

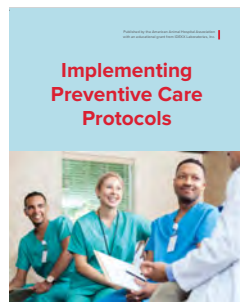
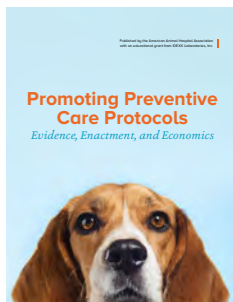
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Preventive Care Protocols and Practice Economics



Preventive Care Protocols and Practice Economics

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This is the third in a series of publications from the American Animal Hospital Association about how diagnostic testing as a part of your preventive care protocols creates a win-win-win for all three stakeholders: your patients, your clients, and your practice. This publication takes a deeper dive into practice economics and pricing strategies, particularly compliance-driven pricing, to grow practice income and build a sustainable economic future.

Dear Colleagues,

The veterinary landscape is always changing, as we have seen this year due to the COVID-19 pandemic. Finding creative ways to respond to the unexpected has long been ingrained in our profession's DNA, and we are a resilient group by nature. And even with this constant change, where few things are certain, two truths remain: the human-animal bond is stronger than ever and people are willing to invest in care for their feline and canine family members.

Our clients put their trust in us that we will do everything we can to ensure their pets are as healthy as possible. But as other revenue streams like food and pharmacy sales shift online and low-cost competitors continue to crop up, veterinarians must look to find value in the services that only they can offer.

Diagnostic testing is the single most effective way veterinarians can build durable revenue streams that can stand up to volatile outside influence and accelerate practice growth. Until recently, diagnostic testing has been focused on sick visits, but preventive care testing during wellness visits enables us to uncover underlying disease earlier so we can do more to help support longer, healthier lives for our patients. Adding comprehensive preventive care protocols also gives us the opportunity to strengthen relationships with clients, grow practice income, and build a sustainable economic future.

But how do we get clients to comply with our recommendations? How do we price our offerings in a way that encourages them to say “yes?” This booklet explores how preventive care diagnostic testing, when priced strategically, is a win-win-win—for patients, clients, and practices. It also provides practical tips, pricing strategies, and case studies that can guide veterinary practices to success and greater financial stability.

We know the world can change practically overnight and that our veterinary peers are resilient in the face of challenging times. By sharing this guidance on protocols and pricing strategies, we believe we can help veterinarians continue to keep patients and practices healthy.

Wishing you success,

Adam Hechko, DVM

North Royalton Animal Hospital, Ohio

Vice President, AAHA Board of Directors

Chair, AAHA Foundation Board of Trustees

Board Liaison, Animal Ethics and Welfare Committee



The Preventive Care Opportunity

The business landscape for veterinarians has been changing for quite some time. Two-thirds of US households own pets, and spending on pets is increasing—including spending on veterinary care.¹ At the same time, with corporate consolidation, low-cost competitors, and online pharmacy and food sales, practices are looking to find new ways to increase profitability by providing the care pets deserve and clients expect.

This presents opportunities to convey the value of your services to both attract new clients and build more valuable relationships with existing clients.

A strong focus on preventive care diagnostic testing allows the opportunity to detect anomalies sooner, giving pets a greater chance at longer and healthier lives.^{2,3} Preventive care testing, especially when priced to encourage compliance, also gives veterinary practices the opportunity to grow practice income and build a sustainable economic future.

In a survey of US and Canadian pet owners, 87% said that talking with the veterinarian is most helpful when learning about screening diagnostics. So, it's a bit surprising that 33% of the survey respondents stated they have never discussed or don't remember discussing preventive care diagnostics with their veterinarians!⁴

Clearly, there is an opportunity. The good news is that client education works. In the same survey, 94% of pet owners had a positive opinion of preventive care diagnostics once they better understood the value.⁴

This publication explores how preventive care diagnostic testing, when priced strategically, supports both patient health *and* the healthy economics of a practice.



98%

98% of respondents stated that they **agree that their veterinarian gives them 100% of the information that they need** regarding their dog's health.



33%

33% state they have never discussed or **don't remember discussing preventive care diagnostics** with their veterinarians.



94%

After learning what preventive care diagnostics are, **94% have a positive opinion.**

Source: Wakefield Research survey, 2019.

Who Are Our Present and Future Clients?

Current Clientele

80%

Baby boomers and millennials consider a pet part of the family.⁵

Top two reasons pet owners say they have a regular veterinarian:⁶



Knowledgeable, high-quality care



Kindness, compassion, and the way you handle my pet

Changing Expectations

Most of us expect our physicians to detect conditions like hypertension and to take action sooner rather than later. Delivering preventive care diagnostics may attract and retain pet owners who want the same for their pets.⁷



Understanding Millennial Pet Owners

83 million

millennials in the United States, more than 25% of the nation's population.⁸

15%

will always answer their phone if they don't know who is calling . . . but 81% would definitely answer if they saw it was their veterinarian!⁹

81%

want to be automatically recognized when they call . . . but 72% have had to wait while their veterinary team looks up their account.⁹

87%

say they are willing to trade off something else they might need in order to pay for their pet's products and services.¹⁰

41%

say money is no object when it comes to their pets.¹¹

63%

always or usually research their pet's health issues online before taking the pet to the veterinarian.¹²

Don't Forget Gen X!

36%

of Gen X-ers say money is no object when it comes to their pets.¹³

Now that we know what clients want, need, and expect, let's help them do the right thing!

Win-Win-Win with Preventive Care Protocols

The Medical Benefit

Regular diagnostic testing—even performed on healthy animals—may reveal underlying conditions that can lead to follow-up treatments.

