12 Views of pharmacists

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Introduction

12.1. The RPSGB and the NPA each submitted written evidence and jointly attended a hearing. The NPA also spoke at the public hearing on 26 April 2002. Both submitted responses to our statement of provisional conclusions and hypothetical remedies of 17 September 2002. Evidence was also received from the Pharmaceutical Society of Northern Ireland, a group of Northern Ireland pharmacists, Veterinary Drugs to Go Ltd, Jobsons, Wellington, Laycock’s, Davidsons, R M Jones, Hyperdrug, Brian G Spencer Ltd, and Mr John Verrall.

Royal Pharmaceutical Society of Great Britain and National Pharmaceutical Association

RPSGB: general submission

12.2. The RPSGB explained that it was the professional and regulatory body for some 44,000 registered pharmacists. All practising pharmacists were required by law to be registered with it. It acted in the public interest and regulated both pharmacy premises and individual pharmacists’ professional performance. It emphasized that in the case of the pharmacy profession, the sale and supply of medicines (both human and veterinary) could only be made from registered premises where a pharmacist was present at all times.

12.3. The RPSGB Veterinary Pharmacists Group (VPG), set up in 1965, was open only to individual pharmacists registered with the RPSGB who either worked, or had an active interest, in the field of veterinary medicines. Its membership was 1,300 (September 2002). Members were kept informed on new developments and issues four times a year through an insert in the RPSGB weekly, Pharmaceutical Journal. The VPG organized conferences and meetings, was represented on relevant government and EC committees and groups and provided advice to various governmental, EC and professional bodies. The RPSGB said that veterinary pharmacists played an important role in the promotion of animal health and in the understanding of zoonoses. In its view, the skill and knowledge of the VPG had been underused, due in part to the prescribing and dispensing arrangements currently in place for veterinary medicine.

Pharmacists’ training

12.4. According to the RPSGB, the knowledge and understanding gained by pharmacy graduates were applicable to both human and animal medicines. Pharmacy degree courses covered all aspects of medicines, including pharmacology, pharmaceuticals, pharmacodynamics, pharmacokinetics, posology, therapeutics and relatively significant drug interactions. Pharmacists who entered specialist areas of practice received top-up training. Every pharmacist registered with the RPSGB was qualified and legally entitled to dispense prescriptions written by a veterinary surgeon, although the RPSGB recognized that pharmacists were required by their Code of Ethics to undertake only work that they felt competent to handle. All registered pharmacists were also required to undertake CPD throughout their careers to enhance their skills, and the RPSGB acknowledged that for certain types of veterinary dispensing further training might be appropriate, for example where advice on administration of the medication was needed, or advice on a particular species of animal was needed. (The RPSGB said that, whilst most POMs for veterinary use were dispensed by veterinary surgeons, there was no requirement for them or their staff to have training in dispensing procedures; any training would have been undertaken on a voluntary basis.)

12.5. Specific CPD training in veterinary medicines was available through a Diploma in Agricultural and Veterinary Medicines administered by the RPSGB. It was available only to qualified pharmacists but the Diploma was under review and consideration was being given to allowing entry to other allied professions, such as the veterinary profession. Prior to the review, the diploma course had lasted one year and comprised two one-week residential courses, a research project, practical experience, written examinations and an oral examination. The course involved four modules: a foundation module; a large-animal module; a companion-animal module; and a crop protection module. A candidate was required to be successful in three of the four modules to qualify for the diploma. There were approximately 100 UK holders of the diploma, plus several overseas students.

12.6. The RPSGB said that Queen’s University, Belfast, had run a distance-learning certificate in pet medicines in the late 1990s. Several hundred pharmacists had taken advantage of this opportunity. The
NPA had recently produced a resource pack for pharmacists wishing to become involved in selling pet medicines and was working on training material for pharmacy assistants.

**Level of activity**

12.7. Some 10 per cent of the approximately 12,000 community pharmacies in Great Britain were active in the sale of pet medicines. There were about ten or twelve specialist food-chain or large-animal veterinary pharmacies in the UK as a whole. (See also paragraphs 12.22 to 12.34). A significant number of main livestock distributor outlets were pharmacy-based businesses, even though less than 1 per cent of veterinary medicines were classified as pharmacy only. The RPSGB maintained that every community pharmacy had the potential to become a veterinary pharmacy, and each had the capability of providing the public with a knowledgeable and professional service.

12.8. The RPSGB pointed to factors that inhibited pharmacists from becoming more involved in the sale of veterinary medicines. Whilst specialist veterinary pharmacists, particularly in large-animal practices, had remained a relatively small but highly-motivated group within the profession, there had been little incentive to become involved in this area of practice. Few veterinary prescriptions were presented to pharmacists, and it had been difficult to obtain supplies of both prescription and non-prescription medicines. It was suspected that suppliers did not want to jeopardize the relationships they enjoyed with the veterinary profession.

12.9. The RPSGB said that the difficulties experienced by pharmacies in obtaining supplies of veterinary medicines amounted to a barrier to entry. There was circumstantial evidence of collusion between manufacturers and wholesalers in refusing to supply medicines, and it alleged that both were guilty of a restrictive practice in this respect. It acknowledged, however, that hard evidence would be difficult to obtain.

12.10. The RPSGB said that there were ongoing trials in one or two pharmacy chains in an effort to increase interest and turnover in animal medicine dispensing through pharmacies. Early indications were that some had been successful. Demand appeared to be rising steeply, but pharmacies were frustrated by a lack of prescriptions being presented.

**Benefits of pharmacists**

12.11. The RPSGB maintained that the same high standards that applied to dispensing human medicines would be observed when dispensing veterinary medicines. The pet owner would also receive further information and clarification when a medicine was handed over. Pharmacists could inform customers of the probable cost of the prescription presented, and could recommend and sell appropriate primary treatment for apparently minor ailments, but they would be professionally irresponsible if they failed to identify a less obvious but related condition and did not in these circumstances make a recommendation to consult a veterinary surgeon.

12.12. The RPSGB emphasized that the pharmacist had experience and skill in the management of medicines, and that medicines required safe and proper handling for the delivery of prescribed clinical benefits, the welfare of the animal, the owner and, as appropriate, protection of the food chain. It suggested that the involvement of a pharmacist at the point of supply increased the possibility of a better understanding by the owner. Subsequent follow-up could help prevent unwise, incorrect or indiscriminate use of medicines, particularly in farm animals.

12.13. When the cascade allowed it, the RPSGB said, pharmacists might advise veterinary surgeons on appropriate human medicines, and give information and advice on treatments.

12.14. The RPSGB maintained that dispensing by pharmacists could bring further benefits to customers, especially those with impaired mobility; many pharmacies already offered a prescription collection and delivery service which could be extended to include animal owners, even outside urban areas.
The RPSGB’s objective

12.15. While recognizing the potentially large commercial benefits to its members, the RPSGB’s objective in seeking changes in the supply of POMs was threefold. It sought (a) to encourage a separation of the veterinary service element from the medicinal product element; (b) to provide the customer with an opportunity to compare the cost of medicines, and to have a wider choice; and (c) to encourage further reclassification of some medicines so that they were more readily available OTC.

12.16. The RPSGB argued that the separation of prescribing and dispensing functions provided an important safeguard against human error, by allowing a second professional to apply further professional knowledge on treatment and medication before the medicine was supplied. Such a separation also removed what the RPSGB called ‘perverse incentives’, which had to be considered in a situation where one professional both prescribed and dispensed. An RPSGB survey of drugs prescribed in general medical practice in England during 1997/98 had found that the average net ingredient cost per patient was £78 in non-dispensing practices compared with £118 in dispensing practices.

12.17. The RPSGB believed there ought to be more freedom of choice for the animal owner, and more competitive charges for prescribed medicines. It suggested that increased use of community pharmacies for dispensing veterinary prescriptions would give animal owners greater choice. It said that the cost of veterinary medicines in Great Britain was higher than in many other countries. This had led to significant black market trading. Both veterinary and pharmacy professions were concerned about illegal imports of veterinary medicines. Uncontrolled distribution of these products had resulted in failure to maintain records, with a consequential adverse effect on audit trails. The RPSGB was particularly concerned about the effects on food animals and public health. The market would be opened up to more competitive pricing if veterinary medicines were to be supplied by pharmacists, possibly including Internet pharmacies in the future.

