



VALUE-BASED PROCUREMENT

Partnering for patient-centric,
sustainable health care

Value-based procurement— Partnering for patient-centric, sustainable health care

VBP standard presentation - procurement (long version)

JANUARY 2021

Why Value-based Procurement

Challenged healthcare systems

Healthcare systems under pressure ...

... with mounting obstacles in the provider/supplier relationship



Outcome variation

Large, unwanted variation in outcomes between providers



Cost of care increase

Unsustainable cost increases and health care resource inefficiencies



Variation in care delivery

Variation in care delivery contributes to outcome variation and resource inefficiencies



"Price-only" transactional focus

Procurement too often transactional, focused primarily on price



Innovation under pressure

Relevant innovation under pressure in financially challenged health care systems



Incentives misaligned

Misaligned incentives hamper provider/supplier cooperation

Risks from price-focused procurement



Transactional relationship with limits on price/ contract adjustments



No/limited consideration of most economically advantageous tender (MEAT)



May lead to reduced competition in the long run



Blocking innovation and slowing adoption of innovative products

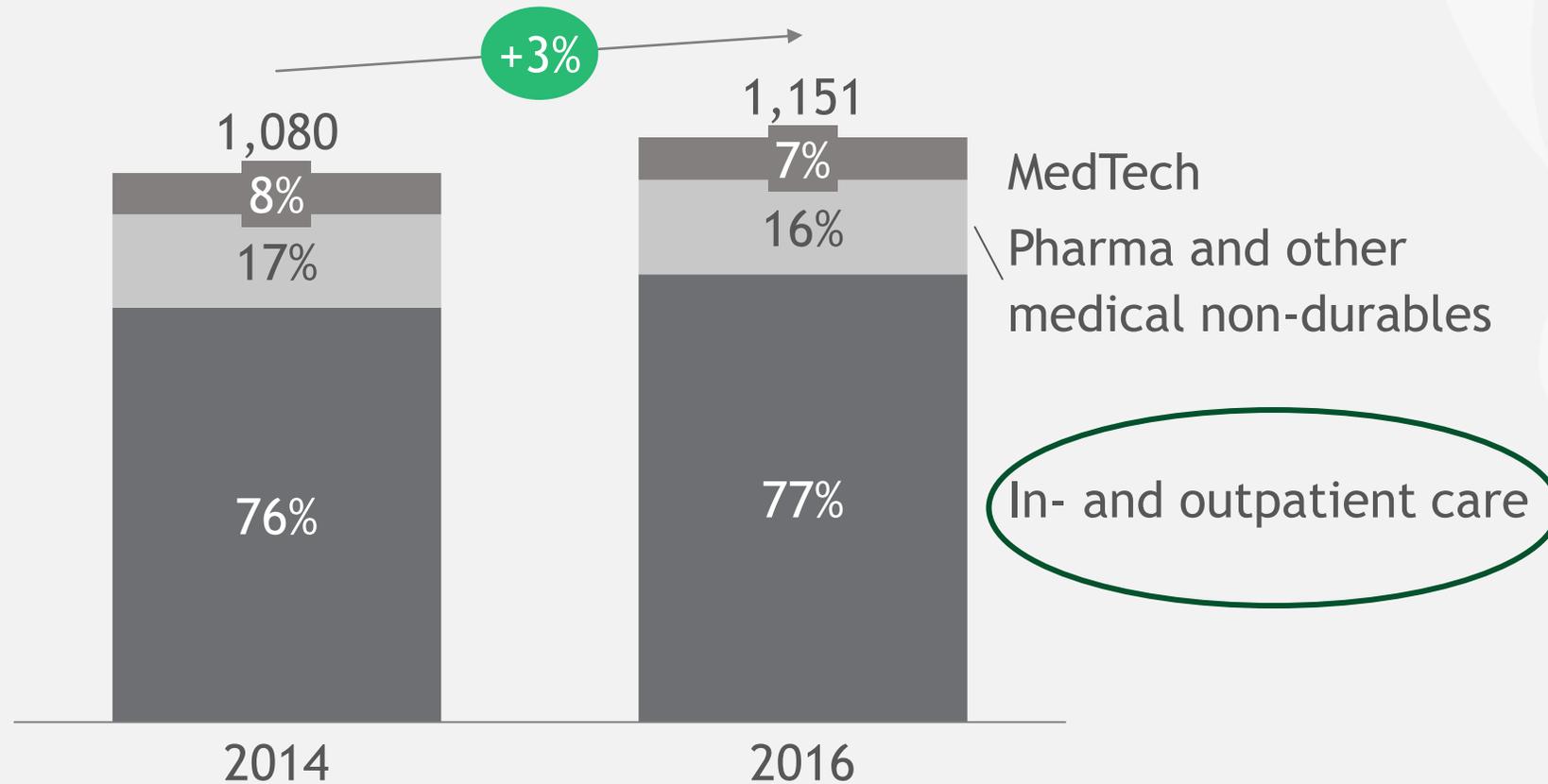


Potentially result in reduced value for the patient

Source: VBP belief audit interviews and survey; MedTech Europe; BCG analysis

Focus on costs of devices instead of total cost of care delivery

Breakdown of health care expenditure in Europe (Bn EUR)



Note: Europe refers to EU + Norway, Switzerland
Source: Eurostat; MedTech Europe; BCG analysis

Lack of trust and misaligned incentives

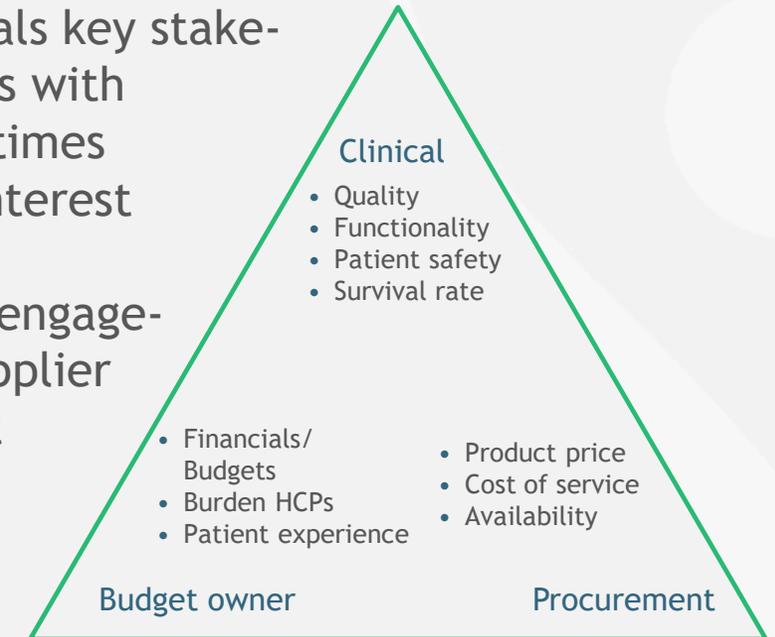
Traditional antagonistic relationship between buyers and suppliers

- ⚡ Buyers traditionally perceived suppliers only sales focused, less helpful
- ⚡ With price focus only, interests more contrary and more win-lose relationship
- ⚡ Tender contractual periods often too short to lead to impactful system changes and for suppliers to commit to up-front/long-term investment
- ⚡ Clinical and cost of care impact not transparent so less/no data for fact-based discussion

Within providers different interests and incentives among stakeholders

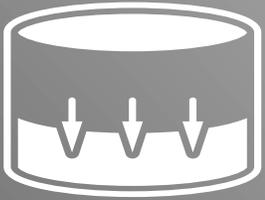
Within hospitals key stakeholders groups with different, at times contracting interest

Makes target engagement with supplier more difficult



The concept explained

HCS and provider challenges...



