A Veterinarian's Guide to Pet Health Insurance

NCVEI
National Commision on
Veterinary Economic Issues

How pet insurance affects the practice, the client and the patient

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The purpose of this guide is to provide an objective overview of pet health insurance, and to help veterinarians and staff answer basic questions about it from clients.

How insurance can benefit the practice and the client 2
Why insurance hasn't caught on faster in the past 3
Prospects for growth in pet insurance use 3
How pet insurance differs from managed care 4
A simple explanation of how pet insurance works 5
Making insurance work for you in your practice 6
Summary 8

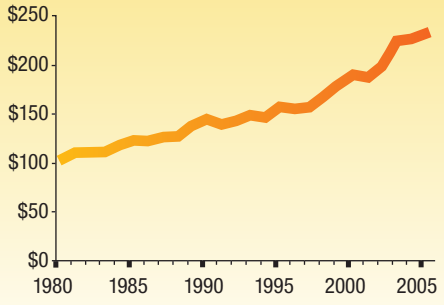
Why consider pet insurance

Every veterinarian has faced a health care crisis in daily practice. A patient requires a complex, unplanned, expensive medical procedure, perhaps on an urgent basis. The emotional connection between the pet and its owner is obviously strong. Yet the family's economic realities are in direct conflict with the medical imperatives. The client's anguish is palpable. The options of foregoing the prescribed treatment or even euthanizing the animal are abhorrent to both client and veterinarian. There are no good choices.

The prospects of such a "healthcare crisis" becoming more frequent are inevitable.

Veterinary costs are rising. According to a recent analysis published in Journal of the American Veterinary Medical Association, expenditures for veterinary services in real dollars virtually doubled between 1980 and 2005.[1] The increase was measured in constant dollars, adjusted for inflation. For those households that routinely visit the veterinarian–your best clients–the increase was actually more: 124%!

Mean quarterly expenditures for veterinary care per household 1980-2005



The factors driving the increased cost of veterinary care are familiar to every veterinarian:

- Veterinarians have more and better therapeutic options to offer clients. Twenty- five years ago, there were fewer diagnostic tools and limited surgical technologies. Such things as MRI, chemotherapy or cataract removal for pets were rare or non-existent. Referral to specialists in private practice, one of the most dramatically growing segments of veterinary medicine, is a relatively recent phenomenon.

- Over the last 25 years, the emotional attachment to pets has grown dramatically. They are treated as part of the family. Many clients want and expect the very best medical care available for their animals. Research conducted by the **American Veterinary Medical Association** demonstrated that 76% of pet owners would spend any amount to keep their pets alive.[2]

- Veterinarians have been making a conscious effort to align fees with the real costs of offering quality medical services, including properly compensated doctors. The profession, through the **National Commission on Veterinary Economic Issues** and other initiatives, is striving to improve the management of their practices and to bring veterinary compensation closer to that of other professions requiring equivalent education and training. In the past 10 years the cost of veterinary care has risen twice as fast as the **Consumer Price Index**.[3] Yet there is still work to be done to cement the financial underpinnings of the profession.

Veterinary costs will continue to rise, triggering more and more "healthcare crises" as pet owners confront veterinary treatment that exceeds their immediate ability to pay. In other words, for pet owners the economic risk associated with veterinary care is growing. But there is a well-established tool that consumers can use to manage financial risk in their lives: insurance. Thus, the prospect that pet owners will need and opt for pet health insurance is growing as well.

How insurance can benefit the practice and the client

Pet insurance can obviously mitigate a "healthcare crisis" in which a needed medical intervention is more expensive than current family resources can bear. But insurance often does more.

"Pet owners with insurance quickly become our best clients," says the insurance coordinator of a nine-doctor practice in Raleigh, NC. "They bring in their pets more often, are less likely to second-guess the veterinarian's recommendation, and are more likely to implement whatever follow-up care is prescribed."[4]

"We have had many instances where insurance clearly made the difference in whether a patient was treated or not. And it makes all the difference in the world when there is a serious emergency," reports another long-time practitioner.[5]

In other words, clients with pet health insurance are not only in a better position to deal with major medical emergencies, they are also more engaged in their pet's veterinary care on a day-to-day basis.

