

Veterinary **economics**[®]

The business of client and patient care



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National practice ownership network marks a year of growth

SYDNEY YANKOWICZ, ASSISTANT EDITOR



Veterinary Practice Partners (VPP), based in King of Prussia, PA, is a national veterinary community focused on supporting practice ownership. Through its co-ownership model, veterinarians can focus on providing high-quality patient care and fostering a strong culture at their individual practices, while VPP provides operational support in areas such as human resources and recruiting, marketing, technology, and finance.¹

Within this past year, VPP has seen a company growth of more than 50% with new partnerships and practice openings, expanding from 90 co-owned veterinary hospitals and clinics in June 2022 to 140 locations across 27 states in 2023.²

“At Veterinary Practice Partners, we’re changing the landscape of vet practice ownership and support, and this year’s impressive growth proves that more and more veterinary doctors see us as their partner of choice,” said John McDonough, CEO at VPP, in a company release. “Our unique co-ownership model empowers veterinarians at all career stages to achieve their goals—whether that’s a recent graduate looking for mentorship opportunities, a long-tenured doctor looking to open a new practice

or a veterinarian navigating eventual retirement and looking to identify a path to keep their legacy alive. Our comprehensive suite of resources allows our partners to focus on delivering the best veterinary care possible.”²

During a Fetch dvm360 conference session in Atlantic City, New Jersey, presenter Christopher Rocchio, DVM, founder and managing director of Monarch Business Consulting, LLC shared what he felt are some advantages to corporate partnerships. These advantages include the recruiting resources corporations, like VPP, possess, as well as less responsibility with the business for veterinarians, and a better business investment for them.³

Doug Aspros, DVM, chief veterinary officer and medical advisory board chair of VPP, noted that the company understands the challenges of managing both the clinical and business aspects of a practice. “Our unique community-based model underscores VPP’s pledge to leave medicine in the hands of doctors. We empower partner hospitals and clinics with the resources and education to achieve exceptional animal care for pets and their owners,” said Aspros, in the release.² ■

References available online at dvm360.com

Bond Vet receives \$50 million funding

JULIA BURKE, ASSOCIATE EDITOR

Bond Vet, a provider of veterinary urgent and primary care services in the US, has secured funding of \$50 million to support continued expansion. According to a company release,¹ the latest round was funded by a consortium of current investors, including Warburg Pincus, Talisman Capital Partners, and Bond Vet’s co-founders, Zay Satchu, DVM; Mo Punjani, MBA; and Lukas Keindl, BS.

Bond Vet practices accommodate to an array of patient and pet owners needs by taking in pre-scheduled appointments and walk-in visits while also offering telehealth services. Additionally, Bond Vet has a modern design for an inviting, comfortable atmosphere to address the various pets and clients it serves.

Bond Vet’s unique model, offering pre-scheduled appointments, walk-in visits, and telehealth services, combined with its modern clinic design, sets it apart in the pet care landscape and fuels its plans for growth in key U.S. markets.

Its most recent financing round was in October 2021,³ with a \$170 million investment from Warburg Pincus. Since Bond Vet was initiated in 2019,⁴ it has opened over 40+ clinics across the nation

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Veterinary industry trends to watch in 2024

RYAN LEECH, BBA

The veterinary industry has experienced a whirlwind of changes and challenges in the past year, offering us ample topics for discussion and consideration. From heated debates surrounding veterinary technician utilization and the ongoing virtual veterinarian-client-patient relationship (VCPR) battle, to the explosive surge and subsequent plummet in practice valuations, and finally the persistent buzz around artificial intelligence (AI), the industry has seen no shortage of transformative forces at play.

As we stand at the cusp of 2024, the veterinary world is poised for yet another year of transformation. It is essential to keep a watchful eye on these movements, as they have the potential to reshape the industry landscape and delivery of veterinary care. Here are some key trends to follow in the upcoming year and beyond.

TELEMEDICINE POLICY SHIFTS

The nationwide legalization of eVCPR, or the ability to establish veterinary-client-patient relationship remotely, has been heavily debated in the industry for years, and 2023 finally saw some advancements in this field. In May, Arizona announced¹ new legislation allowing state-licensed veterinarians to establish VCPR through telemedicine. A few months later, California passed² a similar bill, which will go into effect on January 1, 2024. This totals 6 states that have eliminated the requirement to establish a VCPR in person.

