



Race Track Industry Program

**38th ANNUAL
SYMPOSIUM ON RACING & GAMING**

WEDNESDAY, DECEMBER 7, 2011

**Veterinarian Panel
Part I
Veterinarian/Client Relationships: the Veterinarian's
Dilemma**

SPEAKERS:

Dr. Rick Arthur, Equine Medical Director, California Horse Racing Board
Dr. Jeff Blea, Veterinarian and Co-Managing Partner, VonBluecher, Prida, and Blea, Inc.
Dr. Scott Palmer, Hospital Director and Staff Surgeon, New Jersey Equine Clinic
Dr. Gregg Scoggins, Attorney and Veterinarian, Gregg A. Scoggins Attorney at Law PC

Mr. Steve Barham: Let's get started. As you can probably tell, I'm not Mary Scollay. None of these guys are Mary Scollay. Mary got tangled up with travel and airfare today, or actually yesterday, and could not make it. So we've done a little changing, a little bit. As far as the panels, we have an additional panel member. We're going to kind of run this panel and the next veterinarian panel together and all of the panelists have told me that audience participation, while they have some slides, they'd like question and answers so hopefully it can be a little more interactive. They've also asked me to introduce the panel. Since they are helping us out, I'm going to do what they told me to do.

Right next to me, Dr. Scott Palmer currently is the owner and hospital director of the New Jersey Equine Clinic. He is also the chairman of AAEP, or the American Association of Equine Practitioners. Racing committee, excuse me. One of the things about Dr. Palmer, when I called him — and this is kind of the true confessions for Steve. When I called him in October I guaranteed that the weather in Tucson was going to be better than the weather in New Jersey, all right? Today's forecast: Millstone Township, 58 degrees high, 34 degrees low, and raining. Tucson forecast today: 49 degrees high, 32 degrees low, and it's sunny. So we decided that it was a dead heat. I apologized for not carrying through with the guarantee.

Next to Dr. Palmer is Dr. Rick Arthur who is the equine medical director of the California Horse Racing Board. He also is the vice president and assistant secretary and director of Oak Tree Racing Association. Dr. Arthur has been a speaker in a number of my classes. In my advanced racing law class last semester when he was here to speak I think he had like 257 slides or 300 slides or something, made it through almost all of them, though the students were counting. After he got done with the two and a half hour lecture, which there was no break, the students came up to me and said I never looked at the clock. They never looked at the clock which they usually do when I do, and they wanted him to come back

next week and go through the rest of his slides, at which point I told them that I really had things that I needed to lecture next week. They said yeah, that's why we want him to come back and lecture to us because he's a lot more fun than what you are.

Dr. Blea is currently — is the next person there — currently the partner — I'm not even going to try to say the name of the clinic. Okay. He is a practicing veterinarian on the backside of race tracks. We've asked him to represent or talk about that side. You'll also, if you read his bio, you will find out that he is also active in the American Association of Equine Practitioners.

Furthest from me, the person that we added to the panel, Dr. Scoggins holds degrees in both veterinary medicine and law. In over 20 years of law practice he has represented a broad array of clients in the racing industry from horse owners to race track companies to veterinarians. He also serves on the AAEP's racing committee as a project manager and interim executive director for the RMTTC. With that, I'm going to turn it over to Dr. Scoggins who's going to moderate the panel. Hopefully everybody will be interactive with them. Thank you.

Dr. Gregg Scoggins: Thank you. What we'd like to do before we get started with the Q&A portion is to set the table, if you will, and Dr. Palmer has some slides that he wants to present to kind of set the stage. Then from there we'll have a conversation among the four of us and the rest of you on the issues that we wanna cover today. So Dr. Palmer?

Dr. Scott Palmer: Thank you, Gregg, and thank you for inviting me to be here today to speak with you about the owner/trainer/veterinary relationship and the issues of welfare. I thought it was interesting this morning when I picked up the *USA Today* newspaper. On the front page the cover story is Rodney Erickson, University President for Penn State University. The headline is "Penn State Rethinks Emphasis on Football". I think that the racing industry, back in 2008, took a long hard look at itself and rethought the emphasis on welfare quite a bit and some of the things I wanna share with you today evolved out of that process.

2008, you'll remember, was the year that Eight Belles had to be destroyed on the race track. There was congressional testimony. There was national TV coverage and panels discussing all this, and in the wake of all this the American Association of Equine Practitioners thought it was appropriate to convene a group of race track practitioners and actively engage them in this process of what was going to be a long-term reform of racing with an emphasis on horse welfare. So the American Association of Equine Practitioners Racing Committee did get together in Austin, Texas and talked about a lot of these issues.

What we did was we identified as a core issue this relationship, this veterinarian/trainer/owner relationship, which if you call it the owner/trainer/veterinarian, it's almost like an OTB. It's an OTV relationship and that kind of has a little bit of a ring to it, but we felt that this relationship was really a core concept in terms of controlling the issue of medication and shared medication philosophy, and that was a springboard. We then realized that this relationship is also very important in terms of not only controlling medication issues, but also in terms of supporting horse welfare and also improving the business model of racing. It is very widespread application here.

We're gonna share that with you this morning and show you how that works. In the past few years we've published a lot of information about racing and recommendations from the veterinary perspective of racing to improve horse welfare and to enhance the image of

racing for the public. These are just some of the documents we put out in the last few years. They are all available on the EAP website if you're interested in looking at them.

Again, the core concept that is common amongst all those documents that we're gonna talk about today, we're gonna focus on the idea that there should be good communication and transparency in this owner/trainer/veterinarian relationship. This is what you would typically see as the hierarchy, if you will, of the owner/trainer/veterinarian relationship. Like all hierarchies, there's somebody at the top of the pile and there's somebody at the bottom of the pile. Here we have somebody at the middle of the pile.

Well, this is graphically what the classic owner/trainer/veterinarian relationship looks like. The owner, of course, hires a trainer to train his horses. Then the trainer, in turn, hires a veterinarian to provide medical care. He also hires a blacksmith and he hires other vendors, but he's really the guy that operates under the auspices and acts as an agent for the owner. Usually, the owner and trainer have a dialog going, and that can be quite variable as to how active that dialog is. The trainer and the veterinarian, in a backstretch situation usually have a daily interaction. Although the trainer hires the veterinarian, the veterinarian bills the owner usually. Then sometimes there's an intermediary here where the veterinarian gives the bill to the trainer, he signs off on it, gives it to the owner. Sometimes the veterinarian directly bills the owner.

I think you can appreciate that there can be some problems in communication with this relationship and that it's not as open and transparent a relationship as one might like to have in order to avoid misunderstandings, both with medication philosophy and with cost of professional services. An actual fact in terms of practical considerations, this relationship looks a little bit more like this. We have a situation where we have a good communication between trainer and owner, at least a fairly frequent one. We have a good communication between the trainer and the veterinarian, and we have an infrequent communication between the veterinarian and the owner. Oftentimes, only really activated in cases where there is a significant change in the horse's healthcare where there is a large bill involved, and there's some concerns about the billing. That communication is sporadic at best, but that's the practical application is what that usually looks like.

Now, this is called a drama triangle. Have any of you — this is a two-way conversation, folks, so I'll ask you have any of you ever been involved in a drama triangle? No? You're lying to me. Now, you gotta be honest. Fess up. You've all been involved in a triangular relationship at one time or another in your life, and I don't care if it's as intimate as your family or as business-oriented as if you've ever built a house where you're dealing with a contractor and you're dealing with an attorney and you're dealing with an architect. I mean, these relationships are not unique in the world, but in veterinary medicine this relationship is very poorly defined, or in horse racing this relationship is very poorly defined. What's the principal problem with the triangle? Why do we call it a drama triangle? Any thoughts on that?

Audience Member: A lot of drama involved.

Dr. Scott Palmer: A lot of drama involved, and there's drama involved because what happens in any drama triangle, I don't care what names you put in those boxes, but in any drama triangle what happens is this person is talking to this person. Now, what are they talking about? They're talking about that person. This person is talking to this person, and what are they talking about? They're talking about that person. It always works that way. That's just the way these things work. I think, again, it helps you to appreciate even more how this triangle can be problematic in terms of communication, transparency, honesty, and

shared philosophy, whether it's economics or whether it's welfare, it's really a problematic situation.

