

Financial Unknowns and Economic Realities

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Contents

- How veterinarians bill, handle credit and invoicing
- How to address owners' difficult financial situations
- Understanding the financial constraints of a practice
- Managing associate wages and tech wages

How Veterinarians Bill, Handle Credit and Invoice

SBCV Fee Guide

- The fees in this publication were prepared for the SBCV in partnership with the Canadian Veterinary Medical Association to provide, to whom it may concern, a list of fees considered fair and just. These fees are only to serve as a guide. They are not intended to be binding on any party. No person is under any obligation to follow the fees published herein. If any person should choose not to follow these fees, he/she will not suffer in his/her relations with the SVBC or the Canadian Veterinary Medical Association, members, or affiliates of SVBC or Canadian Veterinary Medical Association.
-
- Members of the profession must remember that conspiring to fix fees is a serious matter which could result in a breach of the Federal Competition Act. Simply stated, British Columbia veterinarians should not cooperate or agree amongst themselves to use the Fee Guide to influence upwards fees for veterinary services. The use of the Fee Guide by any veterinarian is a matter of individual choice.

How the Fees Are Calculated

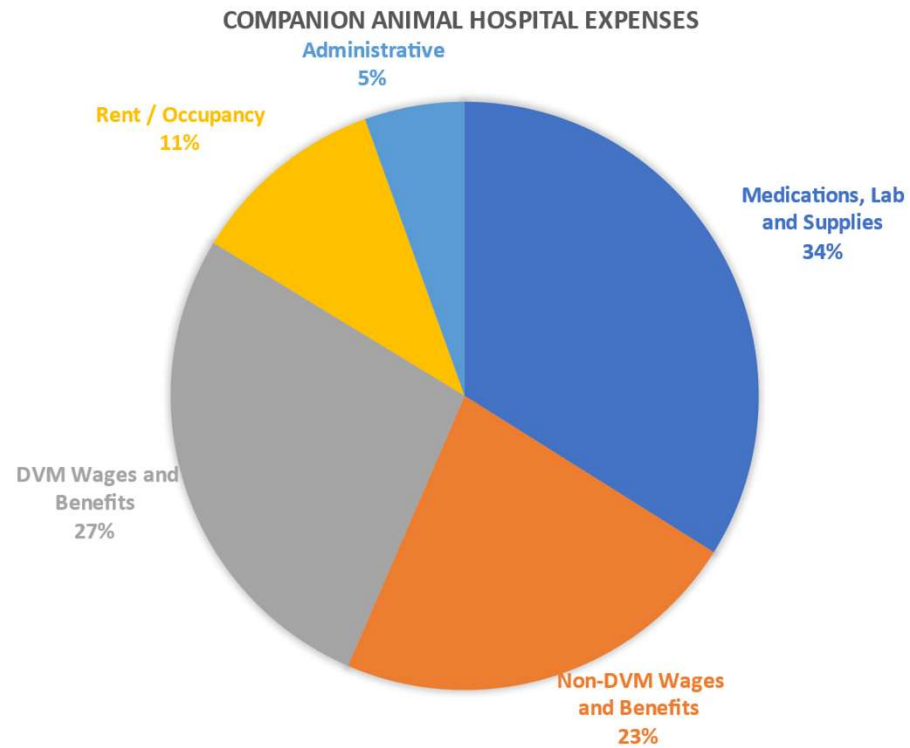
- Procedure Time and Frequency Studies
 - How many exams per year
 - How long does an exam take
- Practice Financial Statements
 - How much does it cost to run a veterinary hospital
- Professional Level Incomes
 - How much “should” a veterinarian earn
- Client Attitudes Toward Fees
 - Perceived value of procedure

Preamble In Fee Guide

Projected Inflationary Increases in Expenses for 2022

- DVM Wages + 15%
- Non-DVM Wages + 12%
- Medications / Lab + 9%
- Occupancy + 6%
- Administrative + 6%

- Overall Change + 10%



What this means for you...

- You must raise your fees **at least** 10% to cover expenses in 2022... and 2023
- If you have raised your fees less than 10% in 2023
 - Raise them again

Small Increases Yield Big Results

- Gross Revenue 500
- Expenses 350
- Net Income 150

- Increase fees 10%

- New Gross 550 10% change
- Expenses (same) 350
- New Net Income 200 33% change

Small Decrease Require Too Many Clients

- Gross Revenue 500
- Expenses 350
- Net Income 150

- Decrease fees 10%

- New Gross 450 10% change
- Expenses (same) 350
- New Net Income 100 33% change

To Maintain Your Net Income

- | | Fees | Production |
|----------|-------------|-------------------|
| Decrease | 10% | 50% Increase |
| | 15% | 100% Increase |
| | 20% | 200% Increase |
| Increase | 10% | 25% Decrease |
| | 15% | 33% Decrease |
| | 20% | 40% Decrease |

One Fee Guide – Three Audiences

- Three audiences for your fee guide
 - Clients - easiest
 - Non-DVM staff
 - DVMs
- You must have an appropriate message (value proposition) for all audiences
- What messages can we give our staff to soften the blow?

Research into Veterinary Fees

Sharp Numbers

- Sharp number: “a precise or an unrounded number.”
- Researchers think we perceive round numbers to be larger than “sharp” numbers even when they’re not.
- Clients will think \$50 for an recall exam is more expensive than \$51.43

Threshold Pricing

- \$100 is a conspicuous “threshold”
- \$100 feels a lot higher than \$99
- If a procedure costs \$93 and fees need to go up 10%, the new price is \$102.30.
- Given the audience(s), it may be better to hold the fee to \$99.30 and make up the \$2 somewhere else.

Who is Affected by Threshold Prices

- Shoppable Fees
 - Reception Staff
 - Doctors
 - Pet Owners
- Non-Shoppable Fees
 - Doctors
 - Staff
 - Pet Owners

Procedures Where Thresholds Matter

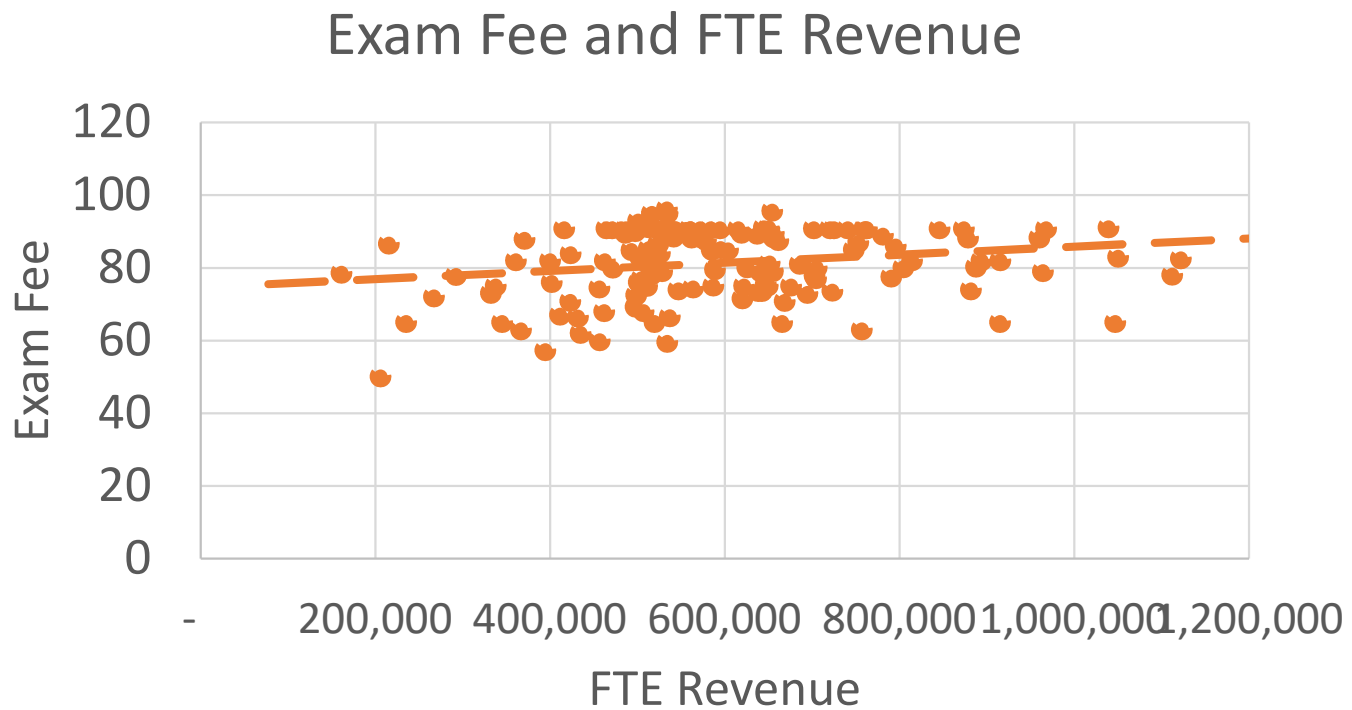
- Shoppable Fees
- Sample Collection Fees
- Elective Technical Procedures
 - Pedicure
- Euthanasia Fees
 - \$99.99 ?????
- Exam Fees

The Exam Fee

Exam Fee

- Actual *cost* for the average veterinarian to provide an exam (30 mins)
 - \$198.67
 - Examination is gateway to other procedures
- How much should a 30 minutes exam cost?
 - \$119.50

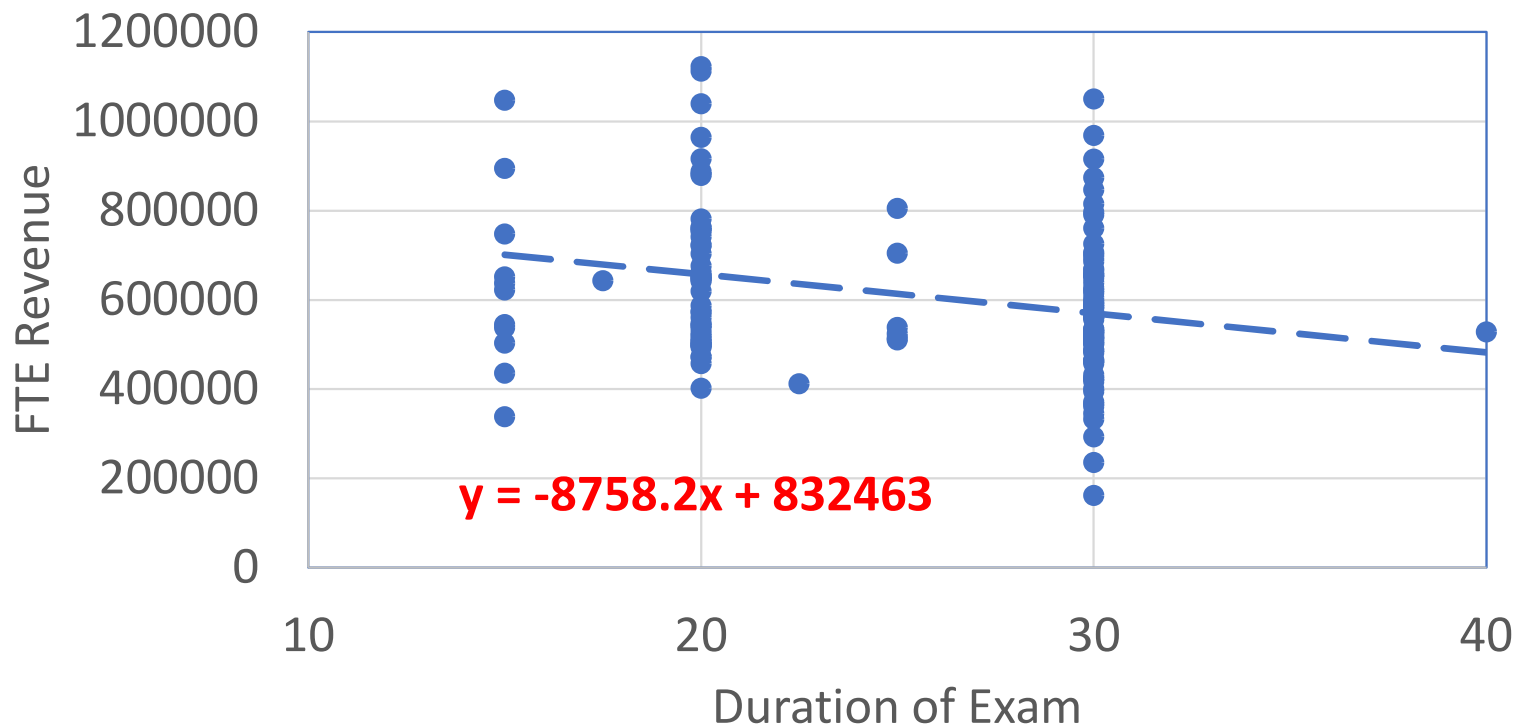
Exam Fees Are Not Shoppable



OVMA 2017

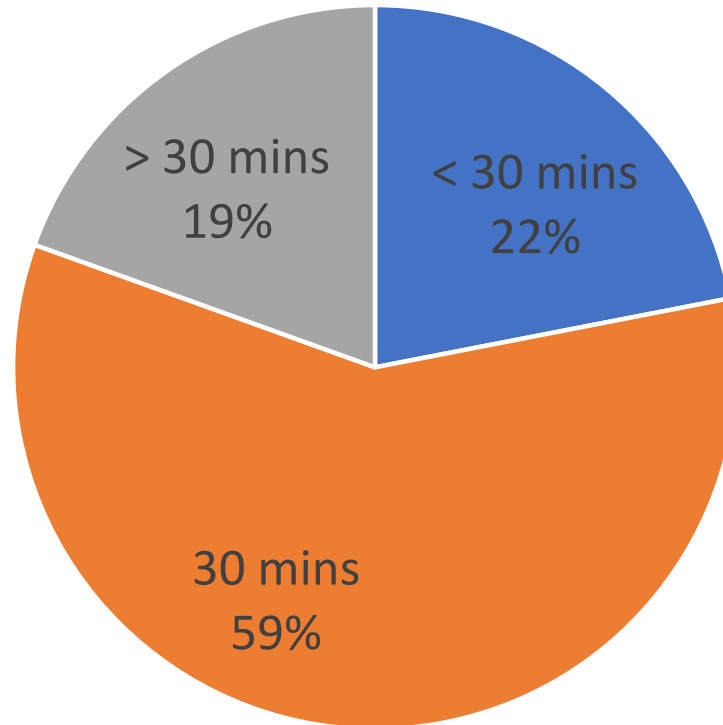
Time in the Exam Room

Exam Room Time and Revenue



How Long Are You Taking

Average Exam Time

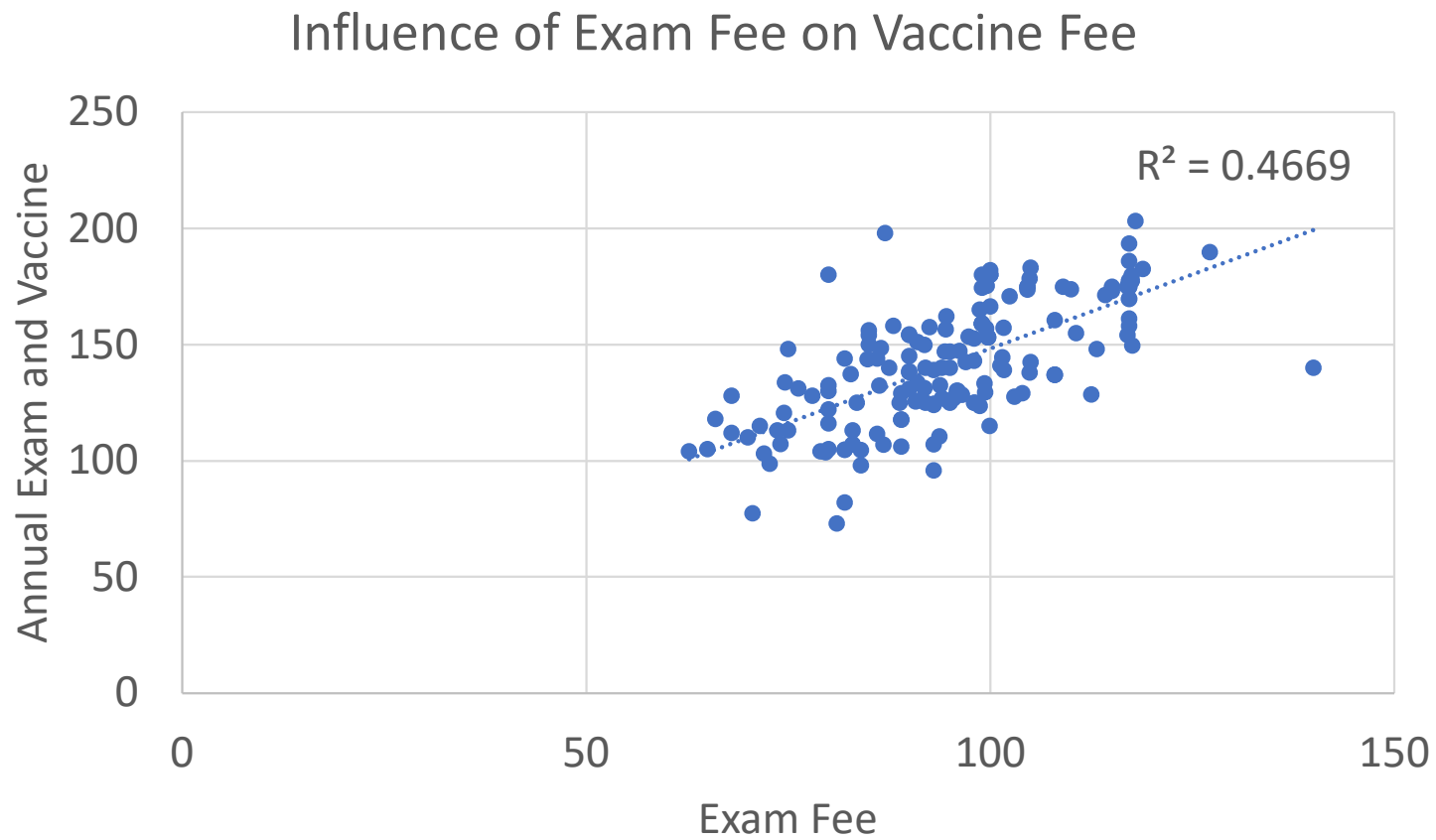


Appointments and Top Performing Practices

- Top performing practices
 - More appointments (exams) per hours / day
 - DVMs with 30 min (or longer) exam room appointments
 - Don't spend 30 minutes in the exam room
 - Technician appointments
 - More appointments per hour – more clients / more revenue
- How many appointments per hour “should” a veterinarian provide
- 10 years ago the majority of practices offered appointments less than 30 minutes

