


How Veterinarians are Thriving in Dynamic Times




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National Commission on Veterinary Economic Issues

- Formed in 2000 by the AVMA, AAHA and AAVMC to address economic/business issues facing the profession



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NCVEI Economy Tracker-Companion
Animal-US Averages
2008 vs. 2007

- Revenue growth 4%
- Transactions -1%
- ATC 5%

Average growth 11-13% from 2003-2007



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NCVEI Economy Tracker-Companion
Animal-US Averages
1/09 vs. 1/08

- Revenue growth -1.3%
- Transactions -3%
- ATC +3.3%



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NCVEI March, 2009 QuickPoll

Do you think your revenue for 2009 will be?

- Greater than 2008 30%
- About the same as 2008 32%
- A little less than 2008 29%
- A lot less than 2008 9%



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NCVEI January, 2009 QuickPoll

Have you laid off any doctors due to the impact of the recession on your practice?

- No - 79%
- Yes - 5%
- Thinking about it - 16%



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NCVEI February, 2009 QuickPoll

Are you planning on hiring a new doctor for your practice during the next 6 months?

- No - 65%
- Yes - 24%
- Thinking about it - 11%



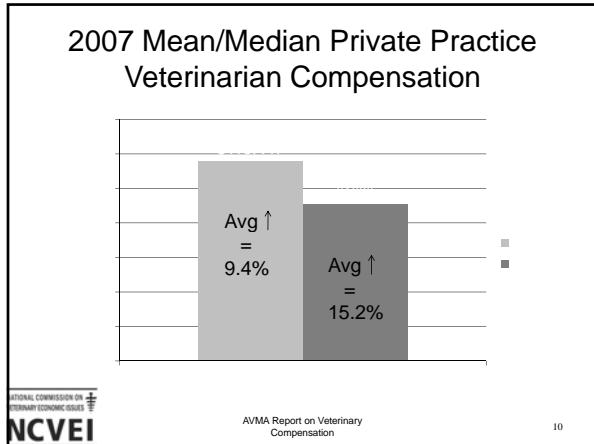
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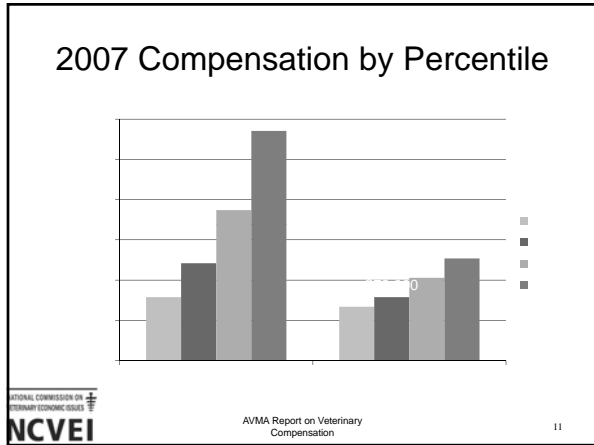
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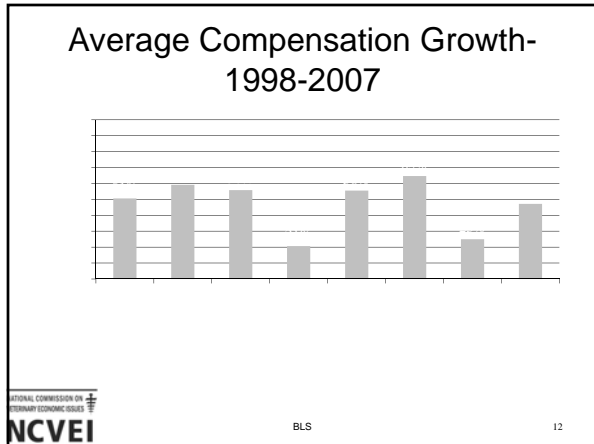
Simmons & Associates Practice Sales

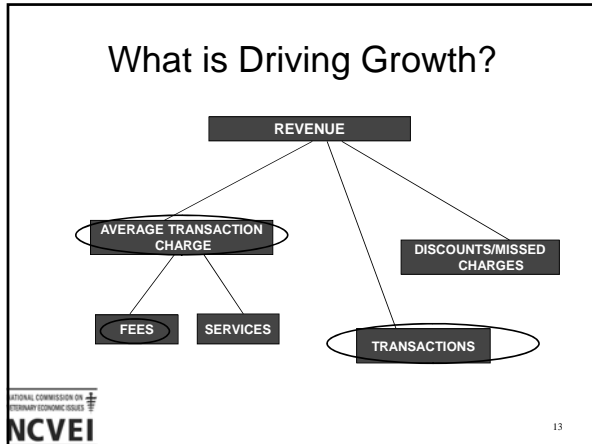


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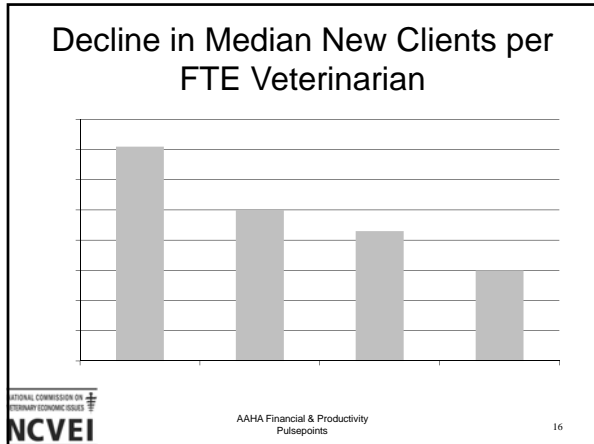