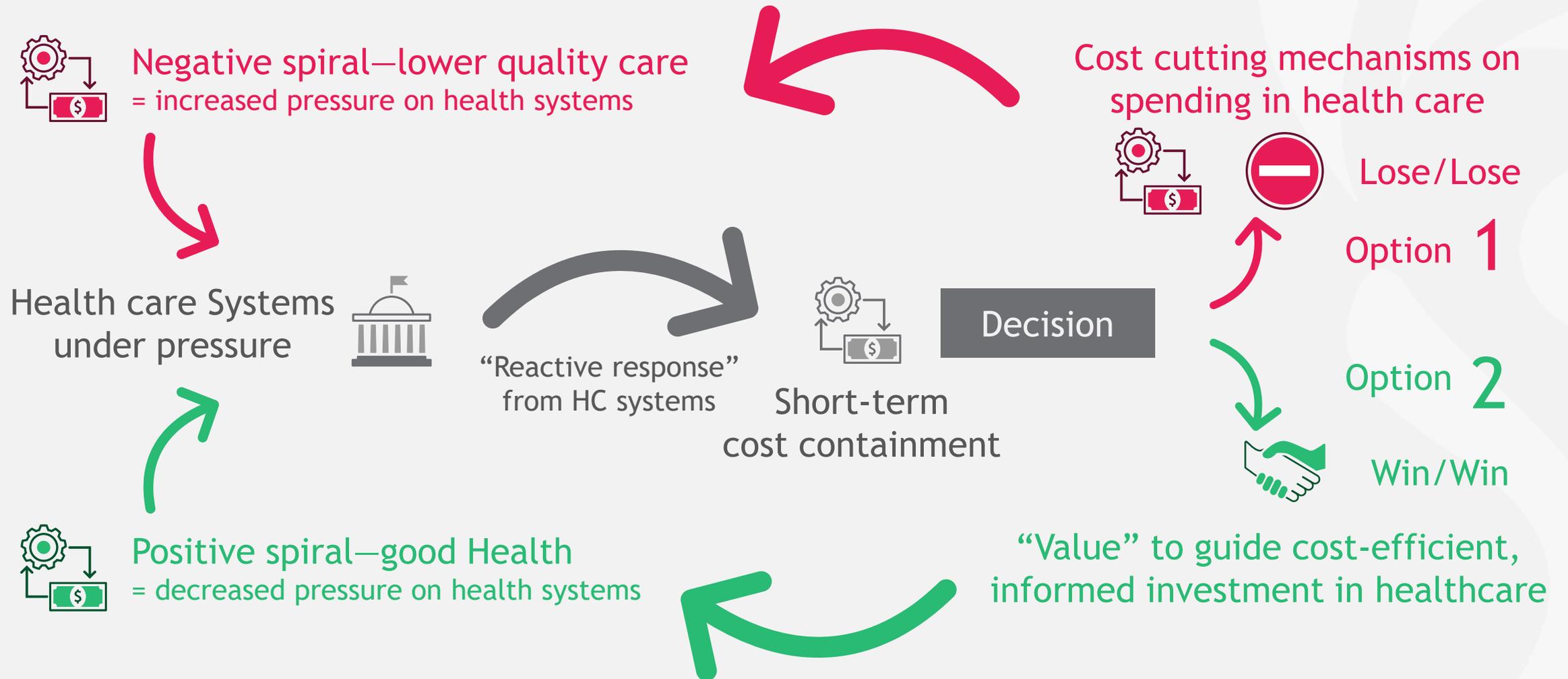
- ! Health care systems under pressure from outcome variation, cost increases and care variation
- ! Mounting obstacles in procurer/ supplier relationship due to price-focused procurement and misaligned incentives

... need new paradigm to focus on value



- ✓ collaborative, multidisciplinary approach to partner for sustainable health care
- ✓ addresses key challenges in provider/ supplier relationship
- ✓ leads to economically most advantageous purchasing

Change towards value-driven decision making in health care



Value =



Health outcomes that matter



Cost of delivering these outcomes

Value-Based Procurement focus:



Contribute to outcomes that matter to patients & health care stakeholders

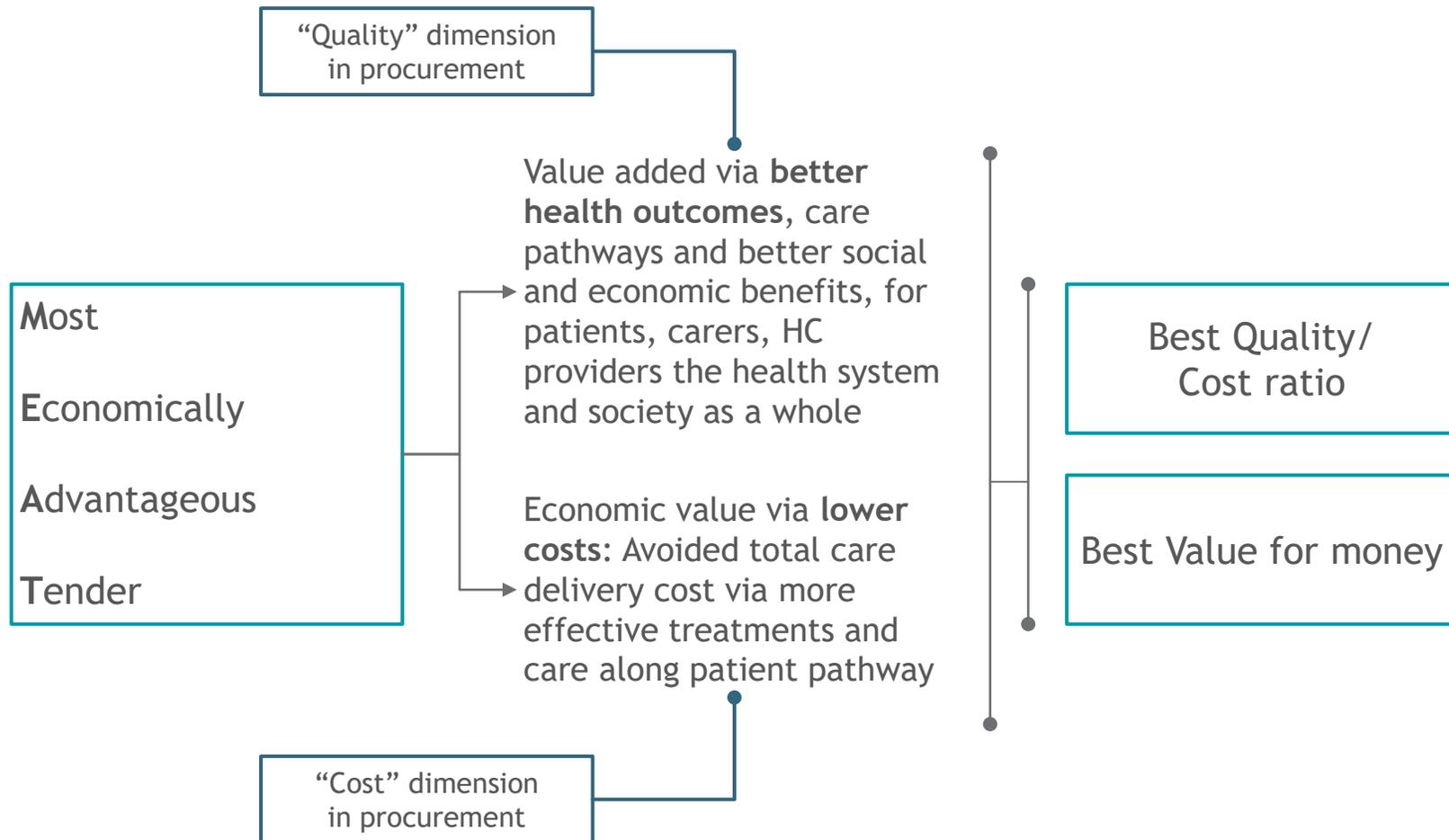


Full cycle of care



Total cost of care delivery

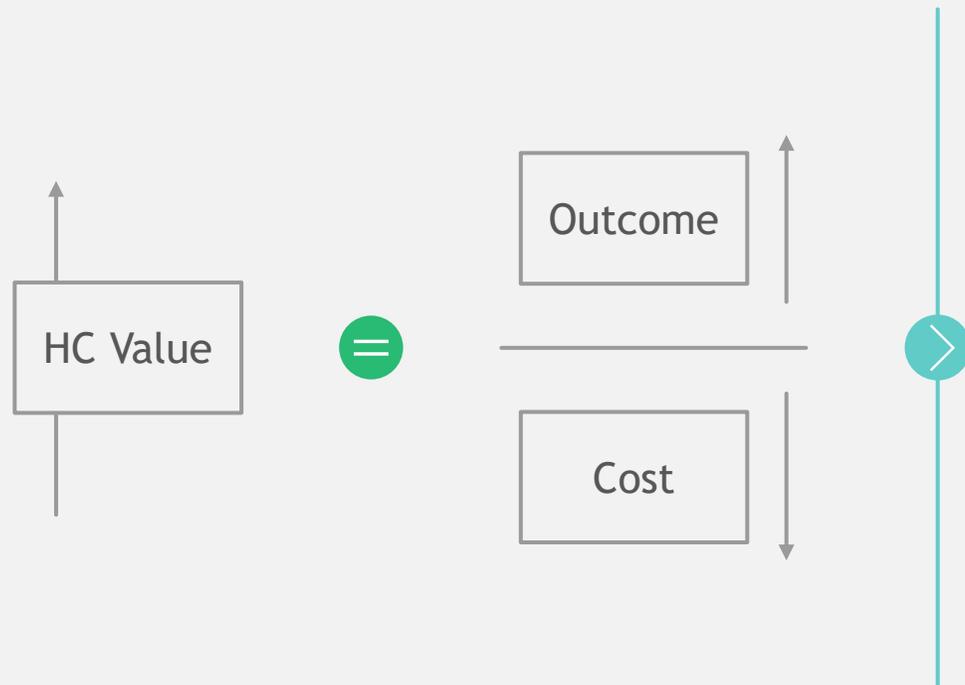
Defining MEAT relating to health & social care



