

# Value Based Procurement Community of Practice: VBP Implementation via Stakeholder Mapping & Carbon Footprinting.

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# Disclaimer



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### Current :

- **Chair of the HTAi Medical Device Interest Group (with support from the Hospital Based HTA Working Group)**
- **Vice Chair ABHI Sustainability Working Group**
- **Past-chair of the ISPOR Medical Device & Diagnostic Special Interest Group**

### Past:

- 2108 – 2019: Advisor - EU Funded Horizon 2020 Work package COMED (Consortium for Cost & Outcomes Analysis of Medical Technologies)
- 2014 – 2018: Chair of Evidence & Payers Working Group at MedTech Europe, and Procurement Working Group contributor
- 2014 – 2018: Head of Market Access & Pricing at Becton Dickinson, specializing in Medication Delivery Systems and Diabetes Care
- 2007 – 2013: Senior Portfolio Consultant at CIBC in Canada covering healthcare sector

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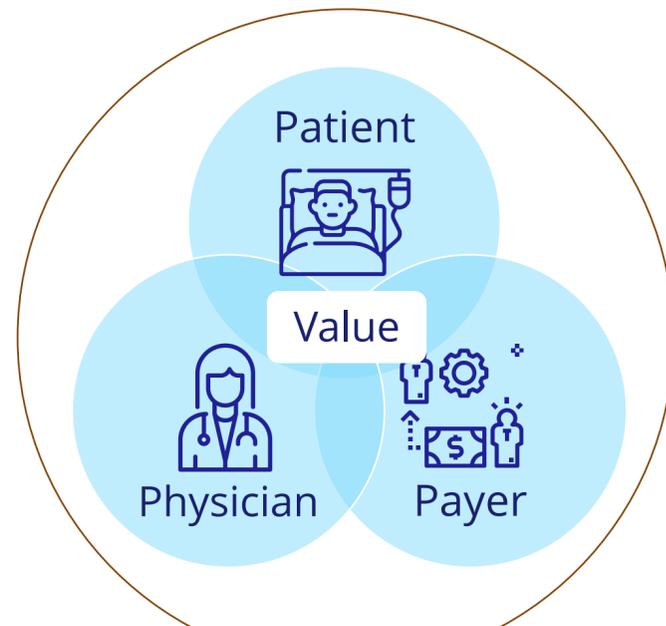
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# The Value Challenge

*Value-based healthcare (VBHC) focuses on improving health outcomes that matter to patients, and reducing the total cost of care across the care continuum. It is an approach that ensures clinical and economic stakeholders are speaking the same language.*

HEALTHCARE IS UNIQUE • HEALTHCARE HAS STRUCTURAL CHALLENGES • HEALTHCARE HAS A SOLUTION

## The Value Challenge



Discrete decisions & value perception by the stakeholders who:

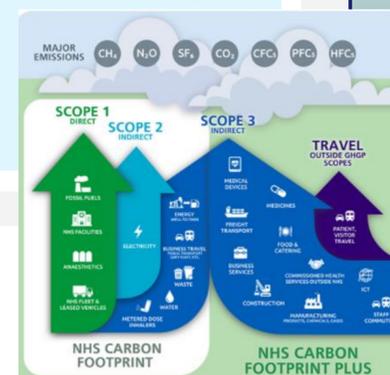
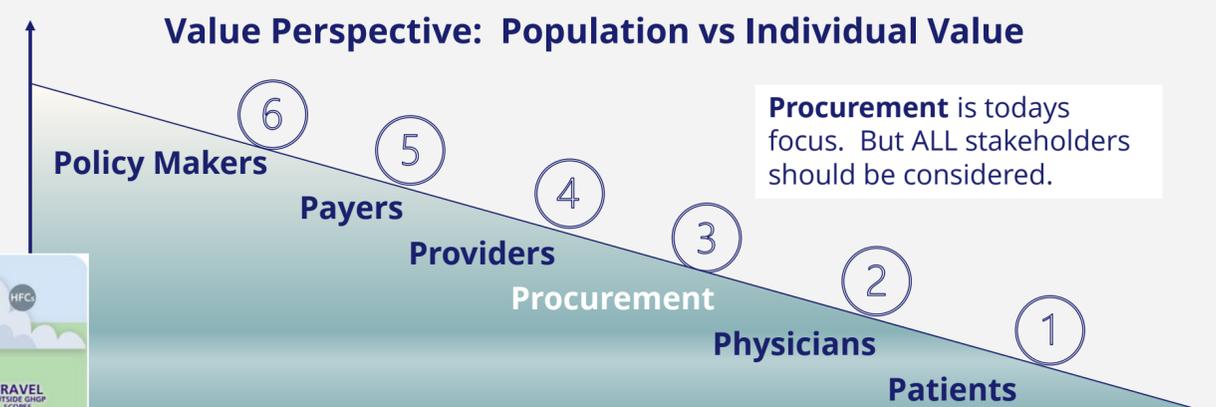
- ✓ **Pay** for value: payers
- ✓ **Benefit from** the value: patients
- ✓ **Prescribe** the value: physicians

