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Competing for paws

Enterprising animal hospital is expanding

ANNE KRISHNAN, Staff Writer

Ira's cancer treatment at Veterinary Specialty Hospital of the Carolinas was only supposed to be temporary.

Veterinarians in Virginia had referred the police dog for radiation, chemotherapy and surgery at N.C. State University's Veterinary Training Hospital. But when it came time to start her treatments, the university's radiation machine was out of service.

So N.C. State doctors sent Ira to Veterinary Specialty Hospital in Cary, one of only a handful of large, multispecialty animal hospitals in the state. By the time the 16 sessions were over, Ira's handler didn't want to go anywhere else.

"Nothing against N.C. State, but I was very confident with this service," said David Branch, a police captain in Exmore, Va. "I can't speak highly enough on them."

For decades, academic veterinary centers such as N.C. State were the only option for treating critically ill pets. But as demand has risen for specialties such as cardiology, oncology, neurology and orthopedics, entrepreneurial veterinarians have begun to open animal hospitals and introduce highly trained competition into the market.

While N.C. State remains the largest referral specialty practice in North Carolina, it competes daily with Veterinary Specialty, a 9-year-old practice that had 15,000 clinic visits last year. The Cary hospital has 16 vets practicing in six specialties, plus a 24-hour emergency clinic that's open seven days a week.

To continue to attract patients, N.C. State has had to adapt, said Michael Davidson, associate dean and director of medical services at the NCSU College of Veterinary Medicine. Particularly important is satisfying its primary customers: the general practice veterinarians who refer animals and their owners to Raleigh.

"Before there were a lot of private referral practices out there, academic veterinary practices had the large market share and they were in some respects the only game in town," he said.

"Twenty years ago, we could sit back on our laurels and say, 'You could refer or not refer, we've got plenty to do,'" Davidson said.

Specialties have existed in veterinary medicine since the early 1970s, and demand for those services has exploded in the past 15 years, he said. The American Pet Products Manufacturers Association estimates that U.S. pet owners will spend \$9.4 billion on vet care this year, up 8 percent from 2005.

"Pets are part of the family, and ... [owners are] willing to pay the same amount in medical care as they would for themselves or another family member," Davidson said.

In the Triangle, there have been enough clients to go around. Even with Veterinary Specialty Hospital's entry into the market, N.C. State's caseload has continued to increase, from 15,000 patient visits in 1997 to 18,300 in 2005. The hospital expects to have 20,000 clinic visits this year.

New hospital opening



Blair Phillips, left, Rachel Roberts and Chris Bidwell prepare Ira, a Virginia police dog, for surgery at Veterinary Specialty Hospital in Cary, which is drawing patients from NCSU's animal hospital. **Staff Photos by John Rottet**

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VETERINARY CARE MIGHT FIT YOUR BUDGET

Specialty veterinary services can be pricey, but it might cost less than you expect. Some examples of common procedures for dogs:

Cataract surgery: \$1,400 to \$1,600

Extracapsular cruciate (knee repair): \$1,500 to \$1,900

Total hip replacement: \$3,300 to \$3,700

N.C. STATE VETERINARY TRAINING HOSPITAL

FOOTING IRA'S BILL

The town of Exmore, Va., and Capt. David Branch are seeking donations to cover the cost of the police dog's care. To help, send checks to:

Capt. D. Branch, Ira

Exmore Police Department

P.O. Box 647

Exmore, VA 23350

Check can be written to the Town of Exmore, Memo: Ira.

COMPETING FOR PETS

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Specialties: Surgery, medical and radiation oncology, internal medicine, neurology

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To capture customers in the growing North Raleigh market, Veterinary Specialty Hospital will open a 6,000-square-foot office off Capital Boulevard, just north of Interstate 540.

Several surgeons and internal medicine specialists will move from the Cary hospital to the new office in July, and an oncologist will visit once a week. A 24-hour emergency clinic will be open at the site, and it will hire three new emergency veterinarians.

And N.C. State, which once had a statewide reach, has other competition. While patients still come from all over the East Coast for the university's expertise in fields such as oncology and horse ophthalmology, most have options for simpler problems closer to home. In North Carolina, there are other large, multidisciplinary hospitals with emergency clinics in Charlotte and Greensboro, said Kevin Concannon, Veterinary Specialty Hospital's administrator.