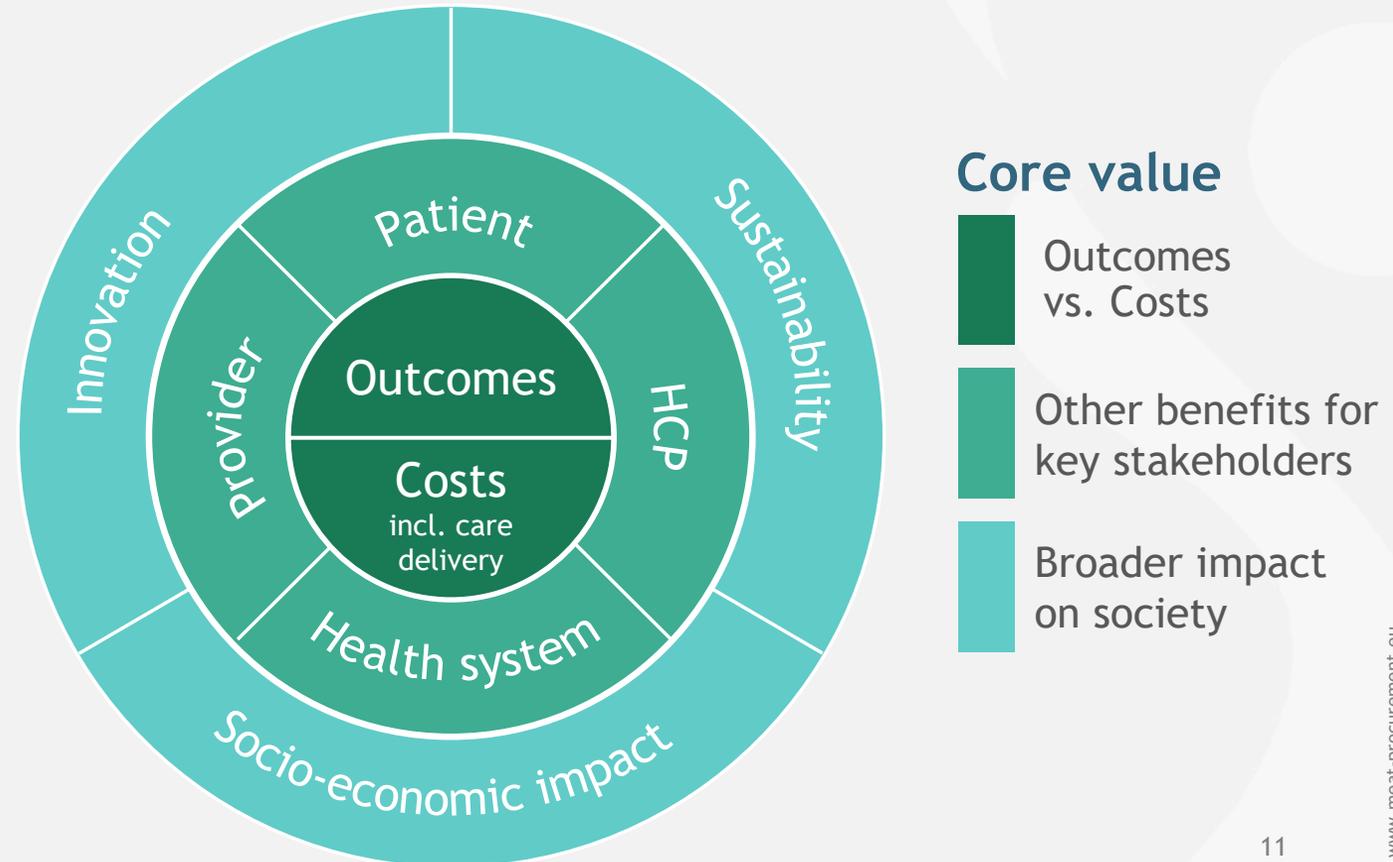
Promote better health as well as economic and social outcomes while controlling costs of care and disease

MEAT VBP brings value focus into tenders

Value-based procurement

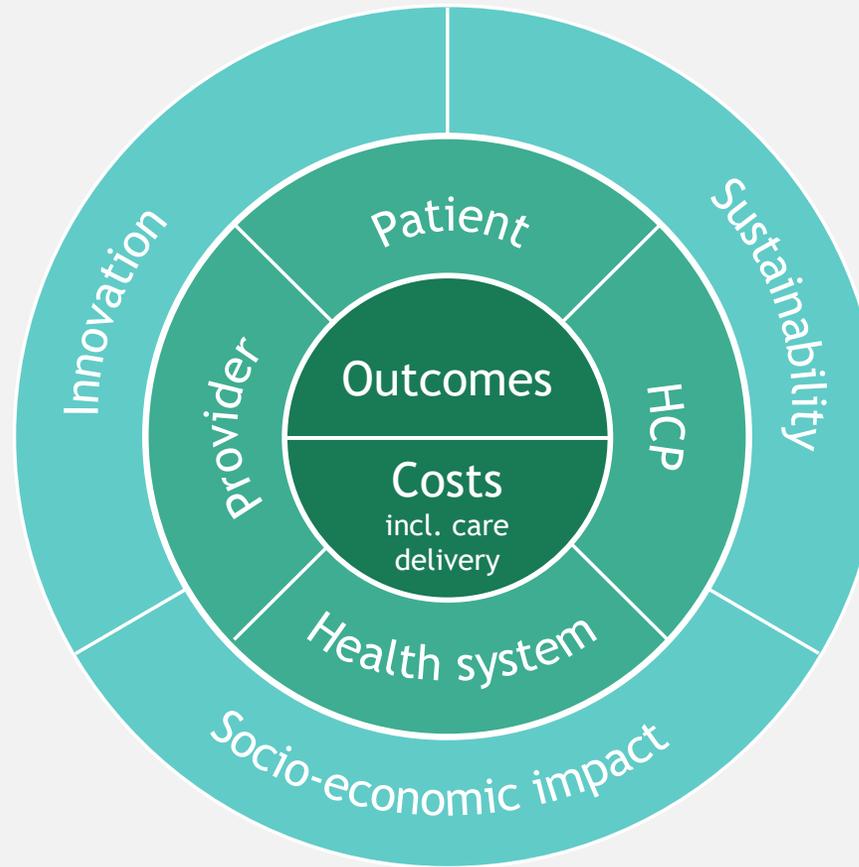


Value-based procurement Framework



The MEAT-VBP Framework

MEAT¹ value-based procurement framework for value-based tendering



Core value

-  Outcomes vs. Costs
-  Other benefits for key stakeholders
-  Broader impact on society

Importance

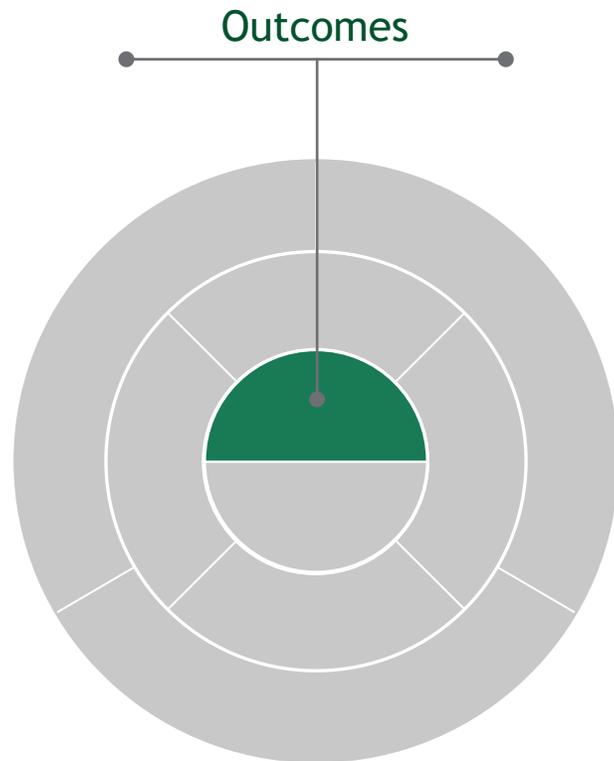


See also the presentation
'The MEAT-VBP Tool explained'

1. MEAT = Most economically advantageous tender
Source: MedTech Europe; BCG analysis



Core value dimension: Outcomes



Unless already available from published literature, can be pragmatically estimated during tender based on clinician experience and in the short to medium term using patient reported outcome measurements (PROMs)

Outcomes and evidence

Beneficial impact on medical patient outcomes

Quality of outcomes data to support the claim

Outcomes focus

Support in measuring and/or reporting on outcomes

Willingness to offer outcomes-dependent risk-sharing

Clinical outcomes, e.g., as defined and prioritized in Michael Porter's outcomes hierarchy or other frameworks and/or use of other instruments PROMS, QOL instruments, ...

Tier 1 outcomes

Survival rate—HR QOL—Symptoms—morbidity

Tier 2 outcomes

Degree of health achieved or maintained

Time to recovery and return to normal activities

Tier 3 outcomes

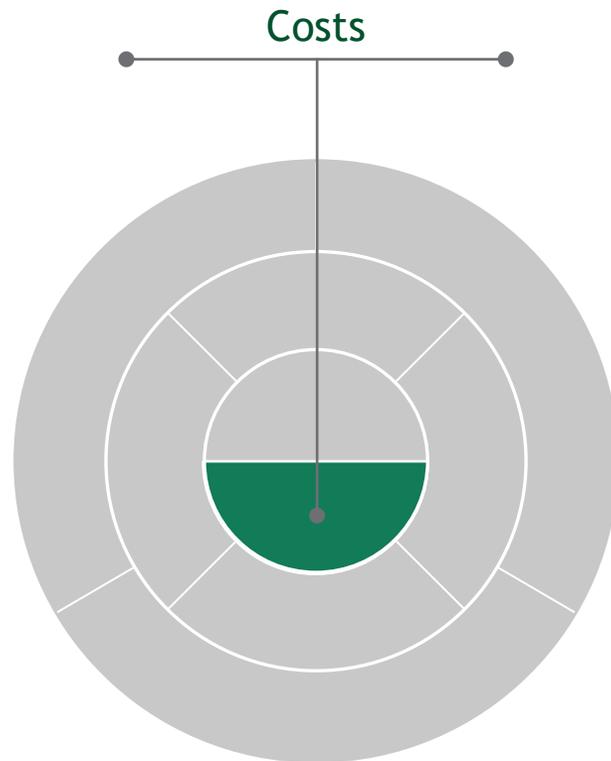
Disutility of the care or treatment process

