



CANADA'S MEDICAL TECHNOLOGY COMPANIES
LES SOCIÉTÉS CANADIENNES DE TECHNOLOGIES MÉDICALES

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January 29, 2018

Hon. Charles Sousa Minister of Finance
Frost Building South
7th Floor, 7 Queen's Park Crescent
Toronto, Ontario
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Re: MEDEC 2018 Pre-Budget Submission

Dear Minister Sousa,

MEDEC is the national association representing the Canadian medical technology industry. Our member companies employ well over 20,000 Ontarians in communities across the province and are committed to supporting the Government's efforts to ensure a sustainable and prosperous provincial economy.

Our members create technologies that save lives, improve the quality of patient outcomes, reduce costs in the health care system, and create thousands of high paying jobs. The timely adoption of innovative medical technologies is essential to enhance patient care, improve patient access to health care, sustain a viable health care system, while driving jobs and economic growth in Ontario.

We recognize the Ontario Governments' dedication and focus on the growth of the medical technology industry in Ontario. Supporting the Office of the Chief Health Innovation Strategist (OCHIS), and the implementation of the Ontario Health Innovation Council (OHIC) recommendations is a critical path to ensuring that patients have access to innovative, life-saving medical technologies in Ontario.

The successful implementation of the OHIC recommendations¹ will result in a coherent strategy to better examine, develop and implement transformative improvements across the health care sector – to the benefit of all Ontarians resulting in better health outcomes, better opportunities to implement health technology solutions that save money, and create jobs and growth for the Ontario economy.

This past year, your government has also shown strong leadership towards greater transparency in health care – with the passing of Bill 160. We congratulate these efforts and fully support transparency initiatives.

There is a significant lack of transparency over the key decision makers who select which health technologies are made available to patients. For medical devices, those decisions are primarily made by entities such as Shared Service Organizations (SSOs) and Group Purchasing Organizations (GPOs). There remains very limited oversight and transparency over these organizations in Ontario and many of the recommendations put forth by the Ontario Standing Committee on Social Policy in its Diluted Chemo Drug Report in 2014 have not yet been implemented.

MEDEC believes that there remains a strong need to increase the degree of transparency and accountability over joint purchasing groups that operate in Ontario, that will not be addressed through Bill 160.

¹ http://health.gov.on.ca/en/pro/programs/ochis/docs/OCHIS_strategy_report.pdf

As the Ontario Government considers procurement reform opportunities in Ontario – such as the implementation of the Healthcare Sector Supply Chain Strategy Expert Panel Report² – we urge the government to act expeditiously on moving forward with some first steps to those reforms by providing greater transparency over the healthcare buying groups operating in the province.

To that end, MEDEC provides the following recommendations:

- 1) Continue the successful implementation of the OHIC recommendations through the OCHIS
- 2) Move forward with a plan for procurement reform and the implementation of the Expert Panel Recommendations

1. That the Ontario Government continue with the implementation of all the recommendations of the Ontario Health Innovation Council (OHIC) in a timely manner, and fully support the work of the Office of the Ontario Chief Health Innovation Strategist by:

- a) Continuing and extending additional funding to the Ontario Health Technologies Fund (HTF)
- b) Providing additional funding for expansion of the newly launched Value Based Innovation Program (VBIP)
- c) Providing additional funding to the Office of the Chief Health Innovation Strategist (OCHIS) for adequate staffing and resources to continue with the effective implementation of the OHIC recommendations.

2. That the Ontario Government develop and execute a strategy for the successful implementation of the Ontario Healthcare Sector Supply Chain Strategy (HSSCS) Expert Panel Report, and to increase transparency and oversight in Ontario over healthcare buying groups such as Shared Service Organizations (SSOs) and Group Purchasing Organizations (GPOs) by:

- a) Creating an Advisory Council tasked with developing and executing the implementation of the HSSCS Expert Panel Report
- b) Providing the Ontario Minister of Health and Long-Term Care with authority and oversight over GPOs and SSOs – similar to the recently passed Bill 130 in Quebec
- c) Setting third-party oversight for purchasing decision and process dispute resolution in Ontario – similar to the “Public Market Authority” recently created in Quebec under Bill 108
- d) Requiring all Shared Service Organizations (SSOs) and Group Purchasing Organizations (GPOs) be subject to the Public Sector Salary Disclosure Act, 1996 – as recommended by the Ontario Standing Committee on Social Policy in its Diluted Chemo Drug Report 2014
- e) Requiring Group Purchasing Organizations (GPOs) and Shared Service Organization (SSOs) become subject to Audits by the Auditor General of Ontario – as recommended by the Ontario Standing Committee on Social Policy in its Diluted Chemo Drug Report 2014

² http://www.health.gov.on.ca/en/pro/ministry/supplychain/docs/advancing_hc_supplychn_expert_panel_may2017_en.pdf

Conclusion

The Wynne Government has been highly collaborative in relation to its work with the medical technology industry. We are very encouraged by the steps that the government has taken to date to better understand the challenges faced in Ontario when adopting new medical innovations, and the clear commitment to take Ontario from one of the slowest global adopters of medical innovations in OECD countries, to one of the best, fastest and brightest jurisdictions.