A sophisticated study[6] conducted by a pet health insurance provider bears out these anecdotal experiences. The research showed that the company's clients with pet health insurance on average:

- **Had 41% higher stop-treatment levels**
- **Scheduled 40% more veterinary visits**
- **Spent twice as much on veterinary care over the life of their pet**

The research compared pet insurance policyholders with uninsured clients comparable in age, education and socio-economic level who were conscientious pet care-givers.

Veterinarians and practice managers interviewed for this report unanimously agreed that pet owners with pet health insurance are more engaged in the pet's medical care. They are more likely to opt for preventive care such as dental procedures, and are more receptive to referral to specialists when necessary.

Experience with pet insurance, though more limited, is strikingly similar to experience with dental insurance. According to a study published in **JADA**, the **Journal of American Dental Association**, "Dental insurance has been shown to be an important factor in people's decision to seek and use dental care service."[7]

Pet owners with insurance quickly become our best clients

We Have many instances where insurance clearly made the difference whether a patient was treated or not

The **JADA** study showed that people with dental insurance visited their dentist more regularly, and were more receptive to higher-cost treatment options in place of lower-cost or less-preferred alternatives. People with dental insurance spent 72% more on dental care annually than those without insurance.[8]

"The effect of insurance is to reduce the perceived price of care," according to the authors of the dental study.[9]

In veterinary medicine, insurance can be a valuable tool to foster a higher quality of pet care, with less price resistance on the part of the client. With cost concerns removed, clients become more engaged and more responsive.

Insurance can help the veterinarian unflinchingly recommend the best course of treatment for the pet regardless of cost, and to practice the quality of care to which all veterinarians aspire. And insurance can provide comfort and reassurance to the pet owner, knowing that the best medicine is available and affordable for the pet.

Pet health insurance also presents a significant opportunity to bond the client closer to the practice. There will be more about this benefit in the final section of this report.

Why more clients don't use pet health insurance

Although most companion animal practices have several clients with pet health policies, insurance usage is clearly more rare than common. **Brakke Consulting** believes that there are several reasons why insurance has taken a long time to gain traction.

1 Veterinary services have been priced at bargain levels. As veterinary medicine evolved from primarily an agricultural, food-animal driven profession to being majority companion-animal, the profession struggled with pricing its services appropriately. Fees were low, and veterinarians were poorly paid compared to others in the medical professions.

The **Brakke Study**, conducted in 1998, also demonstrated that many veterinarians priced discriminately, often heavily discounting services for clients that the veterinarian–without any true knowledge–perceived as being of modest financial means.[10] Low and compassionate pricing of services kept the risk of a major veterinary expense small. With low risk, there was little need for insurance.

2 In the past, pet owners were less inclined toward heroic medical procedures. Many farm dogs received little or no veterinary care beyond required rabies vaccination. But as society became more urbanized and compartmentalized, and pets began to play more important roles in the family, things changed. According to research conducted by **DVM** magazine, the mean stop-treatment level for pets increased 250% in just 10 years, from $576 in 1997 to $1,451 in 2006.[11]

3 The ready availability of 24-hour emergency care, private specialty-referral clinics and more advanced medical procedures are relatively recent phenomena. In other words, pet owners have more sophisticated and more expensive veterinary medical options available to them today than ever before. Interestingly, according to pet insurance companies, the best prospects for pet health insurance are pet owners who recently have experienced a large treatment expense, or the gut-wrenching, premature loss of a beloved pet. These are clients who have felt the sharp edge of risk firsthand.

4 Veterinarians have been reluctant advocates of pet health insurance. Although many veterinarians stock information about pet health insurance in their clinics, few actively recommend insurance to their clients or take steps to educate them. Without a specific veterinary recommendation, relatively few clients are even aware of pet insurance, much less actively consider it.

