

Talking to Clients About Money

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You leave one exam room on the way to the next when Kathy slinks up to you with a look of terror in her eyes and says, “Dr. Weinstein, Mrs. Noble wants to talk with YOU!”

All of a sudden your mind starts to race. Oscar has been hospitalized for the last three days with pancreatitis. He has been doing great and, in fact, it is about his scheduled pick up time. What happened, did Oscar relapse? Did he not get the clean up bath? Worse...did he die? As your blood pressure goes up and Kathy waits for you to get the glazed look off your face, panic begins. “Yes, Kathy,” you say, concerned. “What are Mrs. Noble’s concerns?”

“Dr. Weinstein, Oscar is fine. She is thrilled that he did so well in light of the prognosis that you gave. However, she can’t afford the bill! She knows you have been keeping her up to date the whole time on both Oscar’s medical progress and her total bill. But she can’t pay it.”

Your eyes go from glazed to rolled up in your head. You run into the office, close the door, climb under your desk, pull the chair in behind you and hope...against all odds, that somebody else will handle this one. As you pull the few remaining hairs from your head and start to bang it against the wall, a little voice whispers in your ear...you could have become an accountant!

Obviously, this scenario is a bit on the exaggerated side...Or is it?

Dollars and Cents Takes Common Sense

As a practitioner, I found it easier to discuss life and death than dollars and cents. What is it about money, fees, costs, etc. that is so intimidating, daunting, threatening, and downright scary?

Many of us were brought up with very negative connotations of money. Look at some of these quotes:

“Money is the root of all evil”

“Money is dirty”

Is it any wonder that in a caring and compassionate profession, such as veterinary medicine, talking about money has its own negative connotations?

Is the barrier to charging more and collecting more, your clients or YOU?

The cost of providing care for pets has grown significantly over the last decade. Here are some simple statistics from the AVMA from the last few years:

- Americans spent \$19 billion on veterinary care and medications, an increase of almost \$8 billion in five years. (2001)
- In US households, there are (2002):

- 1.6 million dogs
 - 68.9 million cats
 - 10.1 million birds
- Did you know there are only about 72 million children under the age of 18 in America?
- These households spent on veterinary care (2002):
 - Dogs: \$11.5 billion
 - Cats: \$6.5 billion
 - Birds: \$140 million
 - The average cost of veterinary care per year is (2002):
 - \$261 for dogs
 - \$157 for cats
 - 62% of all households own at least one pet
 - 30% of Americans have taken time from work to stay with a sick pet
 - Overall pet spending has doubled from \$17 billion in 1994 to a projected \$34.3 billion in 2004. This far exceeds the toy industry (\$20 billion) and the candy industry (\$24 billion).

In the 21st century, where pets have taken on the role of four-legged children in my families, we have an increasing obligation to both the client and the pet. Our obligation, by oath, will always be to the pet's best interest and health. However, we can't forget the human holding the leash or carrier. If we take every action that we take with the pet's best interest, the client's best interest, the staff's best interest, the hospital's best interest, and the owner's best interest, in that order, we should always be successful.

A challenge that we face as a profession is to educate the public on the level of care that is available to their pets. It is amazing, still, how many pet owners really have NO idea about the amount of education that veterinarians have, the technology that is readily available to us, and the knowledge base with which we work. For pet owners to appreciate the value of the care that we provide, we must educate them about the value of the care that they receive. Until we can do that, the cost of veterinary care will always be questioned by those not in the know.

To be able to feel comfortable in discussing your fees with clients, you must be comfortable that clients are getting value for the level of care provided. You must make sure that they are a part of the decision making process. You must educate, educate, educate and then educate some more so that they are comfortable in the decisions that they made. And you need to start the education at the first visit and never stop.

Talking About Money

How many people do you think have a line item on their personal budget for their pet care? For that matter, how many people do you think actually have a personal budget? How many people who purchase a pet have any idea what the basic veterinary costs will be over the life of the pet? And this doesn't include food, treats, toys, grooming, etc.

