

P-06-1291 Hold an enquiry into the corporate takeover of the veterinary profession in Wales, Correspondence – Anonymous Veterinary Surgeon to Committee, 27.08.22

Dear Linda,

Further to your request for [REDACTED] comment on [REDACTED] experiences as, [REDACTED] an independent practice owner competing with the veterinary corporates, [REDACTED] a clinical director within one of the main corporates, and [REDACTED] an independent veterinary surgeon [REDACTED], I have put together these notes. I must point out that, [REDACTED] all clinical directors within corporates are required to sign a Non Disclosure Agreement as part of their employment, I cannot detail any internal policies that have not been made public and I also don't wish to make this a purely personal account of the impact of veterinary corporates but, rather, to highlight the issues that having entities with so much power and wealth is having within our industry. I will, therefore, be avoiding recounting any personal stories.

So what are the major issues that I feel are of a negative impact on our profession from having such large entities now controlling so many practices?

The main impact on the industry is really one of competition, or the restriction thereof. Having so much power and so many sites throughout the UK is creating a monopoly for the corporates over the supply of medications, goods and services. Their buying power is now so great that the peripheral industries that supply our profession are being held to ransom. Pharmaceutical companies are giving massive discounts, though these are rarely passed on to the consumer as most pricing is based on net cost calculations, not net-net. The enticement being that the corporate will add their products to the preferred supplier lists, a list that, nominally, you don't have to follow but, in reality, such a choice is actively discouraged. Indeed, some products are often blacklisted, presumably because their producer refuses to accept the terms of the corporates and put such discounts in place. This is not only true of medications. It's also true of peripheral organisations such as waste disposal, cremation services, laboratories, equipment suppliers, equipment repair services, online pharmacies, IT and software provision, electrical testing, telemedicine providers, health & safety consultants, direct debit suppliers, out of hours hospital services...essentially every service that provides the industry is now under pressure to greatly reduce prices to the corporates for their continued usage. If they get onto the list they have the ability to make greatly increased sales, but failing to do so is likely to result in their exclusion from much of the market and put their viability in jeopardy. But what does this mean for the independent practices that still exist? Well, their costs have sharply risen as a result. Nobody is aware of the real discounts the corporates receive, not even the clinical directors within each practice, because these are kept very much private, but the published net cost of services and goods, that independent practices have to pay, have risen well ahead of even today's inflation rates. It can only be assumed that the independent practices are now subsidising the corporate discounts. Additionally, having bought over the bulk of practices in the UK, the corporates have started to move onto buying up these additional service companies. Many of them now own their own distributors, laboratories, online pharmacies, direct debit providers, cremation companies, pharmaceutical and nutraceutical suppliers etc etc, and those they don't own, that are allowed to remain on the preferred suppliers list, are further pressurised over their pricing by the threat that the corporate will invest into its own purchased entity to push them out of the

market. So the discounts increase, pushing up the net cost to independents and the subsidising continues. In short, while having multiple corporates gives the illusion of competition, the way they pressurise the veterinary submarket providers is creating an unfair monopoly on supplies.

Two markets have changed dramatically, the first being the pharmaceutical industries, who must now compete with each other by offering massive discounts and the promise of uninterrupted supplies for their corporate partners. How this is impacting the profit remaining for research and development of new products, in addition to pushing up independent practice net costs, is for someone within that industry to comment on, but I would very much encourage you to ask them. It also seems to be having a knock on effect of an ever reducing number of drugs being available. Products that don't make it onto at least one corporates list have little financial benefit to the pharmaceutical producer and that seems to be resulting in an increased culling of older and less commonly used products, often with no direct replacement available. Again, something for the pharmaceutical companies to answer as to whether their changing relationship with the corporate buyer is resulting in this loss of choice. The pharmaceutical industry has also punished independent practices in the recent vaccination shortages for both dogs and cats, making sure the corporate sites receive supplies by ring fencing available stock for them, and leaving independent practices with no supplies for months on end.

The second market seeing an effect is the pet food market. It's no secret that the Linnaeus Group is owned by the Mars family, and IVC Evidensia is heavily backed by Nestlé, which is resulting in a great reduction in choice for the consumer when it comes to pet food diets, specifically for prescription diets that can only be bought from their vet, and which the sub-brands of both companies provide. As you would expect, the corporates receive these food at greatly reduced cost, and very much push for their usage in practice over their competitors. Much like the pharmaceuticals, the amount of choice left for the veterinarian and, therefore, the client, is ever decreasing.