The AAHA publication *Implementing Preventive Care Protocols* references two big data studies that support the value of preventive care profiles.

The first study¹⁴ was of more than a quarter of a million wellness visits that included a chemistry panel, CBC, and SDMA tests. The study revealed significant findings in patients from adult to geriatric life stages—requiring veterinary follow-up in

- 1 in 7 adults (dogs aged 3–6 years; cats aged 2–8 years)
- 1 in 5 seniors (dogs aged 7–10 years; cats aged 9–13 years)
- 2 in 5 geriatrics (dogs aged 11+ years; cats aged 14+ years)

The second study¹⁵ examined canine wellness profiles run at IDEXX Reference Laboratory, which included an IDEXX 4Dx[®] Plus Test (for vector-borne disease screening) and Fecal Dx[®] antigen testing (for the detection of hookworm, roundworm, and whipworm infections), in addition to a Chem 22 with the IDEXX SDMA[®] Test and IDEXX CBC testing with reticulocyte parameters. The study found at least one in four preventive care blood and fecal profiles indicate the need for follow-up* in adult and senior dogs. While more of the profiles were run on senior canines, the study found that **preventive care diagnostics are as clinically relevant on adult patients as young as two years of age.**

If lab work turns up something that gives the clinician pause, that can trigger proactive investigation, monitoring, and management of subclinical cases. That means better care for animals and a healthier bottom line for your practice through “downstream revenue” associated with the follow-up care.



The Financial Advantage

Diagnostic income is a significant revenue generator in a veterinary practice. According to AAHA’s *Financial and Productivity Pulsepoints, Tenth Edition*, a practice’s overall laboratory revenue averages about 14% of total revenue.¹⁶ Fritz Wood, a leading veterinary financial consultant, suggests practices strive for 20%. More testing means laboratory expenses will increase, he acknowledges—but more importantly, so will your profit.¹⁷

The Love Dividend

Preventive care testing can also increase client satisfaction. Clients who grasp the value of preventive care tend to bond more with their veterinarians. Often, clients will schedule more regular visits, which can result in healthier patients—and healthier practices.

*Due to “clinically significant findings,” which would indicate the need for follow-up, further consideration, or a change in action by the clinician. Clinical significance based on rules determined by an IDEXX veterinarian panel.

You Need a Pricing Strategy!

Preventive care can be an affordable *and* valuable offering for your clients as well as an ethical revenue growth source for your practice. Yearly screening tests uncover potentially treatable issues that would otherwise remain unknown, but you need to have a pricing strategy that works for your practice and clients.

Many of the pricing strategies included in this publication are from the Veterinary Hospital Managers Association (VHMA) white paper, “Value-Based Strategic Pricing for Veterinary Practices.” The white paper is based on findings from VHMA’s Critical Issues Summit and authored by Utpal Dholakia, PhD, professor of marketing and George R. Brown Chair of Marketing at Rice University. To access the white paper and more value-based strategic pricing tools and resources, visit vhma.org/resources/value-basedstrategicpricing.



Historically, pet owner costs for veterinary diagnostics have been calculated with cost-based pricing, usually using a 2–3x cost markup. Cost-based pricing is easy to understand. Figure out your total cost of providing a good or service, then multiply it by a given number, and that’s your price. Update your practice information management software system, and you’re good to go.

Or are you? When making pricing decisions, it is important to consider the four main pillars of pricing: costs, customer value, reference prices, and value proposition, as outlined in the VHMA’s white paper.

Let’s focus on the fourth pillar: value proposition. Cost-based pricing doesn’t take into account the value of the service you offer or your practice’s unique value proposition. Cost-based pricing doesn’t reflect whether you offer stellar customer service, a super-convenient location, or a reputation for providing the best-quality medical care around. It doesn’t take into account if you’re in a part of town where you can attract clients with large disposable incomes or draw on a population with more financial constraints. Strict adherence to cost-based pricing can leave clients in the cold, or it can leave money on the table.

Diagnostics is a growing part of every practice, and many treat all diagnostic pricing the same. A growing trend to enhance pricing success is to consider unique pricing strategies for each of the main diagnostic categories. Sick and preventive are the primary categories, but you may also consider preanesthetic and medication monitoring. In general, you probably see solid compliance on your sick diagnostic offerings. Pet owners can see the importance of running bloodwork when their pet is ill. If your preventive diagnostic compliance is not where you’d like it to be, the following may be a great place to start.



Pricing your preventive care testing for success means looking beyond traditional cost-based pricing and using a more strategic pricing mindset to determine the optimal price for preventive care testing. The result is that pet owner cost for preventive care testing will be less compared to the price for a sick pet panel. This strategy is called “compliance-driven pricing.”¹⁸

This strategy rests on three key concepts:

1. the veterinarian’s time spent
2. the client’s price sensitivity
3. downstream revenue

Let’s take a closer look at these three pillars of compliance-driven pricing.

1. The Veterinarian’s Time Spent

Your laboratory invoice is only a small portion of your cost in diagnostic testing. Your true cost includes the veterinarian’s time and knowledge devoted to interpreting the results and coming up with a treatment and monitoring plan.

Then consider the time involved in communicating the results and plan to the pet owner. With preventive care testing, many of the results are good news and can be reported in a relatively short amount of time by the veterinarian, a trained technician, or potentially with telehealth tools like email or pet portals.

Sick pet testing requires analyzing the results, formulating a treatment/follow-up plan, and much more intensive conversation with the client (sometimes involving multiple family members). All of this takes longer and requires skill on the part of the veterinarian. It also makes the relative cost of a sick diagnostic panel greater than that of a well preventive care diagnostic panel.

