



Contract Approval Request

Summary Page

Title: HSE 19800 Provision of Contracted Satellite Haemodialysis Unit for UL Hospital Group (Ennis)

Initial Term: 84 months

Extension Period: 3 x 12 months

Awarded Supplier(s): Fresenius Medical Care (Ireland) Ltd

Total Contract Value: €33,177,729 for the total term of the contract (120 months)
Including extension period and inclusive of VAT (23%)

Supplier	Total Contract Value incl VAT €
Fresenius Medical Care (Ireland) Ltd	€33,177,729
Total	€33,177,729

Annual Contract Value €2,618,177 total value annum incl. VAT (Yr. 1 and 2)
€3,492,672 total value annum incl. VAT (Yr. 3 to 10)

Supplier	Annual Contract Value incl. VAT €
Fresenius Medical Care (Ireland) Ltd	€2,618,177 (Yr. 1 and 2) €3,492,672 (Yr. 3 to 10)

Savings/Additional Costs: N/A – New Service

As this is a new service it is not possible to compare the costs on a pre-tender versus post-tender cost basis.



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Incumbent Supplier(s): This is a new service for a satellite unit for Dialysis Services; Therefore, there is currently no incumbent Supplier.

Date Submitted: 25 06 2024

Estimated Start Date: 01 02 2026

Portfolio Name: Medical, Surgical and Pharmaceutical (MSP)

Submitted by: Mary Brophy

Summary: This requirement is for a new contracted satellite haemodialysis unit for Ennis under the governance of ULHG to be located in Ennis (circa 5 km radius of Ennis General Hospital).

The scope of this contract includes the requirement to identify, procure and oversee the commissioning of Satellite Haemodialysis services for the Mid West Regional Health Area to meet the current and future needs of renal patients in this Region. The Tender was advertised as one Lot.

Procurement Process Type: Annex XIV of Procurement directives 2014/24/EU.

Issues encountered: A total of four Expressions of Interest were received. One Tenderer, [REDACTED], did not qualify at stage 1 as they failed to meet the Selection Criteria set out under Data Protection. The evidence they provided failed to demonstrate that the Tenderer understood the requirements under Data Protection.

No other issues.

Value for money: The Most Economically Advantageous Tenderers price proposal was benchmarked by comparing to other tendered prices. The next best price is 10% higher and the highest tendered price (from one Tenderer for two options, two locations) is 15% higher.

The budget for this Contract will not be drawn down for at least 18 months as the new unit will require full planning permission, building and commissioning before it goes live, so the increased cost is taking into account medical inflation for the next 12 years. While the lowest tendered price is 32% higher than the last comparable tender (a green field site for a new satellite unit in Galway in 2018), this should be considered against an increase in the Medical inflation rate of 6 to 8% per year for the last 5

years (as evidenced by the annual rise in Health Insurance premiums).

There has been a significant increase in the cost of Renal Satellite units since 2018 which can be attributed to a number of factors as detailed below in Section 5.0.

This service is in line with National Renal Office strategy to expand capacity and provide treatment closer to Service User's home. It will provide a contract for up to 10 years, facilitating haemodialysis treatments in Ennis and the surrounding Region.

The commissioning of this satellite unit will result in a reduction in transport related costs, such as taxis from the Ennis Region to UHL and the Dock Road Satellite Unit, which will in turn reduce patient travel times. The Tenderer will also facilitate holiday dialysis whenever possible thus allowing Dialysis patients to take holidays overseas.

These service improvements will result in an increase in patient's quality of life.

Tender Contract Details

1.0 Explanation of Requirement

The strategic plan of the National Renal Office (NRO) seeks to maximize access to kidney transplantation, maximise access to home therapies and to ensure that a widely distributed network of appropriately designed, staffed and accessible haemodialysis units are available.

This contract will provide high-quality care and deal with the cumulative increased demand for additional haemodialysis capacity. It will also minimise patient travel distances and ensure adequate capacity in the parent renal unit for contingency treatments (acute kidney injury/unwell patients from regional satellite haemodialysis units, unwell inpatients and surges in newly presenting End Stage Kidney Disease (ESKD) patients).

