

Competition and Markets Authority working paper on competition in the supply of veterinary medicines

1. We understand that the CMA has chosen to focus on veterinary medicines because it is concerned that competition may not be working well for pet owners. In particular, the CMA consider that the increase in average unit price for medicines at a retail level and the mark-ups set by First Opinion Practices (FOPs) suggest that there may be weak competition in relation to veterinary medicines.
2. Whilst we acknowledge the CMA's concerns regarding a potential lack of competition for supply of veterinary medicines to pet owners, and the need to support improved choice for consumers in this area, we are also concerned about the unforeseen consequences that reducing direct sales of veterinary medicines may have upon veterinary FOP businesses and their clients. These include:
 - Veterinary fees for consultations, diagnostic tests and/or surgery will undoubtedly have to increase to ensure that FOPs remain profitable. Whilst no longer having medicine sales compensating for undercharging on fees may be 'fairer' for some pet owners, for example those with pets on long-term medication, for others the overall cost of veterinary services will increase. This is unlikely to be an outcome consumers will be expecting from the CMA investigation and could impact negatively on animal welfare.
 - The impact of any changes on medication prescribing and supply are likely to be felt to a greater extent in small businesses and rural practices, where the scope for diversification of fee structures is more limited.
 - Consumers unable to access the full range of choices in supply of medicines, for example those in remote areas or with poor access to the internet, may be hit harder by any changes.
 - It is unclear if potential remedies such as mandatory maximum prescribing fees or decoupling of prescribing and dispensing would extend beyond medicines for household pets. To limit given methods of prescribing to certain species would be difficult and open to abuse, but to do otherwise would impact negatively upon other sectors, such as equine and livestock veterinary medicine. This requires careful consideration by the CMA and is of course outside the stated remit of the investigation.

Accessing and comparing prices for veterinary medicines and associated services

3. We recognise that the information made available to clients with regard to veterinary medicines varies significantly from practice to practice. FOPs may provide information, in the practice or on a website, on the most commonly prescribed veterinary medicines and may also provide information on associated fees such as vaccinations or prescriptions, but this information is not standardised, and we agree that this may make it challenging for pet owners to effectively compare prices or respond to the competitive offerings of alternative FOPs. We recognise that this means that FOPs may be able to set prices with little regard to competition, and this could result in pet owners paying more for veterinary medicines and associated fees.
4. BVA's guidance on transparency and client choice (2024) is clear that transparency around costs and the true value of veterinary care is key to giving clients choice and facilitating informed consent.¹ Additionally, transparency in relation to fees helps support the wider veterinary practice team, making it easier to discuss costs with clients. We know that many practices already display price lists, in the practice and/or on their websites, for their most frequently offered services. Although we consider that practices should be able to tailor price lists to display those services which are most relevant to

¹ <https://www.bva.co.uk/media/5766/bva-transparency-and-client-choice-guidance.pdf>

the client base, a vaccination or course of vaccinations is an example of a typical service where an FOP could reasonably make price information readily available to clients. We consider that such information should be available in a variety of formats to ensure the information is accessible to all clients, and should be displayed:

- Prominently in the reception area – both as a poster and as a leaflet for clients to take away.
 - In the window or in such a way that anyone passing by the practice can readily access the information.
 - Prominently on the practice website
5. Prominently displaying the fees most commonly associated with administering and dispensing medicines should be relatively simple for most FOPs to implement now and could also be introduced as a reasonable requirement of mandatory practice regulation in the future. It should always be made clear what these fees include, for example if a prescription fee is for one product only or several on the same script, and what is included in the dispensing fee such as label/bottle/syringes/physical dispensing. There should be no ambiguity that leads to further consumer confusion.
6. However, we would not wish to see a return to the requirement for practices to display a list of 'Top 10 medicines', one of the measures introduced following the Competition Commission investigation into veterinary medicine sales in 2005. The requirement was subsequently dropped in 2013 by the Office of Fair Trading in response to concerns regarding the variability in the way 'most commonly prescribed' was calculated (eg by price, volume, number of prescriptions) alongside the confusion which could be caused by different formulations, brands or pack sizes of the same active ingredient. Not only was this potentially misleading for consumers but was also time consuming for practices with no discernible benefits.