In an interview³ with the VIN News Service, Mark Cushing, co-founder of the Veterinary Virtual Care Association (VVCA), alluded that we may soon see another state moving along with virtual VCPR, and "2024 is going to be a busy year, because what happens on policy issues

like this, whatever the field is, once major states start turning, there's a whole different tempo and momentum."

The professional community is torn by these advances, with some celebrating the removal of one barrier to care, and others grieving over the perceived risks for the quality of care via telemedicine. A few even refused to take advantage of this new opportunity. While there is no evidence that virtual care is inferior, legalizing eVCPR might help resolve the longstanding issue of insufficient data around telehealth and patient outcomes in animal healthcare.

CLIENTS APPEAR TO FAVOR TELEMEDICINE

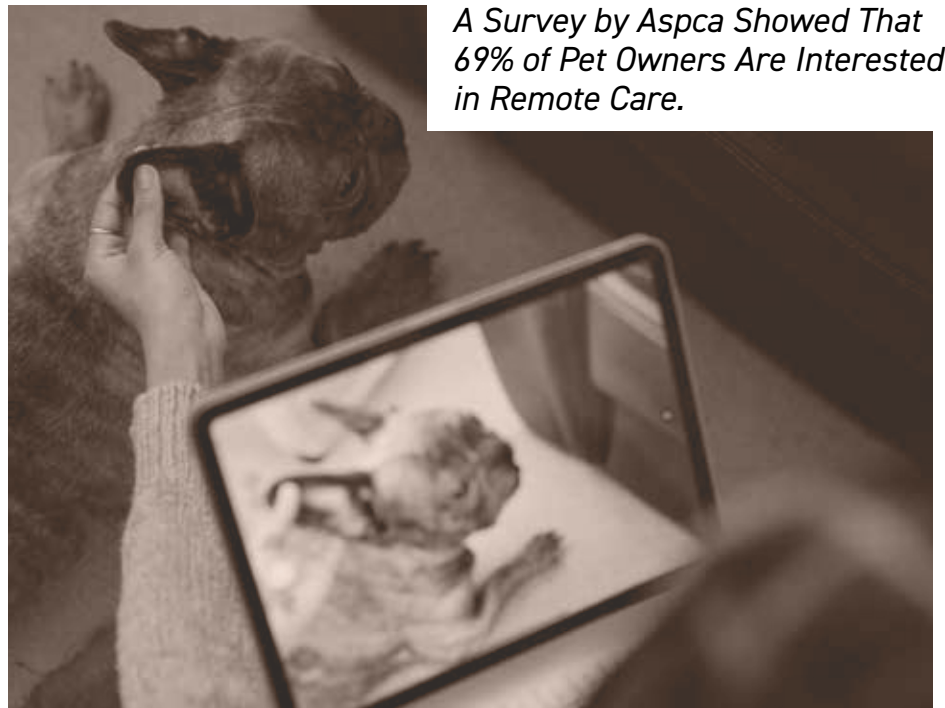
A trend supported by an ASPCA survey⁴ indicates that 69% of pet owners expressed interest in utilizing remote care options if accessible. As

more and more veterinary hospitals embrace digital communication tools, discover new revenue streams, and tap into a broader talent pool available for remote employment, the industry will move closer to resolving the issue of access to care. With the ongoing progress of telemedicine regulations, it is prudent to prepare for the implementation of virtual care workflows to be ready to seize emerging opportunities.

INITIATIVES FOR ACCESS TO CARE

Along with the advancements in telemedicine, the pressing need to enhance access to care has sparked a wave of other industry initiatives around spectrum of care, better staff utilization, and affordability of care. Veterinary businesses are introducing new services, practice models, and

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A Survey by AspcA Showed That 69% of Pet Owners Are Interested in Remote Care.

