



Keeping Your Practice Afloat During COVID-19

While every practice is different, there are steps that all practices can take to stay afloat financially during the COVID-19 pandemic. For many veterinary hospitals, staff wages are their single largest expense. However, the challenge is not simply for the practice to find a way to balance revenues and expenses until normal business resumes, but to balance its books while treating employees in a manner that is fair and equitable. This will help to ensure that the practice culture is not irreparably damaged during the pandemic.

Here are some simple steps that will help achieve that goal, that every practice can follow:

1. Reduce Non-Payroll Expenses

The best first step to take during any downturn is to reduce non-payroll expenses as much as possible. This can be achieved through a variety of methods:

- Rent – contact your landlord and ask for a reduction or deferral of rent, to help with cashflow. Given the circumstances, they may be willing to work with you.
- Loan and interest payments – banks have indicated they are willing to defer payments, on a case by case basis. Keep in mind, this typically means interest will accrue, but interest rates are very low right now, so if you have to defer, the long-term costs will not be too great. Your banker can tell you what services are available to you. Additionally, the Federal Government has announced interest-free loans for one year of up to \$40,000 for qualifying small businesses; details are to be announced shortly, but this may provide an opportunity for practices to reduce loan and interest expenses.
- Income tax and HST – the Canada Revenue Agency will allow all businesses (professional corporations) to defer, until after August 31, 2020, the payment of any income tax amounts that become owing as of March 18, and before September 2020. No interest or penalties will accumulate on these amounts during this period. The payment of HST has also been suspended until June 2020.
- Automatic expense reductions – Many expenses decrease automatically when revenue goes down, such as drug and supply costs, laboratory, and bank fees.
- Repair and maintenance - where possible, cancel maintenance contracts that are not necessary for the on-going operations, and postpone repairs or renovation until revenues improve.
- Continuing education – utilize a freeze on CE expenditures and explore free or near-free on-line options for CE.
- Advertising – maintain the practice website, while cancelling other marketing programs as much as possible.

2. Implement Strategies to Maintain Revenue

While veterinary hospitals may see some decline in revenue due to the postponing of elective and non-essential procedures, there are many services that can continue to be provided to maintain as much revenue as possible:

- Prescribing and dispensing parasiticides – CVO has amended its guidance on obtaining recent and sufficient information on an animal during the Public Health Emergency, which allows veterinarians to use telemedicine to prescribe and dispense these medications. Have staff calling clients to remind them of parasite season, and inform them of new methods of dispensing, such as curbside pickup.
- Dietary sales – consider utilizing MyVetStore or phone payments, as well as home delivery or parking lot pickup to maintain food sales while maximize social distancing.
- Pharmaceutical sales – similar to parasiticides, consider telemedicine as a method to maximize social distancing while continuing the prescribing and dispensing of pharmaceuticals.
- Emergency procedures – sick or injured animals will still require treatment, which provides a source of revenue for veterinary hospitals.
- Telemedicine – use of phone, email, or video chat can allow a veterinarian to perform consultations, triage cases, and provide advice, while adhering to social distancing recommendations. (Note: Don't be reluctant to charge for telehealth consultations. Use a telehealth platform (e.g. [Smart.Vet](#)) that will charge clients for these consultations, or have the team obtain payment over the phone when the consultation is booked.)

3. Take Advantage of the Federal Wage Subsidy

On March 30th, the federal government announced a 75% payroll subsidy for Canadian businesses.

- The subsidy is available to all Canadian companies and charities that have seen at least a 30% decrease in business. The revenue decrease will be assessed by the federal government after the fact. Businesses that did not experience at least a 30% revenue decrease will be asked to repay any subsidy provided.
- The subsidy will cover up to 75% of an employee's salary on the first \$58,700 that each employee earns. (\$58,700 is the current maximum income for the purpose of calculating CPP on earnings.) The maximum subsidy per employee will be \$847 per week. The subsidy will be available whether or not the business remains open.
- Employers may top up the subsidy, if they so choose.
- There will be no cap on the number of a business's employees that can be subsidized.
- The subsidy will be backdated to March 15th.

Additional details will be made available in the coming days.

OVMA has calculated that the Federal wage subsidy should enable most veterinary practices to maintain a positive cash flow during the pandemic. Factor the wage subsidy into your revenue and expenses and determine whether you still need to reduce your payroll to continue to meet anticipated expense during the pandemic.

If wages still need to be reduced:

4. Enable Employees to Take Advantage of CERB

To assist workers during the pandemic, the Federal Government has announced the Canadian Emergency Response Benefit (CERB), which will provide a taxable benefit of \$2,000 a month for up to 4 months to:

- workers who must stop working due to COVID-19 and do not have access to paid leave or other income support.
- workers who are sick, quarantined, or taking care of someone who is sick with COVID-19.
- working parents who must stay home without pay to care for children that are sick or need additional care because of school and daycare closures.
- workers who still have their employment but are not being paid because there is currently not sufficient work and their employer has asked them not to come to work.
- wage earners and self-employed individuals, including contract workers, who would not otherwise be eligible for Employment Insurance.

The Canada Emergency Response Benefit will be accessible through a secure web portal or by phone starting April 6th, and benefits will be retractive to March 15th.

Taking advantage of CERB will be of particular interest to employees taking care of a sick family members and those with childcare responsibilities, as it is expected that schools may not re-open for weeks or months.

OVMA estimates that 20 - 25% of the average practice's payroll goes to employees earning close to or below \$2,000 each month. Laying off employees who wish to take advantage of CERB or who would not be significantly disadvantaged by receiving CERB instead of a paycheque would significantly assist practices seeking to trim their payroll, while respecting the needs of employees.

(Note: Employees earning more than \$2,000 per month may benefit slightly from applying for EI instead of CERB. For most people, the basic rate for calculating EI benefits is 55% of your average insurable weekly earnings, up to a **maximum** amount. As of January 1, 2020, the **maximum** yearly insurable earnings amount is \$54,200. This means that you can receive a **maximum** amount of \$573 per week, or an average of \$2,483 per month. However, given the current EI backlog, it may take longer to begin receiving EI benefits. It would be up to each employee to determine whether to apply for EI or CERB.)

5. Seek Additional Assistance, if Needed

The introduction of the federal government's 75% wage subsidy, in conjunction with the other measure set out above, should get most veterinary practice through the coming months. If additional assistance is needed to balance revenues and expenditures, please email Darren Osborne dosborne@ovma.org , Chris Doherty cdoherty@ovma.org or Terra Shastri tshastri@ovma.org. They will be happy to work with you to customize a solution for your practice.