

# HOW PROACTIVELY EDUCATING CLIENTS ABOUT PET HEALTH INSURANCE IMPACTS THE CARE PETS RECEIVE

Wendy Hauser, DVM; Kathleen Kaiser Schoen, BS

According to the 2018 AVMA Pet Ownership and Demographics Sourcebook<sup>1</sup>, pet owners spent \$28 billion on veterinary care in 2017. In the same study, it was reported that 38% of households own dogs - approximately 77 million canine companions. These figures represent the highest rate of dog ownership since the inception of these studies in 1982. This report also found that 27% of pet-owning households do not visit a veterinarian. This aligns with data<sup>2</sup> that suggests that veterinary patient visits decreased 0.6% in 2018 and 0.8% in 2019. The rate of new client acquisition decreased by 12.6% in 2018 and 12.0% in 2019, continuing a troubling trend witnessed over the last four years. This begs the question – with dog ownership at its highest measured level, why aren't these owners seeking veterinary services?

While retrospective studies using client surveys have evaluated the impact of pet health insurance on patient visit frequency and hospital revenue, there are currently no studies evaluating the impact of pet health insurance on patient visits and hospital revenue using hospital generated data extracted from practice management software systems. The purpose of this study was to measure the impact when veterinary hospital staff proactively discussed the benefits of pet health insurance with veterinary hospital clients on hospital revenue and patient visits.

## Hypotheses comparing insured dogs and cats with non-insured dogs and cats included:

- Within the same hospitals, clients with insured dogs or cats would spend more than clients with non-insured dogs and cats.



- Within the same hospitals, the number of veterinary visits per insured dog or cat would be higher than the number of veterinary visits per non-insured dogs and cats.

## Study Design

Four independently owned, companion animal general medicine veterinary hospitals participated in a two-year clinical study to measure and compare hospital revenue and patient visits for insured<sup>a</sup> pets and non-insured pets when pro-active discussions about pet health insurance occurred. In order to counteract regional differences, participating hospitals were geographically diverse: West Region (Arizona), Midwest Region (Wisconsin, Ohio), and North-east Region (Vermont).

Participating hospitals received a two-hour training session in the two months prior to the inception of the study, which included a conversation about

pet health insurance, how it works, and how it can help clients accept clinical recommendations by lessening the economic impact of veterinary care needed by their pets. This training allowed for open discussion, including the feelings of the animal healthcare teams about proactively discussing pet health insurance. When the veterinary staff raised concerns, ideas were generated on how best to overcome potential challenges. The study hospitals agreed to present clients with materials from the study sponsor<sup>a</sup> and a maximum of one additional company of their choice.

During year one of the study, the leadership team of each hospital agreed to participate in a 30-minute monthly phone call with the principal study investigator and the study sponsor's<sup>a</sup> veterinary services manager. The purpose of the monthly call was to review the hospital's monthly study metrics, including the number of quotes generated and the number of pets enrolled, as well as create a mechanism to track

successes and barriers regarding their ability to actively endorse pet health insurance with their clients. During year two of the study, a less directive approach was used to determine if the proactive conversational behaviors learned in year one would lead to self-sustaining changes. Study hospitals received monthly metrics reports from the primary investigator of the study sponsor<sup>a</sup> as well as claims data information (number of claims filed and monthly reimbursement amounts received by the hospital's clients) to illustrate how the study sponsor's<sup>a</sup> insurance product was impacting the hospitals' clients and patients.

Each hospital granted permission for a third-party data collection company<sup>b</sup> to analyze relevant financial data associated with the study sponsor. Because the study sponsor did not have access to other insurance company's data, it was discussed with each participating hospital that this financial data would be a sub-sample of their total number of insured animals and might not be representative of all their insured dogs and cats. Therefore, the numbers reported in this study do not characterize results based on the total number of insured pets for each hospital, but rather the impact of a subset of sponsor insured<sup>a</sup> pets.

