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Subcommittee on Commerce, Manufacturing and Trade
House Committee on Energy and Commerce
U.S. House of Representatives
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Mr. Chairman, Ranking Member Schakowsky and Members of the Subcommittee, my name is Nate Smith, and I am the Vice President of Strategy and International for True Science. I appreciate the opportunity to testify before you today on the issue of the pet medication marketplace and its impact on consumers.

True Science is a pet medication and wellness company founded in 2010. Our mission is to deliver premium quality pet prescription medications, over-the-counter medications and veterinarian-recommended products at a significantly greater value to pet owners. We distribute leading medication brands and make our own value-branded equivalent medications available to retailers and pharmacies. We also manufacture and sell pet wellness products and treats.

True Science is dedicated to pet owners – the 2 of every 3 American households who have at least one dog or cat¹. Americans love their pets. They provide us companionship. They provide us comfort. Pets have become part of our families.

Which begs the question: Shouldn’t we have the same access to affordable medications for our pets as we do for medications for our children? The same access to generics? The same right to choose our pharmacy? I believe we should.

¹ See 2015-2016 APPA National Pet Owner Survey Statistics: Pet Ownership & Annual Expenses, AM. Pet Products Ass’n.

That is why we enthusiastically support the Fairness to Pet Owners Act (H.R. 3174/S. 1200), a bi-partisan bill giving pet owners a right to a copy of their pet's prescriptions so they can shop around for the price, service and convenience, which suits them best. We appreciate Mr. Chaffetz and Mr. Cartwright sponsoring this legislation, and Mr. Rush of this Subcommittee being one of the co-sponsors.

H.R. 3174 will help pet owners and their pets in three important ways:

1. The nearly 80 million American households who own pets will save money. They will have more choices. And, they will have better access to the medications their pets need.
2. The marketplace will be more competitive – and grow. Pet owners will see the benefits that come from competition and free markets – innovation, competitive pricing, better service and more convenience.
3. Our dogs, cats and other pets will be better off. By making pet medications more affordable and easier to obtain, pet owners will be better able to care for their pets, to keep their pets longer, and be more likely to take on additional pets or replace those they lose.

At the outset, allow me to make clear that we cherish our vets – as do most pet owners. We entrust them with the care of the pets we love, they are passionate about their role in caring for our pets. This past week my vet in Springville, Utah, helped my in-laws through the painful process of first treating their dog Maggie's kidney failure then sadly putting her down as her body gave out.

This is not an “us vs. them” type issue. We just see the marketplace – and its future potential – differently. We believe that if the market for pet medication is opened to competition, everyone will benefit – manufacturers, veterinarians, pet owners and pets alike.

Today the market for pet medication is bifurcated – between those on one hand who can afford unnecessarily expensive medications and that have reasonable access to veterinary clinics. They are spending more on their pets and driving growth in the industry.

On the other hand, there are pet owners with lower incomes whose situations are made even more challenging by stagnate real wages and the aftermath of the recession, and those who do not have ready access to vet clinics – whether that be because they are elderly and homebound or because they live in an underserved urban core or in a rural area. These pet owners are finding it tougher to care for their pets, and they are buying less veterinarian recommended medication and spending less on their pets.²

No pet owner wants to spend more for the medications recommended by their vet than they have to. Increasingly, pet owners aspire to do everything they can for their pets. The Fairness to Pet Owners Act will result in significantly lower pet medication prices and will improve access as pet medications become more available at the pet owner's family pharmacy and on-line.

Take for example, Heartgard – the leading heartworm preventative. Pet owners can save approximately 20% if they buy from a big box or club store, 25% if they buy online, and 35% if they purchase the generic equivalent.

On Rimadyl – a painkiller used for treating arthritis in pets – pet owners can save approximately 22% if they buy from a big box or club store, 28% if they buy online, and save 50% if they purchase the generic equivalent.

² See George Puro, Package Facts, Pet Medication in the U.S. (4th Edition, October 2015) [hereinafter PACKAGED FACTS REPORT 4th EDITION], Table 5-4a, Table 5-4b, Table 5-5.

Rimadyl is an expensive drug – it costs \$353.41 for a 180 count/100mg supply from the average vet clinic and \$167 for the generic at leading pharmacies – meaning pet owners can save nearly \$200.³

Despite these savings, many pet owners will continue to purchase from their vets. However, all pet owners will benefit as a robust and competitive market will result in universally lower prices. But, for pet owners who want to save money, those on tight budgets, those who need the convenience of purchasing online or at their neighborhood pharmacy, and those who want access to significant savings on generic versions of leading medications, this legislation will provide needed relief.