Sustained health/recovery and recurrences

Long-term consequences of therapy



Core value dimension: costs of care delivery



Category

Criteria

Purchasing

- Price of purchasing/renting product
- Delivery and installation
- Conversion: Staff training for new product
- Compatibility: Required upgrades to systems or infrastructure
- Purchasing/tender admin costs

Maintenance

- Spare parts
- Technical staff time
- Service contract

Storage

- Storage room/infrastructure
- Replacement at end of shelf life

Disposal

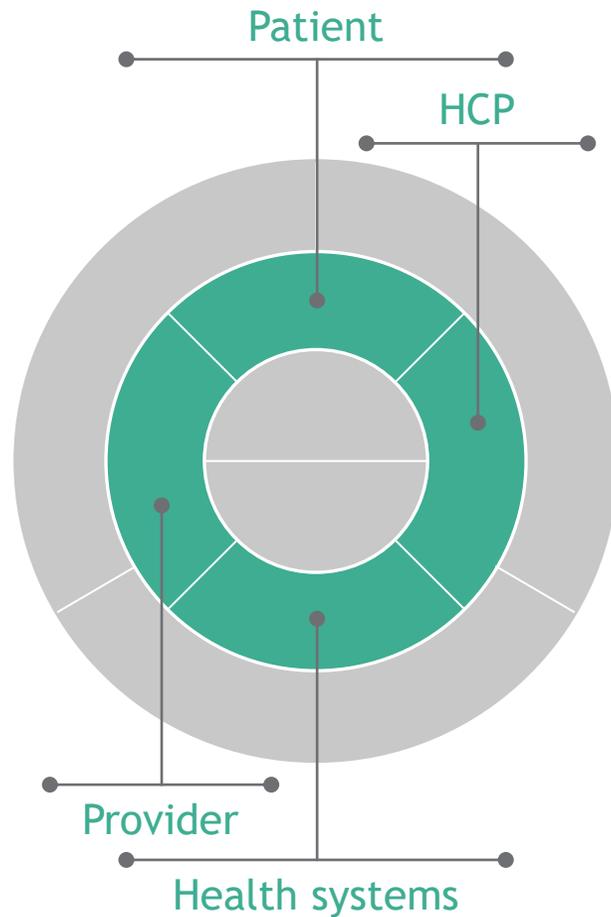
- Disposal/decommissioning

Operating/ healthcare delivery

- Cost of consumables
- Unplanned usage: Failure rate
- Medical staff time
- Power/gas usage
- Reprocessing
- Ongoing staff training
- Infrastructure usage



Other benefits for key stakeholders



Category

Criteria

Secondary patient benefits

- Patient and/or relative comfort and convenience
- Patient flexibility and mobility
- Impact on treatment adherence

HCP benefits

- Security
- Ease-of-use/handling and functionality
- Training and access to education

Provider benefits

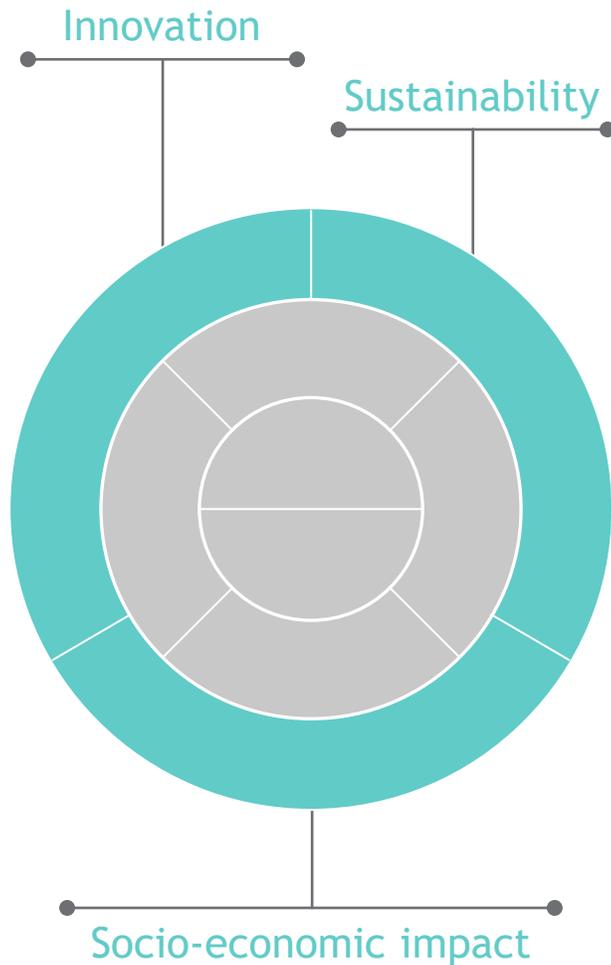
- Maintainability, warranty and technical service support
- Support improving efficiency along patient pathway
- Alignment and support with reimburse. structure
- Support on admin., storage or logistics
- Strategic fit for provider and support of strategy

Health system benefits

- Reduction of rehospitalization / number of treatments
- Reduced long term costs of treatment (e.g. from dis. progression)