DVM Newsmagazine, Veterinary Economics, Consumer Reports, Smart Money, USA Today, Forbes, etc. have addressed a variety of notable trends in the financial levels within the profession. Some of the truths noted:

- Level of skills, technology, and care have all increased astronomically
- The actual cost to the practice to deliver the above has increased
- The reflected cost to the consumer to receive the above has increased
- The relationship of pets within families has changed
- Expectations of clients for the services provided by veterinarians has increased

The two most difficult things to talk about in practice are euthanasia and money. Interestingly, in both conversations, we are taking something very near and dear away from a client. However, we must talk about the financial aspects of pet care and we must do so clearly and in a well-documented fashion. A financial policy is a step in the right direction.

What Are the Components of a Strong Financial Policy?

Before you can develop a strong financial policy, you must have a staff that whole-heartedly believes that you are providing the best care possible and backing it up with value and service at a price that is competitive within your local marketplace. Without this foundation in place, you have a house of cards where the staff will not support the decisions and recommendations of the veterinary team. IMHO, if you, at all times, make your clinical decisions based upon what is best for the pet; best for the pet owner; best for the staff; best for the hospital; and, best for the owner of the hospital; in that order, you will engender 100% support from your team. Additionally, if you train your staff to understand not just the WHAT, of the clinical care, but also the WHY, of the clinical care, you will have find that they give you very strong support of any financial policy that you develop.

The components of a financial policy:

- Always discussing patient NEEDS with the client to create a level of confidence and understanding of the significance the care to be provided.
- Creating HEALTHCARE PLANS or Treatment Plans formerly known as Estimates for Optimal HealthCare.
- Presenting the HealthCare Plan in a fashion that focuses on both the WHY and the WHAT of the procedures to be performed BEFORE focusing on the costs of the procedures to be performed.
- Offering multiple OPTIONS to assist in the cost of veterinary care:
 - Pet insurance (before the fact)
 - Third party payment options (after the fact)
 - A variety of payment types (Credit cards, cash, check, first born)
 - NOT acting as the bank for the client by offering held checks, credit cards, etc.
 - NOT being Monte Hall and hosting “Let’s Make a Deal”
 - Creating a FORMAL FINANCIAL POLICY and communicating your financial policy to clients and even potential clients BEFORE it becomes an issue

Needs vs. Recommends

As a healthcare provider, a client and their pet come to you to identify a condition, cure the condition, or prevent the condition OR provide peace of mind that there is no condition. A recommendation does not emanate the same level of confidence that a need does. A recommendation is more of a suggestion, a need is more of a requirement. As a clinician, your role should be to communicate the REQUIRED care not just suggested care.

Healthcare Plans

Estimates are just one way of communicating the cost of services to a client. Estimates that used to be given only to new clients or for higher bills have become more and more a necessity for financial and legal reasons. I have worked with practices that give written estimates for everything from a nail trim to a splenectomy. And there are others that just reach into the back of the minds and say, "Mrs. Jones, it will cost about \$XXXX for today's work." Only to find out that they grossly underestimated the costs and were faced with having to explain that or grossly overestimated the cost and the services weren't accepted.

Take estimates seriously. Actually, if you think about estimates, they are what your repairman provides you for fixing your car or clothes washer. What we are actually providing is a cost of services based upon a clinical plan that we have ascertained would be best for the patient. Consider changing the terminology in your practice to a HEALTH CARE PLAN (HCP) from ESTIMATE.

With the HCP, you are now, as a clinician, able to focus on the left hand column of information that has the services that are needed delineated. The exam room nurses or receptionists can focus on the right hand column that is the costs. SUMMARY: Doctor focuses on the needs of the pet (left column). Staff focuses on the cost for the care (right column).

Should the pet's needs change and the HCP change, advise the client ASAP. Clients are much, much, much happier AND the Staff is much, much, much happier when they are forewarned about what their bill might be.

