

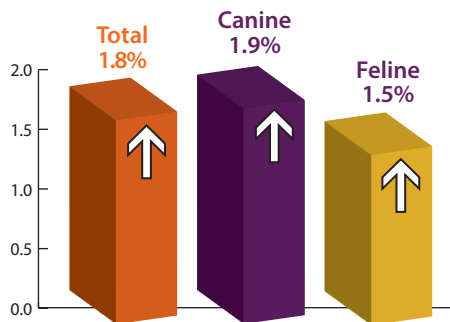
The Insider's Insight Benchmark Report is published by the Veterinary Hospital Managers Association (VHMA) on a monthly basis. The report tracks several key economic indicators to determine how VHMA member practices are performing, as well as results from VHMA surveys on issues impacting the profession. There are about 700 VHMA member practices who regularly contribute key economic indicator data. Data is representative of companion animal practices only.

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November, 2019 vs. November, 2018

Revenue Growth

November, 2019 compared to November, 2018

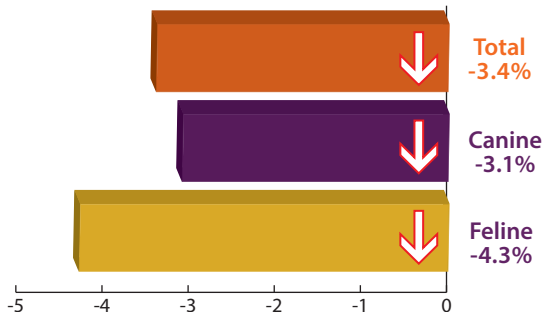


Revenue Growth

Companion animal practice revenue for the 655 VHMA practices included in this month's study grew 1.8% from November, 2018 to November, 2019. There were the same number of workdays (25) in November of 2018 and 2019. Canine revenue growth was 1.9% and feline revenue growth was 1.5%. Year-to-date growth for 2019 is 4.1%; which is higher than the 2018 growth of 3.4%. This growth continues to be stronger than the overall growth seen in the U.S. economy; the real U.S. GDP growth was 3.1% for the first quarter of 2019, 2.0% in the second quarter and 1.9% in the third quarter.

Patient Visits

November, 2019 compared to November, 2018

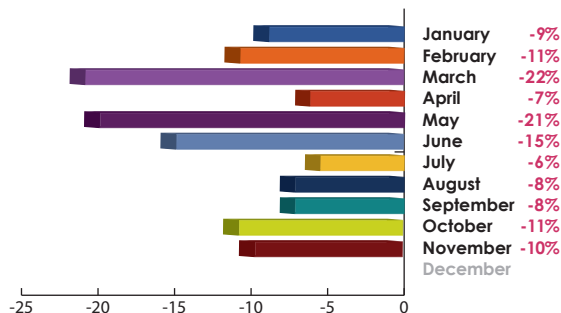


Patient Visits

Total unique patient visits for the same period, November, 2019 compared to November, 2018 declined by 3.4% with canine visits down by 3.1% and feline visits down by 4.3%. As noted above, November of 2019 and 2018 had the same number of workdays. Total visits for year to date 2019 are down by 0.8% compared to a 0.6% decline in 2018. (Note that the term "visits" is defined as unique purchases of either products or services for an individual pet.)

New Client Growth

November, 2019 compared to November, 2018



New Client Growth

New client numbers in November, 2019 compared to November, 2018 declined by 10%; the year-to-date 2019 decline is 12.0% compared to a 12.6% decline for the full year of 2018. This continues to be a discouraging trend as these numbers have declined almost every month of the last four years.

Remember that the above figures represent averages across all the practices in the study; in order to understand what is going on in YOUR practice, you need to look not only at what your revenue growth was during these months (and going forward) but also at the drivers of growth in YOUR practice such as changes in invoices, visits, ATC, fee increases, new clients and client retention. This will give you the information to make intelligent decisions about where to focus your time and efforts to increase growth.