12.18. The RPSGB considered that some medicines, currently classified as POMs, could, with safety, be reclassified and dispensed directly at retail pharmacies. It acknowledged that some POM products, requiring administration by a veterinary surgeon, should remain classified as such. However, it believed others could be safely reclassified from the POM to the P category to the benefit of both animal and owner, for example some products used as prophylactic treatments, ectoparasiticides and/or some products administered to entire herds or flocks. In the RPSGB’s view, the pharmacist’s training and experience enabled him/her to advise farmers and animal owners on the precautions necessary when administering and storing these medicines. Furthermore, medicines would remain under the control of a professional, trained to ensure correct conditions for procurement, supply and advice; pharmacists were already prepared for maintaining records on medicines dispensed to humans, and these systems could be readily adapted for use with animals, so as to provide an effective medicine audit trail.

12.19. The RPSGB perceived benefits in the POM(E) category of medicines established in the Republic of Ireland. This classification had ensured tight control and regulation, and both veterinary and pharmacy professions had accepted responsibility for enforcement. The category had required no specific diagnosis by a veterinary surgeon: and only a pharmacist or veterinary surgeon, in person, could supply the product. Retrospective authorization was not acceptable.

Conclusion

12.20. The RPSGB noted that it had been argued that a transfer from veterinary to pharmacy dispensing would lead either to veterinary surgeons going out of business or to the pricing of veterinary services at levels beyond the reach of the general public. However, similar fears had been raised when pharmacies sought to establish themselves in areas served by dispensing doctors, but these fears had proved to be unfounded, and the community had often benefited from a wider range of complementary services. It expected that the establishment of pharmacies, dispensing veterinary medicines close to veterinary practices, would bring similar benefits to the animal community.

12.21. The RPSGB concluded that an increase in dispensing of veterinary medicines through pharmacies could bring real benefits to animals and their owners. Dispensing services would be widely accessible through the existing network of community pharmacies and professional advice and information would be readily available. There would be increased choice and professionally supervised supply for the consumer. Following appropriate reclassification of products, owners would be able to
access a wider range of non-prescription animal medicines and receive professional advice through pharmacies. Most importantly, pharmacists and veterinary surgeons would be able to use their skills to the best effect by providing professional services to animals and their owners. Pharmacists could help build better communications links with farmers and members of the public on health matters, and create an interface between human and animal health issues. Veterinary surgeons would be able to spend more time on core areas of professional expertise, such as diagnosis and treatment of animal conditions, and would be able to cut their costs of stocking and prescribing medicines. Closer links between veterinary surgeons and pharmacists could ensure that health messages were more actively reinforced and common problems resolved through a multi-disciplinary approach.

NPA: general submission

12.22. The NPA had established itself as a separate body, distinct from the RSPGB, in 1921. It championed the interests of community pharmacists, or retail chemists, rather than those who worked in hospitals or in industry. All pharmacists were members of the RPSGB; the NPA comprised the owners of businesses, classed as community pharmacies, as against the individuals who worked in them.

12.23. The NPA explained that there were about 5,000 owners of community pharmacies in the UK, between them owning some 12,500 shops. Almost all owners (nearly 11,000 outlets) were in voluntary membership of the NPA. These comprised about 3,500 pharmacies owned by several supermarket chains and large pharmacy groups, including Lloyds and Moss (but not Boots), the 40 owners of regional chains, representing 1,000 outlets, and the 4,500 pharmacists, mostly owning fewer than five shops each.

12.24. Endorsing the evidence provided by the RPSGB, the NPA said that pharmacists were academically and professionally qualified; they were registered by law and regulated by a professional body under a Royal Charter. Their premises were similarly registered and were inspected by law officers. They had a duty under their Code of Ethics to ensure that they practised only in circumstances where they were competent to do so. Their basic training ensured that they had the scientific knowledge to deal with a variety of veterinary situations and—more important in the NPA’s view—to know when to refer.

12.25. The NPA argued that pharmacies were convenient, widely distributed and accessible (both in locality and in opening hours), providing services within local communities for personal needs and healthcare throughout the UK. About 90 per cent of their business was medicine-related. The NPA believed there was scope for pharmacists to extend their community role into the field of animal health, with which they were well able to deal, particularly by dispensing prescriptions for POMs and handling requests for medications classified less severely.

12.26. The NPA saw three key barriers in the way of pharmacies meeting the needs of consumers:

(a) Few prescriptions left the veterinary surgery and were expensive when they were issued.

(b) Pharmacies found it difficult to obtain supplies of veterinary POMs and efficacious non-prescription veterinary products.

(c) Manufacturers alone made decisions on the availability of a drug; the incidence of reclassification from POM to P or PML was rare.

Prescriptions

12.27. The NPA believed that current practice had created a virtual monopoly situation among veterinary surgeons, which had operated against the public interest. Legislation had provided that the normal chain of supply of medicines should be through pharmacies. In the event, most were dispensed in veterinary practices by veterinary nurses or reception staff with minimal training. Consumers, on the whole, were unaware of the choice open to them regarding the dispensing of animal medicines. They had accepted practices whereby prescriptions, as such, were not offered to animal owners. Medicines were being supplied in the course of consultations, with the costs of both rolled into one non-itemized bill. The NPA had anecdotal evidence of hostility towards consumers who had asked for separate prescriptions and of charges of up to £10 for these.
12.28. The NPA argued that legislation should require veterinary surgeons to issue prescriptions for medicines, which might be dispensed at a pharmaceutical outlet of the consumer’s choice; life-threatening or other emergency situations could be excepted (ie the veterinary surgeon would still dispense anaesthetics, injected pain-relief agents or other drugs and oral and topical treatments for immediate use). It suggested that the profession should follow the optometry model, and that consumers should be advised of the choice open to them in arranging for the dispensing of prescriptions. The financial benefits to the consumer, however, would be lost if veterinary surgeons were permitted to charge high fees for prescribing in this way. The NPA was not averse to veterinary surgeons charging fees for writing either new or repeat prescriptions; administrative costs had to be covered. The nature of any charge had, however, in its view, to be transparent; visible costs should not be hidden in, for example, consultation fees, thus giving an impression of less expense.

12.29. Legislation to ensure that the consumer was protected through competition had prevented the NPA from issuing guidelines for dispensing fees for private prescriptions. Customers were locked into their veterinary surgeons and therefore unable to compare prices with pharmacies before choosing a source for dispensing.

Supply from wholesalers and manufacturers

12.30. The NPA agreed that there were problems surrounding the distribution and supply of veterinary medicines. Current demand and, consequently, stockholding were low. Wholesalers were reluctant to offer the limited supplies sought; and specialist veterinary wholesalers had frequently refused to set up accounts with pharmacists unless a minimum volume of business was guaranteed. One-off items, required to fulfil prescriptions, had also been refused. In addition, it suggested that suppliers had been reluctant to deal with pharmacies for fear of upsetting existing commercial relationships with local veterinary practices. As a result, even if veterinary surgeons were to issue prescriptions for veterinary POMs, it was unlikely that a pharmacy could obtain the stock so as to dispense it. Consumer choice had been constrained.

Reclassification of drugs

12.31. The NPA said that, since 1991, there had been an increase in the number of medicines for human consumption being reclassified as P products and pharmacists had handled sales safely and appropriately to the benefit of the consumer. There had been no similar change to the classification of veterinary medicines. It suggested that, since proposals for change must come from manufacturers, they had been reluctant to do so because they feared upsetting veterinary surgeons and possibly driving them to prescribe medicines from alternative manufacturers. The NPA added that, since manufacturers did not advertise or distribute veterinary medicines outside of veterinary surgeries, the market for OTC animal medicines was small. In the NPA’s view, since animals, like humans, suffered from minor ailments, it was anomalous that OTC veterinary preparations had not been made available and that, even in these circumstances, a veterinary prescription was required.

