



# VALUE-BASED PROCUREMENT

Partnering for patient-centric,  
sustainable health care

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

VBP standard presentation - supplier (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

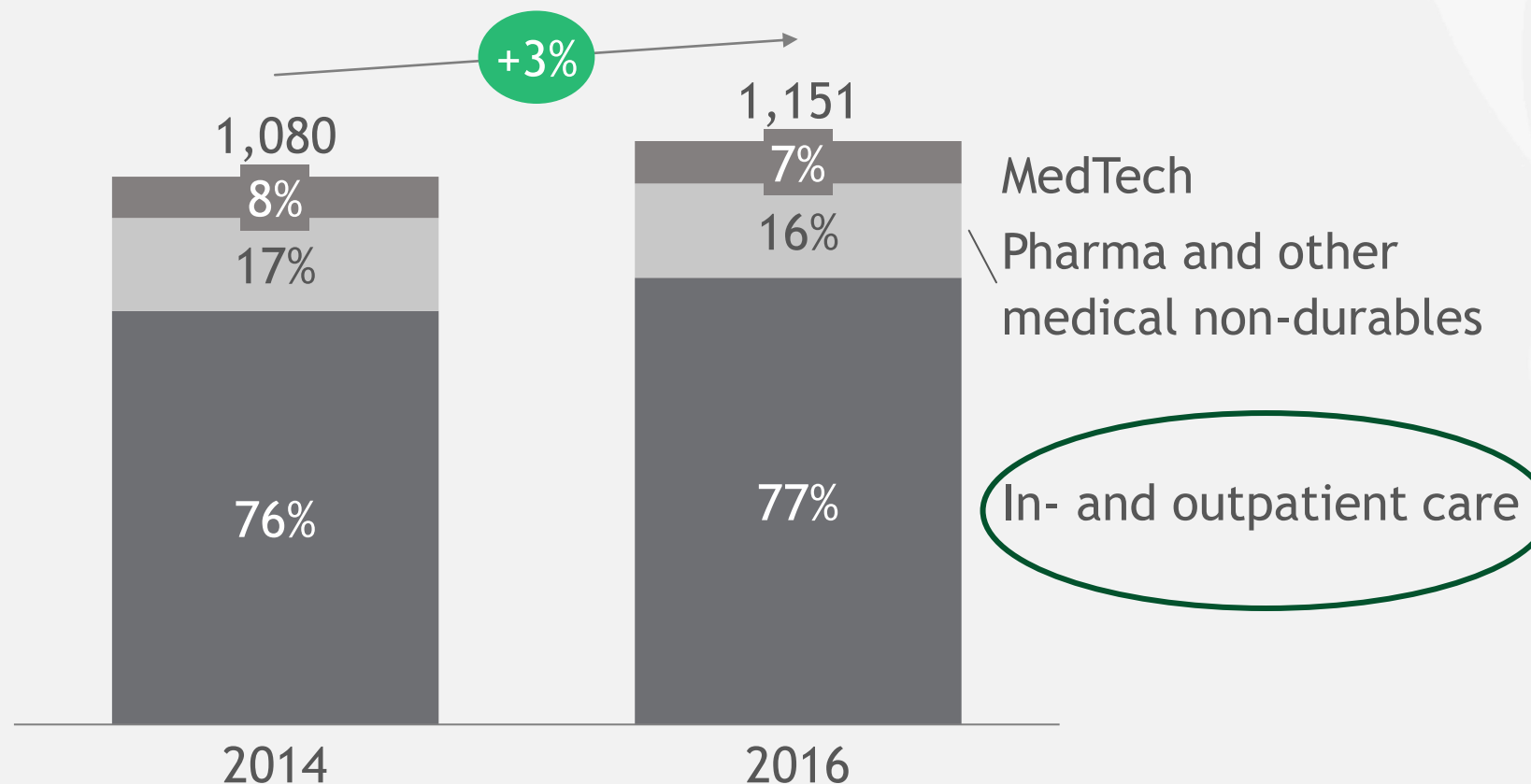


Potentially result in reduced value for the patient

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

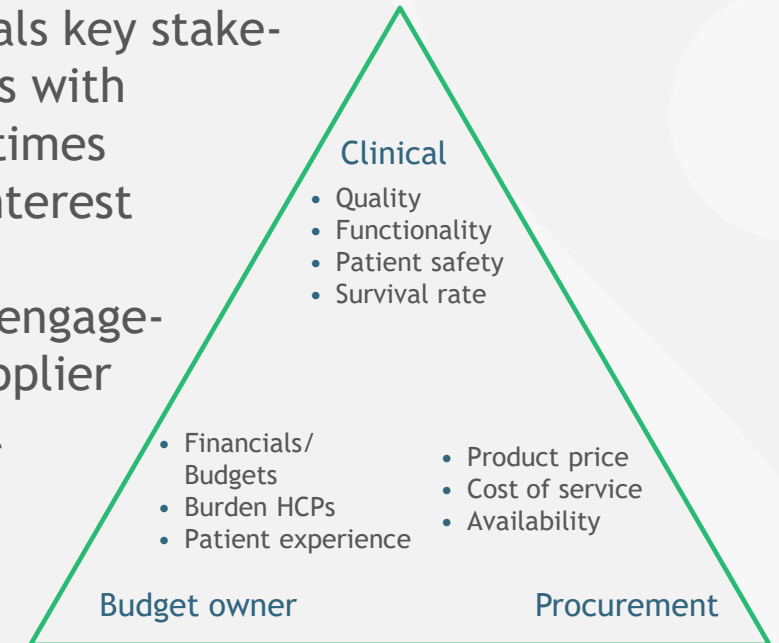
## Traditional antagonistic relationship between buyers and suppliers

- ⚡ 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

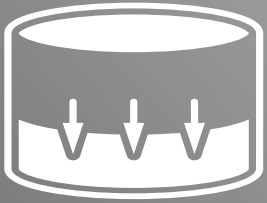
Within hospitals key stakeholders groups with different, at times contracting interest

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

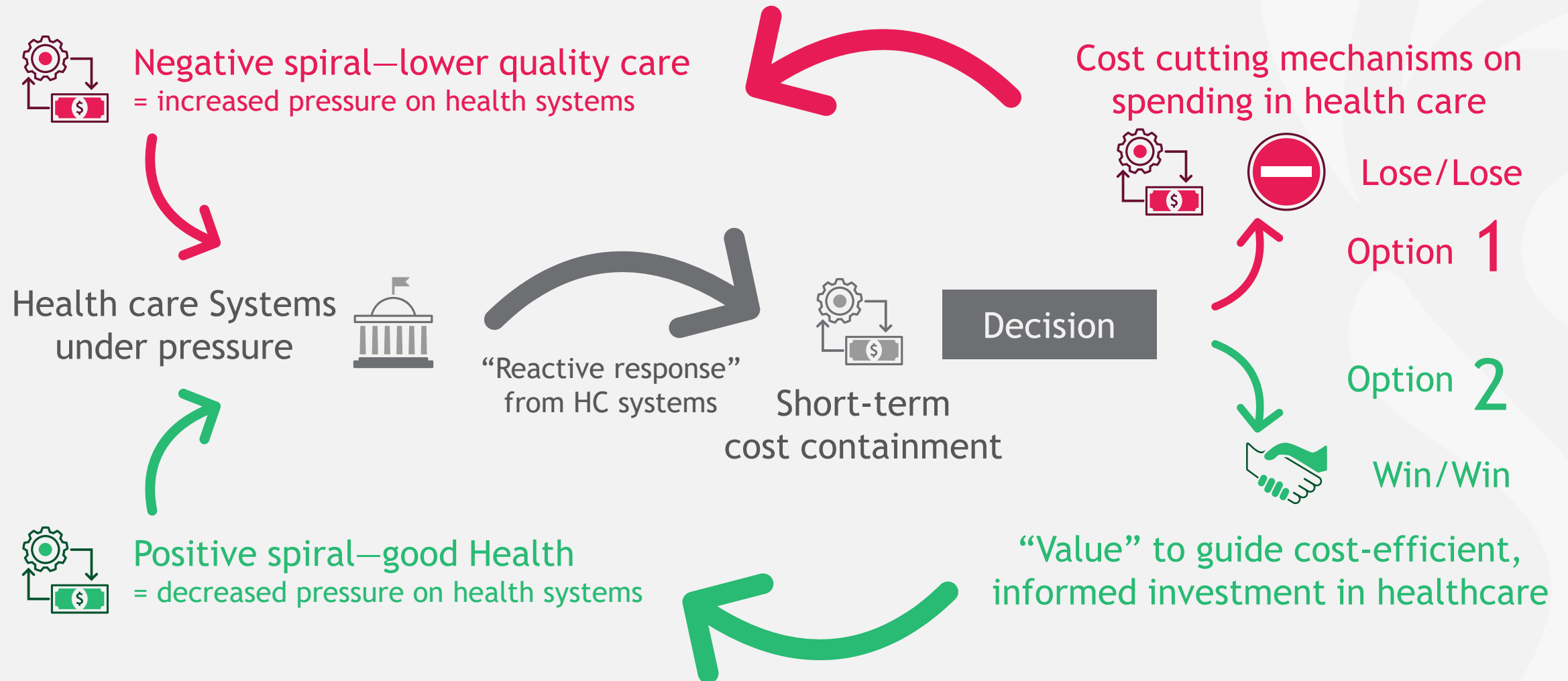
## ... need new paradigm to focus on value



