

How to Create Your Own Wellness Plans

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Many cutting edge business models have moved away from fee for service billing and towards subscription type billing. Look at many of the services you receive today and you will notice that you have subscribed to paying monthly fees for cell phones, the internet, insurance, gym membership and even your kids braces. This subscription type billing helps you, the consumer, by breaking down the cost of purchasing a service. In turn it helps the service provider by providing them with consistent cash flow and reinforced loyalty.

With fee for service models, the onus is on the consumer to make every purchase. In veterinary medicine, the client has to go out of *their* way to make the appointment, take in their pet and pay for services each year. If they don't use the service; inactivity halts the process. With the introduction of subscription services, the client has committed to paying into the future so there is a stronger incentive to follow through on utilizing the service. If they don't want the service, it requires action on their part because they have to go out of their way to cancel.

Wellness Plans (bundled veterinary services) with subscription-based pricing have operated successfully outside of Ontario since 1988 but legislative rules have always prevented veterinarians in Ontario from taking part. The

College of Veterinarians of Ontario has now authorized the use of wellness plans in principle, and is currently working on a policy that sets out the rules veterinarians must follow to offer wellness plans to their clients.

This action opens the door to wellness plans (See charts A, B and C for examples). Presented properly, bundled services with subscription pricing can radically increase the value of veterinary services and counters the perception that regular veterinary care isn't affordable.

What Works

For a bundled plan to work it needs to meet the following criteria:

- Be easy for the client to understand
- Be simple for the client and clinic staff to use
- Provide a tangible benefit to the client by showing them the added value of preventive care and the affordability of the plan
- Be economically feasible for the practice

Below are sample bundled plans that meet these criteria for success. They lay out what procedures are provided within the plan and also list additional features that are available under the plan.

Chart A *Sample Puppy Plan*

Age of Puppy	Visits	Procedure	Cost	You Pay
Month 2	Visit 1	Exam and Vaccine	\$133.50	
		Fecal test for parasites	\$34.70	
		Deworming	\$36.90	
		Total	\$205.10	\$181.08
Month 3	Visit 2	Exam and Vaccine	\$133.50	
		Fecal test for parasites	\$34.70	
		Total	\$168.20	\$181.08
Month 4	Visit 3	Exam and Vaccine	\$133.50	\$181.08
Month 5	No Visit			\$181.08
Month 6	Visit 4	Elective Surgery	\$389.30	
		Blood test	\$109.90	
		Total	\$499.20	\$181.08
Total Cost			\$1,006.00	\$905.40
Additional Features				
Free office exams for a year				
Free bag of food				
YOU SAVED			\$128.43	



Chart B Sample Adolescent Plan

Exam and vaccines	\$133.50
Blood profile	\$78.60
Heartworm test	\$57.20
Fecal test	\$34.70
Sample collection	\$31.30
Urinalysis	\$68.90
Pedicure	\$32.60
Sub Total	\$436.80
Monthly Payment	\$32.76
Dental Cleaning	\$399.00
Total	\$835.80
Monthly Payment	\$62.69
Total Savings	\$83.58

Make it Easy for the Client to Understand

Clients should be able to make sense of a bundled plan quickly and use it as a reference when they have any questions about the plan. If the language in a plan is too clinical, the client will not know what they are buying and will see less value in the plan. In the case of a thousand dollar puppy plan, even a little doubt can jeopardize the whole process. Before introducing wellness plans, develop wording and explanations that are easy for someone with a non-clinical background to understand.

Make it Simple for the Client and Clinic Staff to Use

Each client should only have one option to choose from. Too many options will stall most transactions, and if a client has to decide between two plans they will often take neither because they don't have the clinical competence or confidence to make up their mind. You can have different plans to fit different circumstances but it is your job to determine the circumstances the client is in and pick the best plan for them. For example, you could have the following plans available:

Puppy Plan – All vaccines and Sterilization

Puppy Plan II – All vaccines and no Sterilization (surgery already done at shelter)

Puppy Plan III – Two vaccines and Sterilization (first vaccinated at breeders)

It would not be advisable to let the client wade through a seemingly infinite amount of plans to pick the one they think fits their pet. The staff should pick the plan that fits the needs of the pet and present that plan to the pet owner.