## Data Analysis

An independent data collection company<sup>b</sup> was engaged to obtain and analyze hospital data from each hospital's practice management software systems. Data were collected 2, 8, 14, and 26 months post-study inception representing dates that correlated to the inception of the study (September 1, 2017), 6, 12, and 24 months later. Additional data collected included baseline metrics from the same period 12 months prior. The type of data collected included the number of canine patients,

feline patients, number of veterinary visits, and revenue per canine and feline for professional services as well as products.

Data were analyzed for each hospital, as well as aggregated across all four study hospitals. The company<sup>b</sup> provided anonymized benchmark data by averaging data from 50 randomly selected hospitals per region (West, Midwest, and Northeast). Benchmark data for the aggregate results were based on the combination of all benchmark data from these regions, representing 150 random, anonymized veterinary hospitals. Analysis of the number of insured<sup>a</sup> patients in these aggregate hospitals was not performed.

## Results

### Gross Revenue

The four study hospitals had gross revenues in the year preceding the study of \$700,000 to \$3,000,000, with an average of \$ 2,050,000. The hospital grossing \$700,000 was a newly acquired hospital that had undergone a software conversion. The data that were evaluated during this time frame represented revenues for a partial year, from March 1, 2017 through August 31, 2017. Benchmark regional aggregate data for the same time frame each averaged \$2,300,000.

Study hospital gross revenues at the end of the two-year study period were \$1,100,000 to \$4,000,000, with an average of \$ 2,950,000. Benchmark regional aggregate data ranged from \$2,400,000 to \$2,600,000, with a hospital average of \$ 2,550,000. During the study period, the average total gross revenue in the study hospitals increased by 30.5%. This compared to an increase in average total gross revenue in the combined aggregate benchmark hospitals of 9.8%.

Hospitals	Pre-Study	Post-Study
Study Hospital- West	\$2,100,000	\$4,000,000
Benchmark - West	\$2,300,000	\$2,600,000
Study Hospital - Midwest 1	\$700,000*	\$1,100,000
Study Hospital- Midwest 2	\$3,000,000	\$3,300,000
Benchmark-Midwest	\$2,300,000	\$2,600,000
Study Hospital- Northeast	\$2,400,000	\$3,400,000
Benchmark- Northeast	\$2,300,000	\$2,400,000

### Gross Revenue Comparison of Study and Benchmarked Hospitals, before and at End of Study

### Canine and Feline Patients

The average number of canine patients per study hospital in the year preceding the study was 3,053 compared to the benchmark data of 4,103 dogs per hospital. Therefore, the study hospitals had a 25.5% smaller canine patient caseload than the benchmarked hospitals. There were 1,144 feline patients on average in the four study hospitals, compared to 1,478 cats per benchmarked practices. This represented a 22.5% smaller feline patient caseload in the study hospitals. The average number of insured<sup>a</sup> dogs was 3 per study hospital and no insured<sup>a</sup> cats.

Data collected at the conclusion of this two-year study found that the number of both canine and feline patients increased in the study hospitals, from 3,053 to 3,933 for dogs and 1,144 to 1,403 for cats; increases of 22.3% and 18.5% respectively. The benchmarked hospital averages for the same time frame were 4,139 dogs and 1,461 cats, which represents a 0.8% canine patient increase and a decrease in feline patients of 1.1%. The average number of insured<sup>a</sup> dogs for the study hospitals increased from 3 to 42. There was an average of 9 insured<sup>a</sup> cats per study hospital (compared to zero) at the end of the study.

Hospitals	Pre-Study # of Canine Patients	Post-Study # of Canine Patients	Pre-Study # of Feline Patients	Post-Study # of Feline Patients
Study Hospital WEST	4,369 (0 insured <sup>a</sup> )	6,918 (42 insured <sup>a</sup> )	936 (0 insured <sup>a</sup> )	1,411 (9 insured <sup>a</sup> )
Benchmark WEST	3,030	3,115	1,170	1,187
Study Hospital MIDWEST 1	1,464 (0 insured <sup>a</sup> )	1,679 (16 insured <sup>a</sup> )	554 (0 insured <sup>a</sup> )	741 (0 insured <sup>a</sup> )
Study Hospital MIDWEST 2	2,871 (6 insured <sup>a</sup> )	2,756 (76 insured <sup>a</sup> )	1,012 (0 insured <sup>a</sup> )	1,016 (15 insured <sup>a</sup> )
Benchmark MIDWEST	4,255	4,330	1,472	1,485
Study Hospital NORTHEAST	3,508 (5 insured <sup>a</sup> )	4,379 (35 insured <sup>a</sup> )	2,076 (0 insured <sup>a</sup> )	2,443 (10 insured <sup>a</sup> )
Benchmark NORTHEAST	3,105	3,227	1,389	1,394