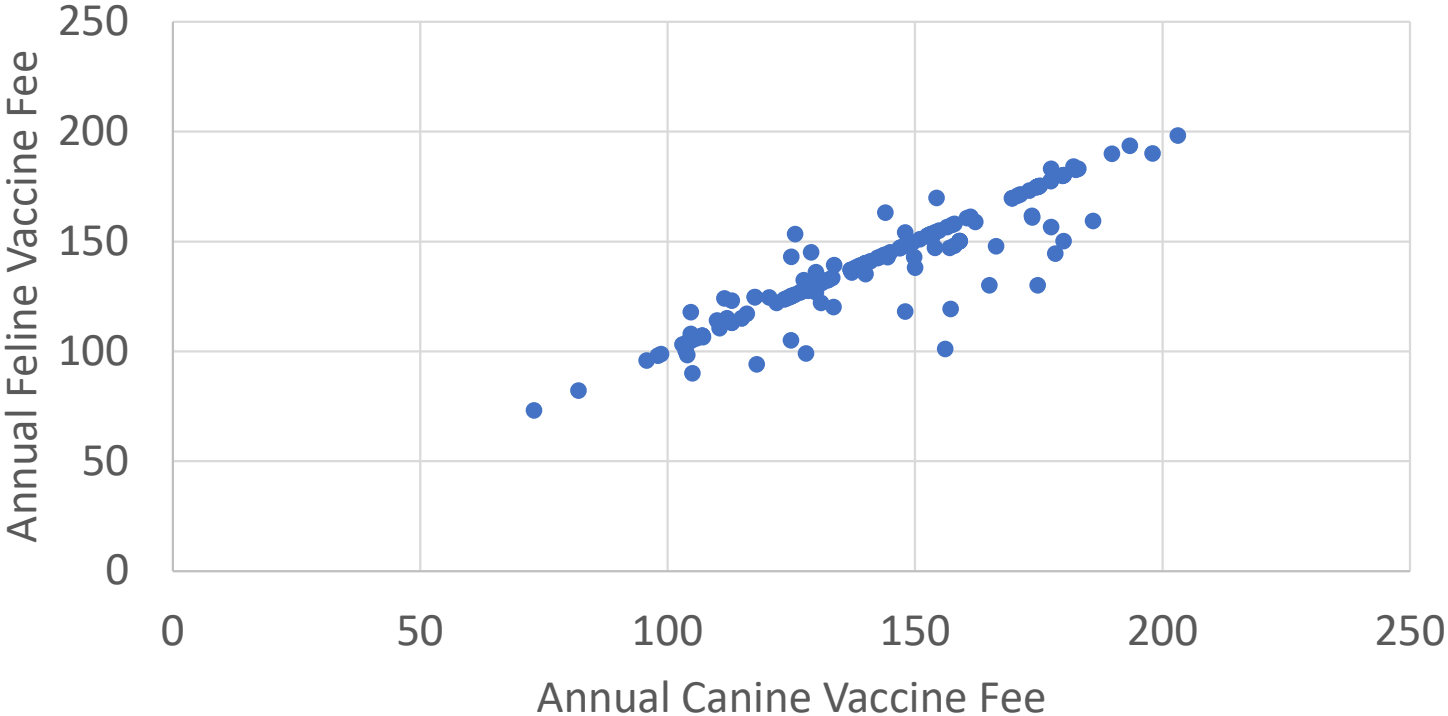
Vaccine Fees

What Drives Vaccine Fees



What's Worth More?

Comparing Canine and Feline Vaccines



One Fee For All Vaccines

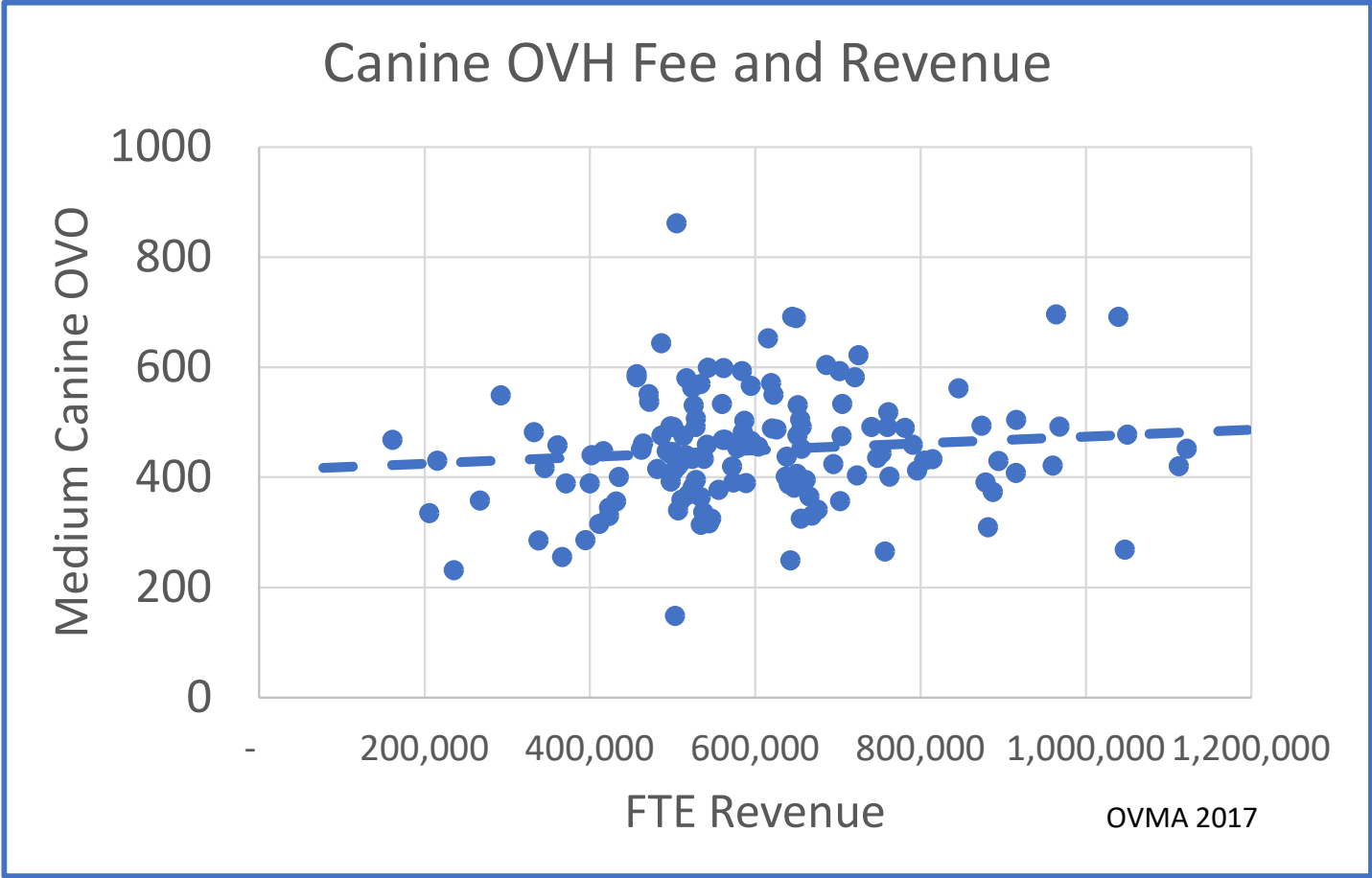
- Vaccine Protocols
 - Rabies, DHPPC
 - Rabies, Bordetella, Lepto, Lyme, DA2PP
 - DA2PPL4 Lepto/Lyme
 - Rabies (1 year), DAP (3 year), Bordetella
 - Rabies (3 year), DAP (1 year), Bordetella
 - Rabies, DA2PPU, Lepto
 - Rabies, DHPP, Bordetella

Harmonized Vaccine Fees

- Charge Everyone the Same Fee
 - What you lose from one you gain from another
- Use most popular vaccine combination
 - Exam + core + non-core
 - or
 - Exam + core + 3 non-core + canine influenza
- Total vaccine revenue / number of vaccine exams

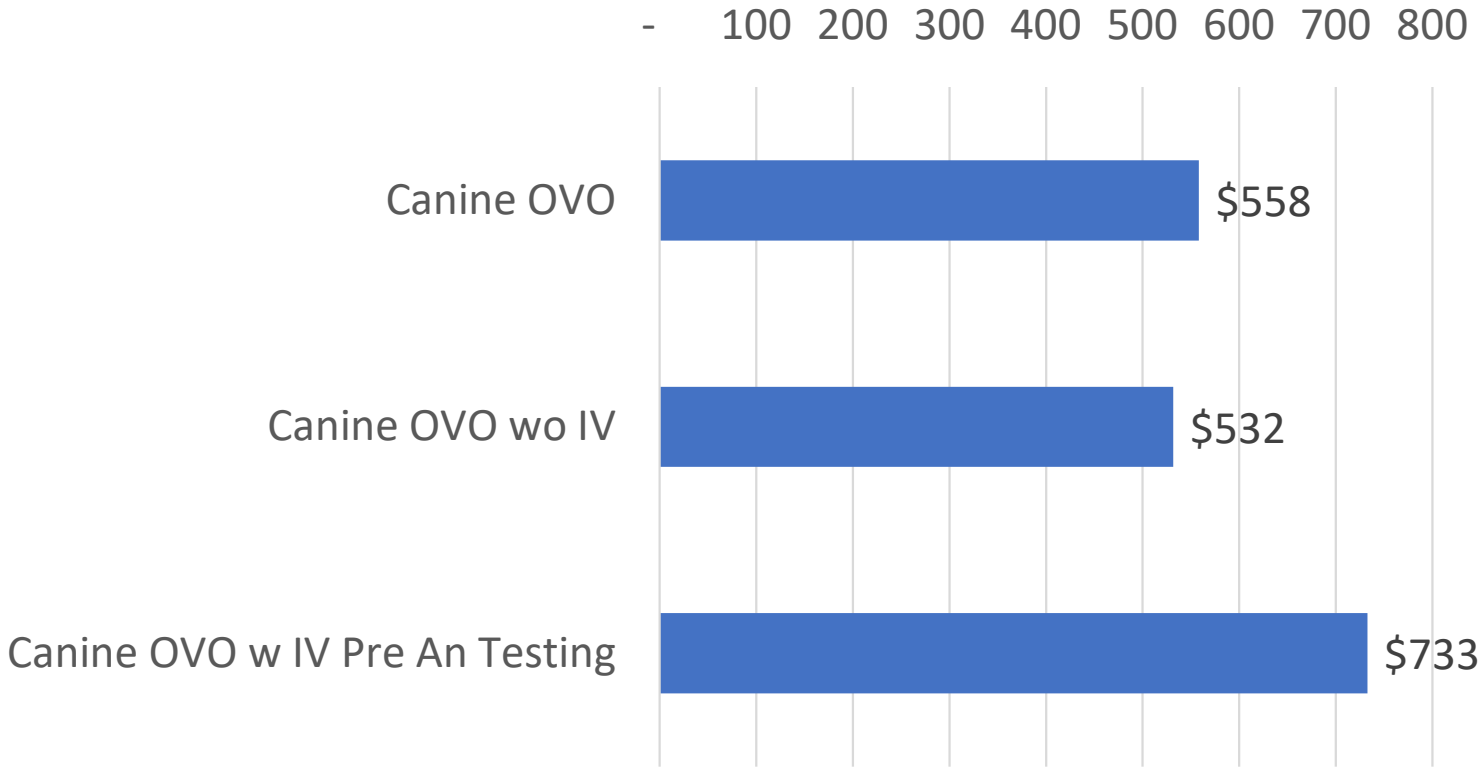
Elective Surgery Fees

Elective Surgery Fees and Income

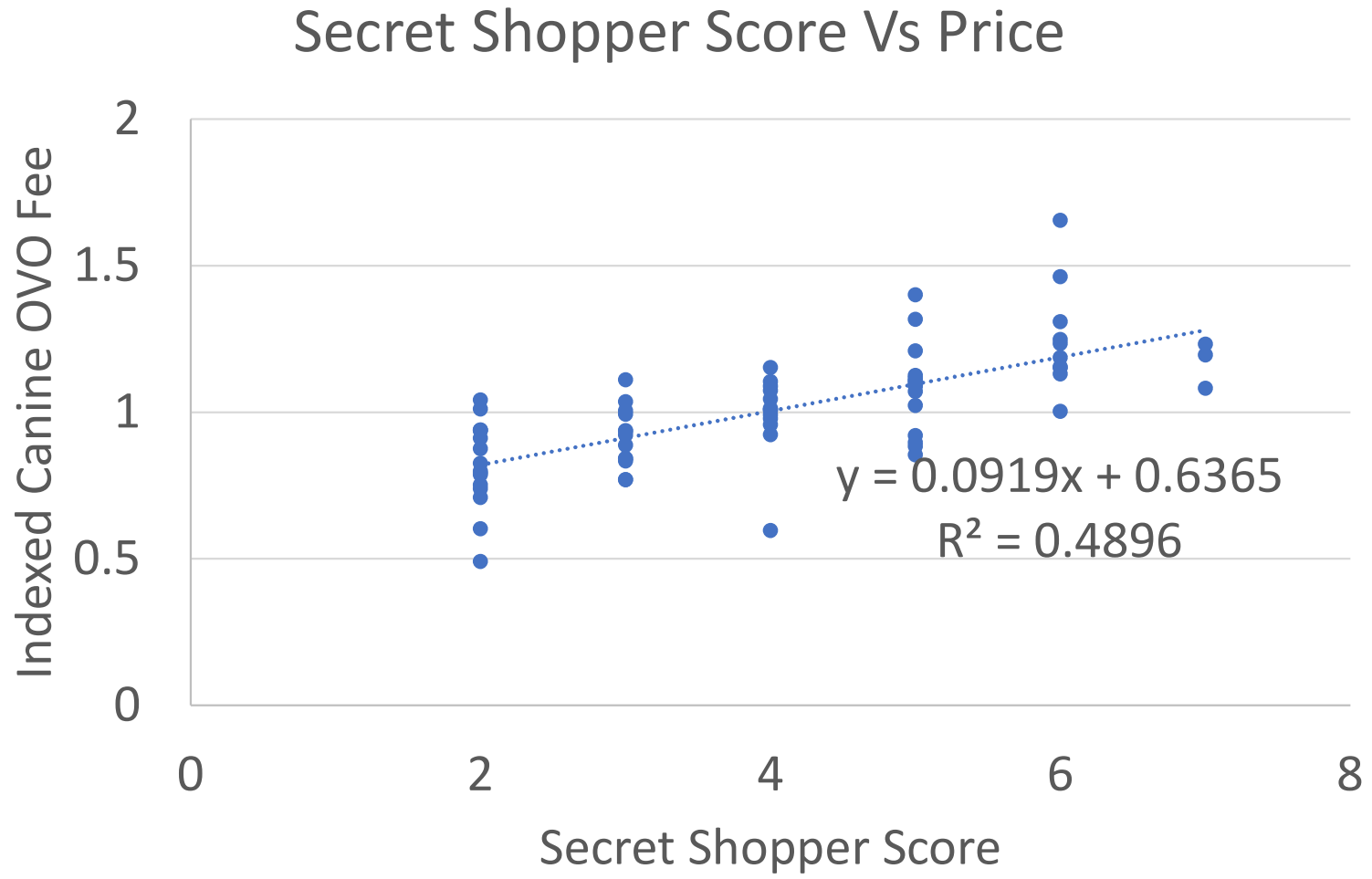


Quoting Electives

2021 Canine OVO Fees



Lower Fee or Higher Value



Dentistry

Staged Dental Fees

- “You guys charge more than dentists”
- Separate the oral surgery from the prophy
- Split the bill
- Staged Dentistry
 - Prophy & Tx plan visit 1 / estimate part A
 - Oral Sx visit 2 / estimate part B

