

Podcast Script on FTC's Pet Medications Workshop

Q: Hello. My name is Cheryl Hackley and I'm with the Office of Public Affairs at the Federal Trade Commission. I'm here today with Tara Koslov, Acting Director of the FTC's Office of Policy Planning, to talk about the FTC's upcoming workshop on competition and consumer protection issues in the market for pet medications.

Tara: Hi Cheryl, and thanks for talking to me today about our workshop. It will be on October 2nd, here in Washington, D.C., and we're looking forward to it.

Q: Tara, why is the FTC interested in pet meds?

Tara: Well, we know that pets are very important to American consumers. Nearly two-thirds of American households have a dog or cat, and last year, Americans spent over \$50 billion on their pets.

Q: Wow, that's a lot of puppy chow!

Tara: Well, yes, a lot of that expense is for food, and toys, and other fun accessories for our furry family members. But it's also for health care services and products, including nearly \$7 billion for pet medications.

Q: Where do people purchase their pet medications?

Tara: Last year, most of those \$7 billion in pet medications were purchased from veterinarians. Some of the more popular medications, such as flea-and-tick control products and heartworm preventatives, are available at retail outlets and pharmacies. But we've heard that some pet medicine manufacturers choose to distribute their products only through veterinarians, so retail outlets and pharmacies cannot purchase product directly from the manufacturer.

Q: How does that affect consumers?

Tara: Based on our research so far, it appears that these products *are* widely available at retail outlets anyway, both brick-and-mortar and online. Retailers

and pharmacies obtain the products from secondary distributors. But it's possible that kind of distribution leads to inefficiencies and higher prices, because it adds costs to the distribution system. It might also trigger concerns about product supply and quality.

Q: What about prescription pet medicines? Can consumers purchase prescription products at retail pharmacies, or are they better off buying prescription meds from their veterinarians?

Tara: Pet owners may have different needs at different times. Let's say you have a sick animal that needs a veterinary exam and immediate treatment. It may make a lot of sense to purchase a prescription pet med from the veterinarian at the time of the exam. But in other situations, a pet owner might prefer different choices. A classic example might be a long-term maintenance drug, such as heartworm preventatives or chronic arthritis products. A consumer might prefer to do some comparison shopping to find the lowest available price, which may be at a retail pharmacy.

Q: Can a pet med prescription be filled at a retail pharmacy? I have to admit, I had no idea that was an option. How does that work?

Tara: First, the consumer must obtain a written prescription from the veterinarian – a prescription they can take away and bring to the pharmacy of their choice. This is called “prescription portability” and it varies by state. In some states, veterinarians are required to give consumers a portable written prescription if they ask for one. In other states, veterinarians are not required to do this.

Q: Do consumers know that they have this right?

Tara: Some do, some don't. Anecdotally, we hear that many vets give consumers prescriptions upon request, regardless of whether state law requires it. But we've also heard that some vets refuse to provide prescriptions upon request, even where state law does require it. There's actually a bill that has been introduced in Congress, H.R. 1406, which would require veterinarians in all states to give consumers a written prescription, regardless of whether they request it. So we'll be discussing the pros and cons of that proposal at the workshop. And one way

we hope to do that is by looking at the prescription portability in the contact lenses market.

Q: OK, you just lost me. What do contact lenses have to do with pet meds?

Tara: Well, at one time, contact lenses were subject to similar types of restricted distribution that pet meds face today. But in 2003, Congress passed the Fairness to Contact Lens Consumers Act, which gave consumers the right to obtain a contact lens prescription from their eye care provider. The FTC enforces the Contact Lens Rule, which enables consumers to take that prescription to any retail or online seller of contact lenses. The seller verifies the prescription and then ships the lenses directly to the consumer. Prescription portability in contact lenses changed how retail competition works in that market. Today, consumers have many choices for buying contact lenses once they have a valid prescription in hand. So, some people have suggested that requiring prescription portability for pet medications would have similar benefits.

Q: That's an interesting angle.

Tara: The analogy may not be perfect, but we definitely think it's worth exploring.

Q: So, who should come to this workshop?

Tara: We're going to have panelists from all segments of the pet medications industry: manufacturers, distributors, online pharmacies, and veterinarians. We're also going to hear from economists and other industry observers about how current industry distribution practices and prescription portability limitations may reduce opportunities for retail competition. So if you are a pet owner, you might be interested to find out what options you have now—or might have in the near future—to save money on medications for your pet.

Q: What if someone can't attend the workshop?

Tara: The workshop will be webcast live, and we're hoping to take questions during the workshop via the FTC's Twitter handle #FTCpets. We're also soliciting public comments, which are due by September 14th. We've published a Federal

Register notice that includes a number of specific questions, to help guide people's comments.

Q: Where can people find additional information?

Tara: The workshop webpage on the FTC's website has all the details:
www.ftc.gov/pets (www(dot)ftc(dot)gov forward slash pets).

Q: Thanks, Tara. The workshop will be held in Washington on October 2nd at the FTC's Conference Center, blocks from the Capitol, starting at 9 o'clock AM Eastern Standard Time.

Tara: And don't forget – humans only, please. No pets allowed. But we know their interests will be well represented at the workshop. See you there!