- ✓ 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

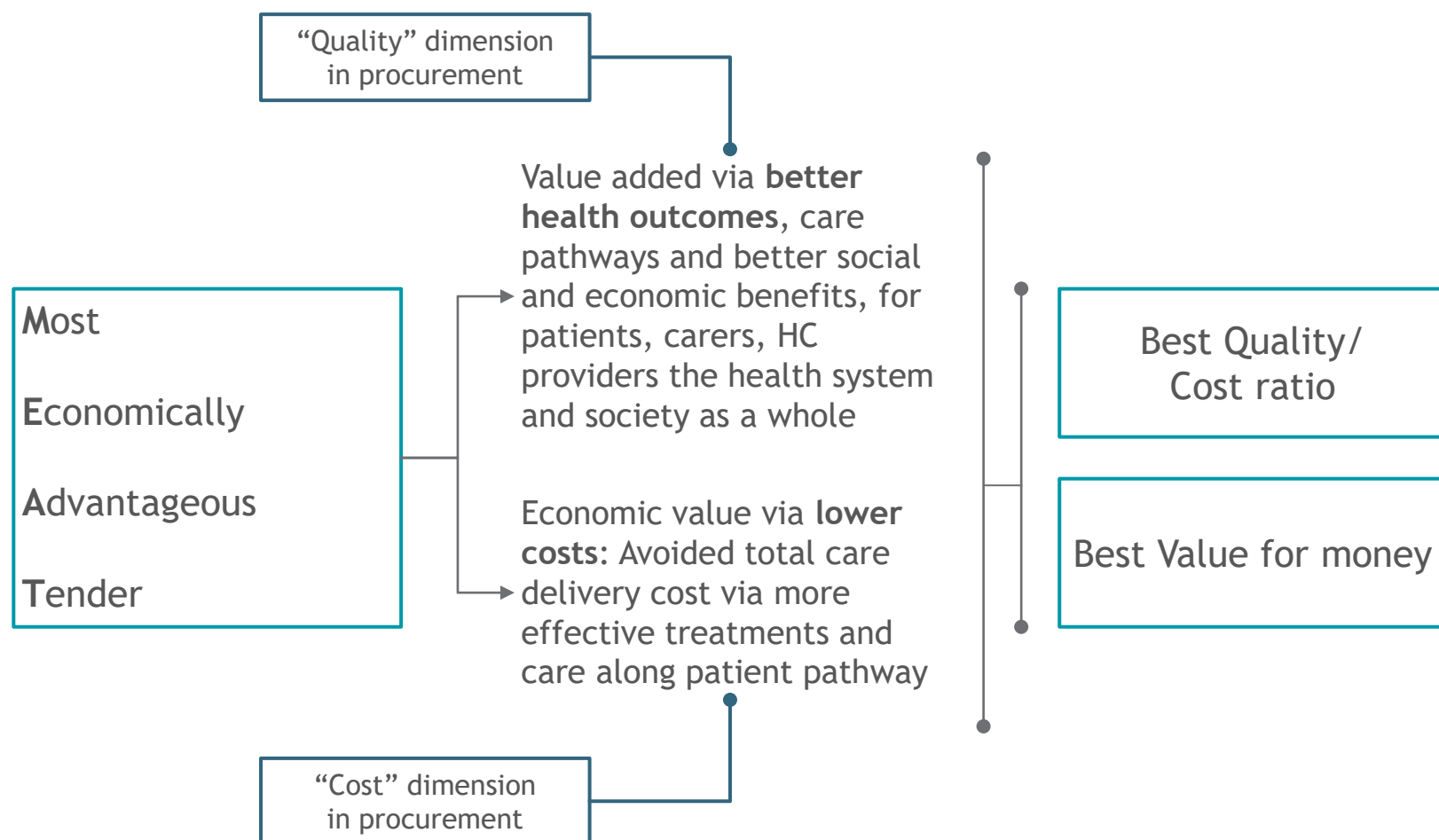


Full cycle of care



Total cost of care delivery

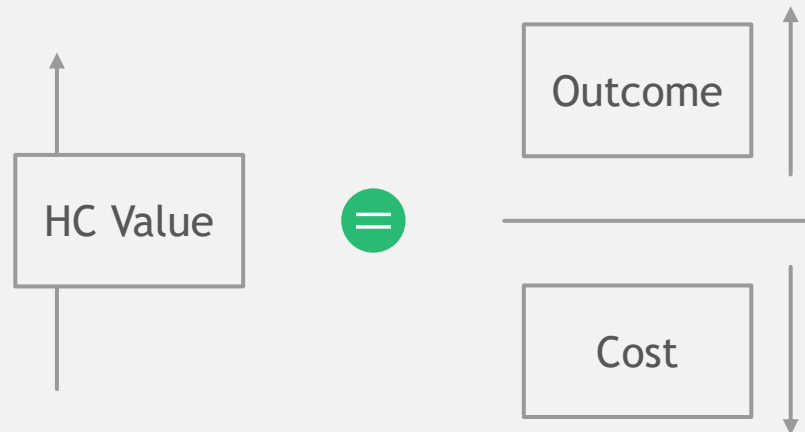
# Defining MEAT relating to health & social care



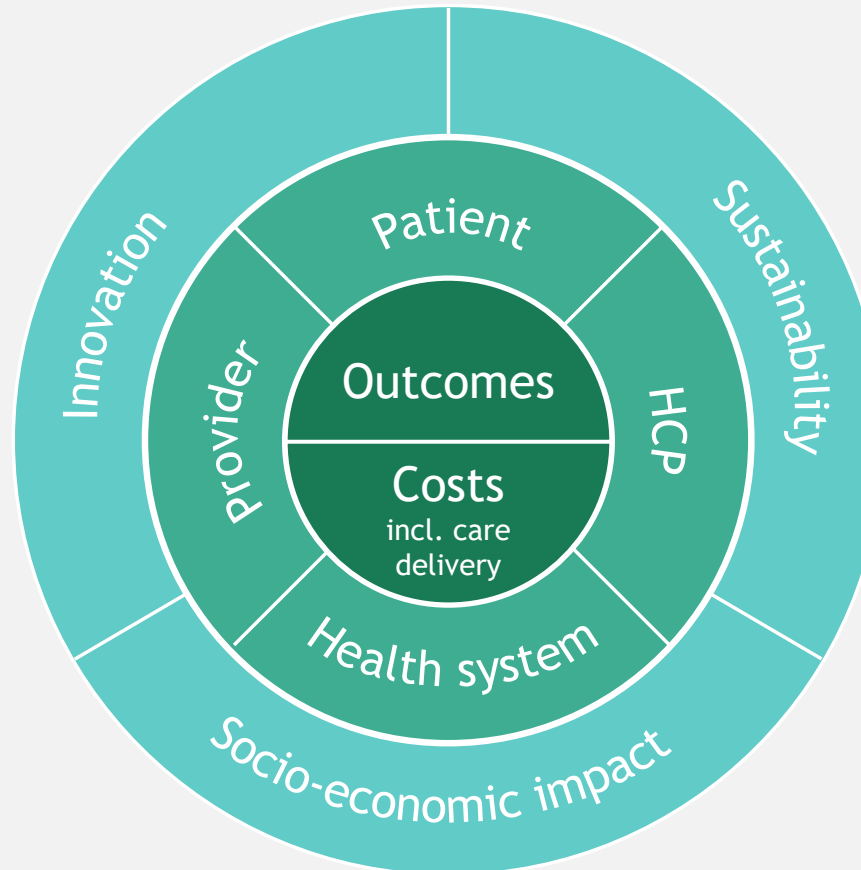
Promote better health as well as economic and social outcomes while controlling costs of care and disease