> **Without a specific veterinary recommendation few clients are even *aware* of pet insurance**

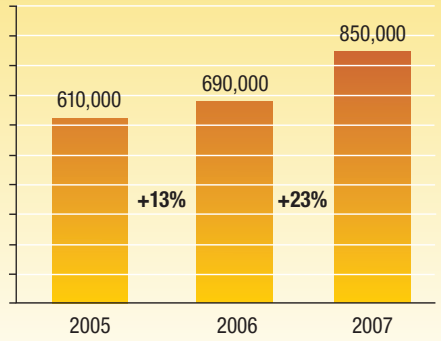
5 Major promotion of pet health insurance has been limited. Pet insurance has been a relatively small industry, with limited promotional dollars. To date, there has never been a major national advertising campaign akin to some of the promotional efforts behind parasite control or pain management products. Most insurance companies have relied on distribution of materials at veterinary clinics, public relations, affiliations with clubs or shelters, or–more recently–an Internet presence to reach pet owners.

Prospects for growth in pet insurance use

In spite of the rather low-key approach to selling pet health policies, there is substantial evidence that demand for pet health insurance is changing, and changing rapidly.

Packaged Facts, an independent market research firm, estimates that in the US, pet insurance demonstrated a 20% compound annual growth rate from 2003 to 2007, with total growth of 107%.[12] That's a higher rate of growth than any other important pet health product. **Packaged Facts** estimates that in 2007, the latest year for which data were available, there were 850,000 pet health insurance policies in force in North America, 83% of them in the US. A higher percentage of pet owners in Canada purchase pet insurance than in the US.

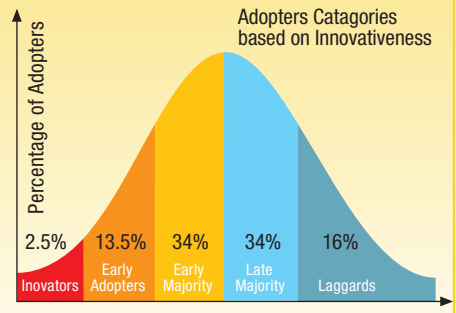
Number of pet insurance policies in force in North America, 2005-2007



There is other evidence that pet owners are becoming more receptive to insurance as well. In 1997, of the pet owners surveyed for the **KPMG MegaStudy**, only 5.3% indicated that they would be willing to pay as much as $20 per month for pet insurance. An additional 8.6% would be willing to pay $15 per month.[13] In a national survey of pet owners published by **Brakke Consulting** and **Market Directions** in 2008, 5% of respondents who said they had visited their veterinarian within the past year said they had pet insurance. The median price respondents paid was $40 per month; and 93% said they were either somewhat or very satisfied.[14]

So what can veterinarians expect of pet health insurance usage in the future? **Everett Rogers** in his 1962 watershed book, **Diffusion of Innovation**, suggested that acceptance of products and technologies follows a common pattern.[15]

Everett Roger's Classic Diffusion of Innovation Curve



However, the speed of adoption varies. Some products are adopted very quickly, others more slowly. For example, it took more than 40 years for hybrid corn to be widely adopted in the US; the iPod, less than 5. **Brakke Consulting** believes that after a long incubation period, pet health insurance is ready to make the transition from Innovator to Early Adopter stage.

Of the 1,000 pet owners interviewed for the pet owner research study referenced earlier, 20% said they were likely or extremely likely to purchase pet insurance if their veterinarian recommended it.[16] Within the population segment that spends most on their pets, interest is even higher. A whopping 41% indicated that they would purchase pet insurance if recommended by their veterinarian. These tended to be younger, better-educated, more affluent urban/suburban pet owners.[17]

This is not an insignificant segment. "Fifteen to twenty percent of clients account for seventy-five to eighty percent of our revenue," says the owner of eight veterinary practices in the Southeastern US.[18] Increased insurance usage among those pet owners most likely to visit the veterinarian could have a dramatic impact on practice volume, revenues and quality of medicine. In other words, with pet insurance, your better clients likely will use your services even more often, and opt for more advanced medical procedures.

