

2007 VHMA Practice Diagnostic Report For Emergency & Referral Clinics



SAMPLE REPORT

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This confidential report is provided to you as a "thank you" for completing the VHMA Practice Diagnostic Survey for Emergency and Referral Clinics. The survey was designed for Emergency and Referral Practices (either co-operatively owned by local veterinarians or privately owned). Throughout your report, your information is compared to 2007 statistics from both Emergency and Referral Clinics from across the United States.

To comply with Federal Regulations, there is a three month gap between data and reports. If your data was less than three months old, it was held until the three month gap was reached. If we did not have financial data from your practice, sections of the report may read "na" or zero. All the information in this report is strictly confidential.

If you have any questions about your report, please call Darren Osborne at 800.670.1702, ext. 14.

Response Rate

As of September 26th, twenty-seven Emergency and Referral Practices have responded to the survey. Roughly half the respondents are Emergency Clinics and half are Emergency and Referral Practices. Two Referral practices in the sample do not offer Emergency Service. Where possible, the report provides separate results for Emergency Practices Only and Emergency and Referral Practices.

Survey Limitations

Only half the respondents provided complete financial information (financial statements). It is strongly suspected that once the Diagnostic Reports are delivered, most respondents will provide financial information so they can see how their hospital compares financially. Fortunately, the consistency of the financial data that was provided enabled an opportunity for accurate estimates.

One objective of the Survey was to provide Referral Clinics with feedback on percentages paid to specialists. For example, how much does a board certified oncologist earn as a percentage of gross revenue? To date, there is an insufficient response from Referral Clinics to provide this data.

General Information

There was a lot of variation in the size of clinic in the survey. The largest clinic serviced over 500 hospitals while the smallest serviced less than 50. The average size of hospital in the sample serviced 150 clinics and 373 doctors. To compare practice statistics accurately, the figures were converted to an hourly standard or 2,000 hour Full Time Equivalent (FTE). For example, to arrive at the FTE revenue figure, the total revenue for the clinic was divided by the total number of hours worked for all doctors in the practice. If an emergency practice had a gross revenue of \$1,000,000 and the annual total of DVM hours worked was 4,000 (2 FTEs), the FTE net income would be $\$1,000,000 \div 2 = \$500,000$. The hourly revenue would be \$250. Presenting figures using this standard allows for comparisons across practices of varying size and varying staff compliments.

Just over one third (37%) of the clinics in the sample were cooperatively owned. Another group of practices not cooperatively owned had some kind of membership since 43% of practices provided "members" clients some form of discount. The most popular form of discount was 10% to 20% discount on exams. Another form of discount was reduced transfer fee and a free exam for surgical complications at a member clinic.

There was little competition felt by the average clinic. When asked to rate their competition on a scale of 1 to 5 where 1 was considered very competitive and 5 was considered very little competition, the average response was 3.5 for Emergency Services and 3.8 for specialists Services. Exclusively Emergency Practices felt slightly more competition with an average rating of 3.3 versus 3.5 for the total sample.

Emergency Clinic Hours

A typical day for an Emergency Clinic starts at 6:00 pm and ends at 8:00 am the next morning. Some clinics deviated by as much as two hours on either side of average benchmark, but the majority of clinics mirrored the average.

All clinics were open 24 hours on weekends, and for long weekends, clinics were open 24 hours the day of the holiday. For example, if Friday was a holiday, the average Emergency Clinic would open 6:00 pm on Thursday and remain open until Monday morning at 8:00 am.

Human Resources

The average clinic in the sample had 6 Full Time Equivalent (FTE) veterinarians working 11,478 hours annually. Emergency clinics employed slightly less DVMs at 4 FTEs while Referral and Emergency Clinics employed 8.

Compensation for veterinarians ranged from \$52.13 per hour for veterinarians in Emergency Clinics to \$59.71 in Referral and Emergency Clinics. Considering Referral and Emergency Clinics employ specialists, it is not surprising the average DVM wage is higher in Referral and Emergency Clinics.

Non-DVM staff compliments were higher for Referral and Emergency Clinics. There were 4.9 non-DVM staff per veterinarian for Referral and Emergency Clinics and 3.7 non-DVM staff per veterinarian for Emergency Clinics. The mix of staff was similar between the two practice types – Referral and Emergency Clinics had more of every staff but the mix was similar to Emergency Clinics.

Health and dental benefits were offered to non-DVM staff in 95% of hospitals in the sample. Every hospital reported offering uniforms and continuing education to non-DVM staff. Other non-DVM benefits included a 401k program, care discounts and bonuses.

DVM staff received health and dental benefits in 89% of hospitals with slightly less (79%) offering uniforms. Ninety-five percent offered continuing education and 84% offered malpractice insurance.

