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Many Americans can't afford vet care. Is a new business model to blame?

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Charlene with her daughter's rabbit, Boo.
COURTESY OF CHARLENE

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Charlene knew something was wrong when Boo, her daughter's 2-year-old California white rabbit, stopped eating. She could tell Boo was in pain because he was "scrunched into a ball and hiding." Charlene had to do something. That Sunday in March, she and her daughter packed Boo up and made the 45-minute trip to Gulf Coast Veterinary Specialists, a large veterinary hospital in Houston. "Rabbits are very delicate. They will die within 24 hours if they don't eat," Charlene, a stay-at-home mom of three, told *Fortune*.

Gulf Coast Veterinary Specialists isn't the typical emergency vet hospital. Located right on the Katy freeway and just minutes away from IKEA, GCVS has 15 specialty departments, including cardiology and oncology, plus about 75 vets on staff. [GCVS](#) isn't the sort of practice where you take a dog for a checkup or get a consult for a sore paw. It's a specialist hospital that is often the last resort for desperate pet owners. "It's one of the best in the USA, a world-class hospital," says one investor in vet clinics.

[GCVS](#) is also the only emergency animal hospital in the Houston area that specializes in what vets call "exotics" such as rabbits, birds, and squirrels. In the past, Charlene had brought her animals to a nearby vet or to Petco. But this was a Sunday, and Boo, named after the Super Mario Bros. [ghost character](#), was in trouble. "I had no choice," Charlene said.

Upon arrival, Charlene agreed to pay \$250 for a GCVS vet to see Boo. The hospital proposed keeping the rabbit overnight, which would cost a minimum of \$550. Charlene charged all of it to her credit card. GCVS phoned later that night, explaining that Boo needed pain medication that would cost \$360. Again, she agreed to pay. The following day, a vet told her that Boo had [liver torsion](#), which can be life-threatening if not treated immediately. The staff, whom Charlene described as professional and kind, provided her with options: They could commence surgery; perform a sonogram for \$2,500; or keep Boo under observation and on pain meds for four nights and hope for the best. The four-day option would come to \$1,000 a night or \$550 without the pain meds.

A GCVS vet continued to suggest the different options available for Boo, while stressing the rabbit's discomfort, she said. Ultimately, Charlene made the hard choice to put her family's "precious bun bun" to sleep: "We decided it was best that she be at peace than in pain." In all, she paid nearly \$1,400, which included \$190 for euthanasia. Stephanie, her adult disabled daughter, was devastated by the loss, she said.

Charlene's situation isn't uncommon. The rising cost of vet care means more pet owners must decide between incurring significant debt or losing their pets by giving them up or euthanizing them. Charlene, who is 59 and the primary caretaker of her two disabled adult children, opted for the latter. "I didn't have \$2,500 on my card left to spend. I spent over \$1,000 to have [Boo] stay overnight," she said. "There's no way I could pay for sonograms and surgeries or anything like that."

Stories like Charlene's have become more common. Pet medicine has progressed dramatically over the last decade, and there are now options for dogs and cats with cancer, heart conditions, or even alopecia. These medical advances, however, are taking place at a time when vet costs are surging across the board. From March 2020 to March 2024, veterinary services have jumped 32%, according to the Bureau of Labor Statistics' Consumer Price Index. Last year, consumers spent \$38.3 billion on veterinary care and products, up nearly 24% from the \$31 billion they paid in 2020, according to the American Pet Products Association.

There is no obvious reason why vet services have increased so much. Some blame the price hikes on inflation, some point to the increased cost of drugs and pet products, while others cite higher wages for veterinary technicians. And some think it's just plain greed. They point to the influx of private equity firms and corporations that have been buying up vet clinics at a rapid clip since 2020. That's when the COVID-19 pandemic forced businesses to close across the U.S., requiring many people to stay home. Many responded by seeking an animal companion. According to [the ASPCA](#), about 23 million American households adopted a pet during the pandemic.

In October, David, who lives in Houston, paid \$5,000 to GCVS for an MRI of his 5-month-old Pomeranian puppy, Rocco. The dog, who then weighed just 3.2 pounds, would walk a few steps and fall over like a drunken sailor. Rocco's MRI revealed [hydrocephalus](#), or too much cerebrospinal fluid, which can be treated with drugs. It also showed two vertebrae in Rocco's upper spine were occluded and compressing nerves, leading a neurologist to propose a bone graft to stabilize Rocco's spine—a surgery for which GCVS wanted \$20,000. David ended up taking Rocco to Sugar Land Veterinary Specialists, which is farther from his house but charged \$9,000 for the surgery. David, who is retired, is thankful that he could afford Rocco's care but feels that hospitals like GCVS are "taking advantage of owners" in stressful situations. "I have income so I can do it. But some of those people can't. They're putting them on payment plans," he said. ([Sugar Land](#) is part of [Lakefield Veterinary Group](#), a family-owned veterinary hospital acquisition company.)

