

Device eases physical and financial pain, firm says

By Rob Varnon
STAFF WRITER

It's a difficult time for medical device makers as U.S. hospitals suffer through a fiscal trauma that's hampering their ability to buy equipment. But a Fairfield company said government backed-health systems overseas remain a viable market and a properly designed lease program can overcome the financial pain at home.

On Feb. 20, the Food and Drug Administration granted Fairfield-based Competitive Technologies Inc., the authorization to begin marketing its MC-5A in the United States.

The device is about the size of a microwave oven and uses pulses to help a person retrain their nervous system to neutralize pain signals.



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The company is marketing it as a way to reduce dependence on morphine and help amputees eliminate pain from limbs that are no longer there. Instead of blocking pain, the device retrains the brain.

It has been tested on nearly 3,000 patients in Italy, according to Nano, including at the Pain Management Center at Tor-Vergata University Medical Center in Rome.

Competitive Tech is a development company that buys and partners with patent holders to help
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CONTRIBUTED PHOTO

Competitive Technologies' MC-5A uses pulses to help a patient retrain the nervous system to neutralize pain.

Competitive

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turn inventions into commercial products. The company was founded in 1968 and has had some ups and downs through the years. The last time it reported a positive net income for a full year was in 2005 when it netted \$5.7 million.

John Nano, chairman, president and chief executive officer, says his company is on the right track to profitability, especially after receiving the FDA clearance.

"This is a watermark event," Nano said. "It's the most exciting technology the company has ever had."

Johnnie Johnson, Competitive Tech's spokesman, said "this will turn us from being a loss operation to a profit operation."

But there are problems on the horizon.

According to the American Hospital Association, 45 percent of the 736 U.S. hospitals

responding to a survey in November said they plan to postpone buying new equipment. Another 56 percent said renovations were being postponed. The author of the study was unavailable for comment, according to the AHA.

John Cappiello, a spokesman for Bridgeport Hospital, said his industry is feeling the same constraints from this economy as other businesses. As a result, decisions on spending are being made with prudence.

"Bridgeport Hospital is carefully reviewing its upcoming equipment purchases," Cappiello said.

The hospital is still going to purchase necessary equipment, but some devices that might not be essential could be delayed in this environment.

Nano said he is aware of the trouble and said the company has plans to deal with it.

The company has already

made a sale in India but has not disclosed the value.

Nano and Johnson said the health care sector in Europe and other nations will not be as impacted by the downturn in the economy as U.S. hospitals.

"In Europe, the government funds the health care," Nano said. "In the U.S., it's through the insurance carriers and the hospitals are looking to find ways to fund new equipment."

Competitive Technologies has signed distribution agreements in many parts of the world and is looking for a U.S. distributor.

But Nano said the company is still working on a plan to make the device affordable here, through either a lease or rental agreement. He said the firm also is working with insurers to create a reimbursement rate to cover the use of the machine, manufactured in South Korea.

"We're looking at providing

a lease or rental agreement. We're looking to make it affordable. It would be priced such, with insurance reimbursements. We're working those details," Nano said. "We've got the feel for reimbursement levels."

Nano, who worked for Pitney Bowes before Competitive Technologies, said another reason for creating a lease program is to protect his company from any hospitals that fail. He said the agreements would allow the firm to get its equipment back rather than just trying to recoup payments from a liquidation.

The company estimates it will have retail sales of \$25 million this year and top \$50 million in 2010. Competitive Technologies will share profits with the Italian inventor, professor Giuseppe Marineo, a former professor at Tor-Vegata University Medical Center who has moved into the private sector.