Fee Guide Example

Visit One - Dental Examination and Scale/Polish

| <i>Procedure Code</i> | <i>Description</i> | <i>Unit Cost</i> | <i>Units</i> | <i>Price</i> |
|-----------------------|--|------------------|--------------|-------------------|
| | <i>dog admitted for dental procedure during procedure dental extraction determined necessary</i> | | | |
| 1805 | hospitalization - dog - 1/2 day boarding and professional care | \$148.80 | 1 | \$148.80 |
| 1350 | anaesthetic induction (includes premedication and induction agents) | 277.30 | 1 | 277.30 |
| 1380 | IV fluids during anaesthesia | 149.60 | 1 | 149.60 |
| 1357 | anaesthetic maintenance (includes monitoring and agent) | 69.80 | 2 | 139.60 |
| 1603 | extensive dental exam/prophylaxis/polish | 200.30 | 1 | 200.30 |
| 1610 | dental x-ray (full mouth) | 255.80 | 1 | 255.80 |
| | | Total | | \$1,171.40 |

Fee Guide Example

Visit Two - Dental Extraction

*dog re-admitted to conclude dental procedure and extraction
anaesthetic induction, IV fluid, hospitalization charges waived*

| | | | | |
|------|--|--------|---|-------------------|
| 1805 | hospitalization - dog - 1/2 day boarding and professional care | NC | 1 | NC |
| 1350 | anaesthetic induction (includes premedication and induction agents) | NC | 1 | NC |
| 1380 | IV fluids during anaesthesia | NC | 1 | NC |
| 1357 | anaesthetic maintenance (includes monitoring and agent) | 69.80 | 4 | 279.20 |
| 1650 | dental nerve block (per patient) | 93.20 | 1 | 93.20 |
| 1785 | injection-intramuscular/subcutaneous (first) perioperative pain medication | 46.30 | 1 | 46.30 |
| 1600 | dental unit per 10 minutes (extraction time) | 204.40 | 3 | 613.20 |
| 1786 | injection-intramuscular/subcutaneous (additional) postoperative pain medication | 21.00 | 1 | 21.00 |
| 1732 | dispensing fee (per prescription) medications plus mark-up | 34.00 | 1 | 34.00 |
| | Total | | | \$1,086.90 |

Strategic Fee Increases

Aggressive Increases

- High Value Procedures
- Anything from the Lab
- Anesthesia
- IV Fluids
- X-Ray
 - Analogue or Digital

Moderate Increases

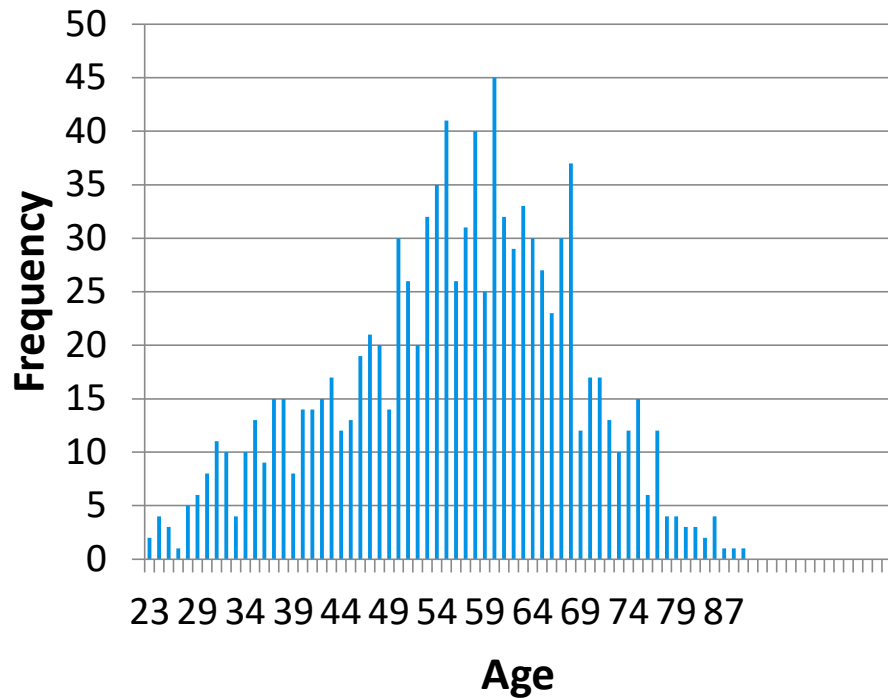
- Low Value Procedures
- Elective Surgery
- Examination
- Vaccination

SBCV Fee Guide

- Designed to stimulate demand for veterinary medicine
- Cover the cost of running a veterinary hospital
- Provide a professional level income to DVMs

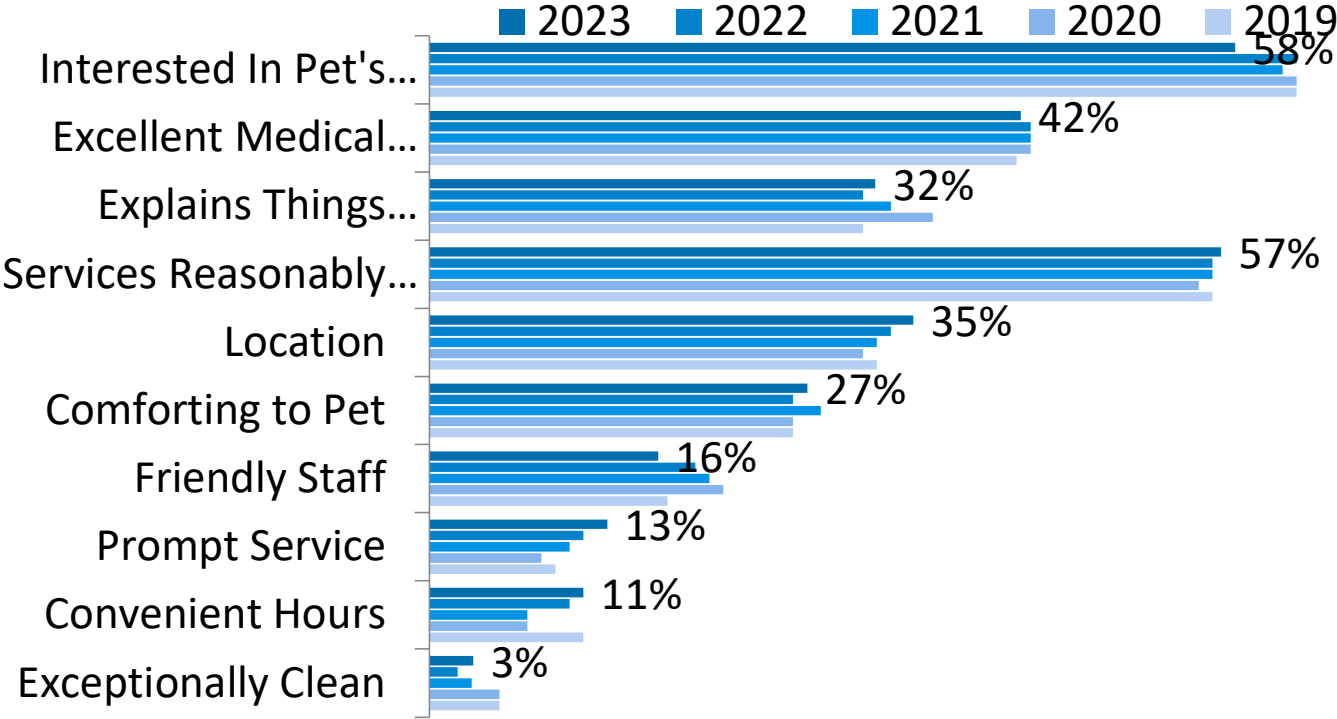
How Do We Know Demand
for Veterinary Medicine is
Not Affected by Fees?

OVMA Annual Pet Owner Survey

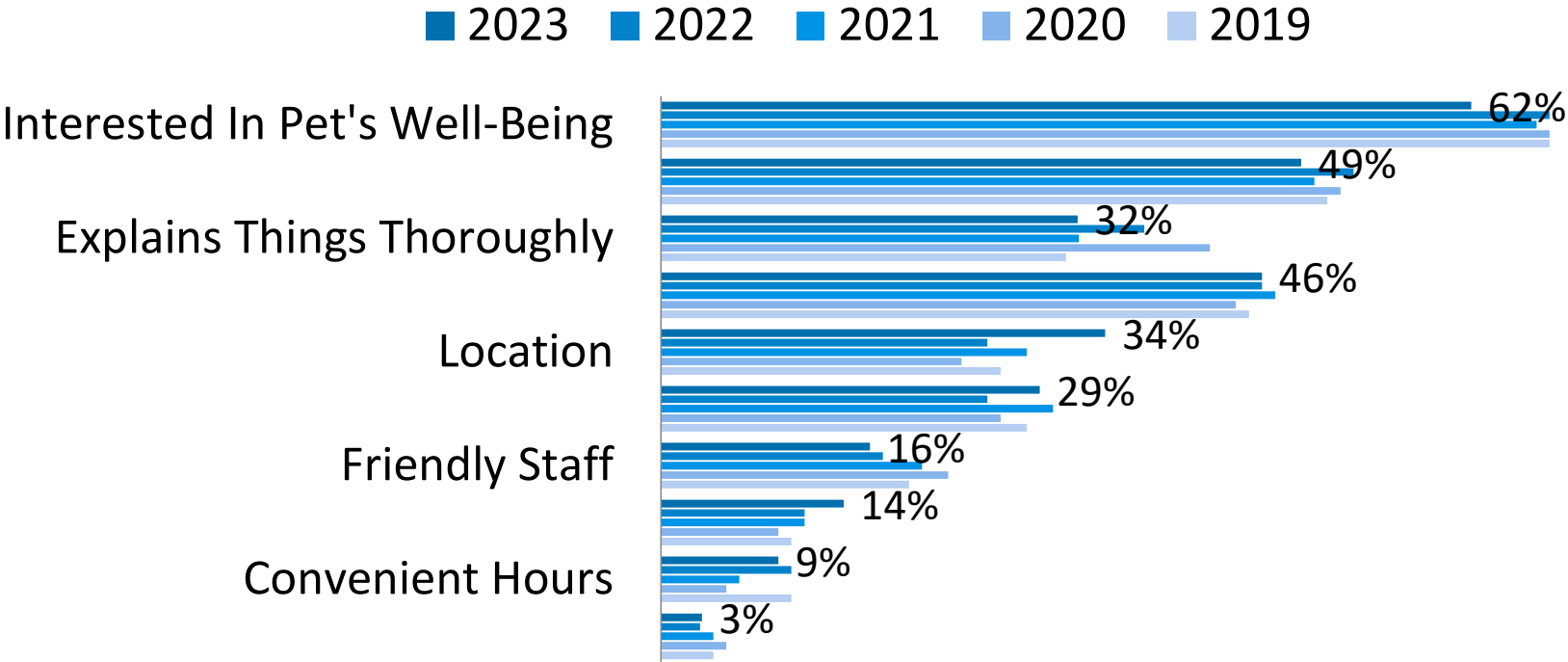


- Consumers with “pet spending” characteristics surveyed
 - 12,433 surveyed
 - 1,012 responded.
- Accurate to
 - +/- 2.7% 19 times out of 20

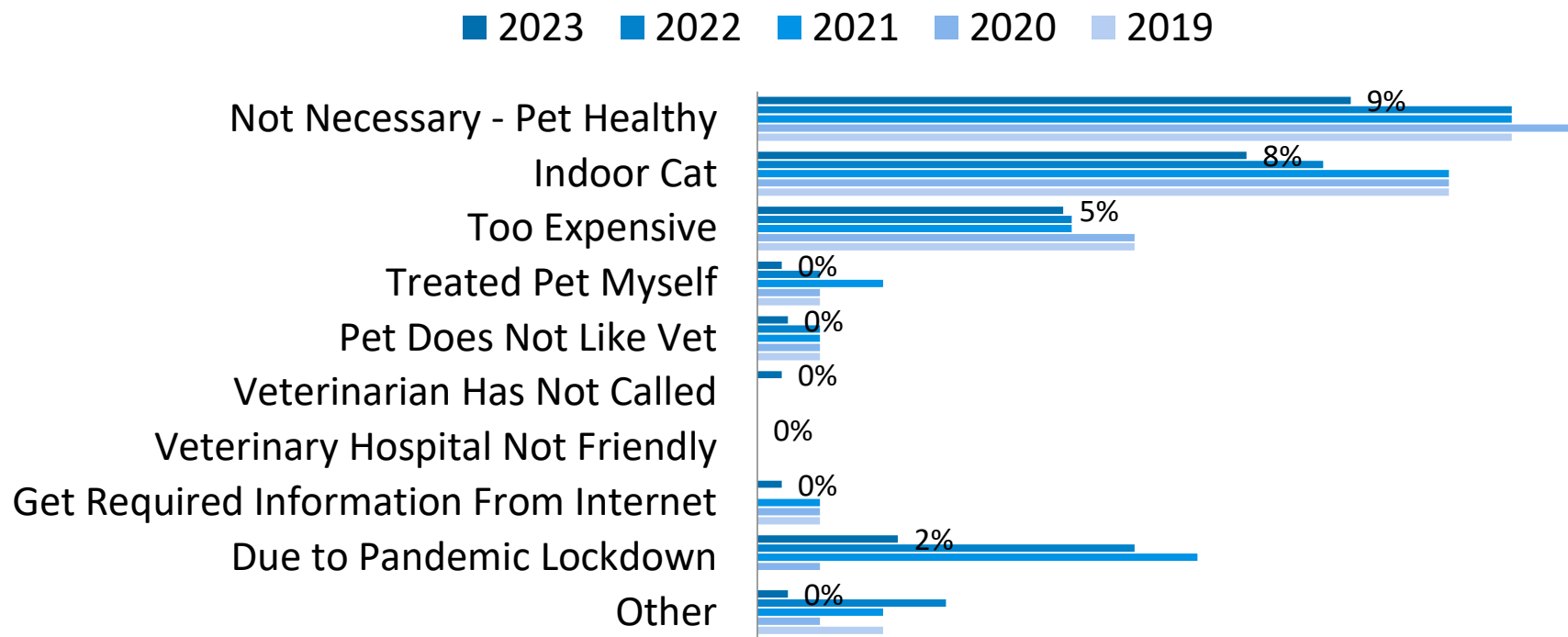
Most Important Factors in Choosing Veterinarian



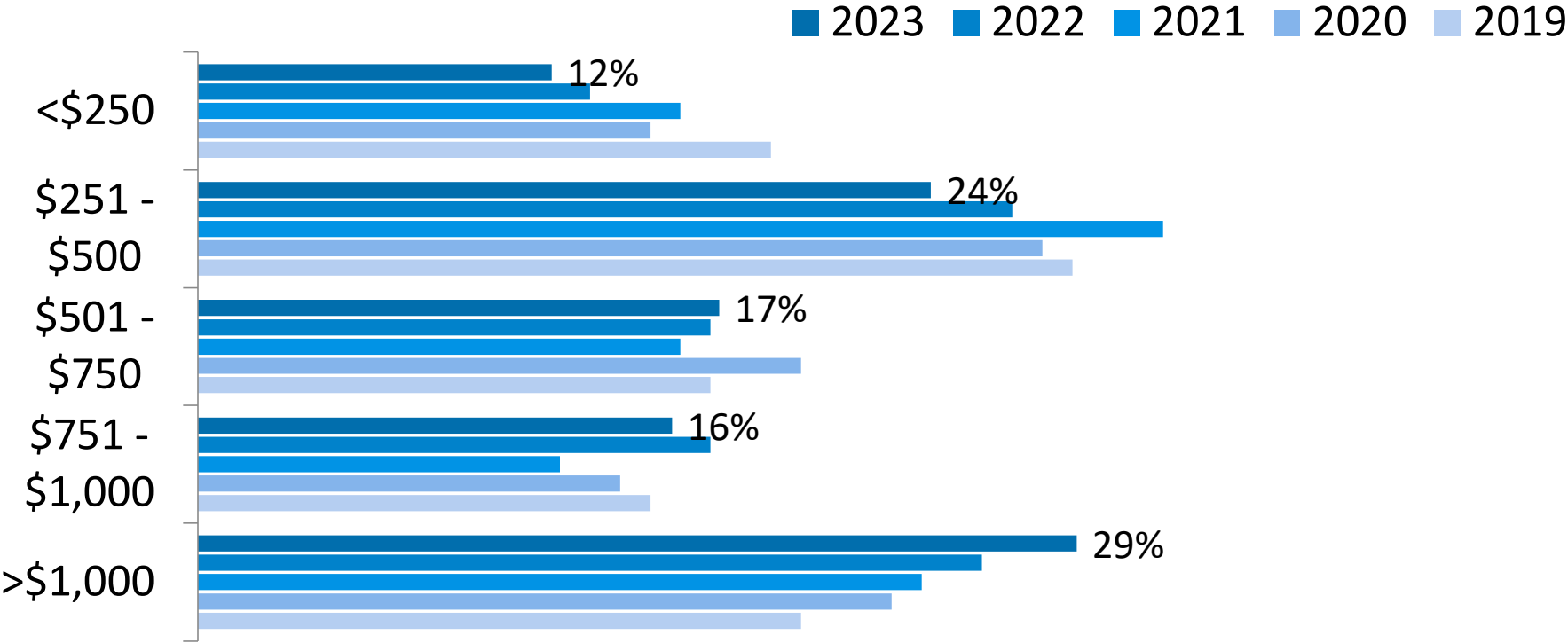
Most Important Factors for Choosing a Veterinarian – Visit Veterinarian Several Times per Year