Chart C Sample Senior Plan

Exam and vaccines	\$133.50
6 month exam	\$79.90
Blood profile	\$108.20
Heartworm test	\$57.20
Fecal test	\$34.70
Sample collection	\$31.30
Urinalysis	\$68.90
Pedicure	\$32.60
Sub Total	\$546.30
Monthly Payment	\$40.97
Dental Cleaning	\$399.00
Total	\$945.30
Monthly Payment	\$70.90
Total Savings	\$94.53

Provide Tangible Benefits to the Client

Tangible benefits from a clients' perspective include things like less expensive, more value for the money, lower monthly payments, free stuff, and a healthier pet. It is important that the client is intimately aware of all these benefits; or they do not exist. The clients' perception is their reality.

Discounting has never been encouraged by OVMA but it is a completely different market when you are talking about bundled services. In every market, you pay less when you buy more. Whether it's doughnuts or dollars, you pay less when you buy more. You get a discount on doughnuts when you buy a dozen and you get a discount on your lending when you borrow more. Discounts are expected when you buy in bulk.

Discounting is good but heed Dr. Ross Dawson's advice. Ross, a veterinarian and consultant with VetHelp, says it is cheaper to give away products than to give away your veterinary services. "It simply costs you less to give away product than your services. A bag of food only costs you \$20, whereas \$20 of veterinary time is only four minutes." In addition to being cheaper, a tangible freebie like a bag of food will have a lasting impression with the client.

The cornerstone of Banfield Optimum Wellness Plans® (Learn more about Banfield Pet Hospitals here: <http://bit.ly/Ms3Qeo>) has been the promise of complimentary exams throughout the year. This appears to conflict with Ross Dawson's advice not to give away services, but Banfield has proven that this tactic works. Also, you are not giving away services; you are offering a free service to your clients if they need it. Since only 15 per cent of pets get sick in any one year, the actual amount of the discount is small. Clients like the idea of a free exam. The fact that it is free removes any barrier to going to the veterinarian.

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Outside the plan, clients may hesitate to bring in their pet when they weigh the financial downside of paying for the exam against the risk that the dog is really sick and not just "off." With free exams included in the wellness plan, there is nothing preventing the client from bringing in their dog when it is "off."

The job of conveying the clinical benefits of a bundled plan rests squarely on the shoulders of the veterinarians and staff. Clients will not just stumble across this, but have to be told why the plan is better for their pet and why in turn it is better for the client. Reassuring them that they are a responsible pet owner and that they made the right decision every time they come in is one way to show value.



Be Economically Feasible For the Practice

The litmus test for a feasible bundled plan is to determine what would happen if only the best clients took the plan. If you discount your fees by 10 per cent you need a 50 per cent increase in production to break even. Can you get a 50 per cent increase in production from wellness plans?

There are two ways to increase production: increase your clients or increase your services. There are more services offered in wellness plans than conventional preventive care plans; the 50 per cent increase will come almost entirely from increased services to the same clients. The adolescent wellness plan (see chart B) generates 44 per cent more revenue (even with the discount) than a regular exam with vaccines and heartworm tests, so it passes the test. Any new clients or increased retention from existing clients are an added bonus.

The bundled plans in this article are to serve as examples only. Each veterinarian will have their own clinical preferences and can tailor plans to best meet the needs of their clients. Regardless of the makeup of your bundled plan, if you follow the criteria outlined in charts A, B and C; you will meet the economic needs of your practice. To view sample plans for kittens and cats, please visit the 'My OVMA' section at www.ovma.org

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