## Key macro economic and population health trends:

1. Providing the highest quality healthcare to balance **population health** outcomes versus individual care
2. How to **pay and administer** healthcare despite **limited budgets, & rapidly growing demand**
3. Ensuring **equality of care that considers carbon-footprinting and environmental sustainability.**

## The alignment of clinical & economic stakeholder perspectives in one language:

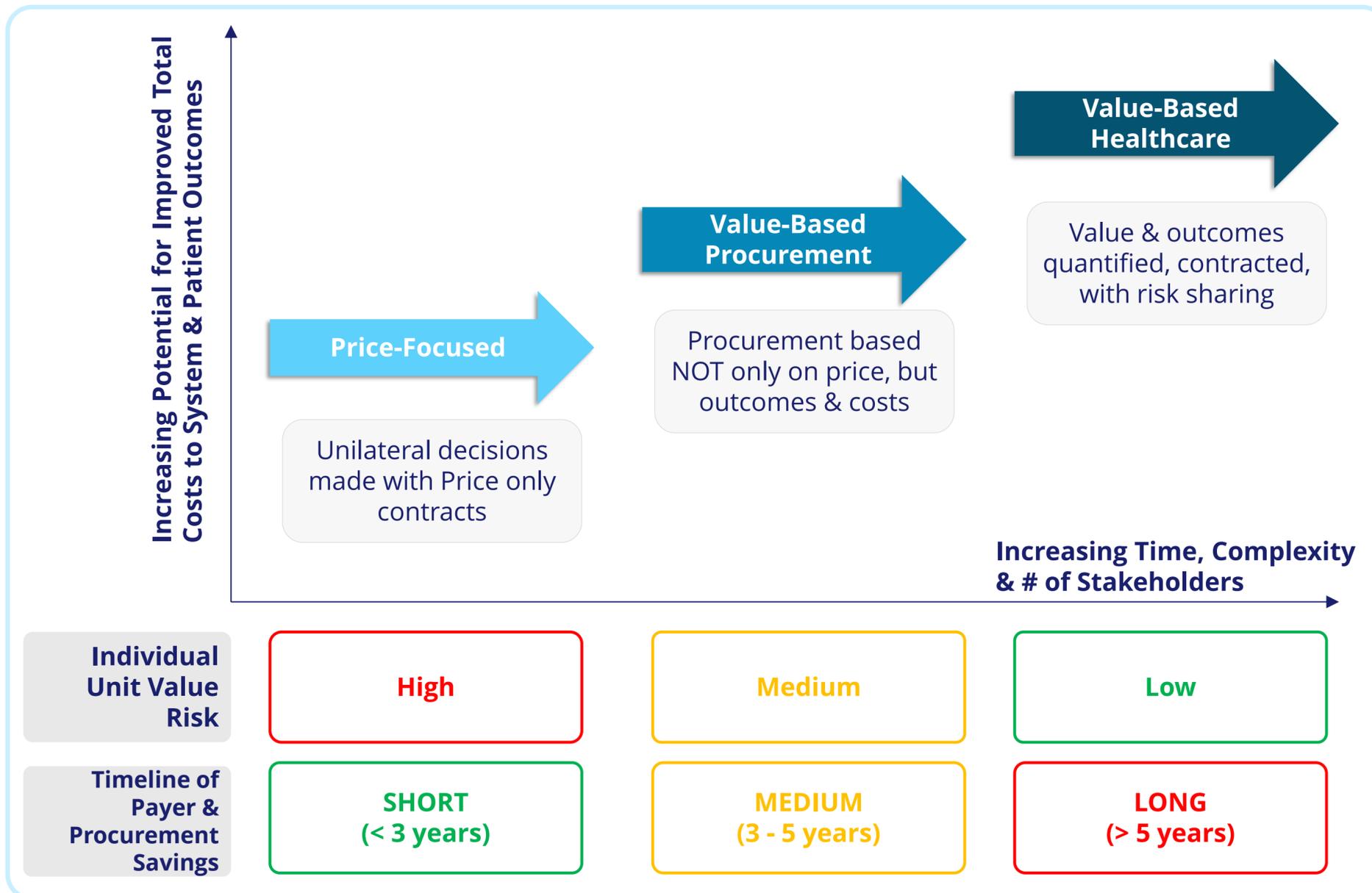
$$\text{Sustainable Value} = \frac{\text{Health \& Environmental Outcomes}}{\text{Total (Financial \& Environmental) Costs of Delivering Outcomes}}$$