There is other evidence that the pet health insurance market is poised for growth. Over the last five years, several new companies have entered the US pet insurance market. According to a **Packaged Facts** report, in 2003 only three companies offered pet health insurance policies.[19] Now there are at least a dozen, with possibly more in the wings. One of the newer insurance entrants is a company with a major presence in pet products, and a nationally recognized brand. The greater the competition among insurance companies for pet owner business, the more pet owners will be exposed to the benefits of insurance.

It should be noted that while pet health insurance has received substantial favorable press, it has its critics in the media as well. **Consumer Reports** magazine, for example, has published more than one article discouraging the use of pet health insurance. The focus of **Consumer Reports** appears to be keeping pet costs as low as possible. To that end, **Consumer Reports** also has advocated competitively shopping for veterinary services, rather than choosing on qualitative factors and establishing a relationship with a specific veterinarian. There will always be consumers, including pet owners, who will seek the low-cost option, and may find such articles helpful. It is unlikely that the best prospects for pet insurance will be among them.

Consumer Reports also suggests an alternative for pet owners: Routinely put money into a savings account for "rainy day" veterinary bills rather than purchase pet insurance—hardly a realistic scenario given the savings discipline of most Americans.

Dental patients with insurance spend 70% more on dental care...

The parallels between dentistry and veterinary medicine are obvious

Pet health insurance: Risk management, not medical management

Some veterinarians have expressed concern that increased use of pet health insurance could lead to managed care, and be detrimental to the profession. The evidence suggests otherwise.

The National Library of Medicine defines managed care as "health insurance plans intended to reduce unnecessary health care costs through a variety of mechanisms, including: economic incentives for physicians and patients to select less costly forms of care; programs for reviewing the medical necessity of specific services; increased beneficiary cost sharing; controls on inpatient admissions and lengths of stay; the establishment of cost-sharing incentives for outpatient surgery; selective contracting with health care providers; and the intensive management of high-cost health care cases. The programs may be provided in a variety of settings, such as **Health Maintenance Organizations** and **Preferred Provider Organizations**."[20]

Before weighing the likelihood of managed care entering the veterinary field, it's instructive to look at the lack of managed care in the dental profession. The dental profession is similar to human medicine in that dentists treat people and dental insurance is often part of employee benefit programs underwritten by major insurance companies. Yet dental practices are more similar to veterinary practices than to physicians'.

Dentists welcome insurance. As mentioned previously, dental patients with insurance spend 70% more on dental care than those without, regardless of socio-economic level. Today, more than 50% of Americans are beneficiaries of a private dental benefit plan.[21] Yet managed care has not been a significant factor in dentistry. An article in **JADA** explained why:

"Managed care" swept the health care benefits market in the 1990s. The central concept of that cost-control system was that of the "gatekeeper," a physician who was charged

HMO **A Health Maintenance Organization** is an organization in which the care provider receives scheduled payments in advance for future medical services to be rendered based on a per person (per capita) amount, regardless of the number of services actually provided. Care providers are typically employees under contract with the HMO to provide medical services only for members who are part of a specific network. Access to doctors and facilities is limited to providers who are within the network. Patients can see doctors outside the network, but the costs may be only partially met by their HMO or not covered at all. Access to specialists is usually much more limited. Medical services offered by HMOs are aligned with pre-established guidelines and treatment protocols.

