

Approach to Practice Concepts

Dr. Robert Harris, Chairman



Dr. Ben Harrington: We are starting out in very good shape. The chairman for this session is late and I guess they're due back about 2:30. Since we have many speakers this afternoon, we will go ahead and get started. First, I'd like to say this is a new attempt. As you know, in the past we've had practice tips in the afternoon. We are trying this and would like to have your comments after it is

over so that we can give some direction to the new program committee—whether we need to go any further with something like this or go back to the “practice tips” or maybe go to seminars or something else. Bob Harris should be here soon and I'll turn it over to him when he gets in but we will have to stay on time this afternoon. We have a speaker scheduled every ten minutes.

“Group” and “Haul In” Practice

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I would like to explain how Woodford Veterinary Clinic in Versailles, Kentucky, has grown into a “mixed group practice” of five stockholding veterinarians and four associate veterinarians with a “haul in practice” amounting to twenty percent of our total business.

Our practice was started in 1958 as a one-man practice and, as business grew, the second veterinarian was added in 1959. Since that time, being able to incorporate the practice as a P.S.C. (Professional Service Corporation) has made us able to function as a group practice. But, from the beginning, we have encouraged the internship of future veterinarians from veterinary colleges all over the United States as well as foreign countries.

Each time that an intern has found a place in our practice, he has developed an area that will improve both SERVICE by and INCOME to the

corporation. When he has demonstrated this ability, stock in the corporation has been made available for him to purchase over a period of time. No member has ever sold stock as an individual. Instead, the corporation issues new stock and the proceeds are used to build additional facilities or purchase new equipment. As a result, each additional member of the corporation must prove himself to the other veterinarians and then be responsible for the development of the new field that he feels will benefit the corporation. We have tried to give our clients the best service possible—twenty-four hours a day, seven days a week—using the best drugs and equipment possible within our financial range.

Therefore, we needed facilities to operate on and treat animals that would be economical to livestock owners as well as being practical for us. In

1969, we completely remodeled our clinic and added additional large animal facilities. We tried to educate our clients by producing good work and letting them see what a veterinarian *can* do if given facilities and equipment with which to work. Through livestock meetings and continual education of our clients, we have tried to demonstrate that we have better facilities at the clinic than they can afford to have at the farm. We believe we are on the right track for, over the past five years, our "haul-in practice" has increased to the point that one large animal veterinarian spends ALL his time at the clinic.

Economically, we have found that a veterinarian can spend time in the clinic and handle a great deal more work than if he were traveling from farm to farm. I do NOT believe one should refuse to make farm calls, but, since building the clinic, we know that it has reduced the time spent in working cattle in comparison to time spent on the same job on the farm. To give the livestock owner the type of service that he desires and/or needs, I feel a group practice with "haul in" facilities is a MUST in the field of large animal veterinary medicine.

Income Comparisons

From
Traditional Service with Traditional Fees
 to
Herd Health Service with Contracted Fees
 to
Herd Health Service with Traditional Fees

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Prior to July, 1967, we were conducting our dairy practice in a manner that I have arbitrarily defined as traditional service. We received calls from our clients and performed the service the same day with a minimal amount of pre-arranged scheduling. Our fee system for this service I have also arbitrarily defined as traditional. We charged a base call fee plus a professional fee which was frequently based on the cost of drugs and equipment and, to some extent, on the type of service performed.

In July, 1967, we began a limited number of herd health programs. The program was comprehensive and to the best of our ability was patterned after the programs that the ambulatory staff at the Ontario Veterinary College were conducting. The contract was identical to theirs except the charge was \$1.50 per cow per month. Every cow, lactating or dry, from the time of her first parturition until she left the herd, was to be included in the charge calculation. In addition to this monthly charge, we charged a usually accepted markup on all expenses

incurred in the veterinary care of the herd. In the tables we have designated this fee structure as the actual contract charge. When we changed from a traditional service-traditional fee type of practice to a herd health-contract type of practice we were not certain how it would affect our income. We were reasonably certain that the herd health type of practice would be economically beneficial to our clients but we were not certain how it would affect our gross and net incomes.

In an attempt to measure the effect of the change on our income we decided to calculate what we would have charged the client under the traditional charge system. During the year 1967-1968 we developed a comparison of what the clients were actually charged under contract to what they might have been charged under the traditional system.

In Table 1 we see the comparison for Herd A. This was a 40-cow, purebred Guernsey herd. Prior to engaging in a herd health contract with us this owner had been using several veterinarians. There-