Risk Management & Insurance

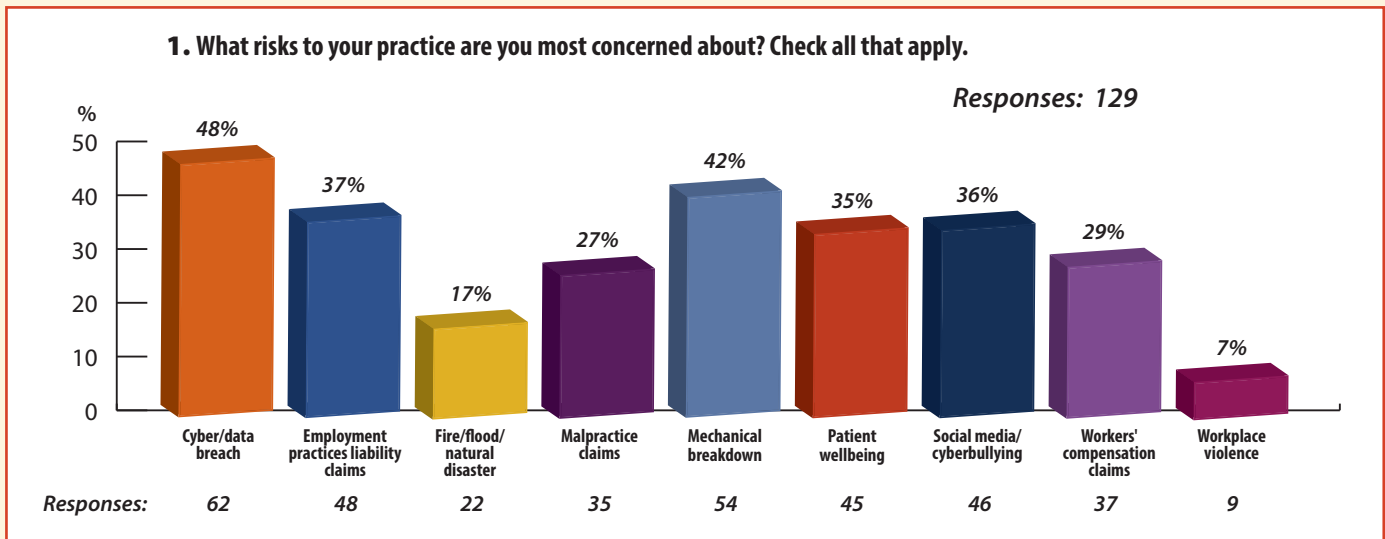
by **Karen E. Felsted, CPA, MS, DVM, CVPM, CVA PantheraT Veterinary Management Consulting**

Unfortunately, the world is a riskier place than it used to be and risk management has become more important to businesses than it used to be. Per www.businessdictionary.com, the definition of risk management is: "the identification, analysis, assessment, control, and avoidance, minimization, or elimination of unacceptable risks. An organization may use risk assumption, risk avoidance, risk retention, risk transfer or any other strategy (or combination of strategies) in proper management of future events."

There are many different kinds of risks a business faces, some of which have been around for a while such as the risk of a fire destroying the practice facility, key employees quitting or the theft of inventory items. Unfortunately, there are also some new risks out there that businesses are still coming to terms with how to manage; these include data breach/cyber liability and random workplace shootings.