# MEAT VBP brings value focus into tenders

## Value-based procurement



## Value-based procurement Framework

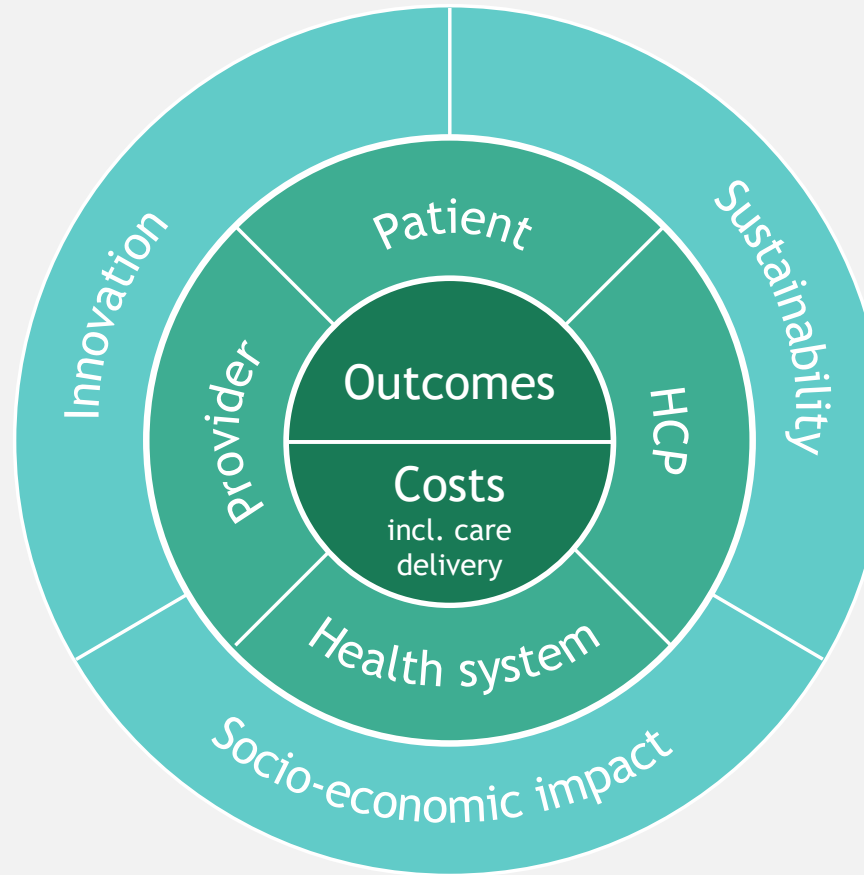


### Core value

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

# The MEAT-VBP Framework

# MEAT<sup>1</sup> value-based procurement framework for value-based tendering



## Core value

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

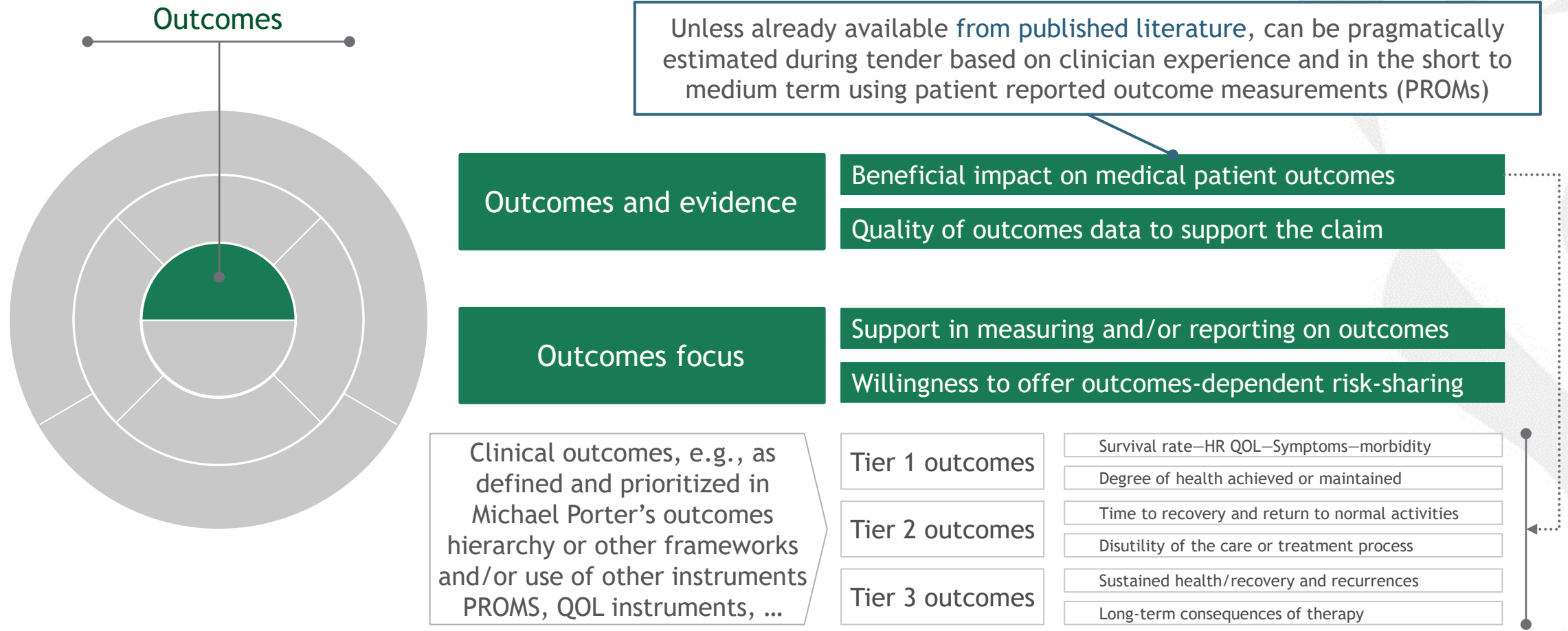
Importance



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

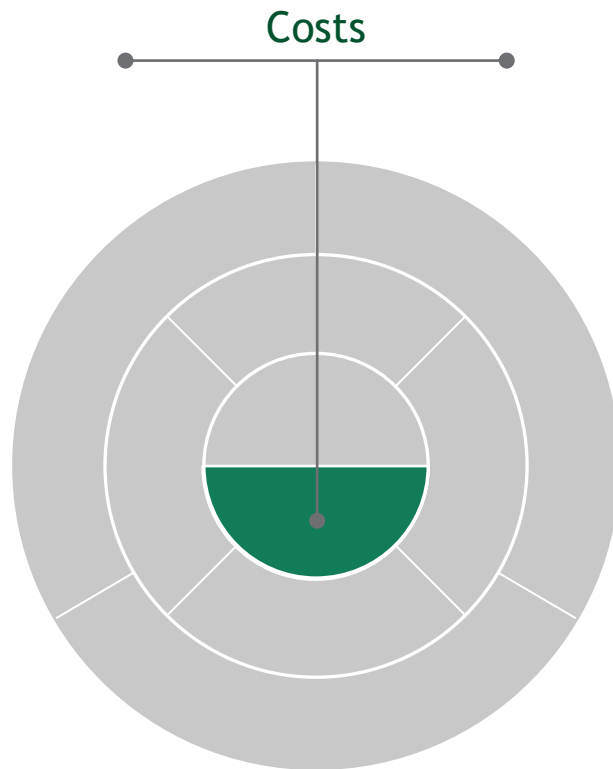
1. MEAT = Most economically advantageous tender  
Source: MedTech Europe; BCG analysis