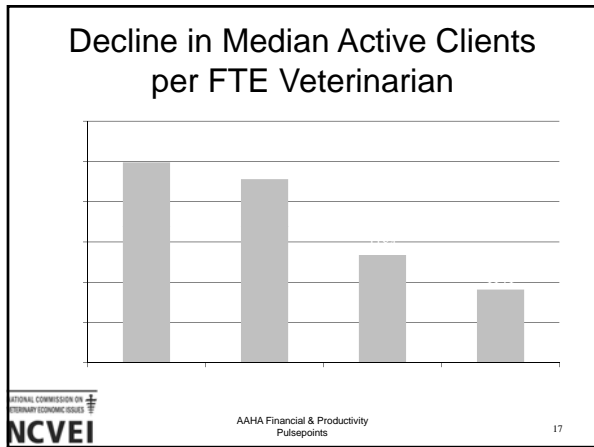
Median Production, Transactions, ATC per FTE Veterinarian

	Production	Growth	Transactions	Growth	ATC	Growth
2007	\$462,500	6.93%	4567	0.11%	\$103.00	10.75%
2005	\$432,533	14.18%	4562	-2.69%	\$93.00	17.77%
2003	\$378,809	8.19%	4688	2.18%	\$78.97	6.73%
2001	\$350,129		4588			

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AAHA Financial & Productivity
Pulsepoints

- ### Significant Fee Increases Since 2004
- 76% of fees increased above rate of inflation from 2004-2006
 - 67% of anesthesia fees: 11-24% above inflation
 - 72% of treatment procedures: 6-22% above inflation
 - 60% of surgery fees: 8-54% above inflation
 - Rate of increase slowed from '06-'08
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AAHA Veterinary Fee Reference





“An Examination of US Consumer Pet Related and Veterinary Service Expenditures, 1980-2005”

- Inflation adjusted expenditures on pet products & veterinary services increased
- % of total households with pet-related expenditure increased
- % of total households with veterinary service expenditures constant
 - Lower % of households who spend \$ on pet products also spent it on veterinary services

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JAVMA 8/1/08 (Wolf, Lloyd, Black)

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Pet Population Increase

	Dogs	% growth	Cats	% growth
2006	72,000,000	17%	81,700,000	16%
2001	61,600,000		68,900,000	

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U.S. Pet Ownership & Demographics Sourcebook 19

Pet Visits to Veterinarian

- 2006: 82.7% of dogs visited at least once (-1.1% from 2001)
- 2006: 63.7% of cats visited at least once (-2.5% from 2001)
- Total # of pets visiting veterinarian at least once up 16% due to increase in # of pets
 - 7M cat visits
 - 8M dog visits

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If New Visits are Up, Why are Transactions per Doctor Down?

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Increase in doctors?
 Decline in total visits?

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Implications

- Fees are a big component of the increase in ATC and increase in revenue
 - Is this sustainable?
- Need better understanding about the % of ATC increase that is from increased # of procedures
- Transactions are flat or declining
 - Fees?
 - Change in immunization recommendations?
 - Spread out over more doctors?

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Implications

- Proportion of pet-owning households who visit the veterinarian is declining-why?
- It's about the value but it's also about the \$\$
- Growth in fees must be accompanied by increased value

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Implications

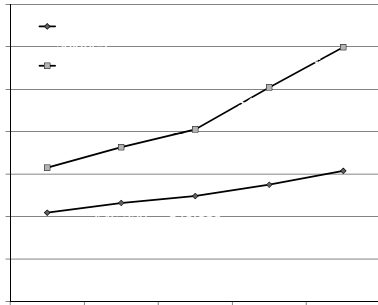
- Real economic growth must come from better medical care, growth in clients, improved productivity & efficiency
- Costs resulting from lack of efficiency & productivity are simply being passed on to clients
- Do we really have a shortage of CA doctors?

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Student Debt—the Reality

- Average debt-2008 graduate-US veterinary college
 - \$119,803 (median debt = \$120,000)
 - ~90% of those graduating had student debt
 - 91% of the debt was incurred while in veterinary school
- ~20% of the 2008 graduates have debt in excess of \$160,000
 - ~ 8% have debt in excess of \$200,000
 - Some in excess of \$250,000

Student Debt-the Reality



Earning More - Whose Problem Is It?

- Anyone who is going to need a young veterinarian in the future
- Employers not solely responsible for solving problem, but salaries must improve
- “Market rate” of doctors heavily influenced by the current cost structure and profitability of private practices
- Better managed practices allow associates to be more productive and be paid more

Questions?

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