## Study and Benchmarked Hospitals Patient Number Comparison, before and at End of Study

## Annual Client Spend for Insured vs. Non-Insured Pets

The study hospitals' average revenue per non-insured canine patient in the year preceding the study was \$532.00 per dog compared to revenue for insured<sup>a</sup> dogs of \$508.00; a decreased annual spend of 4.5% for insured<sup>a</sup> dogs compared to uninsured dogs. The aggregate benchmark data for the same time frame was \$513.00 per canine patient. The study hospitals' pet owners spent 3.6% more on their non-insured pets compared to owners in the benchmarked hospitals.

When measured at the conclusion of the study period, the per study hospital average revenue was \$644.00 per non-insured canine patient and \$735.00 for insured<sup>a</sup> dogs, reflecting a 12.4% positive difference between insured<sup>a</sup> and non-insured dogs. The averaged patient aggregate benchmark data was \$565.00 per dog. Compared to the benchmarked hospital dogs, spending on the insured<sup>a</sup> hospital dogs was 23% higher (\$735.00 vs. \$565.00)

The study hospitals' average revenue per non-insured feline patient in the year preceding the study was \$335.00 per cat. There were no insured<sup>a</sup> cats during this time frame. The aggregate benchmark data for the same time frame was \$310.00 per feline patient. When measured at the conclusion of the study period, the study hospitals' average revenue per non-insured feline patient was \$413.00, while the revenue for insured<sup>a</sup> cats was \$368.00. Therefore, insured<sup>a</sup> patients represented an average decreased annual spend of 10.9%. The averaged feline aggregate benchmark data was \$334.00/cat; owners of insured<sup>a</sup> cats spent 9.2% more annually (\$368.00 vs. \$334.00).

## Patient Visits

The average patient visit rate for the studied hospitals in the year preceding the study was 3.2 visits per year for insured dogs<sup>a</sup> and 3.9 visits per year for non-insured dogs, a 17.9% higher rate for dogs without insurance. The aggregate benchmarked hospital visit rate for the same time frame was 3.9 canine visits per year. There were no study hospital insured<sup>a</sup> feline patients during the year preceding the study inception. Non-insured study hospital cats visited an average of 2.5 visits per year, while the average number of visits for cats in the aggregate benchmarked hospitals was 2.6 visits per year.

At the conclusion of the study, insured canine visits per year averaged 6; 23.8% higher than non-insured dogs (4.3 visits per year). The aggregate benchmarked hospitals remained constant at 3.9 visits per year. Study hospital insured<sup>a</sup> canines visited an average of 35% more frequently than canine patients' in the aggregate benchmarked hospitals.

By the end of the study, non-insured study hospital felines were presented 2.8 visits per year, whereas insured<sup>a</sup> cats visited the study hospitals an av-

erage of 3.4 visits per year, 17.6 % more than non-insured cats. The aggregate benchmarked feline data decreased slightly to 2.5 visits per year. Insured<sup>a</sup> cats had 18.8% more visits than cats in the aggregate benchmarked hospital group.

## Discussion

A previous study conducted by the North American Pet Health Insurance Association (NAPHIA)<sup>3</sup> found that clients annually spent 29% more on care for insured dogs and 81% more for insured cats compared to non-insured animals. In another study<sup>4</sup> performed in 2017, the AVMA Economics Division and Mississippi State University joined forces to examine how pet health insurance impacted hospital visits and the amount clients spent on their dogs. The nationwide study solicited information from dog owners, both with and without pet health insurance. Consistent with the results in the NAPHIA survey, annual client spend for insured pets was an average of \$211.00 higher than non-insured pets. Yet, when the frequency of client visits was evaluated, there was no statistically significant increase in the number of veterinary visits by dogs.

