

The Value Based Procurement Journey in Europe

A MedTech Europe reflection



12 October 2020

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Key points

- Health systems are under budgetary pressure
- Demand for health services and high-value care is rising in Europe
- New technologies can deliver efficiency improvements and better outcomes
- Old models of procurement are ill-suited to innovative care delivery
- Value-based and innovation procurement offers a better way forward
- Several 'early adopter' procurers, insurers and companies are applying value-based procurement
- The result is a win-win-win for patients, healthcare providers and companies
- A growing Community of Practice can accelerate uptake of value-based procurement

How procurement unlocks Value-Based Health Care

Demand for health services and care is rising in Europe. An ageing population and a growing burden of chronic illnesses and disabilities are driving increased health spending and shortages of qualified medical staff. At the same time, citizens expect better quality care, increased efficiency, greater involvement in decision-making, and improved access to innovative products, services or solutions. Health systems have been slow to respond¹.

Innovative technologies and solutions can deliver efficiencies for health systems and improved outcomes for patients. However, outdated models of procurement – originally designed for buying low-cost goods at high volumes – are ill-suited to purchasing innovative solutions that fundamentally alter patient pathways. In addition, new financing and investment models are essential to achieving value and protecting sustainable universal health coverage in Europe. Rather than focusing on volume and price, procurement decisions should place value and innovation at their core.

Value-based procurement is viewed by the medtech industry and the procurement community as a tool with the power to unlock value in healthcare. By shifting to value-based procurement, manufacturers and procurers can better respond to the mounting challenges facing health systems and accelerate the shift to value-based high-quality healthcare. A recent paper, published by MedTech Europe and BCG, highlights the potential of value-based procurement to tackle escalating costs, low-value care, disparities in patient outcomes and to improve efficiency in health care delivery².

1) Incorporating value in investment decisions in health across Europe. Atun, 2019. Available at: https://www.medtecheurope.org/wp-content/uploads/2019/06/2019_MTE_incorporating-value-in-investment-decisions-in-health-across-Europe.pdf

2) How Procurement Unlocks Value-Based Health Care. MedTech Europe & BCG (2020). Available at: https://www.medtecheurope.org/wp-content/uploads/2020/03/2020_MTE_How-Procurement-Unlocks-Value-Based-Health-Care-Jan-2020.pdf

By focusing on value, value-based procurement offers a viable alternative way forward for Europe. This approach is in line with the EU Directive on public procurement³ which encourages authorities to take a more holistic view of value, shifting away from procurement focused on price only. This also aligns with the European Commission's position encouraging public authorities to use procurement in a more strategic manner, to obtain better value for each euro of public money spent and to contribute to a more innovative, sustainable, inclusive and competitive economy⁴. Procurement professionals should think about outcomes, total costs of care over the product life cycle, and broader socioeconomic benefits of a product, service or solution. The Directive called for new methodologies to achieve the most economic advantageous tenders. In addition, deeper and earlier dialogue between suppliers and procurers should form part of tender processes. New ways of working, including negotiated procedures and innovation partnership, are made available by the Directive. By taking a partnership approach, procurement stakeholders can reach smarter decisions based on an enhanced ratio of patient outcome to price.

MedTech Europe and BCG, in cooperation with medical technology manufacturers and experts from the procurement community, have compiled best practices into a framework for Most Economically Advantageous Tendering (MEAT) value-based procurement. This can be used by companies and procurers throughout the procurement process. It places improved patient outcomes, reduced total cost of care, and benefits for stakeholders at the heart of its definition of value.

79% Percentage of procurers of medical technologies that see value-based procurement as highly important for their organisation's success

Across the EU, momentum is building behind value-based and innovation procurement. In 2019, there were approximately 700 tender processes featuring a collaborative element – including competitive dialogues, negotiations or innovation partnerships between suppliers and procurers. These account for 2% of all medtech tenders, helping stakeholders to develop the skills, experience and mutual trust required to make these approaches mainstream. For earlier adopters, such as NHS Wales, value-based procurement has become the default approach for all appropriate medtech tenders. Catalonia is using this approach in telehealth projects; Dutch authorities are making value-based contracting a central feature of their healthcare supply chain; in France, Resah has recently published a guidance entitled “Mastering the value-based procurement, a new way of purchasing”⁵ to support the VBP usage and is using value-based procurement in its daily practice.

