

March 2, 2023

Delegate Joseline A. Pena-Melnyk, Chair  
House Health and Government Operations Committee  
241 Taylor House Office Building  
6 Bladen Street  
Annapolis, MD 21401

Dear Chair Pena-Melnyk:

Thank you for the opportunity to comment on HB 517. We respectfully oppose this bill and request an unfavorable report. The Animal Health Institute is the U.S. trade association for research-based manufacturers of animal health products – the medicines that keep pets and livestock healthy. Our members are sponsors for a majority of the pioneer animal drugs approved by FDA and used by veterinarians in Maryland.

The veterinary drug market is quite different from the human drug market – there are fewer products, a different distribution chain, and different payment structures. These differences would result in an oversized burden on the animal health industry while failing to meet the presumed objectives of the proposed policy.

Animal products are manufactured and prescribed specifically for animal uses. Animal medicines are produced for seven major animal species and many more minor species. Despite the number of species served, there are an estimated 20 times more human drugs available than animal drugs. As a result, the market for animal drugs is both small and splintered, with most products having annual sales under \$1 million.

Most animal drugs are prescribed, and many are administered, by licensed veterinarians. Because these drugs are approved and labeled specifically for animals and contain animal-specific directions for use, the issue of diversion is much less than for human drugs. Furthermore, several animal products are formulated to be used in feed and water. These products are prescribed by veterinarians and mixed by feed companies under the FDA veterinary feed directive. It would not be appropriate, nor feasible, to utilize human-focused drug take back programs for these animal health products.

While some animal health products can be obtained through a human pharmacy, most veterinary prescribed products are dispensed through individual veterinary clinics. This distribution process improves compliance through convenience for obtaining prescribed animal medications and ensures proper animal-specific education is provided.

The payment structure for animal health is also significantly different than in human medicine. Any policy that increases the overhead cost of medicine production can result in increased product prices. The absence of third-party payers in veterinary medicine means the full cost of producing medicines is borne by animal owners. History has demonstrated the price elasticity of animal drugs compared to human drugs. Animal owners, including farmers and pet owners, are very sensitive to changes in cost. As costs

rise, animal health and welfare suffer as the use of important medicine is avoided. If veterinary drugs are included in this take back program, then the attendant costs will likely reduce demand for these products at the peril of animal health and welfare.

The proposed take-back program would require a massive undertaking by the veterinary medicine community with a significant financial commitment from farmers and pet owners without achieving the intended benefits. It would increase the cost of animal medicines, which would threaten the health and welfare of animals, and, by extension, public health. We urge you to report this legislation unfavorably.

Please let me know if you have questions or if I can provide additional information. Thank you for your consideration.

Sincerely,

A handwritten signature in black ink, appearing to read 'Mandy Hagan', with a stylized flourish at the end.

Mandy Hagan  
Director, State Government Affairs