Awareness of options and barriers to using third-party retailers

Awareness

7. We recognise that a substantial proportion of pet owners are not aware they can purchase veterinary medicines from third-party retailers with a prescription, despite the CMA's acknowledgement that all the practices visited do display waiting room signage, and that lack of effective promotion may be one of the many factors that explain this. We note that the CMA's qualitative research indicates that individual vets do not always proactively offer prescriptions and are less likely to offer prescriptions for one-off medications than for on-going medications. In BVA's guidance on transparency and client choice we are clear that there should be a consistent approach which includes:
- proactively offering a prescription where clinically appropriate and providing clients with dispensing options.
 - clear communication regarding the cost of a written prescription, the reasons for the time period of the prescription, and any further charges for repeat prescriptions and associated further examinations.
 - a quote for the cost of purchasing the prescribed product directly from the prescribing practice.
 - signposting to the Veterinary Medicines Directorate (VMD) Accredited Retailer Scheme where appropriate.
8. We have previously suggested that a concerted communications campaign to ensure that all veterinary practices are aware of and acting on the related RCVS Code of Conduct guidance is needed². Whilst in some instances it may not be in the best interests of the animal to delay dispensing by going to an online retailer, greater awareness of the option to do so could provide

² <https://www.rcvs.org.uk/setting-standards/advice-and-guidance/code-of-professional-conduct-for-veterinary-surgeons/supporting-guidance/fair-trading-requirements/>

significant benefits to clients with pets suffering from chronic conditions which require long-term medication, as online pharmacies can often supply these medicines more cheaply due to lower overheads and the benefits of economies of scale.

9. We would however caution against any move towards complete decoupling of prescribing and dispensing, which could reduce prompt availability of veterinary medicines, as FOPs would stop stocking anything other than a few commonly used products. This would potentially compromise animal welfare, as well as making it difficult for some members of the public to access medications for their pets. Such a move could also lead to a greater consolidation of the market, including where large corporate groups acquire pharmacies, ultimately resulting in fewer choices for consumers and potential price increases over time due to reduced competition. The loss of medicine sales would additionally lead to FOPs increasing consultation and other fees, so any perceived benefit to clients would likely be lost and some clients would overall be affected negatively.

Fees for written prescriptions

10. We note the CMA's suggestion that the current levels of prescription fees may act as a barrier to pet owners purchasing veterinary medicines through third-party retailers. The RCVS Code is clear that vets may make a reasonable charge for written prescriptions, and we have previously provided evidence from the SPVS fees survey which found the average prescription fee to be around £18 in 2023.
11. As we have previously explained, when a client requests a prescription, the vet is required to take the time to check the animal is under their care, review the clinical notes, assess the clinical need for ongoing medication, check the dose, and only then if the vet is satisfied that medication is required can they issue the prescription. All of this takes time, and vets need to charge appropriately for their professional time and skill. The RCVS consider veterinary certification, of which a prescription is a form, to be one of the highest levels of professional responsibility³ and should not be taken lightly or undervalued. Prior to the 2001 Competition Commission review of dispensing, the professional time devoted to the process of prescribing was not given a clear value. The partial decoupling of the right to prescribe and the right to dispense has meant that veterinary practices, rightly and understandably, are now much more likely to charge properly for professional services (although many still do not), including the provision of a written prescription.
12. We do not support imposing a maximum charge for issuing a written prescription as this is likely to result in prescription fees becoming standardised, with most clients likely paying the maximum. This fails to take into account regional differences, and different business models, which could ultimately have a detrimental impact on those clients who are less able to afford veterinary care. If veterinary businesses feel the fee for a prescription does not cover the time and resources required to issue it, they will simply make up the deficit in other charges, such as increasing the basic consultation fee. Practices should clearly display their prescription fee such that it helps to inform decision-making for clients.

Own brand products

13. We note the CMA's suggestion that corporate 'Own Brand' versions of veterinary medicines may represent a barrier to pet owners purchasing medication from third-party retailers. Although Own Brand products may often be the appropriate product for the particular circumstances, we recognise that consumers may not realise they could obtain a product with the same active ingredient elsewhere. We consider that improved transparency about active ingredients, along with caveats associated with opting for alternative products, may support consumer choice.
14. Vets should always be free to exercise their professional clinical judgement, regardless of the type

³ <https://www.rcvs.org.uk/setting-standards/advice-and-guidance/code-of-professional-conduct-for-veterinary-surgeons/supporting-guidance/certification/>

of practice in which they work. When issuing a written prescription, vets can and should prescribe a licensed veterinary medicine by generic name and/or a specific trade name depending on the context and what is best for the animal and owner's circumstances. We would not wish to see prescribing flexibility removed as it would restrict professional clinical judgement and vets' freedom to cater to the preferences of their clients.

