

# Commentary

## How wellness plans grow veterinary practice

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An important finding of the 2011 Bayer veterinary care usage study<sup>1</sup> was that pet owners indicated they would visit their veterinarian more often if they knew what veterinary services their pets required throughout the year and could pay for those services in monthly installments, rather than in a single lump sum. Wellness plans—packages of preventive care services with charges billed monthly rather than at the time of each veterinary visit—satisfy both objectives, and more and more veterinary hospitals are starting to offer wellness plans. One of the most common questions veterinarians ask when trying to decide whether to start providing wellness plans is what impact these plans will have on their practice.

### Benefits to Pets and to Practices

National Veterinary Associates (NVA), a corporate owner of more than 200 veterinary practices, began a pilot program offering wellness plans at seven of its practices in 2011 and has since extended the program to 129 of its practices, with more than 40,000 active plans. It has found that wellness plans increased visits and revenue while providing more comprehensive medical care to pets.

For example, NVA found that among clients who purchased wellness plans, the number of professional service visits increased 67%, compared with the number of visits prior to the purchase of a wellness plan, from a mean of 3.3 visits/y to a mean of 5.5 visits/y. According to a 2014 review of wellness plans offered by the Lansing Veterinary Clinic, located in the southern suburbs of Chicago, clients who purchased wellness plans were found to have visited the practice more frequently than the typical client. Even so, clients who purchased wellness plans made more visits after purchasing a wellness plan than they did before. For owners of adult pets, for instance, mean number of visits for all clients was 2.1 visits/y, whereas mean number of visits for clients who purchased a wellness plan went from 4.2 visits/y before plan purchase to 4.7 visits/y after. For owners of senior pets, mean number of visits for clients who purchased a wellness plan went from 4.6 visits/y before plan purchase to 7.5 visits/y after, compared with a mean of 2.8 visits/y for all owners of senior pets.

In conjunction with the increase in number of pet visits, annual revenue per patient increased substantial-

ly for patients with wellness plans. For the Lansing Veterinary Clinic, for instance, mean revenue per patient for clients with adult pets who purchased a wellness plan went from \$343/y before plan purchase to \$518/y after, compared with a mean of \$264/y for all adult patients, and mean revenue per patient for clients with senior pets who purchased a wellness plan went from \$367/y before plan purchase to \$783/y after, compared with a mean of \$356/y for all senior patients. Similarly, NVA found that at its practices, mean spending for medical services increased 58%, from \$389/patient/y to \$613/patient/y, after owners purchased a wellness plan. Unexpectedly, NVA also found that spending on nonmedical products and services not covered by the wellness plans increased 28%, from a mean of \$223/patient/y to \$286/patient/y. At Bigger Road Veterinary Clinic, in west-central Ohio, clients spent an average of 65% more in the year after purchasing a wellness plan than they did in the year before.

Many explanations are possible for why mean revenue per patient might be higher for clients who purchase wellness plans. For example, Lansing Veterinary Clinic found that clients approved far more laboratory testing once routine screening tests were included in their wellness plans. Bigger Road Veterinary Clinic found that it was performing vaccinations that might otherwise have been done by mobile vaccination clinics and selling products that clients might otherwise have purchased through online vendors. National Veterinary Associates found that dental compliance increased from 8.4% to 74.4% for enrolled pets once they included annual dental cleanings in their more comprehensive wellness plans.

Of additional importance, for some hospitals, wellness plans seemed to promote increased frequency of visits not only for preventive care but also for medical needs not covered by the plans. Doral Centre Veterinary Hospital in southern Florida, for example, found wellness plans to be an effective tool for recruiting new clients, estimating that it gains 30 to 40 new clients each month because of wellness plans alone. Veterinarians there reported that wellness plans were especially attractive to new pet owners, who they felt didn't know what care their pets would need and were nervous about how much veterinary services might cost.

