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**Non paper for DG COMPETITION/European Commission**

**The Dutch scheme for the allocation of COVID-19 relevant products (ventilators and patient monitoring systems)**

*1. Introduction*

The Dutch authorities would appreciate a call with DG Competition on the main features of a new Dutch scheme for the allocation of COVID-19 relevant products: the allocation of ventilators and patient monitoring systems within the Netherlands.

During the peak of the number of COVID-19 infections in the Netherlands (between March and May 2020), Dutch hospitals were confronted with several capacity problems. Not only was there a shortage of beds on the intensive care units (hereafter: IC-units) throughout the country, but there was also a general shortage of ventilators and patient monitoring systems. Because hospitals were preoccupied with the treatment of the enormous number of COVID-19 patients, and because there was a global shortage of ventilators, the Dutch government decided to take over the procurement of ventilators and patient monitoring systems from the hospitals temporarily. In other words, the Dutch government provided for the procurement of these COVID-19 relevant products.

During the early days of the COVID-19 crisis, the Dutch government purchased approximately 4,000 ventilators and 1,000 patient monitoring systems. Around 400 ventilators and 300 monitoring systems were then distributed among hospitals based on loan of goods agreements. The distribution was based on urgent demand: hospitals with more COVID-19 patients than IC-beds borrowed ventilators and patient monitoring systems from the State.

The severity of the COVID-19 crisis has decreased lately. The health care sector now needs to prepare for a possible new wave of COVID-19 infections. The Dutch government would like to contribute to this by donating approximately 2,000 ventilators and 550 patient monitoring systems to hospitals, Centra voor Thuisbeademing (centres for artificial ventilation at home) and rehabilitation facilities. This donation will firstly consist of a reallocation of approximately 600 ventilators and 550 monitoring systems based on a newly developed IC-upscaling plan for IC-units to match the available IC-beds with the same amount of ventilators and patient monitoring systems. In addition, the Dutch government will allocate approximately 1,400 ventilators to hospitals, Centra voor Thuisbeademing (centres for artificial ventilation at home) and rehabilitation facilities for a possible following IC-upscaling plan and the aftercare of COVID-19 patients. These donations will equip the health care sector with sufficient operational and ready to use ventilators and patient monitor systems to face a new surge in COVID-19 patients needing acute and intensive care.

We would like to discuss some upfront points:

- The Dutch government would like to provide aid with the intensity of 100% of the purchase costs of the ventilators and patient monitoring systems. The Dutch authorities believe that because of the exceptional situation with regard to COVID-19, 100% compensation is justified. Moreover, hospitals will have to bear the costs of the maintenance, the administration and the regular updates of the ventilators and patient monitoring systems themselves.
- If an aid intensity of 100% is not possible, would this aid scheme qualify as investment aid for the production of COVID-19 relevant products (title 3.8 of the TF COVID-19)?
- If title 3.8 of the TF COVID-19 is no possibility, would this scheme qualify as liquidity aid under title 3.1 of the TF COVID-19?

## 2. *Impact of the COVID-19 outbreak*

The Dutch health care sector has been heavily burdened during the past few months by the suddenly emerging need to provide intensive care to large numbers of COVID-19 patients. This has caused shocks to supply and demand, that has resulted in, as of yet unresolved, sector-wide (liquidity) shortages in COVID-19 relevant products.

On 27 February 2020, the first Dutch patient tested positive for COVID-19. From that day, the number of COVID-19 cases kept increasing. More and more patients were admitted on the IC-units, which raised concern as to the capacity of the Dutch IC-units. The Netherlands has an IC-capacity of 1,150 IC-beds (one IC-bed includes one ventilator and one patient monitoring system). On 7 April 2020, however, there were 1,424 COVID-19 patients that needed intensive care. The Dutch health care system was not prepared for this enormous amount of COVID-19 patients on the IC-units. Therefore, COVID-19 patients were also admitted to German IC-units to make sure that every patient received the intensive care they needed.

The number of COVID-19 patients on Dutch IC-unites has now declined, but the health care sector needs to be prepared for a possible new wave of COVID-19 infections. Therefore, at the request of the Dutch government, Dutch hospitals have designed an IC-upscaling plan to ensure the availability of 1,350 IC-beds (including ventilators and patient monitoring systems) by 1 October 2020 and the availability of 1,700 IC-beds by the end of this year. Each IC-bed requires equipment such as a ventilator and a patient monitoring system to be useful in providing care for COVID-19 patients. Therefore, the (re)allocation of ventilators and patient monitoring systems follows the IC-upscaling plan for IC-beds.

## 3. *Outline of the proposed national scheme*

General description of the scheme: In the 'normal' situation, health care providers invest in the purchase of ventilators and patient monitoring systems from different undertakings. These ventilators are used for the provision of health care and the related expenses per patient are claimed with the health care insurers. The investment of the hospital will therefore be 'repaid' over the years each time a patient is treated and the expenses of the use of the ventilator are claimed with the health insurers.

The Dutch health care system was overwhelmed by the first wave of COVID-19 patients; the health care sector was not prepared for this peak load of COVID-19 cases. There were shortages concerning IC-beds, but also shortages concerning ventilators and patient monitoring systems. The health care sector was preoccupied with the treatment of COVID-19 patients and was not able to engage in difficult procurement procedures. Moreover, there was a global shortage of ventilators which hindered individual hospitals in purchasing their (small amounts of) ventilators. As in other European countries, the Netherlands centralised the procurement of ventilators and patient monitoring systems to ensure that the Dutch hospitals would have sufficient equipment at their disposal. Eventually, the Dutch government was able to purchase approximately 4,000 ventilators and 1,000 patient monitoring systems. Around 400 ventilators 300 patient monitoring systems were distributed immediately among hospitals based on loan of goods agreements. The distribution was based on the expected amount of patients per hospital.