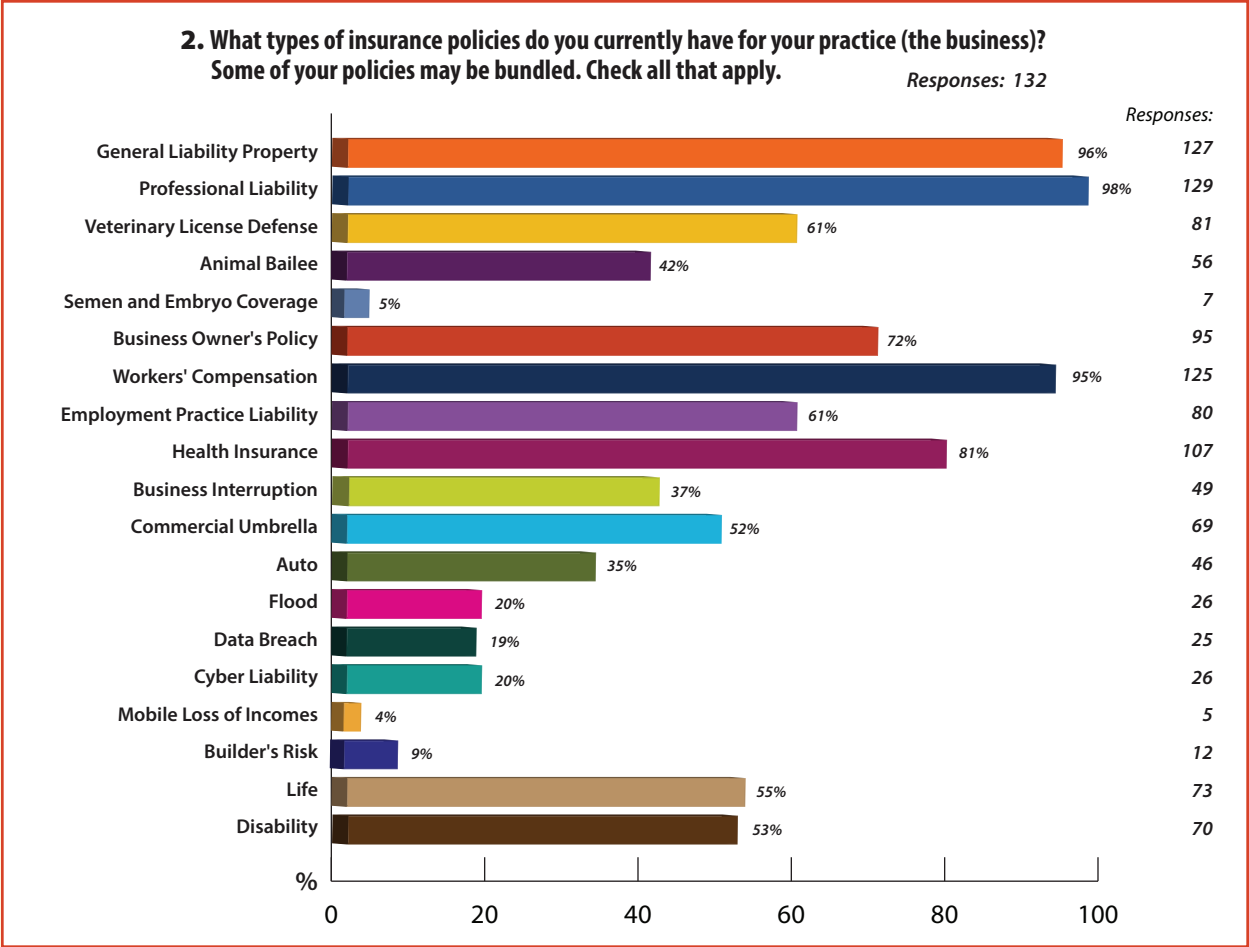
Many strategies exist for use in risk management. Effective interviewing and hiring techniques help in the selection of people who will be a good fit in your practice. Solid inventory control reduces the likelihood of product theft. And, of course, insurance is one of the most common and time-honored risk management strategies available. Insurance is a form of risk transfer.

The first question in this month's survey asks about the veterinary team's risk concerns and risk tolerance: **"What risks to your practice are you most concerned about? Check all that apply."**



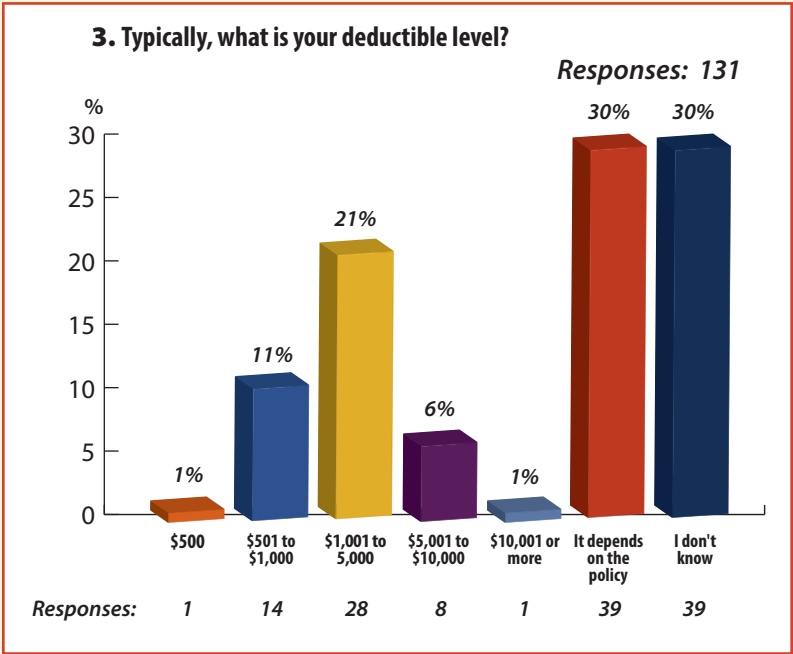
Interestingly enough, the risk causing the most angst is a relatively new risk (i.e. within the last 20 years)—that of cyber/data breach. Given the significant reliance on computers seen in most practices and the increase in hacking, this makes sense.

