

# EQUIPMENT PROCUREMENT

## SERVICE SCHEDULE

**Purchase Unit Code:DSS1044B**

**Purchase Unit Name: Equipment Procurement**

### 1. OVERVIEW OF SERVICE SPECIFICATIONS

- 1.1. This service schedule (Schedule) for equipment procurement must be used in conjunction with the Equipment Modification Services (EMS) service specification.
- 1.2. This Schedule defines the procurement of equipment and its objectives within the overall provision of EMS.

### 2. SERVICE DEFINITION

- 2.1. The Provider will manage the procurement of Ministry Band 1, 2 and 3 Equipment items to be utilised by eligible people following the receipt of Service Requests from EMS Assessors, through effective and efficient procurement approaches.
- 2.2. The Procurement Service comprises the sourcing strategy, procurement, contract management and catalogue management of equipment provided to all Service Users.
- 2.3. The Procurement Service will:
  - a) Support the other aspects of the EMS delivery including, but not limited to:
    - i. ordering
    - ii. logistics, and
    - iii. inventory management.
  - b) Be dedicated to ensuring that the disability-related needs of Service Users are met in the most cost-effective, safe and reliable way.
  - c) Apply best practise procurement principles.

### 3. SERVICE COVERAGE

- 3.1. Services under this agreement will be provided to Service Users living in the region as described in the attached Provider Specific Terms and Conditions.

## **4. EXCLUSIONS**

**4.1.** This service schedule excludes:

- a) the provision of refurbished equipment which has been returned to the Provider's store/s
- b) procurement of Vehicle Purchase and Modifications and Procurement of the Delivery of Basic and Complex Housing Modifications.

## **5. SERVICE OUTCOMES**

**5.1.** The provision of equipment for eligible people aims to support them to achieve one or more of the following outcomes:

- a) get around more safely in their home
- b) remain living, or return to, their home
- c) minimise the risks of injury to themselves, their family or whānau, or to other paid or unpaid carers
- d) minimise the need to relocate to residential care or community living
- e) minimise the need for paid and unpaid support in their home
- f) communicate effectively, or
- g) work or study full time or undertake vocational training or volunteer work.

**5.2.** The following equipment categories are within scope of this schedule:

- a) Communication Assistive Technology
- b) Hearing Assistive Technology
- c) Vision Assistive Technology
- d) Personal Care
- e) Household Management
- f) Walking and standing
- g) Wheeled Mobility and Postural Management.

**5.3.** The Ministry's overarching principles to guide the successful procurement and provision of equipment are as follows:

- a) Equipment will be procured and provided utilising a value for money approach.
- b) Equipment provided to Service Users will conform to regulatory compliance and the requirements of relevant New Zealand standards, processes and legislation.
- c) Equipment will take into consideration the developmental, changing and long term needs of people with disabilities.
- d) Equipment will be considered as part of a range of intervention options to meet a person's disability-related needs.

**5.4.** The objective of the Service is to procure and secure supply of a wide range of durable, high quality, cost-effective equipment, ranging from low-cost, high volume equipment through to high cost, rarely sourced items which may require customisation to meet an individual's specific needs. The Service will:

- a) incorporate supply arrangements that minimise the risk of stock outs or undue waiting by Service Users

- b) ensure stability of price for the Ministry
- c) involve future proofing strategies
- d) have the capability to incorporate social, demographic and technological changes into the procurement strategy.

## **6. SERVICE COMPONENTS**

- 6.1.** The Provider is responsible for procuring equipment items that will enable the Services to be provided as set out in the EMS service specification.
- 6.2.** The Provider will explore all options in order to develop the most effective purchasing strategies.
- 6.3.** Procurement of products will involve relevant subject matter experts on evaluation panels, such as experienced occupational therapists, physiotherapists and speech language therapists who are Approved or Credentialed EMS Assessors.
- 6.4.** The costs associated with the tendering processes, including panels, is the responsibility of the Provider.
- 6.5.** The procurement function will integrate with other aspects of supply chain to ensure appropriate levels of product are able to be held in the regional store/s of the Provider, or sourced from the contracted equipment supplier.
- 6.6.** Where possible, it is expected that the Provider will combine volumes with other Crown Agency volumes. For example, if sourcing walking frames and procuring for both ACC and the Ministry, the Procurement Provider will approach the marketplace with volumes of both ACC and Ministry requirements.
- 6.7.** Where possible, the Procurement Provider will align catalogues or product lists for any or all Crown agents it is procuring for.
- 6.8.** Sourcing strategies will ensure sufficient stock is available for supply to meet predicted demands, while ensuring that inventory overhead is minimised.
- 6.9.** Management of Price:
  - a) The Provider is responsible for cost minimisation through best practice procurement activities. This should be demonstrated by use of appropriate tender processes.
  - b) Any rebates, discounts, direct sourcing and other mechanisms for reducing price are to be declared to the Ministry and a discussion and agreement made on how the cost savings can be utilised.
  - c) The Provider will capture and report on savings and cost-avoidance generated through its procurement activities in its six monthly report.
- 6.10.** Minimum Requirements of Supply Agreements
  - a) The Provider will establish supply agreements with all key equipment suppliers to ensure that equipment items supplied for use by Service Users are provided under terms that are best industry practice for the supply of medical products.
  - b) New Zealand law will apply for all agreements.
  - c) Supply agreements should include Key Performance Indicators (KPIs) that will ensure availability of equipment supply.