Much work had been done already, and we would like to express our commitment to continual collaboration through the positive relationship between the Ontario Government and the medical technology industry. We look forward to continuing to work with the government on areas of implementation that are not yet completed or – in the case of procurement reform – that have not yet begun.

Thank you for your consideration of our recommendations. If you have any questions or would like to discuss further, please contact me directly at blewis@medec.org, (416) 641-2750.

Sincerely,



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About MEDEC: *The medical device and technology industry in Canada is comprised of multinational enterprises (MNEs), small and medium enterprises (SMEs) and local Canadian companies. It is estimated that there are more than 1,000 medical device and technology companies in Canada; the vast majority are small, local, Canadian-owned companies employing over 35,000 people in more than 1,500 corporate facilities with sales of over \$7 billion per annum.*

Appendix 1

What is Ontario Health Innovation Council (OHIC) and what are its recommendations?

The Ontario Health Innovation Council is an advisory body that was established by the Ontario government in November 2013. The council was created to accelerate the adoption of new technologies in our health care system and support the growth and competitiveness of Ontario's health technology sector.

The council released its report – “The Catalyst” – on December 19, 2014, which identified opportunities for evidence-based innovation and strategies in health care to:

- Facilitate technological innovations that promote health and well-being, improve access to health and health services, deliver effective, efficient, quality care
- Strategically use the purchasing power of the province and broader public sector to accelerate the growth of the health technology sector
- Expand the adoption of innovative new technologies more broadly across the health care sector (e.g., including in hospitals, but also in home- and long-term care settings).

The initiative was led by the Ministry of Research and Innovation and the Ministry of Health and Long-Term Care, and supported by the Ministry of Government and Consumer Services.

In the 2015 Ontario Budget – the government confirmed that it would implement all of the recommendations of the Ontario Health Innovation Council.

The 6 recommendations of the Ontario Health Innovation Council were as follows:

- 1) Establish an Office of the Chief Health Innovation Strategist
- 2) Appoint Innovation Brokers to Connect Innovators with Resources
- 3) Invest in Made-in-Ontario Technologies
- 4) Accelerate the Shift to Strategic, Value-Based Procurement
- 5) Create Incentives and Remove Barriers to Innovation
- 6) Optimize the Pathways to Adoption and Diffusion of Innovation

Many of the recommendations are still in the process of being implemented, some are partially implemented (such as recommendation #2), and some have already successfully been implemented (such as recommendation #1 and #3).

Appendix 2

What is the Healthcare Sector Supply Chain Strategy Expert Panel?

The development of the Healthcare Sector Supply Chain Strategy (HSSCS) is a joint initiative led by the Ministry of Health (MOH) and the Ministry of Government and Consumer Services (MGCS). This strategy will build on the Ontario government's efforts to optimize supply chain efficiencies in the broader public sector, while focusing on enhancing services to patients.

An Expert Panel was appointed in 2016 by the Minister of Health and Long-Term Care to deliver advice and recommendations to the government on the development of the HSSCS.

The panel members included:

- Kevin Empey (Chair) – former President and CEO, Lakeridge Health
- Elyse Allan – President and CEO, GE Canada
- Jodi Butts – Executive Director of Rise Asset Development
- Ron Gagnon – President and CEO, Sault Area Hospital
- Gabriela Prada – former Director, Health Innovation, Policy and Evaluation, Conference Board of Canada (now with Medtronic Global)
- Neil Sentance – former Assistant Deputy Minister, Supply Chain Management Division, Ministry of Government Services
- Paul Tuttle – former President of Extendicare Canada

On April 16, 2017, the Ontario Healthcare Sector Supply Chain Strategy Expert Panel released its report entitled: “Advancing Healthcare in Ontario: Optimizing the Healthcare Supply Chain – A New Model”

The report identifies twelve key areas of improvement and recommendations for procurement reform in Ontario. MEDEC is supportive of the report and the recommendations.