Both of the previous studies were conducted utilizing client surveys. While the previous studies asked if survey respondents had learned about pet insurance from their veterinarian, it is unknown to what degree proactive pet insurance conversations were occurring. The current study differed from prior studies in two important ways: each of the four study hospitals was taught how to proactively educate clients about pet health insurance and outcomes of client spending and patient visits were obtained by extracting data from each participating hospital's practice management software system. This method of financial data collection reflects

actual historical spending and provides a more objective measurement of the impact of pet health insurance on client spending and patient visits, eliminating possible response bias.

During the two-year study period, an unexpected finding was the increase in total gross revenue of the group of study hospitals when compared to the benchmarked hospitals. While the aggregate of benchmarked hospitals saw an increase in total gross revenue of 9.8%, the collective increased gross revenue in the study hospital group was 30.5%. When the increase in total gross revenue of the study hospital group is considered, it is not surprising that both the study hospital group canine and feline patient numbers showed substantial increases when compared to the benchmarked hospitals. The study hospital group experienced a 22.3% increase in canine patients and an 18.5% increase in feline patients. The benchmarked hospital averages for the same time frame represented an increase in canine patients of .08% and a decrease in feline patients of 1.1%.

As discussed in another paper<sup>5</sup> based on this pilot study, it was also hypothesized that clients of the study hospitals would report a higher satisfaction level with their animal healthcare teams and veterinary hospitals, perhaps in part due to the teams' proactive approach to educating clients about pet insurance as a possible financial solution to their pet's future healthcare needs. At the conclusion of this study, pet owners reported statistically significant increases in positive feelings about the level to which their veterinary staff cared for them and satisfaction with the care provided by their veterinary hospital. It is likely that part of the revenue growth and increased patient numbers seen in the study hospitals were related to the improved satisfaction that current clients felt toward their veterinary hospitals. It has long been recognized<sup>6</sup> that one of the strongest drivers of new veterinary clients is the

word of mouth referral. It makes sense that satisfied study hospital clients would be more likely to recommend their veterinary hospitals to friends and acquaintances and is perhaps another factor contributing to the gains in new patient numbers.

It was hypothesized that client spend per insured pet would be higher than that for non-insured patients. This theory was confirmed; at the conclusion of the two-year study period, the revenue per non-insured canine patient was \$644.00, and the revenue for insured<sup>a</sup> dogs was \$735.00. Comparing insured and non-insured dogs within the same hospitals, we found dog owners with insurance<sup>a</sup> spent 12.4% more per dog when compared to non-insured dogs. As seen in the baseline data, client spend on insured<sup>a</sup> dogs was lower than that of uninsured dogs at the beginning of the study. This might be due to the low numbers of insured dogs (three per hospital) at the beginning of the study. By the conclusion of the study, there was an average of 42 insured dogs per hospital. This increase in insured pets resulted in more opportunities for pet owners to use insurance to address pet health needs and is likely responsible for the increase in revenue seen in the data.

An increased annual spend for insured cats over non-insured cats was not reflected in the study data, with owners of insured cats actually spending 10.9% less than those with non-insured cats. There are several reasons to explain this finding, including the low numbers of insured<sup>a</sup> cats in the study, averaging nine per study hospital. Not all insured cats filed claims, further decreasing the proportion of pet owner spend on insured<sup>a</sup> cats. Many of the feline diseases associated with higher client spend, such as kidney disease and hyperthyroidism, tend to occur in older cats. The average age of non-insured cats in the study hospitals was 8 years of age. In comparison, the average age of insured<sup>a</sup> cats in the study was 4.25 years of age. It is likely that the relative-

ly young age of insured<sup>a</sup> cats and the low number of claims filed contributed to the fact that the amount spent on insured<sup>a</sup> cats was less than that for non-insured cats.