# Core value dimension: Outcomes





# 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

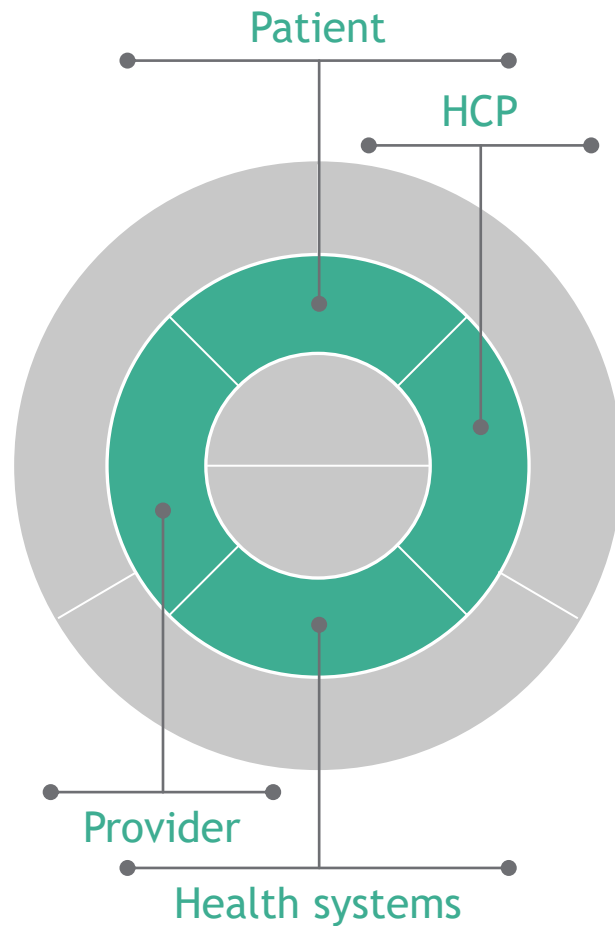
- Disposal/decommissioning

### 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

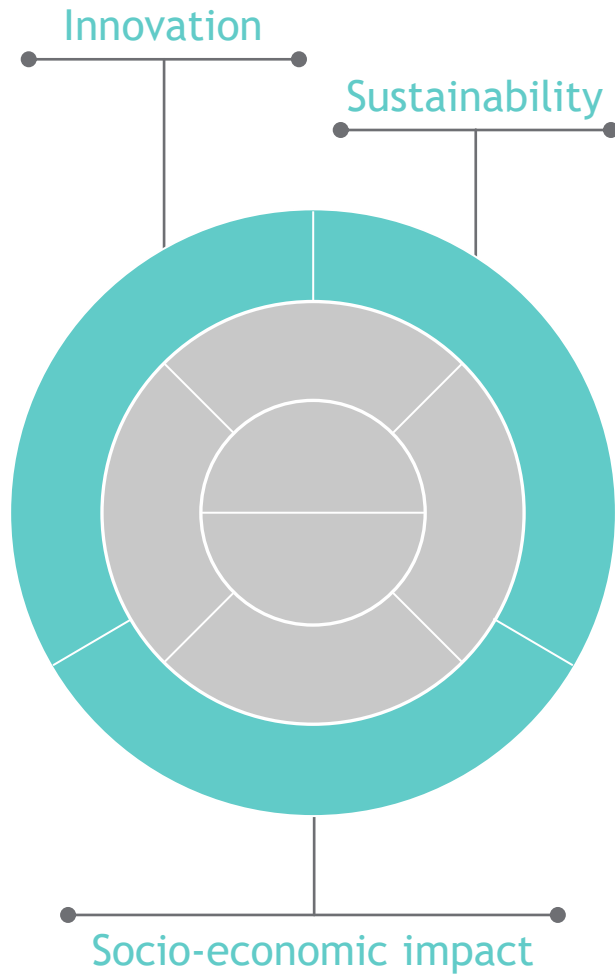
### Provider benefits

- 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

Innovation

Environmental and social sustainability

Socio-economic impact

## Criteria

Development of new and substantially improved technologies

Contribution to development of health care

Environmental impact

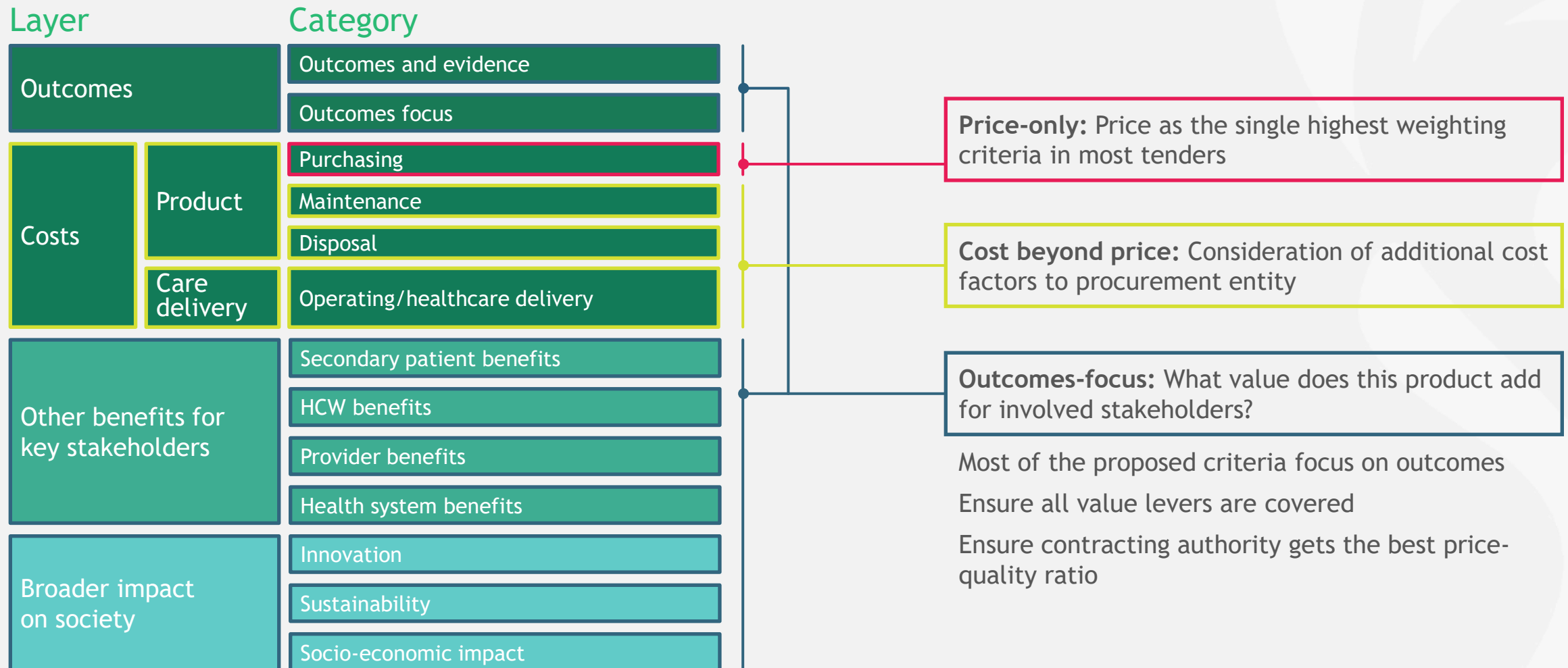
Socially responsible product value chain

