



WHAT WELL-MANAGED PRACTICES PAY – ARE YOU IN THE BALLPARK?

*Denise L. Tumblin, CPA
WTA Veterinary Consultants
3200 Riverside Drive, Columbus, OH 43221-1725
614-486-9700
dtumblin@wellmp.com*

Practices must stay on top of current trends in doctor and staff compensation and benefits to remain competitive and attract efficient, effective and productive employees. Pay scales must also reflect the level of education, experience, skill and personal attributes you want employees to bring to the table. So, what are the latest trends? Benchmarks 2015 – A Study of Well-Managed Practices® sheds light on this hot topic.

Employed veterinarians

The majority of practices now pay their doctors some form of incentive-based compensation. About 26% pay purely based on production. Another 50% pay doctors a guaranteed base plus a percentage of production over a required minimum. The remaining 24% pay their doctors a fixed salary.

Practices who use a blended rate – i.e., one percentage applies to all medical service and product production – typically pay their doctors between 16% and 21%. Where they fall in the range is dependent upon the practice's staff-to-doctor ratio. The more staff the practice provides to assist the doctors, the lower the percentage paid to the doctors. The additional staff members allow the doctors to produce at a higher level, which increases doctor compensation. The practice also has an added layer of overhead because of the additional staff members, which the doctors must help support.

Practices who use a split-rate – i.e., one percentage applies to medical service production, and a different percentage applies to medical product production – typically pay their doctors between 22% and 26% for services, and 4% and 8% for products. The service/product split – i.e., how much of medical revenue comes from services and how much from product sales - and the staff-to-doctor ratio will both impact where you end up in the stated ranges.

To make any percentage-based compensation system work, every team member must understand what is and isn't credited to the doctor's individual production. Doctors receive credit for all medical service revenue provided during an outpatient appointment, in-hospital treatment, or dental and surgical procedures. Doctors also receive credit for medications and therapeutic foods dispensed during an outpatient appointment, during in-hospital treatment, or at the end of a patient's hospital stay.

Prescription refills and additional food or product purchases that don't involve a doctor are credited to a hospital provider. The doctor receives credit for the refill only if it requires his or her time to review the record, assess if the medication or dosage needs to change, and give direction to the staff member who will fill the prescription. Doctors never receive credit for boarding, grooming, or retail purchases.

When multiple doctors collaborate to treat a patient, the doctor who provides each point of care receives credit. For example, if Doctor A examines and admits a patient to the hospital on Day 1,

and Doctor B provides or supervises the hospital treatment on Day 2, Doctor A gets credit for everything on Day 1, and Doctor B gets credit for Day 2.

See **Figure 1** for the latest on starting salaries for associates based on years of experience. See **Figure 2** for other employee benefits.

Non-doctor staff compensation

Practices spend between 21% and 25% of revenue on staff compensation, payroll taxes, and retirement contributions. This includes all non-doctor staff positions; hospital administrators, practice managers, bookkeepers, receptionists, credentialed technicians, veterinary assistants, kennel/ward attendants, and groomers are in this number. Where you fall in this range will depend on the cost of living in your area, the skill set of your staff, and your staff-to-doctor ratio. See **Figure 3** for the latest pay ranges by position.

If your staff costs are high, start by evaluating productivity. Often the issue isn't over-spending, but rather lower-than-expected productivity. Low productivity has a variety of reasons. Sometimes it's caused by giving away or significantly discounting care that the practice provides. Sometimes it's related to a lower-than-warranted fee structure. Sometimes it's due to a lack of skills or inefficient processes. And, sometimes a practice employs people who are a poor fit and who put a damper on the morale of the other team members. Before you start thinking of ways to cut staff expenses, first determine why your cost is high.

Resources to help evaluate your compensation and benefits

Benchmarks 2015 – A Study of Well-Managed Practices®
 Compensation and Benefits by AAHA Press
 On-line sources such as www.salary.com or www.payscale.com

Figure 1 – Starting salaries for employed veterinarians

Years of Experience	Median	75th Percentile
Less than 1 year	\$70,000	\$70,000
1 to 2.9 years	\$73,500	\$75,000
3.0 to 5.9 years	\$76,800	\$80,000
6.0 to 10.9 years	\$85,000	\$85,000
11.0 to 15.9 years	\$85,000	\$87,500
16.0 to 19.9 years	\$87,000	\$89,800
20+ years	\$87,500	\$90,000

Source: *Benchmarks 2015 – A Study of Well-Managed Practices®* by WTA Veterinary Consultants and Veterinary Economics.

Figure 2 – Benefits in Well-Managed Practices®

Retirement	3% match
Health Insurance	65% of premium OR \$258/month
<u>Continuing Education (per employee, per year)</u>	
Associates	\$2,000 to \$2,600
Managers	\$1,000 to \$1,500
Client Services Representatives	\$350 to \$500
Technicians	\$500 to \$950
Veterinary Assistants	\$340 to \$500
Kennel	\$250 to \$390
<u>Paid Time Off</u>	
0 – 3.9 years	10 days
4 – 9.9 years	14 days
10+ years	17 days

Source: *Benchmarks 2015 – A Study of Well-Managed Practices® by WTA Veterinary Consultants and Veterinary Economics.*

Figure 3 – Pay ranges by position

MEDIAN			
<u>Position</u>	<u><3 yrs.</u>	<u>3 – 5.9 yrs.</u>	<u>6+ yrs.</u>
Hospital Administrator	No response	No response	\$23.00
Practice Manager	\$18.60	\$22.00	\$20.00
Office Manager	\$19.50	\$16.00	\$18.75
Bookkeeper	No response	\$14.75	\$16.60

75th PERCENTILE

<u>Position</u>	<u><3 yrs.</u>	<u>3 – 5.9 yrs.</u>	<u>6+ yrs.</u>
Hospital Administrator	No response	No response	\$23.40
Practice Manager	\$18.90	\$22.00	\$22.25
Office Manager	\$19.50	\$19.60	\$20.00
Bookkeeper	No response	\$15.00	\$20.20

MEDIAN

<u>Position</u>	<u><3 yrs.</u>	<u>3 – 5.9 yrs.</u>	<u>6+ yrs.</u>
CSR/Receptionist	\$11.50	\$12.50	\$14.25
Credentialed Technician	\$15.00	\$16.00	\$18.00
Veterinary Assistant	\$11.50	\$12.25	\$13.25
Kennel	\$9.00	\$11.00	\$11.50
Groomer	\$9.25	\$14.00	\$24.25

75th PERCENTILE

<u>Position</u>	<u><3 yrs.</u>	<u>3 – 5.9 yrs.</u>	<u>6+ yrs.</u>
CSR/Receptionist	\$12.60	\$13.40	\$16.80
Credentialed Technician	\$16.00	\$17.20	\$20.00
Veterinary Assistant	\$13.00	\$13.50	\$15.00
Kennel	\$10.00	\$12.00	\$13.50
Groomer	\$9.25	\$14.00	\$24.25

Source: *Benchmarks 2015 – A Study of Well-Managed Practices*® by WTA Veterinary Consultants and Veterinary Economics.