This, I would submit to you, is the simplest form of this relationship. The best form, the most easy-to-manage form. What typically happens is there's more than one veterinarian involved. The trainer hires a veterinarian. He likes this guy because he's really good with lameness, so he's doing all the lameness work in the barn. This guy over here, he's the prerace veterinarian, just for example. Or maybe he's a medicine guy, or maybe he's an imaging guy.

Maybe there's an ultrasonographer. Maybe there are three or four veterinarians in this barn. Those veterinarians don't always communicate really well, and you can imagine the complexity that that adds to the relationship when an owner gets two or three bills from different veterinarians and has not really had a conversation with any of them, and the trainer tells him his horse is doing fine. Again, that's another example of how this thing can get really ugly.

Of course, we can have multiple owners. Now you have a veterinarian A. He's supposed to communicate with all these owners through the trainer or not. Same thing with veterinarian B. These guys are supposed to talk to one another. These three guys are supposed to get together, don't always wind up on the same page. These people rarely are on the same page, have different levels of interest in being involved in the situation. This is an absentee owner over here in C. I'm sorry.

The absentee owner over here doesn't want to have anything to do with this. He just wants to be a silent partner. This guy over here is a micromanager. He wants to run the whole show and tell everybody what to do. This guy over here just wants to enjoy himself and kick back and be part of the pageantry. So there can be a wide spectrum of interest and involvement, and I'm sure you can appreciate how complicated this can become in terms of communication and transparency.

What we did, this started way back in 2009. We thought it'd be a good idea if we gathered together some focus groups and what we did was we gathered both thoroughbred, standardbred, and quarter horse owners, trainers, and veterinarians. We did it in Lexington, Kentucky. We did it in New Orleans down there with the quarter horses. We did it in New Jersey at the time of the Hambletonian.

We gathered some, a wide spectrum from all the way from the very best of the best in terms of success and also small stables. We covered the whole spectrum and we talked for hours about this. It was fascinating and we found a number of things. If we distilled it all down, we wanted to try and identify the major concerns, the top few concerns of owners, trainers, and veterinarians with the idea that then we can maybe address those concerns in some way which would be a productive thing to do.

First one. What a shock. I know you're all surprised to see that one be at the top of the list. Communication, cost. My horses are being over-medicated. I feel like I'm working for my trainer, not the other way around. None of that is surprising. None of that should surprise you, but this was articulated by a lot of people, in different language perhaps, but it all came down to — those were the four top ones.

How about the trainers? What do you think their list looks like? I can't find any new owners. I'm struggling to find new owners. I can't keep my — my business is failing because I can't find new owners. If I don't use medication my owners are gonna pull the

horses from me and take them someplace else. They'll give them to somebody who will use the medication so I'm feeling pressure to do that. I need this medication to be competitive. I don't medicate my horses, I can't be competitive.

Pressure, pressure, pressure. Sounds good, right? Lovely environment to work in. I have to manage both sides of this relationship, so a lot of these trainers perceive themselves as the critical manager of this whole relationship. What does that really mean? That means I'm filtering all over the place here to make sure things go smoothly. God forbid there's a bump in the road here. I gotta manage the situation and I'm gonna do that from both sides.

How about the veterinarians? Number one: nobody's paying me. Number two: if I don't do what the trainer wants me to do, he's gonna fire me and find somebody else to do it. Number three: trainers don't want me to talk to the owner. They wanna tell the story. Number four: trainers and owners view veterinary services as a commodity. Those are the main concerns. Of the three groups, those are the top concerns. No huge surprise. Now, that was 2009 and 2010. Is this information still relevant today? Does it resonate? Do those comments resonate with any of you in the room today? I'd say they probably do.

Let's fast forward to when? To yesterday. Let's fast forward to the owner's seminar yesterday at the Racing Symposium. Yesterday. You have to be — to love this business, to be in it, I think trainers need to manage veterinarians, not just let them run loose. Comments by Bill Wright, standardbred owner in a panel yesterday at the symposium. Another viewpoint: reliance on vets sometimes stems from losing streaks and the need to remain competitive. Fear fades on itself so a trainer may let a vet run his barn. Karl Broberg yesterday afternoon in the panel.

My point here is that the concerns that we identified in those focus group discussions over the past few years are exactly the same issues that we're talking about today. Exactly the same issues that you heard about yesterday in the owner's seminar. Finally, is racehorse ownership about thrills, making a profit, breaking even, or all three? Based on comments made yesterday here, the answer is all three. This is my italics, but with cost of training and racing far exceeding available purse money, you had better be prepared for some disappointment. Tom LaMarra, *The Blood-Horse*. Came out this morning on the internet.

Really pertinent comments. Really, really important comments. What does this tell us? This tells us that the business model of racing is broken. No question about it. One of the answers to fixing that is — a piece of that is the veterinarian/trainer/owner relationship. Let's take a look at how that's gonna work. I'm sure some of you will remember this cover from *The Blood-Horse* a little while ago. We identified if we could distill down the core issues here from all three of these perspectives, the first one is unrealistic expectations on the part of owners, trainers, and veterinarians about what the realities really are, how much money I can make as an owner. Can I make a profit as an owner?

As a trainer, what's the effect of this medication? Is this medication that I'm requesting really gonna help me or not? Do I really have to give it? Fear of failure and loss of horses from the stable or loss of income common in all these areas. Poor or filtered communication and a focus here is on — should be and it's something that's been backwards. It's been upside down for a long time.

Veterinarians, for many, many — well, for — I've been in this business for 35 years. In the 35 years I've been involved in racing, prying on the backstretch, and then in a surgical practice, our billing systems have always been focused, until recently, on medication.

There's very little in the bill that explains anything about the diagnosis or any conditions of the horse. We've been billing on medication, medication, medication, and giving away the professional services we spent eight years to study and learn how to do.

There's a big move right now in the AAEP to turn this back around with less of a focus on medication, more of a focus on billing for professional services which is a cultural change in this industry. Make no mistake about it. That's something that's gonna take some getting used to. An owner gets a bill for an examination. How dare you bill me for examining my horse? This is a bill — this is a statement that was made by Foster Northrop for a TOBA owner's seminar a couple of years ago. I bring it in, I include it here because I think it's really a great example of one of these issues.

Over in the left here we've got a number of questions by the owner. I can't figure this bill out. It's hard for me to read this bill and understand what's going on. What does it really mean? Why wasn't I told that there was something wrong with my horse if he's getting all this medication? Did my horse need all this medication? And my trainer said he was going great. I don't get it. Now, we've got couple of horses here. This first horse, I know you can't read it, cuz if you could read it you'd be reading it right now instead of listening to me so I don't really want you to get eye strain doing that.

But this horse, Fast As Ever, here, he's a horse. He's had some Lasix, he's had some issues. He's basically fast, he's been scoped, and he bled a little bit. He's had a couple of joint injections with some hyaluronic acid. He's had some digital radiographs. In this monthly bill, Fast As Ever's got about \$1,000.00 bill and he's okay. As far as the trainer, he goes everything's fine. He just needed to have his stifles injected, had some radiographs done. That digital radiography is expensive stuff. Machines cost about \$125,000.00. Service contracts are five figure contracts every year. That's expensive stuff, but we've come to expect that level of service and so that adds a lot to the bill. Hyaluronic acid, Marquis, GastroGard: enormously expensive generic products that really drive up a bill.

Here's a second horse. Sound As Ever. He's perfectly sound, but he's got a little bit of a bleeding issue and some infection. His bill's about \$300.00 so this owner gets a \$1,300.00 bill for two horses and you could imagine that that would get your attention. It would certainly get my attention. Unless there's been some kind of communication — and if that owner doesn't even know that his horse — one horse is bleeding and the other one's got some lameness issues, when he gets these bills you can imagine what a morale booster that is, especially for a new owner.

Okay, questions for the owner. How involved do you really wanna be? How much input do you wanna have on these healthcare decisions and philosophical decisions about medication? Do you wanna be involved in picking the veterinarian? Should you be involved in picking the veterinarian or do you have a trainer that says hands off. You want me to train your horse? I make those decisions. Do you wanna be involved in treatment decisions and treatment options? These are very important questions that need to be answered and they very rarely come up in the process of when an owner hires a trainer.

What are we gonna do with this information we've gathered over the past couple of years? Well the AAEP feels that it's very important that we clearly define the expectations of all parties involved, make an effort to improve transparency and trust in this relationship by improving communication. Educate everybody that this is a problem. This is an issue. It's not — I'd guarantee you've never heard about this before, not in this context. It's a brand new look at this relationship and the impact that it has on cost of veterinary services, medication philosophy, and welfare of the horse.