## 7. PROCESSES

### 7.1. Sourcing Strategies by Equipment Band:

- a) Equipment is divided into three bands; Band 1, Band 2 and Band 3. Refer clause 12 for the definitions of the Equipment Bands. The Provider will have appropriate sourcing strategies in place in order to maximise pricing opportunities for the relevant Equipment Bands. Where appropriate, the Provider will have supply agreements in place. Minimum requirements are set out in Table One.
- b) From time to time, the Provider may receive Service Requests for highly customised equipment (Band 3 Equipment) to address the complex needs of Service Users. It is the Provider's responsibility to source this equipment at the most cost effective price.

*Table One; Minimum Requirements – Procurement Strategies*

Terminology	Requirement
Band 1 Equipment	Open tender processes leading to supply agreements <sup>1</sup> and inclusion of products into the Provider's on-line Catalogue
Band 2 Equipment	
Band 3 Equipment	Selective Purchase and/or Supply Agreements

*Table Two; Responsibilities and Accountabilities*

Responsibilities and Accountabilities	Procurement Provider	EMS Assessor
Accountable for the quality of the equipment as requested in the Service Request	✓	
Accountable for the generic quality of equipment procured	✓	
Accountable for ensuring the Band 1 equipment is supplied within the agreed timeframe	✓	
Accountable for the procurement of equipment ensuring that all equipment provides good value for money	✓	

### The Catalogue

- 7.2. The Provider will establish a Ministry of Health Catalogue ("the Catalogue"). The Catalogue will consist of Band 1 Equipment and Band 2 Equipment.
- 7.3. The Provider will work with the other EMS Provider contracted by the Ministry to ensure alignment of equipment items on the Catalogue.
- 7.4. The Provider will maintain the on-line Catalogue for Band 1 and Band 2 Equipment. This Catalogue will include:

<sup>1</sup> These may include panel agreements.

- a) brief product description
- b) product specifications – physical dimensions (size, maximum weight loading, etc), features to support disability-related needs
- c) photograph, where possible
- d) unique product characteristics relevant to the equipment category.

## 7.5. Catalogue Updates and Product Changes

The Catalogue will be updated at least six monthly. Such updates will include the following (but are not limited to):

- a) any changes to current Band 1 and Band 2 Equipment items
- a) equipment deleted from the last list or that is no longer available
- b) new equipment items added to the list
- c) any product recalls.

*Table Three; Performance Measures, Equipment Procurement*

<b>Outcomes</b>	<b>Evidenced by</b>
EMS Assessors are aware of the list prices of Band 1 and Band 2 Equipment and the range of equipment options available	The Catalogue for Band 1 and Band 2 is updated at least 6 monthly and will be published online to be easily accessible to EMS Assessors and provide them with information to guide their selection for Service Users.
EMS Assessors will be able to access Band 1 and Band 2 Equipment that is suitable to meet the majority of their Service User's needs	75% of Service Users will use Band 1 Equipment. The selection of Band 1 and Band 2 Equipment involves representatives from key EMS Assessor professional groups who will provide advice as Subject Matter Experts.

## 8. KEY INPUTS – STAFF SKILLS, TRAINING AND CAPACITY

8.1. Staff and contractors will have appropriate skills to provide:

- a) overall management of the service
- b) comprehensive technical knowledge of the range of equipment available to support disabled people, including relevant standards
- c) engagement with EMS Assessors and other relevant parties involved with the assessment and provision of equipment for eligible people.

## 9. RELATIONSHIP MANAGEMENT

9.1. The Provider will provide appropriate linkages with all EMS Providers.

9.2. Relationship with Suppliers:

- a) The Procurement Provider will have in place a strategy for Supplier engagement. At a minimum, this will include (but is not limited to):
  - i. annual Supplier briefings
  - ii. application of Supplier management strategies using recognised tools and methodologies.

- b) All supply agreements with Suppliers will align expectations of service with the expectations set out in this service schedule.