As noted above, insurance is one of the most common forms of risk management and the next question asks about the kinds of insurance carried: **"What types of insurance policies do you currently have for your practice (the business)? Some of your policies may be bundled. Check all that apply."** (chart appears on page 3.)



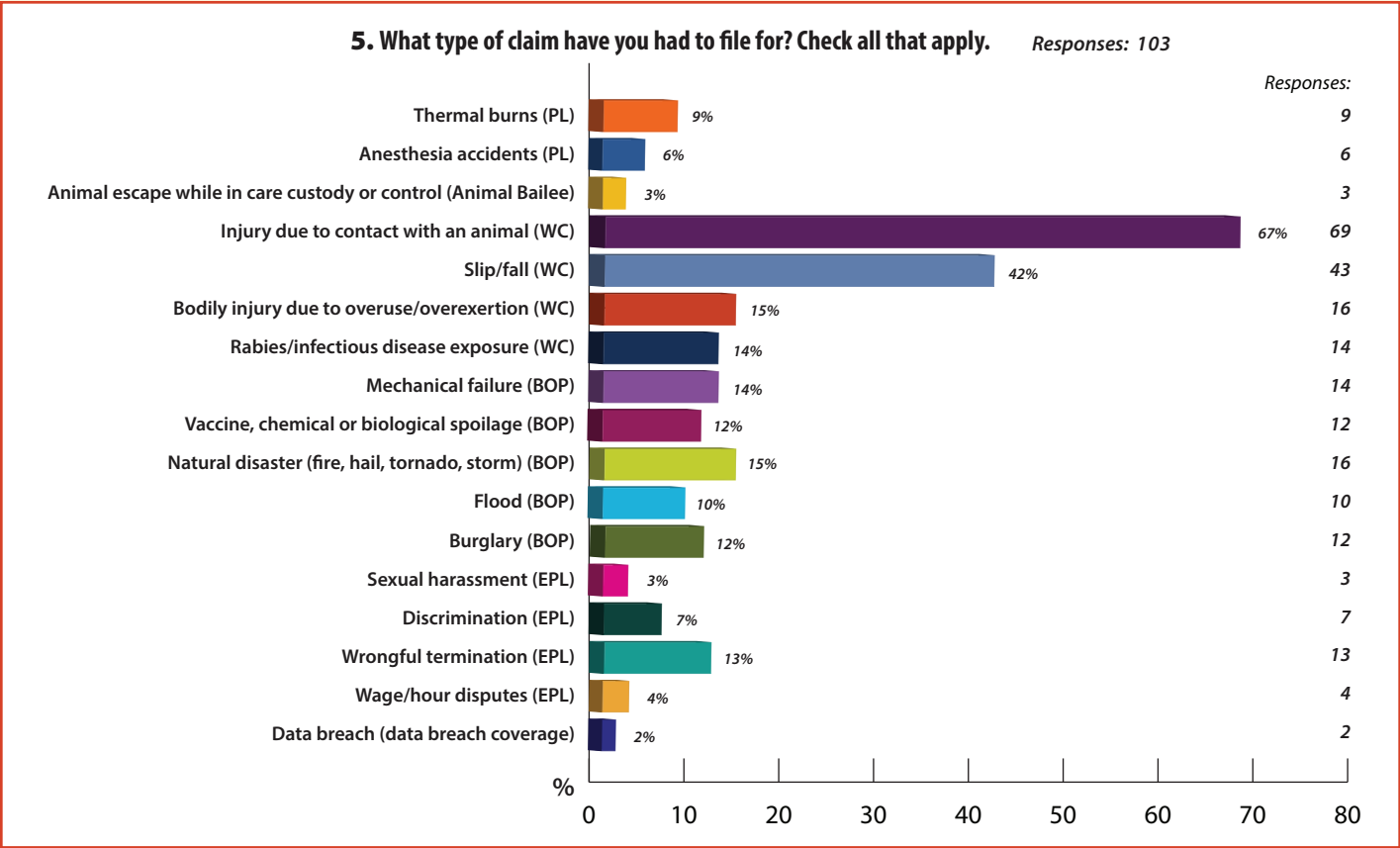
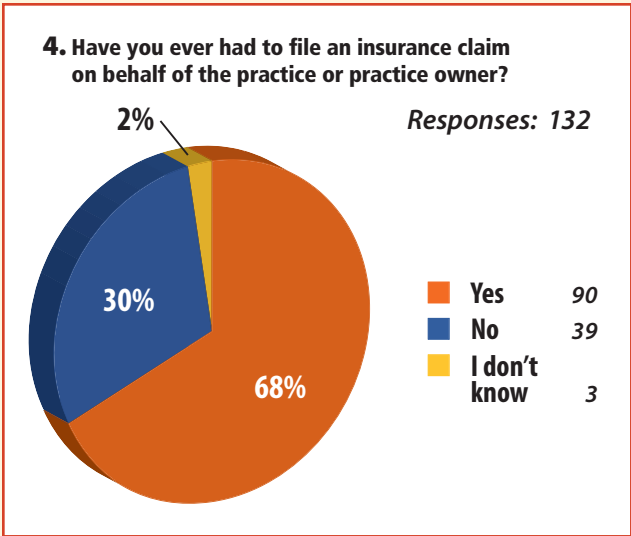
The most common ones (general liability property, professional liability and workers' compensation) are some of the more "traditional" forms of insurance that practices have carried for many years. One person in the "other responses" noted that they self-insure their practice for at least some of the risks. This is, of course, an option and whether or not a practice does this is generally driven by the practice owner's risk tolerance, the cost of the insurance and the magnitude of the potential loss.