Where do we go from here? Well, the first step is a meeting like this where hopefully we can draw a little attention to the issue and help people appreciate that we need to pay attention to this relationship, that if an owner is concerned about their veterinary bill we can give him a very nice little toolbox of how to reduce that veterinary bill. It's not a difficult problem, but it's not free either. It's like social media. We just heard a great presentation earlier this morning about social media. You don't have to buy into that. You can sign up for free for Facebook and such, but the not so free part is you have to participate. You have to invest yourself into that process for it to work.

It's the same with any relationship, any relationship. You have to invest yourself in that relationship to get anything out of it. You cannot do it completely as an absentee owner. If you are an absentee owner you need to have at least a managing partner who can take care of these issues for you or else the horse is gonna suffer and you are gonna get sticker shock in your vet bill. And there's gonna be all kinds of issues with medication at the race track. The way to slow all this whole thing down, you get this under control, is exactly right here with the veterinary/owner/trainer relationship.

What we're hoping to do is to move forward with TOBA, HPPA, ACQA, USTA, and other groups on a national basis to stimulate this kind of conversation and say okay, let's not have a drama triangle. Let's not have a veterinarian stand up here and tell you how to fix this thing. That's not the point. We wanna draw attention to it and sure, we'll take all the credit in the world for bringing it up, but the answer is not gonna come from the AAEP. The answers gotta come from the industry as a whole.

Very simply, if an owner wants to reduce his veterinary bill, he's gotta do something. What's he gotta do? He's gotta meet with his trainer, he's gotta meet with his veterinarian. Separately? No. That's not gonna work. You still got the drama triangle. The owner's gotta meet with the veterinarian and the trainer all at once, the three of them sit down, and they have a conversation. In that conversation, they talk about this is my comfort level with medication. This is my comfort level with the bills. This is what I authorize you to do. It's like having your car fixed. If this bill's gonna be more than \$1,000.00 a month I need to know about it beforehand. All these things can be talked about and get those things clarified and you're gonna be in good shape.

One of the things we're gonna talk about here as another possibility in terms of a toolbox, the first one is a simple meeting. Doesn't cost anything except some time, but that can clear up a lot of things and set the groundwork for this really, really well. That's where the owner has to be involved, though, and make it clear what his expectations are to the trainer. The trainer has the right to say Mr. Smith, I'm not comfortable with your expectations. I don't want you involved in this process. I wanna be a hands-off trainer, and at that point it's probably best right off the bat that you find another trainer, and he'd find another owner.

The hard part is, there are not a lot of owners to go around these days. That's really, really important. The veterinarian might say well, Mr. Smith, I clearly understand you do not want your horse on GastroGard, and that's fine. That's gonna save a whole bunch of money, but there are some issues with that and we need to scope your horse and see what his tummy looks like, make an educated decision about whether he really needs it or not. Maybe if he's got a little bit of this we can cut the dose down. We can talk about how we're gonna do that.

In terms of lameness evaluations, there has to be transparency and honesty. It's a bad deal if the owner says well, I don't wanna know the details. Just make sure everything's okay and the trainer then handles it all, but then later on the owner says well, I didn't know you were gonna do this. I get bills in the mail for stifle and hock injections. I had no idea that he needed that, and I'm upset about that cuz it's a lot of money. Again, those things can all be handled.

One of the things that we are looking at, for example I mentioned to you earlier that the architectural world has a blueprint for this process. They have, on their website, an enormous number of contracts that they've made up to help define the roles of architect, builder, and owner. The guy that's gonna build the house or the building, the architect and the builder. That's the same kind of relationship, and they have a lot of interesting agreements, memorandum of understanding, contracts, and such that we may be looking at.

Wouldn't that be a cultural change for racing? If you had a contract between an owner and a trainer and a contract between the trainer and the veterinarian that clearly identified who's gonna do what and what the limitations are for billing and what the expectations are for communication. That's a cultural change, but that's a good idea, I think. I think that's a direction that's gonna work. There's not gonna be one fix for every relationship. The relationships are unique, so we need many tools in this toolbox, or at least we have to have flexibility in the toolbox so that we can apply this group over here to this group of tools, to this group, this one over to this one.

I do believe that there's things out there that with a little bit of work by all parties concerned we can address this thing in a way that it'll (a) help the horse, improve the welfare of the horse by having everybody on the same page. It will reduce the cost of veterinary medicine to the owner which will make them happy, and it'll also take a lot of pressure off the trainer. Everybody has to give up something, too, in terms of control and such, but that transparency thing is a great thing but if you're trying to hide something it doesn't work so well for you. That's something that's really, really important. We'll get into some of the details of that with some more questions, but Gregg, that's kind of the platform I was hoping we could lead off with. Thank you.

Dr. Gregg Scoggins: Thank you. Thanks, Dr. Palmer. That was a really good lead-in and a good summary of the things that we need to be kicking around as an industry for the next several years as we're trying to rectify those issues of our industry that are struggling. One of the things in his next to last line, one of the things that you may have noticed is there was four items that need to be addressed, and if you thought carefully about them, all four of 'em relate to the notion of communication.

As a lawyer, 90 percent of the matters that I deal with stem from poor communication or appropriate communication. If people are talking and sharing and contributing to the process, then the answer that comes out at the end is always much better than if you don't. What we'd like to do is we've got three categories as I look at the questions that we put together that focus on three specific areas. One is this issue of communication and setting the expectations and dealing with consensus and obtaining consensus, so we're gonna ask some questions in that area. Then second, we're gonna deal with — the veterinarians here, we're gonna talk about the ethical issues that a veterinarian faces when posed with various scenarios and how they should best handle it or how these gentlemen handle it, from that standpoint.

Then finally, we'd like to close with kind of the model that Dr. Palmer was talking about earlier, which is addressing the business model issue that the veterinarians and owners have of services versus advice, and doing techniques and procedures as opposed to paying for medications. With that introduction, my first question is that, as Dr. Palmer, you mentioned communication failure seems to be the central issue that results in client frustration or unhappiness. There seems to be a fear within this owner/trainer/veterinary relationship to have that communication, and I was curious, from your all's perspective, if you have any thoughts as to why that is or what can be done to help address that?

Dr. Scott Palmer: I think that, just from my own perspective, I think that there is a lot of fear involved with this. The primary fear is a fear of losing income and losing business, whether it's the trainer's afraid that if he tells the owner that the horse is lame and in his heart of hearts, the horse has got a tendon injury and he knows that horse isn't gonna race for a few months if he races at all. Yet, if he is up front with the owner about that right off the bat, then he loses that horse, he loses that income, and that can be a significant part of his stable in some cases. Or if he alienates that owner, the owner might take a number of horses away from him.

There can be a lot of downside to being honest. In many cases, we're not incentivized to tell the truth and there's always the wishful thinking concept that well, maybe the injury isn't really as bad as we think it is and he's probably gonna be okay. Let's just stick it out for a little while and see what happens. By the same token, then, if he lets the veterinarian talk to the owner, he's afraid that the veterinarian's gonna say well this horse has got a bowed tendon and he's probably never gonna race again, or his racing days are over. He's a graded stake winner and he's got a bowed tendon. Well, yeah, he's got another stake coming up in three months. He's not gonna make that race. If we do bring him back he's probably not gonna come back at his previous level of performance and he'll only detract from his future stallion value.

Also, it's a real dialog that needs to take place but that honest dialog sometimes just doesn't happen, so I think fear is one of 'em. I think, also, sometimes we convince ourselves that we're too busy. We just say well, I don't have time to call these owners and tell them what's going on cuz I'm a busy guy. I got a lot going on. I think that that's a real bad mistake that we really need to make that a high priority all around. I think, from the owner's standpoint, I think that, as I said earlier, there's a lot of variety in terms of how involved an owner wants to be.

A lot of these owners are very uneducated about medical matters and they don't really have a good channel of communication with the veterinarian. They don't understand it very well and it means that the veterinarian has to take time to explain things in a way that the owner can understand. That's our job to do that and if we don't do a good job of that, then we've laid the table, set the table for a really bad experience. I think that there's issues of time and fears of losing the client or losing the account. I think that concept of having everybody wants to manage the relationship so they look good and don't reflect badly on themselves is really, really important. I think that that's a big important part of that communication failure.

Dr. Gregg Scoggins: Rick, do you have anything to add to that?

