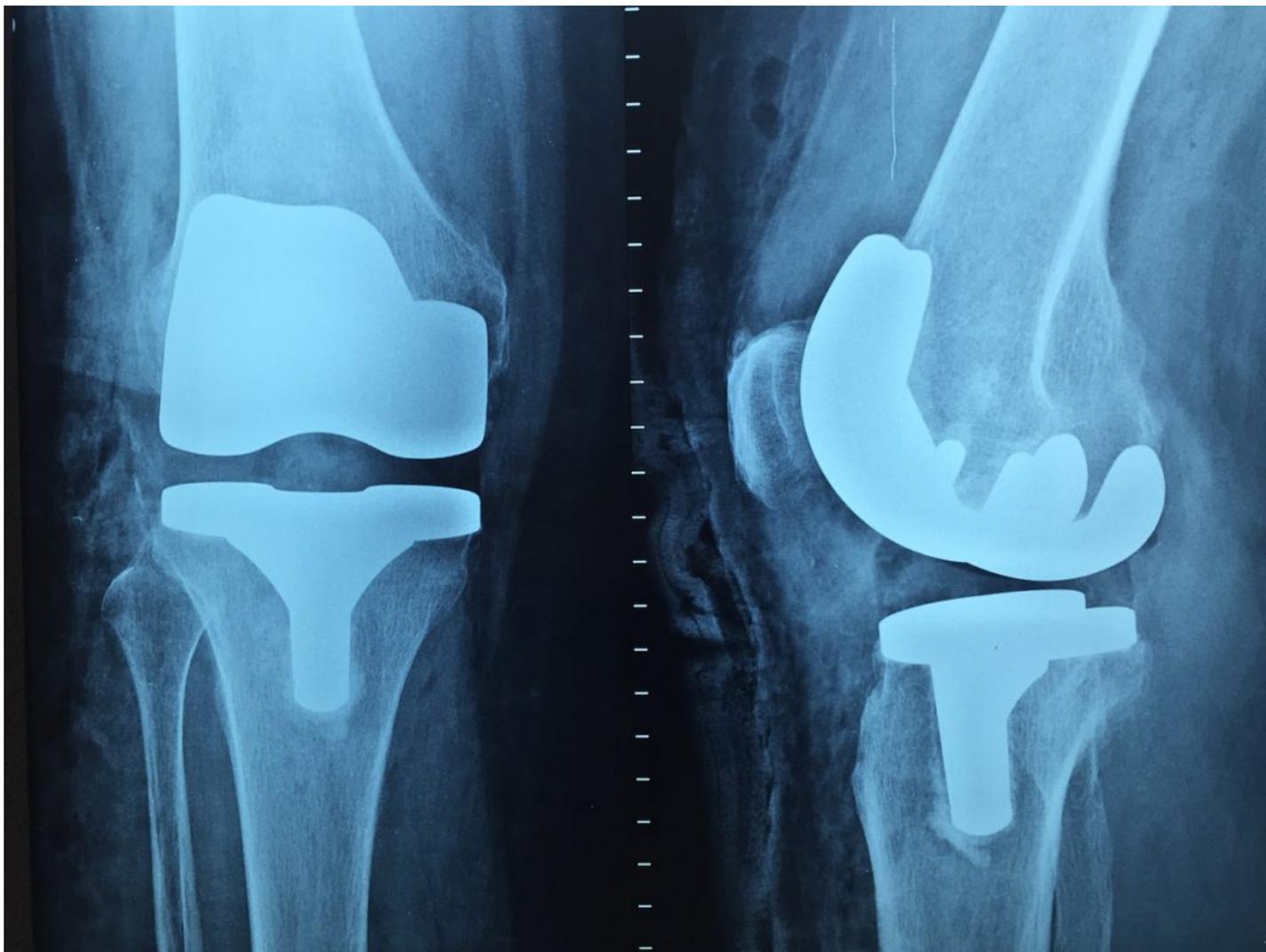


## MedTech industry's margins lower in orthopaedic implants: MTal

<https://www.biovoicenews.com/medtech-industrys-margins-lower-orthopaedic-implants-mtai/>

By : BioVoice Correspondent - August 8, 2017



**New Delhi:** In a statement issued on the evening of 6th August, the Medical Technology Association of India stated that it has been forthcoming in providing all the cost and price related data points to National Pharmaceutical Pricing Authority (NPPA), from time to time.

The industry is putting up a representation to NPPA seeking clarity on the source of data and basis for calculation, to ensure accuracy. The NPPA has already granted us time to make our case on 9th August, it stated.

While responding to the NPPA's pricing analysis and the stories doing rounds in the media, the MTal has tried to clear the air through its statement. "While working on price governance for any industry, it is imperative that right data is used to derive right outcomes. While studying the statement on trade margin in the aforesaid circular, we have observed multiple

discrepancies in the price points quoted,” it mentioned.

Stating that the NPPA data showcasing the range of MRPs needs to be understood in the correct context, MTal statement gave to major pointers. One is that the MRP of the implant highlighted in the article (recent media report in a leading daily) as ₹4,13,000 is used in rare cases, where the original implant has failed and a revision procedure needs to be carried out. These implants are expensive and have limited volumes of manufacturing globally, require a large inventory as well as advanced instrumentation. Since such implants are technically complex, they require highly skilled and experienced surgeons, skilled staff and advanced anesthesia support. Also, max price is merely the sum of the max MRPs of each component, which can be from different companies and different constructs. Taking this price point as benchmark for the entire industry is incorrect as well as misleading. Another argument put forth by the MTal is that 30-35% cases are those of ‘all poly’ implants which are typically in the ₹60,000-70,000 range.

As per MTal, the orthopedic implants are different from drugs and those medical devices where prescription and end-point availability are the only critical factors for treatment. The value proposition to the surgeon, hospital, and patient here is very different, it mentioned.

The statement gave a detailed account of how MTal members feel that orthopaedic industry is very different from other industries in the Joint Knee Replacement space. The first point made by the Association is that every surgery needs instruments to support knee implants, which are very expensive, capital-intensive and fall under service-related cost. Besides that, MTal says that the distribution channels have a huge level of inventory stock points across entire product lines, in addition to carting and servicing instruments for every surgery, including cleaning & sterilizing every instrument prior to surgeries.

Other factors that have been pointed out in the statement are the need for extensively trained surgery scrub nurses to support surgeries in addition to logistical manpower to cart inventory and instruments besides the logistical cost of transportation of heavy instrumentation and implants to support every surgery across 2-250 kms.

MTal says that the mentioned investments are quite significant and hence need to be considered by the government authorities when evaluating margins.

“Applying existing drug trade margin rules to this industry might lead to disruption of the entire ecosystem and poorer patient outcomes. Pricing authorities should understand the nuances of this industry, surgery processes, role of each member in the value chain, and then take a decision on an appropriate pricing structure,” read the statement.