12.32. The NPA said that many medicines had remained classified as prescription-only solely for commercial reasons, even though there were no concerns over safety or inappropriate use. It gave the example of preparations for ectoparasites in cats and dogs. Many had been classified as P medicines in other EC countries. The NPA believed that extending the number of veterinary medicines available to buy OTC without a prescription would lead to more choice and more price competition, which would ultimately benefit the consumer. It was the NPA’s contention that there was an unjustifiable and over-protective legislation maintaining a restrictive relationship between the current stakeholders in the provision of drug-related healthcare for animals, and discouraging the removal of costs to the benefit of the consumer.

Pet insurance

12.33. The NPA had recently become aware that pet insurers were indirectly influencing the behaviour of animal owners. Whilst the insurer would cover the costs of veterinary consultations and drug supply, it would not pay those for prescriptions dispensed at a pharmacy. In circumstances where the veterinary surgeon was unable to supply a particular medicine, which had to be dispensed at a
pharmacy, the veterinary surgeon, nevertheless, had to countersign the claim, verifying the cost of a medicine he or she had not supplied.

Prospects for veterinary medicine sales

12.34. The NPA said that about 750 community pharmacies currently sold OTC veterinary medicines. (This was in addition to sales by specialist veterinary pharmacies.) Estimated annual sales were £2.5 million at manufacturers’ list prices. The NPA said that the greatest potential for growth lay in getting into the PML and POM markets for wormers and flea treatments for companion animals. Total sales for the top eight products in these two main sectors were about £66 million a year. The opportunities for pharmacists to win significant shares of this market would be enhanced if changes were made to the classification of some products, particularly the reclassification of POMs, to the rules for prescription-writing by veterinary surgeons, and to the supply of products to pharmacies by manufacturers and wholesalers. The NPA said that conservative estimates of the effects of such changes might allow pharmacies to take some 10 per cent of the targeted £66 million market, i.e. £6.6 million a year at manufacturers’ list prices. On the assumption that the number of pharmacies dealing in pet medicines would increase from 750 to 1,350 (a conservative assumption, amounting to about 10 per cent of the total), each of them would handle, on average, £5,000 worth of veterinary medicines a year at manufacturers’ list prices. This would represent, according to the NPA’s calculations of gross margins and a tendency toward more competitive retail pricing, a gross profit of about £1,500 a year.

Joint PPSGB/NPA evidence

12.35. Both organizations spoke about possible changes to the method of receiving prescriptions, in particular through electronic transmission (ETP). Pharmacies were gearing themselves to take ETP for human medicines, and expected this approach to be commonplace by 2004. The technology existed and there would be no difference in the handling procedure. ETP would not improve the process, but provide the facility of a one-stop shop. For prescriptions for prophylactic treatments and continuing treatments for chronic conditions, convenience played a major part. However, the two organizations believed that one-stop shops based at veterinary practices were likely to be more expensive than those at pharmacies. A growth in the awareness of the higher costs of medicines dispensed at veterinary practices, especially among the dog-breeding community, had already led to increased demand for pharmacy dispensing.

12.36. The RPSGB and the NPA claimed that pricing by veterinary surgeons had been non-transparent. It was frequently all-inclusive, so that it had not been possible separately to identify actual costs of individual items. Pharmacy, as a whole, would make a minimum charge for dispensing, and would not charge proportionate to the cost of the medicine. Pharmacies recognized that customers already compared the costs of dispensing private prescriptions, and that they needed to be competitive to remain in the marketplace. Both organizations dismissed the argument that veterinary surgeons required margins on the costs of medicines so as to cover consultation costs. Whilst accepting that direct comparisons were difficult, both maintained that medicines and service fees elsewhere in Europe tended to be less expensive.

12.37. The RPSGB and the NPA emphasized that professional pharmacists were employed in veterinary pharmacies and that it was they who provided medicines management services both within veterinary practices and elsewhere. To engage veterinary surgeons in other than the diagnosis and treatment of animal illness was not necessarily the best use of their skills. In addition, pharmacists had contributed to the provision of advice on the treatment of some aspects of animal healthcare, for example worming, which did not require access to a veterinary surgeon. Medicines for this and similar purposes were readily available off-the-shelf at pharmacies. Nor was it necessary, in many circumstances, for the animal to be seen by the pharmacist. As with humans, there were many conditions where reliance on the carer to describe symptoms was sufficient to recommend a treatment. In essence the pharmacy role complemented that of the veterinary surgeon, and enhanced an understanding, by the owner, of the use of medicines. It could be, in effect, a partnership.

12.38. The RPSGB and the NPA said that pharmacists had made business decisions not to hold significant stocks of veterinary medicines because current demand had not been encouraging. Given a guarantee of more prescriptions, they would invest in wider stocks of medicines. Supply should not present a problem because the chain of supply for veterinary stocks was not dissimilar to that for human
medicines. Similarly, maintenance of records and traceability of products were already built into the pharmaceutical system. It was inconceivable that veterinary records could not be readily absorbed into pharmacies’ computer systems.

**RPSGB: response to statement of 17 September**

12.39. In response to our statement of 17 September, the RPSGB made the following points relating to hypothetical remedies.

12.40. **Paragraph 24(a): Possible remedies to reduce barriers to obtaining prescriptions.** The RPSGB believed it would be likely to be difficult to implement a requirement for veterinary surgeons to provide prescriptions for POMs upon request, since many animal owners would feel uncomfortable making such a request and would probably refrain from doing so. It supported points 24(a)(v), (vii), (viii), (ix) and (xi), requiring:

- veterinary surgeons recommending the use of POMs to provide prescriptions in every case, other than for POMs used in emergency treatment, for treatment during surgical procedures or for the use of anaesthetics;
- veterinary surgeons to state on all prescriptions issued for POMs that the prescribed items may be dispensed by pharmacies;
- veterinary surgeons providing prescriptions to charge no more for issuing such prescriptions than properly reflects the incremental cost to themselves in preparing these; and
- veterinary surgeons recommending the use of POMs to state when the animal will need further examination and, where the animal requires repeat prescriptions prior to that date, to charge no more for issuing such prescriptions than properly reflects the incremental cost to themselves for preparing these.

12.41. On **paragraph 24(c)—possible remedies to reduce barriers to pharmacies competing with veterinary surgeons in the dispensing of POMs**—the RPSGB fully supported the proposals 24c(i) and (ii) that require manufacturers and wholesalers that supply POMs in the UK, to supply pharmacies, and on terms that enable the latter to compete with veterinary surgeons. It also believed it reasonable to require veterinary surgeons to write prescriptions that enabled those dispensing such prescriptions to supply alternatives to the brand specified, provided that the products were authorized veterinary medicines (24(c)(iv)). However, the RPSGB suggested that such a requirement should only be implemented if such prescriptions were suitably endorsed and that the veterinary surgeon and the pharmacist were required to liaise upon such matters, thus ensuring the maintenance of high standards, together with the efficacy and safety of the treatment. It did not support the suggestion that veterinary surgeons should be compelled to display the contact details of the nearest pharmacy supplying veterinary medicines, but believed they should be permitted to do so, if they wished.

12.42. **Paragraph 25.** The RPSGB agreed with the suggestion that manufacturers should be prohibited from operating rebate schemes in which the level of rebates given on purchases of cat and dog vaccines was based upon, or substantially influenced by, the combined purchases of those vaccines.

12.43. On regulatory recommendations put forward in the statement of 17 September, the RPSGB took the positions below.

12.44. **Paragraph 29(i).** The RPSGB agreed in principle with the idea that all categories of veterinary medicines should have access to the centralized procedure, but it submitted the reservation that one major weakness associated with the current centralized procedure was that there was no multidisciplinary debate and it was its view that the centralized procedure should include such a process (as applied in the case of UK national applications, which were subject to multidisciplinary discussion in the VPC, so that all aspects of safety, quality, efficacy and environmental issues were considered together, rather than in isolation).

12.45. **Paragraph 31.** The RPSGB supported the recommendation to legitimize cross-border trading between member states, without the need for any further MA of a product that had already been through
the decentralized procedure. It also supported the proposal to remove the barriers to labelling such products in the appropriate language.