Dr. Rick Arthur: Yeah. I think Scott really kinda hit it on the head. I mean, when you look at the different roles of the veterinarian, trainer, and owner in this situation, we're kinda paid to be realists. Trainers are really kinda paid or their success is based on making it fun and happy and giving good news. Whenever a trainer would ask me to call an owner

it would always be about bad news that he didn't want to give. In fact, one owner used to call me Dr. Death, so that's how it kind of — what the relationship is.

We deal with — veterinarians deal with these things day in and day out. We're very realistic. We look at percentages, and frankly, they aren't good. I'll talk about that later on in the second half of this panel, but it's a very, very difficult type of a relationship. It interestingly is — I practiced for 30 years before I became equine medical director and I would always talk to owners. I tried to make sure I talked to the trainer before I talked to the owner, but I'd never lie to an owner. That was something my trainers knew that would happen and if they didn't want me to tell the truth they better keep us apart, but it does surprise me.

I actually had a call from an owner in my new position who complained that the veterinarian refused to talk to him and wanted me to do something about it, and I told him he should call the board of examiners and veterinary medicine because the veterinarian's fiduciary responsibility is to the owner. It's not to the trainer. The reality is that the trainer hires and fires the veterinarian. There's many veterinarians that don't wanna talk to owners and it's just a real awkward situation. It changes by trainer to trainer, owner to owner. It's something I do think needs to be resolved.

Years ago *The Blood-Horse* did an article on what was the most frustrating part of owning racehorses, and the first two, number one was trainer communication and number two was vet bills. I was interviewed for the same article and I said it's actually the same problem because if there is a veterinary issue, sometimes those things don't get communicated. Whenever I saw a horse that I knew was going to have a problem that was gonna be expensive, I always encourage the trainer to let the owner know because there's nothing — I own horses, I race horses myself, and frankly vet bills irritate me if I don't know something's coming down the pipe.

Dr. Gregg Scoggins: Dr. Blea?

Dr. Jeff Blea: I would agree with what's been said. I would add to that, though, I think a lot of it's been fueled — we're at the day, it's been — it's come to this point because there's been a big societal change. What I mean by that is in the old days an owner hired a trainer. The trainer trained the horse, he hired the veterinarian. The veterinarian worked with the trainer. If there was bad news the trainer called the owner and said pick your horse up; he's bowed. And that was it. The trainer called the shots.

What I'm referring to as a societal change is everything nowadays is communication. You can text, you can email, you can talk to Siri, you can Twitter, you can Facebook. I'm sure there's three more that were developed this week that I don't even know about.

[Laughter]

That being said, I think owners are more in-tune with that. It's a younger generation. They don't wanna be told what to do. They wanna be involved. They wanna be included, and they feel it's their right and I agree with them. They are paying the bills. Like Dr. Arthur said, that's our fiduciary responsibility is to the owner. That being said, in our arena we have to depend upon the trainer to communicate that to the owner.

On the flight over last night, after we were landed I was going through emails and I got an email at 4:51 p.m. that said Richard G. is really annoyed with his vet bill. He's furious. You need to call him right away. At 4:56 p.m., there's another email that said never mind.

Richard G. called back and everything makes sense now. So I called the trainer. I said what's the problem? He said oh, he didn't know what was on the vet bill 'til I explained it to him.

Therein lies, that's the crux of the problem. If the trainer's not communicating to the owner we need to step in and do it, and I have no problem with that. I mean, I'm more than happy to answer any phone call or any question from any owner, have them involved. But the trainer's also gotta be involved with that whole thing and I think the days of the trainer telling the owner this is how it is, I think they're kinda slowly going away.

That behooves us as a profession to be involved in that communication forum with the owner and the trainer. If there's—like Dr. Arthur said, we deal with this stuff all day. You scan a horse, he's bowed; he needs to go to the farm. You x-ray a horse, he's got a chip; he needs surgery. If they're not willing to tell the owner, we will. If the owner calls you say hey listen, such-and-such called. I'm gonna talk to him. I'm gonna let him know what we're doing. You'd be surprised, but over time, especially the young trainers actually want you to talk to the owners because they don't know how to deliver the bad news.

Dr. Gregg Scoggins: Thank you. Rick, let's say you've got a situation where you have an owner and a trainer and you've delivered news to both of them, or at least to the trainer, and it's going back to the owner and there's a lack of consensus on the part of everybody in the triangle as to what should be done. What, in your judgment, is the role that a veterinarian can play in that?

Dr. Rick Arthur: Well, one of the big problems, and again, we'll talk about this a little bit in the welfare issue, is who is really responsible for the horse? I think everybody has to be to some degree. It is the owner's horse, but both the trainer and the veterinarian, whether it's a practicing veterinarian or a regulatory veterinarian, have specific regulatory legal responsibilities. The trainers, frankly, are required to send a horse out that is fit to race in California. If it's not fit to race they're violating the rules.

Similarly, with the official and examining veterinarians, even though there's no specific requirement for the practicing veterinarian in their legal requirements, their ethical responsibilities are to make sure that those horses are healthy and sound. Since I've been equine medical director we've had a dead jockey and two totally paralyzed jockeys. It's a very dangerous business and, frankly, over that period of time, about five years, there's probably been about 1,500 horses die in race tracks in California.

Everybody has to do their part to make sure that things are safe, but it is the owner's horse. The trainer and the veterinarian work for the owner. I've always felt, as a veterinarian, the owner has every right to have a professional relationship with me like he does with his lawyer, with his accountant, with his dentist, with his architect, or anything else. I'm always available. Some trainers don't like it. You just have to work around that, but it is an awkward situation, but it is the owner's horse and they're also—the owner is responsible ultimately for the welfare of that horse.

Dr. Gregg Scoggins: Dr. Blea?

Dr. Jeff Blea: I think it's pretty much straightforward. I think the trainer should have enough latitude to do their job, to do the job what the owner has hired them to do. It's my job to look after the health and welfare of that horse from a veterinary perspective. If there's a problem or an issue that needs to be addressed, it is discussed with the trainer and it's under the premise that that trainer's gonna communicate that with the owner.

If the owner doesn't communicate — if the owner's unaware of it because the trainer doesn't communicate it and it comes back to me, I'll often tell the owner, I said this was discussed with your trainer. You guys need to talk, or if you have any questions just call me directly. I do think trainers need to have latitude because that horse is their responsibility. The care of that horse is their responsibility and maybe it's a little altruistic, but I think they should be communicating that with the owners and I think the owners deserve that. If it's not, then that system needs to be fixed in that particular case.

Dr. Gregg Scoggins: Well, going back to something you said earlier in the — for response to the first question you mentioned the fact that there's a paradigm shift going on right now in terms of what the owners expect, what they're capable of obtaining, and what their desires are. Have you seen that paradigm shift apply in your practice where you feel you have more of an obligation and more of an owner expectation that you communicate with the owner, not just rely on the trainer to do that?

Dr. Jeff Blea: I'm definitely starting to see that paradigm shift and it's with particular types of owners. Usually high profile business people or the micromanager type. We've got one who's an orthopedic surgeon who has decided he's gonna come in and look at the horse with us and tell us how to medicate the horse and what to do and when to radiograph the horse. I looked at him. I said well, and I'll go see you and I'll tell you what you're gonna put in my elbow and how to do it and when to do it.

[Laughter]

He kinda smiled and its quid pro quo, so it's a little bit of a double-edged sword, but yeah, that paradigm shift is starting to happen more. There are owners that we have that will call us just to say John said something's going on. What's going on? We're happy to talk to them about it. I think the bigger shift is where trainers are saying can you call the farm or call the owner and tell him?

Dr. Rick Arthur: If you don't mind, I'll tell a little anecdote. I had a client who was a MD and he called me up irate and said why would I prescribe a vitamin to his horse? This was with the trainer, that old-timer that would give butin vitamins the night before on all of his horses. I said well, I've never prescribed a vitamin in my professional career, but it made the trainer feel better. He totally understood and never complained again.

[Laughter]

MDs have to deal with the same thing with their patients.

Dr. Gregg Scoggins: Dr. Palmer, do you have anything to add?

Dr. Scott Palmer: Gregg, I think if you have a lack of consensus about how to take care of a horse, usually that indicates a lack of understanding of the problem by somebody, that most reasonable people don't have widely differing approaches to managing significant problems in horses. I think, again, it boils down to communication, that the only way you're gonna build consensus and to make people comfortable going forward is if you talk it through. You talk it all out and sometimes — and I think I encourage this a lot.