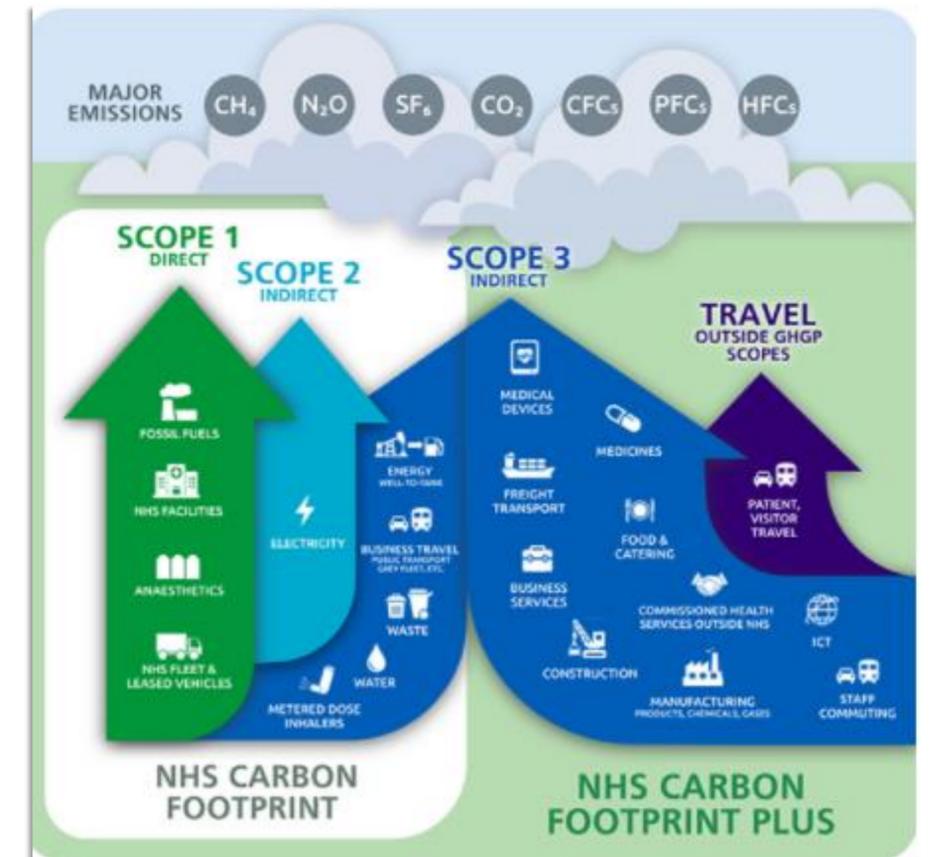
Source: Porter M. Redefining Health Care. HBS Press, 2006