PPO **A Preferred Provider Organization** is a type of managed care in which physicians and hospitals are under contract with the PPO to provide their services at a discount. PPO medical services are paid for as the services are rendered instead of in advance of any required care as is the case with an HMO. Policyholders submit claims to their insurance companies for reimbursement less applicable deductibles and co-payments. PPOs generally offer more flexibility than HMOs by allowing policyholders to choose their own physicians and hospitals from a list of providers. When policyholders select an out-of-network care provider, however, they typically incur significantly higher co-payments than they would have if they had remained with hospitals or physicians within the PPO network.

with providing primary care and directing patients through the confusing maze of medical specialists when specialty care was required. This concept cannot be applied to dental care reasonably, as 80 percent of the dentists are generalists and the remaining 20 percent are specialists who are organized into only nine clinical specialties. Dental care is not a difficult system for patients to navigate. Most dental patients receive their dental care from one dentist at one site. The many "gatekeepers" have few gates to keep.

Managed care achieved its greatest cost savings by reducing hospital utilization, converting much care that originally was delivered on an inpatient basis to care delivered at outpatient clinics. These cost savings have not been available to dental managed care plans, since dentistry is already primarily an outpatient service.[22]

The parallels between dentistry and veterinary medicine are obvious. An even smaller percentage of companion animal veterinarians are specialists compared to dentists, and there are about the same number of clinical specialties. The majority of service in veterinary medicine is provided on an outpatient basis. Similar to dentistry, more than 90% of veterinary practices are independent businesses providing service to individual clients.

In addition to the fact that veterinary medicine as a practice model doesn't lend itself to managed care, there are several specific reasons why pet health insurance has neither the power nor the incentive to foist managed care onto the profession.

1 Pet health insurance is not true medical insurance. It is fee-for-service indemnity insurance, similar to your auto or homeowner policies. Indemnity insurance policies provide compensation for accidents or other losses covered by the policies. Persons insured by these policies have contracts with the insurance provider and submit claims to their insurers for reimbursement of costs they incur. The insurers generally pay only a portion of the costs incurred by the policyholder as specified by the policy.

In addition, because pet health insurance is indemnity insurance and not medical insurance, it is not concerned with treatment outcomes, length of hospital stays, physician incentives and other issues important to human medical insurers and managed care.

2 Pet health insurance reimburses policyholders, not veterinary clinics. Under indemnity insurance, the financial relationship is not between the insurance company and the veterinarian, but between the insurance company and the client. With pet health insurance, the client pays the veterinary bill, almost always before the insurance claim is even filed. Then it's up to the client to collect from the insurance company. Veterinarians are not bound by any contractual relationship with the insurance company or policyholders. So the insurance company can't dictate terms.

Pet health insurance is not true medical insurance. It is similar to your auto or homeowner policies

3 Insurance companies have no financial leverage in the veterinary community. As mentioned previously, there currently are fewer than a million pet owners with pet health insurance at the present time. Even with rapid growth, there still will be only a few million pet owners with pet health insurance within a decade.

Based on available research, it is unlikely that insurance would exceed 15% to 20% penetration within a generation. Even with 20% to 25% of the total patient base insured, veterinarians would still hold all the financial cards, not insurance companies. Insurance companies are simply not in a position to dictate practice methods or pricing.

Even in the UK, where pet insurance has been popular for many years, about 25% of pets are insured, and the pet insurance companies do not dictate terms to veterinarians. And that's in a country with socialized medicine for humans!

4 In veterinary medicine, there is no mandate for uninsured care. In human medicine, there is always a provider of last resort. Virtually all medical facilities take some non-paying cases. In some community hospitals, the majority of patients can be non-revenue-producing. Consequently, both the government and insurance companies are involved in determining how and how much medical care providers will be reimbursed for services. Insured patients in effect help cover the cost of uninsured patients. This gives insurance companies clout with medical care providers. There is no such mandate in veterinary medicine, and the vast majority of clients are paying customers. Veterinarians accept *pro bono* clients at their own discretion. Here again, insurance companies hold no sway.

To be fair, there have been attempts at managed care structures in the veterinary profession. In the past, third party payers have attempted to organize clusters of veterinary clinics that would sell services at discounts to pet owning members or policyholders in exchange for prompt reimbursement. Not surprisingly, these initiatives have not gained acceptance.