In announcing this hearing, Mr. Chairman, you asked: “[w]hether federal involvement is needed in the veterinary prescription medication space.”

That is an important question – one that matters, since American households spend \$7 billion every year on pet medications, \$5.2 billion of which requires a prescription.⁴

The fact is that the Federal government is already involved in the pet medications space, and in a major way. The Federal government bars American pet owners from purchasing most pet medications without the approval of a licensed prescriber.

I am not saying this should change – that the Federal government should pull itself out of restricting how Americans can buy medications for their pets. Although I will point out that our Federal government requires a prescription for some major pet medications other industrialized countries permit their citizens to purchase over-the-counter.

³ True Science. Internal pricing study, March 7, 2016.

⁴ PACKAGED FACTS REPORT 4th EDITION, at 17

But, if the Federal government is going to tell pet owners “you can’t buy this without a prescription,” shouldn’t it give those pet owners the right to copies of their prescriptions so they can shop around for the price and convenience which suits them best?

Any time the government restricts access to a product by making it available only by prescription, but permits the prescriber to sell what they prescribe, it sets up a fundamental conflict of interest where the health care provider is also the retailer.

Pet owners are left squarely in the middle of this conflict of interest, and must ask the veterinarian – on whom they rely for their pet’s health care – for permission to take their business somewhere else and buy their pet’s medications from a competing pharmacy. And that is only IF pet owners know they have a choice.

The solution to this is simple. It’s easy. And, it’s proven. Simply give pet owners a right to a copy of the prescription and let them choose where to buy. There is no easier, more efficient, or more effective way to let pet owners know they have a choice. It has worked with human medications. It has worked with eyeglasses. And it has worked with contact lenses. It will work with pet medication.

In closing allow me to summarize in five points:

1. This is an issue which affects most Americans. Two out of every three American households have pets. They spend \$7 billion a year on pet medication. 87% of pet owners view their pets as members of their family.⁵ They want the right to comparison shop for their pet’s medicines – just like they do for their own or their children’s medicines. And they don’t understand why they can’t.

⁵ PACKAGED FACTS REPORT 4th EDITION, at Table 2-27

2. There is a central conflict of interest where the veterinarian is also the retailer and can prescribe or recommend brands sold exclusively through prescribers. In a marketplace like this, the government must establish rules to assure consumer choice and competition – just as the government has done with eye glasses and contact lenses.

The government needs to act because the prescription requirement plus the inherent authority which comes from wearing a white coat puts the veterinarian in a unique position of power. This power can be used by the veterinarian to dictate the consumers' purchasing decisions, or, in the case of non-prescription products, to heavily influence what a consumer buys under the belief it is best for their pet's health.

3. Having the prescription put directly and automatically into the hands of the consumer, without requiring the consumer to ask for it, sign a waiver, or pay a fee – is absolutely key. That piece of paper lets the consumer know he or she has a choice. It is the most effective, most efficient, means of creating a consciousness of choice.

4. Pet care is a discretionary expense. If choice is spurred and competition encouraged, prices will drop, convenience will be created, and Americans will buy more pet care to the benefit of all stakeholders – to the pet owner, to the pet, manufacturers, and to the veterinarian community.

5. We must not lose sight of the big picture -- this is a very tough economy. Every indication is that it will remain that way for the foreseeable future. Americans at most income levels are looking to save money.

It is also a different economy. Many families are burdened by severe time constraints, so convenience matters. For many picking up their pet's medication at the store and pharmacy where they shop will be a significant benefit.

Purchasing product on the Internet, while it used to be the exception, has become essential to many. So, while a couple of decades ago, buying pet medications only from your vet may have been the only practical choice, the world is much different today.

The federal government is already involved in this marketplace – it bars pet owners from buying most medications without a prescription. I hope the government will add the consumer protections necessary to make government's role in pet medications fair and encouraging of competition. The solution provided by the Fairness to Pet Owners Act will allow this marketplace to operate like those for other prescription items – whether that is prescription drugs, eye glasses or contact lenses.

Doing so will allow consumers to reap the full benefits of technological advancements and have the freedom to purchase their pet's medications where they want -- based on the price, service and convenience which suits them best.

Thank you for considering our views. I would be pleased to respond to any questions you may have.