

# United States Senate

WASHINGTON, DC 20510

November 18, 2024

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CEO/Office of the President  
Mars, Inc.  
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McLean, VA 22101

Loïc Moutault  
Global President, Mars Petcare  
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Dear Mr. Weihrauch and Mr. Moutault:

We write regarding our concerns about Mars Petcare’s acquisitions in the pet care industry. In recent years, large corporations, including Mars Petcare—part of candy and food conglomerate Mars, Inc.—have spent billions buying up veterinary practices and then looting the profits while reducing quality of care, increasing prices for pet owners, and worsening working conditions for veterinarians. The Federal Trade Commission (FTC) has taken some enforcement action to limit large mergers in the industry, but consolidation has continued at a rapid pace.<sup>1</sup> Given that roughly two-thirds of U.S. households own a pet,<sup>2</sup> corporate consolidation in pet care and an accompanying rise in prices represents a major problem for American consumers and a life and death issue for their pets.

Our concern about this problem has increased in recent months. Earlier this fall, we wrote to private equity companies JAB Holding Company and KKR & Co. Inc. regarding their acquisitions of veterinary practices.<sup>3</sup> We also held events with veterinary stakeholders in our states, where we heard about consolidation of veterinary diagnostics laboratories; corporate veterinary clinics’ frequent use of noncompete agreements; and the adverse impact that private equity and large conglomerates like Mars are having on pet care.<sup>4</sup>

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

<sup>2</sup> New York Times, “Are We Loving Our Pets to Death?” Linda Baker, June 22, 2024, <https://www.nytimes.com/2024/06/22/science/pets-health-behavior.html>.

<sup>3</sup> Letter from Senator Elizabeth Warren and Senator Richard Blumenthal to JAB Holding Company Managing Partner, Vice Chairman & CEO Joachim Creus and Senior Partner David Bell, August 6, 2024, [https://www.warren.senate.gov/imo/media/doc/warren\\_blumenthal\\_letter\\_to\\_jab\\_holdings\\_re\\_veterinary\\_clinics.pdf](https://www.warren.senate.gov/imo/media/doc/warren_blumenthal_letter_to_jab_holdings_re_veterinary_clinics.pdf); WFSB, “As veterinary costs rise, Blumenthal blames private equity firms,” Cassidy Williams, August 29, 2024, <https://www.wfsb.com/2024/08/29/veterinary-costs-rise-blumenthal-blames-private-equity-firms/>; Letter from Senator Richard Blumenthal and Senator Elizabeth Warren to KKR & Co. Inc. Co-Executive Chairman Henry Kravis, Co-Executive Chairman George Roberts, Co-Chief Executive Officer Joseph Bae, and Co-Chief Executive Officer Scott Nuttall, [on file with the Office of U.S. Senator Elizabeth Warren].

<sup>4</sup> WWLP, “Private equity carves path in pet care,” Sam Drysdale, September 9, 2024, <https://www.wwlp.com/news/state-politics/private-equity-carves-path-in-pet-care/amp/>; WFSB, “As veterinary costs rise, Blumenthal blames private equity firms,” Cassidy Williams, August 29, 2024, <https://www.wfsb.com/2024/08/29/veterinary-costs-rise-blumenthal-blames-private-equity-firms/>.

## Mars Petcare's Ownership of Veterinary Clinics

Over the past decade, Mars and other large corporations have launched large-scale “roll ups” within the veterinary care industry, buying smaller veterinary practices and consolidating them under corporate ownership.<sup>5</sup> Today, “[a]bout a quarter of general veterinary practices and about three-quarters of specialty practices ... are now owned by large corporations.”<sup>6</sup>

Mars Petcare has engaged in veterinary hospital acquisitions for the last 30 years, and the pace of these acquisitions has increased in recent years.<sup>7</sup> In 2017, Mars Petcare came under significant regulatory scrutiny for its veterinary acquisitions when the company acquired veterinary hospital chain VCA—which included over 800 hospitals<sup>8</sup>—for \$9.1 billion, the second-biggest pet clinic sale in history.<sup>9</sup> In order to settle FTC charges that Mars Petcare’s acquisition would substantially lessen competition and violate federal antitrust laws, the Commission required Mars Petcare to divest 12 clinics across the United States.<sup>10</sup>

As of 2023, Mars Petcare owned nearly half of all corporate-owned veterinary clinics.<sup>11</sup> In total, Mars Petcare owns at least a dozen veterinary businesses and operates approximately 3,000 individual veterinary clinics around the world.<sup>12</sup> However, Mars Petcare’s veterinary clinic ownership may have an adverse impact on pets, veterinarians, and pet owners.