MedTech companies are responding to the trend towards value-based procurement. Many are embracing the MEAT value-based procurement framework, ensuring they have the systems, skills and personnel to engage with procurers, and working with authorities on pilot projects. Early adopters on all sides are reaping substantial benefits: procurers are seeing improved patient outcomes and lower total costs of care; companies are being rewarded for additional value created by means of value-based agreements. Companies that embrace value-based procurement are reporting higher success rates in tenders and helping to shape the design of tenders. In a survey of companies and procurers, conducted by MedTech Europe, almost 80% of respondents rated value-based procurement as an important driver of success, with a solid majority of companies saying they are enthusiastic about the concept.

3) Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance. Available at: <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024&from=EN>

4) Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Making Public Procurement work in and for Europe. Available at: <file:///C:/Users/SK/AppData/Local/Temp/com-2017-572.pdf>

5) Resah guidance « Maîtriser le Value Based Procurement, nouvelle technique d'achat » – available at : <http://www.resah.fr/0/1/1/336>

The Value-Based Procurement Community of Practice



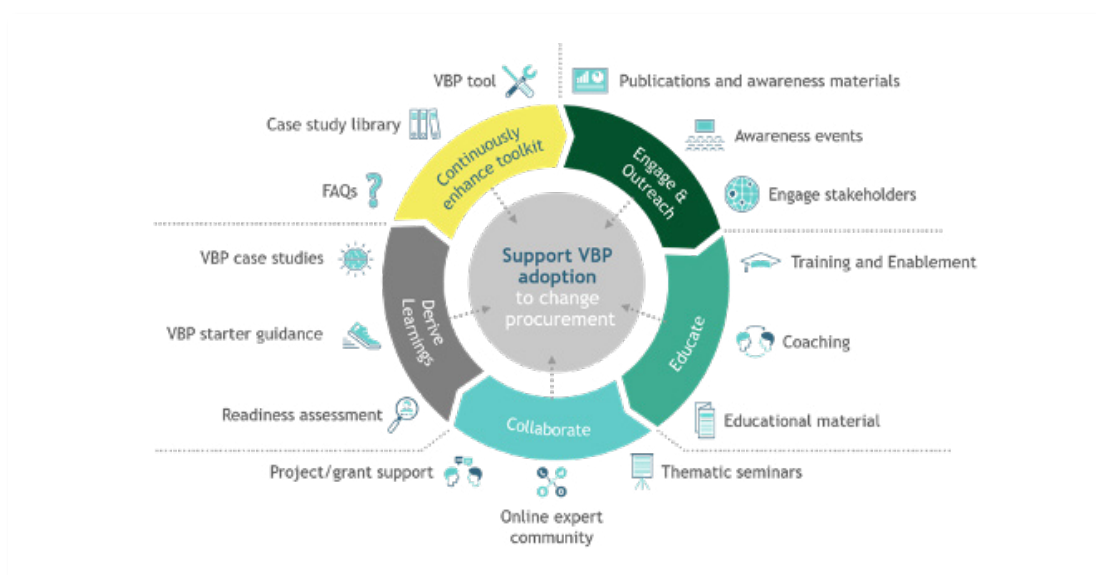
No one can win alone: The Value-Based Procurement Community of Practice⁶

The Value-Based Procurement Community of Practice (VBP CoP) aims to bring procurers, their leadership and medtech industry representatives together and to engage with health care providers, health authorities, knowledge partners and other stakeholders with a common interest in VBP. The VBP CoP is a community of natural persons showing a high level of engagement in VBP and a drive to change current procurement practice to a value-based approach. It provides a networking platform for exchange of expertise, experience and initiatives. Along with leading procurement organisations, like EHPPA (the European Health Public Procurement Alliance), MedTech Europe and BCG are founding members.

The ambition of the VBP CoP is to partner for and accelerate adoption of patient-centric, safe, high quality and affordable value-based health care by supporting the change of procurement practice. This will bring the most economically advantageous solutions into healthcare, taking into account the value offered to patients, caregivers, provider organisations and society as a whole.

In order to further support and build on its activities the VBP CoP cooperates with partner organizations (supporting partners to support awareness building and knowledge partners for educational training programs, organisation of events, and/or expansion of knowledge and experience).

