

Response to the CMA Provisional Recommendations

This correspondent agrees with the broad precepts of the CMA, in that transparency in both care and its costs is a cornerstone of forging the professional bond between pet-owning client and veterinary surgeon. However in the current veterinary environment, it would to this observer appear that the putative strategy of the CMA is likely to act contrary to the interests of the pet-owning public and more to the interests of the large veterinary groups that dominate the market.

The CMA seems to have neglected the truly independent providers, at various points the CMA refers to not gathering evidence or data from these sources. Then the report contradicts itself by statements regarding profitability within the group and the independent sectors. Given your assertions that detailed data was not gathered, these are no more than conjectures. These suppositions are then used as bona fide evidence upon which to base policy. There is an inherent and serious fault within this approach leading to a bias that undermines many of your points. One can only assume that you were inundated with obfuscating data in order to deflect the board from its primary objective.

The aim of the CMA should be to produce an even and equitable playing-field within the sector so that owners can make informed choices regarding their animal's care. Within these boundaries the CMA has failed to take actual clinical advice about how cases evolve within practice. Outside of your area of expertise, no-one has actually asked you how you might estimate the costs for a patient with vague signs that as the diagnosis progresses transpires to have multiple co-morbidities. Crystal balls are not a recognised diagnostic or prognostic tool in modern medicine.

In order to produce such transparency we could endeavour to look at the issues under specific headings:

Pet Crematoria

Pet crematoria are often amalgamated into corporate structure in vertical integration strategies. Alternatives to the corporate individual and group cremations are often not provided at the time of death or euthanasia. Corporate large veterinary groups should be obliged to provide alternative quotes, one of which at least (if not more) should be independent to avoid the risk of cartels. This simple expedient would be widely welcomed and the corporates should signify which is their "in-house" alternative

Laboratory fees

Veterinary laboratories should not be allowed to have alternative fee structures for corporate users. Fees charged are based upon published not discounted laboratory fees; it is actually contrary to RCVS regulations regarding profiteering from third-party services.

Out-of-hours Provision

Many large veterinary groups provide their own out-of-hours support systems. Whilst such a service is necessary for any registered practice to comply with RCVS directives, it is not apparent to owners that other services may be available. Many of these OOH services are run independent of the LVG practices and hence they have no access to the patient's clinical notes in many instances. There is no clinical advantage therefore construed by such a relationship but at no time is there the suggestion that alternative services could be accessed.

A number of these services tie secondary user practices in with non-refundable subscription models often with substantial penalties involved if the contract were to be terminated. Such practices are directly anti-competition and lead to the escalation of OOH care provision costs. The whole OOH provision needs to be more carefully regulated and the standard of care stipulated openly; in other words differentiating between ICU, accident and emergency and a minor injury/illness unit as used in healthcare systems worldwide.

Online pharmacies

Th most contentious of your proposals as the vast majority of the online pharmacies are owned by the LVGs. Not that you would know it by looking at their sites - this correspondent looked at two owned by LVGs prior to writing the response. There were no obvious links to the parent companies. If there is one single aspect to level the field it would be the enforced divestment of pure pharmacological sales from the provision of clinical services. Alternatively similarly to

crematoria, obvious parent company linkage and the provision of links to multiple non-aligned online veterinary pharmacies including independents might suffice.

The CMA has visibly failed to demonstrate the difference in discount rates between independent veterinary practices and LVGs, whilst some of this could be masked or clouded by the term “sensitive operational information” similar concerns have not precluded the CMA speculating on the profitability or otherwise of different entities. The pet-owning public needs to be aware of the differences in cost-of-sales between different business models.

Ancillary Businesses

It became apparent when talking to a colleague that ancillary integrations are also occurring. This colleague was investigating starting their own practice and sought advice from a business consultancy service purporting to help aspiring practice owners. Shortly after making contact on careful perusal of their site, it became apparent through tracking contact details that the company was owned and run by one of the big LVGs. During the contact process no intimation of this connection was made by the company and nowhere is there any evidence that sensitive business information relating to potential competitors to the parent company is protected by an internal information wall. [REDACTED]

Insurance Companies

LVGs are starting to integrate into the clinical insurance market, there is no evidence that they are promoting products that are appropriate for specific clients and there is a huge clash of interests in both fee inflation clinically and cost management.

Referral Services

These should be structured to offer tiered value for money and should remain solely the preserve of the individual clinician referring the case in conversation with the pet-owner.

Large Veterinary Groups, Pharmacological companies, VMD

There remains a triangle of problematic relationships involving large scale discounting of products and the licensing of already widely-used extant human medication at grossly inflated prices. During my previous submission, I highlighted the lactulose situation where putting the identical medication from a bottle for human use into one with a dog on the outside led to a fifteen fold increase in price. It needs to be emphasised that this licensure was under historic usage principle and did not involve expensive R&D at all. Indeed the race to profiteer under this principle must be negatively impacting R&D as the need to develop new molecules for profit is reduced when money can be made from repackaging.

The rise of white-label products available only through certain LVGs leads to a prescribing issue as these products would only be available through the pharmacies run by the specific LVGs if the trade/product name is used. All written prescriptions should be for the GENERIC substance so that the client has the maximum flexibility in their choices.