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<sup>5</sup> Private Equity Stakeholder Project, “Antitrust enforcement 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,” Denise Hearn, Krista Brown, Taylor Sekhon, and Erik Peinert, December 2022, p. 6, <https://www.economicliberties.us/wp-content/uploads/2022/12/Serial-Acquisitions-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-lina-khan-antitrust/>.

<sup>6</sup> 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/>.

<sup>7</sup> Fortune, “Candy maker Mars is the biggest vet provider in the country: Inside its sprawling operation,” Luisa Beltran, June 10, 2024, <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>; VIN News Service, “Mars expands its international veterinary practice ownership,” Ross Kelly and Edie Lau, September 27, 2019, <https://news.vin.com/VINNews.aspx?articleId=54869>.

<sup>8</sup> Today’s Veterinary Business, “VCA Hospitals Now Under Mars Ownership,” Today’s Veterinary Business Staff, September 13, 2017, <https://todaysveterinarybusiness.com/vca-hospitals-now-mars-ownership/>.

<sup>9</sup> The American Prospect, “Welcome to Hell,” Jarod Facundo and Brian Osgood, July 20, 2022, <https://prospect.org/labor/welcome-to-hell-mars-pet-hospitals/>.

<sup>10</sup> Federal Trade Commission, “FTC Requires Mars to Divest 12 Veterinary Clinics as a Condition of Acquiring Pet Care Company VCA Inc.,” press release, August 30, 2017, <https://www.ftc.gov/news-events/news/press-releases/2017/08/ftc-requires-mars-divest-12-veterinary-clinics-condition-acquiring-pet-care-company-vca-inc>.

<sup>11</sup> Fortune, “Candy maker Mars is the biggest vet provider in the country: Inside its sprawling operation,” Luisa Beltran, June 10, 2024, <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>.

<sup>12</sup> Mars Veterinary Health, “Stronger together: Introducing our family of veterinary practices,” <https://marsveterinary.com/who-we-are/our-companies/>.

## Corporate Ownership of Veterinary Clinics Harms Pet Owners and Veterinary Staff

Corporate ownership of veterinary practices harms veterinarians and pet owners alike. Veterinarians describe increased pressure from corporate owners to “do more and see more patients.”<sup>13</sup> Mars Petcare veterinary workers report feeling mistreated by their facilities’ corporate ownership, and have “said that feelings of disposability, neglect, and exploitation were common features at Mars’s facilities.”<sup>14</sup>

Overworked veterinary staff feel compelled to upsell patients on expensive tests and procedures to meet demanding quotas.<sup>15</sup> One veterinarian employed at a practice owned by Mars told reporters about corporate managers pushing clinicians to hit monthly quotas for particular procedures,<sup>16</sup> and veterinarians have shared how their corporate managers pushed clinics to “become more efficient profit centers.”<sup>17</sup> Another veterinarian reported feeling ashamed telling patients the estimate for procedures “because it was so insanely high.”<sup>18</sup> Some corporate owners even required veterinarians to attend coaching on “getting the client to a yes.”<sup>19</sup>

Large veterinary conglomerates are raising prices for veterinary services in addition to pushing unnecessary tests.<sup>20</sup> Firms took advantage of rising pet ownership rates during the COVID-19 pandemic, viewing veterinary clinics as “recession proof” because companies can exploit consumers’ love of their pets by raising prices without consequence.<sup>21</sup> Indeed, prices for veterinary services increased by 60% since April 2014,<sup>22</sup> as corporations pushed profits over customers.<sup>23</sup>

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<sup>13</sup> 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/>.

<sup>14</sup> The American Prospect, “Welcome to Hell,” Jarod Facundo and Brian Osgood, July 20, 2022, <https://prospect.org/labor/welcome-to-hell-mars-pet-hospitals/>.

