Responses to CMA Issues Statement

[redacted]

We recognise the need for the CMA to be investigating the veterinary market and wish to respond and support this work.

[redacted]

Comments

We would be happy to be included as a source in any evidence gathering

Para 20- Many veterinary hospitals are in fact first opinion practices only and do not do any referral or specialist work. FOP hospitals provide 24/7 care of sick and injured animals and post surgical care. They are also often places contributing to learning and development of clinical staff. Other accredited veterinary hospitals only do referral work whilst some referral practices do not have accredited hospital status. As such it is a difficult area to categorise

Para 26e – profitability on different products does not directly correlate with the price to the consumer. With the way the medicine market works in terms of buying price into the veterinary business, lower consumer price may in fact have a higher profit margin to the business selling the product. This is one of the key limitations and barriers to setting up a new independent practice and being able to compete on product prices with larger, especially very large corporate owned, entities

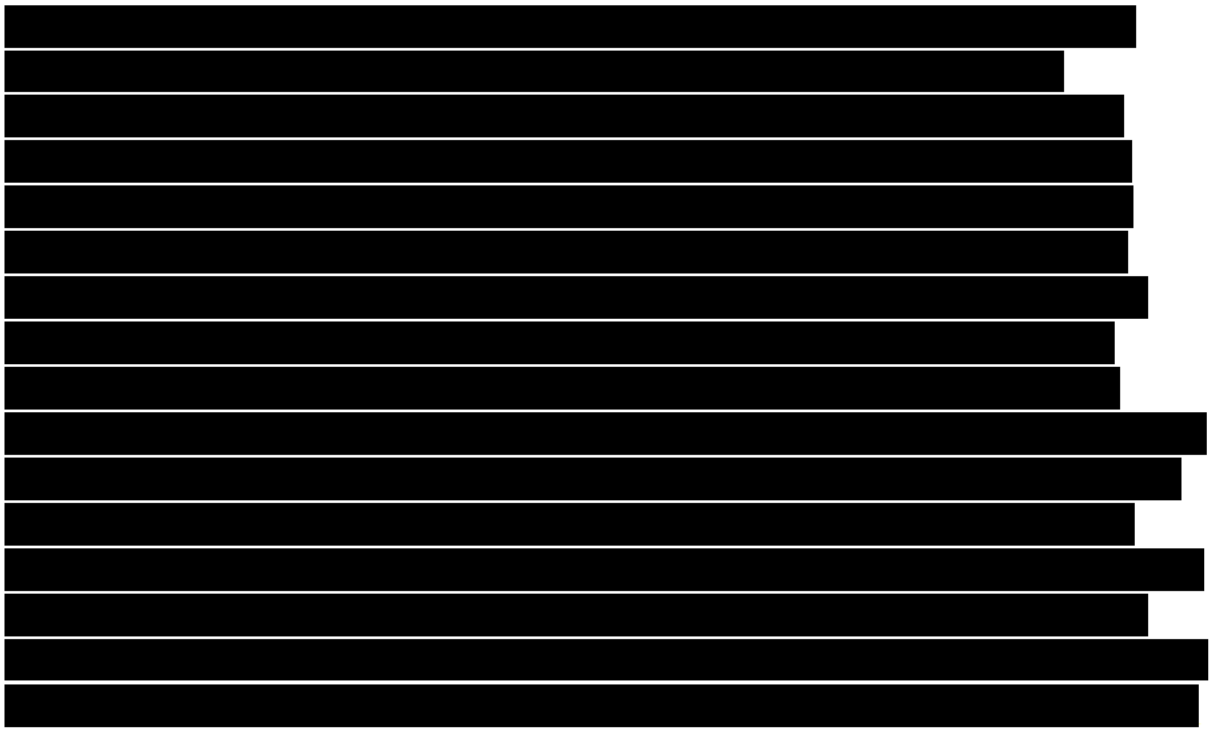
Para 28 – FOP's almost all also carry out surgical work. They are not akin to human FOP's

Para 35 – we understand that the research found this about consumer behaviour, however our professional guidance does require us to discuss costs and this can be challenging in the sort of situations you describe here. Just mentioning costs to some consumers can provoke reactive and negative comments about veterinary intent. It can

be a really difficult interaction in the moment and after the event “recollections may vary”. We see the sort of emotional interactions in A and E and that doesn’t even involve trying to talk money! It is one of the examples where some remedies that are effective about pricing in other markets may not translate well into this one.

Para 43 – thank you for this acknowledgement. Anecdotally, whilst recruitment is still far from easy, our experience recently is that it is improving

Para 48 – separate product markets. When it comes to medicines, there are some which you must have available in the moment and others where a patient can wait before starting them. These are often medicines that are used long term to help manage chronic conditions. As such, veterinary practices which provide in person care will always need to hold some medicines to assure animal health and thus will have the fundamental overhead that this requires. Segmenting the market for meds could have the unintended consequence of making those crucial meds that save lives or enable surgical procedures to be performed and post operative care to be delivered become more expensive whilst those who just provide on line pharmacy and medicine supply against prescription have their business model and profitability enhanced. Thus the consumer may be better off in one hand but cancelled out by increases on the other hand and it is crucial to remember where animal health and welfare sits within this equation



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Para 55 – it is very important that when comparing prices, consumers have the information they need to be comparing apples with apples. There is a risk of unintended consequences here where something as complex as health care is broken into inappropriate segments.