Broader impact on society



Category

Criteria

Innovation

Development of new and substantially improved technologies

Contribution to development of health care

Environmental and social sustainability

Environmental impact

Socially responsible product value chain

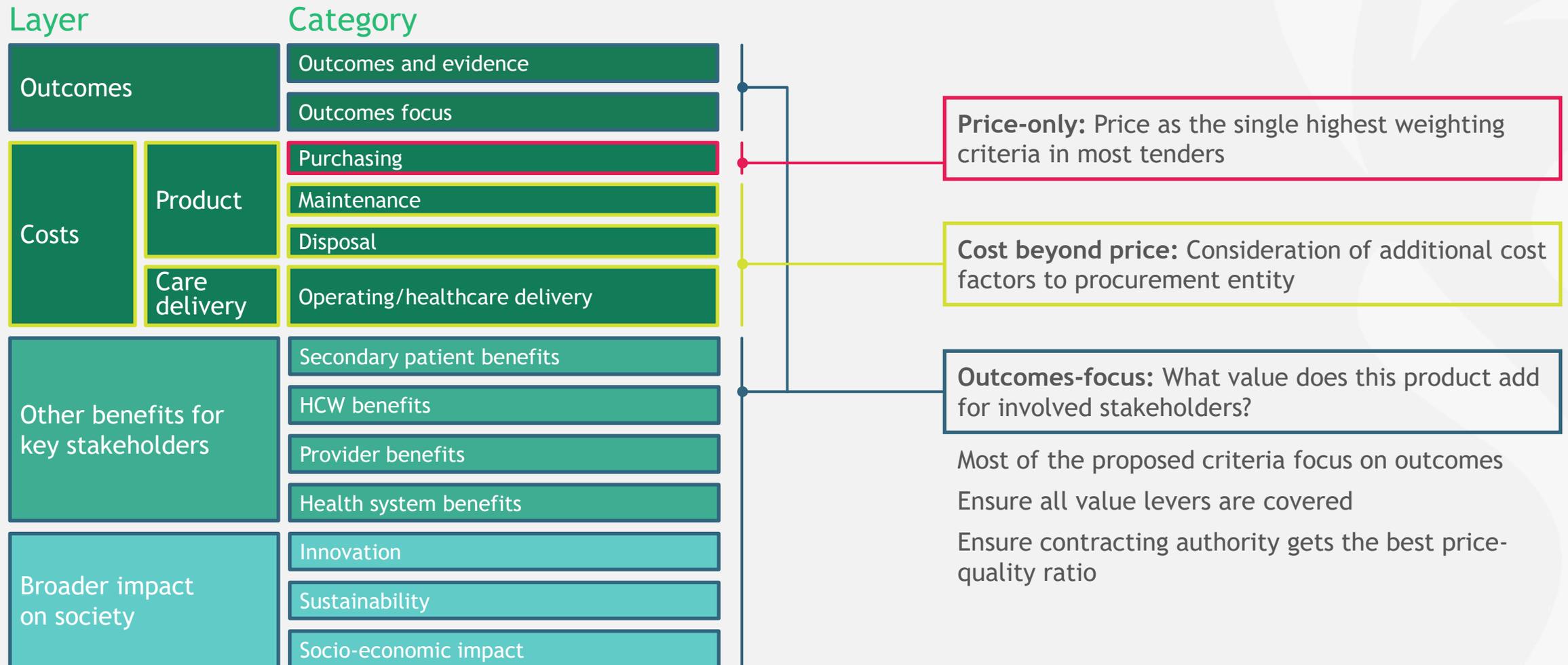
Socio-economic impact

Impact of people not in the workforce

Burden carried by non professional care providers



VBP broadens scope; more emphasis on value vs. price only





MEAT VBP awarding criteria are flexible not prescriptive

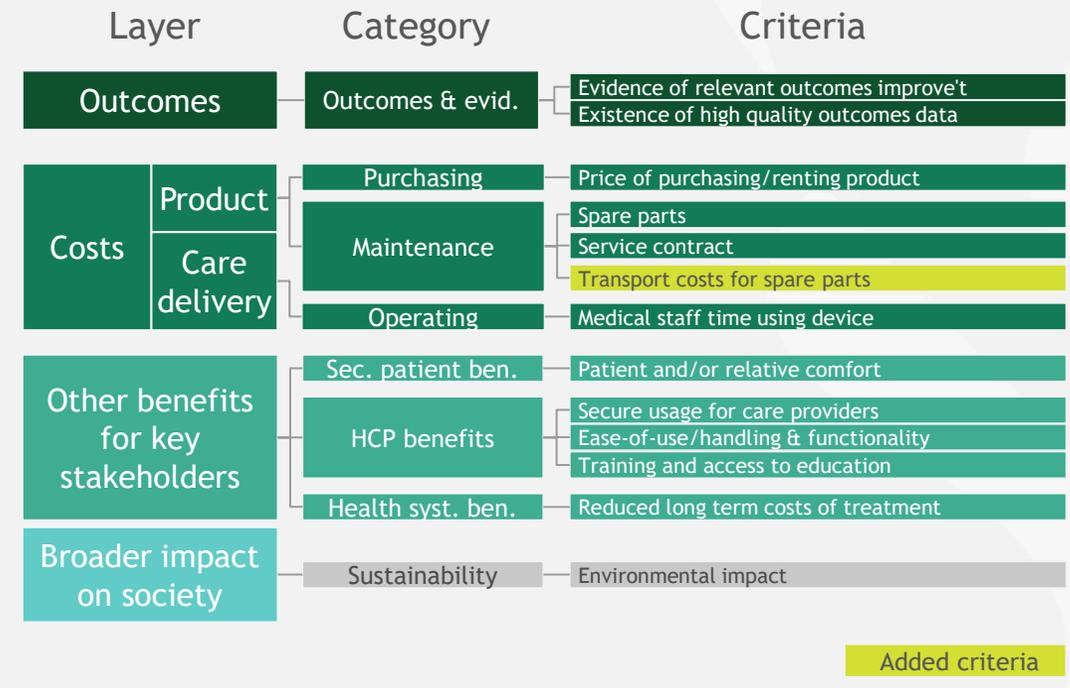
Illustrative

Criteria long list to be used as guide ...

Layer	Category	Criteria	
Outcomes	Outcomes & evidence	18 Evidence of relevant outcomes improvement	
		19 Existence of high quality outcomes data	
		20 Support in measuring and reporting on outcomes	
	Outcomes focus	21 Willingness to offer outcomes-dep. risk-sharing	
		1 Price of purchasing/renting product/solution	
		2 Delivery and installation	
		3 Conversion: staff training for new product	
	Costs	Product	4 Compatibility: upgrades to systems/infrastructure
			5 Spare parts
			6 Technical staff time
			7 Service contract
			8 Storage room/infrastructure
		Care delivery	9 Replacement at end of shelf life
			10 Disposal/decommissioning
			11 Medical staff time using device
			12 Ongoing staff training
			13 Cost of consumables
Other benefits for key stakeholders	Patients' secondary benefits	22 Patient and/or relative comfort and convenience	
		23 Patient flexibility & mobility	
		24 Impact on treatment adherence	
	HCP benefits	25 Secure usage for care providers	
		26 Ease-of-use/handling & functionality	
		27 Training and access to education	
	Provider benefits	28 Maintainability, warranty & tech. service support	
		29 Support improving efficiency along patient pathway	
		30 Alignment and support with reimburse. structure	
		31 Support on admin., storage or logistics	
	Health system benefits	32 Strategic fit for provider and support of strategy	
		33 Reduced long term costs of treatment!	
		34 Reduction of rehospitalization/# of treatments	
	Broader impact on society	Innovation	35 Develop. of new and substantially improved tech.
			36 Contribution to development of healthcare
		Sustainability	37 Environmental impact
			38 Socially responsible product value chain
Socio-economic impact		39 Impact of people not in the workforce	
		40 Burden carried by non professional care providers	



... adding, removing, changing as needed



- Layers and categories consistently used, but criteria flexible
- Structured menu as starting point for adaptation by users

Stakeholders collaborating to define criteria



Consulting on criteria

-  Clinicians
-  Other procurement agencies
-  Procurement officials
-  Hospital administration
-  Policy makers & Government
-  Patients
-  Industry



Brainstorming on measures

Including sources such as, but not limited to:

-  Standard outcome metrics, e.g., ICHOM
-  Peer-reviewed literature
-  VBP tenders
-  Clinical results

See next slides for details on outcome measures

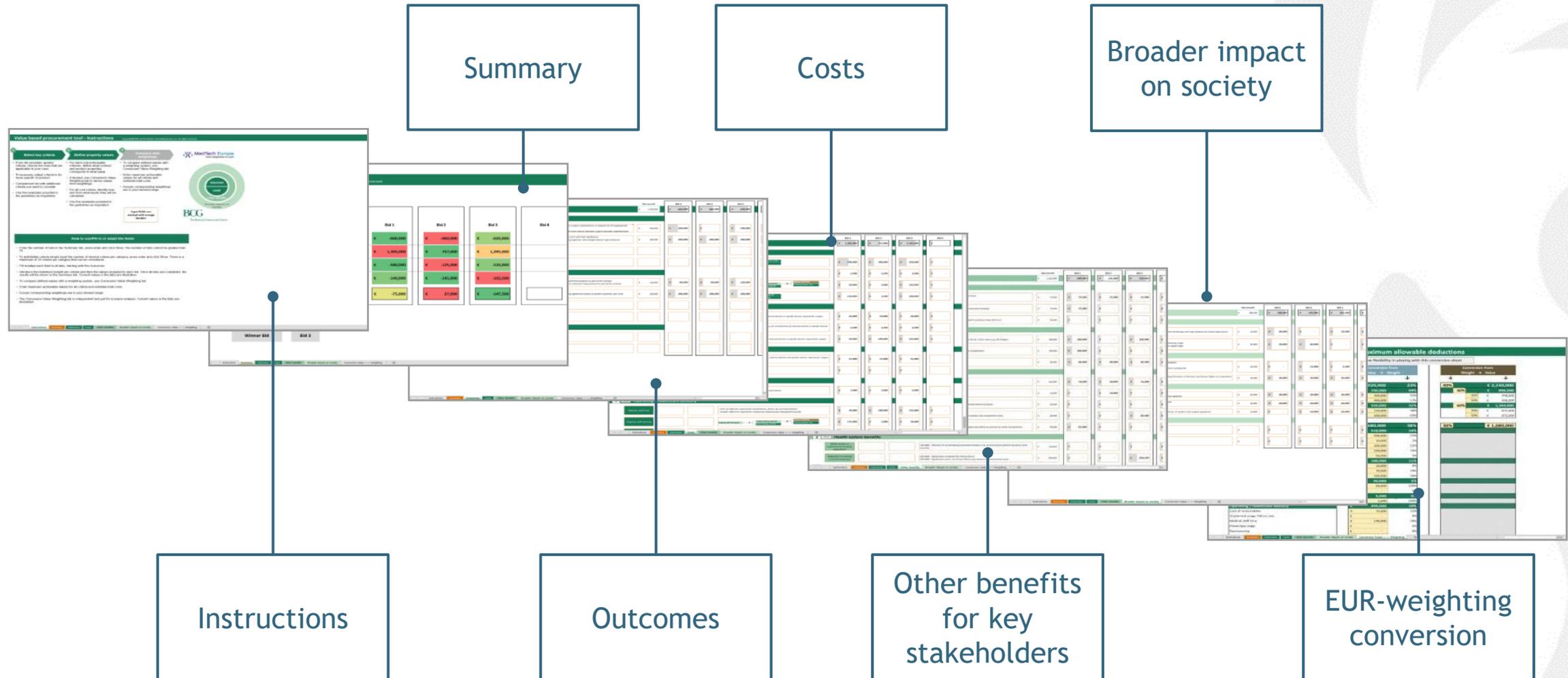


Refinement

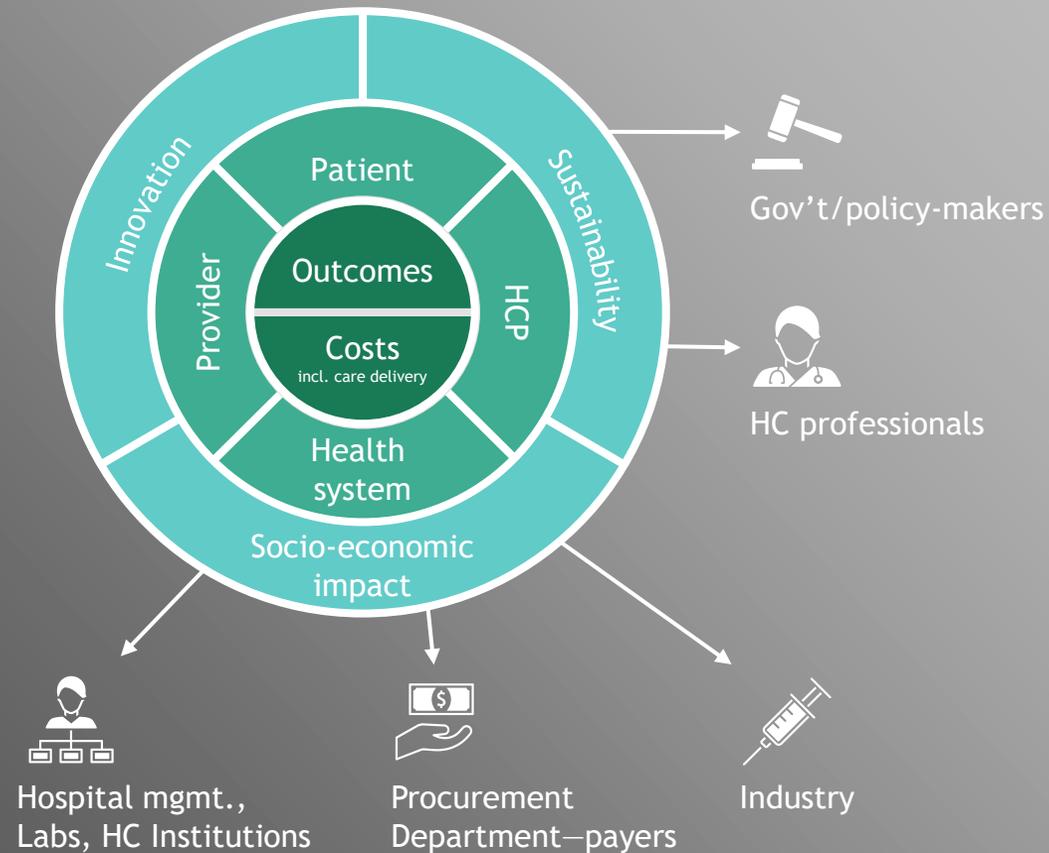


Final list of criteria for the tender defined using the feedback provided by the different stakeholders

Framework supported by Excel tool



VBP framework & tools ...