The hypothesis that the number of veterinary visits per insured pet would be higher than that of non-insured patients (within the same hospital) was supported. Consistent with findings in both the NAPHIA<sup>3</sup> Study and the AVMA/Mississippi State study<sup>4</sup>, patient visits for dogs with insurance was higher than for dogs without insurance. At the study conclusion, the number of insured canine<sup>a</sup> visits was 23.8% higher than that of non-insured study hospital dogs.

In the current study, insured<sup>a</sup> felines visited an average of 3.4 times per year, 17.6% more frequently than the non-insured study hospital cats. This is an interesting finding, given that the client spend per insured<sup>a</sup> cat was lower than that for non-insured cats. 27% of the insured<sup>a</sup> felines were one year of age or less. Increased visits might be associated with care usually delivered to kittens, including multiple preventive care visits, as well as surgical neutering. This statistic further supports the likelihood that the younger, study hospital cats were being seen for less serious illnesses and preventive care when compared to the non-insured study hospital feline patients.

This study has some limitations. One limitation was the small number of insured<sup>a</sup> dogs and cats, compared to those without insurance. At the conclusion of the study period, there was an average of 5,336 dogs and cats per study hospital, of which 51 dogs and cats per study hospital were insured<sup>a</sup> during the study period.

Another limiting factor is that the only 'insured' pets data points measured were those whose policies were with the study sponsor insurance company<sup>a</sup>. It is highly probable that there were dogs and cats that were in the 'non-in-

sured' category that had coverage with other companies. It is possible that the non-insured pet category metrics of revenue and patient visits were slightly elevated beyond what would be seen in pets that truly have no pet insurance, thus decreasing insured<sup>a</sup> dog and cat metrics. As such, the effects reported in this study should be considered to be the minimum positive outcomes for dogs and cats with health insurance.

In conclusion, this proof-of-concept study found pet health insurance to be positively associated with client spending on dogs as well as increased number of patient visits for both cats and dogs. There is a strong correlation between increased client spending and improved pet healthcare. These results suggest that patients benefit when pet health insurance is a part of the strategy to enable clients to provide care to their pets. Furthermore, a hospital's bottom financial line could benefit from training hospital teams on how to proactively make discussions around pet health insurance part of every client's education.

---

<sup>a</sup> ASPCA® Pet Health Insurance Program.

<sup>b</sup> Vetsuccess, Inc.

## References

1. <https://www.avma.org/PracticeManagement/Documents/AVMA-Pet-Demographics-Executive-Summary.pdf> Accessed 01/15/2020
2. VHMA Insiders Insights, [https://cdn.ymaws.com/members.vhma.org/resource/resmgr/insiders\\_insights\\_2019/VHMA\\_Insiders\\_Insights\\_Decem.pdf?\\_zs=ETLGc1&\\_zl=sc7O6](https://cdn.ymaws.com/members.vhma.org/resource/resmgr/insiders_insights_2019/VHMA_Insiders_Insights_Decem.pdf?_zs=ETLGc1&_zl=sc7O6) December 2019 Accessed 01/07/2020
3. NAPHIA, Research Report 2016, "Driving Growth of Pet Health Insurance"
4. Williams A, Williams B, Coble K. American Veterinary Medical Association (AVMA) and Mississippi State University/ Dept. Agricultural Economics. The Impact of Pet Health Insurance on Pet Owner's spending for Veterinary Services. 2017. Unpublished data
5. Hauser W, Schoen K, Kogan L. How Does Proactively Educating Client about Pet Health Insurance Impact Veterinary Teams and Clients? Unpublished data
6. Molhoek AW, Endenburg N. The effectiveness of marketing concepts in veterinary practices. Tijdschr Diergeneesk. 2009 Jan 1;134(1):4-10.

**ASPCA** PET HEALTH  
INSURANCE



---

\*The ASPCA® is not an insurer and is not engaged in the business of insurance. Products are underwritten by the United States Fire Insurance Company, produced and administered by C&F Insurance Agency, Inc. (NPN # 3974227), a Crum & Forster company. Through a licensing agreement, the ASPCA receives a royalty fee that is in exchange for the use of the ASPCA's marks and is not a charitable contribution. C&F and Crum & Forster are registered trademarks of United States Fire Insurance Company.