I'm sure that most veterinarians do encourage owners to get second opinions if they've got a concern about something. If I think this problem is pretty serious and they don't think it is very serious, I encourage them to have another veterinarian look at it and get—and

sometimes, you know, I guess there's always the risk that you'll shop around to find somebody that'll tell you what you wanna hear. I mean, that happens sometimes, but I think that the key there is just bearing down on it and making sure that you do reach a good consensus cuz if one party's uncomfortable with the process, the relationship is gonna die sooner or later.

You're headed down the path of ruin if one person is thinkin' these two guys don't know what they're doin'. If it's the owner you're both gonna get fired. If it's the trainer, for sure the veterinarian's gonna get fired.

[Laughter]

You really have to communicate really well to try and reach that consensus. I think it's a really high priority. I don't think it's all that common because I think most people get — the race track injuries are not — a lot of it's not rocket science.

We've seen bowed tendons for years and years and years, and chips and such, and so when serious things come up, different kinds of fractures, most people are pretty receptive to listen. I think a really good example of some of the controversy that can occur, though, was when Foster Northrop was involved with working up a horse and scratched that Kentucky Derby favorite, what was his name again?

Dr. Gregg Scoggins: That was your horse, Jeff.

Dr. Jeff Blea: Revenge. I Want Revenge.

Dr. Scott Palmer: Yeah, exactly.

Dr. Gregg Scoggins: I Want Revenge.

Dr. Scott Palmer: I Want Revenge. Well, that horse had a medical problem that was diagnosed and managed and it turned into a legal nightmare between the two owners. The two different interests, you know, went to court over it so that was a great example of a lack of consensus about how to manage injury in a horse and it led to a really fairly catastrophic situation. That relationship didn't survive. I mean, that's an extreme example but it's a good one.

Dr. Gregg Scoggins: I think that example points out a really important point as it relates to an owner's motivation. As you mentioned before, there's multiple elements of an owner's desire to have a role. One of the common elements among the owners is the desire to be able to walk down to the winner's circle and hopefully be able to do it on Kentucky Derby day or Breeders' Cup day. If they're faced with a situation where there's a horse that was T'd up, ready to go, I Want Revenge, there's things like that.

They're being asked to scratch their horse and this is the pinnacle of what it is they expect out of the Thoroughbred horse racing industry. If you have someone whose expectations are a little bit jaded or clouded by his desires and how — I mean, do you have any thoughts on how to deal with that economic incentive that the owner has?

Dr. Scott Palmer: Well that's a really tough one. I can remember

[Laughter]

a horse I looked at that had — he had multiple knee chip surgeries. He was a really great racehorse. He won millions of dollars for this owner and we brought him back twice from different knee surgeries and he won multiple graded stakes and finally, the race track wrote a special race for him. It was about two months prior to when he would have been ready to run that race and he bowed his tendon.

I remember being in the stall doing an ultrasound on the horse's leg and the owner and the trainer were in the stall with me and I said he's got a bowed tendon. He's done. There's nothing we can do. This owner was stompin' around and sayin' I can't believe it. I can't believe it. I never have any luck.

[Laughter]

His trainer, to his credit, said to him you know, sir, you just shouldn't say that. This horse has brought you world fame and millions and millions of dollars, and he's done. He's not gonna race anymore, but you shouldn't talk like that. I thought that was a wonderful epiphany moment between that trainer and that owner. I really respected him for that.

That's a tough, tough call. I mean, as Rick said, nobody likes bad news and I can't tell you how many assistant trainers I talk to that say I want you to call the trainer and tell him this cuz I can't tell him this cuz he's just gonna tear me up when I tell him. I mean, that's a common, common thing. There's no easy answer to that, but the truth is — another trainer told me something years ago when I first started practice. He said Scott, when you come in that stall in the morning and you look at that horse you might not like what you see but it is what it is and you gotta deal with it because it's not gonna change. I think that kind of brutal honesty is critical to the relationship. Sometimes it's really, really tough news to convey but there's no getting around it.

Dr. Gregg Scoggins: Rick or Jeff, do you have anything to share?

Dr. Rick Arthur You know, the reality of it is that owning horses is not the faint-hearted.

[Laughter]

My kids had a horse, won a stake in her third start at Santa Anita and Dr. Blea here calls me up and tells me she's got a bowed tendon. This is — my kids were as excited as they could possibly be and here you go from thinking you're gonna have a quarter million dollar a year to having nothing. It's a tough game. It's not for the weak, and I think a lot of people don't understand how difficult it is to get some of these horses back together.

A bowed tendon, even if it's a minor one, you don't have a 50/50 chance of getting that horse back. Chips in ankles, we can take 'em out, we do real well. I've done condylar fractures that have come back and won over \$1 million, but a lot of those don't come back. It's a tough game and dumb, silly things can happen to horses and that always happens at a bad time. It's a tough game. It really is.

When I first started practicing, the average owner had six horses. Today the average horse has six owners. The old days, they — people were in the game for a long time. They understood. They accepted a lot of these things. I think there's an over-expectation for success in many cases. The fact of the matter is that horses just don't last long. That's the reality of it.

Dr. Gregg Scoggins: Dr. Blea?

Dr. Jeff Blea: I've got one client that tells me — she'll call and she'll tell me what's wrong with my horse? I haven't looked at it. I said now I need to look at it because you have no bedside manner, but I know you'll tell me what's wrong. As Scott and Rick said, horses get hurt. The frustrating part is, trainers get upset, and owners get upset. The assistants are afraid to talk to the trainers. The trainers are afraid to talk to the owner.

I've adopted a philosophy that the trainer wants to jump all over the practicing veterinarian cuz he's telling him his horse is done, but I didn't cause this injury. You didn't cause this injury. This is the injury and this is what we need to do about it. I think owners need to understand that as well, as well as trainers. We don't cause these injuries. We're identifying them and giving you that information.

It's frustrating from an owner's standpoint because now, especially with the economy being what it is, one of the most common questions I get is well, can we make one more race? Just one more race and then we're gonna breed her. I said, yeah, but it's just a lie. One more race. I don't know if you hear this as well, but it's more and more commonplace. We're put on a spot to determine whether it's safe or not, or whether it's in the best interest of that horse.

I had a horse a few years ago that I ended up buying for \$1.00 with Bobby Franklin. We gave that horse, he was off for 30 months. Took us 30 months to get him to the races. He won two races, ran second and a third for \$40,000.00, \$50,000.00 claiming and I lost money. I had more fun doing it, but I lost money, so we're sympathetic to what the owners are going through.

What retired that horse was he tore a suspensory and someone in the barn said well just drop him. Run him for 12, 5. Well, yeah that's the easy solution but that's not what should happen. It is frustrating. It's a tough business model, but we do it. I think owners do it today because, for one reason, they enjoy the competition and being involved with the thrill of racing. I hope that continues to grow cuz you're not gonna make a lot of money at it.

Dr. Gregg Scoggins: Thanks. Using that as a segue, as I mentioned, we're gonna talk about the communications side and then the ethical issues that veterinarians face in their daily practice, and follow it up with the business model. I'd like to set out a scenario and ask the three doctors to comment on that. You've got a situation where there's a horse that's lame on a prerace exam. The regulatory veterinarian interacts with the trainer and the trainer agrees to scratch the horse. The trainer advises the practicing veterinarian to work the horse up, treat it, but bill the owner as if it was a respiratory disease. First question is, what is your all's expect — what do you all think should be the veterinarian's appropriate answer? Jeff?

Dr. Jeff Blea: That's assuming lame horses cough, right?

[Laughter]

Dr. Gregg Scoggins: Yeah.

Dr. Jeff Blea: I don't do that. I don't agree with it. A horse is lame, we're gonna work it up as a lameness. This is a problem, we need to figure out what the problem is and what to do about it. I don't do that. You lose popularity. They'll get ticked off at you but they'll always come back. The facts are the facts. I don't think you do that. I don't condone that. I think its bad business. If you have a lameness, you scratch, the trainer needs to tell the

owner why it was scratched and it's gonna be on the bill. You have diagnostic nerve blocks, ultrasound, x-ray, nuc scan [nuclear scan], whatever. I'm not gonna change that on the bills to work it for a respiratory disease. I think that's bad form.

Dr. Rick Arthur: Yeah, that's pathetic ethics if you do something like that.

