



# The Truth About Pet Health Insurance

by Dr. Wendy Hauser

**Approximately 1.83 million pets were insured in the United States by the end of 2017. That's up 17.5% since 2016!<sup>1</sup> Clearly, pet insurance is becoming increasingly popular, but is it right for your clients and their pets? This information can help you better understand pet insurance and whether it might be a good option for your clients.**

## **WHAT IS PET INSURANCE?**

Pet insurance is a type of property insurance. Like other forms of property insurance, such as home or auto insurance, it's designed to help your clients manage expenses when something unexpected happens. For instance, home

insurance can reimburse for the cost of repairs after a fire. Similarly, pet owners with pet health insurance can be reimbursed for veterinary expenses they incur when a pet gets sick or injured.

So, why do reimbursements for veterinary expenses matter? For most of us, pets are considered part of the family, and there are a lot of advanced diagnostic tests and treatment options available to help pets these days. That's great news, but it comes at a cost. In fact, it's estimated that pet owners in the US will have spent about \$17.07 billion on veterinary care in 2017.<sup>2</sup>

That's where pet insurance comes in! Pet insurance helps lessen that financial worry by reimbursing pet owners for covered costs. More importantly, it lets them focus on caring for their pets rather than the costs of care.

## **PET INSURANCE TERMS IN PLAIN ENGLISH**

You may be familiar with concepts like deductibles, annual limits, and

reimbursement percentages from other insurance, but they can work differently with pet insurance.

### **Annual Deductible**

This is the amount that needs to be met before a claim can be reimbursed. ASPCA® Pet Health Insurance program allows customers to choose a \$100, \$250, or \$500 annual deductible. With an annual deductible, it only has to be met once a year no matter how many times the pet is hurt or sick.

So, for instance, if the first claim has \$250 of covered expenses, the annual deductible is \$100, and a 90% reimbursement percentage was selected at enrollment, the reimbursement would be \$135. After that, the full reimbursement percentage will be received up until the annual limit is reached.

### **Annual Limits**

An annual limit is the total amount that can be reimbursed over a 12-month policy period. It resets when a new policy period begins. With ASPCA Pet Health Insurance, pet owners can customize their

annual limit with choices ranging from \$5,000 to unlimited.

Selecting a lower annual limit can bring down the premium, but it also means reimbursement will stop at a lower amount. When choosing an annual limit, pet owners may want to balance how much coverage they think they may need in a policy year, with the cost of the plan.

### Reimbursement Percentage

This is the percentage of covered costs reimbursed after the deductible is met. ASPCA Pet Health Insurance program offers 70%, 80%, and 90% options. Picking a lower co-insurance amount can reduce the premium, but the pet owner will need to pay a larger percentage towards covered veterinary expenses.

### WHAT'S COVERED

Accident coverage is at the core of a typical pet insurance plan. It can cover all sorts of injuries from bite wounds to broken bones. Coverage for illnesses and wellness care may also be available as well as coverage for things like:

- Hereditary issues, including hip dysplasia and cherry eye
- Behavioral conditions, such as excessive barking, destructive chewing, and separation anxiety

### How Pet Insurance Works

Let's say a client's pet is showing signs of an illness, like a runny nose and fever, and the pet owner would like to take them to the veterinarian. Here's how the plan would work:

**Visit Any Veterinarian:** Pet insurance is different from human health insurance, in that there are no networks to worry about. It can be used at any licensed veterinarian in the US or Canada, including specialists or emergency animal hospitals. After the pet is treated, the pet owner pays the practice as usual.

**Submit a Claim:** Customers may be able to submit claims online or by email, fax, or mail. The ASPCA Pet Health Insurance program also lets pet owners submit claims using the My Pet Insurance app, which they can do even before leaving the veterinary practice. They just need to provide some information about the incident and take a picture of the invoice.

**Get Reimbursed:** The pet insurance provider will process the claim and reimburse for covered costs based on the reimbursement percentage and the deductible if it applies. The ASPCA Pet Health Insurance program lets customers choose whether they'd like to receive a check in the mail or have the reimbursement directly deposited into their bank account.