Repeatability

15. In our response to the CMA's Issues Statement, we raised significant concerns about the suggestion of requiring vets to provide prescriptions for extended time periods. We were clear that vets typically select the time period for a prescription based on several factors, including the specific medical needs and condition of the animal, the nature of the illness or injury, stability of the condition, and anticipated response to treatment, as well as taking into consideration the availability and shelf-life of the medicine being prescribed. Mandating longer prescription periods without allowing vets to exercise their clinical judgement and allowing for regular clinical evaluations could pose a serious threat to animal welfare. We were also clear that there is a real danger that prescribed medication could be continued inappropriately without timely clinical check-ups, leading to potential issues such as the development of resistance to medications, unmonitored side effects, or the progression of health conditions. Furthermore, animal owners frequently misunderstand the need for repeat examinations and may be focused disproportionately on cost, which can result in them prioritising savings over necessary ongoing veterinary care. Additionally for some drugs, such as controlled drugs, there are controls in place to limit the amount prescribed at one time for reasons of human safety.
16. Although we accept that the length of a prescription could be a contributing factor to the barriers faced by pet owners when choosing to purchase medication from third-party retailers, we welcome the CMA's assessment that the evidence is inconsistent that the length of treatment in written prescriptions has been reduced to increase the need to purchase prescriptions. We welcome the CMA's emerging view that prescription length is not a barrier to using third-party retailers and strongly support vets being able to retain their professional autonomy in matters of responsible prescribing and dispensing.

Injectables

17. We note the CMA's intention to further investigate the suggestion that prescribing injectables could represent a means of disincentivising purchase from a third-party retailer.
18. Vets are required by the RCVS Code to prescribe responsibly and with due regard to the health and welfare of the animal. The CMA's qualitative research found that vets consider different formats of medications when prescribing, discussing their respective prices and benefits or drawbacks with pet owners, and make recommendations based on circumstances of the pet owner or pet. This is contextualised care. Many owners find it difficult to administer oral medications to their animals. Where suitable injectable medications exist owners often chose to take up this treatment option for the reassurance that their pet is receiving appropriate ongoing treatment. This is how contextualised care works; the vet gives the owner a range of treatment options and the owner makes a choice that suits their needs and context. In some cases, clients with pets on long-term treatment may become accustomed and more proficient in technique by using injectables frequently, although safety aspects must also be considered (eg where a product may be toxic to humans in the event of accidental needlestick).
19. Although we accept that veterinary businesses as commercial entities may have a commercial incentive to prescribe medications that pet owners cannot, or would prefer not to, administer to their pets themselves such as injectables, the RCVS Code prohibits individual vets, from making decisions based on commercial incentives. The introduction of mandatory practice regulation could help address this tension, where it exists.

Negotiating power

20. We note the assertion in the working paper that the ability of some FOPs and some third-party retailers to negotiate lower purchase costs than others, where these lower purchase costs reflect efficiencies of certain business models (such as a greater volume of sales or a wider scope of their activities), is not in itself a feature of the market that would adversely impact competition. We also note the emerging view that there are no significant barriers to smaller vet businesses increasing their negotiating strength with wholesalers and manufacturers, on the basis that buying groups appear to be a relatively effective way to achieve a negotiating strength broadly similar to large corporate groups. A fixed fee or percentage fee may have to be paid to achieve the negotiating position.
21. Although veterinary wholesalers are required to supply vets and pharmacies on the same terms for the same volumes, we have previously heard concerns that some online pharmacies sell medicines at prices lower than the prices available to independent practices via the wholesale channel. Despite the assertions of the CMA that independent FOPs are not unreasonably disadvantaged, this is not the viewpoint of some of our members. We would support further investigation as to the reasons why some FOPs and third-party retailers do not or cannot join buying groups with Preferred Products or, in some cases, decide not to join a buying group at all.

March 2025