completely changing to [the point] where we view animals as small children. You do not want to be in a situation where you are not capable of providing the best care to your best friend.”

It was trying to provide for a pet’s care that led Chris and Natasha Ashton to found insurance company Petplan in the United States in 2003. The British nationals were in business school in Pennsylvania when their 1-year-old cat, Bodey, needed a feeding tube, which became infected and led to pneumonia—and to escalating bills—so they moved to a smaller apartment to stay afloat. After Bodey’s



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“If it’s done right, pet insurance has tremendous benefits for the pets, the pet parents, and the veterinarians.”

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—CHRIS ASHTON

recovery, they began investigating pet insurance and were surprised that it was more restrictive and complicated here than the plans they were used to in the United Kingdom. Moreover, many Americans are surprised to learn pet insurance even exists.

“In the United Kingdom, pet insurance evolved very differently,” Natasha Ashton said. “The products were very straightforward. They covered everything from hip replacements to kidney transplants.”

Another reason she thinks pet insurance is more common in the United Kingdom is how well-known and widely available it is. “It’s marketed everywhere. You can go to your local grocery store and there will be brochures at the till, you can go to your local football club and they will have a brand of pet insurance. It’s on TV, it’s in newspapers, every magazine you pick up will have an advertisement,” she said.

With Petplan, typical plans cost about \$35 a month, she said. Once a pet owner meets the annual deductible, Petplan reimburses a percentage of the bill (depending on the plan), up to \$22,000 a year. Ashton said in the past few years, Petplan has paid over \$130,000 in claims to a woman who insures five pets with Petplan.

Chris Ashton noted that people with pet insurance spend 30–40 percent more on veterinary services than uninsured pet owners, and that they are more likely to be compliant about monthly medications.

“Those are really important statistics for vet clinics,” he said. “They don’t have to increase the number of clients that they have—if they just increase the number of clients who have insurance, their revenue is very, very likely to go up.... If it’s done right, pet insurance has tremendous benefits for the pets, the pet parents, and the veterinarians.”

## Forward booking

While veterinarians and their teams are increasingly embracing pet insurance, the concept of forward booking appointments faces more resistance, despite its potential to boost a practice’s bottom line. Forward booking is scheduling the next preventive care appointment while the client is already in the clinic for an appointment—for example, by saying at checkout, “Let’s look at the calendar; when can you come in for Fido’s next appointment?”

Forward booking is widespread in dentistry, where 80 percent of clients are forward booked, versus only 5 percent or fewer in veterinary practices, as reported in AAHA’s 2015 State of the Industry Report (based on a survey conducted jointly with IDEXX).

This is surprising, since the 2014 version of the report found forward booking presents a \$1 billion opportunity to the veterinary field.

“We’ve studied this both in dentistry and veterinary medicine, and the compliance with appointments is dramatically higher with forward booking,” said Mike Erickson, PhD, vice president and general manager for information management at IDEXX Laboratories, Inc. “We also know that having patients coming in for regular preventive care visits drives engagement, which results in additional visits for things like dental cleanings.”

Erickson said to reach the billion dollars of impact, the percentage of veterinary practices that forward book preventive care visits would just need to double, from 5 percent to 10 percent, proclaiming, “It’s really striking when you consider what this would mean for the veterinary profession.”

He said a common objection from hospitals is that they are afraid pet owners will say “no” to a forward booking request. However, he noted that the 2015 AAHA State of the Industry Report found 6 in 10 pet owners would say “yes.”

“We found in the most recent AAHA State of the Industry Report that a majority of pet owners are receptive to forward booking,” Erickson said. “It’s worth hearing four no’s in order to get six yes’s.”

Annika VanNoy, hospital administrator at AAHA-accredited Westlake Animal Hospital in Austin, Texas,

said forward booking was successfully integrated into the practice 5 years ago. She said it's a natural fit with that animal hospital's emphasis on preventive care.

"Our motto here is we want to have every pet come in twice a year just to make sure we can catch anything as soon as possible," VanNoy said.

Combining prebooked appointments with reminders is key to effective forward booking. So at Westlake, client service representatives (CSRs) at reception schedule the next appointment, then ask pet owners to self-address appointment reminder postcards—called NASA postcards by staff to remind them "Next Appointment Scheduled Always"—to be mailed a month before the forward-booked appointment.

"We have the clients fill them out because we had some pushback from the clients saying that they didn't ask for the appointment to be scheduled. So we have the client fill in the address themselves," she said.

CSRs follow up with another reminder postcard 2 weeks before, then send an email a week before. If the client still hasn't confirmed by the day before, they call to tell the client their appointment will be cancelled if not confirmed that night.

VanNoy said there are few no-shows or rescheduled appointments with this forward-booking system.