12.46. Paragraph 33. The RPSGB supported Recommendation (3)—relating to amending the remits of the VPC and the VMD to preclude their taking into consideration manufacturers’ views on classification when seeking MAs—but added that, whilst it was possible that some manufacturers might attempt to retain a POM classification for purely commercial reasons, they nevertheless possessed the greatest understanding of the technical efficacies of the product, and their views on these matters would need to be taken into account by the VMD and the VPC. The RPSGB supported Recommendation (4)—automatic review of classifications—and (5)—the VPC and the VMD to take account of general animal welfare.

12.47. Paragraph 34. In recognition of the effective and safe animal medicines distribution system within the UK, the RPSGB agreed that the UK Government should vigorously oppose the EC’s proposal that all veterinary medicines for food animals should be classified as POM.

12.48. Paragraph 35. The RPSGB agreed that the procedure through which an MA was given should have no bearing on the scope of member states’ freedom to control channels of distribution and supply of veterinary medicines.

12.49. Paragraph 37(9). The RPSGB was seriously concerned about the suggestion that agricultural merchants might be given the right to dispense all classifications of medicines, given their extremely limited training. It would also weaken the case for the recommendation (paragraph 34(6)) that the UK should oppose the EC’s proposal that all veterinary medicines for food-animal species should be classified POM.

12.50. Paragraph 38. The RPSGB was also concerned about paragraph 38(10), relating to redefining the categories of business permitted to sell PMLs so that any business may do so subject to appropriate registration and the authorization of each sale by an SQP. It said that the term ‘authorization’ in this context was ambiguous; in the extreme, it could mean retrospective authorization, which the RPSGB was against as it would result not only in loss of control but also a failure to provide advice and information on the medicine at the point of supply. It believed that all sales of controlled medicines (POM, P, PML) should be under the direct supervision of a person holding the relevant qualification. It supported in principle the recommendations in paragraph 38(11), (12)—on SQP training and the extension of the PML concept—subject to further clarification.

12.51. Paragraph 39. The RPSGB supported Recommendations (13) (making MAs permanent) and (14) (minimizing delays in product commercialization). It supported in principle Recommendations (15) (submission of dossiers for MAs in stages) and (16) (commercialization before completion of efficacy testing) but had the following concerns: it considered it inappropriate that applicants for MAs should be told precisely how to perform trials and tests; Recommendation (16) might not adequately safeguard existing MA holders from competition and commercial damage by products not yet proven; there was a pre-existing problem of unlicensed (and therefore unproven) products competing with licensed products, which was undermining the licensing process and deterring R&D of new products.

12.52. Paragraph 40—The cascade. The RPSGB agreed with the need to relax the current restrictions associated with the cascade process and agreed in principle with the recommendations set out in paragraph 40, but argued also for the extension of the cascade principle to pharmacists to dispense a limited range of medicines licensed for human conditions. It maintained that this would alleviate animal suffering, since pharmacists were often the first port of call for owners of animals suffering from minor, self-limiting conditions that did not require a precise prior diagnosis.

12.53. Paragraph 41(20). The RPSGB was concerned about the proposal to allow veterinary surgeons to dispense prescriptions written by other veterinary surgeons. Emphasizing that pharmacists were the only professionals specifically educated and trained to perform the dispensing function, the RPSGB noted that the classification of medicines in Great Britain separated medicinal products into two main categories: those that could be supplied with reasonable safety without the supervision of a pharmacist, and those that could be supplied safely only by, or under the supervision of, a pharmacist. The primary recognition of safety in the Medicines Act was subjected to a limited dispensing exemption for health professionals treating their own patients. Parliament clearly determined this to be the safest compromise and any amendment to this restriction would require careful consideration and consultation.
NPA: response to statement of 17 September

12.54. The NPA, in response to our statement of 17 September, in general supported the provisional conclusions. It suggested that the phrase ‘obtain animal medicines’ might helpfully be substituted throughout the text for ‘obtaining POMs’ since the public had little interest in the precise legal classification of prescribed medicines.

12.55. Of the hypothetical remedies aimed at reducing barriers to obtaining prescriptions, the NPA supported Remedies (a)(i) and (iii):

(i) A requirement to display signs in veterinary surgeries advising clients of the availability of prescriptions to enable them to obtain POMs from pharmacies if they wish.

(ii) A requirement for veterinary surgeons to advise clients, immediately prior to any dispensing of POMs, other than POMs that need to be used immediately, of the availability of prescriptions to enable them to obtain POMs from pharmacies.

12.56. The NPA suggested that the above remedies should be developed together with the other remedies directed at obtaining prescriptions, with the exception of the following four remedies, which it considered would unreasonably fetter veterinary surgeons in their day-to-day practice:

(v) veterinary surgeons recommending the use of POMs to provide prescriptions in every case other than for POMs used in emergency treatment, for treatments during surgical procedures or for the use of anaesthetics;

(ix) veterinary surgeons providing prescriptions to do so at no additional charge to the client beyond that of consultation;

(x) veterinary surgeons to display signs stating their frequency of examination of animals requiring repeat prescriptions and on the fees charged for such prescriptions;

(xii) veterinary surgeons recommending the use of POMs to state when the animal will need further examination and, where the animal requires repeat prescriptions prior to that date, to provide these at no further cost to the client on request.

12.57. The NPA supported all the hypothetical remedies to improve price transparency with the exception of (iv): veterinary surgeons when quoting the price at which they will dispense any POM also to state the cost of that POM to themselves.

12.58. It supported all the remedies to reduce competitive barriers between veterinary surgeons and pharmacies with the exception of Remedy (iii)—veterinary surgeons to display the name, postal address, telephone number and web-site address of any pharmacy supplying veterinary medicines that so requests. The NPA thought such a compulsory requirement was unnecessary. It believed that Remedy (iv) (prescribing on an ‘or equivalent’ basis) was an interesting new concept. It added that unless there was an agreed official list of ‘equivalents’, the diagnostic and prescribing role of veterinary surgeons might be undermined and the clinical role of pharmacists might be expanded too far. It also believed that adequate curbs on manufacturer interest in, and influence over, the list would be required.

Regulatory recommendations

12.59. The NPA could not support Recommendation (3) on the grounds that it would be impractical for the VMD not to consider manufacturers’ views on classification, although these should not be overriding.

12.60. It supported the institution of automatic review of classification whenever a product’s MA was renewed (Recommendation (4)), but believed the recommendation should include a presumption for downgrading the classification, so as to ensure that POMs proven to be safe were reclassified at review as Ps or PMLs (as appropriate) and became available to animal owners through wider distribution channels. It also supported Recommendation (6)—to oppose the European Commission’s proposal that
all veterinary medicines for food-animal species be classified POM—and Recommendation (8)—favouring classification review mechanism for centrally authorized products.

12.61. Whilst supporting Recommendation (9)—new classifications of veterinary medicines to allow specific categories of persons to dispense such medicines, with corresponding changes in law—it considered that merchants, saddlers, pharmacists and veterinary surgeons provided a sufficient reservoir of accessible expertise to meet consumer needs. It could not envisage circumstances in which the categories of persons permitted to supply needed to be extended. It considered it misleading, under this recommendation, to use the terms ‘supply’ and ‘dispense’ synonymously: ‘dispensing’ included the provision of pharmaceutical considerations (formulation, dose, frequency, clinical interactions) and owner support to ensure compliance; it applied to orders for any medicines, whether POMs, Ps, PMLs or GSLs; ‘supplying’ was a mechanical process inherent in dispensing that could be accomplished by persons other than those qualified to dispense.

12.62. Recommendation (10)—relating to redefinition of the categories of business permitted to sell PMLs, subject to registration and the authorization of sales by an SQP—received the NPA’s support with the proviso that retrospective authorization of sales by an SQP would not be a sufficient safeguard. The same reservation applied to Recommendations (11) and (12) dealing with training and the extension of the PML concept.

12.63. The NPA suggested that Recommendation (13)—making MAs permanent—suggested that the only grounds for review were adverse experiences or comparable grounds, and this appeared to preclude downgrading the legal classification as the NPA envisaged in commenting on Recommendation (4) (see paragraph 12.60).

12.64. The NPA supported improvements of the cascade for non-food animals (Recommendations (18) and (19)). It also supported Recommendation (20)—concerning changes in the law to allow a veterinary surgeon to dispense a veterinary prescription, whether or not the animal was under his or her care. However, it suggested that the provision needed further clarification to distinguish between the dispensing role of the veterinary surgeon and his or her diagnosing and prescribing role.