Moving forward, the Dutch government will now reallocate approximately 600 ventilators and 550 patient monitoring systems based on the newly developed IC-upscaling plan to match the available IC-beds with the same amount of ventilators and patient monitoring systems. In addition, the Dutch government will allocate approximately 1,400 ventilators to hospitals, Centra voor Thuisbeademing (centres for artificial ventilation at home) and rehabilitation facilities for a possible following IC-upscaling plan and the aftercare of COVID-19 patients.

The Dutch authorities intend to donate the ventilators and patient monitoring systems to these facilities. Hospitals and other facilities have no choice in the type of equipment they are assigned. Evidently, the purchased equipment meets all standards, but may not be the type of equipment

that the hospitals and other facilities would have chosen themselves. Therefore, it was decided not to charge a fee for the equipment. The health care facilities will, however, be responsible for the use, management and technical maintenance of the ventilators after they receive them.

As explained above, the investment in ventilators and patient monitoring systems was necessary due to urgency reasons. The Dutch government can now meet hospitals' demand for ventilators and patient monitoring systems. Donating these products, will equip the health care sector with sufficient operational and ready to use ventilators and patient monitor systems to treat COVID-19 patients. Due to efficiency reasons, the Dutch authorities cannot rule out that, in the long term, part of the equipment will also be used for the treatment of non-COVID patients.

Granting authority: The Minister for Healthcare, on behalf of the Dutch government.

Objective of the notified aid measure: The objective of the aid scheme is to ensure the supply of ventilators and patient monitoring systems in the Netherlands and to prepare the Dutch health care system for a possible new wave of COVID-19 infections. The aim is to have sufficient ventilators and patient monitoring systems available in Dutch hospitals and other facilities for them to provide the (after)care COVID-19 patients need.

Budget: approximately € 63,000,000.

Eligible costs: The eligible costs are the investment costs for COVID-19 related equipment: the procurement costs/purchase costs of the ventilators and patient monitoring systems. One ventilator costs € 25,000 on average. One patient monitoring system costs €23,650 on average. This aid measure concerns the donation of 2,000 ventilators and 550 patient monitoring systems.

Geographical scope: The measure applies to the whole territory of the Kingdom of the Netherlands. All ventilators and patient monitoring systems which are not necessary for immediate or future use in response to COVID-19 in The Netherlands will be offered to other countries or made available for the European strategic stockpile of medical equipment in the fight against the COVID-19 pandemic (rescEU).

Beneficiaries:

The beneficiaries are both Dutch and Caribbean-Dutch hospitals, Centra voor Thuisbeademing (centres for artificial ventilation at home) and rehabilitation facilities. The ventilators and patient monitoring systems will be donated based on a strategic plan:

1. Ventilators and patient monitoring systems will firstly be reallocated to Dutch hospitals based on the IC upscaling plan for IC-beds.
2. Ventilators will then be allocated to hospitals, Centra voor Thuisbeademing (centres for artificial ventilation at home) and rehabilitation facilities for a possible following IC-upscaling plan and the aftercare of COVID-19 patients.

The remaining purchased ventilators and patient monitoring systems will partly be provided to the Ministry of Defense to update their stockpile (the stockpile of the Ministry of Defense has proven to be vital in the first weeks of the COVID-19 outbreak in The Netherlands). The other part will potentially be offered to other countries or made available for the European strategic stockpile of medical equipment in the fight against the COVID-19 pandemic (rescEU).

This aid measure will not benefit health insurers.

Form of aid: The aid can be considered to be a direct grant because hospitals would normally invest in the purchase of ventilators and patient monitoring systems themselves. The Ministry of Health, Welfare and Sports will cover these investment costs by the donation of ventilators. The

Dutch authorities payed for the ventilators and the patient monitoring systems and will donate this equipment to the hospitals (for free). As mentioned above, the Dutch authorities choose to donate the equipment because hospitals themselves have no choice in the type of equipment they are allocated.

Duration: The aid will be granted as soon as the European Commission has approved this aid scheme; all ventilators and patient monitoring systems should be reallocated as soon as possible in order to be prepared for a possible new wave of COVID-19 infections. The last weeks (from 21 July 2020 and on) the number of COVID-19 cases has doubled after a period of falling numbers, which raises concern as to a possible new flare of COVID-19 in the Netherlands.

Maximum amount of aid per undertaking:

The amount of aid that will be given to the hospitals, Centra voor Thuisbeademing (centres for artificial ventilation at home) and rehabilitation facilities for the care of COVID-19 patients will generally not exceed € 800,000. The Dutch authorities cannot, however, rule out that a limited number of undertakings receive an advantage of more than € 800,000.

The Dutch hospitals have designed an IC-upscaling plan that shows the demand for IC-beds (including ventilators and patient monitoring systems) per hospital. From this upscaling plan can be inferred that the maximum amount of aid per hospital will be around € 3,000,000. Please note that this amount concerns the biggest hospital in the Netherlands. Most hospitals and other facilities will receive an amount of aid (far) below € 800,000. Still, the exact amount of ventilators that will be donated per hospital, Centrum voor Thuisbeademing (centre for artificial ventilation at home) and rehabilitation facility is not yet defined.