In line with the global increase in ESKD, there is a need to further expand haemodialysis capacity in the HSE Mid West Regional Health Area to accommodate the growth in demand for dialysis. This unit will be located and configured in compliance with the stated NRO strategic objective of providing services to populations at local level, consistent with safe and effective care and practice. This unit will be subject to the governance of the Parent Renal Unit University Hospital of Limerick

A tender was conducted in 2009 for the provision of a Satellite Haemodialysis Unit at Dock Road to alleviate the capacity issues at University Hospital Limerick. UHL are currently running both their parent Dialysis units and the Dock Road facility at maximum capacity. As there has been an increase in the number of patients requiring dialysis in part due to the long-term effects of Covid, the strategy from the Renal Clinical team in University Hospital Limerick (UHL) requires the provision of a 2nd Satellite Unit.

At present, the majority of patients travel by non-ambulance patient transport provided by HSE agencies. The costs of this are extremely high. The HSE/NRO is currently reviewing the feasibility of promoting better value and alternative models to reduce these costs. Reduction in cumulative travel distances can be achieved by establishing a more widely distributed network of haemodialysis units, with a consequent reduction in patient social costs and HSE transport costs.

The UHL requirement is for a second contracted satellite haemodialysis unit which should be located in the environs of Ennis. Data from the NRO shows that the number of patients in the County of Clare requiring Haemodialysis has risen by double the national average due to the increase in the ageing population retiring to this area. It is intended that this satellite unit will service approximately [REDACTED] patients initially, with patient numbers anticipated to rise to up to [REDACTED] within the lifetime of contract. A new tender was due to be conducted for this service in 2019 (HSE Ref. 4521) however, due to the prioritisation of Covid-19 and its ongoing effects, this tender process (HSE Ref. 4521) was put on hold.

A satellite haemodialysis unit typically provides the following core services:

- Consultant-directed medical care for chronic haemodialysis patients;
- Nurse-delivered/supervised haemodialysis delivery and care with regular Consultant Led reviews;
- Regular dietetic review and support;
- Other clinical support as required;
- Administrative support.

The contract value was determined by calculating the cost per treatment as specified in the Tender, based on a 10 year contract term. For the purposes of the evaluation, it was estimated that the unit would treat an average of [REDACTED] patients, [REDACTED] treatments per week for 52 weeks equating to:

- [REDACTED] treatments for years 1 - 2 ([REDACTED] patients) and
- [REDACTED] treatments for years 3 - 10 ([REDACTED] patients).

Please see Appendix B.

2.0 Procurement Market

The Irish market for Satellite Renal Services includes a mixture of Multinationals and a large Irish SME.

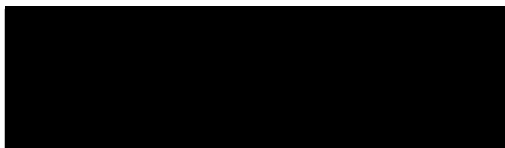
This is a new service so therefore there is no incumbent.

The cost drivers in this market are:

- Wages/Labour Costs
- Supplies - Building Material Costs, Dialysis Machines/Consumable Costs, canteen costs
- General Overhead Costs - Energy Costs, Transport Costs, Construction Costs

The Irish market for Renal Services is competitive and this was reflected by the number of tenderers participating in this tender and Expressions of Interest were received from the following 4 companies:

-
-
-
-



3.0 Procurement Strategy

Renal Services in Ennis are currently provided by UHL, which is considered a Parent Renal Unit and a contracted satellite haemodialysis unit in Dock Road Limerick.

The requirement for this tender is for one contracted satellite haemodialysis unit for Ennis under the governance of ULHG to be located in Ennis (circa 5 km radius of Ennis General Hospital).

Working with the Health Information Unit, the National Renal Office has mapped the locations of renal patients to identify the optimal/preferred locations of the satellite unit round the country.

The contracted satellite haemodialysis unit should be able to cater for an average of [REDACTED] patients for years 1 - 2 and [REDACTED] patients for years 3-10.

The Procurement strategy utilised was to establish a contract for the provision of a haemodialysis service with a single suitably qualified renal provider for a Contracted Satellite Haemodialysis Unit in Ennis.