Pharmaceutical Society of Northern Ireland

12.65. The Pharmaceutical Society of Northern Ireland (PSNI) said that it was the professional and regulatory body that represented all pharmacists in Northern Ireland, a mainly rural area with a significant agricultural industry and an ever-increasing number of companion animals. It stressed the importance of an efficient, informative, cost-effective service that provided the best in animal welfare and the finest options for animal owners.

12.66. The PSNI said that previously veterinary surgeons had enjoyed a monopoly in respect of diagnosis and dispensing for animal patients. Public perceptions of high prices, over-prescribing and the differential between the Irish and UK currencies had led to the proliferation of a black market in veterinary medicines. Their illegal importation was of concern to both pharmaceutical and veterinary professions and, given the possible use of unlicensed medicines for food animals, a source of worry to the general public.

12.67. The PSNI said that the availability of dispensing at a source other than the veterinary surgeon who had prescribed the medicine was not widely known. Few pharmacies, in practice, received prescriptions from veterinary surgeons. Often the costs of medicines tended to be incorporated into the professional fee, leading to complaints about lack of detail on accounts submitted by veterinary surgeons, which made it difficult to determine the cost of individual items. The opportunities were limited to the purchase of medicines at a competitive price. The PSNI recommended that, having made a diagnosis and having prescribed an appropriate medicine, the veterinary surgeon should provide a written prescription at no extra charge. In addition, the customer should be informed that the prescription could be dispensed on the premises, or at any registered pharmacy.

12.68. The PSNI explained the nature and extent of its professional education and training, pointing out that knowledge gained in the pharmacy degree course was applicable equally to human and animal medicines. All community pharmacies had the potential to sell veterinary medicines. A wider availability of such medicines would enable greater price comparisons at individual outlets.
12.69. The PSNI said that there was no incentive for pharmacies to stock veterinary medicines, and they would find it difficult to dispense a veterinary prescription. Pharmacists had difficulty in obtaining supplies of veterinary medicines on competitive terms, because of the volume discounts and linked purchase schemes operated by wholesalers. However, an increase in the number of veterinary prescriptions being presented to pharmacists would encourage greater interest by wholesalers and manufacturers in their supply and, consequently, their availability.

12.70. The PSNI said that, over the past ten years, there had been an increasing number of human medicines reclassified from POM to P status, resulting in their wider availability. Distribution was still conducted in a safe, appropriate and informative way by qualified pharmacists. A number of veterinary products, currently scheduled as POMs, could safely be similarly deregulated. The PSNI suggested that some benefit might accrue from the introduction of a new POM category in which a prior clinical examination of an animal would not be a prerequisite. Such medicines could be prescribed by a pharmacist or veterinary surgeon, and dispensed against a written prescription. Consumer costs, in particular of annual vaccination programmes, would be lower.

12.71. In conclusion, the PSNI said that an increase in dispensing of veterinary prescriptions through community pharmacies would bring real benefits to animals and their carers. Dispensing services would become more widely available through the existing network of pharmacies; greater choice, coupled with a professionally supervised supply, would further benefit customers.

Response to statement of 17 September

12.72. In its response to our statement of 17 September, the PSNI agreed with the conclusion that a complex monopoly existed in the supply of veterinary medicines in the UK. It believed that the suggested remedies should apply to all prescribed or recommended veterinary medicines and not just to POMs.

Barriers to prescriptions

12.73. The PSNI maintained that veterinary surgeons should be required to display signs in their surgeries and waiting areas to alert animal owners that veterinary medicines could be obtained from pharmacies on presentation of a prescription. For each consultation requiring a medicine (with the exception of emergencies), veterinary surgeons should be required to write a prescription and give it to the animal owner, the prescription form stating clearly that a pharmacist can dispense the medicines. There should be no additional charge for providing a prescription to the animal owner.

12.74. The PSNI commented that, in the case of animals requiring ongoing care, there should be a clear statement of the surgery’s policy regarding further examination of the animal. Sufficient medication should be prescribed to cover this period either in total or by indicating on the supplied prescription that it may be repeated an appropriate number of times. After subsequent examinations, any prescriptions required should be provided at no cost to the animal owner.

Improving price transparency

12.75. The PSNI was of the opinion that veterinary surgeons should be required to quote the price of any medicine they sold to any person who asked. This would promote competition not just between veterinary surgeons and pharmacists but also among veterinary surgeons. Manufacturers should provide enough information to allow calculation of net prices of medicines supplied by them to pharmacists and veterinary surgeons. Veterinary surgeons should provide itemized bills distinguishing the cost of services from the cost of medicines.

Reducing barriers to pharmacies competing with veterinary surgeons

12.76. The PSNI agreed that wholesalers and manufacturers should supply veterinary medicines to pharmacists and veterinary surgeons on equal terms. Prescriptions for veterinary medicines should be on an ‘or equivalent’ basis and rebate schemes involving linked purchases should be prohibited.
Regulatory changes

12.77. The PSNI supported the proposal to preclude the VPC and the VMD from taking into consideration the manufacturers’ views on classification of a product. It agreed that the classification of a product must be periodically reviewed, especially if MAs became permanent, and that the UK Government should oppose the European Commission’s proposal to reclassify to POM all veterinary medicines for food-animal species.

12.78. On the possible extension of the PML classification, the PSNI noted that it would have an important role in developing training schemes and monitoring CPD of SQPs.

12.79. The PSNI said that it would not oppose any changes to regulatory procedures that encouraged new products and stimulated competition, provided that such changes did not affect the robustness of the process by undermining human or animal safety.

12.80. It supported the recommendations relating to the cascade, noting that the CC had acknowledged that competition from authorized generics was weak.

Northern Ireland pharmacists

12.81. A group of Northern Ireland pharmacists also submitted evidence. They argued that pharmacists and PML merchants operated within a competitive market: veterinary surgeons did not. The majority of GSL and PML treatments were sold through pharmacists and registered merchants, whilst veterinary practices had focused on POM medicines which were expensive and not subject to price comparisons.

12.82. The Northern Ireland pharmacists said that the current system for prescribing medicines created problems for the general public. If a prescription were requested from a veterinary practice so that the client might seek cheaper dispensing elsewhere, a breakdown in relations with the veterinary surgeon was likely. It was probable that a pharmacist would not be able to obtain supplies of the medicine since wholesalers normally supplied POMs only to veterinary surgeons. In circumstances where the pharmacist was able to obtain supplies, the cost would be up to 20 per cent higher than that paid by a veterinary surgeon.

12.83. In the group’s view, three monopoly situations resulted. It suggested, too, that it was not necessary to classify certain medicines, administered by animal owners, as prescription-only. These included certain vaccines, pet parasite remedies, mineral deficiency treatments and intramammary treatments. The pharmacists expressed concern about the marketing practices of some manufacturers in linking the sale of differently classified products for discounting purposes (notably PMLs and POMs), in this way disadvantaging registered merchants and pharmacies, and creating a de facto price monopoly for veterinary surgeons.

Veterinary Drugs to Go Ltd

12.84. Veterinary Drugs to Go was set up by PHVG in January 2001, following the announcement of the Marsh inquiry. (See paragraphs 11.73 to 11.75.) The company had experienced initial difficulties with two of the veterinary wholesalers supplying the business. One had asked the new pharmacy to find a new supplier because it was under pressure from local veterinary surgeons and could not risk losing their business. Another was initially reluctant to supply but now did so indirectly. However, the veterinary practice acquired a wholesale licence and obtained most stock for the pharmacy through that means.

12.85. Veterinary Drugs to Go’s operations had been focused solely on the farming community. It was primarily a mail-order business; it did not carry stocks nor did it give credit terms. Prescriptions had already been received from distant customers. The potential for extending into direct retail trade locally was limited by the nature of its existing customer base, the size of the local community, and the added costs of employing a professional pharmacist and maintaining sufficient stocks of medicines.
12.86. Before setting up its pharmacy operation, PHVG had sold POMs with a mark-up of 50 per cent above the purchase price. Injectable antibiotics had been given a mark-up of 100 per cent, since no charge had been made for essential needles and syringes. Those remained the mark-ups charged by the veterinary practice. However, prices on drugs sold through Veterinary Drugs to Go were given a mark-up of 25 per cent on POMs; PML drugs remained at 15 per cent or less, depending on particular marketing initiatives. The business’s customer base had changed, with particular emphasis now on mail-order customers. Farmers had set up marketing groups with a view to purchasing fertilizer and agricultural machinery and the company thought farmers would, in time, look to making bulk purchases of pharmaceuticals also to cut costs.