<sup>15</sup> 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/>.

<sup>16</sup> *Id.*

<sup>17</sup> New York Times, “Why You’re Paying Your Veterinarian So Much,” Katie Thomas, June 23, 2024, <https://www.nytimes.com/2024/06/23/health/pets-veterinary-bills.html>.

<sup>18</sup> 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/>.

<sup>19</sup> New York Times, “Why You’re Paying Your Veterinarian So Much,” Katie Thomas, June 23, 2024, <https://www.nytimes.com/2024/06/23/health/pets-veterinary-bills.html>.

<sup>20</sup> *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/>.

<sup>21</sup> Private Equity Stakeholder Project, “Antitrust enforcement and consolidation in veterinary medicine,” Michael Fenne, February 13, 2024, <https://pestakeholder.org/news/antitrust-enforcement-and-consolidation-in-veterinary-medicine/>; Nasdaq, “The Pet Industry is a Recession-Resistant Category for Investors Seeking Long Term Gains – Here’s Why,” Mark Van Wye, February 9, 2023, <https://www.nasdaq.com/articles/the-pet-industry-is-a-recession-resistant-category-for-investors-seeking-long-term-gains>.

<sup>22</sup> 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>.

<sup>23</sup> American Economic Liberties Project, “Response to Request for Information on Serial Acquisitions, Roll-Up Strategies Across U.S. Economy: Written Comments from the American Economic Liberties Project,” September 20, 2024,

## Mars Petcare's Vertical Integration May Lead to Higher Prices and Fewer Choices

Overall, Mars Petcare is the largest corporate buyer of all veterinary businesses,<sup>24</sup> and the company's increasing vertical integration in the pet care industry positions the company to hike prices, leaving pet owners unable to care for their pets. In addition to consolidation of veterinary clinics, Mars Petcare has acquired over a dozen other pet businesses, including veterinary diagnostics businesses, pet food, and pet technology, giving the company greater dominance in the pet industry and possibly increasing the cost of pet ownership.<sup>25</sup> The market for veterinary diagnostics laboratories, a vital service for veterinary clinics, has consolidated rapidly over the last decade.<sup>26</sup> One company, IDEXX Laboratories, "accounts for almost half the market share"<sup>27</sup> of the veterinary diagnostics lab market.<sup>28</sup> This includes veterinary reference laboratories, which are projected to generate \$4.6 billion in revenue in 2024 and \$7.8 billion by 2029.<sup>29</sup> The company with the second largest market share of veterinary diagnostics is Mars Petcare,<sup>30</sup> which has embarked on an acquisition spree, acquiring five veterinary diagnostics businesses in the past seven years<sup>31</sup>—one of which was reported in 2017 to be performing the bloodwork and tests for over half of all U.S. animal hospitals.<sup>32</sup> This vertical integration may empower Mars Petcare to preference its own diagnostics laboratories at its clinics.

Consolidation among veterinary diagnostics labs leaves vet practices with fewer options for conducting and processing lab tests, and allows a handful of large labs to charge high prices for

<https://www.economicliberties.us/wp-content/uploads/2024/09/AELP-Comment-on-FTC-DOJ-RFI-Roll-Ups-9.20.24-FINAL.pdf>.

<sup>24</sup> Fortune, "Candy maker Mars is the biggest vet provider in the country: Inside its sprawling operation," Luisa Beltran, June 10, 2024, <https://fortune.com/2024/06/10/mars-candy-snickers-pet-care-vet-clinics-petsmart-private-equity/>.

<sup>25</sup> Mars, "Mars, Incorporated: History in the Making," <https://www.mars.com/about/history>; Mars, "Mars completes acquisition of Cerba HealthCare Group's stake in French veterinary diagnostics business Cerba Vet and ANTAGENE," press release, July 2, 2024, <https://www.mars.com/news-and-stories/press-releases-statements/mars-completes-acquisition-cerba-vet-antagene>.