# Value-Based Procurement

*Value based procurement in of itself is not the end goal, it is an enabler to VBHC with a more holistic and patient-centric buying process. The MedTech companies that adapt the fastest will have a significant competitive advantage*



**Carbon Emission calculation has a large role in Value-Based Procurement**



Sustainability & carbon footprinting will need to be considered going forward. Award criteria will consider carbon footprint.

Note: Adapted from: Mangan, B Kelley T, McGough R, & Meehan J. Value Based Procurement An alternative approach to total cost reduction, improved efficiency and enhanced patient outcomes in the NHS: A Framework for Delivery. NHS Northwest Procurement Development, 2018. University of Liverpool.

# Value-Based Procurement Preparation

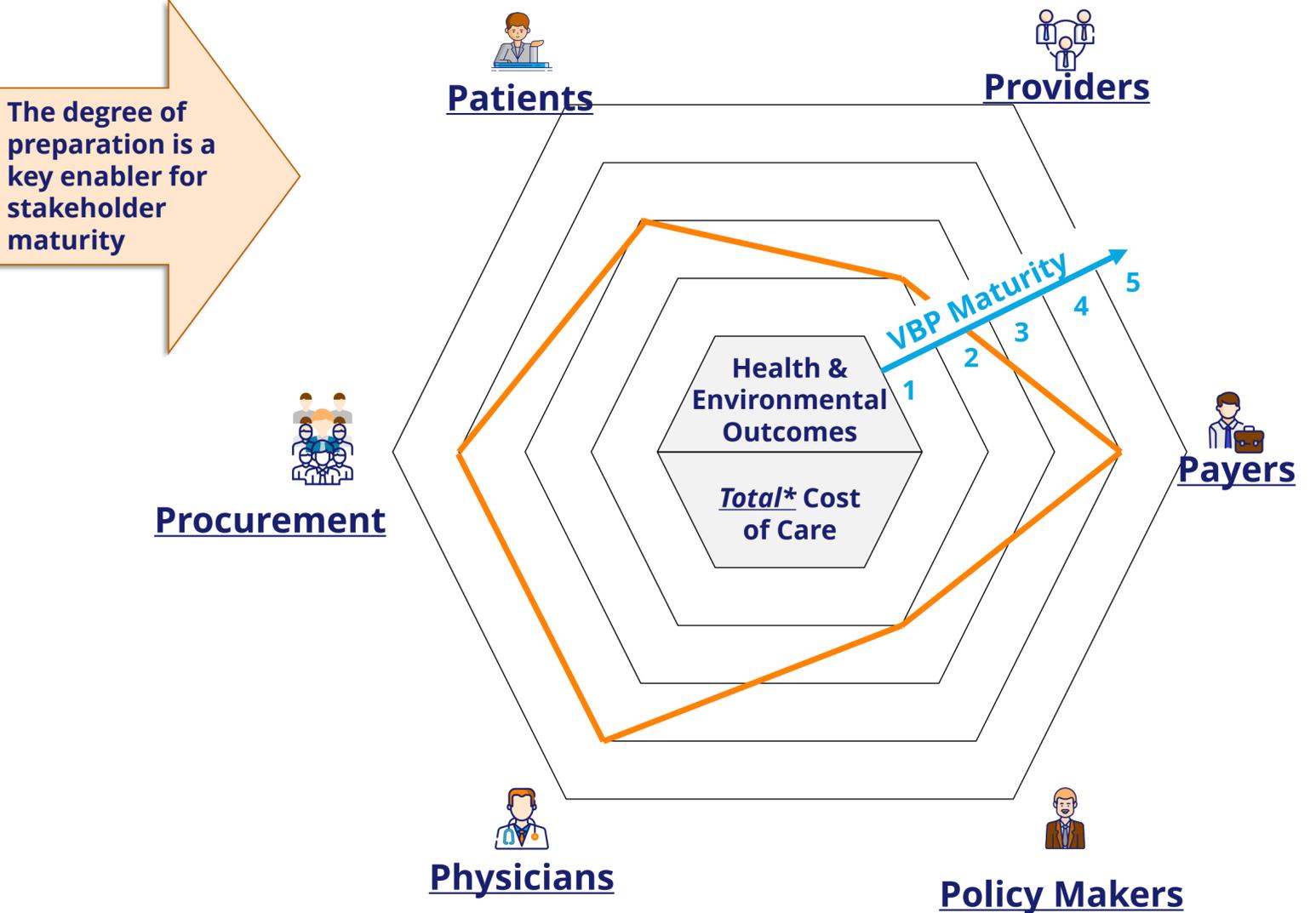
*Value-Based Healthcare, because of the multistakeholder approach, can be considered a pricing strategy. It touches on all the key stakeholders that determine average selling price of medical technologies.*