Many veterinarians are already comfortable with this idea in other scenarios—such as sick versus well exam pricing and routine spay versus pyometra surgery. It is the same procedure, but the time and expertise required are dramatically different.



75%

75%* of practices using compliance-driven pricing strategies for preventive care testing more than doubled their patient testing, compared to 15%* of practices that used traditional cost-based techniques. The increase was seen in overall diagnostic testing, not just preventive care.¹⁹

Why? Because practices that embrace a compliance-driven pricing strategy tend to be more diagnostically focused *and* reap the benefits of follow-up testing necessitated by abnormalities uncovered during preventive care testing.

*Chemistry panel included

2. The Client’s Price Sensitivity

Price sensitivity is driven by the pet owner’s perception of value. This concept explains why consumers are willing to pay different prices for the same thing in different circumstances.

In the case of preventive care testing, a pet owner will be willing to pay more for diagnostics when the patient has clinical signs versus when they appear to be healthy. This concept also applies to the example of the difference in cost between a routine spay and a pyometra surgery. We see this in action all the time in our daily lives. It explains why someone would pay five dollars for a bottle of water at the airport, but not at the grocery store!

3. The Practice’s Downstream Revenue

When we perform sick diagnostics, there is downstream revenue—medical treatments and

further testing that stem from our initial tests. But the downstream revenue was already going to happen because the client brought the pet in with clinical signs, which was the reason for the visit.

With preventive care diagnostics, we know that a portion of patients are going to have abnormalities that require further investigation and treatment. Without the initial preventive care testing, these additional steps would not have been taken and the downstream revenue would not have been realized. The additional revenue can help justify a lower price point for preventive care testing compared to sick pet testing.



Find Your Goldilocks Zone

For some pet owners, price is no object when it comes to their pet's health. Others lack the disposable income to pay for medical care. Between the two extremes are the majority of pet owners, who are willing and able to pay for the medical care necessary to help their pets live their healthiest lives.²⁰

We know that compliance-driven pricing for preventive care testing is going to help more patients, strengthen our practices financially, and be priced less than sick testing. But how do we determine the price that drives both pet owner acceptance of our recommendations *and* maximizes our profit?

There really is a sweet spot—the Goldilocks Zone—where pet owner cost and profit per test are modest, compliance is strong, and overall profit is maximized. Not too high. Not too low. Just right!

Let's look at an example: There is a very useful diagnostic test, and the cost to the practice is \$4.

Using a traditional mark-up strategy of 2–3 times cost (we'll settle on 2.5x), the client cost is \$10 and the practice profits \$6 per test. Because the cost is high, the demand is low, with only 10 tests per month. This generates a total profit of \$60.

At the other extreme is very low pricing. The practice cost is \$4, but the client cost is only \$5, and the practice makes only \$1 per test. Because of the low cost, demand is very high—60 tests per month. The practice still makes only \$60.



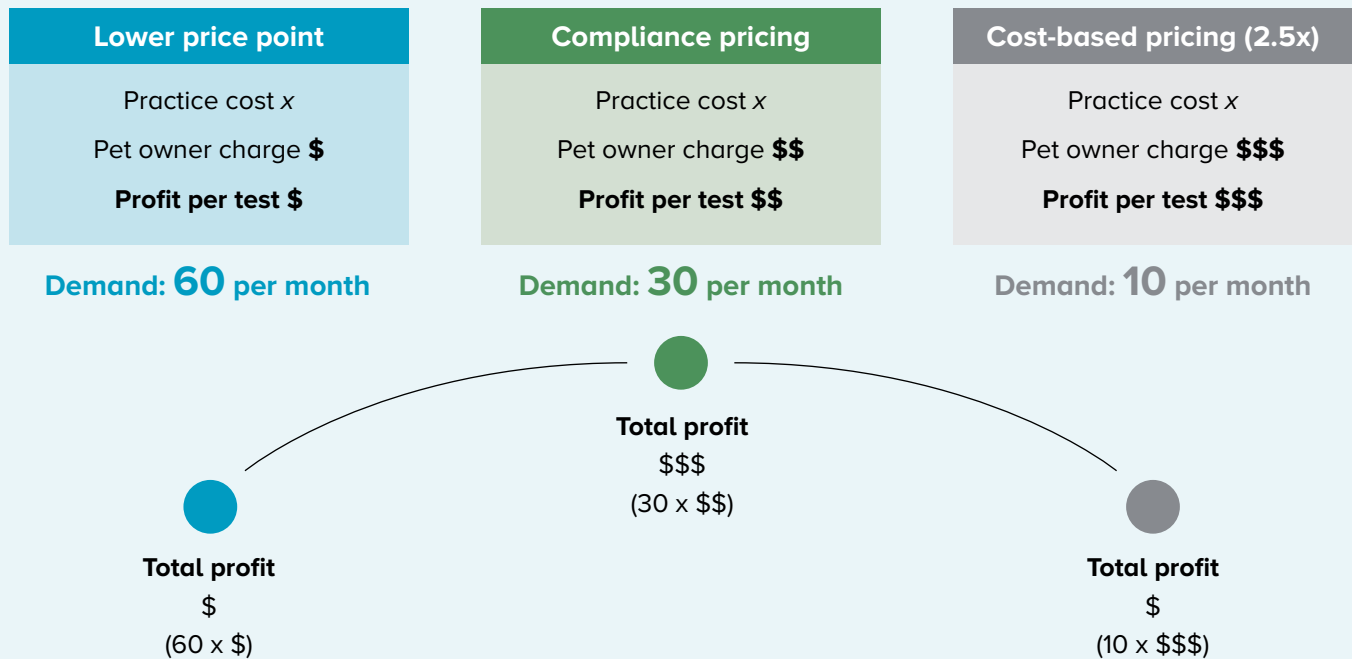
With a compliance-driven pricing mindset, a modest client cost of \$8 and practice profit of \$4 per test are applied. Moderate demand of 30 tests per month results in \$120 profit! By finding the sweet spot, we have doubled our profit and helped more pets than with traditional pricing.