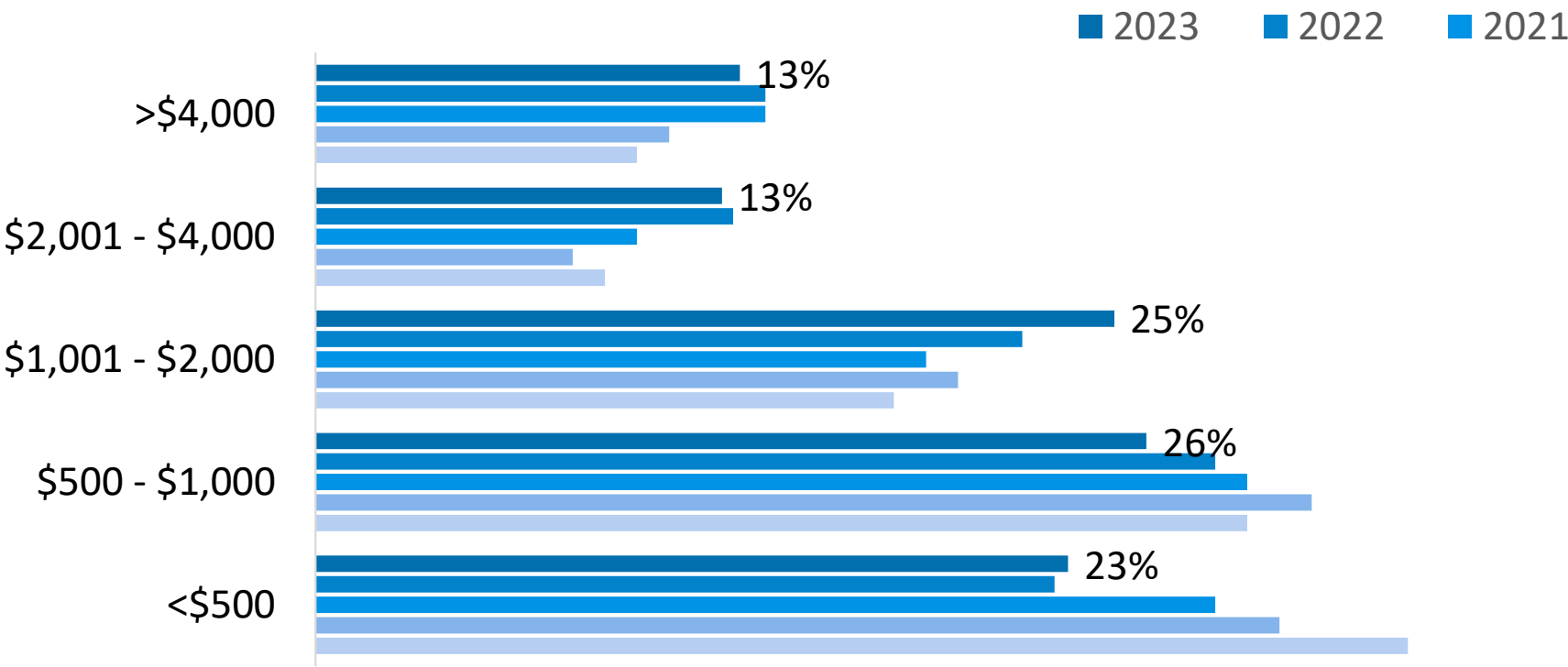
Reasons For Not Visiting the Veterinarian in the Last Year – 14% of Responses



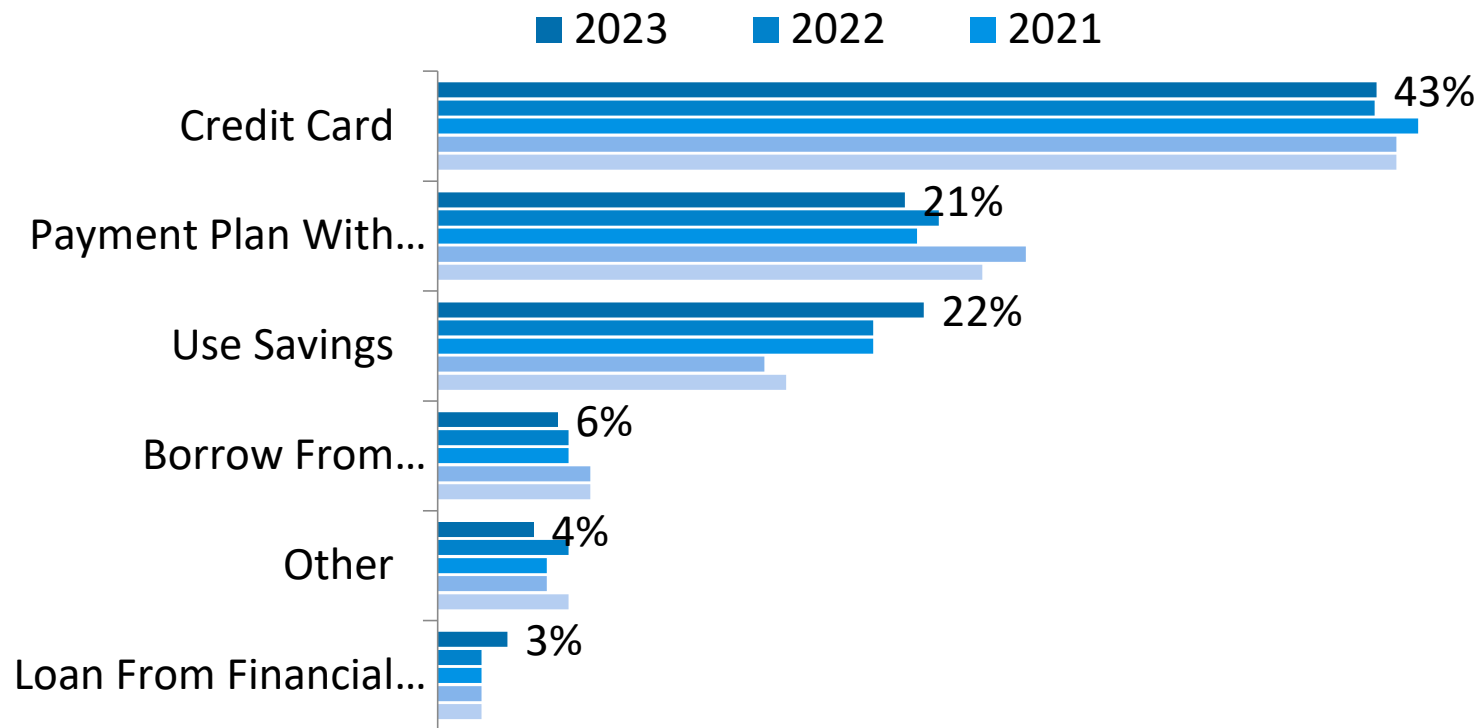
Amount Spent at the Veterinarian Last Year



Willing to Spend on a Veterinary Emergency

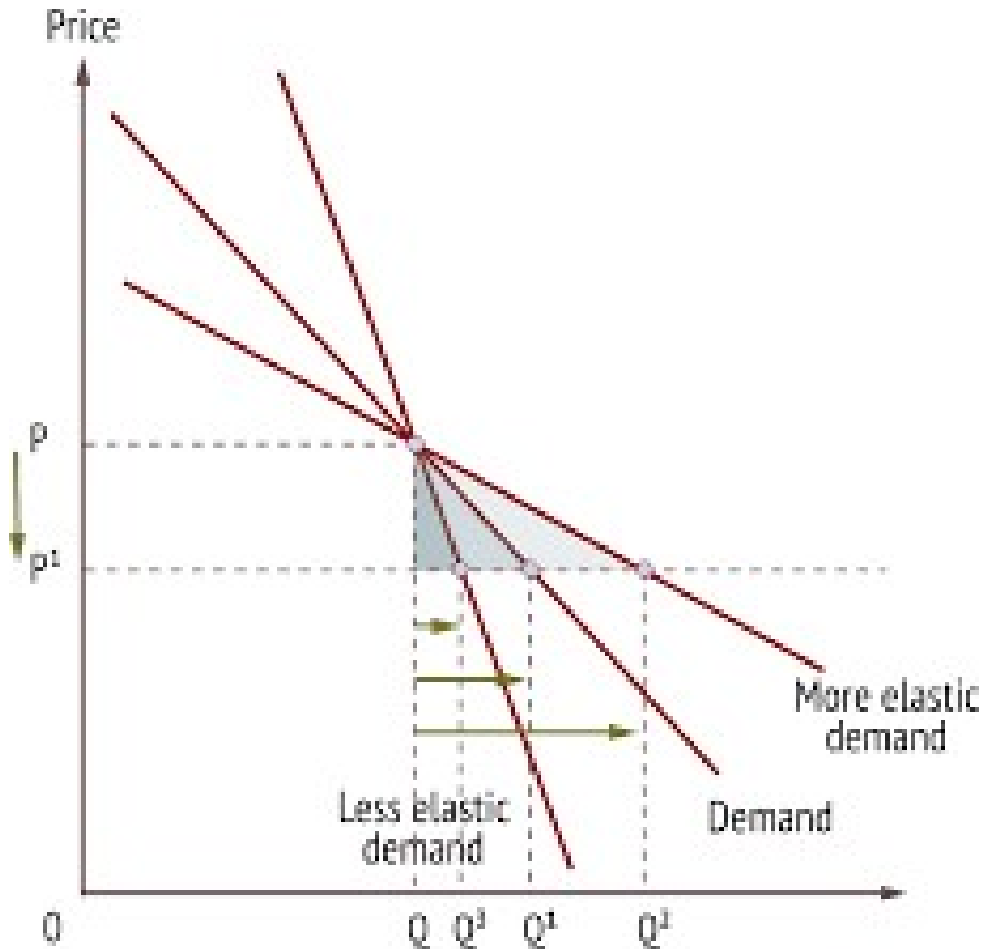


Method of Paying for Unforeseen Veterinary Expenses



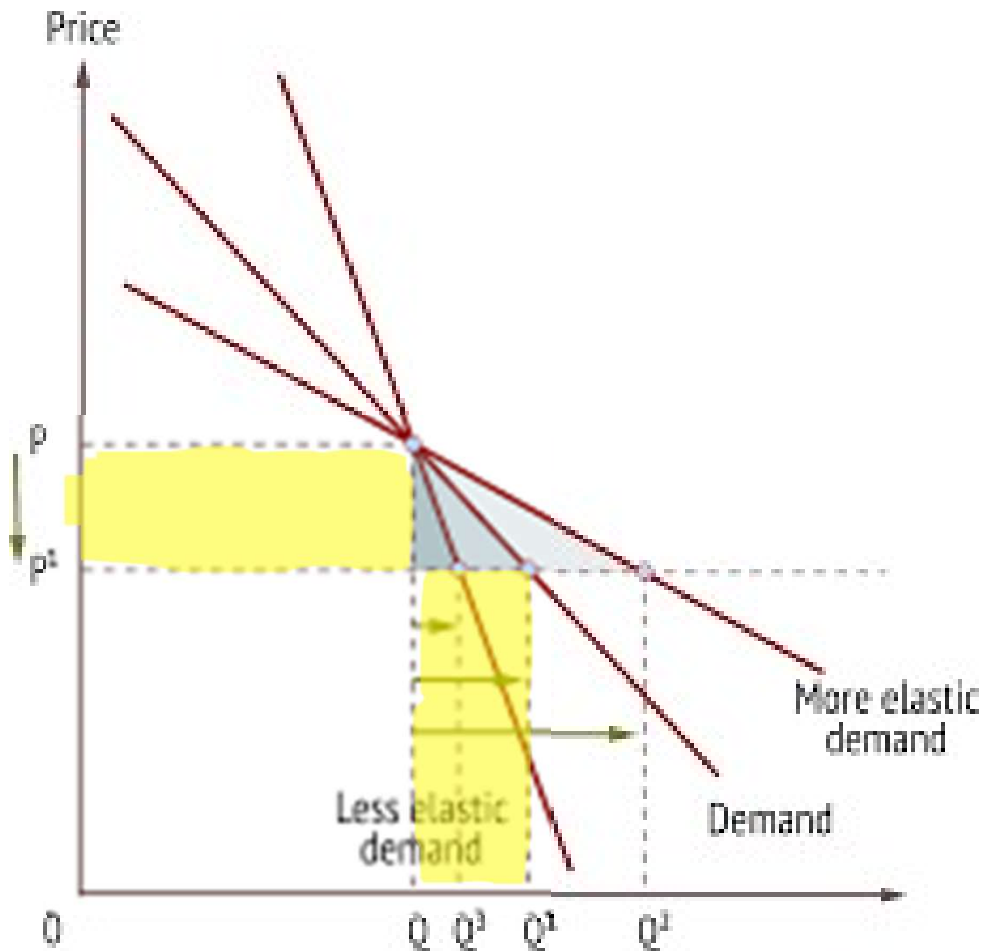
Will I lose clients if I
increase my fees in the face
of a recession?

