

United States Senate

WASHINGTON, DC 20510

August 6, 2024

Joachim Creus
Managing Partner, Vice Chairman & CEO
JAB Holding Company
14th Floor, 20 Eastbourne Terrace
London X0 W2 6LG
United Kingdom

David Bell
Senior Partner
JAB Holding Company
1701 Pennsylvania Avenue NW #801
Washington, DC 20006
United States

Dear Mr. Creus and Mr. Bell:

We write regarding our concerns about the rapid consolidation of veterinary care in the United States. In recent years, private equity firms – including JAB Holding Company (JAB) – have spent billions on buying up veterinary practices and then profiteering while reducing quality of care, increasing prices for pet owners, and making working conditions even harder for veterinarians. The Federal Trade Commission (FTC) has taken some enforcement action to limit large mergers in the industry but consolidation continued at a rapid pace.¹ Given that more than two-thirds of U.S. households own a pet,² corporate consolidation of veterinary care and an accompanying rise in prices represents a major issue for American consumers and a life and death issue for their pets.

Over the past decade, private equity firms like JAB have launched large-scale “roll ups” within the veterinary care industry, buying small veterinary practices and consolidating them under the ownership of larger corporations.³ From 2017 to 2023, private equity firms spent over \$51 billion on merger and acquisition deals in the veterinary sector.⁴ Private equity firms like JAB are now the biggest buyers of veterinary clinics and own nearly one-third of the veterinary clinic

¹ Private Equity Stakeholder Project, “Antitrust enforcements and consolidation in veterinary medicine,” Michael Fenne, February 13, 2024, <https://pestakeholder.org/news/antitrust-enforcement-and-consolidation-in-veterinary-medicine/>.

² American Pet Products Association, “Industry Trends and Stats,” <https://www.americanpetproducts.org/research-insights/industry-trends-and-stats>.

³ Private Equity Stakeholder Project, “Antitrust enforcements and consolidation in veterinary medicine,” Michael Fenne, February 13, 2024, <https://pestakeholder.org/news/antitrust-enforcement-and-consolidation-in-veterinary-medicine/>; Serial roll ups - defined as a series of smaller acquisitions by firms that result in a considerable increase in market share - are a favorite of the PE industry.; American Economic Liberties Project, “The Roll-Up Economy: The Business of Consolidating Industries with Serial Acquisitions,” December 2022, p. 6, <http://www.economicliberties.us/wp-content/uploads/2022/12/SerialAcquisitions-Working-Paper-R4-2.pdf>.; Fortune, “Private equity’s favorite way to make acquisitions may be illegal, FTC Chair Lina Khan says,” Paige Hagy, July 19, 2023, <https://fortune.com/2023/07/19/private-equity-ftc-mergers-acquisitions-rollup-strategy-linakhan-antitrust/>.

⁴ Atlantic, “Why Your Vet Bill Is So High,” Helaine Olen, April 25, 2024, <https://www.theatlantic.com/ideas/archive/2024/04/vet-private-equity-industry/678180/>;

marketplace:⁵ “about a quarter of general veterinary practices and about three-quarters of specialty practices... are now owned by large corporations.”⁶

JAB has received significant regulatory scrutiny for the scale and speed with which it has acquired veterinary practices and other pet-related companies. The FTC has *twice* ordered JAB to divest clinics in concentrated regional markets.⁷ JAB is now required to obtain prior approval from the FTC before acquiring specialty or emergency veterinary clinics in those regional markets.⁸ In addition to rolling up competing veterinary practices, JAB also owns numerous pet insurance brands. This vertical integration may empower JAB to preference its own insurance brands at its clinics.⁹ JAB’s decision to sell separately-branded insurance policies also gives customers a false illusion of choosing among separately-owned pet insurance companies.¹⁰ Similarly, as JAB acquires more veterinary practices while retaining those practices’ original branding, customers may continue to believe their veterinary practice is locally owned.¹¹ Some pet owners notice the difference only after they are charged more than usual at their routine visits.¹²

Private equity rollups of veterinary practices harm veterinarians and customers alike. Veterinarians describe increased pressure from private equity owners to “do more and see more patients.”¹³ Overworked staff feel compelled to upsell patients on expensive tests and procedures to meet demanding quotas.¹⁴ One California-based veterinarian employed at a practice owned by the candy and food conglomerate Mars, Inc. told reporters about corporate managers pushing clinicians to hit monthly quotas for particular procedures.¹⁵ Veterinarians have shared how their corporate managers pushed clinics to “become more efficient profit centers.”¹⁶ In some cases, private equity owners have tied veterinarians’ income to how much revenue they generated,

⁵ Fortune, “Many Americans can’t afford vet care. Is a new business model to blame?”, Luisa Beltran, May 9, 2024, <https://fortune.com/2024/05/09/private-equity-petco-pets-inflation-covid-19-veterinary-clinics-vet-hospitals-rabbits-dogs/>.

