

Pet Insurance Primer

Pet insurance providers are reviewed in this handy primer that aids practitioners in providing advice to clients about insurance decisions.

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My first experience with pet insurance was probably similar to that of many practitioners. Years ago, on a Friday evening, a client came in with a critical patient right before closing. After evaluating and stabilizing the patient and prepping staff and the surgery room for a splenectomy, the issue of cost raised its ugly head.

At the time, I practiced in a small town where many clients did not carry credit cards, financing came from the bank down the street (which closed at 4 pm on Fridays), and expensive bills were handled through extended payment plans and "held" checks. However, we were trying out a new "pet insurance" that would extend credit cards to pet owners and enable the practice to be paid more quickly.

For this client, we ran the paperwork, made the calls, and received a response right away: DECLINED. Not the best start for this naïve practice owner's first experience with pet insurance.

Policy Features by Company: For a comprehensive comparison table of insurance providers, visit the **Resource page** at www.todaysveterinarypractice.com

EVOLUTION OF PET INSURANCE

I am now older and hopefully wiser, understanding the difference between healthcare credit vehicles and pet insurance. The pet insurance industry has evolved as well into a competitive market of providers that offer coverage for everything from accidents to long-term care.

According to the North American Pet Health Insurance Association (naphia.org), almost 1 million dogs and cats in the United States are insured. Despite the recent economic environment, the industry reports an annual growth of member companies of up to 10% each year, which suggests the number of insured pets will have grown by more than 50% when this year's first-year veterinary students enter practice.

For this article, we scoured company websites, marketing materials, and communications to recreate the exercise clients go through when researching available options. We did not attempt to evaluate companies or programs based on cost because there are far too many customizable options available to objectively compare on financial metrics alone.

This article is not an endorsement of any company or plan, but rather a primer on available products written from a practitioner's perspective.

PET INSURANCE PROVIDERS

Pet insurance is here to stay. Even if you don't endorse a particular plan, you will have a client eventually ask for your opinion, if one hasn't already. We reviewed the following pet insurance providers (listed in alphabetical order), evaluating:

- Scope of coverage
- Flexibility
- Ease of understanding coverage limitations
- Exclusions.

AKC PET HEALTHCARE PLAN (akcpethealthcare.com)

Although founded in the U.S. in 2003, the AKC Pet Healthcare Plan dates back to the 1980s in Great Britain. Plans are underwritten by the Markel Insurance Company of Virginia and available in all 50 states.

Attributes

- Five plans are available that range from basic accident and injury coverage to full wellness and medical coverage.
- The Wellness Plus Plan reimburses 80% of eligible medical and accident related conditions, spay/neuter surgeries, and preventive procedures, including annual examinations; vaccinations; heartworm and fecal testing; flea, tick, and heartworm prevention; and dental procedures.

Limitations

- The exclusion list is significant and should be researched before committing to this program.
- Common conditions, including diabetes, chronic renal failure, and cardiomegaly are specifically excluded from the most comprehensive Essential Plus policy.
- Common orthopedic exclusions include hip dysplasia, osteochondritis dissecans, and luxating patella.

ASPCA PET HEALTH INSURANCE (aspcapetinsurance.com)

ASPCA Pet Health Insurance was developed in 2006 as collaboration between the Hartville Group and American Society for the Prevention of Cruelty to Animals. The Hartville group markets additional pet insurance plans through other brands and channels. Policies are underwritten by United States Fire Insurance Company.

Attributes

- Four plans are available with single incident benefit limits between \$2500 and \$7500, with no lifetime benefit cap.
- Wellness benefits are available for 2 of the 4 plans, including Basic, which reimburses up to \$280/year, or Advanced, which reimburses up to \$530/year.
- The ASPCA offers a 30-day money-back trial period (if no claims are covered during the period).

Limitations

- Reimbursement is "90% of usual and customary covered charges, which are costs considered typical in areas similar to yours."
- Congenital conditions are excluded from the base packages unless purchased as an additional rider; cruciate repair requires a 12-month waiting period.
- In 3 of the 4 plans, at initial enrollment, senior dogs (9+ years) and cats (11+ years) are not eligible for Continuing Care, which covers long-term conditions.