<sup>26</sup> VIN News Service, "Buyouts alter veterinary laboratory landscape," Jennifer Fiala, October 31, 2019, <https://news.vin.com/default.aspx?pid=210&catId=621&id=9359762>; American Economic Liberties Project, "Response to Request for Information on Serial Acquisitions, Roll-Up Strategies Across U.S. Economy: Written Comments from the American Economic Liberties Project," September 20, 2024, <https://www.economicliberties.us/wp-content/uploads/2024/09/AELP-Comment-on-FTC-DOJ-RFI-Roll-Ups-9.20.24-FINAL.pdf>.

<sup>27</sup> Kalorama Information, "Veterinary Diagnostics: IDEXX, Mars Petcare, and Zoetis Driving 7% CAGR 2023-2028," Daniel Granderson, February 1, 2024, <https://kaloramainformation.com/blog/veterinary-diagnostic-leaders/>.

<sup>28</sup> MarketsandMarkets via PR Newswire, "Veterinary Reference Laboratory Market Worth \$7.8 billion," May 7, 2024, <https://www.prnewswire.com/news-releases/veterinary-reference-laboratory-market-worth-7-8-billion--marketsandmarkets-302138187.html>.

<sup>29</sup> MarketsandMarkets via PR Newswire, "Veterinary Reference Laboratory Market Worth \$7.8 billion," May 7, 2024, <https://www.prnewswire.com/news-releases/veterinary-reference-laboratory-market-worth-7-8-billion--marketsandmarkets-302138187.html>.

<sup>30</sup> Kalorama Information, "Veterinary Diagnostics: IDEXX, Mars Petcare, and Zoetis Driving 7% CAGR 2023-2028," Daniel Granderson, February 1, 2024, <https://kaloramainformation.com/blog/veterinary-diagnostic-leaders/>.

<sup>31</sup> *Id.*; Virginia Business, "Mars acquires two veterinary diagnostics businesses," Kate Andrews, July 3, 2024, <https://www.virginiabusiness.com/article/mars-acquires-two-veterinary-diagnostics-businesses/>; Mars, "Mars completes acquisition of Heska, global provider of advanced veterinary diagnostic and specialty solutions," press release, June 13, 2023, <https://www.mars.com/news-and-stories/press-releases-statements/mars-completes-acquisition-heska>; Mars, "Mars completes acquisition of SYNLAB Vet, a European provider of specialist veterinary laboratory diagnostics," press release, September 29, 2023, <https://www.mars.com/news-and-stories/press-releases-statements/mars-completes-acquisition-synlab-vet>; Veterinary Practice News, "Mars Inc. completes VCA Inc. acquisition," September 12, 2017, <https://www.veterinarypracticenews.com/mars-inc-completes-vca-inc-acquisition/>.

<sup>32</sup> Bloomberg, "The High-Cost, High-Risk World of Modern Pet Care," Jason Clenfield, January 5, 2017, <https://www.bloomberg.com/news/features/2017-01-05/when-big-business-happens-to-your-pet>.

simple but necessary services. We have heard from veterinary health stakeholders in our states that large, corporate-owned veterinary diagnostics laboratories may use their market power to engage in price discrimination by charging smaller, independent veterinary clinics more for diagnostic testing than they charge veterinary clinics owned by the same corporation.<sup>33</sup> This preferential pricing method means that small, independent vet practices may be forced to pay higher prices for lab services than large vet practices—ultimately hurting smaller businesses and driving up costs for consumers. Similar dynamics occur in the grocery industry, where the largest food manufacturers and suppliers give discounts and other advantages to their favored grocery retailers, driving up costs at independent grocery stores.<sup>34</sup> We are concerned that amid Mars Petcare’s consolidation in the veterinary diagnostic laboratory space, independent veterinary clinics and pet owners will be forced to pay higher prices for simple bloodwork or diagnostics testing.