It's important to note that this is an example, and it is not meant to dictate how you price your services. In the example, the markup was 80% of the 2.5x markup, and the result was double the profit of the too-high or too-low options. That is for illustrative purposes only; there is no magic formula for finding the Goldilocks Zone, and the results in this example are not assured for your unique practice. Only you can set pricing that is right for your practice. It may take choosing a price based on the best information you have, assessing client response, and modifying your pricing until you find your unique Goldilocks Zone.



How Do You Price for Compliance?

Pricing has a "Goldilocks Zone"—and it's *lower*



Source: Elizabeth Hetler and Nancy Drumm, "Pricing Strategies Made Simple: How to Crack the Code on Financial Growth," presented at the WVC 92nd Annual Conference, Las Vegas, NV, February 16–19, 2020, slide 11.

Bundled and Tiered Pricing Models Increase Your Revenue per Visit

Compliance-driven pricing is one strategy to increase preventive care testing acceptance. Bundled and tiered pricing strategies encourage selection of more broad panels of testing.

Bundled Pricing

Who doesn't like getting more for less? Clients like it, and veterinary staff are generally excited to offer clients great care at a reasonable price point.

Bundling preventive care diagnostic tests into one attractive price point highlights the value of the comprehensive diagnostic approach, instead of individually priced components, making the cost more palatable for many pet owners. It also increases sales within the same transaction—encouraging compliance, better care for patients, and greater profitability for the practice.²¹

Let's look at an example. In this case, start with a pretty basic minimum database—chemistry, CBC, urinalysis—but bundle viral testing as recommended annually by the American Association of Feline Practitioners²², fecal parasite screening, and a proBNP in at-risk cats to screen for occult heart disease (since clinical signs of cardiac dysfunction may not always be apparent).

Well-designed bundles can differentiate your practice from your competitors, and customers may be attracted to the business because of the

Pro Tip



Many practices use bundling as an effective way to present preventive care testing to clients.

Start by discussing anticipated testing at a given cost (for example, heartworm and fecal testing for x dollars), then discuss the added medical benefits of more comprehensive testing available at a relatively small incremental price increase.

Access Helpful Tools

Want to dive deeper into price-bundling strategies? Go to vhma.org/resources/value-basedstrategicpricing.

bundle. Bundling can create pet owner loyalty, built on a shared commitment to preventive care and early detection.

Preventive Care Bundle

- ✓ Chemistry with SDMA
 - ✓ CBC
 - ✓ Urinalysis
 - ✓ FIV/FeLV test
 - ✓ Fecal antigen testing
 - ✓ Pro BNP
 - ✓ Free belly scratch
-
- \$XX**



Tiered Pricing

Tiered pricing strategies build off of bundles. They provide more patients access to testing, encourage selection of a more robust panel, and give clients control over the level of testing and associated cost by offering bundles of increasing levels of care.²³

In tiered pricing, your veterinarians continue to recommend the most medically appropriate panel for the individual patient based on age, breed, and existing medical conditions, but the decision is ultimately up to the client. With the tiered pricing strategy, more clients are able to accept our recommendations at a lower entry cost. We have something for every pet and owner. And pet owners who elect to self-select the upper tiers are empowered to do so. Nothing but the best for “Princess Fifi Flufflypants!”

Let’s assume we have three tiers: **Essential, Comprehensive, and Premier.**

With tiered pricing, pets have the ability to move along a care pathway over time. For example, a young dog or cat who starts at Essential and progresses to Premier over time. Another great example is the senior pet on a number of medications; perhaps they receive Premier at the annual visit and a lesser level months later.

Let’s look at another example. Here, the pet owner was doing annual heartworm and fecal testing before the introduction of preventive care testing. The Essential level would add tick-borne disease screening, a chemistry panel, and a complete blood count. Comprehensive adds urine testing. At the Premier level, thyroid, cardiac biomarkers, and pancreatic indicators are just some of the additional testing you may consider valuable depending on the patient. The variations are unlimited—depending on individual practice preferences.

Tiered Bundles			
Services	Essential	Comprehensive	Premier
Heartworm test	X	X	X
Vector-borne disease test	X	X	X
Fecal parasite test	X	X	X
Chemistry	X	X	X
CBC	X	X	X
Urinalysis		X	X
Thyroid			X
Additional parameters			X
Cost	\$	\$\$	\$\$\$

Source: Elizabeth Hetler and Nancy Drumm, “Pricing Strategies Made Simple: How to Crack the Code on Financial Growth,” presented at the WVC 92nd Annual Conference, Las Vegas, NV, February 16–19, 2020, slide 42.

Success! Two Practices' Stories

How My Practice Finds Our Goldilocks Zone

Adam Hechko, DVM, owner, North Royalton Animal Hospital, Ohio

Our hospital always had high compliance with senior screens, and recently we recognized an opportunity to help more patients through adult wellness panels. Our senior-screen pricing was used as our foundation in building an adult panel pricing strategy. Metrics and benchmarks of pricing from practices nationwide provided additional insight and context.

Next, it was about striking a balance: what compliance numbers were we trying to hit, and how did it impact the bottom line? We adjusted pricing and evaluated the impact on compliance. We also considered the revenue from follow-up testing in response to abnormalities, which are charged at the normal price.