All tenderers that met the mandatory requirements were evaluated to ensure that the Most Economically Advantageous Tender (MEAT) will be successful in meeting the client's needs, while developing competition on price, quality and ensuring greater efficiencies.

Tenderers were required to demonstrate flexibility in their approach to providing services for a range of patient numbers/treatments per annum.

The successful Tenderer will be obliged to engage with the HSE to address all aspects for the provision of the service as outlined in the Tender Documents.

Refer to Appendix A for more detail.

4.0 Procurement Process

This tender process was conducted under Annex XIV of Procurement directives 2014/24/EU. The required services are listed as Annex XIV services, and accordingly, only Articles 74 to 77 of Directive 2014/24/EC applies to the award of any contract(s) that arise from this process.

Annex XIV Services are not subject to any other formal rules of the Directive.



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The procurement Process allows for direct dialogue on all matters associated with the proposal with all Tenderers if required.

The tender process was conducted in the following stages:

- Stage 1 Pre-Qualification;
- Stage 2 Invitation to Tender (This included site visits to the proposed locations);
- Dialogue on Proposals/Tender Presentations;
- Evaluation;
- Award.

Stage 1 - Pre-qualification Process Overview:

Expressions of Interest were received from the following four Service Providers on 24th November 2022:

- [REDACTED]
- [REDACTED]
- [REDACTED]
- [REDACTED]

One supplier did not qualify at stage 1 – Pre Qualification Process:

- [REDACTED] did not qualify at stage 1 - as they failed to meet the Selection Criteria set out under Data Protection. The evidence provided failed to demonstrate that the supplier understood the requirements under Data Protection.

Stage 2 – Invitation to Tender:

At stage 2 of the tender process, each tenderer was afforded an opportunity to submit locations in Ennis, which could be either a location with an existing building or a Green field site.

On 19th July 2023, the Procurement Evaluation Group (PEG) conducted a preliminary visit with representatives from each tenderer to each of the proposed sites to assist tenderers understanding of the requirement when submitting locations in their final bid.

Following the site visits, feedback was provided to each of the tenderers in relation to their proposed sites which at the preliminary stage had included a mix of Green field and Brown field sites.

Summary Award Evaluation Outcome

On 12th September 2023, four tenders were received from the following three suppliers:

- [REDACTED] Green Field Site);
- [REDACTED] (Green Field Site);
- [REDACTED] Option 1 Green Field Site Location 1;
- [REDACTED] Option 2 Green Field Site Location 2.

On the 3rd October 2023, the PEG attended a meeting where the tenderers made presentations on their proposals to member of the PEG.

Following this meeting, on the same day, the PEG conducted a qualitative evaluation. The commercial evaluation was completed separately by the Procurement Team.

Quality:

The PEG considered all four tender proposals using the award criteria and weightings published in the Invitation to Tender documents.

The PEG conducted the evaluation as follows:

1. Compliance with mandatory criteria (All tenders complied with the mandatory requirements);
2. Score against Technical & Functional Criteria (using a 1-10 rating score system);
3. Score for Ultimate Cost;
4. Overall Score and Result.

Refer to Appendix A for more details.

5.0 Value for Money

Four tender submissions were received from the following three providers:

- [REDACTED] submitted 2 options (2 Locations);
- [REDACTED]
- [REDACTED]

All tenders submitted were valid.

The highest ranked tender was Fresenius Medical Care (Ireland) Ltd. Fresenius Medical Care (Ireland) Ltd. was the most economically advantageous tender and was the lowest cost bid.

The commercial evaluation involved a calculation of the tendered life cycle costs based on a 10 year contract term. For the purposes of the evaluation, it was estimated that the unit would treat an average of [REDACTED] patients, three times a week, equating to [REDACTED] treatments per annum for years 1-2 and increase to [REDACTED] patients ([REDACTED] treatments per annum) for years 3 -10.

The life cycle costs included such elements as:

- Dietetic and GP cover;
- Pharmacy Support;
- 1:3 Nurse to patient ratio;
- 1:1 and 1:2 Nurse to patient ratio for isolation treatments;
- Cancelled Sessions;
- Haemodialysis and Haemodiafiltration treatments.