12.87. According to PHVG, drugs were underclassified, rather than overclassified. In this connection, PHVG was concerned at the way in which non-professionals, in particular farmers needing more education on this topic, were handling drugs; worming medicines were a case in point. PHVG believed that the time periods for an authorized drug to become a generic one or PML was prudent.

**Jobsons Farm Health**

12.88. Jobsons said that it was a privately-owned agricultural and veterinary pharmacy business engaged in retail sales of animal health products to farmers and in wholesale supply to pharmacies. It had been established in 1957, incorporated in 1970, and had maintained a wholesale dealer’s licence with the VMD for many years.

12.89. Jobsons operated a single community pharmacy and three branches run as agricultural merchants; each involved a pharmacy element. Annual turnover was in the region of £2 million. NHS dispensing in the community pharmacy accounted for about 20 per cent of business, with OTC sales representing a further 5 per cent. Some 60 per cent of its business was agricultural, including retail supply direct to farms, and animal health and accessory products. The largest proportion of animal health products was PML classified. By comparison, normal prescription-only dispensing of veterinary medicines amounted to £200 a year. This was generated by only two or three veterinary prescriptions each year as against about 5,000 NHS prescriptions each month.

12.90. In view of the limited numbers of prescriptions, Jobsons did not maintain stocks of veterinary medicines but was able to obtain drugs to fulfil a veterinary prescription within about 24 hours (although some of the demand on the veterinary side was for human generics, which could be supplied from stock).

12.91. Jobsons had experienced difficulties in the past in securing supplies of POMs and other veterinary drugs. It had complained to the CC about the behaviour of Intervet in this respect. It had since reached a satisfactory business arrangement with Intervet to acquire supply from the company through wholesalers. It had also had problems in the past with other manufacturers. Bayer, for example, had eventually been persuaded to supply Jobsons with Drontal, but had been reluctant at first because of fear of upsetting its multi-million-pound business with veterinary surgeons; Jobsons was offered Drontal at a discount to trade terms with no quantity breaks. Jobsons maintained that the overriding situation remained that manufacturers restricted the supply of POMs to veterinary practices.

12.92. Jobsons regretted the loss of a direct relationship with the manufacturers. It saw no value in having a wholesaler in its supply chain. Nonetheless, in the case of two wholesalers, Jobsons had been refused wholesaler accounts, although in one of these cases (Genus) satisfactory trading arrangements had eventually been established.

12.93. In the wake of the FMD epidemic, Jobsons said that it had tried to establish potential interest by community pharmacies in the supply of veterinary medicines. The results had been encouraging. It was clear that there was considerable scope to extend veterinary services to a wider animal-owning public. The veterinary profession should concentrate on its core skills of diagnosis and treatment of animals; its professional responsibility for the prescribing of POMs would remain an important function, and it was right that veterinary surgeons should charge realistic prescription fees. Dispensing and counter prescribing were the core skills of pharmacists and the benefits of harnessing these skills had been demonstrated in human medicine to the considerable benefit of patients. Jobsons believed pharmacists would seize the opportunity of developing a strong presence in the veterinary drugs market if there were legislative changes to prevent dispensing by veterinary surgeons except in exceptional circumstances. Jobsons also considered that substantial cost savings would arise because wholesalers of human and
veterinary medicines could effectively combine their operations in supplying to pharmacies. It would also be helpful if more drugs could be reclassified as P; this would enable pharmacies to develop a growing commercial role in the marketplace, and could help stimulate a more competitive environment for pharmacies.

12.94. In Jobsons’ view, veterinary surgeons should be required by statute to present prescriptions to customers and not exert pressure on them to have the prescriptions dispensed by the practice. At present, animal owners were reluctant to risk upsetting an existing relationship with a veterinary surgeon, who had cared for their pets, by asking for a prescription and taking it to a pharmacy for dispensing; they were equally reluctant to change to an alternative veterinary practice. It added, however, that relationships between customers and pharmacists were also strong.

12.95. Jobsons said that its principal competitors were PML agricultural merchants and not veterinary practices or pharmacies. Whilst price featured as a competitive issue, the company marketed itself more in terms of the value it offered as a service primarily to the farming community. Whilst farmers were more alert to price competition than owners of small animals, Jobsons had noticed an increasing interest in prices among specialist pet owners. Illegal imports of certain drugs, for example antibiotics, were causing concern. Jobsons had been alerted to the existence of imports, in particular from the Republic of Ireland, which cost half of the UK price, and it was convinced that such price differentials were encouraging an increase in black-market trading.

12.96. Commenting on differences in prices between the UK and the rest of Europe, Jobsons suggested that, historically, currency fluctuations had contributed to this, but accepted that this would be less likely now. It suspected that manufacturers had different price structures to accommodate local competition. These structures reflected, also, local expectations. For example, PML products were considerably cheaper in the Republic of Ireland, in part because Irish farmers expected prices to be lower. The Republic of Ireland also had a greater number of retail distributors, tending to exert a downward effect on prices. One outcome was that the cheaper products flowed easily into Northern Ireland, causing concern to local distributors there.

12.97. Jobsons believed that the costs of licensing medicines in the UK had contributed to higher drug prices. Further, the number of companies manufacturing drugs had diminished. As a result, there had been a reduction in the range of PML products available; and competition had been stifled. Similarly, innovation had been stifled. There were examples of trials of new products being conducted, including two by Jobsons, which had proved potentially effective. However, the costs of licensing the products had been prohibitively high.

12.98. In comparing the approach to classification of human medicines with that of veterinary medicines, Jobsons suggested that there was scope for some veterinary POMs to be reclassified as P. It did not accept the European Commission’s argument that all medicines for food animals should be classified as POMs. Classification should depend on the nature of the drug and its inherent dangers if passed on to humans. It considered that manufacturers had leaned too heavily on commercial arguments for continuing to classify certain drugs as POMs. Whilst they had to protect markets in respect of large-volume antibiotics with fixed costs, too many minority products were still classified as POM. Jobsons accepted that there would always be situations when drugs could not be prescribed without prior examination of the animal. But it suggested that manufacturers had continued to withhold some products from pharmacists and merchants so as to reduce the potential for competition with veterinary surgeons.

12.99. Jobsons hoped the opportunity could be provided for third parties also to apply for drug reclassification. It accepted that the process would be difficult, given that data remained the property of the manufacturer, and that there would be a cost incurred. However, if the licence-holder cooperated or, if the data was, in any event, held by the VMD and was capable of being reviewed without the cooperation of the licence-holder, reclassification should be considered.

Response to statement of 17 September

12.100. In responding to our statement of 17 September, Jobsons contended that we had not acknowledged the widely-varying levels of qualification required by those involved in the prescribing, dispensing and supply of veterinary medicines.
12.101. Jobsons said that the dispensing process was the controlled supply of products where considerations of a pharmaceutical nature were taken into account. These included interactions with other prescribed or non-prescribed medicines and risk factors for the animal, operator or the environment in the administration of the medicine. Only pharmacists were specifically educated to perform the dispensing role, and underwent intense and detailed training; pharmacy undergraduate courses had recently been extended from three to four years. Pharmacists were also increasingly involved in the choice of appropriate medication. Jobsons believed that this process of medicines management offered a potential role for pharmacists in veterinary medicine, leading to reduced costs for the animal owner, whilst balancing safety and efficacy.

12.102. Jobsons said that veterinary surgeons were expert in the diagnosis and treatment of disease and were not qualified to dispense. They were privileged in having been exempted from the separation of prescribing and dispensing in response to a historical need to make medicines available in remote areas where a pharmacy was not sited (a similar exemption existed for dispensing doctors). The supply of POMs could, in the modern era, be assured by opening up competition to the 13,000 community pharmacies located throughout the UK. There was no need to extend dispensing rights to veterinary surgeons for prescriptions relating to animals not under their care.