Positive and confident body language and verbiage are important both when discussing HCPs and when eventually collecting the bill. Practiced scripts are very effective in this arena.

To get past euthanasia as option, euthanasia can't be provided as the first option. Healthcare plans (Estimates) must provide optimal care for the case in question. These plans must be clearly explained and clarified for the pet parent. When hesitancy is noted, it is imperative that the reason for the hesitancy be identified: is it the risk of the procedure? The prognosis for a positive outcome? The place of the pet in the family hierarchy? Or the cost of care?

Offering Financial Options

Besides the more mundane cash, check, and credit cards, what options do you discuss or offer to clients to help with the cost of care? By providing options to clients you are letting them know that you care about their pet's health and want them to be able to financially afford the best care.

Do you discuss?

- Purchasing pet insurance policies for young healthy pets to provide coverage when needed
- Third party payment options
- Barter
- Internal banking
- Discount it or just give it away

The following forms of financing are your practice acting as a bank for the client: held checks, delayed credit card payments, barter, etc. These are best avoided because most of the time they only lead to ill will.

Pet insurance has been available in the US and Canada for over 25 years but only one percent of all American dogs and cats are insured. Insured pets see their veterinarians more frequently and sooner when they have a problem. And pet owners with insurance will pay more for veterinary care than those without insurance. Of course, if you don't have insurance and a

problem arises, it is too late. Pet owners should be encouraged to buy policies for their young healthy pets and retain it for those emergencies, diseases or accidents where the wallet and the heart both weigh heavily. Besides, current insurance endorsements will help pay for basic wellness needs until the crisis mode hits.

At the same time a pet owner is signing up for pet insurance, it would be advised to get approval for third party payment such as Care Credit. Care Credit and its brethren in the third party financing world provide low or no interest financing for veterinary healthcare services. Clients can apply for it and have it in their back pocket for the unexpected.

A client with third party payment options allows you to:

- Discuss the patient's needs from the optimal level
- Have prepared clients for the unexpected illness/ injury/accident, etc.
- Charge a fair and reasonable fee for your services

The combination of pet insurance, Care Credit, healthcare plans, and a well-trained team will work together to give patients the level of care they deserve. The combination of pet insurance, Care Credit, healthcare plans, and a well trained team will work together to provide clients with the peace of mind that their four legged children can be given they need. The combination of pet insurance, Care Credit, healthcare plans, and a well-trained team will give your practice a reputation as a caring and compassionate hospital. The combination of pet insurance, Care Credit, healthcare plans, and a well-trained team will provide you with the additional revenue to make the entire healthcare team happy and proud of the work that they do.

Financial Policy

If a clearly defined financial policy doesn't exist in your practice your freezer will be receiving more deposits than your bank. If the barrier to Getting to Yes is the cost of care, then the pet owner must be made aware of the options available to allow for decisions to be made from the heart rather than from the wallet.

From the very first visit, it is truly beneficial for a pet parent to understand what the options that they have for payment are. Besides cash, check, money order, what credit cards are accepted? Do you offer third party payment programs such as Care Credit? What are your feelings on pet insurance? What about if the client has no cash, has maxed out credit cards, doesn't qualify for Care Credit? What are your 'final/alternate' financial options?

Having a written and clearly understood and discussed financial policy makes it much easier for the entire hospital team to discuss payment options with the client WITHOUT having to have a different policy for every client.

What are your practice's options to help clients 'afford' treatment? How are you "giving patients more ways to say YES to treatment"?

Instead of clients learning about your payment options only when a crisis arises or when they ask, a Financial Policy Form is a non-confrontational and non-stressful way to inform clients of the options that they will have to take care of the bill and they know BEFORE they get the bill.

Extending credit is a courtesy that you should rarely extend to your clients. Extending credit PAST agreed upon terms impacts cash flow and is disruptive to work flow. It can also strain relationships with clients when you go to collect a delinquent account.