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As this is a new service it is not possible to compare the costs involved on a straight pre-tender versus post-tender cost basis. A comparison provided below is based on the most recent Satellite unit tenders.

Annual Contract Value is €2,618,177.33 (Yr 1-2), €3,492,671.83 (Yr 3-10) and Total Contract Value is €33,177,729.31 for the total term of the contract (120 months) including extension period and inclusive of VAT (23%) based on tendered costs.

The pricing tendered is for a seven year Contract with a potential for 10 years with extensions. The budget for this Contract will not be drawn down for at least 18 months as the new unit will require full planning permission, building and commissioning before it goes live, so the increased cost is taking into account medical inflation for the next 12 years.

While the lowest tendered price is 32% higher than the last comparable tender (a green field site for a new satellite unit in Galway in 2018, see below), this should be considered against a Medical inflation rate of 6 to 8% per year (as evidenced by the annual rise in Health Insurance premiums).

It is widely accepted that Renal cost have increased significantly with a number of Dialysis Service providers looking for price increases in recent years due to a number of factors including:

Wages:

- Staffing costs account for over 55% of total cost per Treatment and payroll costs have increased to date by circa 24% since 2011;
- Experienced staff have are on the higher increments of the salary scale.

Supplies:

- Supplies costs have risen by circa 15% in the last 12 months;
- Linen costs up 54%;
- Pathology Costs up 10%;
- Clinical Waste Disposal up 11%.

General Overheads:

- General Overheads including Energy, Cleaning, Catering Recruitment Charges and Repairs & Maintenance has increased by 27%;
- Electricity is up by 127% and Patient Catering costs have increased by 28%.

6.0 Environmental Impact Statement

All tenderers are committed to achieving environmental improvements throughout the entire life cycle of their products and to reducing the impact of their operations on the environment.

The tenderers actively reduce the environmental impact from their operations by monitoring and continuously improving their environmental performance, using resources as efficiently as possible, and seeking to leverage the advantages of new technology. Tenderers are using standards such as ISO 14001 to take a strategic approach to improving their environmental performance. Over 90% of Raw Material Packaging is re-cycled.



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Companies have begun including electric vehicles in their fleet where practical. New Satellite units are powered by Renewable energy where possible in order to reduce CO2 emissions and impact on the environment.

At Pre-qualification stage, tenderers were asked to provide the following Environmental Credentials:

- Demonstrate satisfactory environmental management and waste disposal policies and procedures.

All of the tenderers provided details of their Environmental policies in their submissions.

At stage 2, The Award Criteria included 5% for Sustainability Management and Tenderers were scored based on their tender response to the following requirements under this criteria:

- Carbon Reduction or Monitoring plans;
- Any Environment Certifications;
- Carbon Reduction or Monitoring plans;
- Staff Training and Awareness;
- Transportation Management Efficiency/Carbon Reduction Plans;
- Energy Efficiency Management Plans;
- Organisation steps to reduce your GHG Emissions over time and to achieve Net Zero By 2050;
- Any other relevant activities relevant to your Organisation's Sustainability; Management, and/or Carbon Reduction and Monitoring strategies;
- Staff Training and Awareness • Transportation Management Efficiency/Carbon Reduction Plans;
- Energy Efficiency Management Plans.

All of the tenders were evaluated based on the requirements outlined above and were deemed to have supplied the required information. The preferred tenderer scored 8/10 under this criteria.

The preferred tenderer submitted a robust proposal which demonstrated their commitment to Sustainability and Carbon reduction plans. Detail is available on file.

7.0 Budget

The National budget is provided by the Department of Health to the HSE.

The budget for this contract comes out of Capital provided to locations out of the central HSE budget allocation, so budget holders are local. The REO for the Midwest has advised the CEO is providing a letter of comfort for budget approval for this contract as the tendered costs were significantly higher than originally budgeted for.

8.0 Risk Management

HSE Standard Terms for Services and Supplies Version 8.2 applies to this contract.

As Part of the Tender Response Documents, suppliers must provide adequate insurance and tax reference numbers. As there was no additional risks were identified by the PEG, Tenderers were required to submit evidence that they meet HSE standards levels of insurance on award.