Most insurance policies come with deductibles and the next question asked about these: **"Typically, what is your deductible level?"**



Of course, the benefit of having insurance is that it offers a payout when a specified event occurs. These next few questions ask about claims with the first claims question being: ***“Have you ever had to file an insurance claim on behalf of the practice or practice owner?”***

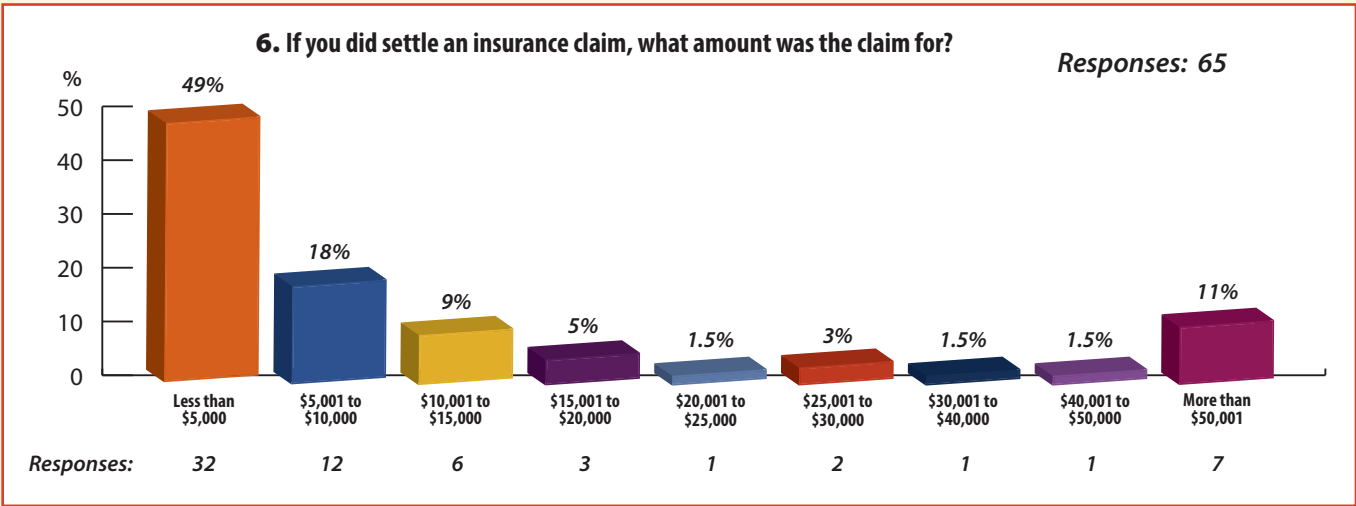
The next question is about the types of claims filed: ***“What type of claim have you had to file for? Check all that apply.”***