After a few adjustments and careful monitoring of compliance and revenue, we found pricing that is just right for us.

For me, while the economic value of preventive care diagnostics is critical, it is most important that these tests help build relationships with our clients and care teams. When we run preventive care panels, we develop a story for an individual pet so we can recognize abnormalities before the pet owner calls us with a concern and intervene early. We rely on these conversations to deepen our relationships with clients, understand their goals for their pets, and establish that we are a trusted source for education and care.

The pricing strategy is an essential stepping-stone to having these conversations. Ultimately, we are here to support long, healthy lives of the patients we are privileged to care for.

Leveling Up with Tiered Pricing

Nancy Drumm, general manager, Capital Vets, New York

My practices took the tiered approach to compliance-driven pricing. We looked panel by panel and determined our costs and goals. We talked with our teams and top clients and used their input.

We wanted to encourage both client compliance and perception of value. As a result, we decided on a range of prices for our early detection panels that were based on what we wanted to accomplish instead of a standard 2x markup.

We deliberately chose a smaller profit margin on some preventive care panels to drive that "yes" and to underscore our commitment to early detection diagnostic testing with our clients. The more yeses, the more profit overall.

We offer three levels of early detection panels: Essential, Comprehensive, and Premier. These three tiers provide choices for our doctors, because what is appropriate for an active, young, mixed-breed pup is not always the right choice for the senior Great Dane. But each tier has a base level of testing that includes a fecal, vector-borne disease screen, chemistry, and CBC.

Our doctors make recommendations based on a patient's physical exam, history, breed, age, and lifestyle risks. We want to drive compliance with medically relevant options, so our patients can benefit.

Having choices shows our clients that we can find solutions that work for their financial situation. These panels represent our doctors' input at the design level, and we created the package or bundle that made sense for us.

In the end, our strategy improved compliance, increased demand, upped revenue per patient visit, and drove downstream revenue.

Create a Culture That Supports the Value of Diagnostics in Well Visits

Now that you've developed a pricing strategy, it's time to turn to planning the rest of your preventive care program. The AAHA publication, *Implementing Preventive Care Protocols*, includes strategies to encourage and support your team as they engage in protocols for preventive care diagnostic testing. For the protocols to succeed, it is essential for your team to be aligned around them and for preventive care diagnostic testing to become part of your culture. So, how can you lead staff to share your vision?

Leverage Case Studies and the Staff's Own Experience Testing Their Animals

Staff meetings are great opportunities to talk about the benefits of preventive care testing for all three stakeholders: patients, clients, and your practice. Start with general cases to introduce the topic, and then look at specific cases and the relevance for your practice team and the patients you serve.

Telling personal stories about specific patients or even your own experience with preventive care and your pet can help staff understand the medical value behind your testing protocols.

Once you've established the value of preventive care testing, introduce compliance-driven pricing and strategies to support anticipated conversations around pricing with clients.

To get started, hand out copies of pages 10 and 11 from the AAHA publication *Promoting Preventive Care Protocols*. Read the cases together, then talk about how preventive care testing affected the lives of these

pets. If team members want to volunteer their own stories, that's great, too.

100 Pennies

In addition to the medical benefits, the best way to introduce the financial advantages of preventive care testing is to start with practice economics. Remind the team that the veterinary practice is a business, and that by keeping the business healthy, you can continue your mission to keep patients healthy and to be there when they need you.

Nancy Drumm takes the mystery out of practice economics by taking her staff through an exercise that starts with 100 pennies to explain where all the income goes. For many practices, it looks like this:

- 40 pennies or more pay for compensation and benefits for staff
- 25–30 pennies pay for cost of professional services (formerly cost of goods)
- 20 pennies pay for fixed costs (administration, building, utilities, etc.)
- 10 or fewer pennies are left for profit

She concludes by explaining that there are only two ways to increase the 10 pennies left. The first is to manage your expenses (which many teams already do the best they can). The better solution is to generate more revenue (more pennies), for example, with preventive care testing. More pennies mean more profit to invest in the practice, the team, and, ultimately, the care the team provides.

