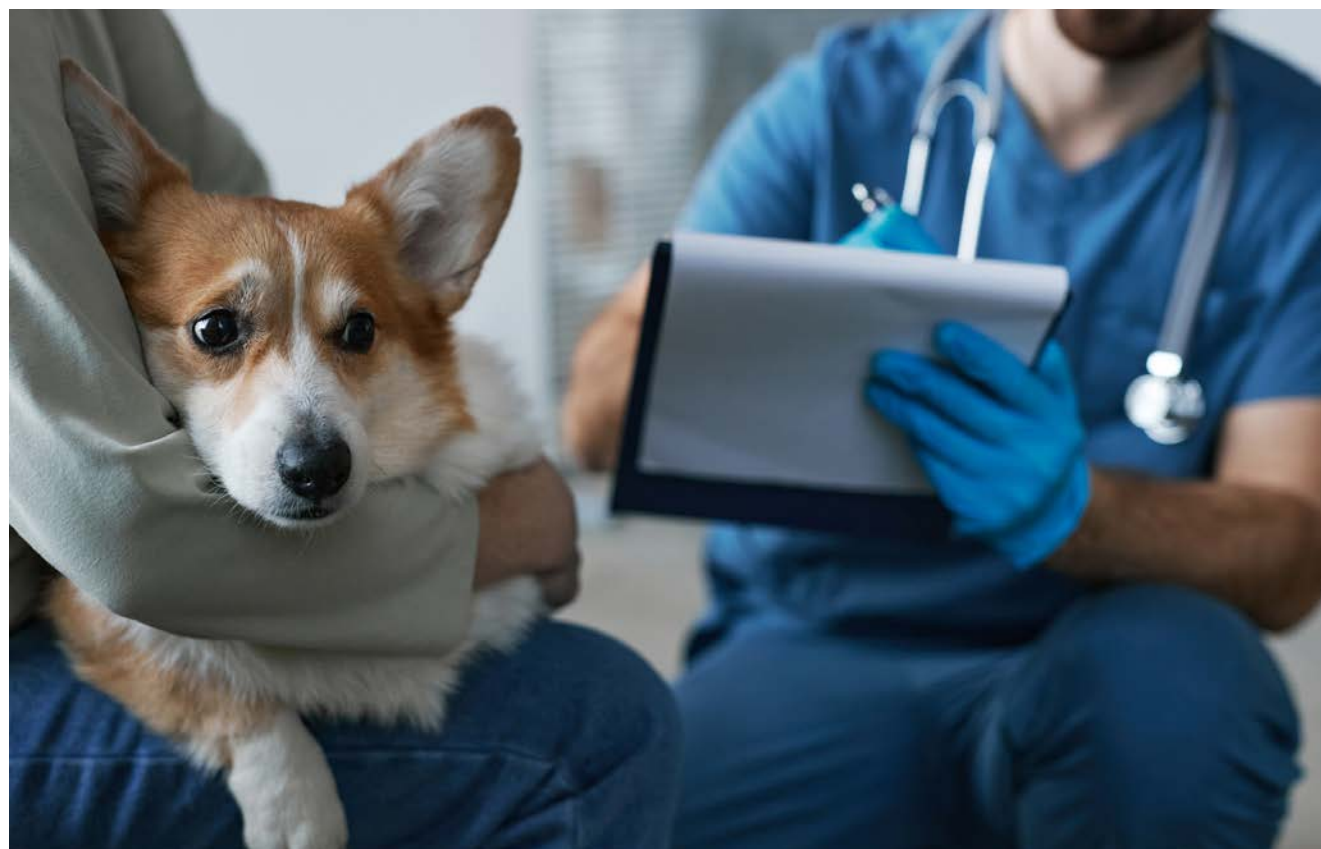


THE PREVENTIVE CARE PRICING PARADOX

Diagnostics are vital services rooted in your expertise. Uncover how value-based pricing helps clients understand the true worth of early detection.

BY WENDY HAUSER, DVM; JON AYERS; AND CHARLOTTE MCKAY, MS



Preventive care is an everyday — and often overlooked — part of veterinary practice. It is foundational in helping pets live their best lives and is a strong driver of client trust, positive patient outcomes, and practice financial health. Yet a study by Piper Sandler Research and Brakke Consulting found that diagnostics, including bloodwork, fecal analysis, and urinalysis, are the most likely service declined by clients due to the lack of perceived value.

