

**State Finance and Procurement – Procurement Improvement Council – Required Use of
eMaryland Marketplace
House Bill 1113**

Before the Health and Government Operations Committee

**March 10, 2020
Position: Oppose**

The University of Maryland Medical System opposes House Bill 1113. While we understand the desire to ensure that vendors have information related to procurements and construction opportunities, requiring hospitals to utilize the eMaryland Marketplace Advantage, as state mechanism, will have several unintended and negative consequences.

Acquiring medical and surgical supplies, equipment, technologies, and services for a health care enterprise in support of direct patient care and those operations that support care-givers is an essential component in the daily operation of any hospital. Requiring the supply chain mechanics of a hospital to utilize the State of Maryland eMaryland Marketplace Advantage (eMMA) will create undue pressures on the hospital's daily operations; it will delay the timely acquisition of products and services that could compromise the delivery of care; and it will likely increase the cost of care by virtue of the loss of pricing advantages offered through national group purchasing (GPO) channels which currently enable volume purchasing. By way of illustration, many of The University of Maryland Medical System's Medical surgical disposable products that are used in high volumes e.g., bandages, gauzes, stethoscopes, sutures, endomechanical products, etc. are negotiated at a national level, a deep and critical volume discounts. The loss of these types of group purchasing opportunities would be a major concern for most all health systems across the country. This is no less true in Maryland.

The process challenges and delays that the emarketplace might pose raise quite a few concerns. It is important to note that there are often emergent situations or situations with potential high risk to the organization that require immediate action to protect the organization, its patients, and employees. What all hospitals are experiencing right now with the Coronavirus emergency is precisely such an example.

Furthermore, timely and efficient product vetting is essential and would be disturbed by an eMMA requirement. For instance if a hospital is required to use eMMA for spinal implants, there are over 200 spinal implant companies. Orthopedic surgeons would need to vet all implant companies prior to bid issuance. This would not be a viable option. Utilizing eMMA may require vetting after the RFP response is received. This also would not be an acceptable process.

Moreover, from an UMMS-specific perspective, the system recently implemented a series of new governance and contracting policies that manage accountability and spend with respect to requisite steps to competitively bid and acquire products, services, and technology. Contracts already bid by UMMS' GPO facilitate the formal bid process; the GPO follows the principles of the American Bar

Association Model Procurement Code and involves input from member organizations throughout the nine step bid process. The GPO competitive bid process steps are:

- 1) Identify member needs,
- 2) Confirm source selection,
- 3) Develop and release request for proposal,
- 4) Eliminate unacceptable proposals,
- 5) Evaluate potentially acceptable proposals,
- 6) Optimize proposals,
- 7) Obtain best and final offer,
- 8) Finalize award, and
- 9) Launch Agreement.

Notwithstanding these comments, it is important to note that where possible UMMS works diligently to make certain vendors, especially minority and women-owned businesses have opportunities to engage with the Medical System. We have a robust program that brings diverse suppliers and contractors in for construction, procurement and investments engagements. Our outreach to those communities is multi-faceted and includes, vendor fairs, construction project open fairs, utilization of the certified contractor lists for project information dissemination including MDOT, Baltimore City, a mentorship program to help raise the profile and expand the business capabilities of contractors, etc. Vendors and contractors can also self-identify on UMMS' website.

For the foregoing reasons, UMMS does not believe that HB 1113 is necessary and the risks outlined above would be quite detrimental to the orderly operations of the daily and emergent needs of the hospital industry. We therefore urge an unfavorable report.

Respectfully submitted,
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