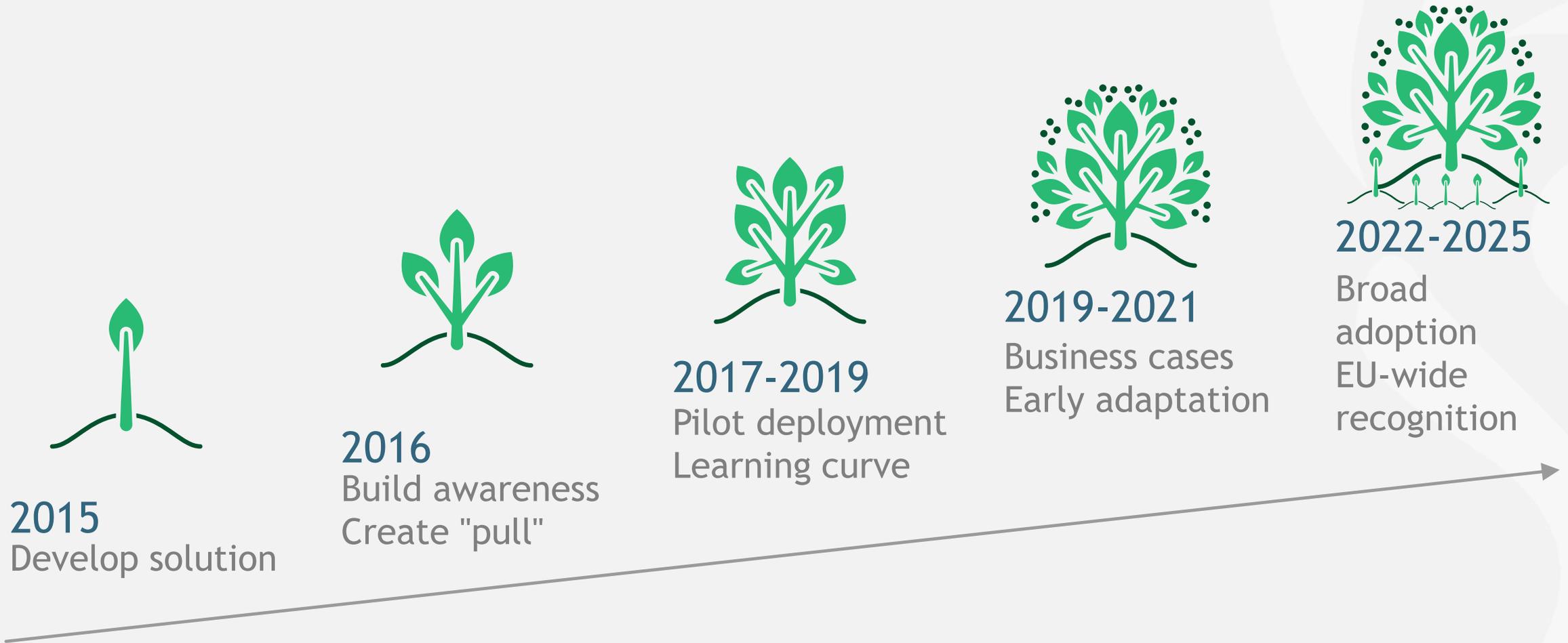
... benefitting procurers

-  Shifting focus to best price/quality ratio of 2014 EU Public Procurement directive
-  Creating common language
-  Facilitating dialogue among healthcare partners in and outside the hospital
-  Providing framework and tools for continuous improvement
-  Improving value for all stakeholders

Lessons learned

Adopting VBP is a multi-year journey

'a revolution in mind, but an evolution in practice'



VBP projects spread across Europe (jan-2021)

- Anticoagulation Point of Care solution
- Enhanced recovery for hip fractures
- Integrated care pathway—Musculoskeletal patients
- Care service—MH/LD
- Cataract surgery

- Radiology equipment

- Hemodialysis equipment
- Infusion technology
- Remote patient monitoring in electrophysiology procedures
- Osteosynthesis implants/accessories
- Connected hospital bed services
- Cataract surgery pathway

- Colorectal and bariatric surgery
- Perioperative hypothermia prevention
- Surgical gloves

- TAVI
- Underpads & diapers
- Ritmcore (PM & home monitoring)
- Integrated care technology—several disease pathways



- Cochlear implants
- IV catheters
- Integrated care for stroke patients

- Stents & angioplasty balloon catheters
- Hip and knee implants

- Integrated care technology approach
- Wound care
- Cataract
- Infusion pumps

- Diapers—Incontinence
- Knee implant devices
- Cyclotron IP
- Renal cancer personalized treatment

- Perivascular stents
- Innovative suture material

- Cryoablation atrial fibrillation

- Surgical sutures
- Cryoablation leads

Note: Not exhaustive, selection of closed projects only
 Source: MedTech Europe, BCG, Industry and procurer interviews, MTE desk research



Available case studies



TAVI



Perioperative hypothermia



Hospital beds



Anticoagulation PoC



Diapers + underpads



Knee implants



Cochlear implants



Renal cancer



Cataract



Gloves

Capital Region of Denmark introduces new personalized non clear-cell renal carcinoma treatment regimen



Pathway problem

Clinical problems

- Patient group with relatively bad prognosis
- Treatment complications and therapy side-effects
- Current limited effect of standard treatment options
- Insufficient use of precision medicine
- Treatment insufficient patient centric (at start & throughout)

Economic problems

- Focus on direct treatment costs instead of focus on value and total costs along care-cycle
- Limited monitoring/data collection based on real-world individual data (RWE)



VBP solution employed

VBP partnership

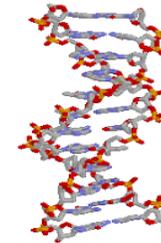
- Partnership agreement with selected vendor and additional agreements on home monitoring devices & monitoring software

VBP criteria focus

- Outcome: Primary and secondary patient outcomes - increased PFS and O/S, reduced treatment complications, increased quality of life, reduced hospitalization & hospital visits
- Total cost of care cycle: diagnosing, patient monitoring, treatment, medication, hospitalization, hospital visits
- Other benefits: Reduced burden to patient relatives, increased insight in health status, RWE data availability

Diagnostic solution applied

- Tumor genomic profiling to guide personalized treatment decision in 1st line of treatment
- Tele-medical monitoring of PRO, blood pressure, pulse and blood based biomarkers for continuous remote disease control



Expected stakeholder impact

Patients at the Herlev-Gentofte Hospital

- Prolongation of life expectancy
- Improved quality of life
- Active involvement in course of treatment
- Reduced treatment-heavy and hospitalization-requiring complications

Herlev-Gentofte Hospital

- Access to wider range of treatment options and ability to deviate from standard treatment guidelines
- Insight into patient home condition using tele-medical devices (PRO, sensor and biomarker analysis)
- Improved RWE & research data
- Better foundation to future patient guidance
- Reduced total cost of care delivery

Outcomes to be tested during the project

- Whether patients live longer and better
- Possibility to guide course of treatment by combining FMI-tools with PRO/sensor data and blood based biomarker analysis device
- Possibility to build out a generic VBHC model to other treatments/hospitals

Key benefits for procurers and health care providers



Improved patients health outcome

- Improved transparency on outcomes (e.g., continuous monitoring and measuring of patient's weight in connected hospital beds)
- Continuous improvement possible and more effective, also supported by supplier (e.g., Medtech supplier in continuous dialogue with Erasmus MC concerning required adaptations based on clinical needs)
- Personalized treatment of patients depending on needs (e.g., Medtech supplier offers mattresses which avoid pressure ulcers without transfer between beds)



Reduction of total cost of care

- Fewer complications (e.g., TAVI implant reduces neurological complications by ~ 3%)
- Optimized workflow and care pathway (e.g., connected hospital bed solution reducing need for paper documentation)
- High volume of performed surgeries decreases procedure costs per patient (e.g., lower cost per procedure in Silver Cross cataract contract)