Other DVM staff benefits included 401k programs, profit sharing, dues, and license. Production based pay was offered in 37% of hospitals. There was insufficient data from hospitals paying DVMs on production to provide data on percentage pay scales.

Production

Total Revenue was divided into revenue from emergency and revenue from referral practice. In each case, revenue was presented per client, per invoice and per DVM hour.

The average revenue per veterinary hour was \$284 for all clinics. Referral and Emergency Clinics had considerably higher revenue per hour at \$345 while emergency clinics were lower than average at \$222. The same trend held true for revenue per client and revenue per invoice. For each case, the average from Referral and Emergency Clinics was higher than Emergency Clinics.

Even when the data for emergency service was split out, Referral and Emergency Clinics produced higher revenue per DVM hour, per client and per invoice than Emergency Clinics.

Fees

One explanation for higher production figures from Referral and Emergency Clinics is higher fees. When asked to report on the comparative level of fees, most respondents reported that their fees were higher than local hospitals. Consistently, Referral and Emergency Clinics had fees that were greater than 10% higher than area hospitals. Higher fees in Referral and Emergency Clinics are also evident in the average exam and emergency fee. Emergency Clinics had an average fee of \$82; seven dollars lower than the \$89 average exam and emergency fee in Referral and Emergency Clinics.

There was a striking difference in the average fee for a GDV between the two practice types. The average Referral and Emergency Clinic presented a GDV fee of \$3,269; \$903 more than Emergency Clinics with an average fee of \$2,366.

Expenses

The biggest expense for all veterinary hospitals is staff. While there was a difference in the mix of non-DVM and DVM staff between the two types of hospitals, the total cost of staff was almost identical. Referral and Emergency Hospitals have more non-DVM staff than Emergency Clinics but they spent less on non-DVM staff as a percentage of revenue because the additional revenue earned over Emergency Clinics offsets the additional staff. The average Referral and Emergency Clinic spent 30.3% of gross revenues on non-DVM staff while the average Emergency Clinic spent almost 10% more at 40.08%. The reverse held true for DVMs. The average Emergency Clinic spent 19% on veterinarians as a percentage of gross revenue while the average Referral and Emergency Clinic spent 28.5%.

Drugs and supplies was the second highest expenses item. The average was 11.9% and when combined with laboratory the average was 13.3%. Referral and Emergency Clinics generally had higher drugs and supplies expenses than Emergency Clinics. One reason for the difference is the expensive drugs used for treatment in Referral and Emergency Clinics.

Net incomes as a percentage of gross revenue were highest for Emergency Clinics earning 11.9% net income compared to Referral and Emergency Clinics earning 8.3% net income.

Conclusion

The inaugural Survey for Emergency and Referral Clinics was a success. The response was small but respectable. Consistency of data provided accurate estimates for a smaller sample.

Benchmarks provided by the Diagnostic Report show conspicuous differences between Referral and Emergency Clinics and Emergency Clinics. The presence of specialists in Referral and Emergency Clinics explains higher DVM wages and higher staff compliments as well as higher total production figures.

One unexplainable trend is the difference in fees between Emergency Clinics and Referral Emergency Clinics. Emergency Clinics have lower fees which may explain lower production figures from emergency practice. If Emergency clinics were to raise fees to match Specialist Emergency Clinics, they could harmonize emergency production figures and further improve net incomes.

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	Average of all (19) Hospitals	Average For Referral / Emerge	Average For Emergency Only
Does your hospital:			
emergency	89%		
specialty referral	53%		
general practice	0%		
other	5%		
General Information			
Age of Clinic (years)	150		
Clinics that feed EC	373		
DVM's that feed EC	47%		
Closed during day	37%		
Cooperatively owned	none		
Restricted to EC member clients	43%		
Member clients receive discounts	10-20%		
Amount of discount	discount on ER exam		
Competition Spec. (5 = very little)	3.8	3.9	
Competition Emerge (5 = very little)	3.5	3.6	3.3

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	Average of all (19) Hospitals	Average For Referral / Emerge	Average For Emergency Only
ER Hours (close - open)			
Monday closes	<i>All spec - 24 hours</i> 8:00 AM		
opens	6:00 PM		
Tuesday closes	8:00 AM		
opens	6:00 PM		
Wednesday closes	8:00 AM		
opens	6:00 PM		
Thursday closes	8:00 AM		
opens	6:00 PM		
Friday closes	8:00 AM		
opens	6:00 PM		
Saturday closes	24 hours		
opens	24 hours		
Sunday closes	24 hours		
opens	24 hours		
Staff in hosp when closed to public	58%		
ER Holiday Hours (Friday Holiday)			
Thursday closes	8:00 AM		
opens	6:00 PM		
Friday closes	24 hours		
opens	24 hours		
Saturday closes	24 hours		
opens	24 hours		
Sunday closes	24 hours		
opens	24 hours		
Monday closes	8:00 AM		
opens	6:00 PM		

