

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.

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## 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-

Table 1  
Herd A – 40 Purebred Guernseys

	Charges	No. of Calls	Avg. \$ Per Call
1966-1967	\$ 850.00 (AT)*	57	\$15.00
1967-1968	\$1,745.00 (AC)*	100	\$17.50
1967-1968	\$2,070.00 (CT)*		

\*(AT) Actual Traditional Charge, \*(AC) Actual Contract Charge, \*(CT) Calculated Traditional Charge

fore the charge for 1966-1967 is not representative of his entire veterinary bill. Our charges in 1966-1967 amounted to \$850.00 in 57 calls for an average of approximately \$15.00 per call. In the year 1967-1968 we did all the veterinary service for the herd and the actual contract charge for the year was \$1,745.00. We made 100 calls to the herd that year for an average of approximately \$17.50 per call. The calculated total on the traditional fee basis would have been \$2,070.00. This is the only herd that had a calculated charge higher than the actual charge, obviously, because of the greater number of calls made to the herd.

Table 2 illustrates the comparison for Herd B. This herd is a 50-cow, commercial Holstein herd. In 1966-1967 the charges for veterinary service in this herd totaled \$870.00 for 61 calls for an average of approximately \$14.00 per call. In 1967-1968 the actual contract charge for the herd health program was \$1,282.00 in 51 calls for an average of approximately \$25.00 per call. The calculated total on a traditional fee basis would have been \$1,191.00.

Table 2  
Herd B – 50 Commercial Holsteins

	Charges	No. of Calls	Avg. \$ Per Call
1966-1967	\$ 870.00 (AT)	61	\$14.00
1967-1968	\$1,282.00 (AC)	51	\$25.00
1967-1968	\$1,191.00 (CT)		

Table 3 illustrates the comparison for Herd C. This herd is a 60-cow, purebred Holstein herd. Prior to 1967 we did not do all of the veterinary service for this herd. During the year 1966-1967 we did make 25 calls to the herd for which we charged \$251.00 or approximately \$10.00 per call. In 1967-1968 the actual contract charge for the herd health program was \$1,291.00 for 58 calls, an average of approximately \$22.00 per call. The calculated total on a traditional fee basis would have been \$1,172.00.

Table 3  
Herd C – 60 Purebred Holsteins

	Charges	No. of Calls	Avg. \$ Per Call
1966-1967	\$ 251.00 (AT)	25	\$10.00
1967-1968	\$1,291.00 (AC)	58	\$22.00
	\$1,172.00 (CT)		

Table 4 illustrates the comparison for Herd D. This is a 60-cow, purebred Holstein herd. In 1966-1967 their total veterinary bill was \$634.00 for 43 calls, an average of approximately \$15.00 per call. In 1967-1968 the actual contract charge for the herd health program was \$1,435.00. We made 62 calls to the herd for an average of approximately \$23.00 per call.

Table 4  
Herd D – 60 Purebred Holsteins

	Charges	No. of Calls	Avg. \$ Per Call
1966-1967	\$ 634.00 (AT)	43	\$15.00
1967-1968	\$1,435.00 (AC)	62	\$23.00
	\$1,116.00 (CT)		

In another 80-cow, purebred Brown Swiss herd we compared the actual contract fees to the calculated traditional total for a six month period. In this herd the actual contract fee for six months was \$1,397.00, which compares to \$1,217.00 if we had been charging by the traditional method. This herd was on a herd health program in 1967 and was being charged by the traditional method. Their charges for the comparable six months in 1967 was \$1,439.25.

Table 5  
Herd E – 80 Purebred Brown Swiss

Charges		
Jan. 67 to July 67	\$1,439.25	Herd Health Program
Jan. 68 to July 68	\$1,397.00 (AC)	Traditional Charge
	\$1,217.00 (CT)	

It appears from these limited figures that a herd health program will increase a veterinarian's income from a herd. It will also increase the average fee per call. It appears that the contractual charge of \$1.50 per cow per month is beneficial to the practitioner except when the owner calls frequently. Note that Herd A had about 2.5 calls per cow per year as opposed to about one call per cow per year in the other herds.

Only one herd experienced a lower number of calls after starting a herd health program (Herd B).

There is one other aspect of our change which was of economic interest. We attempted to estimate an adjusted net income for the contract herd health herds and compared it to the similar figure for other herds not on contract herd health. We deducted only the expenses for car, drugs and equipment from our gross income to arrive at what we have arbitrarily called the adjusted net income. In 1967-1968 we had an adjusted net income of 63% of gross income from our dairy clients not on

herd health. In the same year from the herds on contract herd health programs we realized an adjusted net income of 71%.

Table 6  
Adjusted Net Income\* As % of Gross Income

From	Herd Health Clients	Other Dairy Clients
1967-1968	71%	63%

\*Adjusted Net Income = Gross Income – Expenses for car, drugs, and equipment.

## Three-Man Dairy Practice

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**A. Three Man Practice**

1. Primarily Dairy Oriented - some horse, beef cattle, etc.
2. Work closely on programmed basis with about 25 dairies. Size 150-3,000 head.
3. Also respond to calls from time to time on about another 60 dairies.
4. Spend about 60% on programmed work, i.e., infertility, mastitis control, calf programs, etc.

**B. How did we get into herd work?**

1. Primary interest when practice was developed.
2. Education of clients and results.

**C. What extra preparation did we do?**

1. Familiarization with dairy economics, management, contacts with other veterinarians, short courses, reading and experience.
2. Keep individual file on each dairy containing lab work, statistical analysis information on monitoring systems we use for various phases of herd programmed work, i.e.,
  - a. Fertility programs - keep graphs and figures on: days open, calving interval, semen usage, HRS, FSC, 24 day trial.
  - b. Mastitis control: tank sample records; graphs on herd evaluation (composite samples - %SA, %MX %SE); quarters

treated/100 quarters; culture and sensitivity records; graphs and equipment evaluation records.

- c. Calf programs: total calving/mo.; number of calves born dead; total deaths 30 days; total deaths 60-90 days; vaccination schedules; lab reports; etc. Also do a lot of comparing between herds in order to learn what works best.

- d. Record of present feeding program for lactating cows and dry cows.

3. Developed working relationship with creameries, public health, feed companies, equipment people, etc. Have formed CVDHG.

**D. How does herd programming fit into our practice in relationship to emergencies?**

1. Try to keep one man free most of time for emergencies.
2. Herd work takes priority.
3. Set up most day to day calls in the afternoon.

**E. How do we charge?**

1. One dairy on contract - mostly \$25 per hour plus drugs.
2. Small item drugs have a 40% mark-up. Large bulk 10%. Encourage use of best buy—wherever that may be. Must be good quality and something they really need.