Patient centric care model developed

- Patient centric care model (e.g. PoC device in NHS Wales allows for patient self-testing of anti-coagulation needs)
- Recognized as value leader (e.g., Medtech supplier developed connected bed technologies)
- Improved patient flow and capacity due to improved workflow efficiency (e.g., Cataract patients of Silver Cross experience shorter lead time from first visit to surgery)
- Better patient centric care due to increased staff time (e.g., Nurse time increased in Erasmus MC due to fewer time spent on patient monitoring)



Improved financial sustainability long-term

- Ability to shift cost from capital budget to operating costs (e.g., Erasmus MC renting hospital beds as a service)
- Lower cost long term due to due VBP solution flexibly adaptable to changing needs (e.g., Erasmus MC experiences shift of medical care needs within patient population and Medtech supplier adapts composition of required beds)
- Revenue guaranty from multi-year contract (e.g., Erasmus MC and Medtech supplier in service agreement for 15 years)

Key challenges for providers and procurers



Time and resource requirements

- Planning and setting up the tender process, and criteria selection during the market consultation phase highly time and staff consuming
- Extensive expertise on VBP awarding criteria selection and assessment method needed in order to execute process successfully (depending on process chosen)
- Leverage VBP managers with expertise to support and streamline process, more quickly generate buy-in with stakeholders and leverage standard approaches/ templates



Internal resistance due to uncertainty of value

- In most hospital, stakeholders e.g., procurers and clinicians work in silos and procurers lacking insights into clinical pain points and needs
- Clinicians are unaware of the procurement process and thus, unable to appreciate the value of MEAT VBP tendering
- Essential to convince clinicians from the beginning of the process by demonstrating the added value for the patients' outcome by using an expanded proof of concept phase



Insufficient readiness among suppliers

- Many suppliers are not ready yet for the VBP tender process due to insufficiently defined value propositions and lack of readiness for new contractual agreements
- Supplier offerings and evidence insufficiently specific to hospital setting, hospital pain points and patient cohorts
- Provide sufficient room for dialogue with the suppliers early on, educate and answer specific questions during feedback rounds and 1-on-1 with suppliers to understand the service offerings



Insufficiently specific value proofs

- Existing evidence often insufficiently specific for hospital context
- Lack of data on existing pain points as well as infrastructure for specific outcome measurement
- Specific information on costs associated with care pathways and potential outcome improvements is difficult to obtain within the organization, and thus, estimating economic impact of VBP value is challenging
- Partner with suppliers to jointly perform real world evidence collection based on supplier's infrastructure and data systems integrated into the clinical operations

Action steps

Action steps for all stakeholders

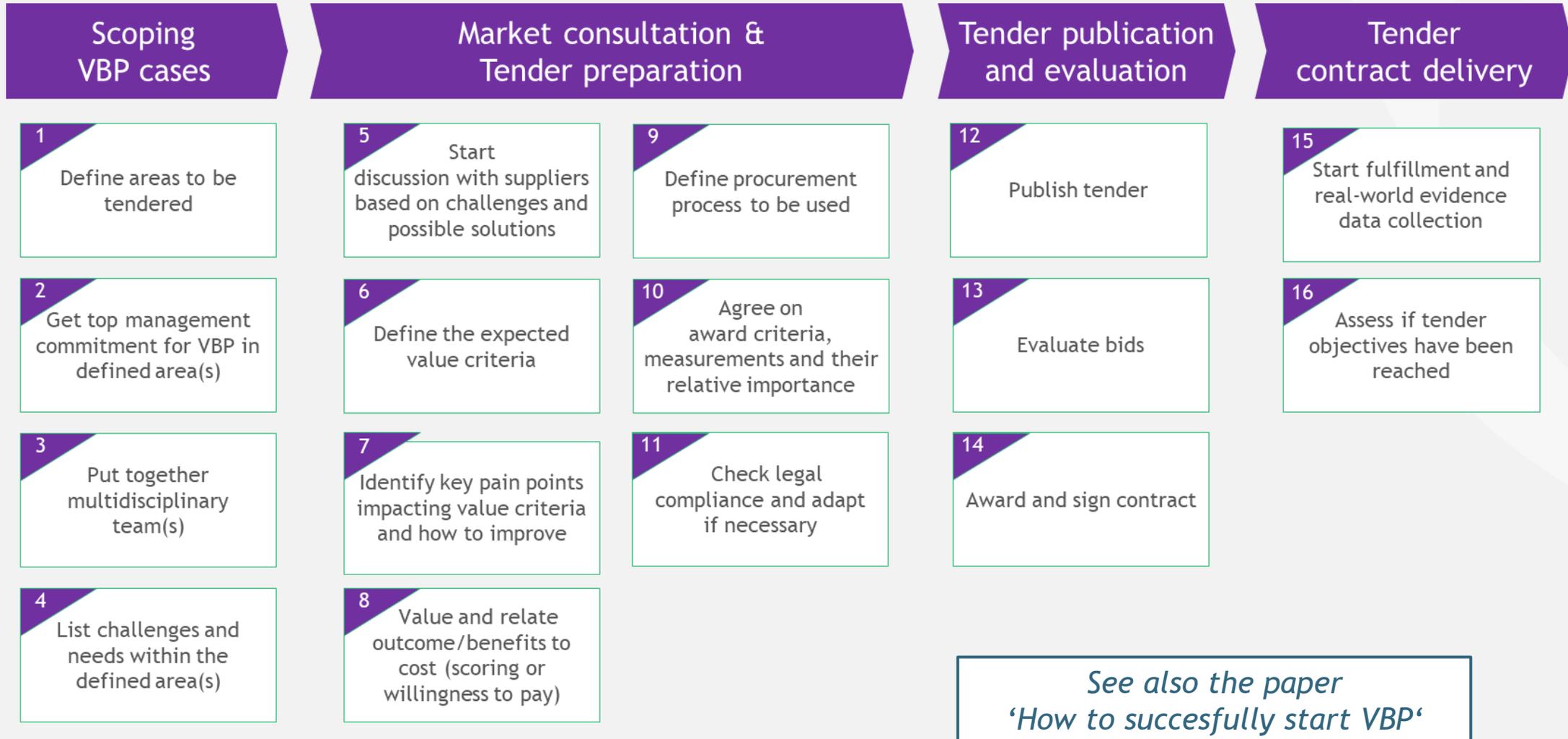


Action steps

<p>a  Providers</p> <ul style="list-style-type: none"> • Measure outcomes and cost of care along pathway • Seek incentives, advocate for, break down budget silos • Strengthen multidisciplinary HCPs role in procurement • Professionalize procurement • Encourage CoP participation 	<p>b  Procurers</p> <ul style="list-style-type: none"> • Set-up and empower VBP teams • Prioritize and pilot VBP approach to learn & improve • Build additional organizational capabilities • Adopt value-based contracts • Join Community of Practice 	<p>c  Medtech suppliers</p> <ul style="list-style-type: none"> • Prioritize where to play in VBP and broaden over time • Work in multi-discipline. teams to develop value propositions • Enable commercial teams • Rigorously execute, starting with prioritized tenders • Learn, collect real world data and fill evidence gaps 	<p>d  HC system</p> <ul style="list-style-type: none"> • Strengthen VBHC and outcome measurement • Provide legal/process clarity • Ensure budget cycles and incentives conducive to VBP • Break down budget silos • Drive value-based contracts/alternative payments
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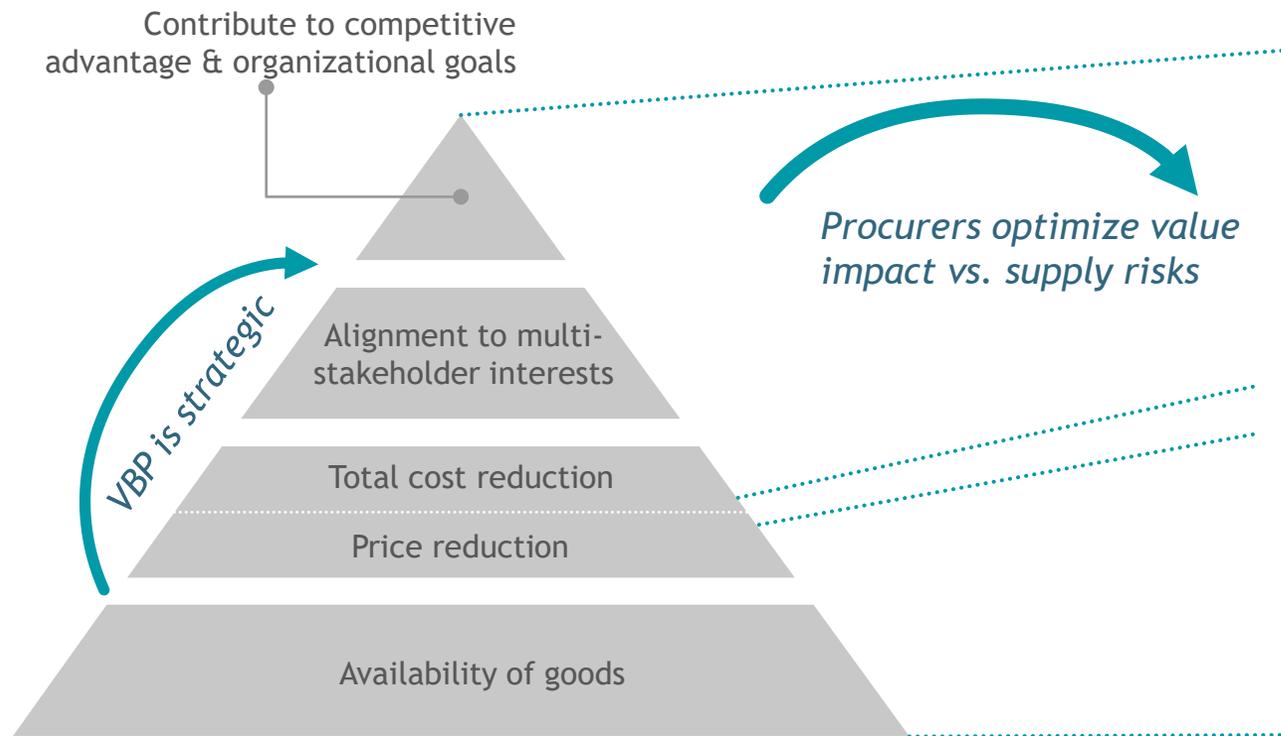
<ul style="list-style-type: none"> • VBP framework • VBP presentations • VBP Excel tool 	<ul style="list-style-type: none"> • Publications • Case study library • Glossary & FAQs 	<p> Toolkit</p> <ul style="list-style-type: none"> • VBP starter guidance • Thematic seminars • VBP legal guidance 	<ul style="list-style-type: none"> • VBP training game • Training/coaching • VBP readiness assessment
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Procurers to follow a step by step process....

