



To: Jay Reynolds, Charirman - MMH Finance Committee
From: Wes Barnt, Vice President - Operations
Date: November 14, 2019
Subject: da Vinci Surgical Robot Replacement

This letter is to formally request authorization to purchase one additional da Vinci Xi Surgical Robotic System. There are currently two robotic systems in use at Midland Memorial Hospital: the da Vinci Si and the da Vinci Xi. Last year, Intuitive Surgical announced the impending obsolescence of the Si Surgical System within 5 years. In the last two years, the company has slowly started the sunsetting process for many of the instruments used for the Si system. The buy-back amount offered to the hospital for the Si system is the highest it has ever been and will be reduced by greater than 75% next year, and then completely lose any trade-in value in the following years.

The da Vinci Xi is a fourth-generation surgical robotic system which represents the most advanced robotic technology available from Intuitive Surgical. The da Vinci Xi is unique because of its flexible configurations and connectivity to the surgical table, allowing the surgeons to perform a wider variety of cases, including complex cases not possible on the current Si robotic system.

The current Xi robotics system has reached capacity. Many surgeons are scheduling patients out six weeks or more and are "standing in line" on surgery days, waiting for their turn on the more advanced robot. The Xi at MMH is routinely one of the busiest robots in the State. The surgeons who use it are performing highly advanced procedures including colon resections and reanastomoses , prostatectomies, and complex hernia repairs using minimally invasive techniques that allow for quicker healing and lower risk of infections.

In current state, it is necessary to have two complete instrument inventories as each robotic system requires its own unique instrument system, between the Si and Xi. We will maintain the Si for 6 months to eliminate approximately \$250k in Si specific instruments in our inventory. With the standardization on a second Xi robotic system, we expect minor cost savings associated with inventory carrying costs.

Intuitive Surgical is the sole source for surgical robotic systems. The price of the system is \$1,733,000. This purchase was included in the FY 2020 Capital Budget. In order to manage cash flow, Intuitive Surgical has agreed to a lease arrangement with no fees and no payment due until June 2020. At the end of this period, the robot will be paid for in cash.

RECOMMENDATION

It is recommended the Board approve the purchase of one da vinci Xi Surgical Robot at a cost of \$1,733,000 as budgeted in our FY 2020 Capital Budget with payment occurring in June 2020.