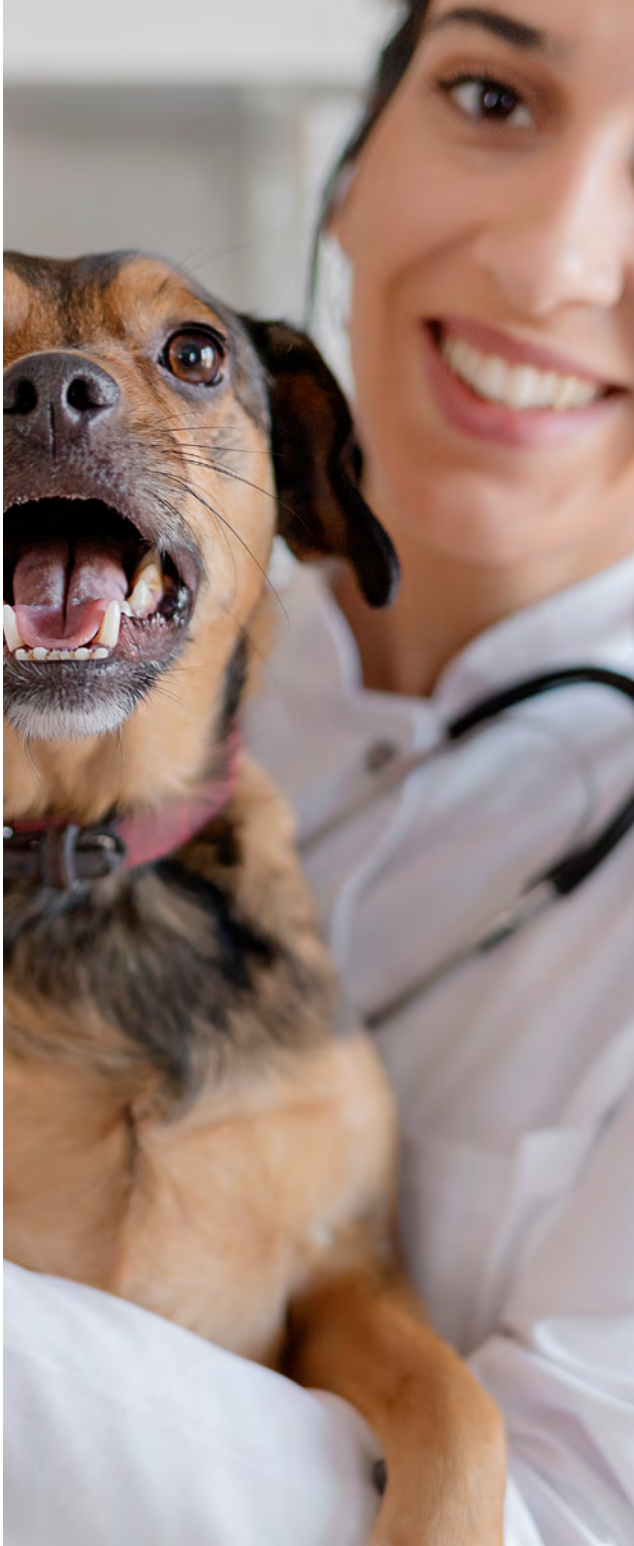


How can we improve **profitability** to a **sustainable level** so the practice can be **financially healthy**?

Pro Tip



Give your staff the opportunity to tell a personal story by making it easy for them to test their own pet with the new protocols you have in place.



Help Your Staff Do the Right Thing

Your staff needs to feel comfortable with your practice's standard of care and your pricing strategy, or they will not recommend preventive care testing.

Let's assume you have already worked with your staff on promoting and implementing preventive care protocols. (And if you haven't, see the Contents page for resources that can help you get started.) And let's assume you've been successful in working through this publication, so staff understand and accept your pricing strategy.

Now what?

It's time to talk to clients about preventive care diagnostic testing—and inevitably, about the associated cost.

For many staff, that one-on-one conversation with clients is a big stressor. The good news is, clients' responses typically fall into three groups, and there are communications strategies to answer each one.

Three Ways of Getting to Yes

How often will clients say yes right off the bat? Rarely. They will always have questions. Their questions can help you gauge their engagement with preventive care testing. Once you recognize the client's interest, you can move the conversation forward.

1. Unwilling Pet Owner

"Not this year." "I'll have to check with my spouse." "I can't afford that." "No, thank you."

Often, clients who offer these types of responses have already made their decision. These are pretty clear nos. But all is not lost. Here's what you can do:

- Set the expectation that this is an annual recommendation, so the client will likely hear about it again next year.
- Send the client home with some educational literature.

Pro Tip



"Think of profit as a tool to provide the best care for patients, the best experience for clients, and the best environment for staff."

—Elizabeth Hetler, DVM, CVPM

- Continue to educate on the medical value of preventive care diagnostic testing.
- Offer an alternative such as, “It would be good to do the testing today, but we can also distribute the costs by having you come back in six months.”

2. Uncertain Pet Owner

“Is this really necessary?” “I thought you said my dog seems healthy.” “I don’t see the value.”

The uncertain pet owner offers an opportunity to reinforce the value of preventive care diagnostic testing.

When you hear questions like these, it’s natural to want to step back to avoid seeming like you’re pressuring the client. You might even feel like the client is challenging you. But in fact, they’re asking for more detail. Give it to them. It’s important that they understand the medical value so they can make an informed decision. Empower the client to say no with full understanding of what they’re turning down.

- Rephrase the value behind the medicine.
- Answer the client’s questions directly and clearly.
- Before the client has a chance to decline, check for understanding.

3. Interested Pet Owner

If the client is asking about cost, great!—that usually means they see value in preventive care testing. You’ve done a good job of educating them. What they need now is a comparison of value to cost. Make the cost worthwhile. This is an opportunity for you to reinforce the value as you quote the price.

- Don’t say, “It’ll cost you x dollars.”
- Do say, “We would normally run a vector-borne disease panel and a fecal, and it would cost you x dollars. With the preventive care diagnostic package, you’d be paying a little more for a lot more diagnostics.”
- Refer back to the tests your package includes and what value they provide.

Motivating Technicians to Engage in Preventive Care Conversations

Julie Miles, DVM, owner of Compassionate Care Animal Hospital, Pickerington, Ohio, recognizes the strong role technicians can play in promoting preventive care diagnostic testing. She has found ways to motivate technicians to engage in pricing conversations with a combination of expectation and rewards.

If a technician doesn’t discuss the topic of preventive care testing pricing with the client, “I will absolutely ask staff members to go back into the exam room and bring it up,” Miles says. “This is our culture; it’s our standard,” she explains.

She offers incentives to staff to achieve a monthly goal of preventive care tests. The goal and the reward are team-oriented: “If we all hit the goal, say 50 clients say yes in a month, everyone gets a gift card.”

Then, during one slow January, she changed the rewards system to individual, tiered rewards. First, she set several milestones, say 10, 15, and 20 clients who say yes to preventive care testing. Every milestone had a reward attached to it, like a gift card, manicure/pedicure, or day off. Whenever a staff member reached a milestone, they got the reward.

“Individual rewards really work,” Miles says.



