



# Consultation Response to CMA from XLVet UK Ltd

## Veterinary Services for Household Pets in the UK: Consultation on proposed market investigation reference

10th April 2024

### Who we are

1. XLVet UK Ltd is a company owned by 63 independent veterinary practices based throughout the U.K. Each veterinary practice is an autonomous and separate legal entity owned by veterinary professionals working in that practice, and each practice provides services to their local communities. XLVet UK Ltd provides support (including procurement, training and event management) to these practices and the people working within them.

### Key Points

2. We welcome the CMA's report and support the proposal for a market investigation.
3. We agree with the proposed scope of the market investigation reference (MIR) and would wish to ensure that the provision of out-of hours (OOH) veterinary care is fully included.
4. We see potential benefits in many of the proposed remedies that the proposed MIR might consider, in particular the transparency of ownership of all practices and related service businesses.
5. We consider that it is very important that this transparency includes - but not restricted to - crematoria, laboratories, referral hospitals, internet pharmacies and OOH providers.
6. We can envisage a number of unintended consequences that could easily have a negative impact for pet owners and their pets in the future.
7. The unintended consequences may be as a direct result of the market investigation which could include ongoing press-vilification of a veterinary profession already undergoing challenges with retention.
8. The unintended consequences could also arise from potential remedies. These include costs that could fall disproportionately relative to practice size or type, and the loss of prescribing income that has historically cross-subsidised practices' provision of out-of-hours (OOH) cover.

**Concern 1: Consumers may not be given enough information to enable them to choose the best veterinary practice or the right treatment for their needs.**

9. We agree with this concern.

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10. We have previously publicly expressed our concern (Ref 1) that many pet owners don't know that their first opinion practices (FOP) (and many of the additional services such as crematoria and referral practices) are a part of a large, integrated, and often multinational business.
11. We acknowledge that there is an ongoing transition in the social contract that is in place between pet owners and veterinary professionals.
12. Historically *'the public paid professionals today such they would be there to serve the public's needs in the future'*. (Ref 2) Veterinary professionals were deeply connected into their local communities and 'price and profit transparency' was achieved by the local visibility of the lifestyle that those veterinary professionals led. In this old contract, many veterinary professionals would charge a fee based upon their understanding of what the individual client could afford. Veterinary practices would have a plate by the door of the practice which gave the names of the veterinary surgeons. All practices would provide a 24/7 OOH service. This social contract depended upon high levels of trust.
13. The newly emergent social contract is one of consumer and service provider. *'The public pay the provider today for the utility delivered today'*
14. Many of the challenges seen are a function of veterinary professionals, veterinary businesses and members of the public each working with an incompatible mixture of elements from the older and newer social contracts.
15. The fundamental principle of an independent veterinary practice, regardless of its size, is that the people who own the practice work in their local community with their clients and their animals. The owners take the responsibility for the big decisions, but can do so with direct knowledge of what impact those decisions will have on their clients as they receive that feedback in person and on a daily basis.
16. We support transparency of pricing but have concerns as to how this will be realistically achieved to support pet-owners to accurately carry out *'an apples with apples'* comparison. Publication of procedure based fees may be very helpful; equally a holistic approach may also be useful. In broad terms, the NHS receives £2700 per person per year as "income" (£181.7billion government spend on the NHS for 67.3 million people) and for this it delivers all the services that it provides. The MIR may find it valuable to ascertain a similar figure for different business models for the total income received per dog or cat per year, mapped to the services provided for that money.
17. We welcome the comment that there is a focus on *"selling the most comprehensive, risk-averse, or sophisticated treatment and testing options for a given condition, and therefore may not adequately encourage customers to consider simpler, lower cost options (including doing nothing)"* and that certain business models might thrive on this.
18. We are particularly concerned about the level of competition, and therefore availability and consumer choice, in the provision of OOH service.

**Concern 2: Concentrated local markets, in part driven by sector consolidation, may be leading to weak competition in some areas.**

19. We agree with this concern.
20. We note that where independent practices have organically grown within a geographical area, that this has normally been based upon successfully meeting pet owner needs.
21. We consider that it would be useful to include within the MIR an assessment of 'barriers to entry' for the setting up of new independent veterinary practices.

Concern 3: Large corporate groups may have incentives to act in ways which reduce choice and weaken competition.

22. We agree with this concern.
23. In a profession dominated by a younger less-experienced workforce there is a real need for business owners to ensure that their teams place the client at the heart of discussions. This is a learned skill of holistic case management that takes years to acquire after graduation, and is strongly dependent on the mentorship that is provided by more experienced colleagues - mentorship that may have diminished with the potential loss of experienced vets through practice acquisition.
24. We have observed a trend towards the 'dumbing down' of work that is undertaken in FOP with a consequence (intended or unintended) of creating a pipeline for expensive referral centres. This appears to have been exacerbated in practices where the more senior vets have left practices and where younger members of the profession may lack the clinical mentors. This is further augmented by an education system that has focused on the concept of "gold standard" textbook approach, leading to clinicians feeling that they are failing the animals and themselves in offering anything else.
25. The MIR may wish to look at the availability and type of clinical and surgical work that is offered in FOP and compare between business models.

Concern 4: Pet owners might be overpaying for medicines or prescriptions.

26. We support increased transparency for pet owners in choosing where they purchase their medicines and the dispensing of the prescriptions issued for their pets.
27. We notice that there is an asymmetry of information and knowledge regarding the prices that are compared. Currently most prices from a veterinary practice include the prescription charges, which are not included in the prices advertised by on-line pharmacies.
28. The work involved in prescribing is more than the act of writing the prescription. It includes: staff training to keep up to date with the range of available medicines; advice to owners on the appropriate use of the products; auditing where medicines are prescribed; pharmacovigilance. This work is often undercharged.
29. Rightly or wrongly, marginal income from medicines sales has cross-subsidised the cost of the provision of care, and in particular the cost of the provision of OOH services.
30. Many independent practices continue to provide their own 24/7 OOH cover. Recently there has been an observed trend for veterinary professionals working in corporately owned practices to advise their clients to utilise the OOH service provided by the local independent practice "*because it is cheaper*".
31. We would encourage the market investigation to consider in full detail the potential for unintended consequences in the availability and affordability of OOH cover (a period of time that can often correlate with 60% of the 168 hours in a week) to pet owners.

Concern 5: The regulatory framework is outdated and may no longer be fit for purpose.

32. We agree with this concern.
33. We support the call for a new and revised Veterinary Surgeons Act.
34. We support outcomes-based quality assurance systems for all veterinary businesses.

35. We would wish to ensure that any new legislation does not bring new costs, and in particular any that would fall disproportionately on independent practices, that reduces the viability of independent practice and therefore consumer choice and animal health and welfare.

## References

Ref 1: You and Yours 08 Mar 2019 <https://www.bbc.co.uk/sounds/play/m0003003> (starts at 20:07)

Ref 2: "The Future of the Professions" by Richard and Daniel Susskind ISBN 978-0-19-871339-5