

Guiding Principles for Procurement of Medical Technology

Putting patients at the centre of public health procurement

Public health procurement refers to the process by which state and territory government departments or public hospitals purchase goods or services from companies.

An efficient public procurement environment is critical to ensure all Australians accessing care in our public hospitals have access to world-class medical devices.

Improved public procurement can help to reduce the pressure on health budgets, deliver increased value, and foster the development of high-quality products and innovations in local public hospital markets.

Redesigning the current tender process can unlock substantial shared benefits.

The following guiding principles have been developed to guide all state and territory health procurement agencies towards procurement policy and process reform that puts patient outcomes at the centre of public health procurement.

The MTAA Procurement Forum, made up of public health procurement experts from MTAA member companies, developed the principles.

1. Professionalise procurement to ensure the highest standards of procurement practice

- **Develop consistent best practice processes for tender management across the procurement agency, including:**
 - Pre-tender dialogues and market engagement seeking input from suppliers on tender and contract structure that will best deliver value well in advance of procurement activity,
 - Consistent and easy to complete submission templates,
 - Opportunity to debrief on reasons for award decisions, submission quality, reporting requirements and management of tender process.
- **Maintain fair, transparent and equitable processes** with clear expectations of all parties; and honour agreed-upon terms.
- **Ensure value for money** by reducing administrative costs and enhancing efficiency to ensure suppliers can offer their best price to procurers.
- **Maintain ethical relationships** between companies and health professionals and ensure value for money is achieved through a genuinely competitive process.
- **Ensure tendering document requirements reflect the highly regulated medical device industry** - Eliminate redundant & duplicative terms & conditions and information requests from tender documents to avoid duplicating the role of the TGA.

2. Focus on value and outcomes for patients, healthcare professionals and the health system

- **Ensure patients have the opportunity to access world-class medical devices** through clear and efficient new technology clauses in contracts.

- **Broaden focus from lowest price of products to how medtech procurement can deliver improved outcomes** which matter for patients, improve the experience for clinicians and contribute to the efficiency of the health system.
- **Multistakeholder collaboration and open dialogue** between medical technology suppliers, clinicians, patient groups and health economics experts to define the patient and health system needs that these groups can address.
- **Establish a program of value-based procurement which enables an evidence-based evaluation methodology for how service and product offering can:**
 - improve outcomes for patients,
 - reduce total cost of care, and
 - benefit stakeholders such as health care workers.
- **Commission expertise** to measure the best patient outcomes and the value proposition of a product, service, or solution.
- **Adopt a continuous improvement mindset** - Procurers can learn from initial value-based procurement projects and broaden the application over time.

3. Pursue genuine partnership between industry and government

- **Nurture the relationship between government and medical technology suppliers** to ensure benefits for all parties in the immediate and long term.
- **Focus on a collaborative relationship, not just consultation** – Foster open communication between parties to allow opportunities to raise and work through issues.
- **Procurement & contract staff must be empowered to act** to ensure agency and hospital compliance to contractual obligations and to address issues in an appropriate timeframe.

4. Support an environment for healthcare innovation to thrive

- **Create the environment to enable innovation to flourish** – Innovation of products, services and solutions, which can support new treatments and innovative models of care should be supported and encouraged through tender activity.
- **Recognise the need to ensure the medical devices industry's long-term sustainability** and its contribution to the Australian healthcare system and improving health outcomes for patients.
- **Respecting the confidentiality of contracts and commercial in confidence information** – including when government engages external organisations to manage procurement activity.