In addition to veterinary clinics and veterinary diagnostics labs, Mars Petcare has consolidated pet food companies, leaving customers vulnerable to predatory pet food pricing.<sup>35</sup> Mars is the largest pet food company in the United States,<sup>36</sup> and the second-largest pet food company in the world by revenue.<sup>37</sup> In total, Mars Petcare owns about 50 popular pet food brands, including Cesar, Iams, Pedigree, and Royal Canin.<sup>38</sup>

In the grocery industry, a handful of large companies exploited their market power to hike grocery prices at a rate well exceeding inflation during the COVID-19 pandemic.<sup>39</sup> We are concerned that the lack of competition in the pet food market gives Mars Petcare the ability to engage in a similar practice. Mars Petcare also owns an online veterinary pharmacy and prescription management and analytics company.<sup>40</sup> Mars’ series of acquisitions have cemented Mars Petcare’s position as a major

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<sup>33</sup> WWLP, “Private equity carves path in pet care,” Sam Drysdale, September 9, 2024, <https://www.wwlp.com/news/state-politics/private-equity-carves-path-in-pet-care/amp/>; WFSB, “As veterinary costs rise, Blumenthal blames private equity firms,” Cassidy Williams, August 29, 2024, <https://www.wfsb.com/2024/08/29/veterinary-costs-rise-blumenthal-blames-private-equity-firms/>.

<sup>34</sup> Letter from Senator Elizabeth Warren, Representative Mary Gay Scanlon, et al., to Federal Trade Commission Chair Lina Khan, March 28, 2024, p. 2, <https://www.warren.senate.gov/imo/media/doc/2024.03.28%20Letter%20to%20FTC%20re%20Robinson%20Patman%20Act1.pdf>; National Grocers Association, “Buyer Power and Economic Discrimination in the Grocery Aisle: Kitchen Table Issues for American Consumers,” pp. 16-17, <https://www.nationalgrocers.org/wp-content/uploads/2021/06/NGA-Antitrust-White-Paper.pdf>.

<sup>35</sup> Mars, “Mars Petcare completes acquisition of Champion Petfoods,” press release, February 28, 2023, <https://www.mars.com/news-and-stories/press-releases-statements/mars-petcare-completes-acquisition-of-champion-petfoods>.

<sup>36</sup> American Economic Liberties Project, “Response to Request for Information on Serial Acquisitions, Roll-Up Strategies Across U.S. Economy: Written Comments from the American Economic Liberties Project,” September 20, 2024, p. 5, <https://www.economicliberties.us/wp-content/uploads/2024/09/AELP-Comment-on-FTC-DOJ-RFI-Roll-Ups-9.20.24-FINAL.pdf>.

<sup>37</sup> Petfood Industry, “The world’s leading pet food producers,” <https://www.petfoodindustry.com/top-pet-food-companies>.

<sup>38</sup> American Economic Liberties Project, “Response to Request for Information on Serial Acquisitions, Roll-Up Strategies Across U.S. Economy: Written Comments from the American Economic Liberties Project,” September 20, 2024, p. 5, <https://www.economicliberties.us/wp-content/uploads/2024/09/AELP-Comment-on-FTC-DOJ-RFI-Roll-Ups-9.20.24-FINAL.pdf>; Mars, “Mars Petcare,” <https://www.mars.com/our-brands/petcare>.

<sup>39</sup> Letter from Senator Elizabeth Warren, Representative Jim McGovern, et al. to President Joe Biden, May 13, 2024, <https://www.warren.senate.gov/imo/media/doc/2024.05.13%20Letter%20to%20Biden%20Admin%20on%20Food%20Prices1.pdf>.

<sup>40</sup> Today’s Veterinary Business, “Mars Petcare Grabs a Bigger Slice of Vetsource,” Today’s Veterinary Business Staff,” May 18, 2021, <https://todaysveterinarybusiness.com/mars-petcare-vetsource/>.

player in the pet care industry, and in 2023, Mars Petcare accounted for about 60% of Mars' \$50 billion in revenue.<sup>41</sup>

### **Abuse of Noncompete or Non-Solicitation Agreements**

Corporate-owned veterinary practices often use noncompete agreements or non-solicitation agreements to prohibit veterinarians from choosing to start their own independent facility, thereby hurting their careers and worsening the veterinary care shortage. A noncompete agreement is a term or condition of employment that prohibits an employee from joining or starting a competing business, sometimes within time and geographic limits,<sup>42</sup> after leaving their current employer.<sup>43</sup> Approximately 30 million workers are subject to noncompete agreements.<sup>44</sup> The American Veterinary Medical Association has stated that “noncompete agreements have long been a fact of life for many veterinarians,”<sup>45</sup> but noncompetes “have become both more common and more restrictive as the corporate and private equity backed firms entered the [veterinary] space.”<sup>46</sup>