## **10. QUALITY REQUIREMENTS**

### **10.1. Service Improvements; the Provider will:**

- a) Explore opportunities to achieve maximum value for money in the procurement of equipment for people with disabilities and report on any proposed initiatives as part of its reporting requirements.
- b) Introduce operational efficiencies, such as alternative contracting approaches, and report on these to the Ministry as part of its reporting requirements.

### **10.2. Regulatory Compliance; the Provider will ensure that items procured from the equipment supplier must meet regulatory compliance such as:**

- a) Products classed as Medical Devices under the The Medicines Act 1981<sup>2</sup> must be listed on the Web Assisted Notification of Devices (WAND) Database<sup>3</sup>;
- b) Where possible and applicable, products classed as Medical Devices will have registration with any of the three regulatory bodies: Therapeutic Goods Administration (TGA); Food and Drug Administration (FDA); European Community (EC);
- c) Products that are electric in nature must demonstrate compliance under Electricity (Safety) Regulations 2010;
- d) A condition of engagement with all suppliers of Medical Devices will include compliance with any Product Recall that might be enacted from time to time by MedSafe (or its successor organisation/s).

### **10.3. The Provider will meet no less than six monthly with the Ministry to discuss the Service. At these meetings the Ministry and the Provider will:**

- a) review actions from previous meetings
- b) review the performance of the Services in the previous period and discuss any operational or contractual risks or issues
- c) raise any matters with the Ministry's Contract Relationship Manager if they cannot be resolved by the relevant parties
- d) review ongoing work, service improvement initiatives and cost-saving opportunities, and
- e) discuss any other matters relating to this agreement.

## **11. RECORDING AND REPORTING**

**11.1.** The Provider will record information about all aspects of equipment procurement to ensure that all relevant information is captured, allowing accurate and timely reporting.

**11.2.** The Provider will complete a six-monthly report as part of the EMS Provider reporting requirements, which will include:

- a) A detailed narrative of the procurement activities undertaken over the last six months.

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<sup>2</sup> <http://www.medsafe.govt.nz/regulatory/DevicesNew/1-1TherapeuticPurpose.asp>

<sup>3</sup> <http://www.medsafe.govt.nz/regulatory/DevicesNew/3WAND.asp>

- b) An annual report as part of the EMS Provider reporting requirements, which will include:
- i. value for money strategies and reported savings through tendering activity
  - ii. opportunities and strategy for the next 12 months.

## 12. DEFINITIONS

Term	Definition
<b>Band 1 Equipment</b>	<p>Ministry of Health Band 1 Equipment (“Band 1 Equipment”) is equipment which has been selected by the Provider following a formal tender process. Criteria for selection in Band 1 are that items:</p> <ul style="list-style-type: none"> <li>• meet the needs of a wide range and large number of disabled people</li> <li>• are low cost (generally less than \$1,000 excl. GST)</li> <li>• are durable and the majority are able to be reissued in a cost-effective way.</li> </ul> <p>Equipment is able to be supplied to Service Users at the lowest possible price, resulting in greater value for money. Many Band 1 Equipment items could be self-purchased in regular retail stores and there is generally a low consequence of risk in relation to its provision.</p> <p>Examples of Band 1 Equipment are personal hygiene equipment such as bath boards, standard shower commodes and over toilet frames; standard walking frames; chair raisers; standard pressure cushions and kitchen trolleys.</p>
<b>Band 2 Equipment</b>	<p>Ministry of Health Band 2 Equipment (“Band 2 Equipment”) is equipment which has been selected by the Provider following a formal tender process or through preferred supply, panel contracting or other procurement arrangements. Criteria for selection in Band 2 are that items:</p> <ul style="list-style-type: none"> <li>• do not have high specifications or features and are not complex to use or customise for a person.</li> <li>• generally cost less than \$3,000 (excl. GST), and</li> <li>• are regularly requested</li> </ul> <p>Examples of Band 2 Equipment are hoists, standing frames and some wheelchairs.</p>

Term	Definition
<b>Band 3 Equipment</b>	<p>Ministry of Health Band 3 Equipment (“Band 3 Equipment”) is equipment which has been selected by the Provider following a formal tender process or through preferred supply, panel contracting or other procurement arrangements (including direct purchase for one-off items). Criteria for selection in Band 3 are that items:</p> <ul style="list-style-type: none"> <li>• are complex and/or have high specifications or features</li> <li>• may be customised and individualised</li> <li>• are high cost (generally \$3,000 or more)</li> <li>• are supplied in low volumes irrespective of their cost</li> <li>• require a higher skill level and experience from EMS Assessor</li> <li>• result in a higher consequence of risk to a Service User following an inappropriate recommendation by an EMS Assessor.</li> </ul> <p>Examples of Band 3 Equipment are power wheelchairs, customised standing frames, highly specialised pressure care equipment, communication devices with high specifications.</p>