If you do extend credit, do you have fail-safe system that you use for EACH and EVERY account? You MUST!

The "Our Financial Policy" Form

By putting your financial policies in writing you are documenting and validating what you believe for your staff and your clients. The policy/form can be included on your website, posted in the reception area, summarized on your brochures, and presented to clients new and old. The premise: you believe in clear communication, mutual understanding and respect, and thus your clients would appreciate knowing in advance what your financial policies are.

It is your goal to make sure that financial considerations are not an obstacle to a client providing important, life-saving care to their four-legged family members. So, clearly define that in your Form. Not until they understand how much you care do you discuss your payment options.

Also, remember that your goal is to NOT act as the bank or a pawnshop for your clients. Thus, your payment options need to be both short and long term payment options.

Since, this form will be given to new pet owners and established pet owners alike, you should have a statement about pet insurance. This may be as simple as "Pet Insurance is available to assist you in the cost of care for your pet, for additional information, ask one of our healthcare team". It may be more complicated, such as: "We believe that every pet that is eligible for pet insurance coverage should enroll as young as possible with XYZ Insurance Company. The insurance will be provide a real benefit to you and your pet's long-term healthcare'. This addresses the big picture part.

However, we know that most pet owners are not that pro-active. So, what is your plan for the more common, "I didn't know it would be that expensive, I can't afford that' client?

The obvious choices are noted above and repeated here: Cash, Check, Money Order, Visa, MasterCard, American Express, etc. In most cases, there is some source for payment that includes one of these.

On the other hand, on those rare occasions when your client has no cash and no credit cards, what can you do? The recent advent of "Client Payment Plans" through a variety of companies (for example, Care Credit®), has opened up a whole new modality for client financing.

These companies will act as the bank for you. Clients apply either online or over the phone in your lobby and are approved for a set amount of coverage. The interest rate and length of payment are available in a variety of options. The burden of collection is transferred to these alternative party payers. There is a charge to you of a small percentage of the bill but you get your payment immediately with no worries about trying to collect the money down the road. The 'buck' has been passed from the client to the third payment company to you in the blink of an eye. And clients love the thought that their pet has their own credit card.

The days of being your client's bank can be over if you want them to be. On the other hand, if you enjoy sending out monthly statements, reminder notes, late payment statements, dunning notes, etc., at least have a "Financial Arrangement" Form (FAF) that let's your clients know that you are serious about getting paid. The FAF should outline the Treatment Plan total, the deposit and the amount financed. It should delineate how long the balance will be financed for, what the amount of each installment will be, what the late fee (after 30 days without payment) will be, and what the annual percentage rate for delinquent accounts is. This is similar to any financial arrangement form or credit card form that you have filled out for yourself and should be reviewed by your attorneys for enforceability and have a place for signatures and witnesses at the bottom. Don't make this the first option and make sure clients know that is not your first choice but a last resort to ensure that they can provide the necessary care.

Having the Financial Policy and Financial Guidelines Forms in conjunction with the FAF provides you with the tools needed to communicate clearly that you really want to help them provide the optimal level of care to their pets. You have the knowledge, skills, and desire to provide the healthcare and NOW you have communicated to them that not only can you solve their pet's problems but you can also help them with the financial problem that might force them to make a decision between life and death.

A Pet User's Manual

Every consumer product that you purchase comes with instructions for assembly, cautions, a warranty, and a user's manual. You go through a long class on how to drive a car. You can't own a gun without a permit. However, you can have and raise a child without any instruction. You can also purchase a pet without any guidance. Interesting how living things require no user's manual or training.

Dead puppies generate no invoices. Veterinarians must be the first the line of attack and education in helping clients select a pet. With euthanasia the number one cause of death and behavioral problems that number one cause of euthanasia, we need to step into this advisory role quickly and aggressively.