## How MedTech Can support Systems & Procurement

- 1. Patient Centric Therapeutic Areas**  
Identify the primary therapeutic areas for your MedTech solution. A PICO framework can support this and define your core value proposition.
- 2. Develop patient cohorts with risk adjusted criteria and protocols**  
This ensures similar patients to drive comparability of outcomes in the clinical trial. This also helps to identify exactly where the value for a solution is derived from.
- 3. Define clear outcome measures for cohorted patients**  
The outcomes become the measurements for success, which define value, and set the foundation of pricing a MedTech solution
- 4. Define a clear timeframe to achieving optimal outcomes: trial and RWE settings**  
Timeframes for patient outcomes, must align to economic savings to resonate with payer budgets

- 5. Quantify baseline Outcomes & Costs for each patient cohort**  
A baseline is critical for cost benefit analysis for payers outlining why this may be better than the Standard of Care.
- 6. Determine prospective outcomes and cost improvement**  
This defines the quantifiable benefit that will drive pricing, volume and access discussions
- 7. Develop a simple business model.**  
A business model serves two purposes:  
1. Internal and resourcing  
2. Viability of payer investment

## Alira Health Stakeholder Value Framework



**\*Total = Financial + Environmental**

# A VBHC & VBP Readiness Assessment is crucial

The goal of this type of project is to identify the countries with the highest potential for value-based engagement.

## Project Goal



Identify the countries with the highest potential for value-based engagement & sustainability planning.

## Project Methodology

- Unlike the other reports on VBHC, here VBHC readiness is assessed **by stakeholder** (the 6P`s: Payers, Patients, Procurement, Providers, Physicians, Policy Makers) for each country.
- This approach allows to better understand **how the different stakeholders in each country perceive and are (un)ready for VBHC**, compared to the traditional approach of summarizing VBHC readiness per country without differentiating per stakeholder



Providers (Hospitals)