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Value is a complex calculation that includes the quality of the service provided compared to what's expected, the price of the service, and non-financial costs such as time. How can practices increase the value proposition for wellness diagnostics for pet owners and veterinary teams?

Who Are Your Clients?

Understanding clients is vital for practice leaders. Who are they? What do they value? What are they willing and able to pay for? But value isn't universal, and client expectations, spending habits, and perceptions of preventive care can vary significantly. What resonates with clients in one market may not translate directly to another.

Research has shown that younger generations, particularly millennials and Generation Z, increasingly view pets as family members and are often more willing to invest in premium preventive pet care services. At the same time, affordability remains an important consideration across all demographics, with many pet owners balancing rising veterinary costs against competing line items in household budgets.

These differences highlight how perceptions of need, value, and affordability can vary across pet owners. Two clients with similar incomes may make very different decisions for their pets depending on their beliefs around preventive care, prior experience, trust in the veterinary team, and emotional attachment to their pet. Understanding these dynamics helps practices better assess willingness to pay and more effectively communicate value.

Pricing preventive diagnostics is not just about cost recovery or profit margins. Value-based pricing focuses on what clients perceive as worthwhile relative to outcomes, trust, and quality of care. Preventive diagnostics can be challenging because the value is not always immediately visible to the

client, especially when a pet appears healthy. The 2025 AVMA Pet Ownership and Demographic Sourcebook revealed that many pet owners who did not seek veterinary care reported that their pet was not sick or injured or did not need vaccines, suggesting that some clients may not fully understand or perceive the value of preventive veterinary care.

This makes communication critical. Helping clients understand the role diagnostics play in early disease detection, establishing healthy baselines, monitoring chronic conditions, and supporting long-term well-being can significantly influence perceived value and willingness to pay.

Clients also evaluate value beyond the service itself. Transparent communication around recommendations, pricing, quality of care, team expertise, and the long-term health benefits provided to the pet all contribute to perceived value. Practices that confidently explain why diagnostics matter, rather than presenting them as optional add-ons, are often better positioned to build trust and strengthen client acceptance.

The Benefits of Proactive Lab Work

Preventive care diagnostics are one of the few tools in companion animal medicine that surface disease while it is still silent. By the time clinical signs appear, organ damage has often progressed past the point of reversal, and the runway for proactive management has narrowed. The annual wellness visit, paired with even a modest diagnostic panel, is the practical mechanism for finding disease early enough to do something about it.

The evidence base supports this directly. A 2024 analysis of more than 1 million U.S. wellness visit records found clinically relevant laboratory abnormalities in approximately 1 in 5 young adult patients, 1 in 3 mature adults, and 3 in 5 seniors. The findings included early chronic kidney disease, hyperthyroidism, diabetes mellitus, hepatic enzyme elevations, anemia, and subclinical inflammation.

Each of these conditions has a fundamentally different trajectory when caught early. A diagnosis of Stage 2 chronic kidney disease offers years of good quality of life with interventions like diet, hydration support, and monitoring. Stage 4 kidney failure offers weeks to months of palliation. The same arithmetic applies to most of the conditions that wellness panels uncover.

The economic case follows from the clinical one. Early detection bends the cost curve in the right direction for everyone in the room. The practice replaces episodic crisis care with planned management and monitoring, which is more predictable for the clinical team and less stressful for the patient. The owner replaces a single high-cost emergency event with a sequence of smaller, anticipated visits that fit a family budget. And the pet experiences fewer days of unaddressed suffering. Proactive lab work is therefore not a

BY THE NUMBERS

Industry data has revealed that diagnostic testing is one of the least utilized preventive care services.

12%

of wellness visits include blood work across all species.

49.7%

of patients received a heartworm test in 2025, a year-over-year decrease of 5.3%.

discretionary upgrade to the wellness visit. It is the difference between practicing medicine on a known patient and practicing medicine on assumptions.

Pricing Wellness Diagnostics

Most practices calculate diagnostic test fees like a product by marking up panels at least three times, based on either the test list price or the discounted amount the practice pays. However, diagnostic tests aren't products; they are services. The outcome is a charge that fails to calculate the true costs, resulting in the following problems:

- ▶ Test pricing exceeds the client perception of its value, resulting in declined recommendations.
- ▶ A lack of team buy-in for wellness diagnostics, as the team member feels the prices are too high and is uncomfortable making testing recommendations.
- ▶ Profitability is unknown, as the price of the test isn't based on the costs to provide the service.
- ▶ The lack of a calculated fee for the doctor to interpret, document, communicate results, and make treatment plans. This is concerning, as new business models allow pet owners to schedule diagnostic tests with companies that come to their house to obtain the samples and provide results from national reference labs. What will you say when a client walks into your practice with the results of tests done elsewhere, expecting you to interpret

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them for free? When diagnostic test prices are calculated as a service, there is a quantifiable charge to interpreting results.

