



VALUE-BASED
PROCUREMENT

Partnering for patient-centric,
sustainable health care



4th European Value-Based Procurement Conference

Working together on sustainable European health systems;
focus on people, prosperity and planet

15 December 2022 – The Hotel, Brussels



EVENT REPORT



Supporting partners



Introduction

Value-Based Procurement (VBP) is an innovative approach to procurement that supports patient-centric, high quality and affordable healthcare. VBP awards contracts based on what really matters to patients and care providers, aiming to improve healthcare outcomes in a sustainable way.

By sharing their experiences, stakeholders from across the health sector can speed up the adoption of VBP. That's why bringing people together is essential. The European Value-Based Procurement conference has become an annual flagship event. Organised by the VBP Community of Practice with the support of [EHPPA](#), [EUREGHA](#), [the Boston Consulting Group](#) and [MedTech Europe](#), the fourth edition of the conference was held on 15 December 2022. The Brussels conference brought 120 people together from across Europe and beyond.

Summary

The conference addressed the key elements of VBP, from theory to practice. Along with tips for suppliers and procurers, there were insights from public hospitals, regional authorities, and leading companies. Practical examples from Spain, France and the UK highlighted lessons learned from value-based initiatives in heart health, infection control and the operating theatre. Recurring themes included the need to build trust and form long-lasting relationships.

A new focus for the fourth edition of the event was sustainability. A case study from Australia illustrated ways in which hospitals can drive down their carbon footprint and work with others to create greener solutions to shared challenges. Looking ahead, future challenges will include the need to strike a balance between delivering results that matter to patients, outcomes that benefit the planet, and financial sustainability. The conference sustained momentum in advancing VBP and strengthened the VBP Community of Practice as it looks to grow and evolve.

Procurement as a driver of better value and sustainability

Health systems around the world face familiar challenges: the need to meet growing demand while containing rising costs, the drive to deliver what matters to patients in a sustainable manner, and the ambition to improve quality while accelerating a transition to a digital and data-driven service. The barriers to achieving these complex goals include fragmentation in health systems, pressure on budgets and the traditionally divergent nature of stakeholder interactions.

Collaborations and partnerships, built on transparency and trust, are vital to overcoming these challenges. Value-Based Procurement has an important role to play in catalysing the change in mindset that is required. It provides a path towards a more integrated, patient-centred approach to care in which purchasing decisions are made based on quality. The challenge for suppliers is to *stop selling products and start selling outcomes*.

Danny Havenith, President, European Health Public Procurement Alliance (EHPPA) and CEO MercurHosp, highlighted the need to build a VBP community to dissolve the lines between patients, institutions, physicians and industry, and between stakeholders in regions and countries across Europe. Together, this community can move value to the centre of procurement decisions and turn the theory of value-based healthcare into practice. 'We are trying to bring together a highly fragmented sector that can quantify quality,' he said. 'We must move forward, step by step, in an ecological and social way.'

This community is more than a rebranding of the purchaser-provider relationship. It is much bigger and broader, requiring a fundamental shift in how all players approach healthcare challenges. **Verena Voelter**, CEO and Founder of 5P Health Care Solutions, said the 5Ps (patients, providers, payers, policymakers and pharma/industry) should abandon outdated adversarial narratives that set stakeholders against one another, and move 'from competition to cooperation'. 'It takes 5 to tango,' she said. 'Let's look at each other as strategic partners and co-create new solutions together.' By devising multiparty collaborative solutions that address the entire patient journey, healthcare partners can tackle waste and duplication that absorb at least 20% of spending. Stakeholders should be transparent about their needs and motivations in order to build lasting trust between individuals and organisations.

Discussions on VBP often focus on how procurement authorities can integrate value into their work. However, **Hamish Laing**, Director Value-Based Health & Care Academy, highlighted the need for medtech suppliers to change how they think and engage with health systems. 'Procurers are crying out for partners with value-based propositions,' he said. 'If we want value-based partnerships, we not only need Value-Based Procurement, but also value-based supply.'