Failure to implement, manage and monitor this contract at local and RHA level could risk Patient Safety as Dialysis Services are at maximum capacity in both UHL and Dock Rd Satellite unit in Limerick.

The Initial budget proposed by UHL for this service was for ■■■ million. The most economical advantageous tender has a value of €33,177,729.

As there was a budget shortfall of ■■■ million, HSE procurement requested that UHL secure approval for additional funding before approval to award was sought from the board. The REO has now confirmed that a letter of comfort is to be provided by the CEO to proceed to award. UHL have requested additional funding via the 2025 budget estimate mechanism. To note, the budget for this Contract will not be drawn down for at least 18 months as the new unit will require full planning permission, building and commissioning before it goes live.

9.0 Contract Management

The Parent Renal Unit in UHL will be responsible for Contract Management of this contract which will be vital to ensure that the contract terms are adhered to and implemented and that the contract is monitored and managed to ensure value for money is achieved.

The successful tenderer will be required to sign a Service Level Agreement prior to finalisation of contract for a period of 84 months. The HSE will have the option to extend the contract for a further 36 months at 12 monthly intervals.

It is intended that financial penalties may be imposed in the event of non-performance by the service provider within the duration of the contract.

10.0 Approval

The Procurement Team recommends the award of this contract as detailed above and confirms:

1. The procurement process detailed above complies fully with Statutory Instrument No. 284 of 2016 EUROPEAN UNION (AWARD OF PUBLIC AUTHORITY CONTRACTS) REGULATIONS 2016 giving effect to Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC; HSE Procurement Policy; and HSE National Financial Regulations;
2. No member of the Evaluation Team or anyone else involved in the above procurement process had any registered interest or conflict of interest with any of the tenderers;
3. Award of contract(s) is subject to the receipt of satisfactory tax and insurance certificates;
4. Award of contract will be governed by legally binding contracts which protect HSE interests. The contract will include appropriate confidentiality clauses;



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5. Funding is available to meet the cost of this contract.
6. Total life cost analysis has been carried out and the recommended contract represents best value for money;
7. The business benefits identified will be tracked to ensure that they are realised and will in due course be available to Board/CEO/National Director etc. and C&AG;
8. A contract will not be concluded within the standstill period required under European Communities (Public Authorities' Contracts) (Review Procedures) Regulations 2009

Submitted By:

Procurement Team Lead

Date: 25/06/2024

The undersigned accepts and supports the recommendation of the Procurement Team.
Recommendation Accepted & Supported by:

Assistant Head of Sourcing & Contracting **Date:** 25/06/2024

A/ AND Strategic Sourcing & Contracting

Date: 25/06/2024.

Approval

In accordance with HSE Purchase to Pay National Financial Regulations Board/CEO/National Director etc., (edit as appropriate) approval is requested

	Procurement Process Approval	Budget Holder Approval
Approved By		
Position	Acting National Director of Procurement	
Date	25/06/2024	



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Appendix A: Procurement Report Summary

Tender Procedure		Annex XIV 2 Stage Restricted Process
Publication Date www.etenders.gov.ie		20/10/22
Publication Date on OJEU		22/10/22
Number of Expressions of Interest Received (For Restricted Procedures Only)		4
Number of Tenders Received by Closing Date		4
Closing Date		29/08/2023
Tender Opening Date		29/08/2023
Tenders Opened by		Padraig Smollen & Mary Brophy
Procurement Team		
Name	Title	Role
Mr. Padraig Smollen	Category Specialist	Procurement
Mr. Mary Brophy	Commodity Specialist	Procurement lead
Ms. Jenny O'Brien	Procurement	Procurement
Dr Liam Casserly	Lead Clinical Nephrologist	Clinical Evaluator
Ms. Paula Kelly	Clinical Nurse Manager	Clinical Evaluator
Mr. William Shire	Hospital General Manager	Evaluator
Ms. Anne Enright	Business Manager	Evaluator

