

## Certain Contracts Could Limit SUD Reprocessing Savings



Suppliers that limit your access to reprocessed SUDs deny your ability to optimize your organization's savings opportunities and to invest in patient-care initiatives.

**Defend Your Rights.** Don't allow suppliers to contractually limit your ability to provide the best care possible with the resources available.

**Here's a summary of arrangements that may prevent you from saving money.**

**1 Free capital equipment in exchange for an exclusive agreement to provide disposables.**

**Possible Problematic Terms:** May perpetually require you to purchase disposables from one manufacturer – sometimes at full price and with minimum purchasing requirements.

**Considerations:** A new SUD can be twice as expensive as a reprocessed SUD. Although free equipment is offered, such arrangement may not save hospitals money in the long run, and may bind them to a perpetual arrangement to meet minimum purchase quotas.

**2 Unusually low prices on SUDs that match or beat reprocessed SUD prices.**

**Possible Problematic Terms:** In exchange for lower prices on new SUDs, the manufacturer may inflate prices of complimentary equipment or unrelated products.

**Considerations:** Compare whether the savings from the low-cost SUD offer will be nullified by the inflated cost of other products.

**3 Discounts on new device(s) in exchange for an agreement not to reprocess.**

**Possible Problematic Terms:** These agreements typically prohibit hospitals from purchasing reprocessed SUDs from third-party partners and/or require them to meet certain new device purchase minimums to qualify for the discount.

**Considerations:** Compare the offered discount to price of reprocessed SUDs, coupled with the attendant reduction in hospital waste disposal costs and environmental benefits (note: reprocessing eliminates red bag waste, which can cost ten times as much to dispose of as regular waste).





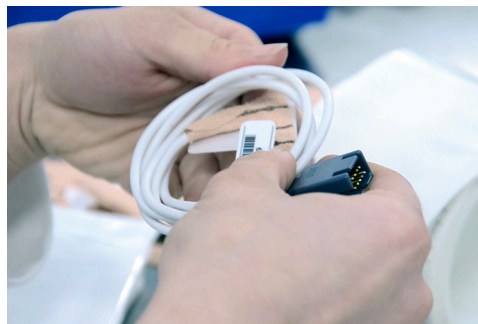
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#### 4 Licensing provisions enforcing a “single-use license.”

**Possible Problematic Terms:** These agreements are an attempt to prohibit hospitals from purchasing reprocessed SUDs from third-party partners by forcing the hospital to agree to a “single use license”.

**Considerations:** Hospitals have the freedom to purchase and use any FDA-cleared or approved product they choose, including reprocessed “single-use” devices. Seek legal counsel if your hospital is being pressured to move away from SUD reprocessing under the guise of patent infringement, and consult with your reprocessor.



#### 5 Discounted pricing on a blended combination of new and reprocessed devices.

**Possible Problematic Terms:** If minimum-purchasing requirements are not met, the price may increase substantially. The contract may also give the manufacturer flexibility to decide whether to provide new or reprocessed devices at any given time, which can impact the hospital’s sustainability goals and waste-disposal costs.

**Considerations:** Evaluate if the requirements (e.g., minimums) are realistic and consider the potential costs vs. savings. If the manufacturer has the ability to provide only new devices, consider the effects of disregarding the environmental benefits of reprocessing.

#### 6 Credit toward new device purchase/s in exchange for device collections.

**Possible Problematic Terms:** The original manufacturer may not actually reprocess the hospital’s device collections, but discard them and simply provide new ones.

**Considerations:** Do the future credits or savings outweigh the savings of purchasing reprocessed SUDs and the environmental trade-off?

#### Potential Broader Implications

By agreeing to use fewer reprocessed SUDs (or not reprocess), hospitals are voluntarily reducing the number of competitive firms seeking their business, which decreases competition and could result in increased costs over time.

#### Considerations: What Your Organization Can Do

**Seek Support:** As with any potentially anti-competitive matter, alert your legal counsel and risk management department; then notify your reprocessing partner.

**Push Back:** Tell OEM sales reps your hospital is committed to purchasing both OEM devices and reprocessed devices. Make it clear that any interference in the hospital’s reprocessing program by OEMs will not be tolerated and may result in a loss of hospital privileges.

To learn more about potential threats to SUD reprocessing savings, visit the Association of Medical Device Reprocessors at [sudreprocessing.amdr.org](http://sudreprocessing.amdr.org).

If you have questions or want to share best practices you’ve deployed to protect reprocessing savings, contact Dan Vukelich, President of AMDR at [dvukelich@amdr.org](mailto:dvukelich@amdr.org).