⁶ Stateline, “Vets fret as private equity snaps up clinics, pet care companies,” Anne Claire Vollers, March 29, 2024, <https://stateline.org/2024/03/29/vets-fret-as-private-equity-snaps-up-clinics-pet-care-companies/>.

⁷ Federal Trade Commission, “FTC Takes Second Action Against JAB Consumer Partners to Protect Pet Owners from Private Equity Firm’s Rollup of Veterinary Services Clinics,” press release, June 29, 2022, <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-takes-second-action-against-jab-consumer-partners-protect-pet-owners-private-equity-firms-rollup-of-veterinary-services-clinics>.

⁸ *Id.*

⁹ JAB Holding Company, “Pet Insurance,” <https://www.jabholco.com/pethealth>.

¹⁰ Embrace Pet Insurance, “Compare,” <https://www.embracepetinsurance.com/compare/embrace-vs-aspca-pet-insurance>.

¹¹ Pets.Care, “IS YOUR ‘LOCAL’ HOSPITAL CORPORATE-OWNED?,” <https://www.pets.care/is-your-local-animal-hospital-corporate-owned/>; National Veterinary Associates is owned by JAB. NVA, “Join NVA on Your Terms,” <https://www.nva.com/newsroom/join-nva-on-your-terms>.

¹² Atlantic, “Why Your Vet Bill Is So High,” Helaine Olen, April 25, 2024, <https://www.theatlantic.com/ideas/archive/2024/04/vet-private-equity-industry/678180/>.

¹³ Observer, “Veterinary Practices are Increasingly Corporately Owned, and Pets Owners Pay the Price,” Linda Carroll, March 19, 2023, <https://observer.com/2023/03/veterinary-practices-are-increasingly-corporately-owned-and-pets-owners-pay-the-price/>.

¹⁴ *Id.*

¹⁵ *Id.*

¹⁶ New York Times, “Why You’re Paying Your Veterinarian So Much,” Katie Thomas, June 24, 2024, https://www.nytimes.com/2024/06/23/health/pets-veterinary-bills.html?campaign_id=9&emc=edit_nn_20240623&instance_id=126976&nl=the-morning.

“creating an incentive to see more pets, order more tests and upsell wellness plans and food.”¹⁷ Another veterinarian reported feeling ashamed telling patients the estimate for procedures “because it was so insanely high.”¹⁸ Some corporate owners even required veterinarians to attend coaching on “getting the client to a yes.”¹⁹

Private equity firms are raising prices for veterinary services, in addition to pushing unnecessary tests.²⁰ Firms took advantage of rising pet ownership rates during the COVID-19 pandemic, viewing veterinary clinics as a “recession-proof investment” because companies can exploit consumers’ love of their pets by raising prices without consequence.²¹ Indeed, prices for veterinary services increased by 60% since April 2014,²² rising to well over \$300 per visit,²³ as private equity firms push profits over customers.²⁴ The situation is analogous to private equity takeovers in healthcare; in that context, extensive research “shows that when private equity takes over a hospital or physician practice, prices and the number of expensive procedures tend to go up.”²⁵

The increasing cost of pet care is making pet ownership unaffordable for too many Americans. According to *Fortune*:²⁶

¹⁷ *Id.*

¹⁸ Atlantic, “Why Your Vet Bill Is So High,” Helaine Olen, April 25, 2024, <https://www.theatlantic.com/ideas/archive/2024/04/vet-private-equity-industry/678180/>.

¹⁹ New York Times, “Why You’re Paying Your Veterinarian So Much,” Katie Thomas, June 24, 2024, https://www.nytimes.com/2024/06/23/health/pets-veterinary-bills.html?campaign_id=9&emc=edit_nn_20240623&instance_id=126976&nl=the-morning.

²⁰ *Id.*; Stateline, “Vets fret as private equity snaps up clinics, pet care companies,” Anne Claire Vollers, March 29, 2024, <https://stateline.org/2024/03/29/vets-fret-as-private-equity-snaps-up-clinics-pet-care-companies/>; Fortune, “Private equity’s acquisition of vet practices has brought salary increases, professionalism – and higher prices,” Luisa Beltran, May 13, 2024, <https://fortune.com/2024/05/13/private-equity-pets-veterinary-clinics-mergers-pandemic-inflation/>; Atlantic, “Why Your Vet Bill Is So High,” Helaine Olen, April 25, 2024, <https://www.theatlantic.com/ideas/archive/2024/04/vet-private-equity-industry/678180/>.