Addressing the affordability gap: Proactive financial client conversations

MICHELLE BELLVILLE, DVM

Veterinarians Confront Financial Hurdles: A Call for Proactive Pet Care Planning and Solutions

Your patient is a 3-year-old dog with inappetence, vomiting, and diarrhea. Nothing on the signalment, history, or physical exam is obvious for a direction, so you recommend imaging, bloodwork, and a fecal exam to begin the hunt for a diagnosis. A plan is created for review with the owner, and you head to your next patient. Ten minutes later, your technician tells you the owner doesn't have the finances for the diagnostic plan and asks if you could decide what test is the most important. You have another discussion with the owner about the vague symptoms and the list of possible diagnoses, but ultimately the owner elects for only the fecal exam in house, bloodwork out to the lab, and treatment of symptoms. You make note in the record of the declined recommendations and caution them to go to the emergency hospital if things don't

resolve in the next 24 hours. Cerenia and subcutaneous (SQ) fluids are given, and a gastrointestinal specific diet is sent home. The outcome of this case has become so commonplace, we don't even realize how much we compromised on this dog's care. Although most of these cases are acute, uncomplicated gastroenteritis that will resolve with that symptomatic care, what if it isn't? What if that dog had acute liver insult and died overnight?

I had just such a case years ago when I worked in day practice, and it rocked me to my core. I began to question myself: Did I stress the importance of the tests? Did I accurately convey how sick this dog could be? Would reducing or eliminating financial constraints have changed the outcome?

FINANCIAL FRUSTRATIONS

In addition to my work as a consultant, I pick up shifts at my local emergency hospital to practice

veterinary medicine and maintain my skills. I see these types of cases every shift. Some owners say yes to the diagnostics, we get answers, and we tailor treatment appropriately. These take less time and everyone is satisfied with the outcome of the visit. Then there are the owners that take the better of an hour to decide what level of care they will do for their pet and everyone leaves that case frustrated:

- I am frustrated the pet didn't get the care it deserves and worry they won't improve and therefore suffer more.
- The owner is frustrated that they financially cannot do what is needed and may take that out on everyone else or take to social media to bully and demean the hospital and staff.
- My technicians are frustrated because they have been reduced to explaining the money rather than the value of the medicine, and they also worry the pet won't improve.



- My front desk staff is frustrated because they were belittled and made to feel like they shouldn't collect money for the services provided.

What is the common denominator in everyone's frustrations? Money. Too often, pets do not get the level of care they deserve because their pet parent was not financially prepared—whether that is for preventative/routine care or for unexpected illnesses or injuries. Veterinarians know this to be true, yet we shy away from having upfront, proactive conversations with owners about financially planning for the care of their pets. We wrongly assume pet owners realize the cost of veterinary care and put money in savings for their pet. The reality is, the average American is not putting money into savings for themselves or their pets:

According to the Federal Reserve Board's Economic Well-Being of US Households Report

2022: 37% of Americans are not equipped to handle a hypothetical \$400 emergency expense.¹

Bankrate's 2023 Annual Emergency Savings Report reveals that a majority of Americans: 57%, lack the funds to cover a hypothetical \$1000 emergency expense and 22% of adults have no emergency savings.²

How quickly will your diagnostic/treatment plan approach \$1000 when you have a blocked cat, or a diabetic dog, or a pancreatitis cat? How quickly would a suspect an atopic dog go through \$1000 in ruling out all other causes while treating for the infections and starting anti-pruritus treatment? These are common patients in veterinary hospitals across the country, yet many owners will struggle to pay for the care their pet needs.

Lack of financial planning is a root cause for veterinary burnout as well. A 2017 JAVMA article surveyed veterinarians about owner economic limitations. Of those that responded, 84% of veterinarians said economic limitations of their clients limited or altered their treatment recommendations daily. About 77% cited it was a significant or substantial factor in their burnout.³ These factors are not limited to burnout of veterinarians; it also leads to burnout and turnover of great technicians, client service representatives, and other support staff.

PROACTIVE VS. REACTIVE

Veterinarians know the problem exists yet are unwilling to embrace a solution: *proactive conversations with pet parents about financially planning for the care of a pet at their very first visit to the hospital and anytime cost of care is discussed.*

Why are we so averse to having these conversations? For me personally, I don't like having conversations about money for fear the owner is going to think that is all I care about. I remind myself that just like any conversation, it is in the words chosen and the honesty in which they are given that can make all the difference in how the conversation is perceived. If the pet owner recognizes I'm not just committed to their pet's well-being but to their own, then proactively educating them on the cost of care and their financial options helps demonstrate that

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Bond Vet receives \$50 million funding (Cont'd from p.2)

and has provided care to approximately 400,000 pet visits.

