

# TIPS FOR NEGOTIATING SERVICE CONTRACTS FOR YOUR MEDICAL EQUIPMENT

If your facility does not have in-house biomedical equipment maintenance personnel to perform preventive and corrective maintenance on your medical equipment, you will need to depend on the equipment vendor or third-party service companies to provide maintenance services to your equipment. Even if your hospital does have in-house maintenance personnel, some sophisticated devices, such as lasers, may require expertise and training that your technicians may not have. Purchasing a service contract can help you ensure that preventive maintenance is performed at regular intervals, and that corrective maintenance is provided in a timely and cost-contained fashion, preventing the possibility of unexpected maintenance costs. Also, many suppliers do not extend the performance guarantees of some equipment beyond the length of the warranty, unless the system is covered by a service contract.

## TYPES OF SERVICE CONTRACTS

When considering the purchase of a service contract you need to determine the level of service required for your facility. These are some of the main types of service contracts offered:

- **Full 24 x 7** – service can be requested to be performed at any hour any day of the week
- **Business Hours** – service can be requested to be performed during normal business hours, usually 8 hours, 5 days a week
- **Extended Business Hours** – coverage more than 8 hours, 5 days a week
- **Extended Business Hours and Weekends**
- **Preventive Maintenance (PM) Only** – this

type of contract does not cover unplanned corrective maintenance

- **Time and Materials** – an arrangement in which a contractor is paid on the basis of actual cost of direct labour, usually at specified hourly rates and the actual cost of parts used.
- **Loaner or Depot Service Contract** – you return the unit to the vendor and the vendor provides a loaner unit until the faulty device has been repaired.

## NEGOTIATING TIPS

- Review the terms of all available service contract options offered by the vendor (Full, Business, Time and Materials, etc.)



with pricing for each before making a final purchase decision.

- A new device may not automatically require a full 24 x 7 service contract, because the rate at which a new device

will breakdown is often minimal for the first 3 years. Furthermore, new devices are typically covered under the warranty for at least one full year.

- Some devices, such as slit lamps, only require routine inspection and preventive maintenance that can easily be performed by in-house equipment maintenance personnel or even by the equipment users.
- There are many reliable, such as ultrasound scanners, lasers, electro-surgical units (cautery or diathermy), etc. You should have in-house personnel inspect and perform 'first-call' responses to service requests for these devices and consider time and materials, or possibly a Business Hours 8 x 5 service contract.
- Back up devices may not need a full 24 x

7 service contract, unless they are known to be unreliable. For example, your main operation microscope may require a full 24 x 7 service contract, but depending on the utilisation, a back up unit may not need this level of service and a business hours contract may suffice.

- Request pricing for service options prior to the purchase of new device, especially if your facility anticipates the purchase of a service contract after warranty expiration. At the time of equipment acquisition, your facility's negotiating leverage is greatest. Often, service contract discounts are available at the time of equipment or when signing a long-term service agreement. Additionally, some manufacturers offer service coverage or preventative maintenance coverage at no charge as part of an overall discount at the time of sale.

- Inquire and negotiate for pricing to remain fixed through the duration of the contract. Service contracts, depending on the type of technology, frequently contain a contract price escalation per year. If you cannot negotiate a firm price for the duration of the contract, the contract escalation should be negotiated at no more than the current consumer price index.

- If you are pleased with the quality of service currently provided, you may find additional cost savings by purchasing a multi-year agreement. If possible, your facility could inquire with other members of your health system about combining the purchase of service coverage in one contract that covers multiple facilities.

- Many service contracts leave the decision of fault to the manufacturer when equipment malfunctions. If this is the case, the manufacturer may claim that damaged equipment was caused by user error, in which case the hospital pays for repairs as well as shipping costs. You may wish to clarify that your contract provides for an objective party to make determinations concerning fault.

- Evaluate any automatic renewal clauses that may be a part of long-term service agreements. In some cases, you may negotiate for the deletion of an automatic renewal clause. After completion of the initial term, an automatic renewal clause will force your facility to enter into another agreement unless your facility notifies the service provider within a

specified number of days prior to the termination date of the agreement.

- Service contracts should include cancellation clauses that allow for termination of the agreement. A cancellation clause is important because, in the event that your hospital sells or disposes of any of the equipment listed under the service contract, the hospital will not be held responsible for paying for service on equipment that it no longer owns.
- Clauses that impose a penalty fee for cancellation or termination of the agreement, including payment of attorney fees, should be deleted.
- Make sure everything you have been promised verbally is in writing and included in the contract. This should include details such as dates, prices, cancellation provisions, and all other requirements for making use of the service contract.

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## نصائح حول إجراء عقود الخدمة لمعداتكم الطبية

صيانة غير متوقعة. كذلك فإن الكثير من بائعي المعدات لا يمدون ضمانات الأداء الوظيفي لبعض المعدات أكثر من فترة الضمان الأصلية إلا إذا كان الجهاز مغطى بعقد صيانة. المقال التالي يقدم فحوص ونصائح مفيدة حول طريقة التفاوض على عقود الصيانة مع التجار ومصنعي المعدات الطبية.

مستشفيات طاقم الصيانة فإن بعض الأجهزة المعقدة كالليزر قد تحتاج لخبرة وتدريب غير متوفران لدى الفنيين في مستشفياتكم. ويمكن من خلال عقد خدمة ضمان القيم بالصيانة الوقائية في اوقات منتظمة وكذلك ضمان إجراء التوصيلات بطريقة ملائمة من حيث الوقت والتكاليف، مع تجنب احتمال التعرض لنفقات

إذا لم يتوفر في مؤسستكم الطاقم المختص القادر على العناية بمعداتكم الطبية من أجل إجراء العناية الوقائية والتوصيلات الضرورية للمعدات الطبية، فإنكم ستحتاجون للاعتماد على طرف خارجي كتاجر المعدات الطبية أو شركات الصيانة للقيام بخدمات الصيانة اللازمة لمعداتكم الطبية. وحتى عندما يتوفر في