Practice leadership can prioritize wellness diagnostics by concentrating their efforts in three areas.

1 Understand the Cost of Lab Services and How to Price Them

Practices can choose to have a lower profit margin to create favorable price points for wellness diagnostics when priced as a service. This creates value for the pet owner, which increases adherence to testing recommendations and revenue. Equally important is the ability to detect diseases earlier and offer proactive care.

2 Procure Competitive Costs From Reference Labs and Vendors

To negotiate for lower test prices, practices can:



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HELPING CLIENTS SEE THE VALUE

Example 1 Connect Diagnostics to Outcomes

Rather than simply recommending lab work, explain how preventive diagnostics can identify disease earlier, establish baselines, and improve long-term quality of life. Sharing real examples, such as a senior pet whose underlying condition was caught early through routine screening, can help clients better understand the value behind the recommendation. The AVMA's "Language of Veterinary Care" initiative further emphasizes the importance of how practices communicate about preventive care, value, and cost.

Example 2 Package Preventive Care Around Goals

Experiment with wellness or weight-management programs that bundle services around measurable goals and ongoing support. For example, you might offer a three-month weight management package with scheduled check-ins and incentives tied to progress. These programs can reinforce value through engagement and outcomes rather than discounting services.

Example 3 Make the Invisible More Tangible

Clients often more easily recognize value in services they can physically see, such as dental cleanings or nail trims. Preventive diagnostics require more intentional communication because the benefits are often not immediately visible. Make this more tangible by sharing trends in lab work over time, using visuals to explain results, or connecting diagnostics to real patient outcomes, such as identifying kidney disease or diabetes before clinical signs become severe.

CALCULATING COSTS

To determine the costs of diagnostics as a service, practices must calculate the components of each test. Adding together these four components will result in the cost of the diagnostic test to the practice. Profitability can be calculated by multiplying the service cost by the desired profit percentage. This results in the cost to the client.



Example: CBC reference lab (costs are illustrative only and exclude overhead expenses):

- ▶ Sample acquisition: 5 minutes x labor cost of \$0.62/min = \$3.10
- ▶ Doctor interpretation: 10 minutes x \$1.50/min doctor labor cost = \$15.00
- ▶ Materials and equipment: Syringes/needles, tubes, medical waste = \$0.54
- ▶ Cost of test to practice: \$35.00

Total cost of service = \$53.64
Cost to client: \$53.64 x 75% profit margin = \$93.87
Practice profit = \$40.23

Here are some resources to help you calculate service costs:

- ▶ Profitsolver: profitsolver.com
- ▶ Veterinary-specific accountants and consultants: vetpartners.org
- ▶ VHMA's Value-Based Strategic Pricing: vhma.org/resources/value-basedstrategicpricing

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- ▶ **Join a group:** Some group purchasing organizations, such as the Veterinary Cooperative, PSIVet, and Veterinary Hospital Association, offer lower lab prices as part of their membership. Other organizations, such as Veterinary Management Groups and the Independent Veterinary Practitioners Association, also offer discounted lab services.
- ▶ **Negotiate with reference labs:** Some practice owners — especially those whose hospitals perform a high volume of diagnostic testing — can re-negotiate pricing and test panel selection at the end of each laboratory contract.

3 Price Wellness and Sick Diagnostics Differently

The time, and therefore the cost, to interpret lab results is often much less for healthy animals receiving wellness services, so it's appropriate that practices offer a discount for this lab work. Do not have different codes for wellness and sick animal diagnostics. Instead,

incorporate a line-item code that offers a diagnostic wellness package discount. Implementing preventive care plans is another strategy to provide strategic packaged discounts.

A Paradigm Shift

When practices embrace preventive pet care, a paradigm shift occurs. Instead of focusing on the dramatic saves of reactive care, teams can celebrate the ongoing quiet success of maintaining health. When preventive care diagnostics are treated as services, they become interventions that provide tangible benefits to the health and well-being of pets, their human families, and the veterinary teams that care deeply about their patients. TVB

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