

Response to CMA for potential remedies 14/11/25 from [REDACTED] on behalf of Scott Veterinary Clinic.

### **Introduction:**

My name is [REDACTED] I have been a vet since 2003 and became a director and owner of Scott Veterinary Clinic in Bedford in 2012 and 2018 respectively. The Clinic is 70 years old and independent with around 14 full time equivalent vets. It has RCVS hospital status and deals with small animals and exotics.

I not only own my own practice but have been involved in the CMA discussion in other ways. I have sat on the BVA working group, am part of the steering committee of a buying group, sat in meetings with FIVP (federation of independent veterinary practices) and the CMA and am chair of SPVS (The society of practicing veterinary surgeons). Hopefully this has given me more of an insight and a rounded view on the potential remedies. I had the pleasure of having Lucy Eyre visit my practice earlier this week and she is aware of my views. I will be part of the FIVP hearing later in November too to present some extra work.

### **Reaction to proposed remedies**

As the CMA is aware the independent sector accounts for 40% of veterinary practices so it is really important we are listened to. I still have concerns as to whether enough financial scoping and impact assessments have been done on the independent practices to the potential remedies, especially with regards to the suggested time frames. The LVGs have had financial and legal advisors helping them whereas the independents have relied on membership and volunteer organisations.

On the whole, of the 21 remedies the CMA have proposed I agree with many of them. Some of them need more detail or further clarification which the BVA have made clear in their response.

### **Concerns**

**Remedy 2c.** Publishing prices of parasiticides is possible but I am not sure how helpful this will be to the client as there is not a standard protocol for clients for this. They won't know that one product does fleas, ticks and lungworm and mites and maybe another product just does fleas and ticks. There is also concern with regards to updating this data as prices change frequently. Fee prices in practices are often just changed once a year so are easier to keep up to date, but this would require more resource. A link also needs to be published to the list of VMD authorised online pharmacies. We would worry that this, along with some of the other remedies, will lead in a few years to consolidation of online pharmacies. Already just a few of them (mainly owned by LVGS) have most of the market and there has only been 1 addition to this list in the last 5 years showing it may already be anti-competitive with barriers to entry. This also channels revenue from independent vets to the online pharmacies (mainly LVGS), weakening buying group power and gaps open up between dominant and smaller practices. One practice from the SPVS membership did 350 prescriptions in the last 6 months, 82% of which went to LVG owned pharmacies showing their already market dominance.

**Remedy 3** – We are fine with this but worry about comparison sites. As a vet you want a good, trusting Vet-client relationship. This is ultimately the best care we can give our animals. Shopping around for different treatments at different vets will mean this gets lost. It is important we keep people in this profession and promote this profession as a caring environment and one in which we do the best for our clients. Shopping around, leading to using different vets in my

opinion is not the best option for the client or animal. I have many clients that have seen me for years. I know them and their dog/cat inside out and they have huge trust in me. These are animals and clients, not cars or houses or holidays. Our clients get the best treatment from us because we know them and I would like that to continue.

**Remedy 4.** I Would prefer ongoing Net promoter score for each practice and publish results on the practice website. I feel this is a better reflection of what the CMA want to achieve rather than trying to categorise all the different independents as one category.

**Remedies 7-11.** This is the most worrying remedy for our practice. Our worries are the unintended consequences of this. These include financially, trust of client, resource, technology, time and to what outcome in a few years? Less independent practices, less buying groups? Less but more dominant online pharmacies with a few companies having the monopoly on this? I have done some gaming out on my own practice and another colleague has done similar with similarly worrying results. I think this remedy is disproportionate as will not have as much effect on the large players.

For my practice I looked at sale of chronic medications for the last year. For each of these I then looked at the net net price (i.e. price we actually paid for them after all discounts) to determine the profit from selling these drugs. Then comes the unknow part. How much of this am I likely to lose if remedies 7-11 are implemented? I estimated 50% of profit of chronic drugs (drugs used for more than one month). I then estimated the number of prescriptions needed to fulfil this at £13.33 each and added this back in but then removed labour costs at around 5 mins per prescription (which is probably under estimating time). This profit loss was round 20% of our total yearly profit.

I then repeated the calculation and used list price rather than net net price to see, if my discounts were removed, what affect this may have. This then was more like 30% of my total yearly profit.

To mitigate this loss of profit I would need to increase al my other fees by 12.5%. Previously when this has been mentioned to the CMA their reply was that's fine as generally the LVGS are 16.6% more expensive so it will be fine to increase your fees by this amount. Of the 5 practices nearest to mine owned by LVGs our prices for consults, vaccines, neuterings (things on suggested price list) are very similar and not 16.6% different. Therefore, increasing my fees will look unfavourable on comparison websites. I believe the LVGs will not need to increase their fees as they will be cross subsidised by the increased income from their online pharmacies. Will these mean I lose business as I become more expensive than the LVGS? I cannot afford to not increase my prices if this happens. It is ironic that the CMA want to stop cross subsidy of drugs and fees in practices but are not stopping cross subsidy of the same variables between LVGS in their practices and their online pharmacies.

On the webinar it was suggested that independents basically sit in 2 camps. Those that are highly profitable and can afford to not to have to increase their fees or those that are undervaluing themselves and their fees are currently low so can increase. I don't sit in either of these camps. We are profitable but have reasonable fees already (our fee: drug ratio of turnover is 75%:25%). The profits however go towards paying the loan of buying the company in the first place which for all the directors at my practice are personal loans with high interest rates (mine is 8.39%). When you take the loans off our dividends, we basically all take home a good wage for a senior vet but could not afford a drop in profit. It is also essential to invest profit back into the

business to grow. This is a very different business model to the LVGS and one I am not sure if has been considered by the CMA.

