

## **Consultation on Proposed Market Investigation Reference Veterinary Services for Household Pets in the UK**

### **Countryside Alliance Response**

The Countryside Alliance welcomes the opportunity to respond to this consultation on a proposed market investigation reference (MIR) covering veterinary services for household pets in the UK. We are a membership organisation with over a hundred thousand members and supporters, the majority of whom have pet animals and use veterinary services.

We support the findings of the market review and believe the consultation document has clearly identified the key areas requiring further investigation following the initial review and the accompanying call for information. As identified a MIR would enable the CMA to undertake more detailed research into the evidence and make recommendations accordingly.

We are concerned that the commercial pressures identified by the CMA in its initial consideration of veterinary services may have an effect on the advice veterinarians give in relation to interventions, treatments and procedures. This is an extremely sensitive area and we appreciate that the CMA cannot investigate matters of clinical judgement but a distorted/anti-competitive market may drive interventions that are of minimal benefit to an animal especially where they are old or in a terminal condition. Every intervention has both negative and positive animal welfare impact. As pet owners increasingly see animals as 'humanised' there is clearly a potential for commercial considerations to drive interventions that are marginal, or negative, in terms of overall animal welfare, especially at end of life.

There are two areas where we feel the CMA should extend its investigation.

1. The consultation does make reference to the insurance industry in terms of pet insurance and we wonder whether this is an area that requires further consideration in terms of the impact of insurance in driving up veterinary costs overall. The fact that faced with rising higher veterinary fees more people have pet insurance, can in turn mean that veterinary practices may be inclined to more expensive and extensive treatment knowing that the cost will be met from insurance. This is likely to drive up prices overall. While we appreciate that this is not the focus of the CMA's proposed MIR, we do think that without some proper consideration of this aspect of the market any report and recommendations will not be based on the fullest evidence.
2. The other aspect that we believe should be considered is the provision of veterinary services to non-commercial equines. The veterinary services for these pets are often provided by the same practice that provides care for those smaller animals in the home. The current scope of the proposal would suggest these pets would be excluded. We appreciate that there are veterinary practices that specialise in equine and other large animals in the context of racing, farming etc., and we do not want to extend the scope of any investigation unreasonably. However, we believe there is a case for including pets that are outside and not just cats, dogs and small animals within the home. At least knowing what percentage of the veterinary practices also deal with pet equines would help give some insight into the market impact in this area of veterinary practice as well. Rising costs have contributed to increasing abandonment of pet equines and we do not think including these in any MIR would be unduly complex.

In response to the specific questions posed we respond as follows:

- Do you consider that our analysis is correct with respect to the suspected features of concern in the supply of veterinary services and related services for household pets in the UK?

Yes – We agree.

- Whether consumers are given enough information to enable them to choose the best veterinary practice or the right treatment for their needs

We agree that consumers do not always receive the information to make a fully informed choice of both veterinary practice and treatment options for their needs.

- Whether concentrated local markets may be leading to weak competition in some areas.

We agree that the loss of independent practices and small chains being purchased by large companies have led to a loss of choice in some areas. We are particularly concerned that it is not always transparent who actually owns a practice. Similarly where referrals are made to businesses within the same ownership such as for diagnostics. We believe this can be misleading and does not enable the consumer to make a choice between providers.

- Whether large integrated groups may have incentives to act in ways which reduce choice and weaken competition.

As with any business, there is an inbuilt incentive to maximise profit. It is therefore clear that there is an incentive to reduce choice, weakening competition. Companies also incentivise those within the business to sell additional products and services and it is not always clear to the consumer that these are effectively internal referrals.

- Whether pet owners might be overpaying for medicines or prescriptions.

The consultation document and our own experience and anecdotal evidence would suggest that this is the case and that this is an area needing further investigation and regulation.

- Whether the regulatory framework remains fit for purpose.

It is clear from the consultation document that the existing legal framework, regulations and the role and powers of the RCVS do not take account of the rapidly changing veterinary market where a greater and greater number of practices are in fact owned and run by a handful of companies.

- Do you consider that our analysis is correct with respect to the reference test being met in relation to the supply of veterinary services and related services for household pets in the UK?

We agree with the analysis.

- Do you agree with our proposal to exercise our discretion to make a reference in relation to the supply of veterinary services for household pets in the UK?

We agree with the decision to make a reference in this case.

- Do you consider that the proposed scope of the reference, as set out in the draft Terms of Reference published alongside this document, would be sufficient to enable any adverse effect

on competition (or any resulting or likely detrimental effects on customers) caused by the features referred to above to be effectively and comprehensively remedied?

We believe the scope of the terms of reference is sufficient, subject to our opening observations regarding the impact of the growing market for pet insurance and pets that do not dwell in a household but are often treated by the same veterinary practices, in particular non-commercial pet equines.

- Do you have any views on our current thinking on the types of remedies that an MIR could consider? Are there other measures we should consider?

We are generally in agreement with some of the remedies being considered. However, we believe these should be considered following the further evidence and analysis of the MIR. One aspect that we do think should be a consideration is whether there should be the right in certain situations, especially more major clinical interventions, to a second opinion from another provider without additional cost. Similarly, better governance of prescribing practices could help with reducing the costs of repeat prescriptions and enable consumers to source medicines as cheaply as possible.

- Do you have any views on areas where we should undertake further analysis or gather further evidence as part of an MIR in relation to the supply of veterinary services for household pets in the UK? We would particularly welcome any specific evidence from respondents in support of their views.

As above – the impact of insurance and inclusion within the scope of equine veterinary provision in the pet sector.