Payers



Physicians



Patients



Policy makers



Procurement

## Sample Countries in Scope & Stakeholders Interviewed



Australia



Brazil



Canada



China



France



Germany



Italy



Japan



Spain



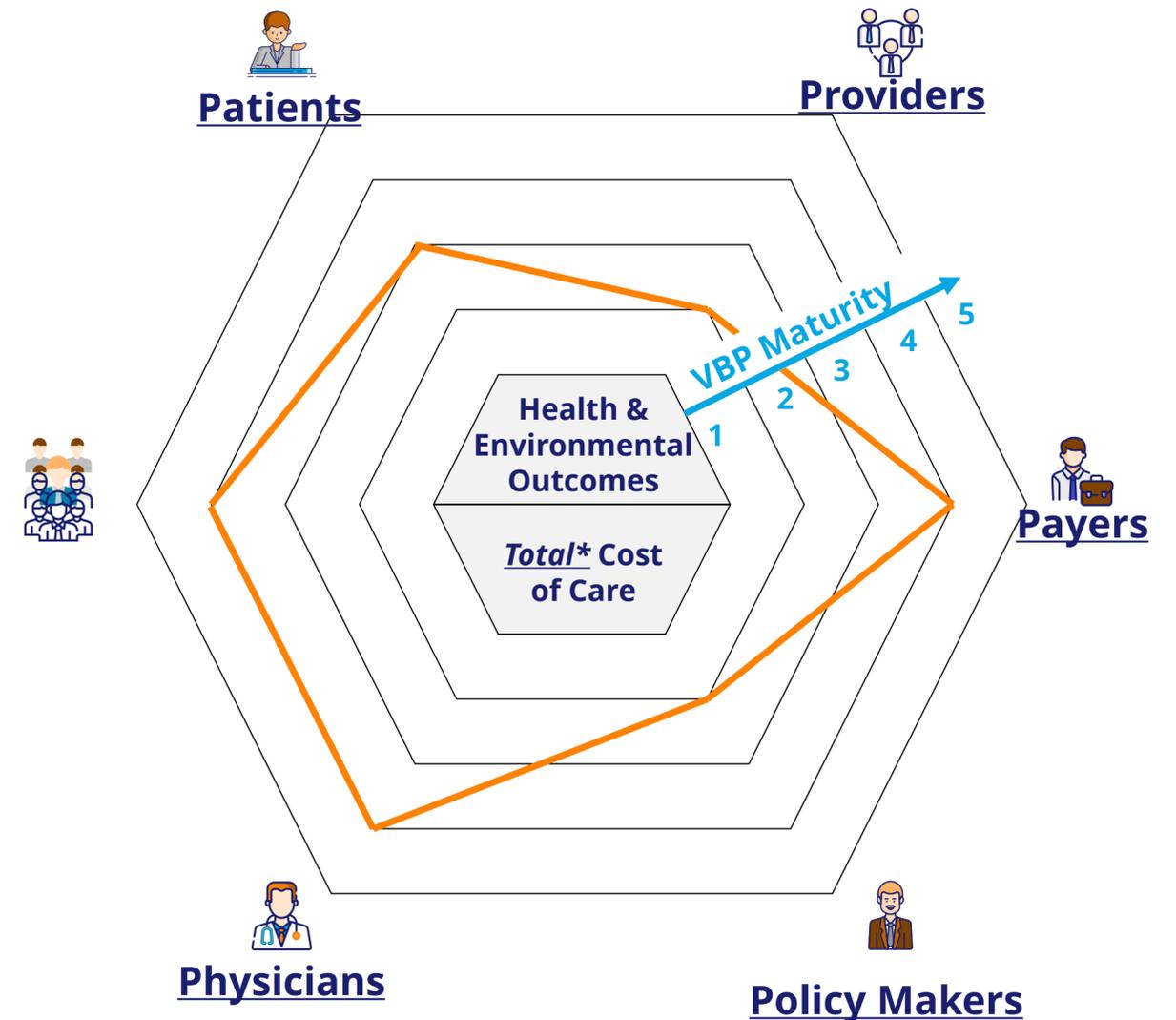
England



US



Wales



<sup>1</sup>Collaborated on the legislation on orphan drugs, FDA user fees, and the reauthorization of the Agency for Healthcare Research and Quality. Headed the health program at the Congressional Office of Technology Assessment

<sup>2</sup>Porter, M.E., Teisberg, E. (2006). Redefining Health Care: Creating Value-Based Competition on Results. Harvard Business Publishing

# Key Takeaways

1. Understand your core value proposition AND your carbon footprinting plan.
2. Understand the roles of different stakeholders and how THEY define the value of your technology
3. Preparation for stakeholder engagement will determine success or failure
4. VBP is a crucial stepping stone for full VBHC implementation.
5. VBP now needs to consider carbon footprint calculations.