When the initial questionnaire the CMA sent out to look at practice profitability, it asked how much dividends were taken and how much profit the business made amongst many other things. There wasn't anywhere to say how much of this profit was paying off the loan to buy in. My loan is over 15 years. Most independent owners buy into the business long term gain and ultimately provide a pension. The practice needs to make enough profit to pay these loans back and encourage future growth. We need to ensure there is enough profit for future shareholders to want to buy into successful independent practices .

Another solution to the problem of the cross subsidising of the medicine fees rather than increasing prescriptions is to decrease the margins on drugs and still increase fees accordingly if needed. I looked at this in our practice. Again, if just the chronic drugs were looked at and if the selling prices were changed to the price of buying drugs from a well known on line pharmacy +20% for the convenience of buying it in practice, this led to a similar loss to losing 50% to prescriptions so would lead to similar fee increases in order to mitigate this. This would help mitigate consolidation of online pharmacies and the time/resource and technology relating to prescriptions. It did show I would make a loss on some products though and the working was only done for chronic meds. If I applied the same pricing structure to all drugs this would substantially change the figures, and the fees would have to increase by more than 20% to account for this which is just not realistic.

So, if we increase the professional fees (which is inevitable from either solution) it will look unfavourable on the comparison websites depending on what surrounding practice do. I worry other parts of the business/clients may suffer. Can clients afford any increase in fees? We have already seen a reduction in the number of elective surgeries during this difficult financial climate. These increases will have to be put on neuterings too (already heavily discounted to help with animal welfare). What will the impact be of this? Also on small mammals cons and GA and then finally our out of hours services? All these things are currently subsidised by our medicine sales. There will be an impact on animal welfare which I believe is harmful, opposite the aims of the CMA. I would like to understand how much financial scoping the CMA have done on independent practices to really understand how these remedies could affect them. There is a genuine concern amongst independents that we may not survive if all the potential remedies are implemented in their current format.

A different solution to encourage/enforce practices to drop their drug prices is to restrict the mark up on list price. For example, at 30%. If this happened, then all vets would reduce their drug prices and then increase their fees to compensate but at least it would be level playing field with regards to comparison websites. It may also stop the worry of any monopoly of LVG online pharmacies.

I am not sure the CMA have considered FOPs that do their own out of hours as the out of hours(ooh) providers seem to have been considered as a separate entity in this investigation. The ooh is, contrary to public belief, the least profitable part of the business so fees would have to be put on here as currently drugs are highly subsidising our ooh service. Either fees increase or we can't do our own ooh. If we didn't do our own ooh again the animals suffer as have to travel further, clients are disgruntled and we push the ooh to basically one provider in a very anti-competitive way. It would be better for competition for practices to maintain their ooh. Have the CMA considered this?

I have issue with the price cap of £13.33 +VAT. Where did this figure come from? The CMA webinar spoke about averages but the graphs presented displayed medians so some clarity around this would help. Providing data with regards to how many independent practices this data was collected from may help the understanding of this as it appears very different to what I believe most practices are charging. SPVS fees survey has been running for years (130 practices in 2024, 160 in 2022 and 2023). In 2024 £18.75 was the median excluding VAT. Only 8% of respondents sat below £13.33 and the lower quartile was £16 excluding VAT. Prices have not been less than £13.33 since 2012. Also, the CMA used 2023 figures and then added inflation whereas vet fees have, in the CMAs own admittance increased far more than inflation? I would strongly oppose the suggested figures as by SPVS data 92% of practices will have to reduce their prescription charges.

Currently as a practice we issue 1000 prescriptions per year so would lose around £6700 straight away considering my current prices. Ideally independent practices would like to set their own prices for prescriptions allowing for local competition and happily put it on comparison websites but failing that a more suitable price needs to be looked at and a price per product, not per visit as this is grossly undervaluing the vets time.

I have worries regards to the technology if there is a sudden influx of prescriptions. We need to think about resource (for my practice 5.3 weeks for a FTE vet per year if 50% increase of chronic meds) and about technology. There is currently no PMS(practice management system) that directly links from client notes to pharmacies. This is especially true for independents with all different PMS systems. This is not a proportionate measure. This will potentially take years for the technology to be available. Introducing over a longer period allows slower increases in fees and more proportionality.

If all of the potential remedies go ahead I am worried about the future and sustainability of the independent vet. Where will the industry be in 5 years time ? fewer independents, consolidation of online pharmacies and buying groups leading to decreased competition. Will these buying groups and online pharmacies then just inflate their prices due to lack of competition. The consumer is the one that suffers here.

### **Solutions:**

- Proportionally decrease burden on independent vets. Consider a standardised client portal with all the relevant information clients need to make informed choices. Could be QR code in every practice? This puts the onus on the client rather than the vet at every consult. This will save time and improve animal welfare as more consults will be able to be seen.
- Let practices choose their own price for prescriptions based on market forces. Failing that at least set a price cap which values the vet's time and is reasonable and fair and charge per product.
- Allow technology in the vet world and especially the independent vet world time to catch up. Consider extending the original time frames to 24-36 months. Slowing down the process will slow down fee increases and consequently decrease potential animal welfare issues. It will have the knock on effect of slowing down any possible consolidation of LVGs and on line pharmacies giving the CMA time to monitor and interfere if needed.
- Consider capping drug mark ups from list price which will encourage practices to push the price of drugs down without redirecting profit to online pharmacies. All practice

would have to respond similarly and potentially increase their fees but this is then a much more level market.

Many thanks to reading my comments and listening to the solutions.

[REDACTED]

[REDACTED]

Clinical Director

Scott Veterinary Clinic, 405 Goldington Road, Bedford, Bedfordshire, MK41 0DS