Included in the selection process discussion must be a discussion of the major problems--medical, surgical, behavioral--that may be seen with a particular breed. And a discussion of the projected costs that might occur for these problems.

Once a client has selected the pet most appropriate for their family and lifestyle, we need to make sure the match is made in heaven. It is not the groomer, the boarding facility, the pet store, petadvisor.com, etc. It is the veterinarian who has the expertise and experienced to staff to guide a family through puppy or kitten-hood.

Do you remember to cover everything at every visit? More accurately, do you have the time to cover everything at every visit? Do you sometimes forget to discuss diet, shampooing, nailtrimming, breed specific issues, behavior, etc.? Do you remember to set your expectations for the next visit? The rest of the year? The next 15 years? Why not?

Do you know when to change your oil? Get a tune up? Clean your teeth? See your Ob-Gyn? Have your colonoscopy? The back of your auto manual tells you when you need your regular auto care. The guide to your stereo has a section on trouble shooting. Your dentist tells you specifically when you are do to return. Why don't we provide our clients with a single resource for the next 15 years or more of their pet's life?

This is where the User's Manual concept comes in. We need to provide a guidebook, recipe, atlas to the next 15 years or so of a pet's life. The guide book must encompass the basic wellness parameters, the breed specific issues that might arise, behavioral problems, etc. Additionally, it should include guesstimates as to the expected or projected costs for providing the needed care for the pet through the rest of their life. The part addressing potential costs need not be detailed as much as a HCP without concrete costs.

The contents of the User's Manual will be personalized to the pet in question. The areas to include, among others:

- Physical Examinations
- Wellcare Parameters
 - Vaccinations
 - Intestinal parasite exams
 - Dewormings (to include zoonotic information)
 - Flea Control
 - Heartworm testing and preventative
 - Spay/Neuter (+/- Declaw)
- Nutrition
- Behavior
- Laboratory testing
- Practice philosophy on pain management
- Breed Specific Issues or Predilections
 - Your hospital and the pet's specific needs on a year by year basis
 - Estimate of the 'cost' for basic care over the life of a pet

And don't forget to include:

- Your hospital brochure
- Mission statement
- Core Values
- What to do in case of an Emergency
- What is an emergency?
- Etc.
- Etc.

Picture the following:

Service	Age	
	Puppy (<1year)	4 years old
PE	With Vax	Twice per year
Vaccinations	Lifestyle based	Lifestyle based
Fecal Exam	Minimum of twice	Annually
Deworm	CDC recommendations	Annually
HW Test/Prev	No Test, Yes Prev	Test and Prev
Flea Control	Year round	Year round
Spay/Neuter	Yes	N/A
Laboratory testing	With spay	Junior Wellcare
Radiographs		
Breed Specific	See breed section	See breed section

The above is a simple example of what can be done. I would suggest that you create this road map for EVERY YEAR from birth until at least 15 years of age. You know have educated your clients about the expectations that you and your hospital have for the care of their pet over the next year. If I asked you the question: How often do your clients expect to see you each year? You can now answer that question.

All you need to put this together are three ring binders, handouts, dividers and little imagination. A digital camera adds huge value also since you can now take annual pictures to add to the perception that you and your practice really do care.

Summary

The financial implications of Veterinary Practice are a matter of:

- Avoiding surprises by making pet owners aware of their pet's needs and other associated costs
- Providing high quality care and higher quality service to give the impression of high value
- Anticipating a pet's needs and discussing these needs with clients
- Providing options for clients so that the decisions for their pet's health care are made with their hearts NOT with their wallets

So, the financial implications of what we do everyday are huge! I challenge you to increase the level of client service that you provide, increase the the standards of care that operate under, and astronomically increase the type and nature of your communications with your clients.

Clients want and need to be a part of the decision making process. They came to you to have their problems solved. To enhance the value of the services you provide they must leave not only having had their problems solved but also having expectations for future care clearly delineated.

Contact the Author

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