Selection Criteria				
Main Criteria	%	Sub-Criteria	%	Min %
Suitability To Pursue Professional Activity	Pass/fail			Pass
Economic and Financial Standing	Pass/fail			Pass
Technical and Professional Ability	Pass/fail			Pass
Quality Assurance Standards	Pass/fail			Pass
Environmental Management	Pass/fail			Pass
Suppliers who Failed to Qualify at Selection Stage				
Name: [REDACTED]		Reason: The supplier did not meet the mandatory selection criteria set out for Data Protection.		
Award Criteria				
Main Criteria	%	Sub-Criteria	%	Min%
Model of Care	23%	Staff Recruitment & Retention	5%	70%
		Staff to Patient Ratio	6%	70%
		Nurse Manager	6%	70%
		Staff Qualifications and Training	6%	70%
Patient Comfort	6%			70%



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Project Plan	6%		70%
Unit Readiness & Suitability	10%		70%
Environmental Impact	5%		70%
Cost Effectiveness	50%		70%
Suppliers who Failed to Qualify at Award Stage n/a			
Name		Reason	
Financial Ranking Following Award Evaluation			
# 1	Name		Score
			5000
# 2			4538
# 3	Option 1		4331
# 4	Option 2		4331
Non-Financial Following Award Evaluation			
			Score
# 1	Option 1		4280
# 2	Option 2		4240
# 3			4150
# 4			4040
Most Economically Advantageous Ranking Following Award Evaluation			
	Name		Score
# 1			9040
# 2			8688
# 3	Option 2		8611
# 4	Option 1		8571

Cost Drivers		
Element	%	Influencing Factors
Energy (excluding transport)	40	Cost of Energy, Cost of Logistics, Fuel Costs
Process	8	Catering Costs, Cleaning, Repairs and maintenance.
Transport	5	Cost of Transporting Patients to and from Dialysis unit.
Materials	23	Supplies costs have risen by circa 15% in the last 12 months, Linen costs up 54%, Pathology Costs up 10%, Clinical Waste Disposal up 11%
Labour	24	Staffing costs have increased for this specialised service in recent years. Experienced staff have are on the higher increments of the salary scale.
Total	100	

Budget Savings or Cost (Calculate both columns based on pre contract full year volumes)		
Pre Contract Full Year Cost	Post Contract Full Year Cost	Full Year Benefit / (Cost)
N/A New requirement	€2,618,177 (Yr 1and2)	N/A
	€3,492,672 (Yr 3 to10)	



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Procurement Process Assurance The Procurement Team Confirms <input type="checkbox"/>		Tick to Confirm
1	The Procurement process detailed above complies fully with Statutory Instrument No. 284 of 2016 European Union (Award of Public Authority Contracts) Regulations 2016 giving effect to Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public Procurement and repealing Directive 2004/18/EC; HSE Procurement Policy; and HSE National Financial Regulations.	✓
2	No member of the Evaluation Team or anyone else involved in the above procurement process had any registered interest or conflict of interest with any of the tenderers.	✓
3	Total life cost analysis has been carried out and the recommended contract represents best value for money.	✓
And subject to recommended contract being approved:		
4	A contract will not be concluded within the standstill period required under European Communities (Public Authorities' Contracts) (Review Procedures) Regulations 2009.	✓
5	Award of contract(s) will be subject to the receipt of satisfactory tax and insurance certificates.	✓
6	Award of contract will be governed by legally binding contracts which protect HSE interests.	✓
7	A contract award notice will be published on eTenders.	✓



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Appendix B – Fresenius Cost Submission:

9800 - Ennis Satellite Unit - Summary of Cost Evaluation

									Fresenius
o of ears	Total Treatment Numbers	HD Treatment Numbers*	HDF Treatment Numbers*	BBV 1:1 treatment numbers HDF (0.3%)	BBV 1:1 treatment numbers HD (0.7%)	BBV 1:2 treatment numbers HDF (0.3%)	BBV 1:2 treatment numbers HD (0.7%)	Cancelled Sessions (1%)	Annual cost
ear 1									€2,618,177.38
ear 2									€2,618,177.38
ear 3									€3,492,671.88
ear 4									€3,492,671.88
ear 5									€3,492,671.88
ear 6									€3,492,671.88
ear 7									€3,492,671.88
ear 8									€3,492,671.88
ear 9									€3,492,671.88
ear 10									€3,492,671.88
otals									€33,177,729.38