Earlier this year, the FTC took historic action against noncompete agreements when it proposed a rule banning noncompetes.<sup>47</sup> This rule would prohibit most employers from entering into or enforcing noncompete agreements with workers and is expected to lead to new business formation, higher earnings, and innovation.<sup>48</sup> During the federal rulemaking process, the FTC received dozens of comments from veterinarians on its noncompete rule, describing how noncompetes used by major corporate consolidators in veterinary care have prevented veterinarians from seeking employment elsewhere and hurt the veterinary care industry overall.<sup>49</sup> In one instance, two veterinarians were forced to relocate to a different market to practice veterinary medicine following the mere threat of a noncompete agreement.<sup>50</sup> In another instance, a noncompete agreement prevented a veterinarian who specialized in emergency medicine from working in any emergency or specialty practice in North America when she sold her clinic, and despite her specialty certification, she was forced to become a

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<sup>41</sup> Virginia Business, “Mars acquires two veterinary diagnostics businesses,” Kate Andrews, July 3, 2024, <https://www.virginiabusiness.com/article/mars-acquires-two-veterinary-diagnostics-businesses/>.

<sup>42</sup> American Veterinary Medical Association, “The shifting landscape of noncompete agreements,” Katie Burns, January 21, 2022, <https://www.avma.org/news/shifting-landscape-noncompete-agreements>.

<sup>43</sup> Senator Elizabeth Warren, “At Hearing, Warren Slams Noncompete Agreements as Unfair, Un-American, and Anti-Competitive,” press release, July 31, 2024, <https://www.warren.senate.gov/newsroom/press-releases/icymi-at-hearing-warren-slams-noncompete-agreements-as-unfair-un-american-and-anti-competitive>.

<sup>44</sup> Federal Trade Commission, “FTC Announces Rule Banning Noncompetes,” press release, April 23, 2024, <https://www.ftc.gov/news-events/news/press-releases/2024/04/ftc-announces-rule-banning-noncompetes>.

<sup>45</sup> American Veterinary Medical Association, “The shifting landscape of noncompete agreements,” Katie Burns, January 21, 2022, <https://www.avma.org/news/shifting-landscape-noncompete-agreements>.

<sup>46</sup> American Economic Liberties Project, “Response to Request for Information on Serial Acquisitions, Roll-Up Strategies Across U.S. Economy: Written Comments from the American Economic Liberties Project,” September 20, 2024, p. 10, <https://www.economicliberties.us/wp-content/uploads/2024/09/AELP-Comment-on-FTC-DOJ-RFI-Roll-Ups-9.20.24-FINAL.pdf>.

<sup>47</sup> Federal Trade Commission, “FTC Proposes Rule to Ban Noncompete Clauses, Which Hurt Workers and Harm Competition,” press release, January 5, 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/01/ftc-proposes-rule-ban-noncompete-clauses-which-hurt-workers-harm-competition>.

<sup>48</sup> Federal Trade Commission, “FTC Proposes Rule to Ban Noncompete Clauses, Which Hurt Workers and Harm Competition,” press release, January 5, 2023, <https://www.ftc.gov/news-events/news/press-releases/2023/01/ftc-proposes-rule-ban-noncompete-clauses-which-hurt-workers-harm-competition>.

<sup>49</sup> Federal Trade Commission, “Proposed Rule: Non-Compete Clause Rule (NPRM),” January 9, 2023, <https://www.regulations.gov/document/FTC-2023-0007-0001/comment?filter=veterinarian>.

<sup>50</sup> Choker v. Pet Emergency Clinic, P.S. by & through Bd. of Directors, 2021 WL 3129569, at \*2, Order Granting Defendants’ Motion for Summary Judgment, (E.D. Wash. Aug. 4, 2022).

relief veterinarian in general practice.<sup>51</sup> The United States currently faces a veterinary care shortage that may leave an estimated 75 million pets without access to veterinary care by 2030, and noncompete and non-solicitation agreements may exacerbate that shortage.<sup>52</sup> We are concerned that Mars Petcare may be using restrictive noncompete agreements that may stifle veterinarians' economic freedom.

