

CAHO Capital Equipment Group Purchasing Initiative – Questions and Answers

Q: What is the Capital Equipment Group Purchasing Initiative (GPI)?

A: The GPI, launched in 2008, is a collaborative initiative of the 25 CAHO hospitals to group purchase capital equipment. Ontario hospitals spend over \$300 million annually on capital equipment, and currently the purchasing process for capital equipment is fragmented across hospitals. This initiative is designed to achieve efficiencies and cost savings for hospitals and suppliers through a streamlined equipment purchasing process.

Q: What is the Council of Academic Hospitals of Ontario?

A: Twenty-five hospitals in Ontario have teaching or research affiliations with one of the 6 university medical (or health sciences) schools. As such, there are six academic health science "centres", or regions in the Province of Ontario, Canada, which include London, Hamilton, Toronto, Kingston, Ottawa and the Northern Ontario Medical School. The Council of Academic Hospitals of Ontario (CAHO) (formerly OCOTH) provides a focal point for strategic initiatives on behalf of Ontario's 25 academic hospitals.

Q: Which hospitals are members of CAHO?

A: Baycrest Centre for Geriatric Care	The Ottawa Hospital
Bloorview Kids Rehab	Providence Care
Centre for Addiction & Mental Health	Royal Ottawa Health Care Group
Children's Hospital of Eastern Ontario	SCO Health Service
Hamilton Health Sciences	St. Joseph's Healthcare Hamilton
Hospital for Sick Children	St. Joseph's Healthcare, London
Hotel Dieu Hospital Kingston	St. Michael's Hospital
Kingston General Hospital	Hôpital régional de Sudbury Regional Hospital
London Health Sciences Centre	Sunnybrook Health Sciences Centre
Montfort Hospital	Thunder Bay Regional Health Sciences Centre
Mount Sinai Hospital	Toronto Rehabilitation Institute
North York General Hospital	University Health Network
The New Women's College Hospital	

For links to their websites, visit: http://www.caho-hospitals.com/member_hospitals.aspx

Q: What is the CCPC? Who will conduct the procurement process?

A: The CCPC (CAHO Capital Procurement Cooperative) is a consortium of three shared services/group purchasing organizations that currently provide purchasing services to individual CAHO member hospitals, namely Healthcare Materials Management Services, Plexxus, and the St. Joseph's Health System, Group Purchasing Organization. St. Joseph's Health System, Group Purchasing Organization has been assigned the role of Bid Administrator for the duration of this pilot.

Q: Will hospitals that are not members of CAHO participate in this initiative?

A: CAHO hospitals recognize that there is an opportunity through this initiative to collaborate with other hospitals in the province. Members associated with HMMS, Plexxus, SJHS-GPO and affiliate hospitals may be extended the opportunity to participate.

Q: What is the role of the Ontario Government in this initiative?

A: The Ministry of Finance's OntarioBuys program has provided partial funding to launch this initiative.

Q: What type of capital equipment do you plan to purchase as part of this initiative?

A: The following list is representative, however not conclusive, of the types of equipment that will be purchased. As already identified we are reviewing the CAHO members actual requirements for the current fiscal year and therefore the list may change based on actual needs for the coming year.

- MRI Machines
- CT Scanners
- Angiography Systems
- Fluoroscopy Systems
- Nuclear Medicine
- Radiation Therapy
- Cardiac Cath Labs
- Digital Mammography
- D.I. Infrastructure
- Beds and Stretchers
- Surgical Microscopes
- Ultrasound Machines
- Anaesthetic Machines
- Dialysis Machines
- PCA Pumps
- Monitors
- Operating Room Tables
- Ventilators

Q: What is the schedule of purchases?

A: The schedule of group purchases for each year will be based on capital equipment needs of participating hospitals. Two requests for proposals (RFPs) have been issued to date: Patient Handling Equipment and IV Therapy System Devices.

Q: Will you be including other categories of equipment that do not appear on the list?

A: The current list of equipment categories is based on an assessment of where we could deliver the most benefit to the participating hospitals. This list may change according to the actual requirements of the CAHO participants in the future.

Q: How do vendors obtain a copy of the RFP documents that are being issued?