12.103. On the regulatory recommendations in the statement, Jobsons’ comments broadly mirrored those made by the RPSGB (see paragraphs 12.44 to 12.53).

Wellington Pharmacy

12.104. Wellington Pharmacy said that it was registered with the RPSGB and was the only veterinary pharmacy located within the M25 orbital motorway around London. There were no veterinary surgeries in its immediate vicinity, and it dispensed less than one veterinary prescription a month. On occasion it had been asked to supply a veterinary practice with a drug not available in veterinary formulation which was then supplied, by the veterinary surgeon, to the patient.

12.105. It reported claims by customers that veterinary surgeons had imposed both consultation fees and drug charges for repeat medicines, and it considered these to be in excess of reasonable costs. It submitted that there should be a change in the law, which required veterinary surgeons to write prescriptions rather than merely offer them, and that such a change would result in a price advantage for the animal owner. In addition, the pharmacist dispensing the medicine would offer proper guidance and education for the end-user.

12.106. Wellington Pharmacy suggested that the present classification of medicines should be brought into line with the rest of Europe whilst retaining the UK’s right to decide the route for distribution as distinct from classification. It thought that some POMs could be positioned and a new category established for products which could be supplied only by the veterinary surgeon or pharmacist in person.

Laycock’s Agricultural Chemists

12.107. Laycock’s said that it operated as a registered pharmacy and also held a wholesale dealer’s licence. Its veterinary pharmacy headquarters were in Skipton, North Yorkshire, with merchant premises at Malton and Settle.

12.108. Laycock’s reported anecdotal evidence of customers unsuccessfully requesting prescriptions from veterinary surgeons so as to obtain medicines at reduced cost. The company had experienced extreme difficulties in obtaining veterinary POMs even when presented with a prescription. Prescriptions had to be faxed to the supplier before goods were dispatched, and those manufacturers with whom it already had both PML and GSL dealings had decreed that purchases of POMs must be made through veterinary wholesalers. These wholesalers, in turn, would not supply goods other than to registered veterinary practices. Laycock’s claimed, too, that prices for POM products were invariably non-competitive and that goods supplied from outside the UK tended to be cheaper. It added that it had invoices to support a claim that one licensed product could be purchased from the trade in Northern Ireland approximately 25 per cent cheaper than a direct purchase in the UK.
12.109. Following correspondence it had had with manufacturers and wholesalers, and in the light of the Marsh report, Laycock’s concluded that there had been some movement by the former towards changing distribution policies. It suggested, however, that pricing methods required further investigation so as to eliminate manipulation of the market. Similarly some wholesalers were now willing to supply outlets other than veterinary surgeries and were offering, also, more competitive pricing.

12.110. Laycock’s said that it had recently elicited terms and supply from two veterinary wholesalers. Should prescriptions be received, it would now be in a position to dispense them, though the final cost to the consumer was, as yet, not known; nor was it known whether this would be at a competitive price.

12.111. According to Laycock’s, licensing of products by the VMD had not been consistent with the procedure adopted by other European countries. One result had been the retention of a monopoly by the VMD for collection of fees, since only UK-licensed products could be used in food animals in the UK. While an identical product was frequently available in other EC countries at substantially less cost, it could not be used legally in the UK. Black-market trading resulted.

12.112. Laycock’s suggested that, so as to break the monopoly in the supply of POMs, competition between veterinary surgeons had to be created, and the RCVS ruling changed in respect of animals under the care of veterinary surgeons. It said that the argument in favour of animal welfare was not appropriate for food animals. Legislation already required the maintenance of records of treatments, which could be interpreted by other veterinary surgeons, including a partner, assistant or locum. Small animals presented a different situation. Owners were being encouraged to take out pet insurance, with records maintained by either the owner or insurer. In time, microchips would contain all relevant data. In such circumstances, this data should be more widely available.

Davidsons Veterinary Supplies

12.113. Davidsons, a wholesale and retail veterinary supplier, including a pharmacy (Davidsons Chemists), said that over the past 15 years it had dispensed only a handful of veterinary prescriptions; these had been exclusively for odd items of pet medicines, which were difficult to obtain elsewhere. The level of fees charged by veterinary surgeons on these occasions was not known. The process had required its pharmacy arm to dispense the prescription and pass it back to the veterinary surgeon for onward supply to the animal owner.

12.114. Manufacturers had been willing to supply PML and pharmacy drugs direct, but smaller manufacturers had refused Davidsons’ orders (including for PML and P drugs, thus effectively making them POM), claiming that they were totally dependent on veterinary surgeons and had no wish to offend them. Davidsons claimed that veterinary charges were subsumed within a price package, and that individual medicine costs were not sufficiently detailed. It suggested that veterinary surgeons should be obliged at least to offer to provide prescriptions for dispensing elsewhere.

12.115. In the event that a European drug classification required all food-animal medicines to be prescription-only, Davidsons said that it would be necessary similarly to classify medicines that contained the same active ingredients but had been designed for use on companion animals. There was otherwise a danger that pet medicines could be misused and given to food animals. However, Davidsons added that wormers were well controlled and competitively priced. If these were to be reclassified as prescription-only, the benefits of market forces would be lost.

12.116. Davidsons said that a transparent market price for medicines would be established if some POMs were reclassified as PML or P drugs. It accepted that new products should remain within the POM category after the first seven years unless the manufacturer applied for reclassification. Davidsons thought repeat prescriptions were desirable because these offered a route by which veterinary surgeons were able to fulfill demand through authorized sources before requiring reassessment of the animal. It suggested that this process encouraged price identification and created competition. Alternative sources of medicine supply alone would create a competitive market. Since it was essential to maintain safety, traceability and animal and public health, these sources should operate from registered premises with appropriately qualified people in charge.
R M Jones

12.117. R M Jones, a pharmacist in Herefordshire, reported difficulties in obtaining POMs. The pharmacist had trading arrangements and account facilities with most major veterinary medicines manufacturers for the supply of PML drugs. However, in response to requests for POMs, the manufacturers told R M Jones that they supplied these only to veterinary wholesalers. The wholesalers in turn wanted to restrict distribution of POMs to veterinary surgeons. R M Jones believed a monopoly situation existed in the supply of POMs, and that the prescribing role of veterinary surgeons should be separated from the dispensing role.

Hyperdrug Pharmaceuticals Limited

12.118. Hyperdrug said that it was a wholesale and retail veterinary chemist with its Head Office in Middleton in Teesdale. It had been involved in the distribution of animal health products for 174 years, supplying farmers, horse owners, breeders and trainers as well as keepers of companion animals.

12.119. It said that, following the Marsh report, it had noticed a marked increase in the number of veterinary prescriptions presented at its retail outlets. As a result, it calculated that some of those presenting veterinary prescriptions had made a saving in excess of £100 per animal per month. In addition, it had offered impartial advice and, in some cases, had monitored and queried inappropriate doses or treatments.

12.120. Hyperdrug said that it had run up against restrictions in the supply of drugs to its pharmacies. At the end of 2000, Bayer had agreed to supply all products on its professional list including POMs, and to charge prices comparable to those paid by veterinary surgeons. Other manufacturers had been less cooperative (although Hyperdrug recognized that it was reasonable for manufacturers to be geared to direct supply of bulk deliveries, leaving small frequent orders within the domain of wholesalers).

12.121. Hyperdrug had had a direct account with Virbac to supply horse wormsers and farming products; but Virbac had refused to supply small-animal products, even non-POM products and pet toiletries. Hyperdrug had done considerable business with CET dental products until Virbac took over its distribution and cancelled outstanding orders. Virbac had refused further orders on the grounds that it feared upsetting its veterinary surgeon customers. Moreover, despite Virbac’s willingness to supply sheep, cattle and horse products on a direct basis, the manufacturer had tried to prevent Hyperdrug from selling a new (non-POM) horse-worming product, Equimax, launched at the end of 2001. Initially, Virbac had seemed to welcome Hyperdrug’s intention to include the product in its advertising for January 2002. A series of complaints from Virbac about Hyperdrug’s promotion and retail pricing of the product led to cessation of supply. At one point Virbac also attempted to link orders for Equimax to volume purchases of another product, Eraquel, which Hyperdrug had found to be an unsuccessful brand, by refusing to supply Equimax alone except with a 10 per cent increase in cost price.