[Laughter]

I'll tell you, you do it once, you're gonna be doing it every week. I was fortunate enough to go to work for Jack Robbins who was a legend in racing in California. He told me something a long time ago. He said don't ever compromise your ethics in treating horses because if you do it for one trainer, they're gonna be thinking about what you're doing for the other trainer. It's a no-win situation. It was always very easy for me, but there are, particularly young veterinarians or veterinarians that don't have big practices that have a lot of pressure. You have \$100,000.00 a month account and I'm gonna tell you there are plenty of \$100,000.00 a month accounts in horse racing today. It's tough for some vets to say no.

Dr. Gregg Scoggins: Dr. Palmer?

Dr. Scott Palmer: I think that the appropriate response of the veterinarian is to say to the trainer, what's in it for you? Why would you wanna do that? It's a ridiculous thing. It always boils down to what's in it for you? Whenever we give a talk, like this talk here today, when we're putting this thing together the main thing that you think about is when you put together that PowerPoint is what's in it for the audience? What are they gonna — what's the takeaway? Why would you invest your time to come here and listen to this?

Well, it's the same thing if a trainer says something like that to me, I'd say to him are you serious? I mean, what are you thinking that this is gonna work out well for you? How is this gonna enhance your relationship with the owner to do that? Do you become a counselor? Well maybe you have an intervention.

[Laughter]

You say I don't think this is gonna work out well for you and it's certainly not gonna work out for me and you can fire me, but it isn't gonna work out any better for the next veterinarian to do that. I mean, that's definitely an intervention situation, but I think the only way to really resolve that is to drill down and find out why he wants to do that and address that.

Dr. Gregg Scoggins: Thanks. What I'd like to move to now is kinda the business model cuz that's a very important issue that the AAEP and veterinarians are focusing on because they see modifying the business model is a way to deal with the OTV relationship. My first question is, is in Europe they have — oftentimes you'll see contracts in place between the veterinarian and the trainer, the veterinarian and the owner, or a combination of the three. We don't see a lot of that in this country. I know I have advocated it for years, but I'm a lawyer so I'm supposed to because it gives me — I charge by the word as some people seem to think.

For me, managing one's legal risks and legal expectations, it's always better to spell it out as best you can. Yet it's amazing to me how much is done in the horse industry, racing or otherwise, in the absence of anything in writing, other than in the race track you'd still have to have a bill of sale, but that's about as far as you go. So my question for you guys is what is your sense as to the value and maybe the practical reality of starting to incorporate

written agreements among the owners, the trainers, and the veterinarians? Scott, do you wanna start?

Dr. Scott Palmer: Well I think you're talking about a cultural change. I think that that's a good thing in this case. I think that there's opportunities for that where it could be really helpful and some people are gonna be more comfortable with that than others, but I think you have to say to yourself, now I've been working for these people for 35 years and now I'm gonna go into the barn with a contract and I'm gonna say Bill, I want you to sign this contract. Read it over and get your attorney to look at it and I want you to sign it.

[Laughter]

He's gonna look at me and say are you nuts?

[Laughter]

You gotta be crazy.

I mean, this is an educational process, but I think that there's benefit in it. I really do. I think because it's becoming more and more complicated and I think it — again, well what do you say? Well, what's in it for him? Why should he sign that contract? Well, if he signs the contract and it's a good contract it's gonna clarify these expectations and help to ensure that transparency in a way that should be good for the owner. Why would the owner not want a contract? I mean, what's in it for him not to have a contract? Well, I can't think of a good reason, really.

Dr. Gregg Scoggins: Nor can I.

Dr. Scott Palmer: But I mean if you bought a car you'd want a bill of sale or you'd want a contract if you took a loan out on a car, well why wouldn't — you got a \$50,000.00 race horse, why wouldn't you want a contract with the owner that spells out certain expectations? To me, it's kind of a no-brainer, but the cultural change is gonna be really awkward and I think — I foresee that there's gonna be a lot of pushback in that area. Why wouldn't a veterinarian want a contract? Well, again, unless you've got something up your sleeve or something like that, the same thing for the trainer. I just don't see the downside to it, as long as it's written well. That's gonna be a little bit challenging. You gotta find a good, honest lawyer somewhere to do that, but —

Dr. Gregg Scoggins: I don't know any.

[Laughter]

Dr. Scott Palmer: I think that there's some opportunity there and I think that we're looking hard at the architects' game plan and see if we can't learn something from them and throw some things out there. I would be very interested in hearing some — maybe hopefully there's some owners in the audience or some trainers in the audience. I would love to hear some input about what you guys think about the possibility of a contract. Sir?

Audience Member: I know in the past ten year or so [interrupted by speaker] a little longer than that.

Dr. Gregg Scoggins: Can I ask you a favor? I'm sorry, can you go to the mike and, for the benefit of those who will be listening after the fact?

Audience Member: Over the past, say, 10 or 15 years it's become more common in the breeding business to have a contract with the farm. You take your mare to a farm and you check off boxes, if this is a colic case they've got my permission to go ahead and do this and that, so for the owner/breeder, I would think a contract would not be such a huge step.

Dr. Scott Palmer: Thank you. I appreciate that. Anybody else? Any other thoughts about the idea of a contract? Is it a scary thing? No?

Dr. Gregg Scoggins: I think it's more they don't wanna pay the lawyer because then you got a four-way relationship.

[Laughter]

Rick or Jeff, do you have anything to add?

Dr. Rick Arthur: Well, I think Scott hit the real problem. It's a cultural change. I mean, it's something that TOBA, the AAEP, trainer's organization like the HPPH, sit down and try to square away. I think it would be ideal and it should happen because there's clearly a lot of this is communication issues. Let's face it. Part of the problem is that the trainer is spending money that's the owner's money. It's pretty easy to — I'll just have to tell you I have had a couple of trainers that own their own horses and they don't do as much vet work on their own horses as they do some of their owners. I do think that a contract would be a good idea.

Dr. Gregg Scoggins: Jeff, what do you think?

Dr. Jeff Blea: I actually like the idea. I've been thinking about it. I don't, like Scott said, I don't think it's ready for primetime yet. I think it'll take a few years to happen.

Dr. Gregg Scoggins: It strikes me there's some beta opportunities out there. There's probably some owners and/or trainers that you could spend some time working with trying to figure out what works best and get the fine-tuned language. Then you get something that's an off-the-shelf piece, if you will, that you can then roll out more consistently as you expand the group of people who are on the contract.

Dr. Jeff Blea: Yeah, and I think you're right. I think that's gonna happen. The one thing that concerns me about the contract, if that contract is between the owner and the veterinarian it won't work because you've got, as Rick said, you've got a trainer who's ordering or requesting that — he's got no skin in the game so to speak when it comes to the end of the month bill, so I think it has to be a contract with not only the owner, but with the trainer as well in order for it to be successful. The part that I liked was the accounts receivable part because I tell you, with the accounts receivable, if you could fix that problem it would be a great thing. But that's on the side.

Dr. Gregg Scoggins: I have a veterinarian who my — my veterinarian and it's not a race track setting and he basically says I want your credit card. They come in, they do the work, they process it and he has hardly any accounts receivable because he's able to just charge my card right directly.

Dr. Jeff Blea: If you think about it, we're working on a verbal contract is what we do. Our verbal contract is with the trainer and that trainer's contract is verbal with the owner. It's not working, obviously.

Dr. Gregg Scoggins: Right. Yes?

Mr. John Moss: I'm the executive director for the IOHBPA. I have two comments real quickly, one in relation to the contract. I think — I haven't thought about this process other than the last two minutes that you have been discussing it. One area of contention that I definitely see is the fact that a lot of times owners definitely want to have a lot of flexibility in regards to the types of trainers that they're gonna deal with. The length of a contract is gonna be a major issue. It doesn't — because sometimes it doesn't matter if you — when you sign a contract, you enter in a contract, typically you have a statement in there, a section, you have to fire somebody with cause, things of that sort.

Well, maybe that cause isn't justifiable. Maybe they just feel like you know what? My personality doesn't work well enough with this particular trainer. Maybe it's communication issues. Whatever the case may be, owners wanna have that flexibility.

The other issue that I see, though, is that we're discussing the fact that you're veterinarians. You're one part of the puzzle when it comes to a trainers in regards to their operation. They also deal with other independent contractors, as well. They deal with farriers, they deal with hay and feed suppliers. They deal with gallop individuals. They deal with jockeys, as well. All of those things are typically done on a verbal basis.