### Plan Pricing

In our experience, veterinary practices offering wellness plans typically have 10 to 15 plans, including plans for both dogs and cats. Prices vary, with standard

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plans typically costing \$25 to \$35/mo, although some standard plans cost as much as \$45/mo. Veterinary Pet Insurance (a client of Brakke Consulting, which provided advice on the development of its wellness plan program), which has worked to implement wellness plans at several hundred practices, has found that most pet owners find \$30/mo to be affordable for standard plans, especially for dogs. Premium plans, which often include spaying or neutering for juvenile pets and dental prophylaxis for adult pets, typically cost \$10 to \$15 more per month. Some practices also offer an advanced plan with added services typically recommended for senior pets. Far more plans for dogs are purchased than are plans for cats.

In determining the price of their wellness plans, some veterinary practices added together the prices for all of the individual services included under the plan and then applied a discount, sometimes as much as 35% to 40%, reasoning that the wellness plan represented a more comprehensive package of services than clients would typically buy. Other practices did not discount the price for the individual services included in their wellness plan, but included additional inexpensive services, such as nail trimming, at no cost. Many practices included free visits, either up to some limit (eg, 4 visits/y) or an unlimited number, in their plans. Finally, all of the practices, in our experience, charged a one-time enrollment fee, generally \$45 to \$50, to encourage client commitment to the plan and help offset the deferred cash flow associated with receiving revenue in monthly installments.

### **Implementing a Wellness Plan Program**

For practices without prior experience, implementing a wellness plan program represents a major operational change. Setting up a wellness plan program involves designing the components of the wellness plans (ie, the services to be included), determining plan pricing, implementing necessary changes to the practice management system, developing a marketing plan, and providing team training. According to NVA, it takes approximately 60 to 90 days to make a wellness plan program fully operational.

In NVA's experience, obtaining buy-in by veterinarians in the practice is essential to the success of a wellness plan program, but they are often the hardest to convince about the benefits of wellness plans. Some of the most common reasons practice veterinarians resist implementation of wellness plans include fear of loss of production income, belief that discounting devalues their services, overestimation of the extent to which clients currently comply with wellness care recommendations, and worry about establishment of what could be perceived as protocol medicine.

Once plans were in place, however, our experience was that veterinarians usually became staunch advocates. Patients received more and better veterinary

care, veterinarians saw clients more often, and production income increased as revenue per patient increased. At NVA practices offering wellness plans, production income generated by clients with wellness plans increased 57% once those plans were adopted.

On the basis of its experience implementing wellness plan programs in several hundred practices, Veterinary Pet Insurance outlined factors it considered critical to success:

- Commitment on the part of practice ownership and staff.
- Prioritization of program implementation (ie, it should be the only major change the practice tackles that year).
- Setting goals for the number of plans sold.
- Reasonable expectations.
- Strong communications and training.
- Establishing a reward or incentive program for plan sales.
- Developing plans around the practice's existing wellness standards.
- Realistic pricing.
- Designating a member of the staff as responsible for championing the success of the program.

Of particular importance is establishing a reward or incentive program for wellness plan sales. Although it is important that the entire staff, including staff veterinarians, be supportive of the wellness plan program, experience suggests that most wellness plans are sold at the reception desk. Thus, receptionists should present the various plan options before clients see the veterinarian or technician. Incentives that can be considered include contributing part of each wellness plan sale into a fund shared by the staff or paying a bonus for employees who meet goals for number of plans sold.

### **Conclusion**

Results of the 2011 Bayer veterinary care usage study<sup>1</sup> indicated that pet owners would be interested in wellness plans both as a way to know what veterinary services their pets required throughout the year and as a way to spread out payments for those services. Our experience with veterinary practices that have implemented well-run wellness plan programs has been that these plans provide better care for pets, produce more revenue for the practice, and result in happier and more satisfied clients.

### **References**

1. Volk JO, Felsted KE, Thomas JG, et al. Executive summary of the Bayer veterinary care usage study. *J Am Vet Med Assoc* 2011;238:1275–1282.

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