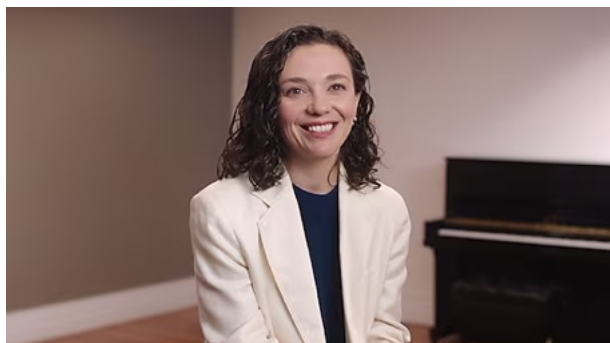


Rocco, a Pomeranian puppy, after having a spinal bone graft in October.

COURTESY OF DAVID, ROCCO'S OWNER

JAB Holdings' private equity arm has owned GCVS since February 2019 as part of its Ethos veterinary health platform. "As the veterinary industry navigates unprecedented inflation, we have prioritized reinvesting in our teams, hospitals and medical capabilities—not profits. This critical investment allows us to continuously improve the standard of care and attract and retain the world's best veterinarians and support staff," an Ethos spokesman said in a statement.

GCVS disputed the \$20,000 price that was quoted to Rocco's owner. The hospital said it didn't know the specific situation of this pet owner but "the cost of care for a procedure of this nature in our hospital is much lower than the quote suggested," according to a statement.



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Private equity nuzzles up to the vet business

Cathy Bedrick, a partner and financial due diligence service network leader at KPMG, estimates that there are about 35,000 to 40,000 veterinary clinics in the U.S. Historically, these clinics have been owned by the vets who run them, and this is mostly the case today. Veterinarians in 2023 own a majority, or 51%, of the pet clinic marketplace, according to a [KPMG report](#). Meanwhile, large corporations such as the candy company Mars own 19% of clinics. But in recent years, a major new player has entered the vet business: private equity firms whose business model is to acquire companies, retool operations, and then flip them for a profit a few years later. PE firms are the biggest buyers of vet clinics, and now own nearly one-third, or about 29%, of the vet clinic marketplace.

PE firms have long invested in the pet sector but didn't really start ramping up their acquisition of vet clinics until 2020. This coincided with a large jump in prices for even simple services. In 2018, annual rabies shots for one cat cost \$27 at a New York City vet that operated independently, according to records obtained by *Fortune*. The vet, after selling the practice to a private equity-backed company in 2022, charged \$50 for the same rabies shot in 2024. Urinalysis for a cat cost \$86 this year, up from \$42 in March 2021, according to records.

According to one private equity executive who has invested in vet clinics, one reason for the soaring prices is that demand for vet services has slowed since 2020 and 2021. During a pet's lifetime, owners typically spend the most during two time periods: when pets are young, like puppies or kittens, and when the same animals get old. Most of the pets that were adopted during the pandemic have matured and are in the period of their lives where they don't need as many services, the exec said, adding that higher prices are one way to offset a drop in profitability. "Firms are trying to protect the cash flow and profitability of all the vet practices that aren't as busy," the exec said.

KPMG's Bedrick doesn't agree, pointing out that prices for vet services increased during the pandemic, when people began getting pets, often puppies and kittens. Vet clinics also added doctors and shifts as they tried to meet demand, she said. "Prices went up due to the combination of demand increases as well as the overall impact of inflation," Bedrick said.

Whatever the cause of the price jumps, they have resulted in a growing number of owners giving up their pets because they can't afford them. In 2023, nearly 2 million animals, including dogs and cats, were surrendered to shelters and rescues, according to [Shelter Animals Count](#).

“While surrenders are steady, it is likely because shelters are full, and some are unable to take owner surrenders or require a future appointment to surrender an animal,” the spokeswoman said.

The rise in prices has led to an increase in pet insurance, which can let consumers offset the price of future medical costs for their “fur babies.” One of the insurance sellers is also one of the country’s biggest pet stores, Petco, which has partnered with Nationwide to provide coverage for unexpected vet expenses. Petco’s most [popular plan](#) can cost as low as \$16 a month for dogs and \$9 for cats. Pet insurance can help offset the price of injuries or illnesses, but owners need to make sure any medical issues are not preexisting conditions.

Petco is also rapidly expanding its footprint in veterinary care, offering vaccinations and other basic services at over 1,400 “Vetco” vaccination clinics located in its stores. Perhaps sensing an opportunity among the skyrocketing costs for consumers at vet clinics, the retailer offers rabies shots for dogs or cats for just \$35 while microchipping is \$34, according to its [website](#). Petco also has 288 hospitals, which aim to provide cheaper prices for more complicated pet needs like dentistry, spay and neuter, as well as illness and injury.

