



# TENDERING FOR MEDICAL DEVICES

## CORE PRINCIPLES

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**THIS MEDEC POSITION PAPER STATEMENT OF PRINCIPLES IS INTENDED TO OFFER MEDEC MEMBERS AND THEIR CUSTOMERS/STAKEHOLDERS A GUIDELINE FOR CONSISTENT NON-BINDING, VOLUNTARY APPLICATION WITH REGARD TO THE TENDERING PROCESS FOR MEDICAL DEVICES.**

### **Competitive Tendering for Medical Device & Diagnostics Technologies**

Healthcare systems in Canada use tendering processes for the procurement of medical device technology. This tendering process has become increasingly complex and is requiring a significant allocation of resources. The medical device industry is concerned about the direction of the complexity and the variation in clauses contained in the tenders.

This paper outlines MEDEC's position regarding core principles for a competitive tendering process.

In all cases, competitive tendering should support and recognize the value of innovation in medical technologies to patients, clinicians and healthcare systems, and should reward features that bring new capabilities and options to the clinical pathway.

### **Critical Features of Competitive Tendering for Medical Technologies**

- All public tendering should be conducted with transparent rules and open processes in which diverse products and services can compete on a level playing field. Tendering should be conducted in accordance with all applicable national trade policy and international trade agreements, including those of the North American Free Trade Agreement and the World Trade Organization.
- Centralized tendering processes are at times, not appropriate for medical technology products, as they cannot adequately address the diversity of products and services available in the marketplace. Centralized tendering can severely limit therapeutic and diagnostic options across an entire healthcare system and may discourage innovation in standards of care.
- Cost-based tendering methods used for non-medical, commodity products should generally not be applied to medical technologies, as these methods typically fail to take into account the need for clinician input, unique technical features, product performance parameters, service and support requirements and training requirements related to many advanced medical technologies.



## ABOUT MEDEC

- Safeguards must be in place to ensure that competitive tendering does not interfere with the availability of quality healthcare or patient access to life-saving or life-enhancing therapies and diagnostics.
- Public tendering processes should not be implemented in a way that artificially controls the number of competing firms that can exist in the healthcare marketplace. This principle should be reflected in limits to the size and duration of tender contracts, so as not to create or perpetuate market monopolies.
- Where competitive tendering is used, a maximum threshold should be established to limit the proportion of purchasing that could be bundled under a tendering process.
- Multiple source contracts are generally preferable so that a diverse range of products and services is available for clinical use. Multiple awards should be made where qualitative differences are relevant or where there are no significant differences in price.
- Public administrative entities that conduct tendering and other purchases should be free to make autonomous product purchasing decisions in response to local needs.
- Tendering processes of all types should take into account and adequately reward differences in product quality, innovative features, and clinical value to patients. Where cost is considered, it should include an understanding of lifetime patient costs and value to the healthcare system. Some tendering methods, such as internet-based "reverse auctions" are typically unable to address these differences and hence should not be applied to advanced medical technologies.
- To ensure the appropriate conduct of tendering operations, independent committees that include clinicians and non-competing medical device experts can offer useful insight into quality-focused purchasing.
- All public tendering must be done in accordance with applicable laws. National laws should not discourage innovation, distort competition or otherwise negatively affect the quality of care.
- A mechanism for appeal of tendering decisions should be made public and accessible to all competing medical technology firms.
- Tendering programs should be monitored and evaluated on an ongoing basis to ensure that these principles are positively supported.
- MEDEC is the national industry association representing medical device and diagnostic companies. Our members are dedicated to serving the healthcare community through research and development and the provision of high quality medical products and services that benefit Canadians – safely and efficaciously.
- MEDEC members are committed to advancing healthcare in Canada by ensuring patients have access to safe medical device technologies.
- Member companies represent a range of medical devices such as operating room devices and hospital equipment, as well as medical specialties such as cardiovascular, orthopaedic, ophthalmic, diabetes, and in-vitro diagnostics.
- The medical device industry in Canada employs over 35,000 Canadians in close to 1,500 corporate facilities, and contributes nearly \$6 billion in national sales per annum.
- MEDEC's mission is to strengthen and grow the industry in Canada by working closely with governments, medical associations and the public to establish an environment that supports the adoption of new technology from both regulatory and reimbursement perspectives.
- MEDEC members are committed to the highest standards of professional conduct. MEDEC has designed and adopted a Code of Conduct to promote ethical business practices and socially responsible industry conduct to govern interactions with healthcare professionals.