Not surprisingly, workers’ compensation claims are by far the most common.

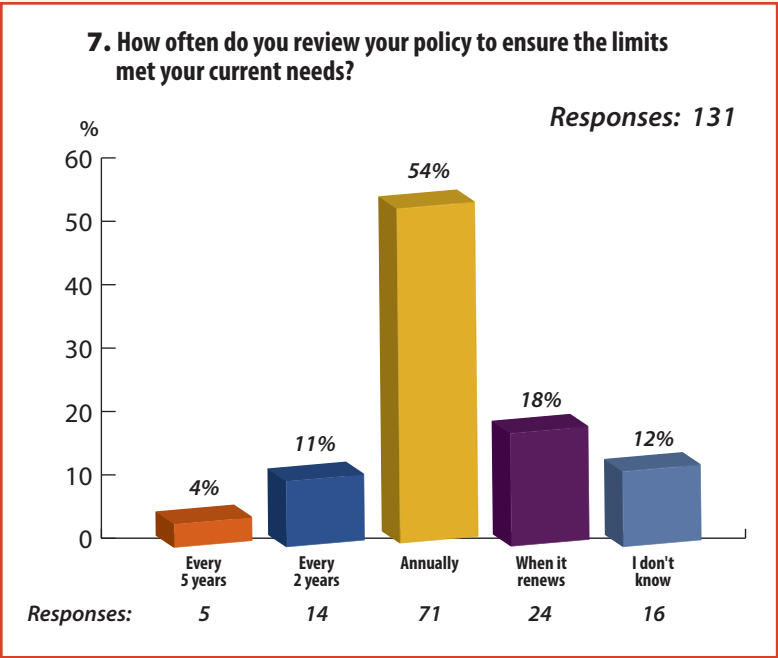
Most claims were for relatively small amounts as can be seen here.

The next question asked: *“If you did settle an insurance claim, what amount was the claim for?”*



The last question asked about policy review: *“How often do you review your policy to ensure the limits met your current needs?”*

Most practices review their policies annually which is appropriate. When major changes or purchases are made at the practice, policies should be reviewed to ensure coverage is adequate. In addition to checking the policy limits, the coverage itself and the premium cost should also be reviewed. Price shopping policy costs and coverage annually is also prudent. Remember, however, not to purchase policies simply based on cost. Making sure the coverage is what is needed for the hospital and that the insurance company has a good reputation and a strong history for promptly paying claims is also important. Working with a good insurance agent or broker who is both an insurance expert and knowledgeable about the veterinary industry is the way to go.



As noted above the most common claims are workers comp related. Having a good policy is important but creating a safe work environment is even more important. Fewer accidents and a lower loss history means lower premiums for your workers' comp insurance.

Things to consider in creating a safe environment include:

- A culture that focuses on safety, accountability and responsibility
- Creation of a safety manual including safety policies and procedures as well as a statement from practice leadership stating their commitment to safety and that employees are expected to follow the prescribed safety protocols and procedures; they are not optional

- A safety training plan
- Safety meetings
- Regular worksite assessments
- Regular claims reviews with identification of additional steps the practice could take to prevent similar claims in the future

The old adage: "An ounce of prevention is worth a pound of cure." (Ben Franklin) sums up the importance of workplace safety. Two resources for additional information include:

<https://www.avma.org/resources-tools/emergency-planning-resources-veterinary-practices>

<http://www.avmaplit.com/education/>

<https://www.osha.gov/>