

October 10, 2011

Dear Member of Congress,

I am a veterinary general practitioner and the owner of Animal Medical Clinic in Kingsville, Texas. Our practice presently employs 3 veterinarians (including myself), and 27 full and part time support staff. When I purchased this practice in March of 1977 it consisted of one veterinarian (myself) and 1 full time support staff member.

There are many veterinary businesses through out our country that have had slow and steady growth over the past 35 years. Both the veterinary client and the veterinary related businesses have benefited from this growth. Why has this growth occurred? Veterinarians have continuously met or exceeded their client's expectations each time they have visited the practice. The value of the service and sales to each client exceeded their expectations; otherwise they would not have returned. How did all these veterinarians accomplish this? This was achieved through focus, dedication, caring, determination, maintaining current knowledge, while adjusting to the client's ongoing request for change and increased quality of medicine. What was the driving force for this achievement? It was "supply and demand"! How was supply and demand achieved? Slow and steady adjustments were made per request of the customer. The key here is slow and steady and let the customer lead the way!

All of this was accomplished with minimal "refereeing" by the federal government but with ongoing attentiveness of each individual state government and constant surveillance by both the state veterinary medical examiners and the state veterinary associations.

It is without question our government is like a referee in a football game and is necessary to maintain order in a capitalistic society. As times change, government must also enact new rules and regulations to protect everyone from harm and from being taken advantage of. It is also necessary to protect our society from business monopolies that could have the ability to control a "life line" to our society. When someone is not following the rules or if a new regulation is needed government must "throw a flag" to maintain order. Someone has obviously "thrown a flag" and feels the veterinarians are taking advantage of their clients and feels a new federal law should be enacted to require veterinarians to write prescriptions, give necessary paperwork regarding choices of pharmacies, etc. This letter is written to "challenge that flag" of the proposed HR 1406.

When evaluating whether a new law should be enacted it is essential to analyze the consequences of such a law. Does it solve the problem it intends to solve? Or does it just

initiate a complex network of events which require time and tax money with no real benefit for the veterinary profession or its clients. If it only develops a network of events with no real results then it actually ends up affecting those tax payers who never use veterinary services and in essence end up being punished by increased taxes.

Now, let's review the veterinary profession. Originally veterinarians owned their own in-house pharmacies out of necessity. Clients did not have an easy option to purchase prescription medications from any other source. Even if they did, the required transit time through mail would seriously delay the acute need of the medication. Therefore it was in everyone's interest for veterinarians to own an in-house pharmacy. Now, times have changed. We have instant on-line access to information and businesses and we now have overnight transit. Fantastic changes for both clients and for businesses!

These changes have given the opportunity for corporations to offer a "new wave" of opportunity for veterinary clients. Now new companies have been formed such as Pet Med, Allivet, PetCare Rx, etc. I personally have no problem with any company taking advantage of a business opportunity. This is what our capitalistic society is all about. Competition is what breeds improved service, improved efficiency, new products, etc. It is what America is all about. It is the reason America has prospered all these years. These new veterinary companies are changing the direction of in-house veterinary pharmacies and they are obviously successful. Why are they successful? The simple answer is because many veterinarians are eliminating their in-house pharmacies and writing outside prescriptions. Why are they writing these prescriptions? Many veterinarians have decided to focus more on providing primary veterinary services. Some have decided it is not valued to remain competitive with these new corporate pharmacies. While some have decided to keep an in-house pharmacy to help better serve their clients. There is nothing wrong with this. Again it is called supply and demand that is leading the change! Now, all of these new changes have occurred without intervention by the government. It has not cost the tax payers any money at this point. If this is the trend and supply and demand is leading the way, why since the birth of veterinary medicine does someone suddenly decide it is time for federal governmental intervention? This is the big question?