With Bond Vet practices currently in New York, New Jersey, Connecticut, Washington DC, Boston and Chicago, this latest capital infusion will allow the company to further its growth plans in the US.

Garrett Lewis, MBA, MS, was recently appointed to CEO of Bond Vet in June of this year.⁵ The funding round displays the investor's confidence in Bond Vet's plans for expansion, its team, and Lewis' leadership, according to the release.¹

"Witnessing the remarkable journey Bond Vet has undertaken since its inception is nothing short of inspirational," expressed Lewis.¹ "The company's unparalleled commitment to advanced pet care combined with a seamless, thoughtful, and delightful client experience is groundbreaking. This funding will undoubtedly bolster our mission to redefine pet health in communities nationwide. I'm thrilled to partner with the stellar Bond Vet team to bring our mission of strengthening the human-animal bond across the US."

"Warburg Pincus has consistently seen the promise in innovative businesses that are spearheaded by dynamic leadership. Our conviction in the potential of Bond Vet has deepened with the exceptional growth in the number of communities served and is furthered by Garrett [Lewis] and his leadership team," added Pranav Verma, principal, Warburg Pincus.

"We're excited about Bond Vet's future and its ability to redefine the pet care landscape. Bond Vet continues to deliver exceptional care to its clients, and the demand for their unique services continues to thrive. We look forward to Bond Vet expanding its presence across the US," shared Matt Bennett, partner, Talisman Capital Partners.¹ ■

References available online at dvm360.com

Associate *or* corporate?

Exploring the options of selling your practice

Sydney Yankowicz, Assistant Editor

Christopher Rocchio, DVM, founder and managing director of Monarch Business Consulting, LLC explained to attendees at the Fetch dvm360 conference in Atlantic City, New Jersey the pros and cons of selling to associate and corporate partnerships.¹ Above all, though, Rocchio said, “Our main goal through Monarch and me being a veterinarian is to keep veterinary practices in veterinarians’ hands. If we don’t control our own profession, somebody else is going to control it. The more we can promote practice ownership, the better we’re going to be able to control our own destiny.” Monarch can help sellers plan and successfully execute the sale of all or part of the practice. The company can manage a transformation of a practice from one set of owners to the next.²

ASSOCIATE PARTNERSHIPS

Rocchio stated that in most associate partnership sales, “you’re selling a minority interest in your vet practice somewhere between 20 to 40%... You’re not trying to maximize the value of this sale in the beginning. You’re really trying to get your associates to become an owner. Maybe get a long-term plan for your practice and help with a little bit the employee retention as well as the growth of your practice.”

From there, a plan should be put in place in a few years to reevaluate the value of the practice and have the buying associate pay the rest of the 60-80%. This helps establish the exit strategy for

the seller and have a clear path to retirement once the practice is officially sold off.

ADVANTAGES

Flexible transition plan. Since you are selling directly to an associate, you can better discuss and negotiate how the sale transition will play out. Sellers can control when exactly they want to leave the practice in the amount of time that is right for them. Often times in corporate sales, there is a fixed transition in their contract of 5-7 years.

Private buyer. According to Rocchio, it is more and more difficult to find private buyers in the veterinary profession, so this can be an advantage with associate partnerships. Private buyers can save you time, allow the seller more control in the sale, and more easily negotiate price.

Retain employees. Selling to an associate can often improve employee loyalty. In contrast, if sold to a corporation, oftentimes employees leave the practice because of opposing views with the corporation’s policies.

Encourage practice ownership. Selling to an associate guarantees that a practice is staying in “veterinary hands.” Veterinarians who have not had the opportunity to become owners, or veterinarians who want to grow their ownership skills can have the option to do so with an associate partnership.

