

# AAEP NEWS

## Ethics: Navigating your practice in light of animal health company incentives and rebates

By Nat Messer DVM, DABVP; Eric Peterson DVM; and Kenton Morgan DVM, DACT

Over the last several years there has been an increase in animal health company buying programs and incentives. In addition to pricing discounts associated with volume purchases, it is common for clinics to qualify for some type of rebate/reimbursement program. Whether you get direct product price reductions up front or receive a rebate at the end of the buying period, the end result is a net reduction in the price of the products purchased. Certainly there are no ethical issues associated with clinics taking advantage of discounted pricing programs; the question arises when these programs potentially influence treatment choices that may ultimately impact the standard of care horses receive.

In recent years there has been a movement by clients and the profession to reduce the impact of product sales on our income base and focus more on charging for our services and expertise. This trend is also occurring in other veterinary sectors. This is no doubt a good direction but many equine practitioners do dispense pharmaceutical and vaccine products. Because we are primarily focused on individual patient care, the use of these products is an important component in our arsenal to help maintain the health and welfare of the horse. As such, it is necessary for most practitioners to maintain some level of drug and vaccine inventory.

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As a comparison, it is common—though not universal—for a number of veterinary consultants in the beef and dairy sectors to offer the veterinary rebates they would receive on large product purchases or prescriptions (such as antimicrobials) back to the feedlot or large dairy where the product is used. This is done so there is no appearance of a potential conflict of interest by the veterinarian as to the influence of a company program on his or her selection of treatment products in food-producing animals. This situation does pose somewhat different circumstances as compared to equine practice, as these types of food animal clients can represent thousands and thousands of animals at a single location. The products are typically shipped directly to the client with specific protocols from the consultant as to their use. The consultant does not administer the products, and he or she focuses on programs and treatment options to ensure the herd's health. The veterinarians are charging for their



consulting time (services) and have little to no reliance on income from drug or vaccine sales.

It is also not uncommon for some equine practitioners with large accounts to have appropriate amounts of specific products sent directly from the manufacturer or distributor to the farm, ranch or stable. This typically involves vaccines and/or anthelmintic products. With respect to prescription pharmaceuticals, it is required to have a VCPR in place and to have made a clinical diagnosis before dispensing these drugs. The decision to share product discounts or rebates with these clients is at the discretion of the veterinarian.

A couple of points relevant to this discussion and taken from our membership directory and AVMA policies:

- From the AAEP Ethical and Professional Guidelines (accessible at [www.aaep.org/info/guidelines](http://www.aaep.org/info/guidelines)): *“The ethical practice of medicine includes those remedies and treatments that have, as their short- or long-term goal, the health and welfare of the horse.”*
- From the AVMA Principles of Veterinary Medical Ethics (which the AAEP has adopted and is accessible at <http://tinyurl.com/avmapvme>): *“The choice of treatments or animal care shall not be influenced by considerations other than the welfare of the patient, the needs of the client and the safety of the public.”*
  - *“The medical judgments of veterinarians should not be influenced by contracts or agreements made by their associations or societies.”*
  - *“A veterinarian may not accept payment of any kind, in any form, from any source, such as a pharmaceutical company or pharmacist, manufacturer of medical appliances and devices, for prescribing or referring a patient to said source.”*

*continued on page IV*

## Ethics: Navigating your practice in light of animal health company incentives and rebates, continued

This last point seems conflicting with incentive programs from pharmaceutical companies or other product suppliers, but it is not. There is no doubt that incentive programs are meant to encourage purchase of a product. They are not a payment to influence the veterinarian. The companies are passing along product cost savings associated with future sales and moving volumes of a product rather than individual units. However, it is important to be ever mindful that suppliers should not offer and veterinarians should not accept any type of payment in exchange for the preferred use of, or prescription for, a particular product.

So as long as these programs—and consequent product selection—are agreed to up front by both parties and do not interfere with our medical judgment and treatment recommendations, we are not breaching our ethical standards.

Questions to consider when evaluating marketing/sales programs of approved pharmaceuticals and vaccine products (unapproved remedies and compounded products are for another discussion):

- Will the purchase of a particular product(s) based upon price incentives negatively impact my ability to provide standard of care to my patients?
- Will this purchase negatively impact or limit the choice of products I may need to provide quality care to my patients?
- Do these pricing programs potentially reflect a lesser quality product(s) for my patients?

As long as we can answer “NO” to these questions, then our decision to take advantage of pricing programs becomes a business strategy and not an ethical issue.

*Dr. Messer is a professor emeritus of equine medicine and surgery at the University of Missouri College of Veterinary Medicine. Dr. Peterson is a partner at Equine Medical Associates, PSC in Lexington, Ky. Dr. Morgan is an equine veterinary specialist with Zoetis in Kansas City, Mo. Each is a member of the AAEP's Professional Conduct and Ethics Committee.*