Elasticity of Demand



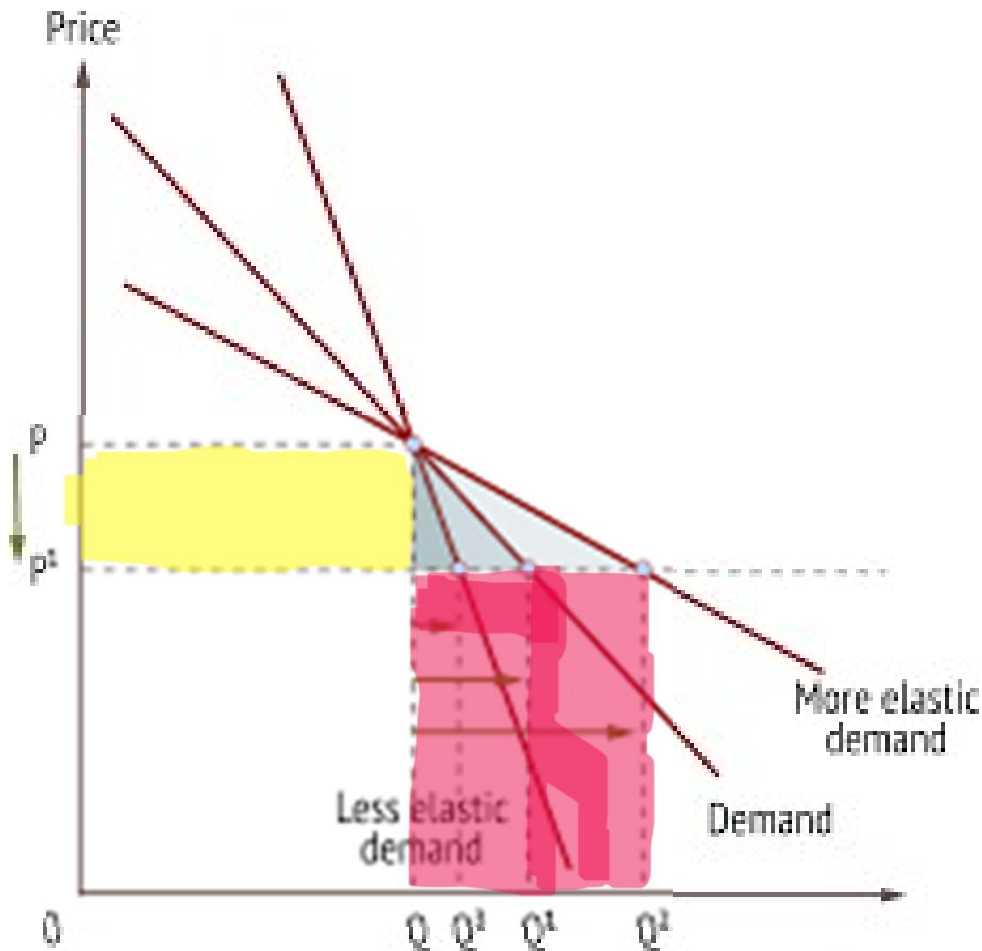
- Reaction to change in price:
- Elastic
 - Q2 – Severe
 - Earn more revenue by lowering price
- Inelastic
 - Q3 – Slight
 - Earn less revenue by lowering price
- Butter / Booze / Vet Med

Elasticity of Demand



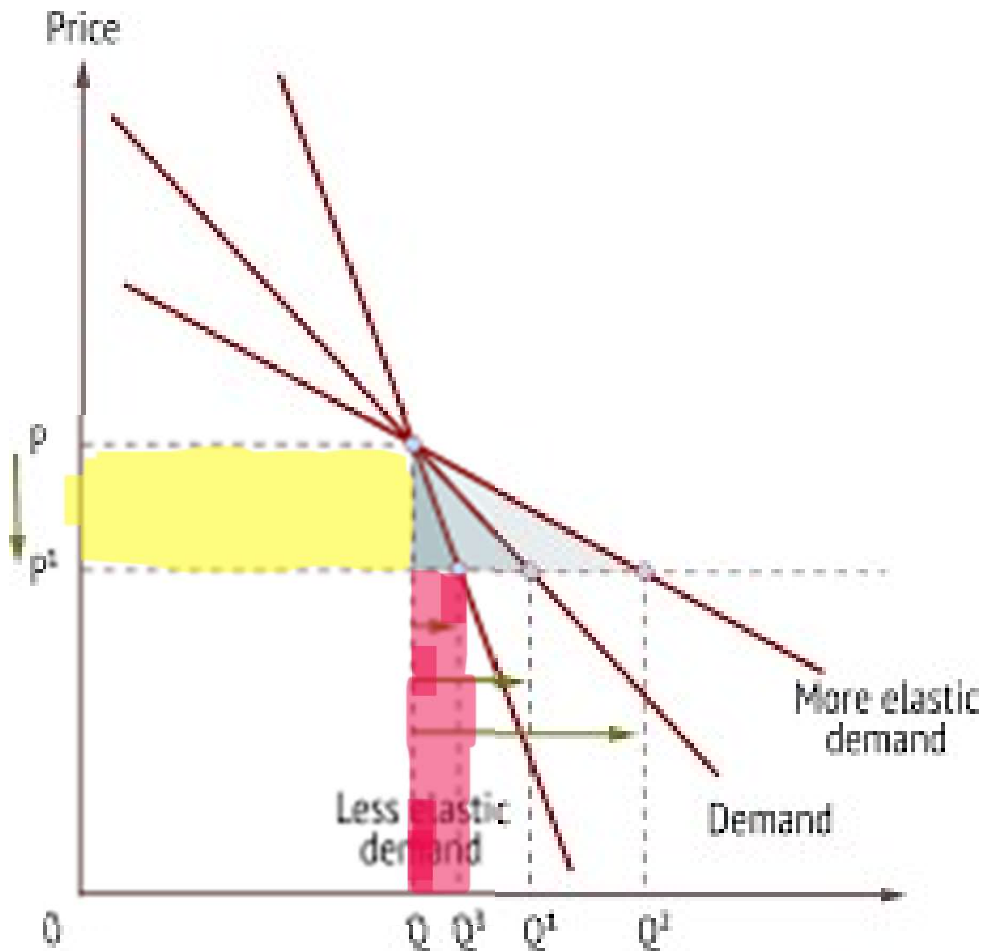
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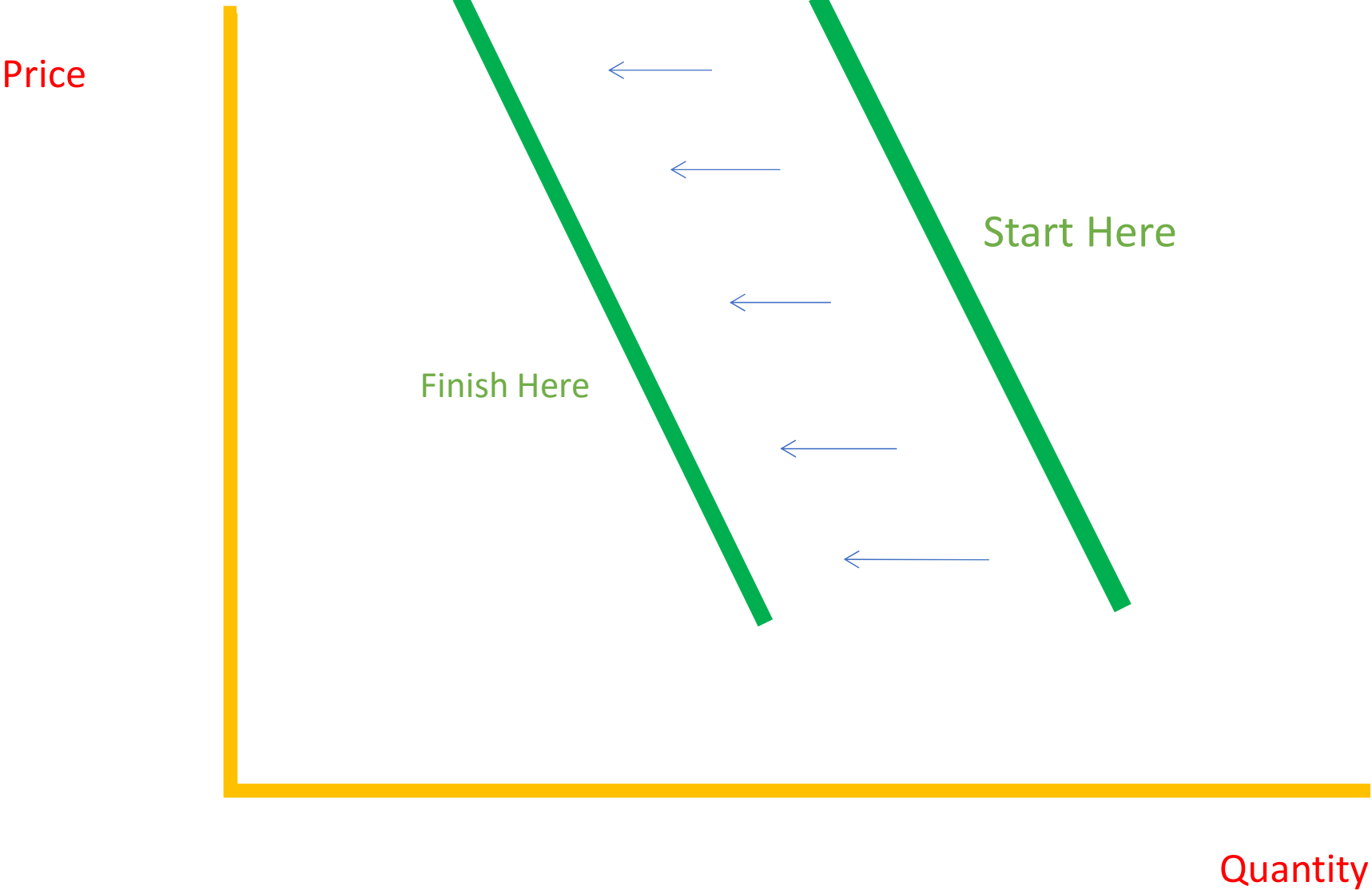


- Reaction to change in price:
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 - Q3 – Slight
 - Earn less revenue by lowering price
- Butter / Booze / Vet Med

Elasticity of Veterinary Medicine

- Veterinary Medicine is Inelastic
 - Necessity
 - Affordable
 - Client's don't change behaviour when price goes up
- When price goes up – revenue increases
- When price goes down – revenue decreases

Recessionary Shift in Demand



Shifting Demand Curve

- Temporary
- Caused by forces outside of vet medicine
 - People still on the demand curve are still going to their veterinarian
 - People affected by the recession are not going to their veterinarian – not on the demand curve anymore
- How do you get them back on the demand curve?

Looking Back

- “I bought a practice during the recession and lowered my fees to try to get clients coming back. It did not work.”
- “I raised my vaccine fees in the middle of a recession and no-one noticed.”

Don't Forget This

| | • Change in Fees | Change in Production |
|----------|-------------------------|-----------------------------|
| Decrease | 10% | 50% Increase |
| | 15% | 100% Increase |
| | 20% | 200% Increase |
| Increase | 10% | 25% Decrease |
| | 15% | 33% Decrease |
| | 20% | 40% Decrease |

In the Face of a Recession

- Raise your fees
 - Clients still coming in will still come in
 - Clients not coming in will eventually come back
 - If you hold off on raising your fees, you are just putting off the inevitable

Pet Insurance

- Clients with pet insurance are insulated from the recession



Pet Insurance

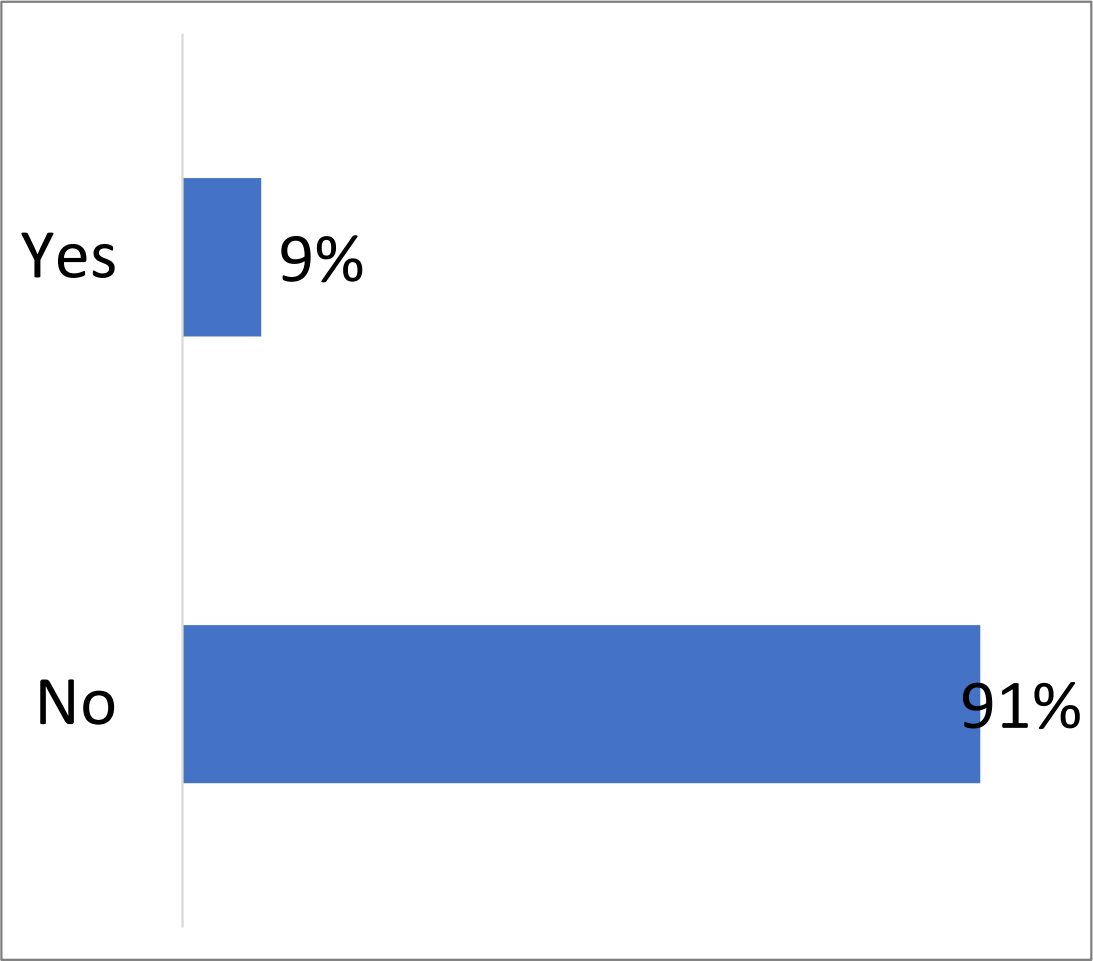


Pet Insurance

- Historically pet insurance saw 1% to 1.5% penetration.
 - Removed from Pet Owner Survey
- COVID Millennial Pet Parents
 - *“When a millennial couple comes in with a COVID puppy, I expect them to have insurance.”*



Do You
Currently Have
Pet Insurance?



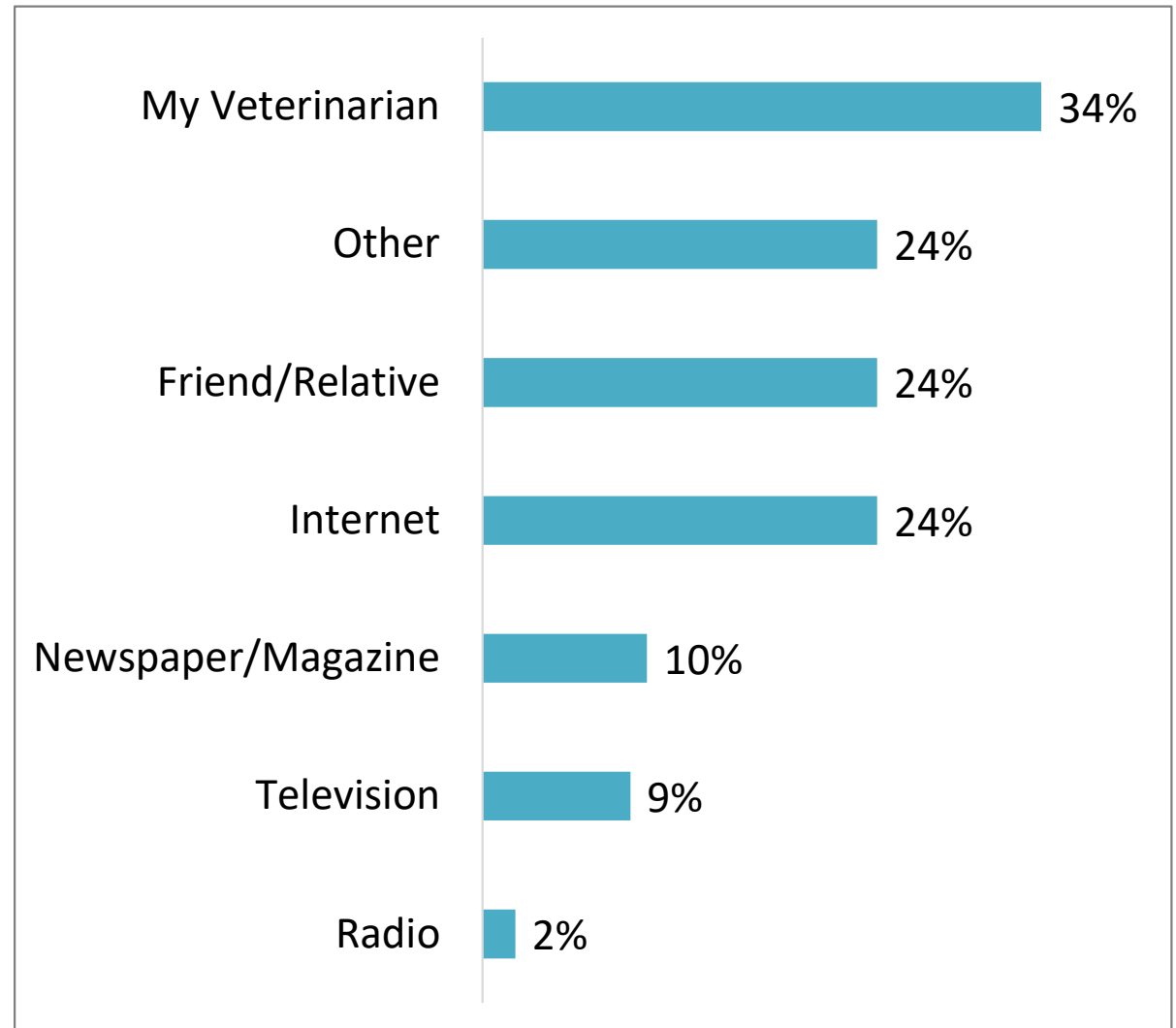


Pet
Insurance
Stronger
with
Millennials

- 
- Pet owner 30 years and under
 - 13% have pet insurance

Getting the Word Out

How did you hear about pet insurance?



