

CHARGING BY PROCEDURE MAKES OUR PRACTICE PROFITABLE
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Our practice is a diversified, multiple man practice. We deal with dairy, cow/calf, feed lot, swine, small ruminants, equine and companion animals on a daily basis. Each veterinarian has an area of special interest, and each works at a different speed. However, all of us do daily routine work with all species. For this reason, we have found charging by procedure a very effective way to standardize our fees.

Computerization has made charging by procedure simple and efficient in our practice. When we computerized three years ago we met as a group to create a list of every procedure we perform. Together we agreed on a fee for each procedure listed. This fee had to satisfy each of us and be at a level that would profitably cover that procedure ninety percent of the time. In other words, we took into account that a procedure may be more difficult under some circumstances than others. These prices are logged into the computer and updated as needed. Computerization allows us to easily generate copies of procedure prices in alphabetical order by species. Each veterinarian can then carry a copy in their truck for reference when conducting cash business. This eliminates the temptation to have a soft pencil when writing receipts for clients on the spot. On charged business we do not price our work. Instead we simply list all exams, diagnosis and treatments on a billing sheet and turn it in to the computer tech. The computer tech then inputs the information into the proper account and can generate an itemized bill for the client at the end of each month. Thus, our fees are standardized for both cash and charged work.

We are able to maintain some flexibility using this system. Procedures such as O.B. calls, prolapses etc., are priced according to whether they are routine, moderately difficult or difficult. This gives the veterinarian the opportunity to use personal discretion for pricing a procedure under extenuating circumstances. Computer over-rides may also be made if the veterinarian feels it is necessary. Over-rides are not done often and are not recommended since they defeat the purpose of the system. If we have accomplished our goal of selecting the proper fee to start with, computer over-rides should not be necessary.

Charging for the administration of drugs is accomplished in the same way. For example, treating an adult holstein for pneumonia. We agree that ninety percent of the time the patient is going to fall between 1200 and 1400 pounds. We then select a price that will cover the dosage within that range. Thus whether we elect to use oxytet IV or erythromycin for example, a set fee is already in the computer and the exact number of c.c.'s is unimportant to report. On occasion some low dose drugs such as Naxcel are priced by the c.c. In this case we simply report the number of c.c.'s administered on the billing sheet and the computer prices the procedure accordingly.

Processing work is also charged by procedure. We process a lot of cattle in our practice, such as dairy young stock, cow/calf and feedlot cattle. For this type of work a price is set for everything we may have to do as cattle are processed through the chute. These prices have had previous thought put into them, understanding that some jobs will go faster than others. As before, the fee is set to

cover the procedure a majority of the time and be fair and accurate to all clients. Therefore, we only need to report the number of head processed and the procedures performed or vaccines administered on the billing sheets.

In areas such as production medicine, where client consultation is required for nutrition, mastitis, swine herd health, or when we castrate pigs fees are assessed by the hour. An hourly rate is selected and put in the computer similar to all other procedures. The time spent consulting is listed on the billing sheet which the computer tech bills out as an itemized procedure.

On rare occasions a discount can be give for volume or speed. You must be careful, however, since once you give one client a discount all of them will want one. It's better to be priced affordable and profitable and charge all the clients the same.

Summary

Charging by procedure in our multiple man, diversified practice keeps our fees standardized for all veterinarians and our charging simple. A fee is determines for a procedure by our staff which will be affordable and profitable ninety percent of the time. On a call we simply list our exam, diagnosis and treatment on a billing sheet. The computer tech then calls up the charges on the computer and bills them out. We try not to set our own fees by over-riding the predetermined fees for a procedure. This method eliminates complaints by clients of each veterinarian charging a different fee for the same procedure.