The average large specialty practice earns revenue of about \$8.5 million a year, according to the American Animal Hospital Association, and Concannon said Veterinary Specialty's revenue is comparable. N.C. State's revenue was a little over \$11 million last year, Davidson said.

But he and Concannon said that the overhead is substantial, in terms of technology and paying specialists, many of whom have starting salaries of \$150,000 to \$200,000.

The perceived cost of specialty care sometimes puts off patients before they arrive at the hospital, Concannon said.

The town of Exmore, Va., initially balked at paying thousands for Ira's treatments, but the police force and residents rallied around her. Including visits to five practices, the Belgian Malinois' medical bills will be about \$12,000, Branch said. Adding in his own transportation, food and lodging, the total tab could be \$15,000.

"She's well worth putting the investment into trying to do what we can," he said. Ira, 5, has worked with the police force for about two years. She's used for tracking, drug detection and protection.

But you don't have to be rich to consider specialty care. A Veterinary Specialty Hospital survey showed that 75 percent of its patients' owners have incomes comparable to the average Triangle resident, Concannon said.

"What that means is we really don't cater to the upper echelon," he said. "In many cases, it's more of an emotional decision than a black and white question of, 'Do I have the money or not?'"

Veterinary Specialty puts an emphasis on educating owners about options for their pets, taking into account financial considerations and the potential positive and negative effects of treatments, Concannon said. The practice will help clients arrange financing.

But the front lines in the battle for patients are in the offices of the general practice veterinarians.

Since its inception, Veterinary Specialty has focused its marketing efforts on networking, inviting area veterinarians over for continuing education and updates on the practice's capabilities. Concannon makes sure he's visible in the community and accessible for feedback from veterinarians after good results or bad.

"It's not just doing good medicine, it's treating people the way they want to be treated and educating them," he said.

Learning to be flexible

Once a veterinarian starts referring cases to Veterinary Specialty Hospital, the practice's specialists try to be as flexible and accommodating as possible, Concannon said.

"If a veterinarian has a case that needs to come in, we're going to figure out how to make that happen," he said. "I think that's a key to why we've been successful."

To maintain and expand its practice, N.C. State has had to learn to communicate better with general practice veterinarians, who want to be kept in the loop as specialists diagnose problems, develop treatment plans and discharge patients, Davidson said.

The hospital now notifies referring vets when an animal is entered into the system and later faxes them discharge summaries. Each specialty service has someone dedicated to fielding calls from referring doctors and pet owners.

The systems are necessary in a competitive market, Davidson said.

"I will tell you, if a call comes into VSH, all of their doctors have cell phones, and the calls get automatically routed to them," he said. "The doctor's told to pick up the phone -- that means revenue to the hospital."

It takes a population of 300,000 to 400,000 people to support a specialty practice, Davidson said, adding that the Triangle's population comfortably supports the two large hospitals. "I'd rather not see another practice come in, but if that happens, this area could probably absorb that," he said.

But Ira's case illustrates the opportunities for collaboration. The hospitals share some surgical residents, and Veterinary Specialty staff help N.C. State with clinical trials and other research.

oncology, internal medicine, neurology, emergency, ophthalmology (adjacent).

Veterinarians: 16 specialists

Support staff: 75

2005 patient visits: 15,000

Location: Cary

Size: 24,000 square feet, plus 6,000 opening soon in North Raleigh.

N.C. STATE VETERINARY TEACHING HOSPITAL

Specialties: Cardiology, dermatology, emergency, internal medicine, neurology, medical and radiation oncology, ophthalmology, reproductive health, orthopedics and surgery, plus care for birds, reptiles, horses and ruminants such as sheep and cows.

Veterinarians: 54 interns and residents, 82 faculty members with hospital privileges

Support staff: 129*

2005 patient visits: 18,300

Location: Raleigh

Size: 54,000 square feet*

*DOES NOT INCLUDE STAFF AND SPACE DEDICATED TO LARGE-ANIMAL PRACTICE

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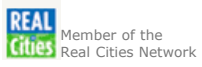
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"We've got a collegial competitor," Davidson said.

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