Together, the VBP CoP members and the partner organizations conduct various activities:



In December 2019, supported by the European Health Public Procurement Alliance ([EHPPA](#)), the European Regional and Local Health Authorities ([EUREGHA](#)) and [MedTech Europe](#), the VBP CoP organized the 1st European Value-Based Procurement conference in Brussels. The event brought together procurement agencies, companies, government officials, EU representatives, academics and other healthcare stakeholders to discuss and partner for patient-centric, quality and sustainable healthcare by adopting value-based procurement and changing procurement practice. It showcased real-world examples of value-based procurement in action, highlighting its capacity to be a win-win-win for all players.

Now is the time to build on the momentum and expand the uptake of value-based procurement. The status quo is unsustainable – the CoP is charting a course to a healthier future for all through collaboration and a shared quest for value.

6) The value-based procurement community of practice document is available at: https://www.euriphi.eu/wp-content/uploads/vbp-community-of-practice_description.pdf

Value Based Procurement in action

Through detailed research and surveys of stakeholders, BCG and MedTech Europe have developed a series of tips for procurers and medtech companies to help them capitalise on the promise of value-based procurement.

Procurers can play a key role by making value-based procurement a strategic priority and creating the organisational structures needed to drive change. Strategic leadership, expertise and skills, and enhanced capacity to measure value are essential to making value-based procurement work in practice.

3 critical actions for procurers

1. Make value-based procurement a strategic priority and set up a multidisciplinary team to drive the change
2. Prioritise and focus, through pilots that build up internal expertise
3. Develop organisational capabilities

For medtech companies, it is vital to develop evidence that their products, services and solutions create value in real-world settings. Developing a value-based proposition requires a new mindset focused on delivering value rather than traditional commercial models that emphasise the technical characteristics of their products. More critical actions for procurers are described in the paper "How to successfully implement (MEAT) value-based procurement: What we have learned from learning projects & pilots so far"⁷.

5 tips for medtech companies

1. Prioritise where to operate based on existing solution capabilities and value evidence
2. Create multidisciplinary teams to develop value propositions that align with the value-based procurement framework
3. Enable the commercial teams
4. Rigorously execute, starting with prioritised tenders
5. Capitalise on the first-mover advantage

To seize the opportunities presented by value-based procurement, all stakeholders must act now to strengthen their capacity to work together in defining and measuring value. Those who become pioneers in this field will enjoy first-mover advantage as health systems accelerate the transition to value-based, patient-centred, sustainable models of health.

1) The Netherlands: A digitally-connected hospital bed unlocks value



Tender procedure: Connected hospital bed solution **Population segment:** All hospitalized patients **Care pathway:** All in-hospital patients
Tender Procedure: Competitive dialogue **Procuring entity:** Erasmus MC (NL) **Supplier bid winner:** Hillrom

Key value criteria used



Outcome focus

- Patient safety
 - Falls prevention
 - Prevention of HAI
- Pressure ulcers
- Patient mobilisation



Cost of care focus

- Workflow efficiency
- Nurse staff time/bed
- Length of stay (LOS)
- Replacement with specialised beds



Other benefits for stakeholders

- Staff safety
- HCP satisfaction
- Nurse staff availability
- Continuous monitoring of patients' outcome



Broader impact on society

- CO2 footprint
- Evidence based research
- New improved techn. developed

Value impact on stakeholders

Value created for hospital

Quantitative impact (clinical and economic)

- Substantial total cost of care savings expected due to improved workflow/reduced staff time
- Improved financial performance due to avoided capital cost & flexible solution adapting to needs

Qualitative impact

- 15-yr long partnership enables adaption to care needs, workflow efficiency and future value proof
- Improved patient safety (decreased # of falls & pressure ulcers, prevention of HAI)
- Reduced carbon footprint
- Nurses' availability for patient centric care
- Improved patient experience tracked by KPIs

Cultural change

- Higher employee satisfaction/presence at work

Value created for bid winner

Quantitative impact (clinical and economic)

- Large contract for ~ 840 hospital beds and mattresses over 15 years
- Financial reward for innovative solution

Qualitative impact

- Shorter R&D cycles due to opportunity and easy access to test and co-design future bed service products with academic center of excellence
- Reward and enhanced reputation for integrated bed and mattress service