The next area of concern is in veterinary manpower, which is a complex issue. Essentially, the corporates have a massive advantage in the recruitment of new graduates but they are contributing, in my opinion, greatly to the lack of ability to retain trained staff within the profession. In terms of recruitment, corporate sponsorship within veterinary schools of lectures, events and student organisations, as well as the provision of under graduate bursaries, creates visibility to the recruitment of new graduates that no independent practice can hope to match. They also offer "graduate academies" which are elongated block release courses where newly qualified graduates receive additional training, and the salaries of these new graduates are not put against the individual corporate practice's balance sheet for much of the initial employment year. Now, this could be seen as a good thing for the graduates, but it also creates a near inability for any independent practice to match them. The contents of these graduate academies teachings also raise some concern. This is purely personal opinion, but the concentration on university/referral level "gold standard" practice is creating the ever increasing bills that clients now face. It will be argued, by its proponents, that "gold standard" is better medicine. However, the reality, again in my personal opinion, is that simple cases end up being excessively worked up, receiving set protocols of laboratory and diagnostic tests that are often not necessary, and just add to the wedge, that is the excessive cost of treatment, that the profession is placing between the clinician and the animal owners. If you teach this to new graduates that know no better, and tell them that any other way is inferior, then you create an entire generation of veterinarians who are comfortable with charging far more than their predecessors. You can take that consequence of the graduate academies as you wish, but it then leads us to the second part of the manpower issue. That of retention of veterinary staff, both vets and nurses, within our profession. We are a profession that is on its knees as a result of losses during

COVID and Brexit (approximately 25% of UK vets were EU nationals pre Brexit), and the dissatisfaction within the profession is ever growing. We are now at a point where surveys have shown that the average veterinary graduate stays in full time employment for just over 4 years. That's one year less than they trained for! And why is their such a move to abandon the profession en masse? As well as the intensity of working hours and the constant emotional turmoil, which have always been part of the vocation, we now have a gargantuan rise in pricing. It's a combination of medicinal supplies increasing (those net-net savings never reaching the consumer), a focus on expensive standard operating protocols, the massive increase in emergency fees (the UK's largest out of hours provider, Vets Now, is wholly owned by IVC Evidensia), and the push from corporate internal "pricing gurus" for ever higher service fees, both consultations and surgical pricing. Independent practices are not free from all of these either. They are paying far more, as outlined above, for their own supplies and the average transaction fee is ever increasing as a result, as they can't afford to absorb the rise without passing it on to the consumer. They are also entirely at the mercy of the Vets Now fee structure if they wish to maintain a separate out of hours supplier rather than covering all of their own on call work. And it is the frontline staff; the vets, nurses and receptionists, that take the brunt of the client's anger and complaints on a daily basis. These massive rises don't just make for increased profits, they are damaging the mental health of the frontline staff who have to defend them, and they are resulting in ever more clients failing to seek help for their pets at an early juncture. Much of the assumption from the pricing "gurus" is that the insurance companies would meet these increasing fees, but the insurance industry's appetite for pet insurance has been on the wane since the banking crisis 12 years ago, and premiums and policy restrictions are increasing at such an exponential rate that most owners simply cannot afford the insurance now.

The last concern I have is the amount of influence that the corporates have within the governing and political bodies of our industry. The main representative body for veterinarians, the British Veterinary Association, and the veterinary nurse equivalent, the British Veterinary Nurse Association, now receive the majority of their membership fees from the veterinary corporates. Most corporates pay their employee's membership fees regardless of whether they wish to be members or not. A nice perk on the surface, but this means a small number of corporate groups finance the majority of both organisations, organisations that are meant to give their members legal advice in regards to disputes with their employers. The BVA also receives corporate sponsorship from the Mars group, nominally for research, which, as mentioned above, also owns the Linnaeus Group. What form that sponsorship takes, I have little information on, but it seems a potentially unwise conflict of interest.

██████████ the Royal College of Veterinary Surgeons, also holds meetings with the Major Employers Group, a group that represents the corporate employers, along with some of the larger charities employing veterinary professionals such as the Blue Cross and PDSA. There have been repeated calls for minutes of these meetings to be made public, as they are for many of the other RCVS committee meetings, but they have never been forthcoming. For commercial groups to hold this much potential political sway over the profession they have bought their way into, without the ability for members of the profession to transparently see what influence they have, or do not have, on policy decisions cannot, surely, be seen as healthy.

I hope this is of some use to you in your continued investigations into the role veterinary corporations play in the profession.