Wellness Plans

- Predictable, consistent monthly payments are easier to manage
- “I can’t afford \$600 but I can afford \$50 per month
- CAVEAT
 - Wellness plans are very, very difficult to introduce, administer and maintain
 - Clients love them – staff hate them



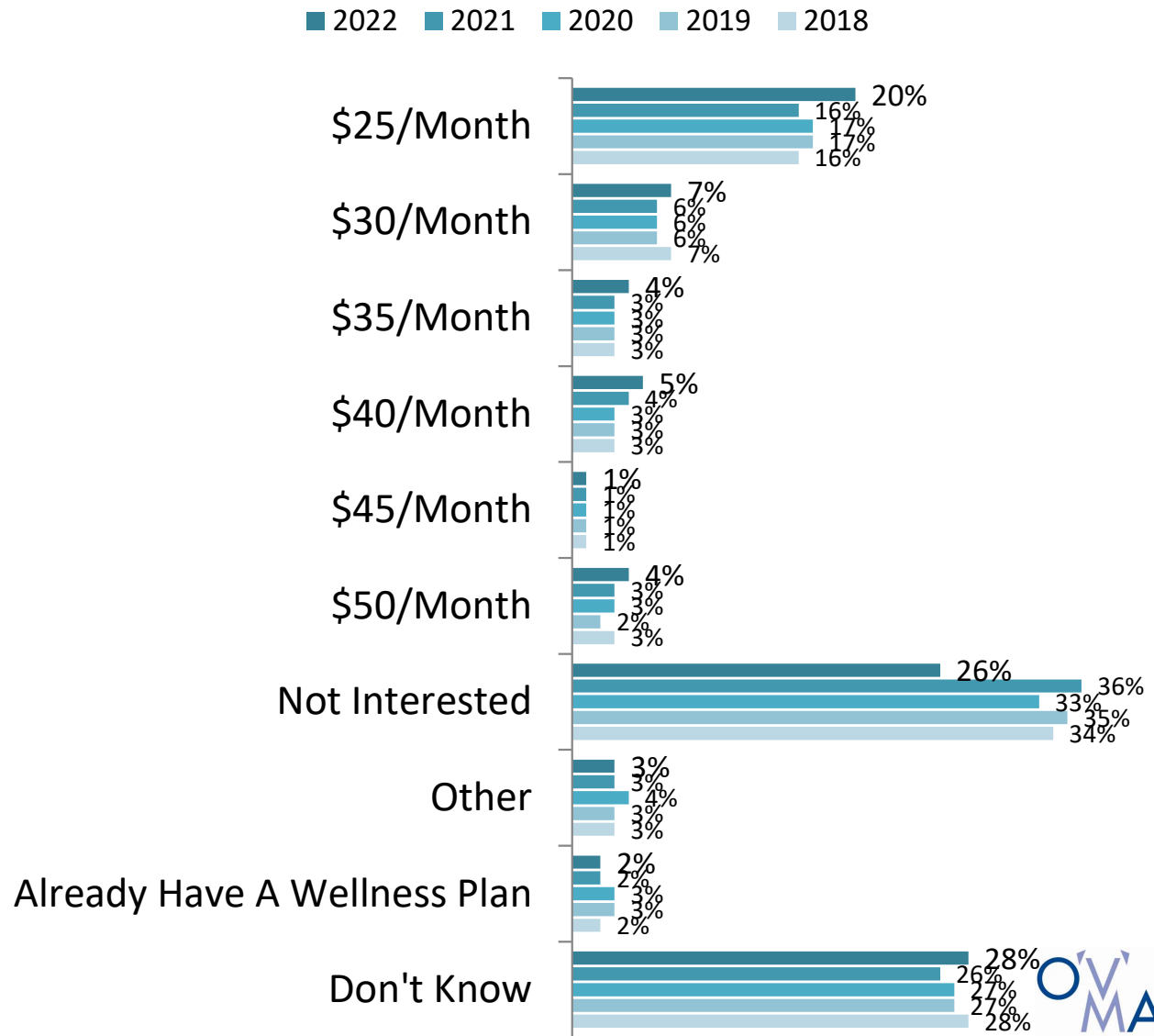
Make it Easier for Clients to Pay

- Wellness plans – proven success
 - Spread out the cost over 12 months
 - Veterinary bills not competing with family vacation
 - Increased compliance
 - Increased revenue per client (14%)



Wellness Plans Gaining in Popularity

How much would you be willing to pay for a comprehensive healthcare package for your pet?





Wellness Plan Apps

- “We always knew Wellness Plans worked but they were so hard to manage we were *soft* on recommending them to anyone.”
- Apps
 - Make it Possible to Manage Wellness Plans
 - Allocate Services by Provider – Commission
 - Keep Client In The Loop

Wellness Hospitals Have a Vibe

- Real Life Wellness Practice
 - Waiting room has a vibe
 - “Clients are not nervous about their bill any more”
- 50% of clients are on wellness plans
 - “Even when they are slammed, the staff sell wellness plans because they know it makes their life better”

In the Face of a Slow Down

- Introduce Wellness Plans
 - Dedicated champion
 - Time to fix mistakes
 - Showcase positive feedback

How to Talk to Your Clients About Fees

Perception of Value for Veterinary Care

- Veterinarian / Non-DVM Staff

- Time involved
- Cost of equipment / supplies
- What we did to your pet
- Bloodwork costs \$175
- Result should not affect price

- Pet Owner Client

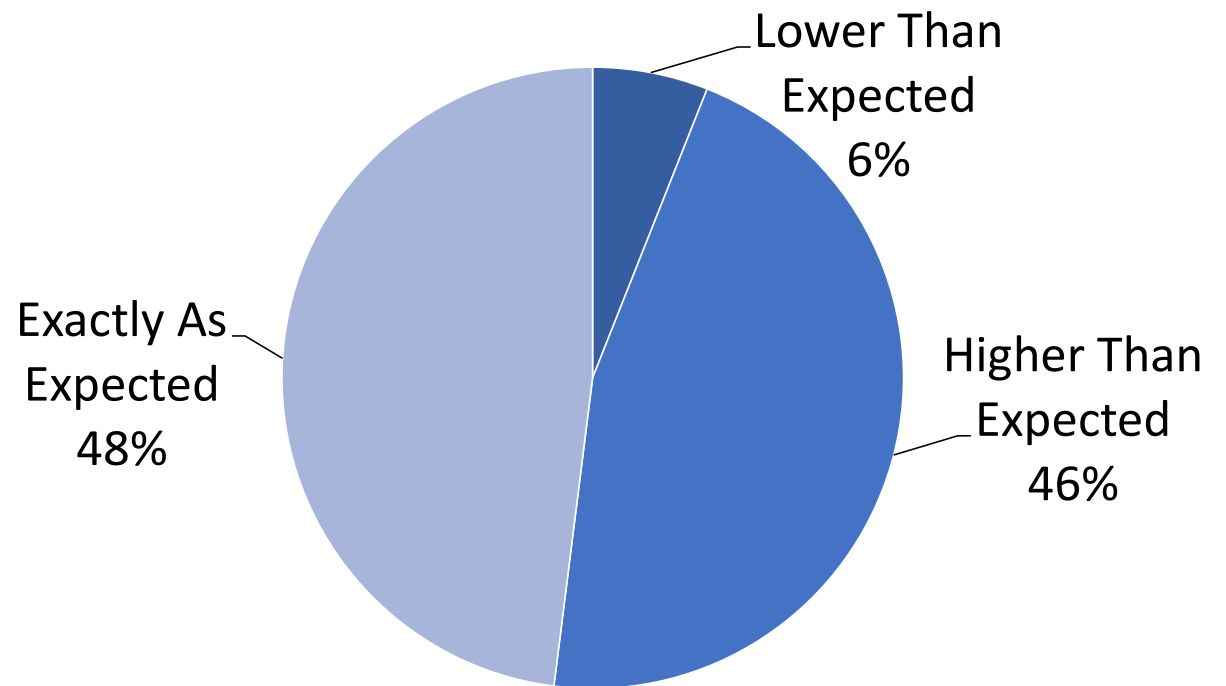
- Overall health
- Wellbeing of pet
- What will that do for my pet
- Health profile to check kidneys
- Value is based on outcome

Explaining Value

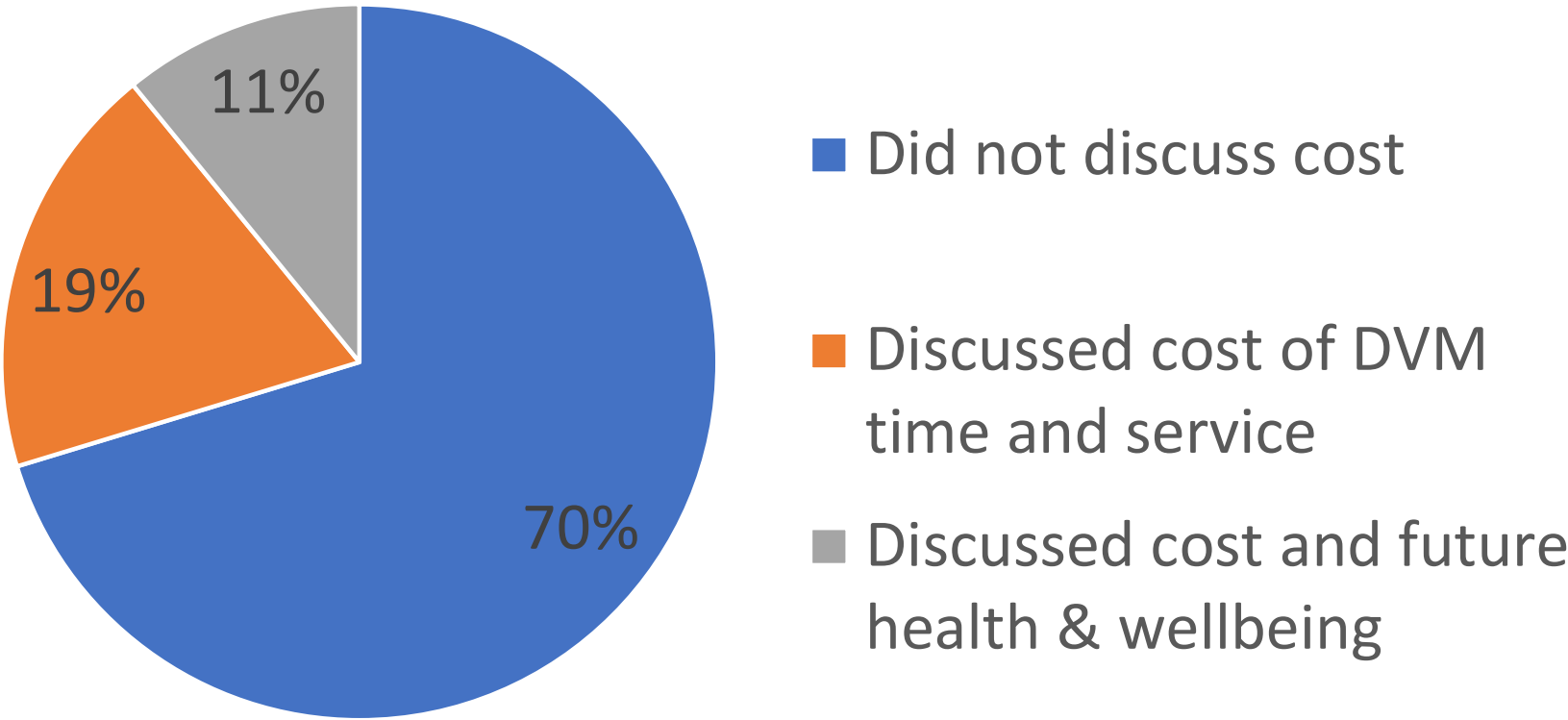
- Most veterinarians and staff do not talk about cost of value
 - Failure to discuss the cost of veterinary care upfront can contribute to client suspicion and mistrust (JAVMA 2007)

- When they do, they do it wrong

At the end of
your
appointment,
the final bill
is:



OVC Veterinary-Client-Patient Interactions



Effective Communication Techniques

- Written estimate
 - Critical for client – builds trust
 - Shows what you are going to do and what is costs
 - OVC researchers found an estimate falls short of showing value
 - In addition to the estimate, someone (DVM or Certified Technician) explains the value of the time and services in relation to the patients future health and wellbeing
- A written estimate is not enough

Communication Skills 101

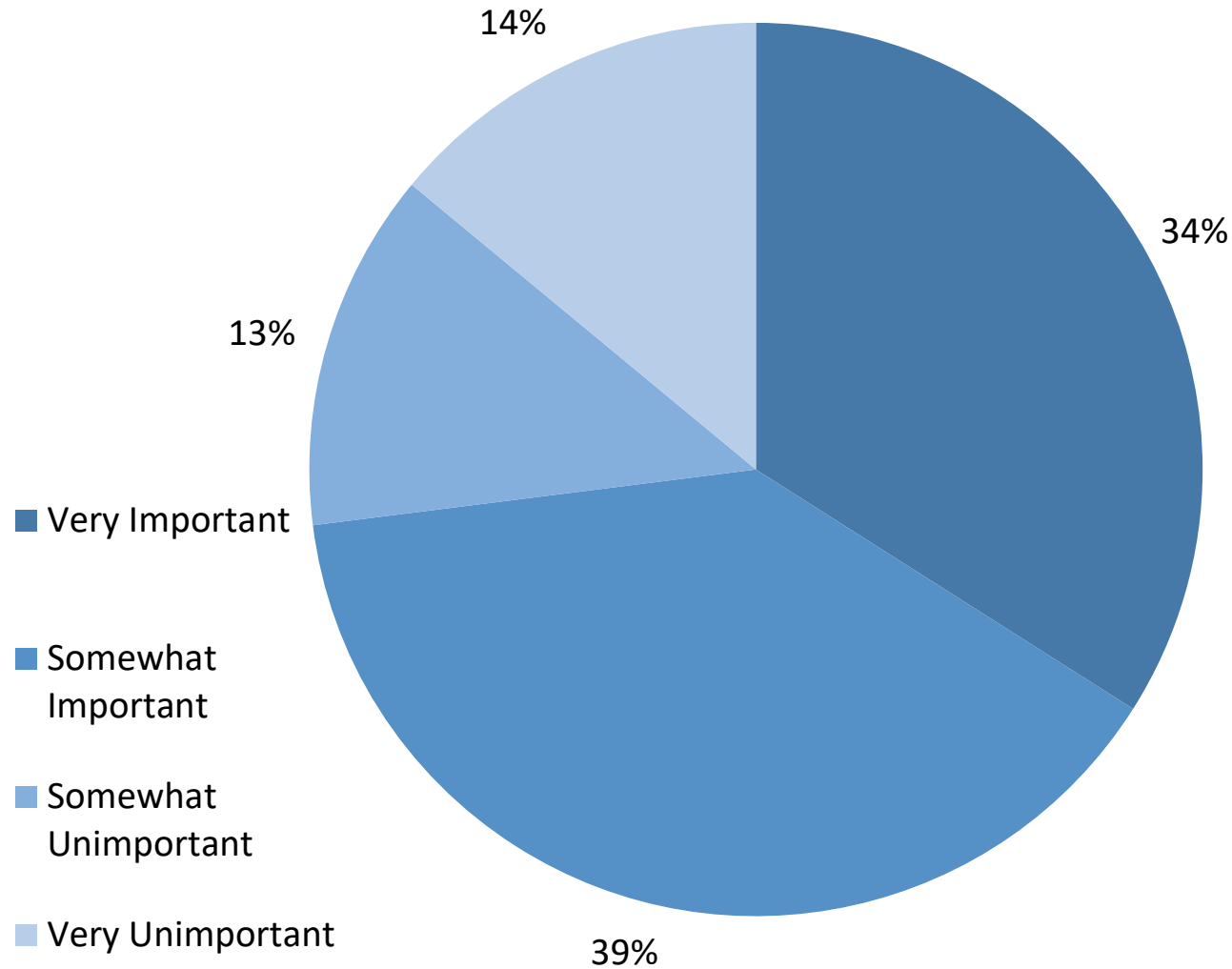
- Empathize with client
 - Find out client's
 - Cost awareness
 - Financial situation
 - Beliefs regarding cost of care
 - Verbalize your understanding back to the client
- *“I can see that you are concerned about the cost of the dental surgery. Lets take a few minutes and look at some options available to us.”*

Communication Skills 101

- Partnership Statements
 - “Us”, “let’s”, “we” suggest a partnership in the health and wellbeing of the pet
 - Not responsibility for cost of patient’s care
 - Prevents the client from feeling alone when the costs seem unmanageable
 - Suggests willingness to find a manageable solution for pet
- “That is more than you paid last year. Let’s go through the estimate together and see what additional services Buddy is getting this year. We might be able to come up with a way to manage this unexpected expense.”

