P-06-1291 Hold an enquiry into the corporate takeover of the veterinary profession in Wales, Correspondence – CatsMatter to Committee, 23.09.22

Why the corporate take over of veterinary practices is bad for animals and their owners

By CatsMatter

The rule changes in 1999 allowed the non-vet ownership of veterinary practices. It was a move that triggered exponential growth in corporate ownership. This was an opportunity of course, but a financially beneficial opportunity, not an opportunity to maintain or grow animal welfare standards.

While independent veterinary practices accounted for 89% of the UK industry in 2013, this share had fallen to less than half (45%) by 2021, primarily because of independent practices being bought by corporate groups. Less than half of the practices in the UK are now independently owned after practices have sold to corporate giants. Corporates have a variety of business structures and 'reward' the owners for selling up, but ultimately end up controlling the practices pricing, hours worked and targets. Reportedly, some practices had been approached almost monthly with a buyout offer. It's reported that they are made offers that they simply could not refuse and are paid very handsomely. Well beyond what would be affordable or sensible for younger vets within the practice to buy into. The business model is usually a roll-up model, where a medium-sized corporate buys up practices across the country with the aim of eventually selling them on to a bigger company at a higher price after having hit.

Corporates outsize influence on many parts of the veterinary economy, which is impacting the profession in many ways. At least half of the groups owning more than 15 practices have private-equity firm (PE) investment, money from funds and investors that are used to directly invest or buyout companies. These individuals or investors have money they want to grow, but are looking for an alternative to stocks, bonds, real estate, etc. PE firms have a short-term horizon and are often looking to buy businesses, improve them with investments in needed equipment, improve their operations, and increase their net profit margin. The goal is to maximize the return on that initial investment so that they can re-sell the business for a profit within 5 to 7 years. I wish to remind you here that we are not talking about stock markets, we are talking about veterinary practices that deal with the lives and wellbeing of sentient beings. Not to mention their owners, who are often innocently unaware of who owns the practice.

Because private equity exists specifically to maximize return on investment, it is clear how there would be a conflict between patients' best interest and profit margin. To maximise return to investors, this can be achieved either by paying less per person or having fewer employees, among cost saving on pharmaceuticals or equipment, and of course higher prices for the pet owner. A study presented at the International Veterinary Emergency and Critical Care Symposium (IVECCS) demonstrated a direct link between increasing adverse events and a lower number of veterinary technicians in intensive care units (ICUs). Highlighting how this is now affecting patient care. What we are witnessing now is much higher prices for much lower quality services. This should not be accepted in the veterinary sector when animals' wellbeing and lives are at stake, and people are forced to make heart breaking decisions due to struggling with the untimely extortionate financial burden placed on them. People are not attempting to pay for a new TV or latest iPhone, they are faced with impossible costs to save the lives of their beloved companions who are family to them. In some cases, all that person has. We are an organisation that deals with road traffic accidents involving cats, and we have seen first-hand the severe deterioration of mental wellbeing in people that have been directly affected by this, either through extortionate out of hours costs, or fees people are just not able to pay. We have known cats to be euthanised with very minor cuts and bruises following a road accident also because no microchip could be located. No microchip means no one locatable to pay for veterinary services. Euthanasia is perhaps an easy and more financially beneficial option for some over pain relief and/or treatment. This now profit driven business is costing animals their lives unnecessarily and causing distress among veterinarians who got into that line of work simply to help the animals they love. Intervention and meaningful action must be taken now before the opportunity is lost and the section irreparably damaged.