Impact of people not in the workforce

Burden carried by non professional care providers



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





# 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

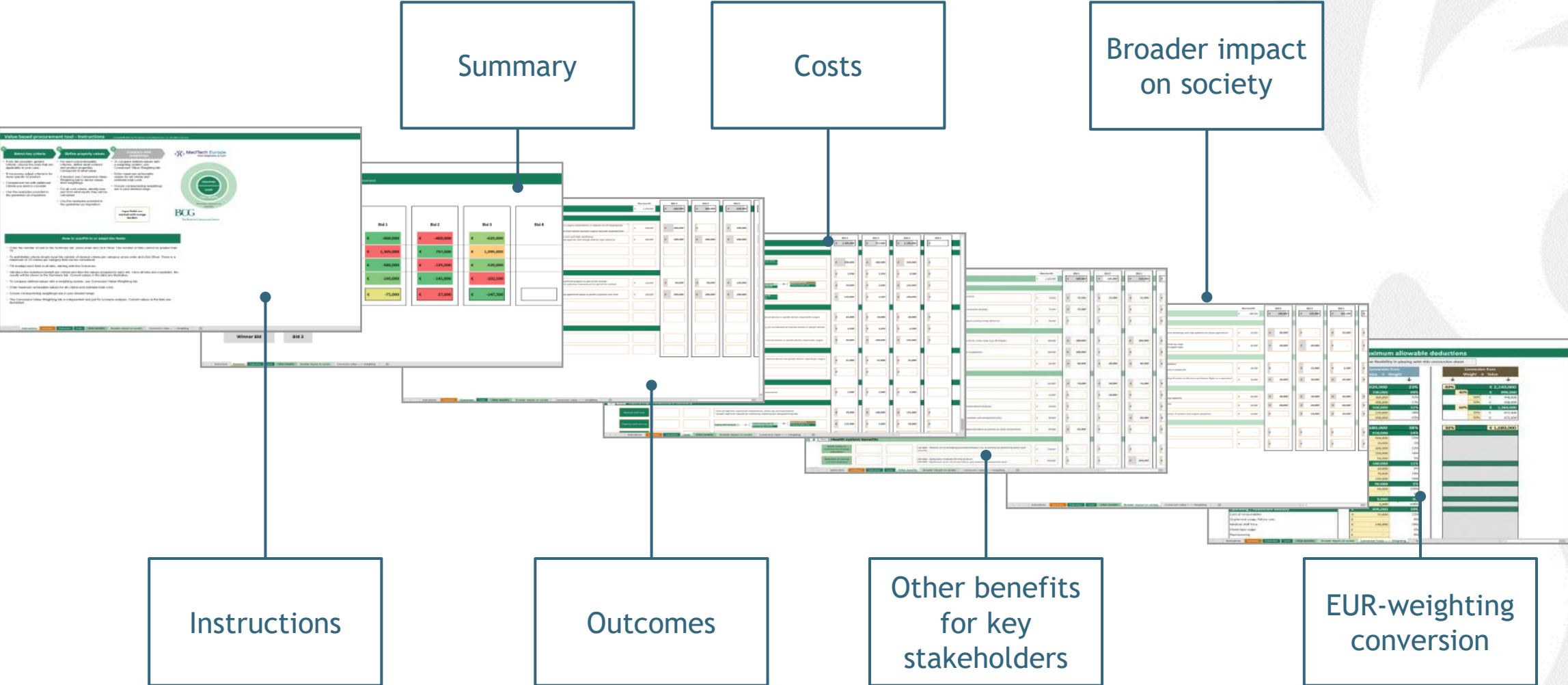


## Refinement

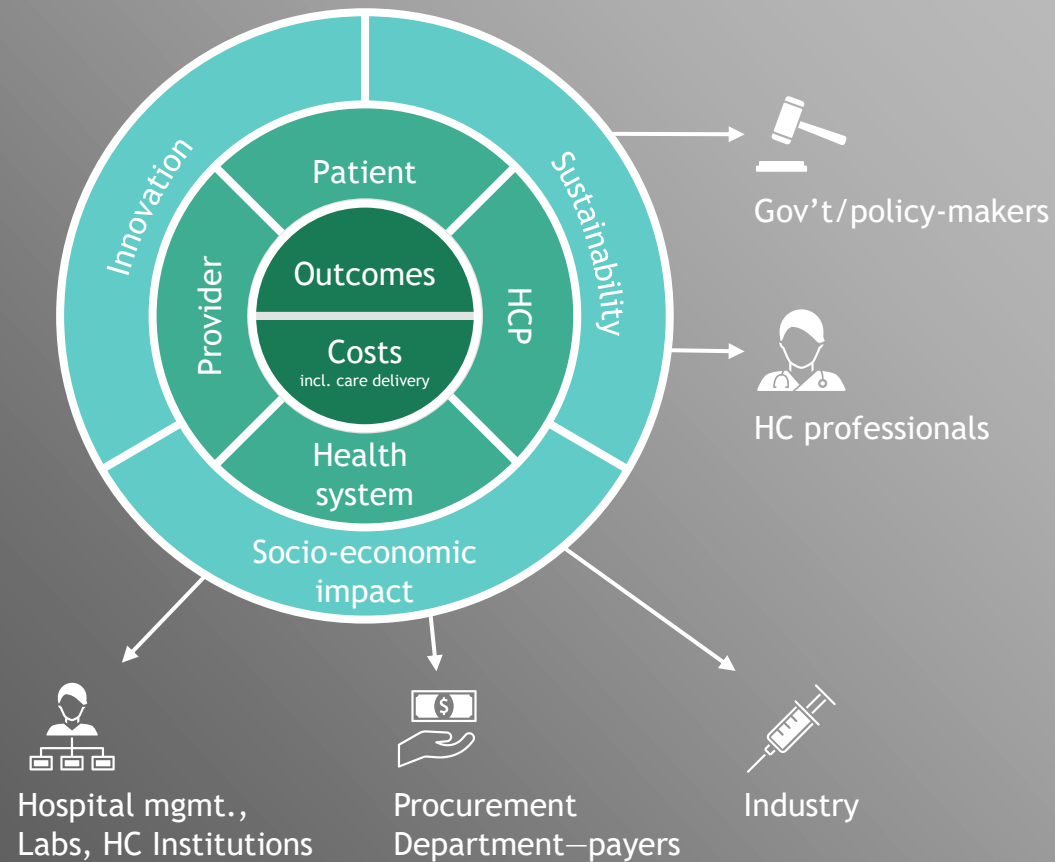


Final list of criteria for the  
tender defined using the  
feedback provided by the  
different stakeholders