Insurance is less complicated than it seems

Some veterinarians indicate that they are reluctant to recommend pet health insurance to their clients because they themselves don't understand it, and don't care to learn. To anyone who has ever tried to read and understand an insurance policy of almost any kind, it can appear complicated and foreboding. It's easier to ignore than to try to grasp. Likewise, most insurance executives would feel just as lost picking up Morgan's voluminous Handbook of Small Animal Practice, with all its medical terminology.

Regardless, pet insurance in some ways is very simple. Without reading a single paragraph of legalese, you can understand the underlying concept of pet insurance by recognizing four things.

First, pet insurance is property-casualty insurance, and is regulated by state Departments of Insurance. With a couple of exceptions too minor to detail here, each company's policies individually must be approved and registered in a state before it can be sold in that state. So it is a locally regulated industry.

Second, the goal of insurance is to spread risk at a specific point in time over a large population, assuming that some but not all insured will file claims at any given time. In effect, based on actuarial data, the insurance company is betting that one owner's dog will get hit by a car and require significant medical attention, but the other dogs on the block, also insured, will not. The policy owners, on the other hand, are betting that the injured canine could be *their* dog.

Third, insurance regulators limit the amount of margin insurance companies can earn, normally about five percent of sales. So the insurance company must pay out at least 95 percent of what it takes in as premiums, minus expenses. Fundamentally, insurance companies make most of their profit by investing their substantial reserves, which are also required by the regulators. Those reserves, legally mandated at 20% of written premiums, ensure that the insurance company will have sufficient money to pay claims.

Here's another way to look at it. Insurance companies are basically investment firms. They make money investing. What they invest is the premium dollars that they hold temporarily. They make very little profit, if any, on insurance coverage per se.

Fourth, all insurance companies seek to manage risk in order to keep payouts in line with premium revenue. They use different ways to manage that risk. One may use a benefits schedule or usual and customary costs, defining how much can be paid out for each specific type of treatment. Another may enroll only puppies and kittens, which have lower risk profiles than older animals and which may generate a premium "surplus" early in their lives. Another company might treat a claim made in one year as a "pre-existing condition" in subsequent years. In that case, a cat treated for diabetes under the insurance in 2008 would not be coverable for diabetes treatment in 2009. Yet another may insure "hereditary and congenital" conditions, but only once, and at very nominal levels; or charge higher premiums for certain breeds predisposed to health problems.

This is another area where veterinarians may confuse pet insurance with "managed care," especially if your client's insurance reimbursement is significantly below the local market's "usual and customary" fees, or if a multi-year treatment is only covered in the first year, or if the allowable benefit on the schedule is significantly less than what you charged.

Insurance companies use various strategies to accomplish an objective: align claims payouts with premium levels. Individual companies may offer insurance with lower premiums, or higher premiums, or a wide range of premiums. But those premium levels and the insurance company's risk management approach—not veterinary fees—ultimately determine the amount the companies pay out for various types of claims.

Pet health insurance companies differ in the number and structure of their policy offerings, their experience in the pet category, their understanding of veterinary medicine, their reliability in turning claims around quickly, and so on. But across the entire population of insured pets, the financial payouts compared to premium costs are going to be similar from company to company.

Making insurance work for you in your practice

Pet health insurance potentially benefits all parties. Based on research conducted both in the veterinary and dental market, the patient is going to get better routine care, and is going to benefit from the availability of significant treatment when needed.

The pet owner avoids the risk of costly veterinary care—planned or unplanned—that is more than the household budget can bear. The pet owner also gets peace-of-mind knowing that there is a financial backstop for emergencies. Insurance helps give the pet owner confidence to seek more and better pet care because economics is less of a barrier.

The veterinary practice gains more clients that invest time and energy in the health of their pets, and are in a better position to bear the cost of emergency or expensive procedures when warranted. There's less risk. The potential for a "healthcare crisis" in any given situation is avoided.