### **Pet Ownership Is Increasingly Expensive**

The increasing cost of pet care is making pet ownership unaffordable for too many Americans. Veterinary care prices have caused over 90% of pet owners to endure "some degree of financial stress in the past year related to the cost of pet care."<sup>53</sup> 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."<sup>54</sup>

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 Mars Petcare.<sup>55</sup> 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.<sup>56</sup> For example, private equity firms Shore Capital Partners and Silver Lake Management are now reportedly in negotiations to combine their veterinary groups in a deal worth \$8.6 billion.<sup>57</sup> This merger would create "one of the largest operators of animal hospitals" in the United States.<sup>58</sup>

To understand the impact that Mars Petcare's acquisition sprees have on veterinary practices and pet ownership across the country, we ask that you provide answers to the following questions no later than December 2, 2024:

1. Please list all veterinary practices Mars Petcare has acquired in the United States since 1994.
2. Please provide the following aggregate information for practices operated by Mars Petcare, for each calendar year since 1994:
  - a. Total revenue from all clinics owned by Mars Petcare;
  - b. Average net income per practice;
  - c. Total number of employed veterinarians and the average salary per veterinarian; and;
  - d. Total number of employed veterinary technicians and the average salary per veterinary technician.

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<sup>51</sup> American Veterinary Medical Association, "The shifting landscape of noncompete agreements," Katie Burns, January 21, 2022, <https://www.avma.org/news/shifting-landscape-noncompete-agreements>.

<sup>52</sup> HumanePro, "Crisis of veterinary care," Julie Falconer, <https://humanepro.org/magazine/articles/crisis-veterinary-care>.

<sup>53</sup> USA Today, "Survey: 91% of dog owners have experienced financial stress over the cost of pet ownership," Heidi Gollub and Jennifer Lobb, September 25, 2024, <https://www.usatoday.com/money/blueprint/pet-insurance/cost-of-pet-ownership-2023/>.

<sup>54</sup> 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/>.

<sup>55</sup> Federal Trade Commission, "FTC Requires Mars to Divest 12 Veterinary Clinics as a Condition of Acquiring Pet Care Company VCA Inc.," press release, August 30, 2017, <https://www.ftc.gov/news-events/news/press-releases/2017/08/ftc-requires-mars-divest-12-veterinary-clinics-condition-acquiring-pet-care-company-vca-inc>.


<sup>56</sup> Private Equity Stakeholder Project, "Antitrust enforcement and consolidation in veterinary medicine," Michael Fenne, February 13, 2024, <https://pestakeholder.org/news/antitrust-enforcement-and-consolidation-in-veterinary-medicine/>.

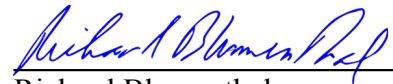
<sup>57</sup> Bloomberg, "Shore Capital, Silver Lake In Talks Over \$8.6 Billion Pet-Care Deal," Michelle F. Davis and Ryan Gould, November 1, 2024, <https://www.bloomberg.com/news/articles/2024-11-01/shore-capital-silver-lake-in-talks-over-8-6-billion-pet-care-deal>.

<sup>58</sup> *Id.*

3. Does Mars Petcare instruct, incentivize, or otherwise encourage its veterinary care facilities to order laboratory testing at Mars-owned veterinary diagnostics laboratories?
4. Have Mars-owned veterinary diagnostics laboratories ever charged Mars-owned veterinary care facilities different prices for services as compared to independently-owned veterinary facilities?
5. Does Mars Petcare instruct, incentivize, or otherwise encourage its veterinary care facilities to recommend pet owners purchase Mars Petcare pet food?
6. Have Mars-owned veterinary care facilities required veterinarians or veterinary technicians to sign noncompete agreements?
  - a. Has Mars provided language for such agreements to its veterinary care facilities?
    - i. If yes, what is the standard language provided by Mars?
  - b. Have Mars-owned facilities ever sought to enforce a noncompete agreement against an employee of a veterinary care facility?
    - i. If yes, please provide for each instance:
      1. The location where the instance occurred; and
      2. How the issue was resolved.

Sincerely,

  
\_\_\_\_\_  
Elizabeth Warren  
United States Senator

  
\_\_\_\_\_  
Richard Blumenthal  
United States Senator