# 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



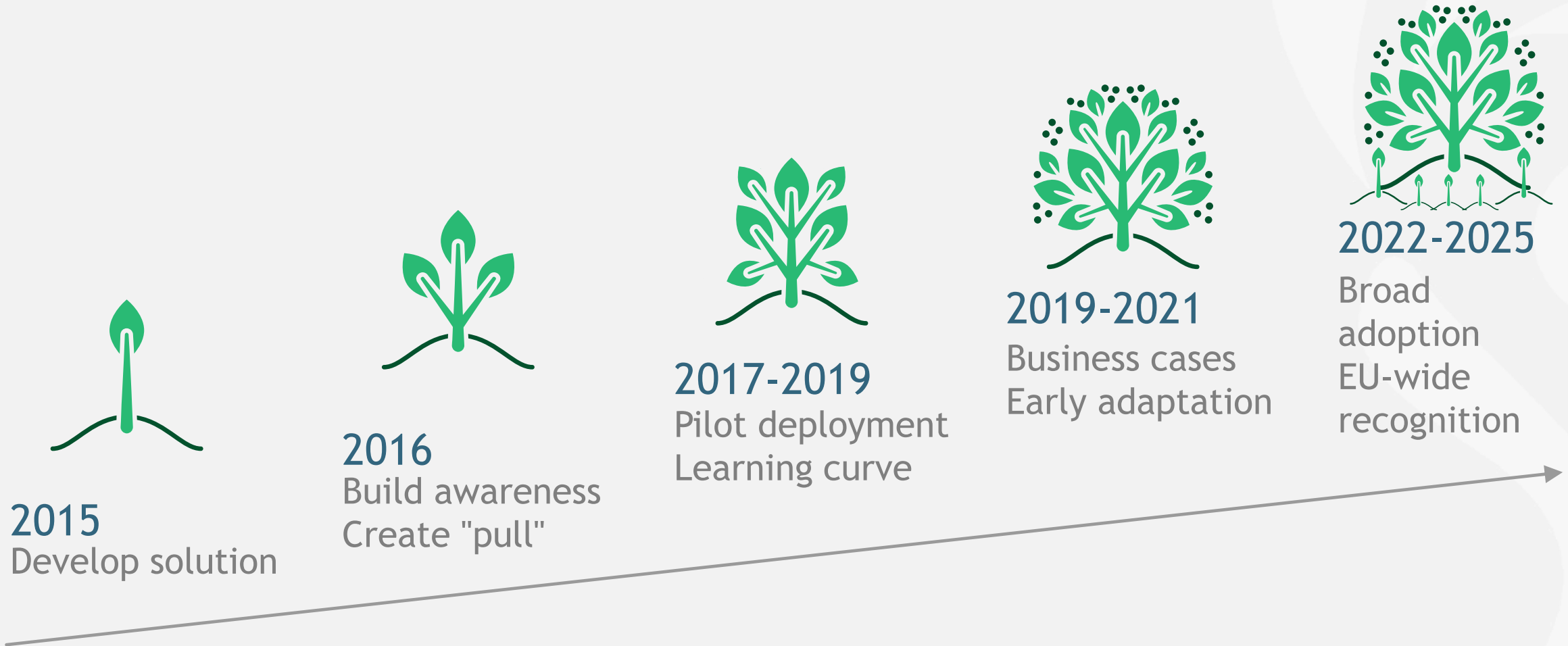
Improving value for all stakeholders

# Lessons learned

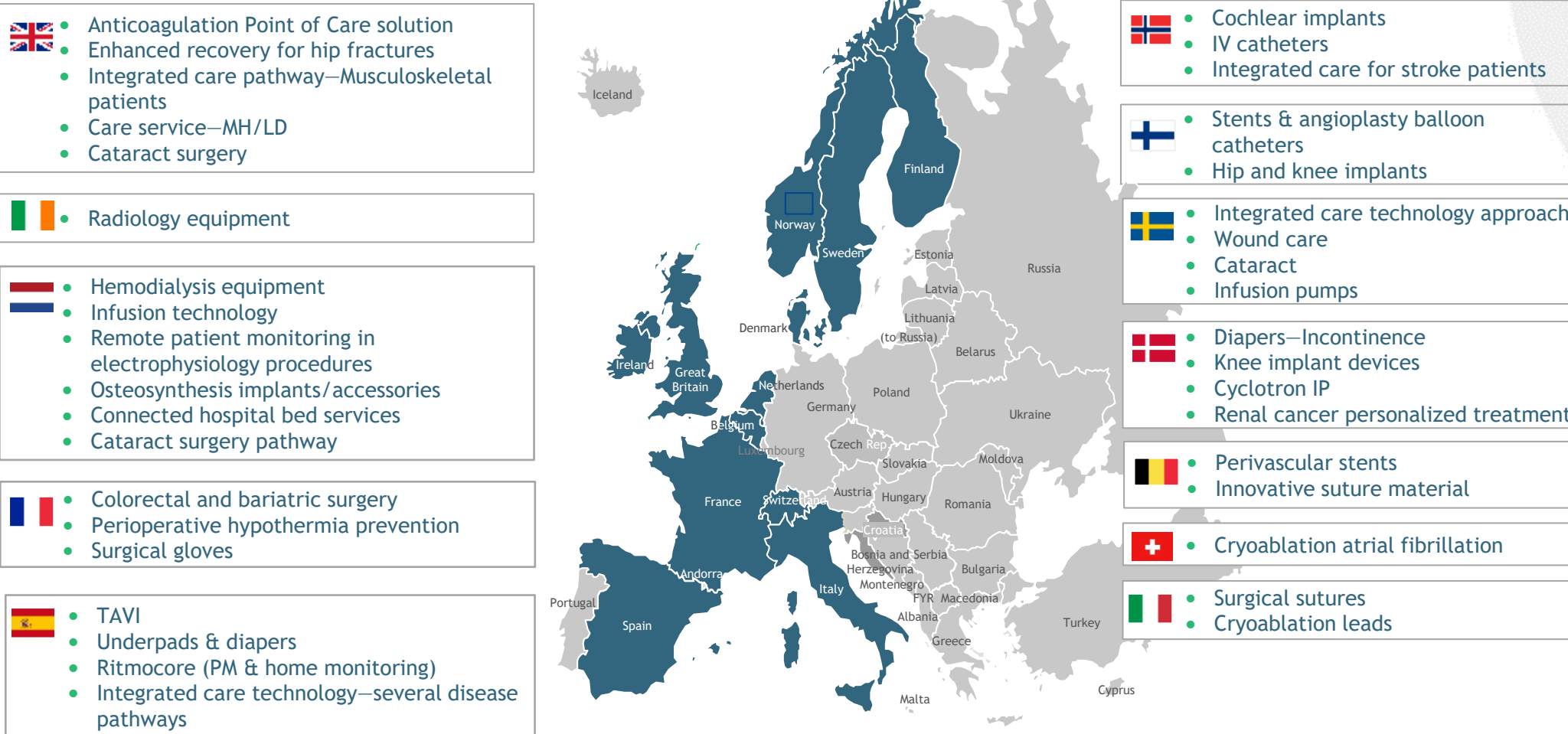


# Adopting VBP is a multi-year journey

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

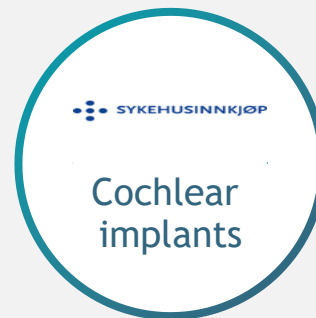
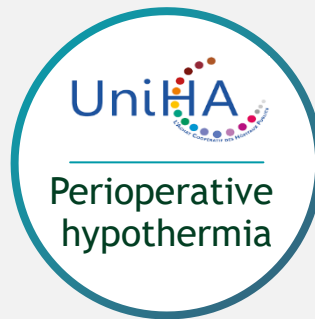


# VBP projects spread across Europe (jan-2021)



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

# Available case studies



# 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

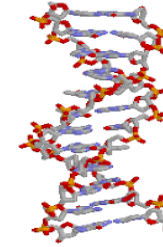
- Partnership agreement with selected vendor and additional agreements on home monitoring devices & monitoring software

### 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 1<sup>st</sup> 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 medtech suppliers



## VBP offerings build-up and financial reward for innovation, value secured

- Newly innovated products (e.g., connected hospital beds with integrated scale) and wider recognition for value and innovation (e.g., media, awards)
- Strengthened value recognition of existing product portfolio (e.g., diapers with higher value due to fewer HAIs)
- Products with improved technical features (e.g., PoC device with EMR connectivity)
- Increased revenue per patient due to full solution offering (e.g., PoC device for INR time measurement with dosing software for therapy)



## Long-term revenue generation through partnership

- Contract of year-long service (e.g., connected hospital bed service over 15 years)
- Potential additional financial benefits over time (e.g., innovative TAVI solution lowering complication rate for HCB)
- Improved access to buyers of innovative products (e.g., PoC devices featured by NHS Wales)
- Experience with integrated solution offering (e.g., connected hospital solution offers better workflow efficiency)
- Reward for clear contribution to provider's sustainable financing



## Partnership with providers for co-creation of evidence

- Co-created real world evidence (e.g., Erasmus MC's patient monitoring in connected hospital bed solution)
- Enhanced outcome measurement expertise (e.g., measuring complications during TAVI surgery)
- Data offers insights into clinical pain points and solution impact along care pathway (e.g., patient ulcer rate in mattress service)
- Offering standardized outcome measurement across delivery channels (e.g., PoC device enables standardized INR measurements in-/out-patient and at home)



