

THE NEW FACE OF PET INSURANCE: WHY WE SHOULD EMBRACE IT

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Pet health insurance has been a controversial issue among veterinary medical practitioners for many years and the concept of such insurance has had a great deal of difficulty gaining traction in the United States until recently. Strangely, pet insurance has actually become much more popular throughout Canada and Western Europe than it has here. Abroad, it has gained a relatively strong foothold in the marketplace.

Currently, pet medical insurance is beginning to demonstrate a much higher degree of popularity and this is easy to observe by going no further than to one's local telephone directory. Numerous pet health insurance providers are advertising at great expense throughout the country, even in small markets where the concept has traditionally been even less popular than in more metropolitan areas.

As a former insurance attorney, I know enough about the concept of insurance generally and the nature of the corporations which underwrite insurance to be duly skeptical about the benefits of insurance of all types compared to the marketing and promotion of insurance products. For this reason, I have never previously given pet health insurance much of a chance in my veterinary practices. Until recently, I believed that the pet coverage idea amounted primarily to a game run by the house where the average player (including veterinary practitioners) would end up losing.

My feelings in this area are changing and I now encourage dog and cat veterinarians to give pet insurance a second look. The pet insurance landscape has fundamentally changed, as often is the case when a product is seeking an expanded market. In this case, the offerings to the public have improved and the market is undergoing a type of metamorphosis which lends itself better to the pet insurance concept. Consider these issues and visit a few pet insurance web sites to compare the companies based on the points I raise here:

We Can Do More for the Insured Pets.

Over the last few decades, the science of medicine generally and the science of veterinary medicine specifically have expanded dramatically. In the 1950's, veterinary oncology and clinical endocrinology were in their infancy. Giant referral practices were unheard of in most communities. The sophisticated surgical procedures which we take for granted today hadn't even been developed yet.

So how could the concept of pet insurance thrive in that sort of environment? Back then, there was literally almost no place to spend the insurance proceeds, even if you could find someone who had a policy. Conversely, it was pretty tough to sell anybody a policy when the answer to so many serious pet health issues was euthanasia. No one needed insurance to cover that.

Now the picture is much different. A week doesn't go by in my practices when we don't refer a case to a boarded specialist either for evaluation or for some therapeutic modality. Sure, it costs

the clients thousands in many cases, regardless of whether they have insurance coverage. The point is, though, the advanced diagnostic/medical/surgical/therapeutic care is available and waiting to be accessed by pet owners who somehow can manage to afford it.

We Can Generate Substantial Added Revenue.

Insured pets, generally, get better and more advanced care than those which are uninsured. In a *human* emergency room, the hospital and physicians are charged by law with providing the same level of care for indigent patients as they do for insured or wealthy patients.

In contrast, the ability of clients to pay plays some role, large or small, in the level of care which practicing small animal veterinarians are able to provide to their patients. What we are allowed to do, we try to do to the best of our ability. However, the ability and/or willingness of the pet's owner to pay for such care may determine in any individual instance, *what we are allowed to do*.

But imagine a world where there was a reliable third party available to compensate you for your recommended treatment plan you recommend. Think how much easier it would be to offer clients a case management plan for their pet if they had to worry less about the cost of the medication they would need to buy for one, five, or ten long years. Don't you think these clients would be more open to your advice on treating diabetes, hyperthyroidism, Cushing's disease, idiopathic epilepsy and others?

The Market Has Created Competition-Driven Improvement in Insurance Products.

For many of the years I have been in private small animal veterinary practice, the options available to the public for insuring their pet against expensive medical and/or surgical care costs was pretty limited. Also, there were many other problems which I considered major disincentives to my recommending that they purchase a policy.

With a small number of insurers in the market, premiums were high. Policies had substantial limitations and in many cases, you couldn't even get coverage for some of the most common conditions suffered by companion animals. When time came to pay the policy benefits, the effort to get reimbursement used to be onerous. Pet owners were dissatisfied with reimbursement levels and sometimes even stiffed the vet for the difference between the reimbursement and what they believed they were going to get paid back when the doctor recommended the covered diagnostics and treatment.

With its natural inclination to grow and enter new markets, big insurance has seized upon pet coverage as a product which deserves added attention. And as a result, it has improved. Premiums are down, as are deductibles (from the levels of 10 or 20 years ago, if one adjusts for inflation). There are many more players in the market, which can only result in policy and customer-service improvements.

There is the increased level of public visibility. When large organizations such as Purina and the ASPCA begin endorsing and/or branding pet insurance policies, you can be sure that the

insurance concept is going to be more present in the public's awareness. For the first time, you may even begin to see clients actually asking about insurance at some point *before* their dog or cat is diagnosed with some terrible affliction.

Take-Home Considerations in Deciding Whether Pet Insurance Should be Recommended.

1. **Do you want to recommend it to every client?** There is fairly substantial anecdotal evidence that discussion of purchasing a pet policy is a waste of time in some instances. If the client is not serious about routine medical care for his or her pet, he is almost certainly not going to pay the premiums for a pet policy every month/quarter/year, whatever. You may want to keep your powder dry and save your time and enthusiasm for pet insurance for when you come across a client who has shown genuine interest in the past for regular veterinary care. Enthusiastic new kitten and puppy owners should always be at least made familiar with the *existence* of insurance.
2. **If you believe in pet insurance, be ready to defend its failings.** You, as the practitioner, are most likely to be the person who swings the client toward or away from the pet insurance concept. You may have to take on the role of salesman; not of a *product*, but of the *concept*. Personally, I give out a minimum of 3 brochures to each client I want to persuade, each from a different underwriter. I encourage them to go to the websites to compare costs and policy exclusions. Even with that, however, clients are understandably skeptical. They will ask about pre-existing conditions. (These are often excluded or bear added cost to cover.) They are likely to ask if routine vaccinations are covered. (They usually are not.) Clients often want to know why you suggest coverage for puppies and kittens at such a young age. (As with human life insurance, pet coverage is much cheaper for the youngsters and many companies won't even write a policy for dogs and cats over one year old at enrollment.)
3. **Look at how the veterinarian is reimbursed and how involved the process is.** Some of the pet insurance companies still make claims service very difficult and time consuming both for the veterinarian and the insured pet's owner. Find out precisely what the process is and how much time and effort your staff will have to invest in obtaining reimbursement for insured cases.