"I don't really see any cons—it's very helpful," she said, noting that additional services, such as lumpectomies and dental cleanings, are scheduled during forward-booked appointments. "It just depends on having the staff trained and convinced that it is a positive thing so they push it enough."

Once or twice a year, Westlake hosts a NASA contest to see who can forward book the most appointments. The prize is either a gift card or a credit on the winner's pet's account at the clinic (which has a staff of 45). This leads to a surge in the number of forward-booked appointments, she said.

Gayle Craig, CVPM, practice manager at AAHA-accredited Gardner Animal Care Center in Gardner, Mass., said she appreciates the potential benefits of forward booking and wanted to explore it when she joined the practice in 2011, but the owners urged her not to. Though they've had success forward booking rechecks and second vaccinations, when they tried forward booking semi-annual exams around 2006, it led to an "exorbitant" amount of reschedules and no-shows.

Craig said that sending reminders with more advance notice than 4 days before could help the issue; however, since over 60 percent of clients schedule their annual exams within 14 weeks of the due date, the practice is not likely to change its system soon. Currently, it sends a postcard with a photo of the client's pet 2 weeks before the animal is due for an exam, with a reminder to schedule the visit.

"The clients are creatures of habit—they expect the postcard, they expect the email, they expect to do it the same way they've always done it. And we have good compliance rates of them returning."



Forward booking is scheduling the next preventive care appointment while the client is already in the clinic for an appointment.

Because of similar concerns, Garneda Skinnell, practice manager at Blue Ridge Animal Hospital in Bedford, Va., said her hospital introduced a transitional step to forward booking in January 2015 to help accustom clients to the concept.

“What we’ve started doing is when they come in for their annual exam, when they’re ready to leave, if they have more than one pet, we won’t necessarily forward book the pet they’ve brought in, but forward book the next pet that is due,” Skinnell said, adding that at least 80 percent of their clients have more than one pet.

She said she runs weekly, monthly, and quarterly reports to check the number of kept appointments—which is usually 92–94 percent. She said there hasn’t been much pushback from clients.

“We’ll say, ‘We noticed China’s due in August for her wellness—let’s go ahead and get that on the books now.’ If they come back with, ‘Well, that’s a little far out; I’m not sure I would be able to keep it,’ we counter with, ‘We call ahead on all of our bookings and verify that the date is still working for you, so let’s go ahead and get it on the books, and if something changes you can always give us a call or you can let us know when we call to confirm.’”

The staff prints the next appointment on the receipt as well as on the back of a business card they give clients as they prepare to leave, then emails the client a week before the appointment, and calls 2 days before. Skinnell said some long-term employees were skeptical of forward booking but later embraced it.

“Once we explained that our definition of practicing better medicine is preventive care and getting the pets in there, they got behind it and have actually commented they did not realize how easy and simple it would be,” she said. “Your staff needs to fully understand the benefits of forward booking and to be behind it, especially your reception team.... If they’re behind it, more than likely your clients are going to be behind it as well.”

Skinnell “strongly” recommends forward booking to other animal hospitals and said it not only can boost revenue but also benefit the pets themselves. “Hopefully at some point in time this will become the norm in veterinary medicine, just like it is in dental practices.” ※

## For More Information

- Partners for Healthy Pets forward booking training video and other resources: [partnersforhealthypets.org/forward\\_booking.aspx](http://partnersforhealthypets.org/forward_booking.aspx)
- 2015 AAHA State of the Industry Report: [aaha.org/graphics/original/professional/resources/library/aaha\\_state\\_of\\_the\\_industry\\_2015.pdf](http://aaha.org/graphics/original/professional/resources/library/aaha_state_of_the_industry_2015.pdf)
- American Pet Products Association spending statistics: [americanpetproducts.org/press\\_industrytrends.aspx](http://americanpetproducts.org/press_industrytrends.aspx)
- VCA West Los Angeles Animal Hospital website: [vcahospitals.com/west-los-angeles](http://vcahospitals.com/west-los-angeles)
- Trupanion website: [trupanion.com](http://trupanion.com)
- Riverview Animal Hospital website: [riverviewanimal.com](http://riverviewanimal.com)
- Petplan website: [gopetplan.com](http://gopetplan.com)
- IDEXX website: [idexx.com/corporate/home.html](http://idexx.com/corporate/home.html)
- Westlake Animal Hospital website: [westlakeanimalhospital.com](http://westlakeanimalhospital.com)
- Gardner Animal Care Center website: [gardneranimalcarecenter.com](http://gardneranimalcarecenter.com)
- Blue Ridge Animal Hospital website: [blueridgeanimalhospital.com](http://blueridgeanimalhospital.com)



Award-winning freelance journalist Jen Reeder has insured her Lab mix, Rio, since he was a pup because he has a knack for getting into trouble. Rio’s veterinarian has never needed to forward book an appointment for him because he visits her so frequently.