

Getting Paid by the Hour Yields More Profits

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Compensation for services rendered with an hourly fee has allowed many veterinarians the opportunity to boost their profitability. This type of fee structure affords the practitioner the ability to offer a broader range of services. In many instances, these services do not lend themselves to fee structures that depend upon animal units or procedures.

The veterinarian involved in food animal medicine is often called upon to provide consultation services to his/her clients. The examination and treatment of individual animals maybe better suited for per unit fee structures. If discussion of management practices takes place after treatments are completed, the veterinarian may not be completely compensated for time spent on the farm. Hourly rates will insure the veterinarian is compensated for consultation services rendered. When facilities and labor are not ideal or adequate for efficient handling of the animals, per unit charging may not be enough to meet the income desires of the practitioner. Per unit charging is profitable when equipment, facilities, and labor are adequate or when volumes of animals are available in the practice area. If these circumstances are not present, per hour rates may allow for equal or better compensation. Processing large groups of calves affords the opportunity for a good cash flow but treating 10-20 sick calves maybe time consuming and not as profitable unless large mark-ups are incorporated into the pharmaceutical sales. Per hour fee structures for sick animal medicine can allow for more investigation and diagnostic opportunities.

With the competitive atmosphere with pharmaceutical sales, many veterinarians are marketing their knowledge rather than products. Hourly rates is a suitable fee system when office time is spent reviewing records, creating herd reports, or performing nutritional consultation. Other professionals such as lawyers, dentists, doctors, and accountants have routinely employed an hourly fee system. When veterinarians provide consultation services, hourly rates can be structured to match the service rendered. For example, hourly rates for pregnancy examination may not be at the same rate as litigation work or nutritional consultation. Veterinarians providing routine fertility-sterility work may feel this service warrants a competitive fee while nutritional or management consultation services require a higher

fee structure. This variation can be determined by the practitioner based on his/her qualifications or degree of services offered. Hourly fee rates also allow veterinarians within a practice with species specialties or special credentials to be compensated appropriately for the expertise they are providing. Not all services require a flat fixed hourly fee. Flexibility and variation makes this a suitable fee system for certain veterinarians. Minimum rates protect the veterinarian from minor procedures which require little time or minimal attention.

Another area where hourly fee structures are advantageous, are with herd health or production medicine programs. If the veterinarian is charging per head for palpation services, then the owner may be reluctant to put all animals requiring palpation in for examination. Simply, mathematics on a per head fee may intimidate the client, creating a reluctance to implement a full health program. When an hourly fee is instituted, the farmer is only constrained in examinations by facilities and/or the per head per hour examination rate of the veterinarian. Hourly rates tend to improve the working conditions and facilities on most operations. When there is an hourly rate in place, the farmer is often quick to realize the extra costs incurred due to inefficient facilities.

There is a degree of acceptance by both the producer and the practitioner for the hourly fee system. The producer knows what the approximate cost of services will be and they can plan a budget around this figure. The producer has some flexibility for reducing overhead in slow months with hourly systems by limiting the amount of time spent by the veterinarian. The veterinarian is protected against inadequate facilities and labor and un-paid consultation time spent discussing herd situations, laboratory results, and treatment procedures. Hourly rates can allow for extra services due to the opportunities that arise during farm visits. An example here would be the opportunity to discuss mastitis control and be compensated after an episode where the producer called the veterinarian out to treat a case of coliform mastitis. Implementing mastitis control programs, replacement rearing programs, and disease prevention systems are not conducive to per unit fee structures. Detailed milking equipment analysis may be easier to charge by the hour than by the job. Calculating heifer growth charts is equally difficult to charge by the head. The production medicine practitioner is generally marketing information and knowledge and these commodities are easily controlled through hourly rates.

Flexibility, variation in rate schedule, compensation for non-physical services, and educational or training programs make hourly fee schedules the logical choice. As clients begin to require more consultation services, hourly fee compensation will be accepted more readily by the veterinary profession.