## Shortened R&D cycle times and co-develop with end-users

- Adapted R&D pipeline to clinical needs (e.g., supplier engineers connected beds to clinical needs of Erasmus MC's patients)
- Developed and refined solutions tailored to clinical pain points (e.g., integrated bed exit alarm to reduce patient falls at Erasmus MC)
- Collaborated with center of excellence (e.g., TAVI suppliers and HCB for cardiac surgery care)
- Experience with solutions benefitting clinical needs (e.g., PoC device supplier improves net promoter score with NHS Wales)

# Key challenges for medtech suppliers



## Insufficient value focused sales model

- Internal mentality and sales process setup in a traditional product focuses and transaction sales process specific model which leaves limited room for broader and integrated offerings
- Sales team unable to differentiate based on value driven offering since there is insufficient focus on clinical pain points and ways to address those
- Provide a sales force with training and toolkits to educate on clinical value of integrated solutions rather than products and thus, enable selling of



## Lack of evidence for value proposition

- Lack of specific value proposition for patient cohorts, validated measures and targeted supportive data to show evidence for clinical outcome improvement through value offerings
- Suppliers often have not yet set-up a cost-efficient and targeted operating model to generate real world evidence specific to health system or client contexts
- Insufficient partnerships with providers on clinical trials and proof of concept tests to co-create evidence for value (outcome, total cost and other benefits) improvement



## Insufficient VBP expertise and enablement

- In many medtech firms, employees across departments are not educated on/experienced in VBP yet and don't understand value of engaging in a VBP tender project
- Expertise and readiness for a VBP tender process are lacking (smaller companies often limited existing evidence, larger companies insufficient focus on pain points and value based selling)
- Educate and train own employees on process and requirements of VBP and create expert teams across departments to foster knowledge transfer



## Insufficient internal alignment between functions

- VBP tendering often held back by getting internal approval from management (at times challenging and highly time-consuming)
- Insufficient management attention existent for VBP, e.g., not all suppliers really backed by senior management and thus, hindered to engage in VBP projects
- Establish improved operating model on VBP to enable engagement in tenders across employee levels, e.g., setup of information and training sessions to reach consensus level

## Action steps



# Action steps for all stakeholders



## Action steps

a



### Providers

- 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

b



### Procurers

- 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

c



### Medtech suppliers

- 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

d



### HC system

- 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



### Toolkit

- |  |   |   |  |
|--|---|---|--|
| <ul style="list-style-type: none"> <li>• VBP framework</li> <li>• VBP presentations</li> <li>• VBP Excel tool</li> </ul> | <ul style="list-style-type: none"> <li>• Publications</li> <li>• Case study library</li> <li>• Glossary &amp; FAQs</li> </ul> | <ul style="list-style-type: none"> <li>• VBP starter guidance</li> <li>• Thematic seminars</li> <li>• VBP legal guidance</li> </ul> | <ul style="list-style-type: none"> <li>• VBP training game</li> <li>• Training/coaching</li> <li>• VBP readiness assessment</li> </ul> |
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# Five action steps for medtech suppliers



## Action steps

Prioritize where to play in VBP and broaden over time

- Focus on offerings where evidence is most robust/specific and where capabilities are strongest/most differentiated

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Work in multi-disciplinary teams to develop value propositions

- Around VBP framework identify underlying drivers or outcomes/cost of care and how to impact
- Crystalize evidence for outcome drivers and key products
- Capture business case around VBP at project/business level

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Enable commercial teams

- Follow case study guidance on VBP best practice org models
- Enable teams with clear value messaging, rollout & training roadmap, best practice sharing
- Provide value-based contracting options

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Rigorously execute, starting with prioritized tenders

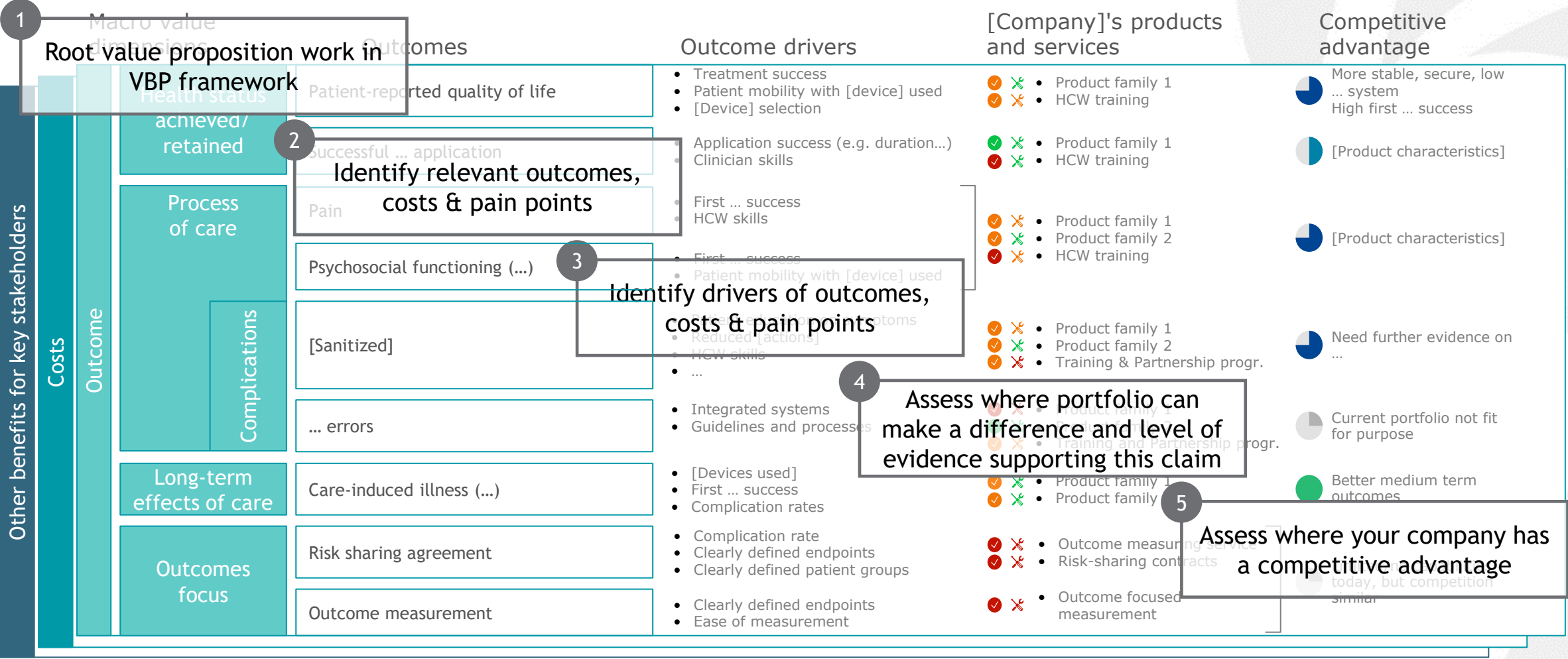
- Strengthen VBP tender excellence and associated tools
- Track success via KPIs and country team readiness assessment

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Learn, collect real world data and fill evidence gaps

- Shorten R&D cycles and support value generation with evidence-based co-development with accounts
- Establish agile evidence generation planning process
- Strengthen enablers for evidence generation and RWE

# Develop value propositions based on the VBP framework



Note: Dependencies/interactions between outcome dimensions  
Source: MedTech Europe; BCG analysis

