

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

Why Did We Do This Study?

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.

How Did We Do This Study?

Four independently owned, geographically diverse companion animal general medicine veterinary hospitals participated in a two-year clinical study to measure and compare hospital revenue and patient visits for insured^a pets and non-insured pets when pro-active discussions about pet health insurance occurred.

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 financial impact of veterinary care needed by their pets. The study hospitals agreed to present clients with materials from the study sponsor^a and a maximum of one additional company of their choice.

Each hospital granted permission for a third-party data collection company^b to analyze relevant financial data associated with the study sponsor. Because the study sponsor did not have access to

other insurance company's data, participating hospitals were made aware 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 insured^a pets.

Data were analyzed for each hospital, as well as aggregated across all four study hospitals. The company^b 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^a patients in these aggregate hospitals was not performed.

What Did We Find, and Why?

Gross Revenue:

During the two-year study period, an unexpected finding was the increase in total gross revenue of the group of study hospitals (30.5%) when compared to the benchmarked hospitals (9.8%). The increased total gross revenues of the study hospitals were likely driven by both the increase in total insured pets as well as the increase in new clients: study hospital canine (22.3% increase) and feline patient numbers (18.5% increase) substantially grew when compared to the benchmarked hospital averages (0.8% and -1.1% respectively).

As discussed in another paper by Hauser et al., clients of these four study hospitals 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. As reported by Molhoek and Endenburg in 2009, it has long been recognized 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.

Canine and Feline Patients:

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, with increases of 22.3% (dog) and 18.5% (cat) observed. The benchmarked hospital averages for the same time frame represented a 0.8% canine patient increase and a decrease in feline patients of 1.1%. The average number of insured^a dogs for the study hospitals increased from 3 to 42. There was an average of 9 insured^a cats per study hospital at the end of the study (compared to zero at baseline).

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

At the conclusion of the two-year study period, the revenue per non-insured canine patient was \$644.00, and the revenue for insured^a dogs was \$735.00; dog owners with insurance^a spent 12.4% more per dog when compared to non-insured dogs. The average client spend per patient in the aggregate benchmark data was \$565.00 per dog. Spending on the insured^a hospital dogs was 23% higher (\$735.00 vs. \$565.00) when compared to the benchmark hospitals. By the end 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.

By the study's end, the study hospitals' average revenue per non-insured feline patient was \$413.00, while the revenue for insured^a cats was \$368.00. Therefore, insured^a patients represented an average decreased annual spend of 10.9%. The averaged feline aggregate benchmark data was \$334.00/cat; therefore, owners of insured^a cats within the study hospitals spent 9.2% more annually (\$368.00 vs. \$334.00). There are several reasons to explain the decreased client spending on insured cats in the study hospitals, including the low numbers of insured^a cats, averaging nine per study hospital. Not all insured cats filed claims, further decreasing the proportion of pet owner spend on insured^a cats. In addition, 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, compared to the average age of 4.25 years for the insured^a cats in the study. It is likely that the relatively young age of insured^a cats and the low number of claims submitted contributed to the fact that the amount spent on insured^a cats was less than that for non-insured cats.

Patient Visits:

Consistent with findings in both the NAPHA Study and the AVMA/Mississippi State study, hospital patient visits for dogs with insurance was higher than for dogs without insurance. Insured^a canine visits per year averaged 6; 23.8% higher than non-insured dogs (4.3 visits per year) at the end of the two-year study. The aggregate benchmarked hospitals remained constant at 3.9 visits per year; therefore, study hospital insured^a canines visited an average of 35% more frequently than canine patients' in the aggregate benchmarked hospitals.

In the current study, insured^a felines visited an average of 3.4 times per year, 17.6% more frequently than the non-insured study hospital cats. The aggregate benchmarked feline data decreased slightly to 2.5 visits per year. Insured^a cats had 18.8% more visits than cats in the aggregate benchmarked hospital group. This is an interesting finding, given that the client spend per insured^a cat was lower than that for non-insured cats. 27% of the insured^a 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, insured^a study hospital cats were being seen for less serious illnesses and preventive care when compared to the non-insured study hospital feline patients.

What Do These Results Mean?

This study differed from prior studies in two important ways. First, each of the four study hospitals was taught how to proactively educate clients about pet health insurance. Second, while previous studies relied on survey responses, this study looked at actual client spending and patient visits extracted 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. Positive findings in the current study include the increased study hospital revenue when compared to the benchmarked hospitals, increases in client spending on insured^a dogs, and increased patient visits for both insured^a dogs and cats.

This study has some limitations. One limitation was the small number of insured^a dogs and cats, compared to those without insurance. At the conclu-

sion 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^a 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^a. It is highly probable that there were dogs and cats that were in the 'non-insured' 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^a 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 an 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.



^a ASPCA[®] Pet Health Insurance Program.

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To learn more, download the complete study at:
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