There's not a large contract, so if we start adding to the malaise of what it is that a trainer has to do to communicate with an owner, first thing I do well now I'm gonna give you a contract for your vet. I'm gonna give you a contract for my gallop individual, cuz he's technically — I don't have a stable gallop boy. I have an independent contractor. I want you to sign a contract with him so if he was riding around in a circle today, and around the track and the horse felt a little off, do you want my independent contractor to come talk to the owner about that or is that my job as the trainer to discuss that with the owner? That's kind of where it gets a little bit different. Vet's a little bit more important an aspect than necessarily an independent gallop boy, or independent contractor like a gallop boy, but there is a little bit of parallels running there that have to be taken into consideration.

The other thing that I believe, and you discussed this a little bit earlier, is also the relationship in dealing with the owners, trainers, and vets. The communication needs to be established at the onset of the relationship. Some owners are very willing. As you said, there's been a paradigm in relation to how they wanna communicate. That needs to be established right off the bat. If a trainer says right off from the beginning I deal with the owner, irregardless of the situation and the vet believes that it's his ethical prowess to go and discuss with the owner what's going on with a particular horse, I think it's totally the trainer's right to fire that particular veterinarian cuz that was a verbal contract. That was an understood thing at the beginning of that relationship. Cuz it might be something that's immaterial, something the trainer believes that the horse will get over.

You're kinda talking about extremes or dealing with something like a bowed tendon, but there might be other ailments that aren't quite as significant. It might be something to deal with in the short term, but not a long term issue. Then you're talking about a vet trying to decide whether or not is this something that merits my discussion with an owner? I don't know if you can get into that and start going through. Are you making a contract, a list of when it's appropriate for a vet to actually discuss with an owner these types of issues?

I think there would be a lot of issues to work out, but I still believe the concept of the length of a contract because owners want that flexibility at times to go to through different trainers

and work with the trainer that's gonna work, and have a team of individuals associated with him because, again, the vet is part of that team that works underneath the trainer. That's my perspective on this.

Dr. Gregg Scoggins: Thank you. You raise a lot of great points. I think they're the kind of points that will benefit from, or that need to be discussed and addressed in the context of the various stakeholders. One of the things I will share, and this is from my legal perspective, I've had the opportunity to review a number of state veterinary practice acts. Oftentimes I get approached by veterinarians saying who do I owe my duty to? Who do I have an obligation to communicate with? Oftentimes it's not an easy answer when you're dealing with a trace track situation where you commonly relate with the trainer.

At the end of the day, the owner is the client of the veterinarian in 98 percent of the cases, if not 100. At some level, the veterinarian does owe a duty to the owner to ensure that the owner understands what's going on because that is an ethical obligation of the veterinarian and sometimes it becomes a legal problem for them if they don't discharge that ethical obligation because the veterinary practice acts in these jurisdictions have as one of the reasons that they can take disciplinary action, a failure to abide by the ethical principles. Yes, ma'am?

Dr. Scott Palmer:

[Laughter]

Pull it down a little bit.

Dr. Gregg Scoggins: It might be able to pull down.

Ms. Judy Rich: Yeah, I think it is. It seems to me that the way to take control of the situation would be to have your organization make it as part of their ethical responsibilities that you have a contract. The organization could develop a model contract but then you, as an individual vet, can go to your trainers or your owners and say I'm required as part of my ethical duties to have a contract.

Dr. Gregg Scoggins: I think that's a fair point, and I think that's something that the ethics committee and other groups within the AAEP are exploring as to how to go about addressing that. We are at the time of our having to conclude, but I'd like to address one thing and I think it's important for this group for feedback. As Dr. Palmer had mentioned, there is a serious recognition in equine veterinary profession, that the way practice has been done in the past, which is to bill for services which is something that's tangible and people can identify, is not the way to proceed in the future. There's a lot of reasons for that.

That will also be a paradigm shift because people will not be used to seeing radiographic examination plus a jogging plus a physical exam, etcetera and so forth, and they may have a difficult time understanding and accepting that as an element of their charges. I guess I'd first like to turn to the panel and get their perspective on it, and then to the extent anyone here has any thoughts about whether it's a good idea or a bad idea, we'd certainly welcome your comments. Scott, why don't I start with you? We have to keep it somewhat brief because —

Dr. Scott Palmer: Sure. Well, the bottom line is that times are changing. The internet pharmacy impact on medical fees has definitely had a big effect and will continue to do so.

People these days, they — the old discussion was you — I guess the old business model for a veterinarian was that you would purchase a bottle of medication from some vendor and then you would mark it up at some markup, then included in that you'd be trained through, you know, your training to include the cost of the stores, the cost of the packing, the cost of repackaging, the cost of dispensing, all that sort of thing. You had all these things built into it as fees, if you will, and so the market might be anywhere from 50 percent to 100 percent on any given product.

Now people can go on the internet and buy things. There's no wholesaling cost, there's no marketing cost, there's nothing but shipping costs so you can buy these things at deeper discounts, usually deeper than the veterinarian can buy at wholesale. It's not unusual for an owner to get online and buy a product that I can't even buy for that price. It's ridiculous to think that the owners — if you bill an owner for something like that and they think you're ripping them off for this medication bill, so it makes no sense at all.

We're being forced into — you know, the old banjo is — well, call the online pharmacy the next time your horse gets a colic in the middle of the night if that's the way you wanna do business, and that's a pretty flip answer, and it's not conducive towards building a good relationship.

[Laughter]

I think we're forced into doing things a little differently and there's certainly good models. If you go to a physician, he doesn't charge you, he writes you a prescription, he doesn't charge you for that but he charges you for the examination and any diagnostic work that he does, and I think that it's a paradigm shift that's due and appropriate and it's something that's gonna take a little getting used to.

Dr. Gregg Scoggins: Thanks. Rick?

Dr. Rick Arthur: Yeah, I agree. I mean, let's face it. The talent that someone is paying in terms of a veterinarian, for the real professional service is looking at horses, evaluating their clinical condition, and prescribing the medication. It's not giving the medication or giving the injections. If it wasn't the race track, most of this stuff would be done by AHTs or veterinary technicians at hospitals. It's just the regulatory structure we have at the race track, so I think veterinarians need to be charging for their professional services and, frankly, give up the income from dispensing of drugs. The problem, talk about a cultural change, it's gonna be a big change for practices.

The guy I went to work for considered giving — he was very disparaging about income from dispensing medication. He said I'm not here to be a tack man, but it's become because of things like GastroGard and Ventapullman and those other things, it had not been easy to write prescriptions for previously. They become very big parts of race track practice income. I think the veterinary practice has to change to make this work for everybody.

The fact of the matter is that veterinary bills have become a significant part of the expense of training a horse. They are very, very a large part and I think everybody has to do what they can to try to reduce those and make this game more economically viable. The reason — it's not a lack of horses. It's a lack of owners is the reason we don't have horses. The reason for that is this is a financially abusive game to owners and all of us have to do our part to make it work.

Dr. Gregg Scoggins: Thank you. Jeff?

Dr. Jeff Blea: The presentation that Dr. Palmer gave is a solution. The challenge is to execute that, and how do we do that? It's been stated here. I think veterinary medicine on the race track is changing and it needs to change and it will change. It's not the old days, the old ways. It's a whole different society, it's a cultural change. How do we do that? I think we have a pretty good idea, but we've been working on this for quite a while.

There's some pretty good people with some good thoughts, but what needs to happen is we need to value our service as a professional service in the same manner that you value our service as a professional service. We're not interested in dispensing drugs. You can get those drugs after we prescribe. You can get them on the internet. You can get them on online pharmacies.

What I envision in a perfect world, and I'll just give you a quick example, is basically I look at your horses, I provide evaluations, I provide communications, I provide management directions with the trainer and with the owner. Everybody's on the same page. In doing so, I charge for my services i.e. soundness exams, lameness exams, diagnostics, treatments, and basically all medications dispensed could be bought through either a private practice pharmacy at a much reduced rate, therefore reducing the cost to the owner and increasing the value to the veterinary services, not only to the trainer and to the owner but to the veterinary profession, as well.

How we do that, I think it's starting to take shape. It's a very, very unknown frontier, so to speak. I think it's got a lot of veterinarians scared, but I think it's certainly doable. I actually sat down one day and billed out the old way and billed out the new way and, surprisingly enough, there wasn't much difference from my business model. There was a huge difference to the owner, so it is doable. We just have to get it started and make it happen.