So how do you make insurance a more productive factor in your practice? **Brakke Consulting** contacted several veterinary hospitals that are committed to pet insurance. Following is a summary of techniques that are working in those practices.

1. **Identify someone on the staff to be the insurance coordinator** for the practice. This can be anyone who has an interest in the topic, and it does not need to be a veterinarian. Generally it is best to select an employee who deals with client billing—a practice manager, business manager or receptionist. Make this person the go-to authority on pet health insurance.

2. **Pick a limited number of insurance companies to support.** It's fine to accept clients with pet health insurance from any company. But it's easiest for the practice to identify one or two preferred companies as the clinic's "recommended" providers, much as you select one or two primary heartworm preventives. This allows the insurance coordinator at the practice to develop a deeper understanding of how each company's policies work, and to develop a relationship with one or two specific insurance providers.

3. **Learn how the system works.** Educate yourself on the selected provider's systems. Meet with the insurance company's representatives. Understand how its policies work, how claims are filed and how quickly claims are paid. Find out whom an interested client should call for more information. Learn whom the practice can call if a question arises, without getting stuck in "voice jail." Gain a personal comfort level with the company or companies you recommend.

4. **Train the hospital staff, including the doctors.** Make sure everyone understands the practice's position on pet health insurance. Educate the veterinarians and staff on the benefits to them, the patients, the clients and the practice when pets are insured. Encourage every person in the clinic to actively recommend that each client explore whether insurance is right for him or her. According to a recent study by **Veterinary Economics** magazine, 71% of veterinarians wished more clients had pet insurance, but 81% of staff said education on insurance was not part of their training or continuing education, and only 34% of staff said they understood insurance enough to educate clients.[23]

Training can be accomplished in several ways. Have your selected insurance provider(s) periodically conduct training sessions with your staff in person or over the Internet via webinars. Insurance companies will also provide teaching tools such as PowerPoint presentations and training manuals for in-house use.

Ask your selected providers to inform you in advance of any major advertising or promotional campaigns so you can be prepared to address client questions if they arise.

5 Educate clients about pet insurance. Here are some methods:

✔ All new clients should be informed about pet health insurance.

✔ Insurance information should be available in the reception area and exam rooms, as well as a component in puppy and kitten kits and new pet checklists.

✔ Each time a client calls for an appointment, they should be asked if they have pet health insurance.

✔ When the client arrives for an appointment, the receptionist, technician or both should ask if they have insurance, or have heard of it.

✔ Pet health insurance can be a topic for client newsletters and client education meetings.

✔ There can be information about pet insurance on the practice's telephone system "Hold" message.

✔ Insurance information can also be provided on the practice's website, along with links to the insurance company or companies recommended by the practice.

Position health insurance as part and parcel of responsible pet ownership. The law requires car owners to have auto insurance. Mortgage lenders require homeowners insurance. Many of us would ignore serious risks if not otherwise obligated to insure them. Every pet owner who is bonded to his or her pet has the risk of a significant, unforeseen veterinary medical expenditure. Like routine dental cleanings, insurance helps avoid a potential economically crippling out-of-pocket expense later on.

6 Manage expectations. Don't expect every client to choose pet insurance. The majority will not. Each client that opts for pet insurance will be in a better position to provide optimum medical care for his or her pet, regardless of circumstances. It's less important how many of the clinic's clients have insurance, but that every client has an opportunity to learn about insurance and make an informed decision.

Clients also need to understand that insurance is insurance: It's there for serious illness or emergencies resulting in significant expense. Research shows that 66% to 80% of dogs experience major health problems* over the life of the pet.[24]

Position health insurance as part and parcel of responsible pet ownership

While it's true that many insurance companies offer wellness packages as riders to policies, especially for young animals, pet owners should not expect to make a financial return on their insurance every year.