CORPORATE PARTNERSHIPS

Different from associate partnerships where only a minority is sold up front, with corporate

partnerships, a majority is sold, usually anything over 51%, but Rocchio stated that is typically between 51 to 80% up front.

Rocchio stated that there are a growing number of corporate buyers, so there are a lot to choose from when selling. He said, “These corporations are backed by private equity or high net worth individuals. At Monarch, we investigate all of these corporations to find out where their money comes from.”

ADVANTAGES

Corporate recruiting. Corporations have more resources to recruit employees with their designated team. They are able to attend conferences and schools to recruit potential employees.

More profitable. Since a corporation can increase the growth of a practice, there is the opportunity for a more profitable sale.

Less responsibility. Less control during the sale can also mean less responsibility. Corporate partners will take care of most of the ownership responsibility during the transition period and handle all of the human resources requirements, recruiting, practice growth, and more.

Good investment. Because it is more profitable, less responsibility, and low risk, corporate partnerships can be a good investment for the individual. ■

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care delivery methods—all aimed at narrowing the gap in pet care for underserved communities.

One key development in this evolution is the rise of mobile veterinary services. According to the AVMA Economic State of the Profession report,⁵ mobile practices reported the highest median gross revenue at \$1,200,000 in 2022, a staggering increase from \$300,000 the previous year. This trend will likely continue, driven by the growing preference for convenience among busy individuals. Mobile veterinary services not only cater to their need for speed and accessibility, but also provide a vital solution for pet owners who might encounter geographical or logistical challenges in accessing traditional veterinary care.

The industry is also making progress in harnessing the full potential of veterinary technicians to enhance access to care and keep these valuable team members in the profession. A significant stride in this direction was the introduction of the 2023 Technician Utilization Guidelines⁶ by the American Animal Hospital Association (AAHA), which provides practical tools to empower technicians and recognize their crucial role in patient care.

Embracing telemedicine, enhancing access to care, and swiftly adopting cloud-based solutions—transforming the veterinary industry, reshaping dynamics, and creating opportunities for remote work while enhancing client experiences.

Furthermore, regulators are making efforts to address veterinary shortages by expanding technician scope of practice. For example, Arkansas passed a bill⁷ allowing veterinary technician specialists to diagnose, develop treatment plans, and establish a VCPR in

Embracing cloud-based software heralds a new era in veterinary practices.



collaboration with a veterinarian, and California is considering² permitting veterinarians to utilize RVTs as agents in establishing VCPR for preventive care. In light of these developments, we can anticipate further conversations on ways to maximize the utilization of veterinary technicians and potential transformation of this profession.

CLOUD MIGRATION CONTINUED

The adoption of cloud-based software solutions has been a steadily growing trend for the past decade. According to the IDEXX Investor Day report,⁸ the number of practices operating on cloud-based practice information management systems (PIMS) increased from a mere 1% in 2013, to 12% in 2018, and is currently at the 35% mark.

As veterinary businesses are increasingly seeking to escape the costly, time-consuming maintenance of on-site hardware and IT infrastructure, migration to cloud-based systems will continue to accelerate by 6-8 percentage points per year reaching 84% penetration by 2030.

Corporate adoption will drive this shift as consolidators are realizing that lack of unified data is stifling their growth. Veterinary groups, who have been struggling to manage a mishmash of software across their locations, will aim to standardize PIMS looking to streamline operations, enhance data consistency, and improve overall efficiency in their multi-facility practices.

With 17% of veterinary practices planning to retire their server-based systems in the next 2 years, they will be shopping for all-in-one

PIMS that offer a wide range of integrations and extended functionality that eliminates the need to purchase additional software, such as online booking, reminders, or telemedicine capabilities.

The cloud trend will also translate into positive outcomes for pet owners. Extended features of the new software will allow veterinary hospitals to offer a broader range of services and communication channels, such as text messaging, pet parent apps, virtual care, or even AI-powered chatbots, ultimately enhancing client experience and patient care. Finally, this trend will create opportunities for remote work among practice staff, addressing a longstanding aspiration expressed⁹ by veterinary professionals.