Beyond Scripts: Tips for Even More Effective Communication

The three ways of getting to yes mentioned earlier offer a reliable general approach to educating clients about preventive care testing. To make your communications most effective, tailor them to appeal directly to your audience. The following are insights to help you develop messaging for your clients.

Meet Clients Where They Are

Preventive care diagnostic testing helps to address what today's pet owners want, need, and expect:²⁴

- They are willing to prioritize their pet's health needs over their personal needs in some cases.
- They rely on their veterinarians as the most expert source for their pet's health.
- They expect individualized customer service.
- They view their pet as a part of their family.

Motivate Clients with Messages That Resonate

In a 2019 survey of pet owners in the United States and Canada, several statements were tested to discover which messages about preventive care diagnostic testing were most likely to increase compliance. The statements that were most believable and most motivating were the following:

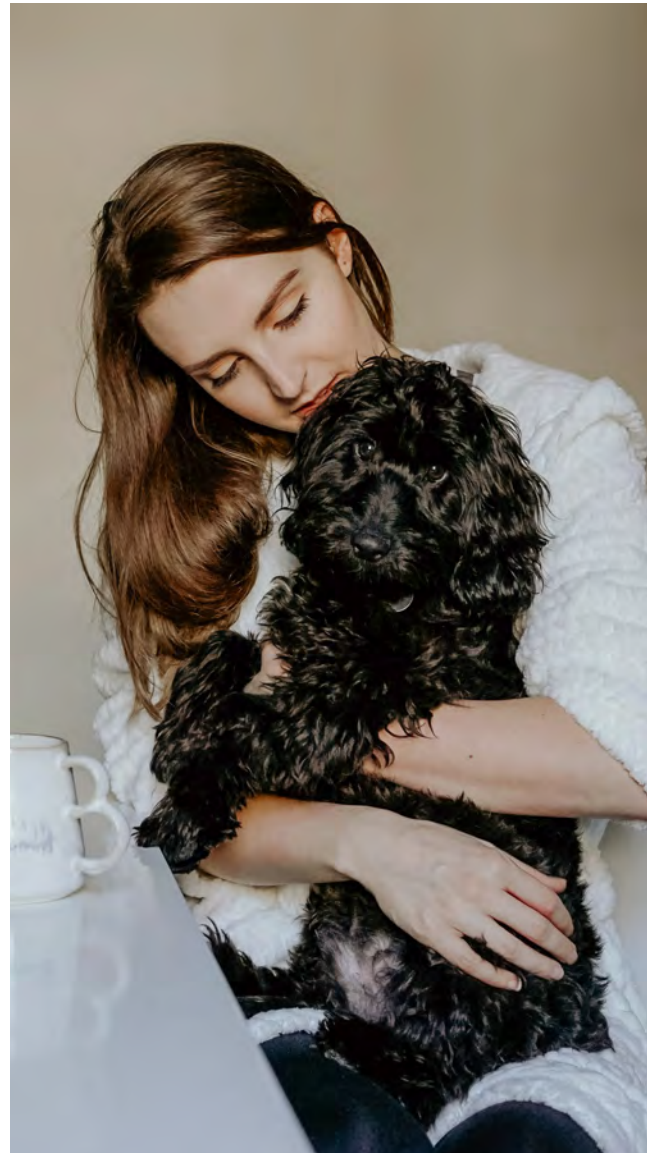
- Screening diagnostics can help catch potential health issues earlier, before they become advanced diseases that require more expensive interventions.
- My pet may seem perfectly well, but screening diagnostics can act as an early warning system and uncover health issues before my pet shows any symptoms.²⁵

Make Every Message a Positive One

You want loyal clients who return year after year for the life of all of their pets. You know strong, trusting bonds build customer loyalty. So far, so good.

But here's something you may not know: At a recent AVMA Financial Summit, Michael Johnson, president of Finn Cady Strategy & Brand, suggested that clients are more likely to comply with your recommendations when you've taken the time to **build relationships with them during positive experiences, rather than when their pet is ill.**²⁶

Conversations with pet owners about preventive care can be those positive experiences, and can reinforce the three-way bonds among your patients, your clients, and your veterinary team.



Pro Tip



Download ready-made client compliance tools—social media posts, brochures, and posters—that reflect these messages at idexx.com/preventivecare.



Tell Your Story Every Chance You Get

Communicating with the client before, during, and after their visit is key to successfully implementing preventive care protocols. Clear communication about what they can expect and, more importantly, why you are doing what you're doing builds trust and can lead to increased compliance.

To maintain client engagement, create a continuous story around your preventive care protocols for clients.

Set the stage when you set the appointment.

- Establish the expectation that wellness testing will be recommended at the appointment.
- Discuss the components of your practice's preventive care protocol.
- Include the "what" and "why" of the individual pet's wellness care and diagnostics.
- Continue to share information with postcard reminders, phone calls, emails, and texts.

Follow through during the appointment.

- Reinforce the expectation starting with the initial intake.
- Keep the message front and center with posters or other messaging in the reception and exam rooms.
- Answer clients' questions.
- Give clients educational handouts and links to your website.
- Forward-book the next appointment.

Reach out after the visit.

- Email the client's test results and what they mean for the pet.
- Use graphic tables or charts to show results year over year.
- Call the client to discuss the test results and any follow-up required.

Celebrate normal results.

When a pet's screening results come back normal, celebrate with clients to reinforce the value of preventive care testing. Instead of saying that you didn't find anything to be concerned about, look at the bigger picture and let them know that their pet is healthy and that they are playing an important role in maintaining their pet's health. **Here's how:**

- Make it personal. Text, email, or phone the clients, depending on their preferred communication.
- Share the test results.
- Emphasize the clinical value of monitoring their pet's test results, both in relation to reference values and to what's normal for their specific pet. Also talk about how diagnostic tests in combination with physical examination and owner home observation provide the best insight into patient health.
- Share the follow-up plan.
- Forward-book the next exam at checkout.