Petmeds and other veterinary pharmacies are on a slow and steady course of increasing their market share of prescription medications which is being lead by supply and demand. An acute law change could easily benefit these businesses. Walmart presently has an advertising campaign favoring this bill. Why are they favoring this bill when they basically are not in animal prescription pharmaceuticals? An acute change for Walmart would allow them to jump into this market abruptly. It cost time and money to begin competing with existing national veterinary pharmacies. It is only logical if a new law is enacted it will save them time and money which will help them acutely enter this new market with companies like Petmeds and other national veterinary companies. It's a smart approach for them.

Left alone, this entire pharmacy prescription situation would continue to be lead by supply and demand until a balance has been reached. It would do all of this by slowly shifting the jobs in the needed direction instead of causing these changes to occur acutely and causing acute layoffs of veterinary pharmacy employees and veterinary reps for large

pharmaceuticals. Acute changes lead to chaos and unemployment. They also commonly lead to unintentional negative ripple effects. Acute changes also have the potential to lead to a “rebound” of increased veterinary pharmacy prices once they are in the control of large corporations. Let supply & demand determine the speed.

State law makers, state veterinary associations and licensing boards have provided excellent “refereeing” for all their veterinarians. Compare the cost increase of veterinary care from 1977 to the present to that of the human field. Supply and demand is proven to control cost increases. Acute unnecessary interruptions of the supply and demand process, for the sake of speeding up the process, have proven to be a huge burden on the taxpayers. The federal government would have to borrow the money to enact and govern this law since there is no governmental revenue involved with the enactment of this law. How can that be a good thing?

In summary, when analyzing if a new law is necessary, one must decide if the balance of changing the law favors the client and the business without initiating an undue burden on the taxpayers and their government.

I ask that you take my evaluation into consideration before voting on this law.

Summary:

Never enact a law to accelerate what supply and demand will solve on its own. The present situation will resolve itself without the use of government intervention

Acceleration of this law will develop unintended consequences

- acute veterinary pharmacy related staff lay offs
- acute increase in veterinary prices to compensate for the acute changes that will occur
- acute changes in the veterinary pharmaceutical distributing companies will initiate even more acute layoffs
- there is a good chance any positive savings to the veterinary client on drugs will be off set by increased veterinary service fees

Supply and demand would gradually make any needed adjustments without the acute side effects.

This law will require the government to borrow money to enact and govern it without receiving any revenue to pay it back. Therefore it will burden other tax revenues to pay for it when there is no revenue available to pay for existing laws and regulations.

Acutely changing a supply and demand trend increases the chance of a “rebound” in prescription drug pricing

Each state and state veterinary governing board has the authority to enact a law if their citizens feel they are being taken advantage of

There is no proven long term benefit to the veterinary client, there is a greater chance the cost benefit to the client will be neutralized by increased veterinary service fees if you enact this bill

Clients presently have a choice. Every month we have clients requesting an outside prescription. What are the consequences for declining these prescriptions? I could possibly lose a client! Why would I want to lose a client over a prescription? I do not want to!!! So why would I not write a prescription? It's simple! You analyze the positive and the negative and make changes week to week, month to month and year to year and make the needed adjustments to keep your clientele, to maintain your current quality of service while salvaging your bottom line. Business is fluid! You change as it becomes necessary! It is proven that the veterinary profession has a history of adjusting with supply and demand. We do not need a law to accelerate it! Supply and demand is already indicating that some clients are interested in taking the time to shop around for lower prices. But also, some clients still like the convenience of one stop service and are willing to possibly pay a little extra for that convenience and service. Clients presently have the best of both worlds without enacting a law. There is no real reason to enact a law which will acutely disrupt a normal flow of business by placing an extra burden on the tax payers.

All these negatives should sound familiar. They are just a few of the reasons government began to intervene in the human medical field. One law led to resolving the ripple effect of another and now the health care system is in a mess. Supply and demand, slow and steady, and with no borrowed money would have accomplished the same goals. The only difference, it would have taken longer to reach our level of medical care. But most Americans cannot use this advance care anyway because it is not affordable. What is the benefit of providing a product or service for sale if it is not affordable?

Please do not enact HR1406! Save our tax money to benefit the sick and the poor that are not physically capable of providing for them selves.

Sincerely,

Jerry Underbrink, DVM
Animal Medical Clinic