12.122. Hyperdrug did substantial business with Janssen and Fort Dodge in PML and P products, but neither company would supply it with any POM products. Pfizer had been unwilling to supply any veterinary products, and had cited Dermisol Cream and Skin Cleanser as being unsuitable for supply through pharmacies (despite being legally classified as P products).

12.123. Hyperdrug had been told by NVS, the largest veterinary wholesaler, and by another wholesaler, Dunlop, that neither would supply pharmacies, regardless of exemplary references. A smaller wholesaler (Genus) had agreed to supply but on terms inferior to those received by veterinary surgeons.

12.124. The company was also critical of legal restrictions on supply. It believed that manufacturers resisted applying for the downgrading of certain POMs for fear of upsetting veterinary surgeons. (It believed that, for veterinary medicines, only the manufacturer was able to apply for a change in category.) In Hyperdrug’s view, although there might be debate about which category of drug was most appropriate for deregulation, it was generally accepted that the most serious abuse of prescription-only status involved flea treatments. It said that there was scope for those drugs, some of which were among the safest and most effective of products, to be reclassified to P status in the same way as they had been in other EC countries. Deregulation to the GSL category should be considered at a later date. It instanced Program (Novartis), Advantage (Bayer), Frontline (Merial) and Stronghold (Pfizer).
12.125. Hyperdrug said that many veterinary surgeons were still refusing to write prescriptions or were charging in excess of £2.50 per animal for prescriptions (the level indicated by the RCVS in evidence to the Marsh inquiry as a possible maximum level). The company also contended that veterinary surgeons rarely paid list prices, since these were discounted or promoted by a variety of means not available to pharmacies; it cited one promotion by Schering-Plough that allowed the discount earned on purchases of Ceporex veterinary tablets to be set against the price of equipment bought from Kruuse Ltd.

Brian G Spencer Ltd

12.126. Brian G Spencer Ltd said that it was a registered veterinary pharmaceutical wholesaler and also a registered pharmacy, wholly owned by G W Taylor Ltd, a multiple community pharmacy group that operated 42 pharmacies in the East Midlands, as well as a small pharmaceutical wholesale company, Manor Drug Company (Nottingham) Ltd. Its evidence was submitted on behalf of all group companies.

12.127. With about 250 active accounts, the company’s principal business activities were the supply of veterinary medicines to other pharmacies, under its wholesale dealer’s licence, and the supply of veterinary medicines direct to the public as a registered pharmacy. Situated in a suburban location in Derbyshire, it dealt almost exclusively in companion-animal and equine medicines, supplying POM, PML, P and GSL classes of medication.

12.128. About half of Brian G Spencer’s turnover went direct to the public and the other half to other pharmacies, research institutes, universities and hospitals. Total turnover was increasing by around 20 per cent a year. The consumer pharmacy business had been increasing markedly over the past two to three financial years and was projected to peak at about 75 per cent of turnover by 2003. OTC veterinary medicines in some outlets represented 15 to 20 per cent of retail turnover. Over the past four years sales of veterinary medicines through the wholesale arm had risen from low levels to £130,000 a year (excluding VAT) and were increasing sharply. The company’s pharmacists had been educated in terms of product knowledge and the display of veterinary medicines, and had often performed an advisory role on straightforward veterinary care issues, such as worming. Some customers had been requesting POMs (currently accounting for an estimated 3 per cent of total turnover) and the company had been frustrated by the lack of prescriptions.

12.129. Brian G Spencer did not consider it unreasonable for veterinary surgeons to charge for prescriptions because there was an associated administrative cost. But the level of the charge should not become a deterrent to getting the medicines elsewhere. It was difficult to provide evidence regarding the issuing of prescriptions by veterinary surgeons, as the only time the pharmacist saw a prescription was when one had been issued. The company was unable to complain to the RCVS about the refusal to issue prescriptions or the high charges sometimes made by veterinary surgeons for prescriptions, as essentially it was not the complainant. These issues had to be taken up by the animal owner. Complaining was a long and arduous process and often culminated in a breakdown in relationship between the owner and the veterinary surgeon, and owners were not willing to risk this, especially in areas where there was little choice but to employ a particular veterinary surgeon.

12.130. But through correspondence the company had drawn the attention of the OFT, the RCVS and the relevant ministers to the difficulty its customers had experienced in obtaining prescriptions from their veterinary surgeons. It had had to rely for evidence on the small percentage of clients who were aware of their right to request a prescription, and who became disenchanted with the current practice of veterinary surgery dispensing.

Barriers to community pharmacy involvement

Pet insurance

12.131. According to Brian G Spencer, pet insurance—particularly prevalent among pedigree dog breeders—required veterinary surgeon authorization for every claim, including for repeat medication. Community pharmacies were excluded from this segment of the market.
**Wholesale supplies**

12.132. Brian G Spencer said that generally community pharmacy wholesalers did not have access to veterinary medicines, and veterinary wholesalers would not deal with community pharmacies as they thought these pharmacies did not generate enough turnover to make it worthwhile. The wholesalers maintained that community pharmacies did not issue the prescriptions and could not therefore build that part of the business. It was a ‘chicken-and-egg’ situation. Manufacturers would not deal direct, on the grounds that there was not the volume of business to justify it.

12.133. The company was fortunate still to have legacy accounts from the 1970s when more prescription business was in the community pharmacy domain, and before the EC cascade system removed the option of treating companion animals with the human licensed equivalent product. Brian G Spencer had an account with a national veterinary wholesaler and so was able to source its entire inventory to its wholesale site. It was then able to distribute this to sister companies and nationally to other pharmacies. But this system of redistribution incurred a time delay and further costs, both of which operated as barriers to competition in this market.

**Discounts**

12.134. Brian G Spencer cited anecdotal evidence that veterinary surgeons received substantial discounts to prescribe a certain range of products. Pharmacists were not able to receive comparable discounts.

**Unfair competition**

12.135. Brian G Spencer noted that the Medicines Act only gave veterinary surgeons an exemption to supply medication to animals under their care. In the company’s view, this exemption was a privilege with a potential for abuse, raising the possibilities that a cartel could be created. If veterinary surgeons were allowed to retain the privilege to dispense and to remain the sole source of prescription medicine authorization, there was nothing to stop them exploiting this unique position and inflating their consultation charges to replace the potential loss in margin made on medicines, and then supplying the medicines at cost or even free of charge, thereby removing competition in the medicines supply chain at a stroke.

12.136. The company noted that pharmacists were at present allowed to dispense veterinary prescriptions. With the Department of Health having both pharmacist prescribing and repeat dispensing high on the agenda for the general practice field, Brian G Spencer considered that, if pharmacists with appropriate experience were able to prescribe in the animal health sphere and veterinary prescriptions were more readily available for customers to choose where they had them dispensed, this would go some way to counteracting the imbalance between veterinary and pharmacy dispensing.

**Mr John H Verrall**

12.137. Mr Verrall, a retired pharmaceutical chemist with experience of both industry and retail pharmacy, told us that he was active in purchasing veterinary drugs on behalf of a large veterinary practice. He said that manufacturers were selling some medicines to veterinary surgeons in the UK at a price three times that of the same product elsewhere in Europe. The manufacturer, not the veterinary surgeon, was making huge margins out of UK veterinary drug sales.

12.138. He cited the cost of vaccinating a horse. Overall, charges would be similar in the rest of Europe and the UK. In Belgium, the vaccine cost one-third of the UK price but a realistic professional fee was charged. In the UK, the veterinary surgeon would mark up the cost of drugs by 50 per cent, representing a 33 per cent margin on the sale price—similar to a typical pharmacist—and the rest of the overall costs would be for the visit and for professional services. He concluded that if a veterinary surgeon in the UK did not have a sufficient margin on drug sales, professional fees would have to rise significantly. In the final analysis, whether supplied by veterinary surgeon or pharmacist, the ultimate cost of drugs to the consumer would be the same; only the manufacturers’ margins would differ.