



Deputy Róisín Shortall,  
Dáil Éireann,  
Leinster House,  
Kildare Street,  
Dublin 2.

25/01/2021

## RE PQ 2855/21

### Question

To ask the Minister for Health the due diligence or background checks that were carried out prior to placing a €14 million order for ventilators with a company (details supplied); the person or body that approved the deal; and if he will make a statement on the matter. -Róisín Shortall

### Response

Deputy Shortall,

The Health Service Executive (HSE) has been requested to reply directly to you in the context of the above Parliamentary Question which you submitted to the Minister for Health for response.

The onset of the COVID-19 pandemic fuelled by widespread uncertainty created global competition and mass buying of ventilators.

As COVID-19 spread, the extent of its transmission, morbidity and mortality was unknown. Governments worldwide were forced to act quickly and decisively to secure critical supplies; by mobilising their Pandemic Preparedness Plans for a 'worst case' scenario based on widely varying predictive models available at the time.

Some of the challenges faced in sourcing ventilators included

- **Unprecedented volatility** - demand for ventilators grew out of all proportion. It is estimated that with the EU demand increased in excess by over 175%. Most European countries were required to more than doubled their ventilator stock in order to cope with the pandemic:
  - France ordered an additional 15,000 ventilators (200% increase)
  - UK ordered an additional 20,000 ventilators (200% increase), despite earlier projecting a need for a 700% increase.
  - Germany was able to meet most of its needs with existing ventilator stock due to the high number of ICU beds (at nearly 3 times the EU average).
- **Catch Up:** Ireland's ICU units run at near 90-100% occupancy during 'normal times' due to our relatively low number of ICU beds. Before the onset of COVID-19, Ireland had 6.5 ICU beds per 100,00 population. This is approximately half the European average of 11.5, and a fifth of Germany's 30. Ireland's limited state-run ICU bed capacity and associated mechanical ventilators, meant that we were ill-equipped to deal with the pandemic on day one. The low base meant that we first had to close the gap on any shortages, before meeting the surge in new demand brought on by the pandemic. Approximately half of the ventilators purchase went into closing this gap in reaching the EU average.

- **Uncertainty** – little or no robust epidemiological data was available to conduct robust and detailed demand planning exercises.
- **Export Bans & Restrictions**: Many governments initially banned export of any domestically manufactured medical equipment. This action was later reversed in the spirit of the European Union.
- **Pricing**
  - All global healthcare systems have been price takers in the context of ventilators
  - As the COVID-19 pandemic intensified over the month of April, countries and authorities began bidding against each other for medical supplies, resulting in vastly over inflated prices
  - Despite manufacturers good-will promises to maintain pre-COVID price points, lengthy supply chains and distributor based sales meant that purchases prices still increased significantly.
  - Gouging –which included creation of secondary markets where ownership deeds change hands numerous times before they reach the end buyer – often a hospital system or local government at a hugely inflated price
- **Traditional Sourcing Channels**: Despite mobilising as quickly as possible, the world's largest ventilator manufacturers were unable to meet the unprecedented demand for ventilators. Supply constraints included:
  - Complexity of the devices at manufacturing stage
  - Availability of specialist parts
  - Rigorous quality control and regulatory processes

The ROQU Group approached HSE with an offer of securing Ventilators from a manufacturer in China.

HSE engaged with ROQU for the purposes of pursuing the offer. ROQU provided EC Certificates in support of the vents they had access to. ROQU agreed that they would ship at their own cost 2 x ventilators from China to CUH for clinical and engineering review. This review was conducted in March 2020. Both machines presented for review met the criteria set by clinical engineers and clinicians.

Following review in CUH and contract negotiations, HSE began Due Diligence (DD) on the offer.

Due Diligence included background checks on ROQU and these checks did confirm that ROQU had no background in Med Tech, either as a distributor or manufacturer

Notwithstanding, the HSE placed an order with ROQU in March 2020.

ROQU confirmed in writing to the HSE that in the event of the ventilators not being supplied as described and contracted by ROQU, the HSE would be refunded in full.

In the circumstances and given

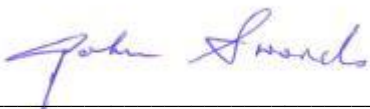
- (i) the unprecedented challenges in the marketplace
- (ii) that written confirmation of potential refund was forthcoming and
- (iii) that the clinical need outweighed the identified risks

it was agreed the HSE proceed with the order with ROQU Group.

This matter is now the subject of ongoing discussions between HSE, its legal advisors and ROQU.

I trust this information is of assistance to you, but should you have any further queries please do not hesitate to contact the Office of the Head of Procurement on (01) 635 2688 or via [ohop@hse.ie](mailto:ohop@hse.ie).

Yours sincerely,



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