Maintain the momentum.

Practices have more opportunities than ever before to connect with clients outside the office, so don't wait until you see a client in person to drive home the value of preventive care testing.

- Use all your marketing channels—website, blog, app, social media, email, phone calls, and texts—to tell your story about preventive care diagnostics.
- Explain how regular diagnostic testing benefits their pets.
- Include statistics and success stories to help your clients feel informed and empowered when making care decisions.

When the message of preventive care testing is consistent before, during, and after each visit, it will become a routine conversation with your clients throughout the life of their pets, adding value to your practice, to your relationships with clients, and to patients' lives.



Let's Do This!

Are you ready to see how your practice can benefit from preventive care diagnostic testing? **Get started with this checklist.**

- Understand the benefits of preventive care diagnostic testing
 - The medical benefit
 - Client loyalty
 - Financial advantages

- Develop a pricing strategy
 - Set goals
 - Determine costs
 - Seek input from team and clients
 - Create medically relevant options
 - Define your Goldilocks Zone
 - Price to encourage compliance
 - Consider tiered or bundled services

- Educate and inspire your team
 - Share success stories
 - Use the 100-penny story to explain the benefits
 - Role-play conversations with clients

- Prepare client communications: before, during, and after the visit
 - Use social media to reinforce the value of regular testing
 - Prepare printed materials, like brochures and posters
 - Update appointment reminders with preventive care messages
 - Prepare tools for follow-up conversations

- Celebrate!
 - Acknowledge results that are normal or that allow you to intervene early
 - Practice success toward your goals



Additional Resources

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AAHA. *Veterinary Fee Reference, Tenth Edition* (2018). aaha.org/vfre.

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AAHA. *Implementing Preventive Care Protocols* (2019). aaha.org/practice-resources/pet-health-resources/preventive-care/.

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AVMA. “Understanding, Enticing Pet Owner Spending.” *JAVMA News*, November 25, 2019. avma.org/javma-news/2019-12-15/understanding-enticing-pet-owner-spending.

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Drumm, Nancy. “Preventive Care Protocols—Are Your Doctors on Board?” *Practice Life Brought to You by IDEXX*, August 21, 2019. practicelife.com/en/latest/preventive-care-protocols-are-your-doctors-on-board/.

IDEXX preventive care resources (including medical evidence, downloadable client compliance and implementation tools, and a social media toolkit). idexx.com/preventivecare.

Veterinary Hospital Managers Association. “Value-Based Strategic Pricing for Veterinary Practices: Findings from the 2018 VHMA Critical Issues Summit.” VHMA White Paper, n.d.

- See also many other resources around this topic from VHMA at vhma.org/resources/value-basedstrategicpricing and members.vhma.org/store/ListProducts.aspx?catid=719388.

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3. Data on file at IDEXX Laboratories, Inc. Westbrook, Maine. Data based on analyses of 29,795 canine wellness profiles (Chem 22 including the IDEXX SDMA® Test, IDEXX CBC testing with reticulocyte parameters, the Lab 4Dx® Plus Test, and Fecal Dx® antigen testing) associated with wellness visits; testing performed at IDEXX Reference Laboratories on July 13, 2016–February 28, 2019. Represented US regions by proportion of included profiles: Northeast (32.0%), South (41.3%), Midwest (17.4%), West (7.6%), and region not reported (1.7%) (hereafter “IDEXX Laboratories wellness profiles”).
4. Data on file at IDEXX Laboratories, Inc., Westbrook, Maine. Data based on research conducted by Wakefield Research in the US and Canada on April 5–23, 2019, using an online survey; the sample included 1,519 pet owners who had gone to their veterinarian for a wellness visit within the last year (hereafter “Wakefield Research survey”).
5. Data on file at IDEXX Laboratories, Inc., Westbrook, Maine. Analysis of data from survey of US pet owners fielded in May 2016 (n = 1,208 dog owners and 303 cat owners). Figures were calculated by weighting dog owner responses and cat owner responses in proportion to their contributions to 2015 total US veterinary practice revenue. Respondents were asked to rate their agreement with a series of statements on a six-point scale. Percentages represent total responding “strongly agree” or “agree” (hereafter “IDEXX Laboratories survey”).
6. Katie Burns, “Pet Ownership Stable, Veterinary Care Variable,” *JAVMA News*, December 31, 2018, avma.org/javma-news/2019-01-15/pet-ownership-stable-veterinary-care-variable.
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11. Pet owner survey conducted in 2016 by the Human Animal Bond Research Institute (HABRI) Foundation in partnership with Cohen Research Group (n = 1,995 pet owners), which had a margin of error of plus or minus 2.2% (hereafter “HABRI Foundation survey”).
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15. IDEXX Laboratories wellness profiles, 2019.
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18. Elizabeth Hettler and Nancy Drumm, “Pricing Strategies Made Simple: How to Crack the Code on Financial Growth,” presented at the WVC 92nd Annual Conference, Las Vegas, NV, February 16–19, 2020, slide 12.
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Established in 1933 by leaders in the veterinary profession, AAHA is best known for its accreditation of companion animal veterinary practices. To become accredited, companion-animal hospitals undergo regular comprehensive evaluations by AAHA veterinary experts who evaluate the practice on approximately 900 standards of veterinary care. AAHA also develops publications and educational programs and resources designed to help companion animal hospitals thrive. Today, more than 3,700 practice teams (15% of all veterinary practices in the United States and Canada) are AAHA accredited. For more information about AAHA, visit aaha.org.