Para 57d – we certainly take cold calls from consumers wanting prices to compare. Some things are easy for them to compare as they are single items that are not time sensitive eg vaccinations. Others are more nuanced and standards of work can vary, and each standard may be appropriate but they are different and have different cost bases and advantages. How well it is possible to communicate these to all consumers is difficult eg a practice that uses an RVN to monitor all animals under general anaesthetic and on a one nurse to one pet basis compared to a practice that uses the operating vet only or the operating vet and a lay person. The outcome for the patient can be exactly the same and how much value an owner places on having a qualified and regulated professional in this role will vary. However, we also need to consider the impact on the operating, and ultimately responsible veterinary surgeon, in this situation as not all are prepared to work without qualified people in these roles due to the increased patient risk, whatever that is perceived or proved to be.

Para 68 – incentives to provide more sophisticated and higher cost treatments. Please be careful here not to create a narrative where those practices who have invested not only in the capital equipment to provide these treatments but also in the skills needed, become seen as "pushing" these services. Whilst it is reasonable to look into this, vets becoming fearful of offering care that is good for the animals because they don't want to be perceived this way has potential to be very damaging both for that individual animal but also for the longer term development and enhancements of pet health in the UK.

Para 71 – practicing contextualised care is understood in the household pet veterinary sector and is also part of our professional guidance

Para 88 – comment about revenue from medicines. The revenue and the contribution to profit are not the same. In addition, owing to the previously mentioned wide differentials in buying price, this revenue figure will be contributing a significantly different percentage to profit in different businesses. Thus a blunt tool about medicine pricing to the consumer will have a very different impact in different businesses and thus

potentially an unintended consumer harm. If it made smaller businesses non viable or having to raise prices for services as their medicine margin was reduced, it may end up reducing competition in the market which could also reduce access to care as well as increasing cost of care due to lack of competition. An example of potential implications of cross subsidising different areas of care can be seen with the outsourcing of emergency out of hours care where costs to the consumer are generally significantly higher than where practices provide the out of hours care to their clients themselves. Has removing this cross subsidy benefitted consumers at all?

Para 90 – cascade and prescribing regulations. Where human meds are used, there is incomplete or no data about adverse reactions or withdrawal periods for these medicines (relevant for food producing animals). Thus increased oversight is appropriate. The wholesale restriction on buying is not the limiting factor on pricing as despite what some vets have said, the wholesale price is not the actual price practices are usually paying. We also need to ensure that there is an incentive for pharmaceutical companies to invest in new and novel medicines for animals. This has implications for both animal and human health – eg new vaccines enabling disease elimination and/or a reduction in use of antibiotics. Many animal medicine manufacturers are subsidiaries of human pharma companies and the Competition Commission order of 2005 has been one of the drivers of the current pricing structure of medicines into veterinary businesses. Their legal safe space for pricing differential is volume of purchases and total spend and thus shapes the market significantly

Para 102 – pricing needs to consider all the elements of pricing that are relevant to the care of the household pet and ensure we don't segment it and only focus on one part eg the medicine cost. Access to good health care advice has the potential to improve health, resulting in the need for fewer medicines and overall less cost to the consumer as well as better welfare for the animal. Inadvertently raising the price of the advice may result in delayed help seeking behaviour from consumers, more advanced disease state at time of diagnosis and thus worse outcomes and/or more intervention needed to restore health

Para 107c – mark up on medicines is difficult to determine as the buying price varies significantly between veterinary businesses for the same medicine

Para 110 – there has been much innovation in the veterinary world both clinically and in the use of digital tools to communicate and gather information and without barriers. The key parts of veterinary care to assure animal welfare require the ability to see the pet in person and have the attached overhead to facilitate this. Telemedicine can assist in patient care and some cases can be managed virtually in their entirety. However, we

need to ensure that there is access for those cases that can't be managed virtually in their entirety (and this is currently the majority in FOP) and that the access is real and affordable. I don't think anyone thinks it is possible to assure animal health and welfare of household pets exclusively through virtual care and an unintended harm of telemedicine if uncoupled from in person care, could be to reduce the availability of in person care, which is currently still essential

Para 132

Information/ transparency remedies – ensure we compare apples with apples and understand the different ways there are of achieving the same outcome for the patient and the potential impact each has on the patient and the owner experience

Price/charging remedies – understand correctly how medicine purchasing works and the potential harms in uncoupling different facets of patient care. Look to encourage early help seeking behaviour from consumers as generally saves them money in the long term and is better for animal health and welfare. Please also avoid introducing a new profit making entity into the veterinary pie – it doesn't enhance animal health and welfare and eventually drives up costs to the consumer

Market opening remedies – medicine purchasing price is a barrier to new practices but it is essential to ensure that those supplying medicines (as opposed to just those prescribing them) have the skill set to support their effective and safe use. Currently the supplier of the medicine earns any profit margin as opposed to the prescriber (where they are not the same thing). If the prescriber and supplier were actually always one and the same, this could help remove this barrier and end up with overall long term lower cost to the consumer without compromising animal health and welfare

Para 137 – comparison tools. Need to take care here that we don't uncouple facets of care leading to an unintentional harm as previously prescribed. These are a blunt tool where the creators potentially do not understand what it takes to provide sustainable veterinary care to assure animal health and welfare and are looking at one segment of the market in isolation

Para 138 – mandating the need to offer multiple treatment options could be an unintended harm as it is not always appropriate for the animal or the owner even if it is theoretically possible. Very few treatments are standardised and our patients don't talk about their experience when they go home! Information though we can always supply to clients and absolutely should. Clinical outcomes are important, but as seen in the human sector, need some knowledge to understand. The starting point of a case will

have the biggest impact on outcome and is very variable and not necessarily impacted by pricing at all

Para 145 – any remedies will impact across all sectors as there is only one VSA and vets are considered omni competent and there is only one register

Para 148 – if visiting practices, it would be helpful to visit more along the lines of an observer rather than an inspector to understand and see the challenges and complexities

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