

INVESTING FOR A RAINY DAY

How to Decide Whether Pet Health Insurance is Right for You and Your Pet

By Tanya Mulford

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Betsy McFarland always had pets, but she never had pet health insurance. Then a black-and-brown brindled puppy bounded into her life. She knew Berkley was going to be a big, energetic dog. And when, at 1 year old and 85 pounds, he tore his cruciate ligament, she realized that he was going to be an expensive dog, too. After she paid more than \$2000 for his knee surgery, McFarland, Humane Society of the United States (HSUS) vice president of Companion Animals, decided that Berkley needed an insurance plan. *(Note that this article is from 2014. At this time, a knee surgery would be over \$5000.)*

Since then, Berkley's insurance has helped pay for his seasonal skin allergies, a broken tooth and, most recently, treatment for Addison's disease, a serious adrenal disorder. This year McFarland estimates she's paid her insurance company \$360 in premiums. In the week that Berkley's veterinarians diagnosed and began treatment for Addison's, the insurance company reimbursed her \$3100 – a significant chunk of the total veterinary fees. *(Again, these are old prices.)*

Not having to worry about mounting bills “made it a lot easier to focus on my dog and what he needed,” McFarland says.

Buying insurance for Berkley was a gamble that paid off. McFarland is now considering insurance for her four cats. Because they're relatively young and healthy and don't go outdoors, she's not sure insurance is necessary for them. At the same time, she knows that if one of her cats develops a chronic illness now, any insurance she buys after the fact is unlikely to cover vet bills related to the pre-existing condition. As in all things insurance-related, only time will tell what is the right decision.

Penny Wise? Before deciding whether pet insurance is right for you and your pet, you should first understand how it works. Like human health insurance, you'll pay higher premiums for plans with more comprehensive coverage and lower deductibles. Unlike your own health insurance, however, the company won't pay the doctor directly; instead, it will reimburse you a percentage of the money you've spent on covered charges after you've met the deductible. On the plus side, you can take your pet to any licensed veterinarian (no poring over a list of “in-network providers”).

Other ways to prepare for unexpected vet bills include setting up a savings account earmarked for pet care or getting a credit card to be used only for vet expenses. If your pet stays healthy, or has issues that wouldn't be covered under an insurance plan, such strategies can be a good choice. On the other hand, the cost of treating a broken limb, serious illness or chronic condition can quickly deplete the savings account or max out the credit card. That's the thing about insurance: If nothing bad happens,

it can feel like wasted money. But for some people, the peace of mind is worth the investment, regardless of whether they pay more in premiums than they ever get back.

When she was a senior in college, Michelle Riley, HSUS senior photo editor, adopted 9-year-old Pugsley and 7-year-old Peaches from a pug rescue group and immediately bought pet insurance. "I knew that it was the only way I'd feel safe adopting dogs at that time in my life, with finances being tight," she says. "I could safely budget for premiums, but I couldn't budget for thousands of dollars in vet bills."

Over the years, insurance made it possible for doctors to save Pugsley and Peaches several times, Riley says. After they died, she and her husband adopted two pug puppies rescued from a breeding mill. Oscar and Ollie haven't spent as much time at the vet as her previous dogs did, but Riley would never consider canceling their insurance, "even if I never used it," she says. "I'd be nervous. I've seen too many friends have to make that decision about economic euthanasia."

Policy Particulars: If you decide to get insurance, think about the kind of coverage you want. You can purchase a policy that covers only accidents or one that covers both accidents and illness. You can opt for combination policies that also include wellness care, routine dental treatments or alternative treatments such as acupuncture. The more coverage you choose, the higher the premiums will be.

The pet owners who are happiest with their insurance are the ones who haven't had any unpleasant surprises related to their policies. There are about 12 pet insurance companies in North America, and each offers something different. Before you buy, study the plans carefully. Don't be afraid to ask questions, and request all answers in writing.

Here are some things to consider when evaluating a policy:

1. **Age limits:** Some companies won't insure very young or old pets. Some policies will stop covering pets when they reach a specific age.
2. **Annual, lifetime and condition/incident limits:** Some plans set a lifetime or annual reimbursement limit for each pet. Others base the reimbursement limit on each condition or incident. You're probably better off with no lifetime cap and an annual cap for each condition or incident, but you will have to pay higher premiums.
3. **Chronic and hereditary/congenital conditions:** Ask if the policy covers these and how it defines them. If you have a purebred pet, will conditions associated with that breed be covered? Ask for a list of conditions that apply to your pet.
4. **Pre-existing conditions:** Find out how the insurance company defines these. Ask for a comprehensive list of problems or illnesses that would be excluded from coverage on the grounds that they are related to your pet's known conditions.
5. **Bilateral conditions:** Many policies will pay to repair dysplasia for one of your pet's hips but not for the other. This is also true for similar conditions, such as cruciate ligament tears.

6. Diagnostic testing and medications: Diagnostics can cost more than the actual treatment, but some policies exclude them. Prescription medicines can also be costly; you may want to pay extra for this coverage.
7. Waiting period: All policies have a waiting period between the time you purchase the policy and when the coverage begins. Some may also impose a waiting period before a condition such as hip dysplasia is covered.
8. Premiums: They rise regularly, and some increases are connected to your pet's age. Ask what the annual increase will be and whether there are any age-related bumps. Make sure you won't be asked to pay higher premiums if your reimbursement rate increases.
9. Preventive care: More expensive plans may cover annual exams and other preventive care, though you may find it's more economical to pay for these yourself.
10. Dental treatment: Routine dental care is usually not covered; find out if dental injury or disease is covered.
11. Increasing coverage: Ask the company if you can expand your pet's coverage as she ages. Some companies will allow this, but they won't let you expand coverage for anything related to a current or pre-existing condition. You may save money in the long run by starting off with the level of coverage you don't expect to need until your pet is older.

The bottom line is that making a plan now, whether it includes pet insurance or not, will help you care for your pet if she becomes sick or injured in the future.

For more information and to compare companies and plans, visit <https://www.pawlicy.com>



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