



MEDEC

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

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February 6, 2017

Hon. Charles Sousa Minister of Finance
Frost Building South
7th Floor, 7 Queen's Park Crescent
Toronto, Ontario
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Re: MEDEC 2017 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.

A thriving economy and a sustainable, high quality health care system go hand in hand. At MEDEC, we exist at the intersection of these two imperatives. Our members create technologies that save patients' 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 medical innovation and technology is essential to enhancing patient care, improving patient access to health care, enabling health care sustainability, while at the same time driving jobs and economic growth in Ontario.

We would like to congratulate the Ontario Government on your continued dedication and focus on the growth of the medical technology industry in Ontario. Specifically, the work the Ontario government has done in accepting all of – and now implementing – the recommendations of the Ontario Health Innovation Council have been key to ensuring the growth and success of our industry.

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 in the health care system, and better jobs and growth for the Ontario economy.

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

In order to continue with the successful implementation of the recommendations of the OHIC, MEDEC proposes the following:

- 1. That the Ontario Government continues with the implementation of all of 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.**
- 2. That the Ontario Government continue the work of Ontario Medical Technology Working Group (see description below) and utilize the expertise of the group, and this unique collaborate approach between the medical technology industry, other stakeholders, and cross-governmental Ministries – to assist with the implementation of OHIC’s recommendations.**
- 3. That the Ontario Government implement all 10 of the MEDEC recommendations (see attached) to the Ontario Healthcare Sector Supply Chain Strategy Expert Panel (see description below) in order to ensure the successful implementation of recommendation #4 of the Ontario Health Innovation Council – “Accelerate the Shift to Strategic, Value-Based Procurement”.**

MEDEC’s 10 recommendations to the Expert Panel are as follows:

- 1) The Ontario Government should consider a differentiated procurement process for “commodities” vs. “innovations”.
- 2) The Ontario Government should consider a model which maximizes the value it receives from the use of public funds. A Value for Money approach evaluates the total system cost to deliver goods and services and looks beyond simply pricing procurement.
- 3) Value-Adds, which are being requested as part of an RFP, should be voluntary, not mandatory, and should only be included if the value-add is directly related to the products, service or related solution being purchased.
- 4) Group purchasing organizations and shared services organizations should be subject to all aspects of the Broader Public Sector Accountability Act, 2010.
- 5) The salaries of employees and executives of group purchasing organizations and shared services organizations should be reported under the Public Sector Salary Disclosure Act, 1996.
- 6) Group purchasing organizations and shared services organizations should be subject to audits by the Office of the Auditor General of Ontario.
- 7) The Ontario Government should create a consistent, mandatory, transparent process for feedback and de-briefings to suppliers post award that has, if required, 3rd party oversight.
- 8) The Ontario Government should consider implementing a 3rd party mechanism which allows stakeholders to challenge actions taken by a procurement group and to ensure transparency and accountability into the decision making processes of procurement groups.
- 9) The Ontario Government should consider reviewing duplicative procurement practices and requests on RFP’s, where other standards are already in place (such as Health Canada licensing requirements and ISO Standards).
- 10) The Ontario Government should consider mandatory standardization processes for procurement groups where possible and should enforce the existing templates, policies and guidance already in existence.

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.

The April of 2015 – in the 2015 Ontario Budget – the government confirmed that it would be implementing 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

To date, the Ontario government has successfully implemented the first and most important OHIC recommendation - #1. September 2015 marked the creation of the Office of the Chief Health Innovation Strategist and Bill Charnetski was announced as the first ever Chief Health Innovation Strategist in Ontario – the first ever in Canada in fact.

Mr. Charneski and his staff are now working hard on initiatives such as #2 – it is expected that Innovation Brokers will be hired and announced soon, and #3 – the OCHIS and his staff in partnership with OCE successfully launched the first round of funding through the Ontario Health Technologies Fund.

With regards to recommendation #4 – Accelerate the Shift to Strategic, Value-Based Procurement – in the spring of 2016 the Ontario government appointed an Expert Panel as part of its Healthcare Sector Supply Chain Strategy Review. A key component of the mandate of the Expert Panel is to make recommendations that will support the work of Mr. Charnetski in implementing and accelerating the shift to strategic, value-based procurement for healthcare in Ontario.

All of the above noted work would not have been possible had it not been for the Ontario Medical Technology Working Group – which is the precursor to OHIC.

What is the Ontario Medical Technology Working Group?

The Ontario Medical Technology Working Group was created through the “Ontario Open For Business” process, and brings together the medical technology industry, MEDEC, other key stakeholders (such as MaRS EXCITE) and the Ministries of Health and Long-Term Care, Consumer and Government Services, Economic Development, and Research, Innovation & Science – to meet on a regular basis and work together to improve both health care and economic development in Ontario, by focusing on opportunities in the medical technology sector.

The Ontario Medical Technology Working Group focused the majority of its early efforts in developing and submitting a report to the Ontario Health Innovation Council. The report is entitled *Health Innovation in Ontario* and was very well received by OHIC. In fact, OHIC’s recommendations incorporated virtually all of the recommendations of the Ontario Medical Technology Working Group.

MEDEC, working in collaboration with government officials across key Ministries, has been encouraging a different way of thinking about how to achieve better value and cost savings through a variety of options such as accelerating the adoption of innovative medical technology to improve access, quality, and health system sustainability.

Through the Ontario Medical Technology Working Group we have taken significant steps to ensure that the medical technology industry is at the table and working in partnership with the government on key initiatives such as strategic/innovative procurement strategies in health care.

MEDEC would like to see the continuation of this highly valuable collaboration, shifting the Group’s objectives to work together to help the Ontario Government optimally implement the recommendations of the Ontario Health Innovation Council and also potentially support other priority initiatives that support the sustainability of the health system and economic growth.

A proposed “refreshed membership” for the Ontario Medical Technology Working Group was established in 2016 and the group now includes the Office of the Chief Health Innovation Strategist (see attached ***Ontario MedTech Working Group Terms of Reference***).

This previously proven successful group will be a key success factor for the implementation of the OHIC recommendations and for ensuring strong communications and collaboration between the Ontario government, the Office of the Chief Health Innovation Strategist, the medical technology industry represented through MEDEC, and other important health innovation stakeholder such as MaRS EXCITE and CAHO (the Council of Academic Hospitals of Ontario).

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 include:

- 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

A report and recommendations from the panel are expected to be released in the coming weeks.

MEDEC made a robust submission to the Expert Panel and are asking that the Ontario government ensure that the MEDEC recommendations are incorporated into any implementation of the recommendations of the Expert Panel.

Conclusion

The current Wynne Government has been one of the most collaborative, innovative governments in relation to its work with the medical technology industry. We are highly 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 but there remains a great deal to be done on the implementation side, and we would like to like express our commitment to continual collaboration through the positive relationship between the Ontario Government and the medical technology industry.

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.*

Attachments:

- Revised Ontario Medical Technology Working Group Terms of Reference as of August 26, 2016
- Ontario Government Announcement – Expert Panel-Healthcare Sector Supply Chain Strategy Memo-April 11, 2016
- Improving Health Care, Transparency, and the Business Climate in Ontario - MEDEC Submission to the Expert Panel