Evidence

- Available
- Some available
- NOT available

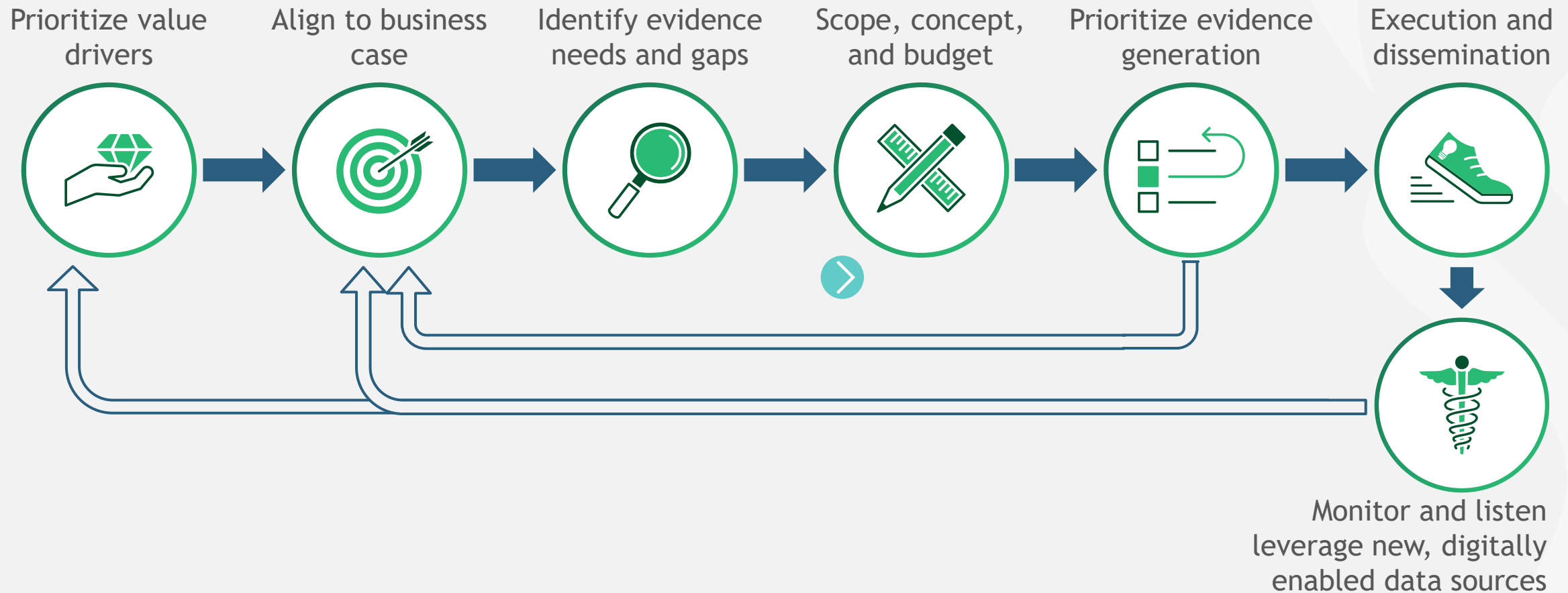
Internal capabilities

- Available
- Some available
- NOT available

Competitive Advantage

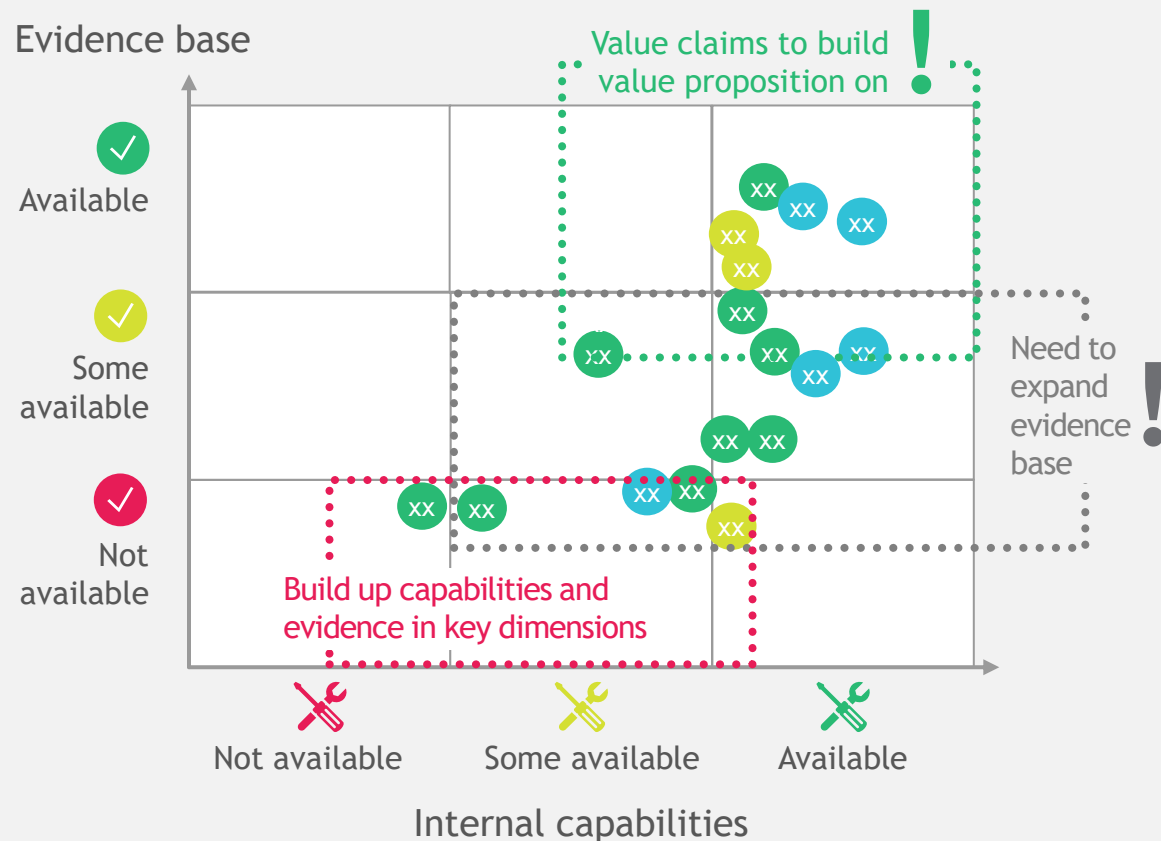
- Strong vs. top tier players
- Medium
- Strong vs. low cost players
- Marginal

# Establish an evidence generation planning & collection process



# Collect real world data and fill the evidence gaps

## Portfolio assessment



Identify and systematically execute evidence investment priorities

- Improve clinical & RWE generation model
- Partner with customers to collect RWE
- Refine VBP approach & value proposition

# Enable commercial teams



VBP awareness and understanding



Clear, evidence based messaging



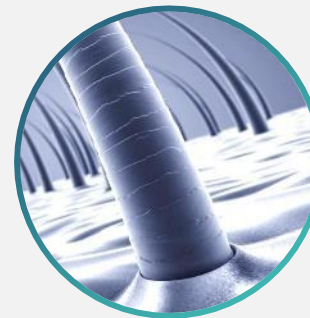
Practical VBP toolkit



VBP tender & KAM excellence



Interactive VBP simulation games



# Enable teams with clear value messaging based on evidence and joint value creation examples

I

## High-level value claim



Illustrative and high-level value claim to

- initiate discussion
- capture stakeholder attention

II

## Evidence to support claim



Selected evidence summary to

- substantiate value claims
- indicate value potential

III

## Joint value creation levers



Client specific and industry examples to

- illustrate joint value creation levers
- Provide starting point for next steps discussion



## Six VBP success factors for the medtech supplier



Clear ownership via **dedicated VBP function** at central and market level



**Pilot approach** with 2-4 upcoming tender in most advanced VBP markets



**Best practice coordination** and KPI tracking across markets and **continuous refinement**



**Adjustment of financial models/incentives** to encourage multi-year, big return **VBP investments**



**VBP simulation** to engage internal stakeholders and start discussion with procurers



**Engagement of different stakeholders** at multiple levels to drive VBP agenda

# 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

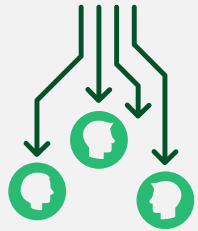
- ✓ Innovation and value created is rewarded
- ✓ Improved dialogue and common vocabulary with buyers
- ✓ Closer, more long term partnerships with providers
- ✓ R&D cycle times reduced



## 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



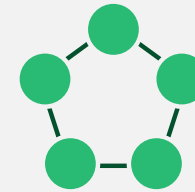
## “Classical Procurement”

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



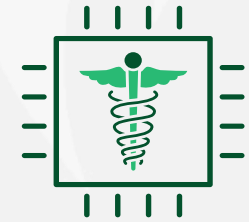
## Medtech supplier-procurer partnership for value

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

Degree of partnership between supplier and buyer

Higher

# 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](mailto: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