Prof Laing and colleagues identified **8 key success factors** that industry should embrace:

1. **Senior leadership support:** VBP must be a corporate objective, with executives given permission to engage differently and to take risks
2. **Cultural change:** moving from volume to value requires a different mindset
3. **Workforce knowledge:** the workforce must have a shared understanding of value-based healthcare, which includes societal value and environmental sustainability
4. **Incentivisation & risk appetite:** rewards system must incentivise value and accept that potential failure is a feature of innovation and risk-taking
5. **Skills across business functions:** value is everyone's business, from market access and contracting to legal and communications departments
6. **Suitability of technologies, solutions and other assets for value-based partnerships:** not all products are suitable for VBP; partnerships can begin by sharing expertise to build trust
7. **Understanding of ecosystem maturity:** does the health system have the skills, processes and infrastructure required for VBP?
8. **Learning & sharing across the organisation:** companies must have a learning culture and a way to capture successes and failures internally and with others

For more details of the eight success factors, see the first of four white papers on the topic, <https://bit.ly/VBSupply>, and follow @Value-Based Supply on LinkedIn.

Transforming procurement in public hospitals

For hospitals, the journey to outcomes-based purchasing requires time, a change of paradigm and a willingness to experiment. However, VBP offers new opportunities for stakeholders to help shape contracts that prioritise value and can be a win-win for all sides. Sophie Carlier, Complex and Innovation Procurement Manager, General Directorate of the Health Offering (DGOS) at the French Ministry of Health and Prevention, shared insights from the PHARE programme. Launched in 2011, PHARE supports public hospitals in achieving smart savings while preserving quality of care. Pilot projects linking price to outcomes were launched in October 2022, with a progressive rollout starting 2024. These initiatives are supported by a multidisciplinary procurement and medical project team, setting value-based, measurable goals. 'PHARE offers suppliers a chance to co-build innovative procurement models based on outcomes or results,' she said.

Collaborating to create value

VBP involves more complex interactions between a network of healthcare actors to achieve better value for all sides. By mapping value for each actor in the network, and taking a team approach to redesigning care, the contribution of each stakeholder can be assessed. 'This is different to the transactional approach that looks only at costs,' explained **Nick Guldemand**, Professor Healthcare and Public Health, Leiden University. 'Accordingly, the development of a value model is about how products are embedded in the entire process of care and how it contributes to value overall.' He added that governments, including regional authorities, should take a lead in shaping this new 'value modelling' environment, in dialogue with key stakeholders.

Strong examples of collaboration in VBP can be found in Wales. The Welsh government supports value-based healthcare and each of the country's seven health boards has a dedicated multidisciplinary Value Based HealthCare (VBHC) team. This is translating into value-based procurement with a focus on patient, product and price. In the area of heart failure, Cwm Taf Morgannwg University Health Board has worked with Roche and Digipharma to agree on, and track, outcomes in real time on an independent platform. Together, they mapped how and where the product (a diagnostic test) was used and the resources associated with this. Working with three hospitals, with input from clinicians and a patient, partners used workshops to identify areas of variation and learn how to maximise value. **Denise Lowry**, Head of VBHC at the health board, said the pilot was conducted in a spirit of openness and honesty. 'We consider our industry partners to be part of our team on this project,' she said. 'The pathway mapping we have done together enabled us to drive forward at pace.'

Unlocking better care for patients, with patients

It is more than 15 years since Prof Michael Porter and Prof Elizabeth Teisberg proposed value-based healthcare¹ as a strategy to address rising costs and uneven quality². Despite some progress, there is still a way to go before a value-based approach is the norm. **Jennifer Clawson**, author and Partner and Director of Value-Based Health Systems, Boston Consulting Group (BCG), says measuring and delivering better outcomes remains a critical step in improving the sustainability of our healthcare systems. It is important to take a holistic view of value in healthcare, said Jennifer, who has recently co-authored a book on the topic (*The Patient Priority*). ‘When we talk about value, we mean simultaneously the value delivered to the patient in the form of better health outcomes and the value delivered by the health system in terms of the most efficient use of society’s resources,’ she said.