Ryan Leech, BBA, director of strategic partnerships at Digitail, is an experienced leader with a history of growing businesses through highly scalable sales models. With a background that spans multiple industries, Leech led sales for startups that raised over \$100M in funding and ran his own sales consulting firm. Today, as director of strategic partnerships at Digitail, he oversees collaborations and integrations with industry leaders and innovators to drive digital transformation in veterinary medicine. In addition to his professional experience as director of business development at Galaxy Vets and Hippo Manager Software, Ryan is also the host of "The Bird Bath" and a former co-host of the "Consolidate That!" podcast. ■

References available online at dvm360.com

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WHAT ARE THE BENEFITS OF FINANCIALLY PREPARED CLIENTS?

Better care for the pet. Financially prepared clients are more willing to accept and follow treatment recommendations for their pet's care, whether it be wellness, preventative, disease, or trauma. High upfront costs are less of a shock when the client is paying monthly for a financial buffer, like insurance, a wellness plan, or has an existing line of credit for veterinary care.

Positive staff morale. When veterinarians, technicians, and support staff get to provide 100% of the care a pet deserves, they get to live out their childhood dreams. If veterinary professionals could have more days where they go home from the hospital feeling fulfilled instead of bullied and drained, hospitals would experience less turnover and a more positive work environment.

Hospital sustainability. Financially prepared clients visit the hospital more often and say yes to "Plan A," meaning they have a higher annual spend at your hospital *without you having to change anything*. More revenue means staff can be paid what they are worth, equipment can be upgraded, and the hospital can grow in a positive, sustainable way. Owners that have wellness plans, established lines of credit for veterinary care, or pet insurance often return to the hospital to make their purchases. The elimination of cost barriers also allows these clients to make decisions quickly saving valuable time.



commitment. It also sends the message that the hospital's commitment to finding solutions that make quality care accessible. Owners feel heard and supported and are more likely to have a long-lasting bond with your hospital and recommend you to others.

Proactive discussions and alternatives like veterinary credit cards, pet insurance, and wellness plans offer solutions to enhance care accessibility and satisfaction amid financial constraints in veterinary practice.

Could a 30-second proactive conversation about cost at that first visit mean never having a money conversation again?

SOLUTIONS

Veterinarians often have clients ask if they offer "payment plans." Although we never want to decline to care for a pet when an owner doesn't have the money, the alternative can be worse when that owner inevitably doesn't live up to their side of the agreement. Here are alternative solutions to that age-old question:

Veterinary Credit Cards, such as All Pet Card and CareCredit. Providing information about and accepting these cards gives the owner the option to spread the cost over several months. Offering a 6-month deferred interest payment plan incurs an additional expense of about 1-3% over regular processing fees, but this far outweighs the alternative of non-payment or suboptimal care and can lead to client loyalty as the cards are valid at the veterinary hospital, not at online or retail sellers.

Pet Insurance. Insurance plans help defray the costs of veterinary care. Companies and policies vary in what they cover, how they cover it, and what they will pay. It is unnecessary to get into detail here. Simply educate the owner

that pet insurance is available, and it is a way to be financially prepared. Provide owners with information they can use in learning about pet insurance, as well as a couple companies that have been positive experiences for you and your staff. An example of a non-biased company for general insurance information is Pet Insurance Review.

Wellness Plans. The ins and outs on how to provide this as a hospital are beyond the scope of this article, but wellness plans spread the cost of preventative and wellness care over the year. This approach often creates more compliant owners as they want to reap the full benefits of what they are paying for monthly. Pets on wellness plans are more likely to have timely wellness exams, get regular dental cleanings, and receive heartworm and flea/tick preventatives on time.

NOW WHAT?

If you have been nodding your head in agreement while reading this information, then I have one question: *why not?* Why not make this change tomorrow? *Why not* have a serious conversation with your hospital team and prioritize having a short conversation at each and every initial puppy and kitten appointment? Why not start proactively providing financial options when cost of care is discussed? What if anything is holding you back?

Give yourself some time of honest introspection, then articulate your concerns, and decide if they are valid in the face of the information presented here. Have conversations with colleagues that struggled with the same concerns but are on the other side and proactively educating their clients. Talk with practice management consultants about the lasting benefits for you, your hospital, and your team. It won't be easy to start, but once you see the positive changes, you will wonder why you waited so long. ■

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