- Alternative therapies, which may include acupuncture and hydrotherapy

It's important to look closely at the full list of what will and won't be covered by any plan that is considered.

### PRE-EXISTING CONDITIONS

A pre-existing condition is a condition that occurs before

coverage begins or during a waiting period, but they typically won't be covered. These are conditions that exist before coverage starts or during a waiting period. They may or may not show symptoms or have been diagnosed yet.

Like other providers, ASPCA Pet Health Insurance doesn't cover pre-existing conditions, which means that chronic medical conditions that are symptomatic prior to policy inception will be ineligible for future coverage. This exclusion extends to the diagnosis and treatment of any future knee or ligament injury when a pet has had a prior symptom in either leg. However, other conditions that are considered pre-existing may be covered in the future if it can be cured, and remains symptom and treatment-free for 180 days.

### PET INSURANCE COST

The premium will be calculated using factors including the selected plan, the ZIP code of residence, and the pet's breed and age. Plans may be customized to adjust the premium.



For example, ASPCA Pet Health Insurance allows pet owners to choose their deductible, reimbursement percentage amount, and annual limit. This can help them get the amount of coverage needed for their pet at a price that works for them.

### IS PET INSURANCE WORTH IT?

Whether or not to get pet insurance is a personal choice, but

there are some things a pet owner can ask themselves to help make the decision. For instance:

- Would it feel comforting to know you have help managing your veterinary costs?
- Could you handle an expensive veterinary bill without some financial cushion?
- Would you pay almost any amount to care for your pet?

It can also be helpful to know why other pet owners decided to cover their four-legged family members. According to a survey, pet owners insured their pets because pet insurance is helpful to pet owners, shows they love their pet, demonstrates they are a responsible pet owner, and helps avoid the need to make painful choices about withholding care due to financial considerations.<sup>4</sup>

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*For more information on the ASPCA Pet Health Insurance program, or to order materials for your practice, please call our dedicated Veterinary Help Line at 877-738-2677.*

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## Pet Insurance Myths Dispelled

There are lots of pet insurance myths about things like what it covers and how it's used. Here's the truth about some of the most common ones.

**It won't cover what my clients need.** Pet insurance covers all kinds of injuries and many illnesses from ear infections to cancer. With some insurance options, including ASPCA Pet Health Insurance, preventive care coverage can be added on to the policy for an additional cost per month. That said, pet owners should make sure they understand what's covered and what's not before purchasing a plan, so they know what to expect.

**It won't be accepted at the veterinary practice.** Human health insurance plans may restrict a policyholder to a network of doctors, but this isn't the case with pet insurance. Because the pet owner pays the veterinary practice directly and gets reimbursed by the pet insurance company, they're free to go to any licensed veterinarian. This includes specialists and emergency animal hospitals.

**It's better for my clients to save for pet care.** Saving is a smart idea, but pet insurance offers many additional benefits. For instance, pet insurance can cover multiple accidents or illnesses up to an annual limit during a policy year, while a single incident could use up all of the money saved for the pet's care.

**The pet is young and doesn't need pet insurance.** Guess again! Within the first year of their lives, 60% of puppy pet owners and 48% of kitten pet owners with ASPCA Pet Health Insurance filed claims.<sup>3</sup> If they are enrolled while they're young, and before something happens, a pre-existing condition may be avoided.

**It's best to choose the cheapest plan option.** It can be tempting to enroll in the least expensive plan, but it's important to balance coverage with price. If the plan isn't going to provide the coverage needed, it may not be worth the money.

**A pet isn't eligible due to a health condition.** While that condition would likely be considered pre-existing and typically not covered, pet owners can still benefit from coverage for other illnesses or injuries that may come up.

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1. The 2018 North American Pet Health Insurance Industry Report, NAPHIA, 2018
2. American Pet Products Association National Pet Owners Survey, 2017-2018
3. Internal Claims Data, 6/1/15 through 5/31/17
4. Driving Growth of Pet Health Insurance, NAPHIA, 2016



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