By prioritising outcomes that matter to patients, health systems can address three interrelated crises: (1) the value crisis (2) the purpose crisis and (3) the evidence crisis. To succeed, standardised outcome measurement, with transparency of results supported by better data collection and incentives, are required. This will help to reduce waste, enhance evidence-based care, and address burnout in the health workforce. The patient voice must be central to healthcare decision-making, argued **Declan Noone**, President of the European Haemophilia Consortium (EHC). However, he said definitions of value can differ between stakeholders in product development, regulation, procurement and HTA, and there needs to be ‘honest transparent discussion to reduce miscommunication and misunderstanding’. ‘Patients, doctors and nurses must be in the room when key decisions are taken,’ he said. ‘Stakeholders who engage with patients are seeing the benefits.’

Public-private partnerships in European regions: fortune favours the brave

Regions are well-placed to innovate with new approaches to procurement, thanks to their size and their central role in delivering services. This allows them to focus on three key things: value-based healthcare, the digital transformation, and community co-creation. However, as partnerships involve risk-sharing and operate over an extended period, they are only for some. ‘Innovation is a risky and long-lasting commitment; partnerships are about allocating risk between the public and private sector around a complex scenario of innovation,’ said Giovanni Gorgoni, President, European Regional and Local Health Authorities and CEO ARESS Puglia. ‘This approach is for the brave at heart, but it is the only one if we are to design a disruptive future for healthcare.’

Several medtech companies are also leading the way in experimenting with new value-based models that put outcomes and performance at the centre of agreements with payers and providers. Medtronic, for example, is building a portfolio of initiatives with authorities across Europe, particularly in the UK, Italy, Spain and Nordic countries. **Guido Beccagutti**, Value Strategy Director, Enterprise Account Western Europe at Medtronic, said this demands significant internal transformation to ensure the company can change its approach. ‘We are continuously trying to build offerings using the synergy of the state-of-the-art technologies and services for innovative solutions delivery.’

As long-term relationships are required, greater collaboration between different companies may be required to ensure buoyant markets. There are concerns that competitors may leave the market if a single player has a lengthy contract with a key procurement authority. An open innovation approach, in which medtech companies can collaborate with tech companies and start-ups from other fields, can help deliver flexible, cutting-edge solutions. Overcoming resistance to change and developing information systems to track data will be vital if this approach is to become more mainstream.

On the front line: Implementing Value-Based Procurement

Reducing catheter associated urinary tract infections (CAUTIs) in England

CAUTIs are associated with discomfort for patients and costs for hospitals. A review found higher levels of CAUTIs at the University Hospitals of North Midlands NHS Trusts (1.7%) than elsewhere in England (0.6% national average). A pilot study was launched, aimed at reducing variation in catheterisation, minimising infection risk and improving patient experience. Working with BD, hospitals introduced a tray containing all the equipment needed to catheterise a single patient. This included pieces of kit usually stored in different places which staff would have to locate before performing catheterisation. ‘The pilot successfully reduced the CAUTI rate to zero, saving over £47,000 in total; reduced patient complaints and length of stay; and reduced clinical and plastic waste,’ explained **Lauren Field** Senior Category Manager, NHS Supply Chain. ‘It also saved five minutes per catheterisation, which was greatly appreciated by staff.’ **Sian Fumarola** Head of Clinical Procurement, the Royal Wolverhampton Hospital, said the supplier played a central role in delivering the initiative: ‘They had clinical teams that worked side-by-side on implementation, with a wide group of internal stakeholders.’

1) [Redefining Health Care: Creating Value-Based Competition on Results \(hbr.org\)](https://www.hbr.org/issue/2016/01/1)

2) [The Strategy That Will Fix Health Care \(hbr.org\)](https://www.hbr.org/issue/2016/01/2)