Cultural change

- Fostered collaboration in multidisciplinary teams to prepare for VBP tender
- Built trusted partnership with provider

⁷ How to successfully implement (MEAT) value-based procurement: What we have learned from learning projects & pilots so far - available at: https://www.tmbevents.be/MedtechConference2019/Documents/09-12-2019/4_How_to_implement_a_VBP_project_v16.pdf

Innovative healthcare delivery: EU & regional initiatives as solutions to EU healthcare challenges

The next stage of the journey is the adoption of innovative tools and initiatives⁸ and the advancement of cross-border cooperation. For several years, the European Commission has been exploring the potential of value-based procurement as a tool for increasing sustainability of healthcare systems. Since the adoption of the new Guidance on Public Procurement in 2018⁹, there have been various initiatives looking at how value-based procurement can:

- Increase the integration of innovative solutions in healthcare systems¹⁰
- Accelerate research & innovation in areas of pressing healthcare urgency¹¹
- Improve EU regions' investment in healthcare¹²
- Respond to the new questions arising from the impact of healthcare on the environment¹³
- Open new healthcare opportunities through opening public procurement markets outside EU¹⁴
- Enhance SME participation in public procurement¹⁵

The Coordination and Support Actions EURIPHI (European Innovative Procurement of Health Innovation) aims to accelerate the progress made in value-based procurement¹⁶ and to advance cross-border cooperation. Funded through Horizon 2020 and coordinated by MedTech Europe, this initiative is building a common vision for value-based procurement and developing the skills and expertise needed to lead this change. It has three primary aims:

1. **Establish a sustainable Community of Practice** using innovative procurement methods
2. **Adapt existing tools, perform market consultations, and deploy cross-borders value-based procurement** enabling local decision making in rapid diagnostics for infectious diseases and patient-centred integrated care
3. **Develop a EURIPHI Network** of health authorities, policymakers and payers

8) Innovation procurement - Guidance and good practice on buying innovative products and services - https://ec.europa.eu/info/policies/public-procurement/support-to-ols-public-buyers/innovation-procurement_en

9) DG GROW - Internal Market, Industry, Entrepreneurship and SMEs - https://ec.europa.eu/growth/single-market/public-procurement_en

10) DG Connect - <https://ec.europa.eu/digital-single-market/en/public-procurement-innovative-solutions>

11) DG Research and Innovation - https://ec.europa.eu/info/research-and-innovation_en

12) DG Regio - https://ec.europa.eu/regional_policy/en/policy/how/improving-investment/public-procurement/guide/

13) DG Environment - https://ec.europa.eu/environment/gpp/index_en.htm

14) DG Trade - <https://ec.europa.eu/trade/policy/accessing-markets/public-procurement/>

15) EC Analysis of the SMEs' participation in public procurement and the measures to support it: https://ec.europa.eu/growth/content/analysis-smes%E2%80%99-participation-public-procurement-and-measures-support-it_en

16) EURIPHI: <https://www.euriphi.eu>

Conclusion



Conclusion

Value-based procurement can become a catalyst in making the necessary shift to a value-based, patient-centered and sustainable future for health systems in Europe. It has the potential to accelerate the uptake of value-adding innovations and improve patient outcomes while making health systems more efficient. By applying value-based procurement, health systems can do more of what works – improving patient outcomes and reducing the total cost of care.

Delivering change in a system as large and complex as healthcare takes time, energy and investment. It is a shared task that requires the commitment and contribution of all healthcare stakeholders. New tools and methodologies are needed, in addition to a new partnership-based approach to procurement. MedTech Europe and its partners are committed to playing an active role in developing these new approaches.

Several procurement authorities are applying this approach in tenders, with positive results. Companies who are early adopters of value-based procurement are already reaping the benefits and are well-placed to take a leadership role in the years ahead. Barriers to the widespread adoption of value-based procurement must be overcome. This would deliver a win-win-win for patients, healthcare providers and companies. With a growing community of expertise and experience in Europe, the future of procurement is value-based. All stakeholders can contribute to accelerating the adoption of value-based procurement.

About MedTech Europe

MedTech Europe is the European trade association for the medical technology industry including diagnostics, medical devices and digital health. Our members are national, European and multinational companies as well as a network of national medical technology associations who research, develop, manufacture, distribute and supply health-related technologies, services and solutions.

For more information, visit www.medtecheurope.org