



**AdvaMed**  
Advanced Medical Technology Association



February 23, 2020

**Submitted to the New York State Legislature  
at the Joint Legislative Budget Hearing Concerning  
Health:**

**Medical Supplies Act, PPG Art VII (S2505/A3005, Part BB)**

As associations representing companies across multiple industries and employing thousands of workers in New York, we respectfully urge the removal of restrictive procurement policies from the state's final budget. We agree about the importance of preparing for future public health emergencies, however, the "Medical Supplies Act" (Part BB of Executive Budget) will limit New York's ability to source needed medical equipment.

The medical device industry is on the front lines of the coronavirus crisis, working 24/7 to ensure patients, providers and communities have access to critical medical services. The unprecedented demand for specific medical products due to COVID-19 has fed into an inaccurate narrative that the lack of U.S. manufacturing is to blame for wide-spread shortages. Even with last year's dramatic increase in domestic manufacturing of needed medical equipment, New York producers cannot meet the demands alone. Expanding the state's current grant program that focuses on increasing production and supply lines in New York is a much better way to incent innovation and investment.

The medical supply chain is inherently global and relies on multiple tiers of suppliers - each of whom play a vital role in the timely and efficient delivery of medical supplies. A successful, resilient supply chain must have multiple and/or redundant lines of supply; and, with these complexities, unhelpful procurement limitations could limit access to needed medical supplies.

State agencies, public higher education institutions, and other local purchasing authorities may be subjected to limited procurement options for critical medical supplies and protective equipment. Furthermore, enacting this policy would impose new administrative and compliance burdens for state administrators and bidders alike. For instance, it is unclear how procurement officials will enforce and track these procurement restrictions without a massive monetary appropriation.

Moreover, these procurement policy changes would go into effect on January 1, 2022 without any analysis of current availability for needed goods and any potential increased costs. In the end, these requirements would reduce efficiencies in public procurement and create delays in securing critical medical supplies, products, and services. Increased compliance costs will divert manufacturer resources from core functions that produce positive economic benefits, such as innovation and operational expansion.

While the concept of “Buy America” is appealing, the language in the “Medical Supplies Act” will have unwanted impacts on large and small New York employers alike, undermining the very outcomes the budget hopes to achieve in spurring economic development. Now more than ever, American industries of all kinds require global connections to source critical components and medical supplies. Again, we respectfully request the removal of the Medical Supplies Act “Buy American” provisions.

Global connections strengthen the resiliency of supply chains in the state. We welcome the opportunity to share more information on how international companies currently support New York’s economy and support efforts to combat COVID-19. We thank you for consideration of our request.

For additional examples, please see the following page. Please contact Meredith Beeson, Director of State Affairs at [mbeeson@globalbusiness.org](mailto:mbeeson@globalbusiness.org) or 202-770-5141 with any questions or comments.

Thank you,

#### **MedTech**

MedTech is New York’s trade association for the bio/med industry. We are an innovative coalition of pharmaceutical, medical technology, and life sciences companies, research and academic institutions, suppliers, and service providers. We connect our member companies, entrepreneurs and academics to grow the region’s life sciences economy. Since our founding in 2004, we have boosted the success of our members through collaboration, education, and advocacy.

#### **Global Business Alliance (GBA)**

GBA is the premier voice of international companies in the United States. Our members are American companies with global heritage and an indispensable part of our nation’s economic success. GBA actively promotes and defends an open economy that welcomes international companies to invest in America.

#### **AdvaMed**

The Advanced Medical Technology Association (AdvaMed) is a trade association that leads the effort to advance medical technology in order to achieve healthier lives and healthier economies around the world. AdvaMed’s membership has reached over 400 members with a global presence representing the largest businesses to the smallest medical technology innovators across the industry.

## Key Points

- It is an inaccurate narrative that challenges within the medical device supply chain are a result of little to no manufacturing in the United States.
- It's neither feasible nor practical to require everything be made in the United States.
- More resources should be devoted to increasing manufacturing in the state through incentives.
- Procurement restrictions do not help ensure needed medical equipment is obtained, but it does add additional challenges for suppliers and administrators.

## Considerations & Examples

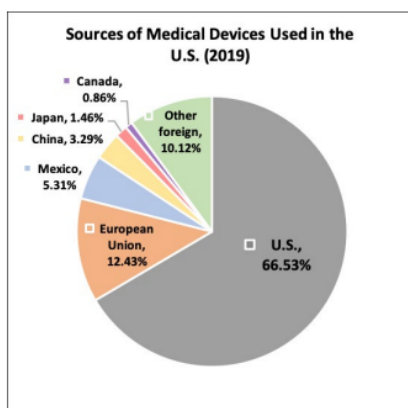
Ventilator Production is Complex: Life-saving ventilators require over 1,500 sophisticated and validated component parts. Like many other technologies, ventilator manufacturing requires specialized manufacturing facilities and production lines.

Personal Protective Equipment Can Be Easily Stockpiled: These products, such as surgical face masks, protective gowns, and protective goggles, can be easily stored, and have alternative suppliers. These products also have a longer shelf life, and thus can be stockpiled by the state; a far cheaper approach than “Buy America” mandates.

US Producers Alone Cannot Will Not Meet Local Demands: Global suppliers will always remain critical to supporting the production of medical supplies. Important trading partners like the European Union represent 13 percent of total U.S. supply with additional trading partners such as Mexico (5 percent of total U.S. supply) and China (3.5 percent of total U.S. supply).<sup>1</sup>

### 2.1 The U.S. Medical Device Market: Limited Import Penetration

Two-thirds of medical devices consumed in the United States are manufactured domestically; the remaining one-third is imported.



Sources: Annual Survey of Manufacturers (Census), U.S. Customs trade data, Fitch Data Solutions

<sup>1</sup> <https://www.advamed.org/sites/default/files/resource/advamed-covid-principles-for-preparedness.pdf>