Transforming the care of patients with arrhythmias in Catalonia

‘The Catalonia healthcare system has been on a journey towards value-based contracts for more than a decade,’ explained **Rossana Alessandrello**, Value-Based Procurement Director, AQUAS (Agency for Health Quality and Assessment of Catalunya). The health system has taken part in a number of EU initiatives on public procurement innovation, including the award-winning RITMOCORE³ project. This model has been replicated in a number of subsequent initiatives, including the ADELE project at the arrhythmia unit of Bellvitge University Hospital. The hospital signed a six-year €37 million contract with a provider to take a comprehensive approach to the management of patients with arrhythmias. It includes supply of equipment, management of complications, remote monitoring, diagnostic and treatment tools, and the reorganisation of spaces for performing interventions. ‘The contract featured a risk-sharing approach which paid suppliers a fixed amount to serve the population and required that a set of quality indicators were met,’ said **Ignasi Anguera**, Director of the Arrhythmias and Electrophysiology Unit of the Cardiology Department, Hospital Bellvitge. A 41% increase in annual activity is anticipated between 2019 and 2027.

Addressing perioperative hypothermia in France

In 2019, UniHA, a network of purchasers covering 1,200 hospitals, launched a tender to optimise patient outcomes in the area of perioperative hypothermia. The contract, won by 3M, included a target of 80% of patients being normothermic through the perioperative process. Only three hospitals joined the contract which was fewer than had been hoped. It is expected that in early 2023, there will be data to review which will allow the procurer and the supplier to assess the impact of this approach. Both sides have invested significant resources in the contract, but the process has taken a lot of time and the cost of change management was underestimated. The method of assigning monetary value to each criterion in a value-based tender is considered too complex. ‘Four years is too long, and we need to achieve greater simplicity and agility for the future,’ said **Veronique Bertrand**, Deputy Director, UniHA. Purchasers and suppliers should work together at the earliest opportunity to make the process more efficient.

Case study: Reducing the carbon footprint of the ICU

Multiple case studies of VBP implementation across different patient populations in various parts of Europe were presented and are summarised below.

Healthcare is a significant contributor to carbon emissions. The consequences of climate change also impact health systems. That is why clinicians are among the most vocal advocates for making healthcare more sustainable. Procurement functions and suppliers also have a key role to play. **Richard Charter**, Vice-president Medtech Market Access, Alira Health, said procurement is a key lever in reducing the environmental impact of healthcare. ‘Procurement and supply chains represent 71% of health sector greenhouse gas emissions,’ he said. ‘This is where manufacturers need to adapt their commercial strategies to drive change.’

Intensive care units (ICU) play a vital role in health systems, providing life-saving care for a wide range of high-need patients. However, as they require high levels of staffing, large volumes of consumables and heavy use of technology, they often have large carbon footprints. One day’s ICU care for a patient with septic shock is greater than the annual carbon use of a person living in a developed country. ICUs and operating theatres are prime targets making hospitals higher value and lower carbon. Reusable gowns and drapes, and fewer disposables, can help make hospitals greener.

There is also considerable scope for curbing emissions in the choice of anaesthetic, explained **Forbes McGain**, anaesthetist and intensive care physician, Western Health Hospital, Melbourne, and a member of Doctors for the Environment Australia. ‘22 ml of desflurane provides one hour of anaesthesia but is equivalent to burning 30 litres of petrol,’ he said. ‘At our hospital, we switched to an alternative product, reducing our carbon impact without affecting patient care.’ He highlighted the need to assess the full carbon cost of products across their lifecycle, urging medtech companies to factor this into their product development and calling on HTA bodies to consider carbon in their assessments.

Conclusion & next steps

The event highlighted the importance of building trust and sharing experiences. That is why the VBP Community of Practice is such an important part of the ecosystem. By providing inspiration and practical examples of how to take the next step in the journey towards value-based and sustainable healthcare, the CoP can catalyse change. **Hans Bax**, VBP CoP, said there is a clear ambition to advance the community. ‘For 2023, the theme is *Lifting off on our journey to the North star*,’ he said. ‘The question now is what form our community should take.’ Among the options are to remain a ‘coalition of the willing’, to merge with other organisations, or to become a fully independent association. In any case, the CoP needs to expand beyond procurement and industry professionals to include other kinds of healthcare stakeholders.

Closing the conference, Hans thanked speakers and attendees for their contributions. Preparations for the 5th Value-Based Procurement Conference in 2023 are already under way.

3) <http://www.ritmocore-ppi.eu/>