Dr. Gregg Scoggins: That last sentence was very insightful in terms of how it can be a win-win for the owner and the veterinarian.

Dr. Jeff Blea: And it's not gonna happen overnight. In my mind, I'm using one particular trainer who's very progressive and he's a very good trainer, and he's very much in control of things. He'll have you look at particular horses for particular instances. Those are the ones you bill for. You don't have trainers that have you look at 30 horses just because it covers their butt if there's a problem. You'll have trainers — you know, you can't eliminate trainers showing you horses because I don't think the owners will stand for it. I think they'll want veterinarians to look at their horses.

Dr. Gregg Scoggins: Thank you. Any comments or thoughts from the audience? Yes?

Audience Member: With regards to charging for services versus drugs and medications, there's many ways to do that on your guys' side of the fence as well as in the models in the show horse industry. We always charge for — pay for services up front. Most of my vets even have a credit card on their iPhone so that pays for — so they get paid right up front. They don't have an AR issue. I think, nowadays, we've seen the online pharmacies, we've seen the farm vets, we've seen lots of people go directly to the trainers, and the biggest thing this summer was I hung out with the owners versus the back side. The interesting thing was, was who's using what, who cheats, I want a trainer who takes care of my horse, but I wanna win.

So I think with the ethics issue with how do we educate the owner on veterinary ethics, trainer ethics, and yesterday in the owner panel there was also a suggestion of a certification process for trainers. What scares me is I've known trainers who don't even know the anatomy of a horse, what's underneath the skin and the muscles. I think that's also an education process cuz that person cannot educate the owner on what's wrong with the horse, which is great when certain veterinarians are willing to talk to the owner.

I think there's also an ethical question within the race track veterinary industry of we know this veterinarian's willing to do this or that, or use an unapproved medication in a horse. I think the owners need to know that, too, cuz they're willing to pay for services. If I educate some owners on some different, you know, what is this hock injection mean? Or what does this mean? Or why are they doing this? I explain it to them; they're like oh, if somebody would have just explained that to me I'm willing to pay for that.

Dr. Gregg Scoggins: Thank you for that comment. I think it's excellent because when you think back to one of the issues that Dr. Palmer mentioned in his presentation, it boils down to communication. If you communicate with the client and tell the owner and the trainer this is why we do stuff, this is what we need to do, more times than not, in my judgment, and I'm not a clinical practitioner, but you get more buy in than you get people resisting. It boils down to all three parties coming together and talking about why things are done and how things will be charged. Any other comments from the audience?

Dr. Jeff Blea: Gregg, one quick comment.

Dr. Gregg Scoggins: Sure.

Dr. Jeff Blea: That's a good point. You look at veterinary bills and, as Rick said and we've talked about this, you'll have — an owner will have the same vet bill with one trainer that will be \$2,000.00 and with another trainer it will be \$200.00. They'll have the same success on the track. We never hear complaints. If we have trainers that are winning races and their vet bills are \$1,500.00, \$2,000.00, never hear a complaint. If they're not winning races we get a lot of complaints. So yeah, that's a two-sided street. We have to take of our house as well, but there are some ethics and I think the AAEP is taking a strong stance on that, is trying to clean our own house up because if we expect the owners to be in this game we also have to make sure we give them incentive to be in this game.

Dr. Rick Arthur: Unfortunately, Jeff, there's a significant number of veterinarians that aren't members of the AAEP. They certainly end up on — well, I shouldn't say that. Never mind.

[Laughter]

Dr. Scott Palmer: The point — not to disparage non-members of the AAEP, but the point is valid that there are — the ability of the AAEP to influence the behavior of veterinarians and the business practice of veterinarians is limited. We can make recommendations. We have no jurisdictional authority. It's like, what are we gonna do? Take away your membership? It's not a big deal.

Our philosophy is to try and come up with what are win-win situations that have an obvious appeal to make — why wouldn't you wanna do this kind of thing? I think that's how we try and get compliance, but I think there's gonna be a resistance to change. Can you imagine that in racing, resistance to change? But I mean we're gonna see some of that and there'll be irregular applications, but I like your comment earlier about beta testing. I mean,

everybody can relate to that and there's certainly gonna be some places where if you identified a few models where this really worked well, I think it would catch on like crazy.

Dr. Gregg Scoggins: Yeah, thanks.

Dr. Rick Arthur: I think people should realize that most veterinarians that practice, certainly somebody who practiced as long as I did, really don't like giving bute shots. They don't like giving Lasix shots. They don't like doing those sorts of things. What's challenging and what keeps us there are trying to help solve problems with horses that are difficult and intellectually and professionally challenging. The type of things that I think most people complain about on their vet bills, veterinarians don't like.

Audience Member: Christy brought up an issue that came up yesterday about certification. Clearly, there's a lot of variation in owner's level of knowledge. There'd probably be some variation amongst trainers. I'd like to hear the panel's thoughts on a certification opportunity that's over and above just minimal licensing for trainers.

Dr. Scott Palmer: Well, the NTRA has a program for education for trainers and for owners. It's a voluntary program and I think that that's probably the way it — my personal feeling is it should be voluntary right now. We were talking about this earlier and the comment was made, and I think it's accurate, that the only requirement that you need to be an owner in the racing business is to have money to buy the horse. There is no other requirement. I mean, you can't be a felon, I guess. You have to pass — to get your license you have to pass your licensing requirements.

I think that some kind of an educational process — and I'm envisioning something that would be pretty painless, something like an online process that you could get online and you get access to a lot of information. You can take what you want kind of thing. I think that there's an opportunity to educate people. The more education people have the better decisions they're gonna make, that's for sure. TOBA has an owner's seminar that veterinarians participate in regularly and we try and convey a little bit of this information, but I think TOBA could do a more exhaustive job of providing information online, for example, to make it accessible to owners.

Dr. Rick Arthur: In California, the TOC has similar seminars as TOBA does. I think we're underutilizing the internet and online education services so people understand what some of these issues are. I'll talk about that a little bit in the next group, but you know, it's just like any other business. If you're going to go out and buy a McDonald's or set up some business, you need to put some work into it if you want to be successful. Let's face it. Some owners really do not wanna get involved, but those ones that do should have an opportunity, and I think there's ways to do that. We just have to make it easier and more clear for them. It's a wonderful sport. It's a lot of fun. It's just very expensive.

Audience Member: My question was on the trainer's side.

Dr. Rick Arthur: On the trainer's side, and again I'm gonna mention that in my talk coming up, I think that is a real important step that the industry has to do.

Dr. Gregg Scoggins: Dr. Blea?

Dr. Jeff Blea: I keep wondering — and I agree. I think it is important, but I look at some of the trainers in the back side and I wonder how that's gonna get accomplished.
[Laughter] I really do and I'm not being critical of 'em. Just knowing their personalities

and who they are, and that's kind of the missing link for me. How are we gonna get that to them?

Dr. Gregg Scoggins: I can speak from my personal experience in the sense that I've had the opportunity to visit a number of tracks in my role as a counsel to a race track operator and they go anywhere from low blue collar, \$2,500.00 claimers to a Santa Anita or Golf Stream Park, and I can tell you that there are good horsemen at every single track and there are people that don't really have any business being in the training business at those tracks, as well. Sometimes you see the mix of that tends to shift according to the quality of the track you're at. It's gonna be — if you see it being a challenge at Santa Anita, I can tell you there's some tracks in the mid-west and elsewhere that'll be even more of a challenge.

[Laughter]

Dr. Rick Arthur: Well, I saw Ed Martin in the back and there have been discussions about continuing education for trainers. It was one of the recommendations for The Jockey Club Welfare and Safety Summit. Frankly, in California all of us have to — veterinarians have to have 32 hours of continued education every two years. I'm sure lawyers do, your accountant does, and your physician does. If you're gonna give millions of dollars for the horses to trainers I think it's something that this industry should think about requiring.

Certainly, from what I see — and this is not disparaging to trainers because there's trainers that are superb, superb artists, but a lot of the problems that I see and have to deal with as a regulatory veterinarian happen because of ignorance, lack of understanding. Drug positives are a perfect example. Nevertheless saw many of the fatal injuries.

Dr. Gregg Scoggins: All right. Well, we've exhausted and then some the time that we've been allotted, but I think I speak for the panel in saying thank you very much for being here. It was a great discussion. I think there were some really good topics that were covered and I appreciate you guys coming and spending the last hour and a half with us.

[Applause]

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