73% of Pet Owners
Expect a
“Partner”

Importance of Seeing the Same Veterinarian



Communication Skills 101

- “I wish...” statements
 - Allows you to enter a client’s world when they need help
 - Shows you acknowledge the emotional impact of the financial situation
- “I wish there was a less expensive option but given Buddy’s condition we need to take x-rays to find out what is going on.”

How to Talk to Clients About Fees Checklist

- Give them the estimate before treatment
 - Don't stop
- Discuss the estimate
 - Future health and wellbeing
- Empathize
 - Cost awareness
 - Financial situation
 - Beliefs of the cost of care
 - Verbalize cost finances and beliefs back to client
- Use partnership statements / “I wish...” statements

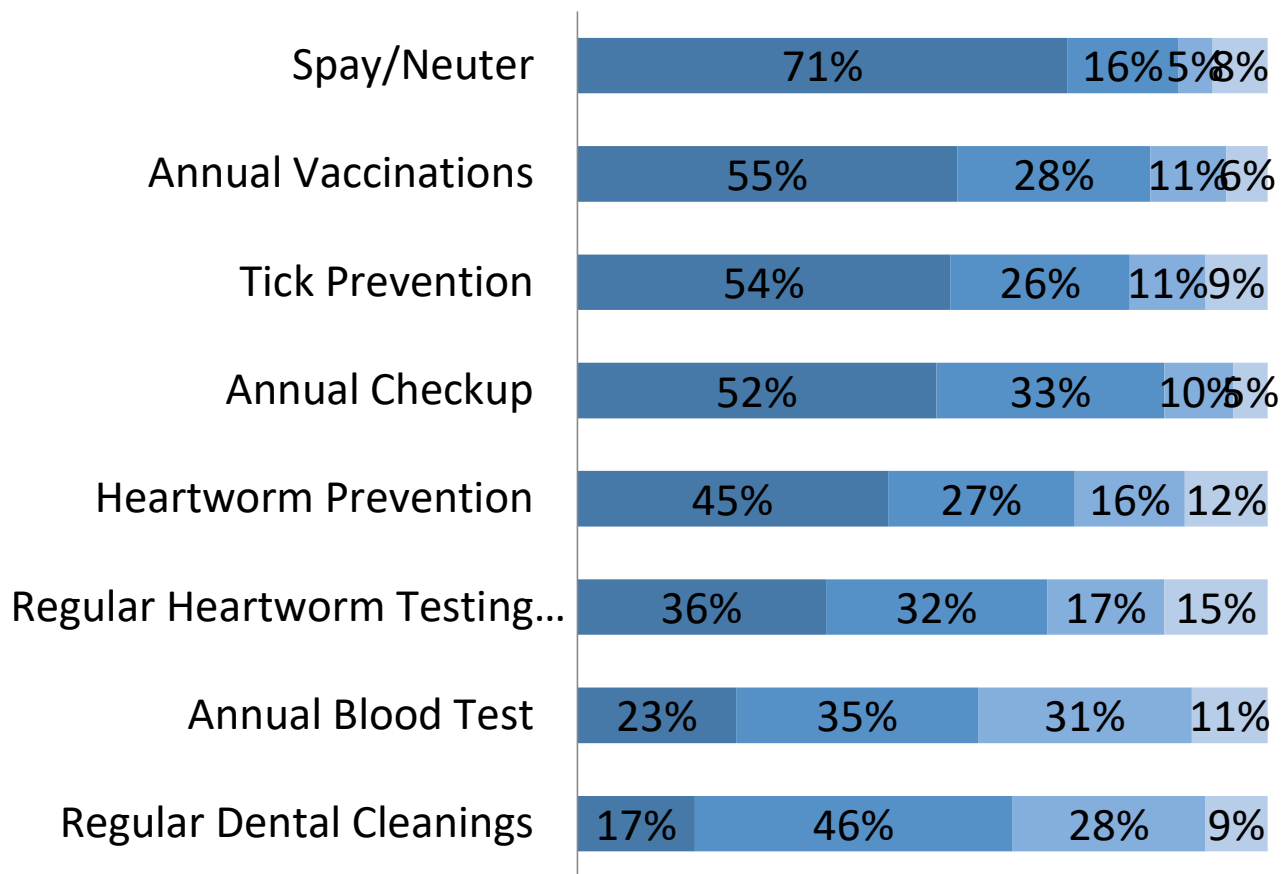
Can We Drive “Beliefs of the Cost of Care”

- If pet owner's believe the procedure is important the value is higher and the price is less important

Where is the Value?

Importance of Various Medical Procedures

■ Very Important ■ Somewhat Important
■ Somewhat Unimportant ■ Very Unimportant



Talking About Overall Health and Wellbeing

- Dental cleaning
- Vaccines
- Annual Vaccines
- Nutrition plan

- Staff meeting topic
 - How are conveying the value of _____

Explanation on the Value of Elective Surgery

- Future health and wellbeing
 - *“I know my elective surgeries are a lot more expensive but we think it’s important to perform a cardiac pre-Op ECG screen and pre-Op blood testing before the surgery to make sure the pet is safe for anaesthesia.*
 - *We also use more expensive drugs but these are better at controlling pain and are safer for the pet.”*

Understanding the Financial Constraints of a Veterinary Hospital

Democratising the Fee Guide



Paying For Technicians Appointments

Dealing With the Veterinary Shortage

What Can Your Technician Do in an Appointment?

| | | | | | |
|------------------|------------------|---------------------------------|-------------------------------|---|-----------------------------|
| Vaccine Booster? | Blood Collection | Pre-op Blood Work | 4 Antigen Blood Test and Meds | Lyme Titre | Recheck Blood Work (eg CBC) |
| Glucose Curve | Cystocentesis | Ultrasound Guided Cystocentesis | Injection (pain management) | B12 Health Status Injection | Suture and Staple Removal |
| | Pedicure | Dematting / Tick Removal | Anal Glands | Admitting and Discharging * not billed separately | |

How Much Can You Charge For Technician Appointments

| | |
|---------------------------------|---------|
| Vaccine Booster | \$60.00 |
| Blood Collection | 24.00 |
| Pre-op Blood Work | 175.00 |
| 4 Antigen Blood Test and Meds | 320.00 |
| Lyme Titre | 209.00 |
| Recheck Blood Work (eg CBC) | 177.00 |
| Glucose Curve | 180.00 |
| Cystocentesis | 34.00 |
| Ultrasound Guided Cystocentesis | 65.00 |
| Injection (pain management) | 70.00 |
| B12 Health Status Injection | 52.00 |
| Suture and Staple Removal | 42.00 |
| Pedicure | 36.80 |
| Dematting / Tick Removal | 42.00 |
| Anal Glands | 42.00 |
| Admitting and Discharging * | 36.00 |

What is the Revenue Potential

- Best Case Scenario - \$1,565
 - One of each procedure (16) per day
- Worst Case Scenario - \$672
 - \$42 per appointment
- Paying Technician 23% (match DVM commission rate)
 - Best Case Scenario \$45 per hour
 - Worst Case Scenario \$19.32 per hour
- Hospital benefits financially and frees up DVM for DVM stuff

Booking Technician Appointments

- Conventional Method
 - Book 2 technician appointments per hour
 - Technician finishes early and goes “back to help”
 - Back and forth
- “Preferred” Method
 - Book technician appointments back to back
 - No back and forth
 - When you’re seeing clients, you’re only seeing clients
 - Book 10 minute to 30 minute appointments
 - Base appointment time on procedure
 - More than 16 appointments per day

Charging for Technician Appointments

- Half the cost of your veterinary appointment
 - Recheck fee \$80.30
 - Tech appointment fee \$40.25
- Intro fee \$19

- Covers the cost of booking, taking up an exam room, TPR, updating history etc

Case Study:

Match Nursing Wages To Attract RVT

- Background
 - 2021 Specialty hospital in NE USA
 - “We are desperate for staff. On a scale of 1-10 our non-DVM staffing is 2 and DVM staffing is 2”.
- Hypothesis
 - If we offer higher wages (match human nurses) we can hire more RVTs
- Assumption
 - RVTs have left the industry or clinical practice to get higher paying jobs

Case Study:

Match Nursing Wages To Attract RVT

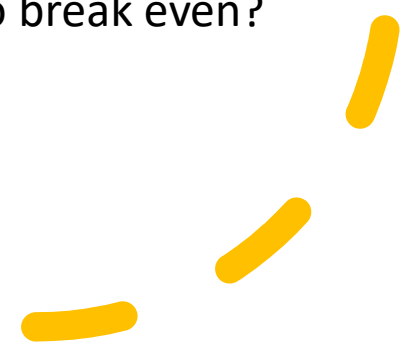
- Result
 - Advertised to offer salaries matching human nurses wages in two years
 - RVTs were attracted to the ad
 - Able to hire more RVTs
 - “On a scale of 1-10 we went from 2 to 8 in one year”
- Conclusion
 - Offer higher wages and hire more RVTs

Matching RVT Wages to Nurses

- OVMA RVT Median Wage \$24.75
- 10 years experience 25.00
- Market RVT Median Wage (Indeed) 28.00

- Practical Nurse Median Wage (Indeed) \$37.00
 - Assumptions 1 Registered Tech per DVM
 - Average is 1.2
 - ~ \$9/hr difference \$15,750 annually
 - How much would have to raise fees to break even?

 - 3.7%



Hiring Back RVTs

- Before COVID 1.8 Certified Technicians per DVM
- Wages as a percent of gross 20%
- Today 1.1 per DVM
- RVT Wages are up 16%
- Wages as a percent of gross 20%

- What is optimal percentage

Average DVM

| | | |
|------------------------|-----------------------|-------------------|
| Revenue | 777,724 | |
| Drugs and Supplies | 210,800 | 27% |
| Wages (non DVM) | <u>154,800</u> | <u>20%</u> |
| Specialists | 31,100 | 4.0% |
| Rent | 32,700 | 4.2% |
| Office | 13,200 | 1.7% |
| Accounting and Legal | 38,900 | 5.0% |
| Bank Charges | 14,800 | 1.9% |
| Depreciation | 7,800 | 1.0% |
| Utilities | 8,600 | 1.1% |
| Repair & Maintenance | 8,600 | 1.1% |
| Laboratory | 22,600 | 2.9% |
| Professional Dues | 3,100 | 0.4% |
| Other Expenses | 2,300 | 0.3% |
| Advertising | 4,700 | 0.6% |
| Equipment Rental | 3,100 | 0.4% |
| Continuing Education | 3,100 | 0.4% |
| Insurance | 4,700 | 0.6% |
| Total Non-DVM expenses | 564,900 | 73% |
| Net income to all DVMs | 212,824 | 27% |

Average DVM

| Non-DVM Wages | Staff / DVM | Hours | Wage | Total |
|----------------------|------------------------|--------------|-------------|-------------------------|
| Reception | 1 | 1750 | \$19.10 | \$33,425 |
| RVT | 1.1 | 1925 | \$24.75 | \$47,644 |
| Technician | 0.8 | 1400 | \$19.52 | \$27,328 |
| Kennel Assistant | 0.2 | 350 | \$16.48 | \$5,768 |
| Manager | 0.4 | 700 | \$28.50 | \$19,950 |
| Total | 3.5 | | | \$134,115 |
| Benefits | | | | \$20,117 |
| Total | | | | <u>\$154,232</u> |

Add Another
RVT

Break Even-
Production
Up 10%

| | | | | |
|------------------------|---------|------|---------|-----|
| Revenue | 777,724 | | 855,496 | 10% |
| Drugs and Supplies | 210,800 | 27% | 231,840 | 27% |
| Wages (non DVM) | 154,800 | 20% | 204,800 | 24% |
| Specialists | 31,100 | 4.0% | 34,220 | 4% |
| Rent | 32,700 | 4.2% | 32,700 | 4% |
| Office | 13,200 | 1.7% | 13,200 | 2% |
| Accounting and Legal | 38,900 | 5.0% | 38,900 | 5% |
| Bank Charges | 14,800 | 1.9% | 16,254 | 2% |
| Depreciation | 7,800 | 1.0% | 7,800 | 1% |
| Utilities | 8,600 | 1.1% | 8,600 | 1% |
| Repair & Maintenance | 8,600 | 1.1% | 8,600 | 1% |
| Laboratory | 22,600 | 2.9% | 24,809 | 3% |
| Professional Dues | 3,100 | 0.4% | 3,422 | 0% |
| Other Expenses | 2,300 | 0.3% | 2,300 | 0% |
| Advertising | 4,700 | 0.6% | 4,700 | 1% |
| Equipment Rental | 3,100 | 0.4% | 3,100 | 0% |
| Continuing Education | 3,100 | 0.4% | 3,422 | 0% |
| Insurance | 4,700 | 0.6% | 4,700 | 1% |
| Total Non-DVM expenses | 564,900 | 73% | 643,367 | 75% |
| Net income to all DVMs | 212,824 | 27% | 212,129 | 25% |

50,000

Now Add 20% to RVT Wages

- \$24.75 / \$43,312 to \$29.70 / \$51,975
- Total wages up 10%
- Raise fees 4%

| | Average | | +1 RVT | | 20% RVT wages | |
|------------------------|---------|------|---------|-----|---------------|-----------------|
| Revenue | 777,724 | | 855,496 | 10% | 881,161 | 4% fee increase |
| Drugs and Supplies | 210,800 | 27% | 231,840 | 27% | 231,840 | 26% |
| Wages (non DVM) | 154,800 | 20% | 204,800 | 24% | 224,800 | 26% |
| Specialists | 31,100 | 4.0% | 34,220 | 4% | 34,220 | |
| Rent | 32,700 | 4.2% | 32,700 | 4% | 32,700 | |
| Office | 13,200 | 1.7% | 13,200 | 2% | 13,200 | |
| Accounting and Legal | 38,900 | 5.0% | 38,900 | 5% | 38,900 | |
| Bank Charges | 14,800 | 1.9% | 16,254 | 2% | 16,254 | |
| Depreciation | 7,800 | 1.0% | 7,800 | 1% | 7,800 | |
| Utilities | 8,600 | 1.1% | 8,600 | 1% | 8,600 | |
| Repair & Maintenance | 8,600 | 1.1% | 8,600 | 1% | 8,600 | |
| Laboratory | 22,600 | 2.9% | 24,809 | 3% | 24,809 | |
| Professional Dues | 3,100 | 0.4% | 3,422 | 0% | 3,422 | |
| Other Expenses | 2,300 | 0.3% | 2,300 | 0% | 2,300 | |
| Advertising | 4,700 | 0.6% | 4,700 | 1% | 4,700 | |
| Equipment Rental | 3,100 | 0.4% | 3,100 | 0% | 3,100 | |
| Bad Debt | - | 0.0% | - | 0% | - | |
| Continuing Education | 3,100 | 0.4% | 3,422 | 0% | 3,422 | |
| Insurance | 4,700 | 0.6% | 4,700 | 1% | 4,700 | |
| Total Non-DVM expenses | 564,900 | 73% | 643,367 | 75% | 663,367 | |
| Net income to all DVMs | 212,824 | 27% | 212,129 | 25% | 217,794 | 25% |

Associate Hiring Myths



There is a shortage of
associate veterinarians



No one wants to work
anymore



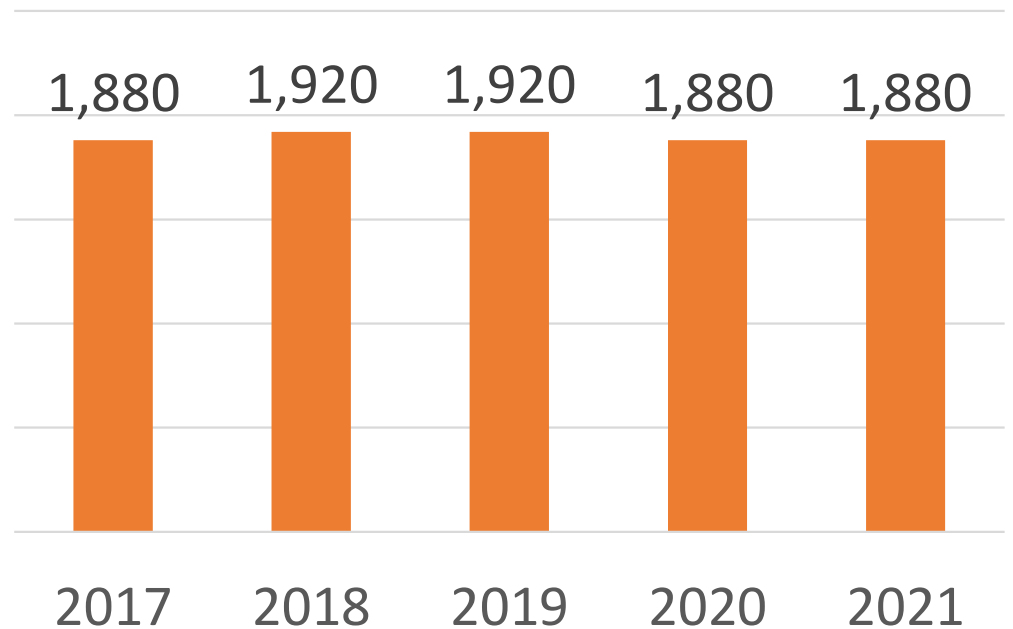
What associates are
asking for is extortion