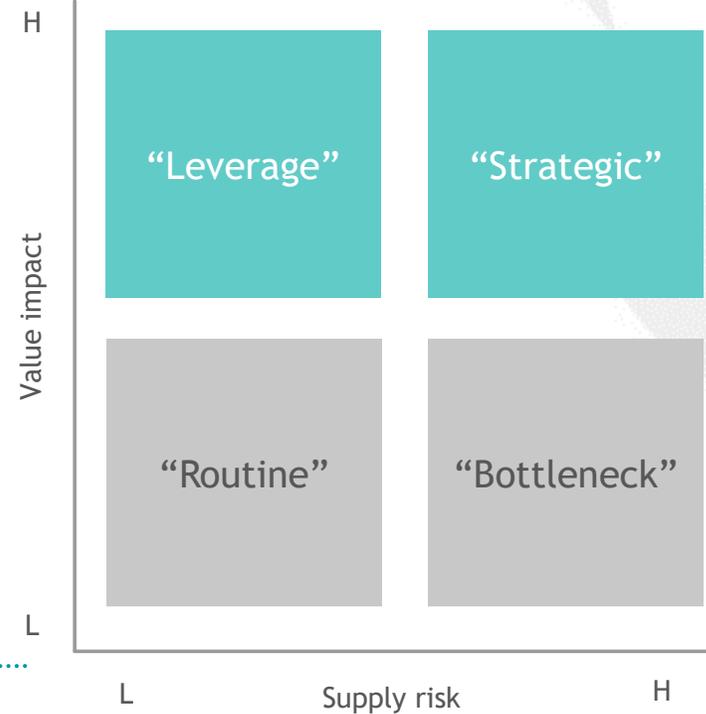


Procurers to take up the strategic perspective

Typical hierarchy of procurement objectives



Adapted Kraljic procurement portfolio



Prioritize VBP projects

based on provider strategy, value impact, feasibility and feasibility of evidence

Provider strategy & clinical major issues as input for VBP project prioritization



Provider strategy considerations:

- Patient group/disease area focus
- Span of care in delivery value chain
- Quality of care vs. cost focus
- Partnership models



Transparency on clinical/economic pain points & relative magnitude considerations:

- Size of impact on outcome improvement
- Size of impact on cost of care reduction
- Ability to improve capacity/access
- Ability to reduce burden on HCPs

Factors to maximize value from VBP project for provider organization

- ✓ Align VBP project with provider growth strategy (patient group/disease area)
- ✓ Focus VBP project on provider priorities for quality vs. cost of care focus
- ✓ Choose area where application of VBP concept (e.g., VBP solution + value criteria) is feasible
- ✓ Choose VBP focus based on risk appetite (truly new solution vs. existing solution)
- ✓ Balance long term strategic perspective vs. short-term need to replace expiring contracts

Stakeholders collaborating to define award criteria



Consulting on criteria

-  Clinicians
-  Other procurement agencies
-  Procurement officials
-  Hospital administration
-  Policy makers & Government
-  Patients
-  Industry



Brainstorming on measures

Including sources such as, but not limited to:



Standard outcome metrics, e.g., ICHOM



Peer-reviewed literature



VBP tenders



Clinical results

See next slides for details on outcome measures



Refinement



Final list of criteria for the tender defined using the feedback provided by the different stakeholders

Best practice for selection of value-focused award criteria

Key steps for success



- 1 Setup multidisciplinary team for therapy/product focus area
- 2 Deep dive analysis on clinical, procedural and economic issues/problems and prioritize the 3-5 most important
- 3 Identify 2-3 value criteria per major issue
- 4 Conduct literature research and internal/external interviews on major issues and related value criteria
- 5 Solicit input from suppliers and criteria on major issue/problems , e.g., how to specify and measure criteria
- 6 Consolidate own criteria and input from suppliers into one prioritized list of criteria



Six VBP success factors for the procurer



Message to senior budget holders on VBP to generate awareness and buy-in



Start with pain points, then identify clinically and economically relevant criteria for those



Set-up multidisciplinary teams and ensure early and consistent buy-in from clinicians



Ensure some data transparency (on outcomes and costs) as baseline and to measure success



Engage supplier in dialogue to optimize requirements for product/solution sought



Engage supplier in monitoring success and co-creating evidence

Conclusion

VBP provides clear benefits for all stakeholder groups



Patients

- ✓ Patient consistently at center
- ✓ Better outcomes, less variation
- ✓ Outcome information more relevant for patient



Providers

- ✓ Patient centric care pathway
- ✓ Improved financial performance/ stability
- ✓ Breakdown internal functional silos
- ✓ More best practice sharing between providers



Procurers

- ✓ Stronger strategic role within hospital
- ✓ More influence on business objectives
- ✓ More holistic framework/ toolkit
- ✓ Procurement methods harmonized and professionalized



Clinicians

- ✓ Clinicians structurally more involved in buying decisions
- ✓ More influence on buying decisions (clinical, patient, user benefits)
- ✓ Pain points understood by procurement



Medtech

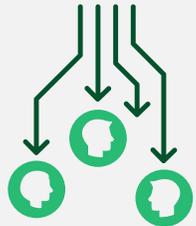
- ✓ Innovation and value created is rewarded
- ✓ Improved dialogue and common vocabulary with buyers
- ✓ Closer, more long term partnerships with providers
- ✓ R&D cycle times reduced



HC systems

- ✓ HC expenditures more sustainable
- ✓ Improved healthcare value with key value aspects included
- ✓ Innovation in care delivery enhanced
- ✓ Less friction, better integration of care sectors

VBP shifts away from classical procurement to partnerships and co-creation of evidence



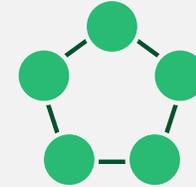
“Classical Procurement”

Improve win rates in procurement and tender discussions via evidence-based value proposition beyond price



Medtech supplier-procurer partnership for value

Partner with provider beyond contract award and product sales to improve and measure value along full care pathway and contract cycle



Shift to care solutions and joint RWE creation

Partner with accounts to implement VBP solutions including products, services and care management and RWE generation



Set-up long-term development partnerships

Co-develop VBP solution with accounts in PCPs/PPIs or long-term flexible contracts with direct customer input and joint RWE generation

Lower

Higher

Degree of partnership between supplier and buyer

We cannot afford not to act

- ⚡ Quality of care insufficient
- ⚡ Poor outcomes are expensive
- ⚡ Innovation under pressure
- ⚡ Procurer, clinician can & want to do more
- ⚡ Access to care & good health constrained

.... and time to act is now

- ⚡ The status quo is not sustainable
- ⚡ A win-win for all stakeholders
- ⚡ VBP is ready to move at scale



VALUE-BASED PROCUREMENT

Partnering for patient-centric,
sustainable health care

Context of the MEAT Value-based Procurement initiative

Contributors to this material

Procurers, medical technology companies and National Associations as part of their collaboration within the VBP Community of Practice

- Procurers provided insights and expertise from “early adopter” VBP experiences, input for case studies and best practices
- Medtech companies provided experience on responding to VBP tenders and developing evidence-based value propositions
- National Associations provided overview of VBP trends in their markets

MedTech Europe and BCG jointly assessed VBP maturity and experiences to update materials based on multi-stakeholder input from > 130 respondents

For more information on Value-based Procurement or having an interest to join the VBP Community of Practice, please contact info@meat-procurement.eu to get started !

Background on the initiative

2014 EU Directive: EU Public Procurement Directive 2014/24 provided legal foundation

2015 MEAT VBP framework: MEAT VBP concept developed jointly by procurers, MedTech Europe and BCG; MEAT VBP framework & tool released

2015 MEAT VBP Publication: “Procurement—the unexpected driver of Value based-Health Care”

2017-2018 MEAT VBP CoP: Community of Practice initialized and expanded

2018 EURIPHI: EU Coordinating and Supportive Action(CSA) awarded to further apply, test and expand the MEAT VBP methodology

2019 VBP acceleration: VBP CoP, MedTech Europe and BCG assessing state of VBP uptake and building out best practices and materials to support acceleration