



FOR IMMEDIATE RELEASE

April 29, 2016

CONTACT

Andrew Souvall — (202) 225-5735

Pallone Statement at Hearing on the Pet Medication Industry

Energy and Commerce Ranking Member Frank Pallone, Jr. (D-NJ) gave the following opening statement today at a Commerce, Manufacturing and Trade Subcommittee Hearing on “The Pet Medication Industry: Issues and Perspectives.”

Thank you, Mr. Chairman. Today's hearing is an opportunity to learn more about the present state of the pet medications industry and about the choices that are currently available to pet owners.

Many pet owners consider their pet to be a member of their family. Access to safe, effective, and affordable health care for their pets is important to them. In 2015, U.S. families spent more than 60 billion dollars on their pets, and a significant portion of those dollars were in the growing pet medication market.

The pet medications industry is in a period of transition. Both over-the-counter and prescription pet medications have become more widely available, including through online pharmacies and big-box stores. Although retail options have expanded within the industry, many stakeholders believe that the existing system for distributing pet medications has not evolved accordingly.

In 2012, the Federal Trade Commission held a public workshop to explore the changes taking place in the pet medications market. The workshop received input from a wide variety of participants, including veterinarians, pet owners, drug manufacturers, drug distributors, retailers, and regulators.

Some stakeholders argued that exclusivity agreements between drug manufacturers and distributors can artificially inflate prices and limit consumers' access to medication choice. For example, some retail outlets report difficulties ensuring they have brand medications available for customers, and some veterinarians report difficulties ensuring generic medications are available at their clinics.

Others reported that consumers are not being sufficiently informed of the options available to them when purchasing pet medications, including the option of receiving a written copy of their pet's prescriptions from their veterinarian.

After holding the workshop and reviewing stakeholder comments, the FTC issued a report in 2015 on the pet medications industry. It highlighted the troubling lack of generic pet medications available for purchase and explained that increased availability of generic pet medications could produce significant savings for consumers.

The comparison to the human medication market is notable. Of the top 20 human medications that lost patent protection between 2005 and 2007, 100 percent had a generic version made. Of the top 20 pet medications during that time, only 20 percent went generic.

We know that generics have a profound impact on health care by drastically lowering drug prices and improving access to effective treatments. FTC's report suggests a number of areas for further study regarding pet medication distribution that may be causing inefficiencies and disincentivizing the development of new generics. I encourage the FTC to proceed with that study.

I am hopeful that this hearing can also address other challenges facing the pet medications industry. I look forward to hearing from our witnesses on how we can work to ensure affordable pet medications for all pet owners, and I yield back.

###