²¹ Private Equity Stakeholder Project, “Antitrust enforcements and consolidation in veterinary medicine,” Michael Fenne, February 13, 2024, <https://pestakeholder.org/news/antitrust-enforcement-and-consolidation-in-veterinary-medicine/#:~:text=Private%20equity%20firms%20have%20been,that%20often%20escape%20antitrust%20regulation>.

²² Bureau of Labor Statistics as cited in New York Times, “Why You’re Paying Your Veterinarian So Much,” Katie Thomas, June 24, 2024, https://www.nytimes.com/2024/06/23/health/pets-veterinary-bills.html?campaign_id=9&emc=edit_nn_20240623&instance_id=126976&nl=the-morning.

²³ Observer, “Veterinary Practices are Increasingly Corporately Owned, and Pets Owners Pay the Price,” Linda Carroll, March 19, 2023, <https://observer.com/2023/03/veterinary-practices-are-increasingly-corporately-owned-and-pets-owners-pay-the-price/>.

²⁴ Financial Times, “Lipsticks, lattes . . . and now labradors: JAB’s bet on pets,” Yasemin Craggs Mersinoglu, Antonie Gara, Stefania Palma, and Javier Espinoza, July 12, 2022, <https://www.ft.com/content/f32bee39-0ddf-47a3-8560-67838e7c9089>.

²⁵ National Library of Medicine, “Evaluating trends in private equity ownership and impacts on health outcomes, costs, and quality: systematic review,” Alexander Borsa, Geronimo Bejarano, Moriah Ellen, and Joseph Dov Bruch, July 19, 2023, <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC10354830/> as cited in Atlantic, “Why Your Vet Bill Is So High,” Helaine Olen, April 25, 2024, <https://www.theatlantic.com/ideas/archive/2024/04/vet-private-equity-industry/678180/>.

²⁶ Fortune, “Private equity’s acquisition of vet practices has brought salary increases, professionalism – and higher prices,” Luisa Beltran, May 13, 2024, <https://fortune.com/2024/05/13/private-equity-pets-veterinary-clinics-mergers-pandemic-inflation/>.

In 2018, annual rabies shots for one cat cost \$27 at a New York City vet that operated independently... The vet, after selling the practice to a private equity-backed company in 2022, charged \$50 for the same rabies shot in 2024. Urinalysis for a cat cost \$86 this year, up from \$42 in March 2021.

These increased prices have caused over 90% of pet owners to endure “some level of financial stress because of pet care costs.”²⁷ Some experts worry “there could be as much as 35% of pet owners who will not have affordable access to veterinary care in just the next few years.”²⁸

Our antitrust and consumer protection enforcers should take decisive action to combat serial roll-ups in the veterinary care industry, building on existing actions against companies like JAB.²⁹ While the FTC has taken some action against consolidation in this industry over the past few years, those limited actions have not stopped consolidation in the industry overall.³⁰ Congress should act as well, by passing the *Stop Wall Street Looting Act* to end anti-competitive practices that hurt pet owners and veterinarians.³¹

To understand the impact that the acquisition sprees of JAB and other private equity firms have had on veterinary practices across the country, we ask that you provide answers to the following questions no later than August 21, 2024:

1. Please list all veterinary practices JAB has acquired in the United States since 2019.
2. Please provide the following aggregate information for practices operated by JAB, for each calendar year since 2019:
 - a. Total revenue from all clinics owned by JAB;
 - b. Average rates that JAB-owned facilities charged for annual checkups for dogs;
 - c. Average rates that JAB-owned facilities charged for annual checkups for cats;
 - d. Average rates that JAB-owned facilities charged for a spay or neuter procedure for dogs;
 - e. Average rates that JAB-owned facilities charged for a spay or neuter procedure for cats;

²⁷ USA Today, “Survey: 91% of dog owners have experience financial stress over the cost of pet ownership,” Heidi Gollub and Jennifer Lobb, February 21, 2024, <https://www.usatoday.com/money/blueprint/pet-insurance/cost-of-pet-ownership-2023/>.

²⁸ USA Today, “A big pet peeve: Soaring costs of vet care bite into owners’ budgets,” Jorge L. Ortiz, April 16, 2024, <https://www.usatoday.com/story/news/nation/2024/04/16/vet-pet-care-cost-rising/73098326007/>.