Dr. Whitney Miller, Petco’s chief veterinarian, estimates Petco’s prices are about 5% to 10% more affordable than its closest competitors.

When asked about PE buying up clinics, Dr. Whitney said: “There are places in the profession for all models. There are different ways for folks to access care. I welcome the competition in the market.” Petco, while publicly traded, is majority-owned by private equity.

The urge to sell

Before private equity firms and corporations began buying up clinics, the vast majority were owned and run by vets. This led to a sector that was highly fragmented and dominated by mom-and-pop practices that typically used antiquated software and lacked marketing expertise, while their physical offices were often dreary and out-of-date. Veterinary technicians, who work side by side with the doctors, also struggled under the arrangement. “We had amazing nurses that were leaving because they were not getting living wages,” one vet, who declined to speak on the record, told *Fortune*.

As for the doctors, most went into veterinary medicine out of a love for animals, and typically graduated with little training in how to manage a company, several sources said. “You do not learn how to be a business owner in vet school. Definitely not,” the anonymous vet said.

Veterinarians who sell their practices to PE firms or corporations don’t have to worry about marketing, or operations, or making sure that medications and vaccines are stocked. Some vet practices now even have an HR executive who handles hiring. Corporations and PE firms have “professionalized and created a more sustainable business model,” the veterinarian said.

Joining a corporate operation is also easier for recently graduated vets, who often have hefty student loans. The average student debt for veterinary graduates in 2022 stood at \$147,258, down more than 6% from 2020, according to the [American Veterinary Medical Association](#).

“A lot of the vets are selling because it allows them to get back to the practice of medicine, which is where their heart is,” said KPMG’s Bedrick.

The influx of big business has also coincided with higher wages. Veterinarians in 2020 were paid an average of \$108,350, which jumped about 26% to \$136,300 in 2023, according to BLS. Vet technicians also experienced a pay increase, with their average annual salary growing 25% from \$41,600 in 2016 to \$52,000 in 2022, according to a recent [report](#). “That 25% increase over the last eight years has barely brought us to a living wage,” said Beckie Mossor, [incoming president](#) of the National Association of Veterinary Technicians of America.

But the arrival of PE and big corporate firms has also given rise to an increase in upselling, a sore spot for nearly every vet, technician, and pet owner who spoke to *Fortune*. This is the practice of proposing additional procedures such as blood work or preventative parasite medication to customers—many of whom may lack the money to pay for them.

Consider Mary, who is disabled and has two older cats. Mary, who asked *Fortune* not to use her real name, had to find a new vet in 2023 after the doctor she went to for several years retired. She took her cats to a Mars-owned VCA in Southern California where the staff was kind, and the practice was cheerful, but prices were also \$25 to \$30 higher than any other vet she had seen. Both of Mary's cats are 14 years old, and one has hyperthyroidism. The felines went in for a checkup and "came out with a \$600 bill," Mary said. "One vet in particular kept trying to upsell me \$300 worth of tests and products." A spokeswoman for Mars told *Fortune* its veterinary teams will review treatment options and estimated costs with clients before agreeing on an individualized treatment plan.



After trying VCA, Mary took her two cats to Modern Animal
COURTESY OF MARY

Mary then tried Modern Animal, a chain that is backed by venture capital. Modern Animal has a yearly membership, costing \$199. This includes free exams, urgent care, free on-demand video consultations, plus 10% off all services and products, according to the [Modern Animal website](#). “I love them,” Mary said. The vets at Modern Animal are very responsive and don’t upsell, two requirements that Mary said will keep her a customer.

“[Modern Animal doesn’t] see my cats as piggy banks. They’re not aggressive about pushing extra services, and the prices they charge for things like labs are very fair,” she said, adding that the practice gave her a cat a toy when he was scared.

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Luisa Beltran is a former finance reporter at *Fortune* where she covers private equity, Wall Street, and fintech M&A.

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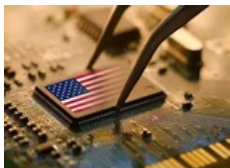
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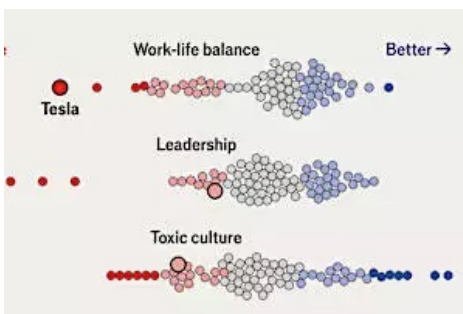
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