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	Average of all (19) Hospitals	Average For Referral / Emerge	Average For Emergency Only
Human Resources			
Veterinarians			
Annual Hours	11,478	15,358	7,598
FTEs (2000 hour equivalents)	6	8	4
Total Compensation	\$590,208	\$772,734	\$407,681
Hourly Compensation	\$55.92	\$59.71	\$52.13
FTE Compensation	\$111,837	\$119,412	\$104,261
Staff Hours per DVM Hour			
Receptionist	0.7	0.8	0.5
Practice Manager	0.4	0.3	0.4
AHT/RHT	1.3	1.2	1.4
Non-Registered Tech	1.6	2.0	1.2
Kennel Assistant	0.2	0.3	0.1
Student	0.0	0.0	0.0
Other	0.2	0.2	0.1
All Non-DVM Staff Combined	4.3	4.9	3.7
Hourly Wage (Bonuses Included)			
Receptionist	12.03	12.14	11.89
Practice Manager	20.53	18.56	22.29
AHT/RHT	16.10	16.30	15.89
Non-Registered Tech	13.92	14.65	13.09
Kennel Assistant	10.34	10.43	10.06
Student	10.75	10.50	11.00
Other	15.08	13.83	18.00
All Non-DVM Staff Combined	14.94	14.88	14.99

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	Average of all (19) Hospitals	Average For Referral / Emerge	Average For Emergency Only
Non-DVM Staff Benefits	% Offering		
health / dental	95%		
uniform	100		
continuing education	100		
other	401K, care discounts		
Non-DVM staff incentives	quarterly bonus		
DVM Staff Benefits	% Offering		
health / dental	89%		
uniform	79%		
continuing education	95%		
malpractice	84%		
vehicle	5%		
living allowance	0%		
other	401k, profit sharing, dues, license		
DVM Incentives	37% of hospitals pay production (salary or bonus)		

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	Average of all (19) Hospitals	Average For Referral / Emerge	Average For Emergency Only
Production			
Total Revenue	\$3,568,021	\$5,217,376	\$1,712,497
Clients	7,180	9,060	5,030
Invoices	7,501	8,878	6,125
Total Revenue per DVM hour	\$284	\$345	\$222
Revenue per client	\$536	\$689	\$362
Revenue per invoice	\$350	\$393	\$307
Emerge Revenue	\$2,276,846	\$2,581,829	\$1,921,033
Clients	5,506	5,588	5,438
Invoices	7,018	7,307	6,729
Revenue per client	\$420	\$508	\$347
Revenue per invoice	\$309	\$349	\$269
Spec Revenue	\$2,214,296	\$2,214,296	
Clients	1,847	1,847	
Invoices	5,439	5,439	
Revenue per client	\$1,316	\$1,316	
Revenue per invoice	\$388	\$388	
General Revenue	na	na	
Fees			
Exam Fees	> area fees	> 10% above area fees	> area fees
Laboratory	> area fees	> area fees	> area fees
Diagnostic Imaging	> area fees	> 10% above area fees	= area fees
Surgery - Soft Tissue	> 10% above area fees	> 10% above area fees	> area fees
Surgery - Orthopaedic	> area fees	> 10% above area fees	> area fees
Hosp Fees	> area fees	> 10% above area fees	> area fees
Prof Fees	> area fees	> 10% above area fees	> area fees
Fluid Therapy	> area fees	= area fees	> area fees
Exam and Emerge Fee	\$85	\$89	\$82
GDV Bill	\$2,689	\$3,269	\$2,366

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	Average of all (19) Hospitals	Average For Referral / Emmerge	Average For Emergency Only
Expenses			
Drugs and Supplies	11.9%	13.7%	10.2%
Laboratory	1.4%	1.0%	1.7%
Support Staff	35.5%	30.3%	40.8%
Professional Staff	23.7%	28.5%	19.0%
Commercial Insurance	0.5%	0.4%	0.5%
Property and Business Tax	0.4%	0.2%	0.7%
Rent	5.6%	6.5%	4.8%
Bank Fees	2.3%	2.5%	2.0%
Depreciation	1.0%	0.8%	1.2%
Professional Services	1.1%	1.5%	0.7%
Office Supplies	1.9%	2.5%	1.3%
Utilities/Phone	1.0%	0.7%	1.3%
Repair and Maintenance	0.9%	0.6%	1.2%
Professional Dues and CE	0.7%	0.6%	0.7%
Advertising	1.5%	1.8%	1.3%
Equipment Rental	0.4%	0.5%	0.4%
Bad Debts	0.1%	0.0%	0.2%
Other	0.8%	0.6%	1.0%
Total Expense	90.8%	92.8%	88.8%
Net Income	9.7%	8.3%	11.2%
Total COGS	13.3%	14.8%	11.9%
Total Staff Costs	59.3%	58.8%	59.7%