²⁹ Federal Trade Commission, “FTC Takes Second Action Against JAB Consumer Partners to Protect Pet Owners from Private Equity Firm’s Rollup of Veterinary Services Clinics,” press release, June 29, 2022, <https://www.ftc.gov/news-events/news/press-releases/2022/06/ftc-takes-second-action-against-jab-consumer-partners-protect-pet-owners-private-equity-firms-rollup-of-veterinary-services-clinics>.

³⁰ Private Equity Stakeholder Project, “Antitrust enforcements and consolidation in veterinary medicine,” Michael Fenne, February 13, 2024, <https://pestakeholder.org/news/antitrust-enforcement-and-consolidation-in-veterinary-medicine/#:~:text=Private%20equity%20firms%20have%20been,that%20often%20escape%20antitrust%20regulation>.

³¹ Senator Elizabeth Warren, “Warren, Baldwin, Brown, Pocan, Jayapal, Colleagues Reintroduce Bold Legislation to Fundamentally Reform the Private Equity Industry,” October 20, 2021, press release, <https://www.warren.senate.gov/newsroom/press-releases/warren-baldwin-brown-pocan-jayapal-colleagues-reintroduce-bold-legislation-to-fundamentally-reform-the-private-equity-industry>.

- f. Average rates that JAB-owned facilities charged for torn cruciate or ACL ruptures for dogs;
 - g. Average rates that JAB-owned facilities charged for torn cruciate or ACL ruptures for cats;
 - h. Average rates that JAB-owned facilities charged for dermatitis for dogs;
 - i. Average rates that JAB-owned facilities charged for gastroenteritis for dogs and cats;
 - j. Average rates JAB charged for urinary tract disease for cats;
 - k. Average rates that JAB-owned facilities charged for metronidazole, famotidine, diphenhydramine, tramadol, carprofen, rabvac, maropitant, gabapentin, butorphanol, benazepril, and subcutaneous fluids;
 - i. Please provide the average dispensing fees for the above medications.
 - l. Average net income per practice;
 - m. Total number of employed veterinarians and the average salary per veterinarian; and
 - n. Total number of employed veterinary technicians and the average salary per veterinary technician.
3. Please provide the following information for each pet insurance company acquired by JAB for each full year since its acquisition:
 - a. Total revenue;
 - b. Total number of insurance policies sold; and
 - c. Total number of insured pets.
 - d. Does the pet insurance companies' payment policy treat care from JAB-owned veterinary facilities differently than non-JAB-owned veterinary facilities in any way, including by reimbursing non-JAB-owned veterinary facilities at lower rates or not at all?
 4. For each year since and including 2019, please identify the names and positions of each of the highest-paid executives at the following JAB-owned pet-related businesses³² – National Veterinary Associates (NVA), Ethos, Independence Pet Holdings, and Pinnacle Pet Group – and provide each of the individuals' total annual compensation for that year, including pay, bonuses, or other compensation. Please describe the basis for any bonuses received by these individuals.
 5. Please provide a total for all dividends related to profits from NVA, Ethos, Independent Pet Holdings, and Pinnacle Pet Group, for each year since and including 2019.
 6. Please list all dividend recapitalization transactions executed by NVA, Ethos, Independent Pet Holdings, and Pet Pinnacle Group since 2019.
 - a. Please quantify the total amount of debt taken on by NVA, Ethos, Independent Pet Holdings, and Pet Pinnacle Group in order to facilitate debt-funded transaction(s).
 - b. Please detail the dividends paid to investors for each company and whether each dividend was debt-funded.
 7. Please identify all real estate sales for all veterinary practices JAB has acquired in the United States since 2019, including purchaser and price paid. For practices that have

³² JAB Holding Company, "Annual Report 2023," JAB Holding Company, March 13, 2024, https://www.jabholco.com/documents/2/JAB_Holding_Company_S.ar.l-Annual_Report-2023.pdf.

sold their real estate but remained at the same location, please provide terms for lease contracts between JAB veterinary practices and the real estate's new owner, including duration and rental amount.

8. Please provide a breakdown of total JAB revenues by payor, including insurers, cash payments, and debt-based payment methods including credit cards and installment plans.
9. Please provide details on any payment and financial products offered by JAB veterinary practices, including medical and veterinary credit cards (such as CareCredit), loans, and installment-based payment plans:
 - a. Financial product terms, including interest rates, payment amounts, and payment plan durations; and
 - b. Total number of JAB consumers utilizing each type of payment product.

Sincerely,



Elizabeth Warren
United States Senator



Richard Blumenthal
United States Senator