EMBRACE PET INSURANCE (embracepetinsurance.com)

The Ohio-based Embrace Pet Insurance was founded in 2003. Policies are underwritten either by the American Modern Insurance Group or RLI Insurance Company.

Attributes

- Embrace Plans are marketed as flexible and highly customizable to the needs of the consumer.
- Subscribers can build policies, selecting from multiple annual limits, deductible options, and different levels of reimbursement (ranging from 65%—90% after deductible).
- Supplemental allowance plans are available for wellness and dental care.
- A Health Pet Deductible is offered, which rewards owners with \$50 off their deductibles for every "healthy" year their pets have.

Limitations

- Prescription drug coverage is an additional supplement to major coverage and includes medications dispensed to the pet owner. This may be confusing in such cases as a diabetic patient that receives insulin during hospitalization; then dispensed the remaining insulin for at-home administration.
- Pet owners will need to be educated on what chronic conditions will or will not be covered.

HEALTHY PAWS (healthypawspetinsurance.com)

Washington-based Healthy Paws was founded in 2010 by two veteran executives from the shelter and insurance industries. Policies are underwritten by Markel American Insurance Company.

Attributes

- Pet Insurance is approached from a simplicity standpoint: only one plan is offered in terms of coverage.
- Reimbursement rates range from 70% to 90% after deductible (see Limitations); congenital and hereditary conditions are covered as long as they have not been previously diagnosed/treated at the time of enrollment.
- One of the nicest features of the plan is the absence of set limits per incident, per year, and for the lifetime of the pet.

Limitations

- Patients must be enrolled prior to 6 years of age for hip dysplasia coverage. Cruciates are considered bilateral: a diagnosis in one limb will exclude the other from eligibility.

- Veterinary examination fees, nonaccidental dental, alternative therapies, and prescription diets are excluded.
- Wellness care benefits are not offered.

PETFIRST HEALTHCARE (petfirsthealthcare.comp)

PetFirst Healthcare is based in Indiana and was established in 2005. Policies are underwritten by the American Alternative Insurance Corporation.

Attributes

- The pet owner can either select from several prepackaged standard plans or customize deductible and benefit limits from a sliding scale.
- One attractive feature is the Accident Policy, which provides a solid basic package against catastrophic events.
- The Family Plan Policy allows pet owners to cover up to 3 pets under a single policy.

Limitations

- The exclusion list can be significant depending on the policy.
- Specific exclusions from standard plans include:
 - Breeding and congenital defects
 - Behavior
 - Wellness, preventive, and dental care
 - Cruciate diagnosis/treatment (depending on specific policy)
 - Treatment of internal parasites, including heartworms.
- When enrolling for coverage with detailed exclusion criteria, pet owners need to carefully consider these exclusions to avoid future frustration.

PETPLAN USA (gopetplan.com)

Philadelphia-based Petplan is the sister company of Petplan UK, one of the most established pet insurance providers globally. Petplan is licensed in all 50 states (including the District of Columbia) and underwritten by AGCS Marine Insurance Company, a member of the Allianz Group.

Attributes

- Petplan offers three basic plans (Bronze, Silver, Gold), with annual limits of \$8000, \$12,000, and \$20,000, respectively.
- Three options are also available for deductibles and reimbursement percentages.
- Petplan covers all hereditary conditions and offers a Covered for Life guarantee for chronic conditions.
- Some nontraditional expenses are reimbursed, including prescription medications, alternative therapies, and nonroutine dental procedures.
- To maintain coverage, patients must be seen by their regular veterinarian at least once annually.

Limitations

- A 6-month exclusionary period is required for cruciates and patellar luxation; however, this period can be waived if owners have their pets' stifles examined and certified as healthy by their veterinarians.

- Reimbursement for specialist coverage deemed nonlife-saving is capped at 80%.
- Wellness coverage is not offered.

PETS BEST (petsbest.com)

Pets Best Insurance was founded in 2005 by Dr. Jack Stephens, the founder of Vet Pets Insurance. Policies are underwritten by the Independence American Insurance Company and Aetna Insurance Company of Connecticut—Pet Insurance.

Attributes

- Four plans are available, with lifetime coverage limits ranging from \$5000 to \$200,000.
- Multiple options are available for deductible and reimbursement levels, with reimbursement available to 100%.
- Additional coverage is available for preventive and wellness care, hereditary conditions (enrollment prior to 2 years), alternative therapies, oncology care, and feline-specific illness.

