



How Associates Earn More by Producing More without Selling Their Souls

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

Revenue production comes into play whether a doctor's compensation is tied to individual production, or he or she receives a fixed salary. Yet maintaining a "patient first" focus is imperative for continued success.

Patients drive the medicine in your practice, and the medicine drives the business. Yet, paying attention to the business is crucial to your ability to continue to elevate patient care, invest in new technology, and invest in the doctors and staff. A practice-wide focus on enhancing patient-care, brainstorming ideas for growing services, and sharing information about the costs of running the practice helps associates better understand the patient-medicine-business connection.

Mine your data

On your journey to enhance patient care and grow revenue, make your practice management software your very first stop. A wealth of information lies within, just waiting to help you shine a spotlight on opportunities to jump-start growth. You've likely heard various versions of Peter Drucker's credo, "What gets measured gets managed," or Robin Sharma's version, "What gets measured gets improved." So, measuring is your first step. Your second step is a plan of action to accomplish your goals.

Determine what to measure:

Perhaps your goal is to increase the number of patients who are in harmony with your medical protocols. The practice sets the following group goals:

- Goal: Increase the number of thyroid panels by 25 percent
- Goal: Increase the number of heartworm tests by 25 percent
- Goal: Increase the number of fecal tests by 35 percent
- Goal: Increase the number of feline wellness examinations by 35 percent

Run a report from your practice management software for the number of the above items completed last year.

Brainstorm ideas for how to hit your targets:

Is everyone confident discussing the patient benefits of these services? Ask your most effective communicators to share communication tips with less-confident co-workers, and then practice. Do your client educational materials need an overhaul? Ask for volunteers to update your handouts to better communicate the message. Are you using visual aids to help communicate the importance of these services? We think and hear in pictures, so visual aids during appointments can help clients see the light.

Post results where the team can see and report your progress

Visuals work for team members too. Graphs are a quick and easy way to see results and patterns in the results. Learn from your successes and your failures. If you're not hitting your targets, what do you need to do differently? Fine-tune your approach to ensure success. If you're exceeding your targets, celebrate your success! Then, aim higher

Sustain the gains

John E. Jones said, “What gets measured gets done. What gets measured and fed back gets done well. What gets rewarded gets repeated.” Reward your team for accomplishing their goals. Have a pizza and salad party. Bring an ice cream truck to the practice for a fun staff break. Go roller blading, hiking, bowling or whatever your staff likes to do for fun. Once you’ve hit your targets in these areas, choose three or four new areas to spotlight.

Additional patient-care ideas

- Designate 2015 (and 2016, 2017, and beyond) the “Year of the Cat”. Implement feline life-stage guidelines. Become a Cat-Friendly Practice. Implement Fear-Free guidelines.
- Revitalize your team’s approach to dentistry. Make sure every staff member observes a dentistry procedure start to finish, so they can speak truthfully and passionately about the value of those procedures with clients. Be mindful of the words you use to describe periodontal services to clients. Boarded dentist Dr. Cindy Charlier, frequently reminds practices to “Consider not the cost to the client but the cost to the patient if the client doesn’t accept your recommendation.”
- Take a fresh look at preventive-care plans. Implementing wellness or preventive-care plans might be sitting on your “to-do” list. Or perhaps you decided the considerable time and effort required to implement a program wasn’t worth it. Regardless of the reason you’re not offering them, it’s time to revisit this option. New data from the American Animal Hospital Association and IDEXX reported that 8 out of 10 pet owners indicated an interest in preventive-care payment plans. And their interest level wasn’t determined by income.
- Rejuvenate your nutrition mojo. The latest statistics from the Association for Pet Obesity Prevention are that 54 percent of dogs and cats in the US. Are overweight or obese and that 90 percent or more of pet owners don’t recognize that their pets are overweight. As the pet advocate, you have a special opportunity to provide nutritional education to clients that’s essential to rewrite those statistics.
- Spark growth with a new service. Adding new services to your repertoire creates fresh energy and enthusiasm for the entire team. New services are another opportunity to differentiate your practice (and for a doctor to differentiate him or herself), expand the offerings for existing patients and attract new clients.

Let’s talk compensation and benefits

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 – that is, 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 –that is, 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.

Doctors who lead with what is in the best interest of the patient can earn more. Maintain a patient-first mentality that always, always remembers it's about the medicine, not the money. With a patient-first approach, the money follows the medicine.

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

Figure 2 – Benefits in Well-Managed Practices®

Retirement	Simple IRA - 3% match
Health Insurance	65% of premium OR \$258/month
Continuing education	\$2,000 to \$2,600

Paid Time Off

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 Wutchiett Tumblin and Associates and Veterinary Economics.