Source of the Veterinary Shortage

- Mature Veterinarians Work Life Balance
 - Used to practice into retirement
 - Financial motivation
 - Retiring on the proceeds of a practice sale
 - Personal motivation
 - Identified as a veterinarian
 - Today, earlier move to part time
 - Financially set
 - Practices selling for 3x higher than before
 - Personal motivation
 - “I don’t just want to be identified as a veterinarian”

Annual Hours
Worked:
New Grads

Median Hours: Associates <1 Year

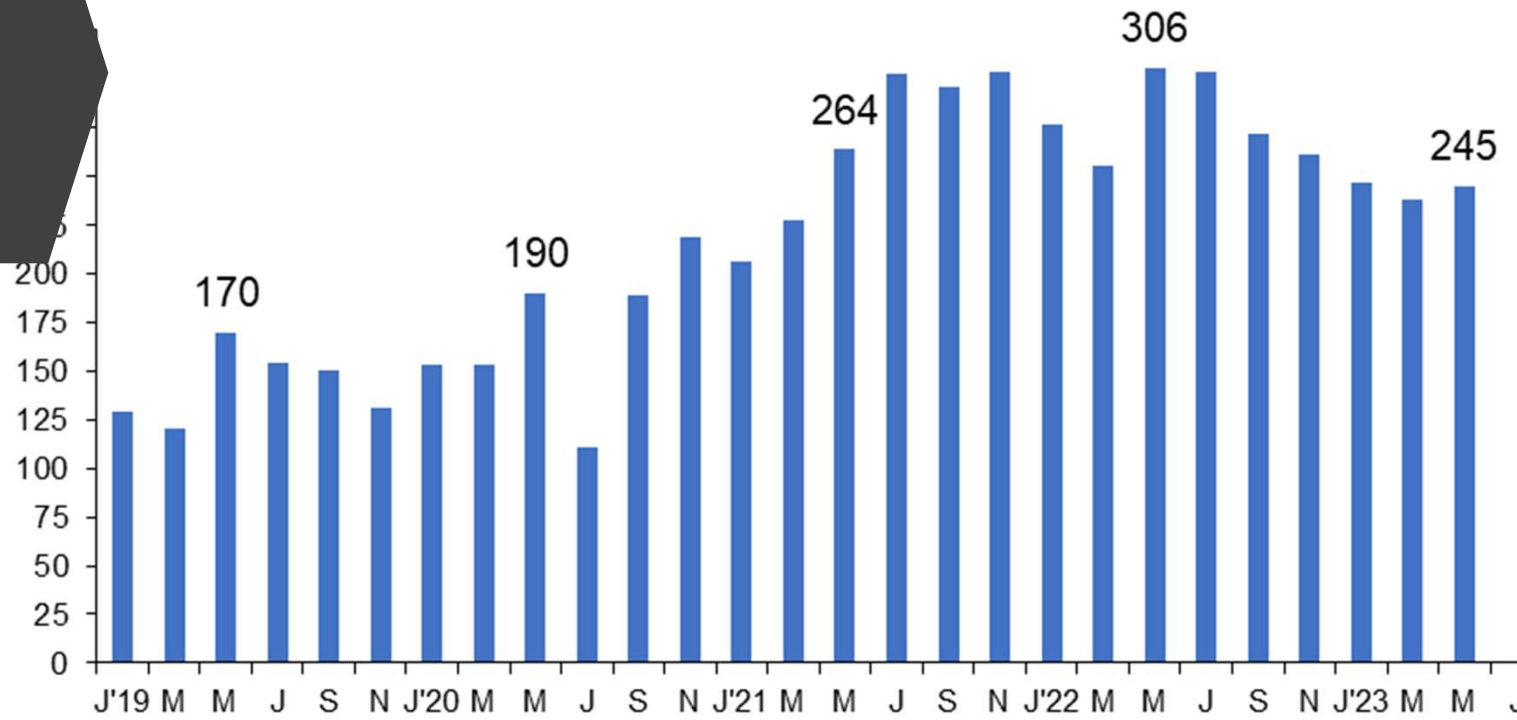


Associate Work Life Balance

- As associate veterinarians earn more they work less
 - More associates moving to relief work
 - Same pay / fewer hours
 - Associates moving to industry work
 - Higher pay / same hours
- As veterinarians earn more they work less

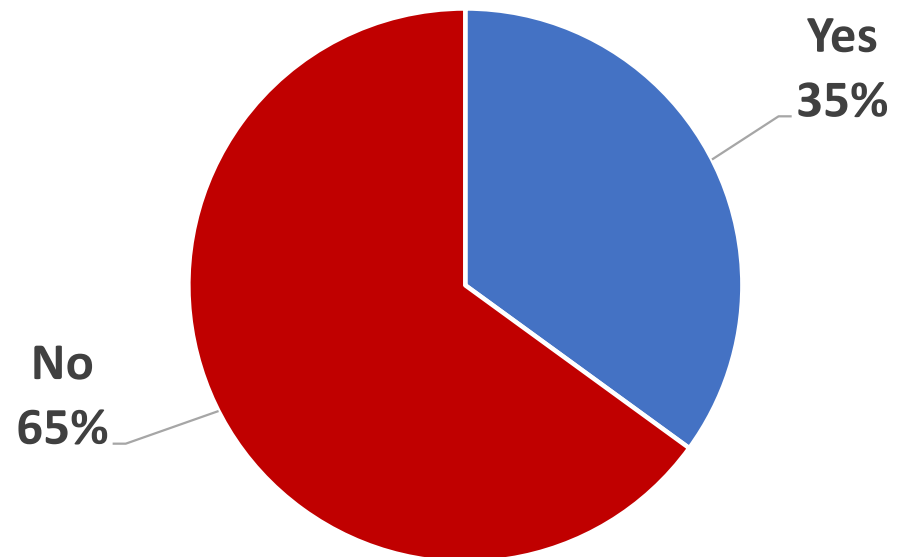
Sellers Market

Help Wanted Ads - Associate DVMs



Survey of Help Wanted Responses

**Have You Filled The Position
For Which You Placed The Help
Wanted Advertisement?**



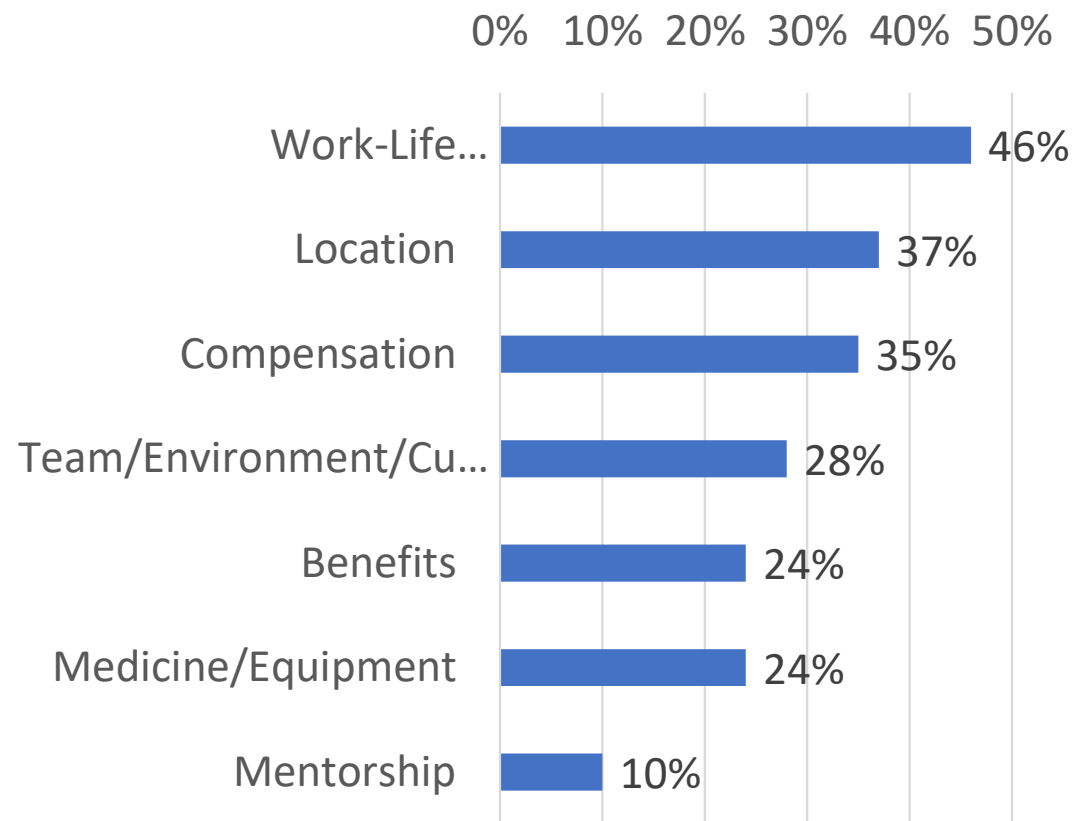
Survey of Help Wanted Responses

- Inverse relationship between distance from urban centre and number of applicants

| Region | Median Number of Applicants |
|---|-----------------------------|
| Brant, Haldimand-Norfolk | na |
| Dufferin, Simcoe | 2.0 |
| Grey, Bruce, Huron, Perth | 0.0 |
| GTA (not including Toronto), Durham, York, Peel, Halton | 3.0 |
| Hamilton-Wentworth, Niagara | 2.0 |
| Hastings, Prince Edward, Lennox & Addington, Frontenac | 1.0 |
| Lambton, Essex, Kent | 0.0 |
| Middlesex, Elgin, Oxford | 1.0 |
| Northern Ontario (Parry Sound, Nipissing and North) | 0.0 |
| Ottawa-Carleton | 1.0 |
| Renfrew, Lanark, Leeds & Grenville, Prescott & Russel, Stormont, Dundas & Glengarry | 0.0 |
| Toronto (hospital postal code starts with "M") | 4.0 |
| Victoria, Peterborough, Northumberland, Muskoka, Haliburton | 2.0 |
| Wellington, Waterloo | 1.0 |

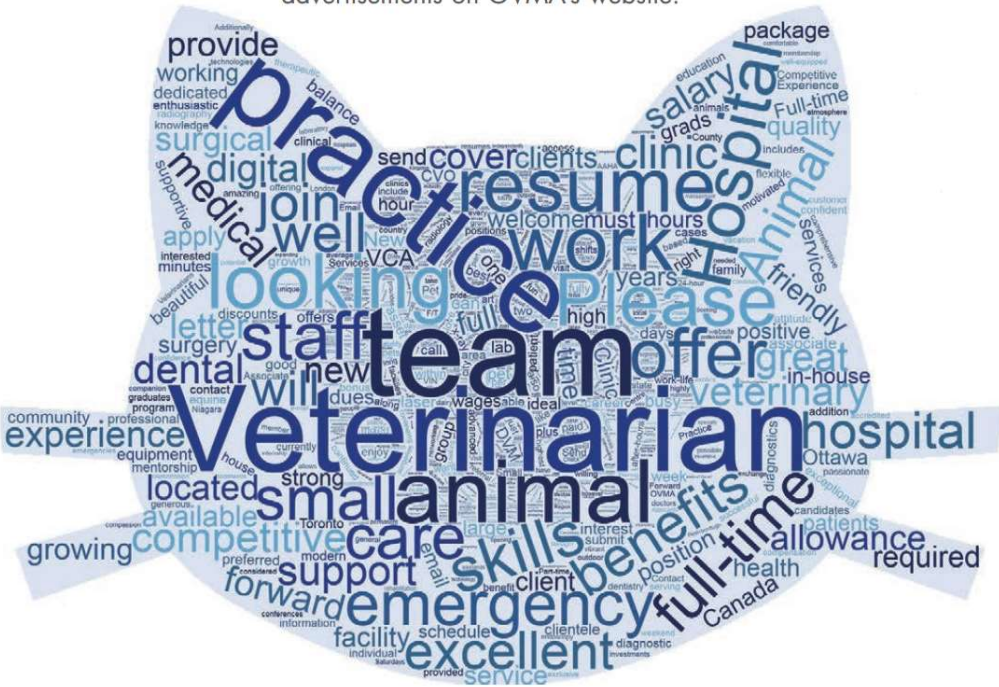
What Are Associates Looking For

Topics That Attract Attention



What Are Practices Providing

Figure 4. Word cloud of associate veterinarian help wanted advertisements on OVMA's website.



Many Ads Still Missing the Mark

- Specific info on schedule, compensation, benefits
- No
 - Great work-life balance, above average pay
- Yes
 - Scheduled 32 hours per week, four weeks vacation, one-in-three Saturdays, no on-call, \$130,000 - \$150,000 annual salary, commensurate with experience

Most Ads Make it Hard to Respond

- Send resume to rdbosborne@gmail.com
 - Picture a frustrated associate who decides to make a change. She goes to Starbucks on her lunch, takes out her phone and starts going through the help wanteds. She sees an ad she likes and ... send resume to !@@#\$%.com
- Who has an up-to-date resume on their phone?
- Call (or text) Dr. Darren at 416 918 8014 to find out more about our hospital.

Most Ads Are Restricting Not Recruiting

- We are actively seeking a licensed full-time/part-time associate veterinarian, who has the same ideals, high standards and culture as we do. We believe in mentorship, collaboration, and team spirit.
- The ideal candidate will be reliable, responsible and driven to provide the best care for every patient that walks through the door. They will be an enthusiastic team player. They must have exceptional client relation skills, excellent surgical and outstanding medical skills to join our team. We pride ourselves on providing excellent client and patient care with an emphasis on client education and pet wellness.

Your Ad Needs To Recruit

- What can you offer?
 - Schedule
 - Work life balance

Associate Job Market is Like a “Hot” Real Estate Market

- Assume you are in an area where real estate prices are rising rapidly
 - If you want to buy a house on Maple Street you will look at how much houses are selling for on Maple Street
 - Jan 2022 \$590,000
 - March 2022 \$610,000
 - Aug 2022 \$630,000
 - Dec 2022 \$680,000
- If you want to buy a house on Maple Street in April 2023, how much will you offer?
 - \$680,000?

Help Wanted Advertised Salaries

- Now a regular feature in OVMA FOCUS Magazine

| March/April 2023 Advertised Annual Compensation for Full-Time Associate Veterinarians | |
|--|-----------|
| 25th Percentile | \$120,000 |
| Median | \$130,000 |
| 75th Percentile | \$150,000 |
| Number of Advertisements with Compensation Information | 23 |

Stale Data

- The market for associate veterinarians is over heated and like a hot real estate market, you need to offer what you think is current. Not what was paid 6 months ago.
- OVMA 2022 Associate Compensation and Benefits Report
 - \$115,000
- Current Offer (April 2023) FOCUS Magazine
 - \$130,000

Would you rather...

- Scenario: Hospital with three associates seeks forth associate
 - Current salary \$110,000
 - Market salary \$130,000
- Option 1: Give existing associates \$20,000 raise then make offer
- Option 2: Hire relief veterinarian for \$100 per hour
- Option 3: Make do with existing veterinarians

What Trend Do You See

| Associate Veterinarian Compensation and Hours Worked | | | | | |
|--|-------------------------|----------------------------|---------------------|------------------------|---------------------|
| | Total Years in Practice | Median Annual Compensation | Median Hours Worked | Calculated Hourly Wage | Number of Responses |
| Full-time | New Graduates | \$105,000 | 1,880 | \$55.85 | 40 |
| | 1-2 Years | \$105,000 | 1,840 | \$57.07 | 62 |
| | 3-5 Years | \$120,000 | 1,836 | \$65.36 | 103 |
| | 6-10 Years | \$120,000 | 1,692 | \$70.92 | 137 |
| | 11-15 Years | \$120,000 | 1,598 | \$75.09 | 59 |
| | >15 Years | \$118,800 | 1,495 | \$79.46 | 119 |

Associate Employment (Hiring) Trends

- Working less is more important than paying more
- Offer to work less
- Instead of paying 15% more in wages offer 20 more time off
- Offer a great schedule to match lifestyle

Option 1: Give existing staff raises

- Three to one rule
 - 10% Fee Increase will pay for 30% increase in staff or veterinarian
- Prosal Bonus
 - Pay veterinarians 21% of professional billings to minimize risk
 - If they bill a lot, you can afford to pay a lot
- We may be at a cross roads

Recommendations to Practice Owners

- Increase wages – “If you pay more, they will come”
 - Money to pay wages comes from increased fees
- Include specific/objective information in ads
 - Schedule
 - Location
 - Compensation

Get Current Data

- Look at Help Wanted Ads to get a sense of what other hospitals are offering
- Calculate 23% of projected gross to help calculate what you can afford to pay

Questions

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