Limitations

- Recurring or chronic conditions are treated as one incident and subject to the per incident limit, not lifetime limit. This means, for example, that a diabetes diagnosis and all subsequent care is considered a single incident.
- For pet owners managing pets with chronic conditions, these per incident limits will likely be exceeded, excluding future costs from coverage.

PURINA CARE (purinacare.com)

PurinaCare Insurance Services is a wholly owned subsidiary of Nestlé Purina Pet Care Company. Operating since 2008, policies are underwritten by the Central States Indemnity Company.

Attributes

- With only three plans, the PurinaCare program is appealing to those looking for simple and straightforward pet insurance options.
- The plans include an Accident Only Policy, PurinaCare without Preventive Care, and PurinaCare Plus Preventive Care.
- For illness and accidents, reimbursement rates range from 60% to 80% of charges after deductible; maximum limits are in place for wellness services.

Limitations

- PurinaCare is not the best fit for owners who want to customize a plan for their anticipated needs.
- Similar to other plans described, PurinaCare has detailed limitations on congenital and developmental conditions and limitations for cruciate coverage (including the affected and nonaffected limbs).
- Exclusions include nutritional supplements, diets of any kind, and all types of training.

TRUPANION (trupanion.com)

Seattle-based Trupanion serves pet owners in the U.S. and Canada. Policies, which are underwritten by the American Pet Insurance Company, have been available to pet owners since 2008.

Attributes

- The Trupanion plan is marketed as a simple, customer-friendly insurance program.
- The only customizable feature is the per incident deductible election; there are no annual or lifetime limits for coverage.
- Reimbursement rates are fixed at 90% regardless of whether care is primary, emergency, or specialty.

Limitations

- Trupanion does not cover the veterinary examination fee.
- Deductibles are applied per incident, which means a multiple-condition diagnosis (eg, orthopedic lameness with concurrent ear infection) can create multiple deductibles for a single visit.
- Supplemental coverage must be purchased for alternative and holistic therapies, hip dysplasia, and physical rehabilitation.

VETERINARY PET INSURANCE (petinsurance.com)

Veterinary Pet Insurance (VPI) is the largest and oldest provider of pet insurance in the U.S. Founded in 1982, policies are self-underwritten in California and by the National Casualty Company in all other states.

Attributes

- VPI provides three packages for accident and/or illness, with two wellness options that can be added to any policy.
- Annual limits range from \$7000 to \$14,000.
- Deductibles are annual amounts, which differ from providers who set deductibles for each occurrence/incident.
- VPI has historically invested significant resources to educate the veterinary industry on issues related to pet insurance.

Limitations

- Claims are reimbursed based on an established benefit schedule—different diagnoses will pay out different percentages of the final bill. This can cause some confusion for pet owners who are new to pet insurance.
- As with some other providers, the exclusion list is significant and coverage does not include conditions related to congenital, hereditary, or breeding issues.

24 PET WATCH (24petwatch.com/petinsurance/)

24 Pet Watch is the U.S. insurance arm of Canadian-based Pethealth, Inc, selling policies throughout the U.S. (except Alaska and D.C.). A range of products and services are offered through multiple brands and channels.

Attributes

- Multiple plans—from economical to senior specific—allow owners flexibility in choosing the right coverage for their pets.
- Reimbursement rates range from 70% to 100%, depending on the plan chosen.
- Deductibles range from \$50 to \$200 per occurrence.
- Some plans include modest benefits for wellness services; hereditary conditions are included in illness coverage.

Limitations

- As with some other policies, benefits do not reset with each new occurrence. Illness benefits and limits are grouped into medical categories related to body system; limits are for each category.
- In the case of a dog with recurrent ear problems, all visits related to any ear problem would count toward the benefit; subscribers must be cognizant of this feature when considering benefit limits associated with each policy.

HOW TO CHOOSE?

The short answer is that there is no perfect choice. I've come to realize that, in terms of pet insurance, variety is a good thing. Our clients' pets come in all shapes and sizes, with varying needs and conditions. Ultimately, the choice lies with the owner.

If we can stay up-to-date on available pet insurance options, understand the subtleties of each plan, and successfully pass this information along to our clients, we will have done our job and our patients will be better for it.



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