7 Consider making pet insurance an employee benefit in the veterinary hospital. According to a survey conducted by **Veterinary Economics** magazine, 87% of veterinary clinics offer discounted services to their staff.[25] Providing pet health insurance instead of discounted services could be not only more profitable for the clinic, it could also provide first-hand experience with the recommended insurance providers, and add more weight to the clinic's client recommendations.

Dr. Robin Downing, DVM, CVA, CCRP of **Windsor Veterinary Clinic, PC** in Windsor, CO, offers pet insurance as part of her employee benefits package.[26] Downing insures one pet for each full year of service, up to three. Downing explains that offering pet insurance instead of discounted service helps both employee retention and the clinic's bottom line. And it makes each employee an expert on the pet insurance products the practice recommends, as well as more aware of the clinic's medical services and costs.

8 Flag the medical record. Patients covered by pet health insurance should be flagged in the paper or electronic medical record. This signals to the veterinarian, the technician and other staff that certain medical procedures or products may well be covered by insurance. It helps to remind clients when they are there for an appointment that they do indeed have insurance. Some forget.

9 Keep claims forms in the medical record, or at the reception desk. In almost all cases, claims submissions are the responsibility of the client, not the veterinary practice. However, most clients are unfamiliar with medical terminology. The best time to capture information on diagnosis and treatment is when the client's record is being prepared for billing. Then the technician or receptionist can fill in the relevant medical information and hand the form to the client, along with the invoice.

Keeping claims forms in the medical file (in the case of paper records) will help signal the staff that a procedure or product may be covered by insurance. Handing the client a claim form along with a bill reinforces that some of the expense may be reimbursed, and it reminds the client to file the claim quickly.

10 Send the claim form directly to the insurance company. This is purely optional, but it can pay big dividends. As one practice associate said, "First, it bonds the client to the clinic because you are offering value-added service. Second, it actually can save time because it can significantly reduce any potential for questions or callbacks for claims processing. And third, it helps insure that the client gets paid quickly.

In some cases the client may get reimbursed by his/her insurance company before the credit card payment is due. Clients really appreciate that!"[27]

There may be no better way to soften the impact of a large veterinary bill than telling the client: "And we'll send a claim form to your insurance company today so you'll be reimbursed quickly."

*According to the Purina Life Study, in a life span study of Labrador retrievers, 81% of dogs were eventually treated for one or more chronic conditions. Chronic conditions included osteoarthritis, neoplasia, recurring skin disease, hepatic disease, hypothyroidism and seizures. The earliest age of onset for first treatment of any condition was 4.0 years of age. In addition, multiple pet websites indicate that one in three dogs will experience a major emergency in any given year.

Summary

Whether or not more or fewer clients have pet health insurance will not make or break any practice economically. Yet pet insurance can have a material impact on the quality of medicine practiced, and on clinic revenues.

Research from both the veterinary profession and the dental profession demonstrates that insured clients are better, more proactive clients that go the extra mile in seeking the best health care available. Insured clients visit more often, are open to more advanced treatment, and spend more on medical services. Pet owners with pet health insurance get more engaged in their pet's care. They become part of the pet's healthcare team.

Recent research shows that the best prospects for pet insurance are the pet owners that are most inclined to rely on their veterinarian. They are disproportionately valuable to the practice; pet insurance makes them even more so.

Veterinarians can leverage pet health insurance for the benefit of their patients, clients and practice by making a core commitment to recommending pet health insurance. It requires gaining knowledge, selecting a preferred provider, incorporating insurance information into clinic routines, educating clients and perhaps sending in claims forms.

While there is substantial evidence that the practice–as well as the patient and client–can benefit significantly from pet health insurance, there is little risk that insurance companies could or will impose mandates or limit medical recommendations in any way. Rather, insurance is a tool to minimize the economic "healthcare crises" that veterinarians face in everyday practice.

Pet health insurance is a business resource that any practice can choose to recommend or not. Either way, that choice should be an informed one for the clinic as well as for the client.

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