A: Vendors will be required to register to the St. Joseph's Health System website (www.sjhcs-gpo.com) in order to obtain access to the RFP documents and any addendums that may be issued. Vendors can register at no cost.

Q: Can you provide a brief overview of the procurement process that will be used?

A: The specific procurement process and timelines will be established by the participating hospitals prior to issuing the RFP. The process may include vendor presentations, clinical site visits, a centralized vendor fair, etc. Pre-established timelines help to ensure that the RFP is completed and agreement(s) are awarded in a timely manner, resulting in a more streamlined and efficient process for both hospitals and vendors.

Q: Typically, hospitals have had difficulty finalizing approved capital budgets. Has this changed much over the past and what sort of commitment do we as vendors have?

A: Many hospitals are now developing 2, 3 and even 5 year plans for capital budgets. It is expected that hospitals will only participate in an RFP if they have an approved budget for the relevant capital items. Once a hospital has agreed to participate in an RFP, they will be committed to follow through with the purchase of all approved equipment.

Q: Is the goal of this initiative to standardize across participating hospitals?

A: No. Standardization is not the objective of this initiative. Each hospital participating in the procurement process will determine their final Vendor of choice.

Q: Do you intend to award sole source contracts through this initiative?

A: This initiative aims to provide fair and transparent procurement through the use of common procurement guidelines, a shared code of ethics and a standardized Request for Proposal process. Through this CAHO can reach many vendors simultaneously while at the same time vendors have the advantage of responding to one rather than multiple RFPs. Proposals will be evaluated on their merit and individual hospitals will have choice in the vendor selection process. The outcome of each equipment purchase will vary, and hence, decisions to sole source or award multiple contracts will depend on the nature of the purchase.

Q: Will consumable supplies be purchased as part of this initiative?

A: Group purchase of consumables is not in scope for this initiative. Our focus is on the purchase of capital equipment. Consumables directly associated with equipment will be included.

Q: What would be the expected term of a pricing agreement?

A: The length of the contract would be dependant upon the type of equipment that is being negotiated. For some equipment like beds we have requested submissions based on a 3 year agreement with a 2 year option, as well as a 5 year agreement. For items like MRI and CT equipment we will be negotiating on the basis of actual need that may include an option for aggregated volumes based on an identified period of time. In all cases we identify a preferred period for the agreement but allow the vendors to identify other options along with our original requested requirements.

Q: What will occur if a hospital has an existing contract with a vendor?

A: Hospitals will be expected to fulfill current contractual obligations before pursuing alternate opportunities.

Q: Will vendors have the opportunity to showcase new technology product launches once a contract has been signed?

A: The final agreement will contain a standard "new technology" clause that will provide vendors with an opportunity to offer equipment defined as new technology to the hospitals during the term of agreement.

Q: How will you address research interests and relationships of suppliers with individual hospitals?

A: As academic health sciences centres with a large focus on research and teaching, CAHO members often have agreements for research and development purposes with suppliers. This initiative is not designed to disrupt any research activities at participating hospitals.

Q: Will CAHO members continue to issue RFPs on their own?

A: All CAHO hospitals have agreed to group purchase a defined set of capital equipment through this pilot initiative. Items that are out of scope for this initiative will continue to be purchased by hospitals independently.

Q: What other benefits will vendors realize during a CAHO group RFP?

A: Vendors will benefit from a procurement process which has been designed to provide both hospitals and vendors with as much information as possible with respect to the equipment being purchased in order to facilitate effective decision making. In addition, vendors will only need to respond to one group RFP representing a number of hospitals, rather than time-consuming, individual RFP's issued by each hospital. The CCPC (CAHO Capital Procurement Cooperative) is developing a standard RFP template that will simplify and further streamline the process. Overall, feedback from the vendors worked with to date has been very positive as most recognize the opportunity to be awarded significant volumes and long term contracts. They appreciate the fair, open, and transparent process used.

Q: What tools or mechanisms do you have in place to evaluate the success of this pilot at the end of the 2 year period?

A: CAHO is currently developing an evaluation tool that includes a number of criteria in order to assess the success of this pilot