



PROCUREMENT STRATEGY

Elaboration of the value proposition of Value Based Procurement

Applied to MedTech stakeholders (suppliers and actors) in Healthcare

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Competition law reminder



Elaboration of the value proposition of VBP

Applied to MedTech stakeholders (suppliers and actors) in Healthcare

Agenda

- Theoretical framework, back ground information on VBP and definitions
- Dimensions in which to develop the value proposition within Healthcare
- Workshops

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Elaboration of the value proposition of VBP

Back ground information and relevant definitions

1. Patient outcomes:

- Definition: Patient outcomes in healthcare refer to the impact of a healthcare service or intervention on the overall patient recovery and well-being after treatment. These outcomes can include:
 - Patient health status or quality of life: This encompasses the overall well-being and health-related quality of life experienced by patients after receiving care or treatment.
 - Patient, provider, and population attitudes and behavior: It involves understanding how patients, healthcare providers, and the broader population respond to different interventions and services.
 - New evidence, research, prevention strategies, treatments, and care models: Outcomes are influenced by advancements in medical knowledge, preventive measures, treatment effectiveness, and changes in care delivery approaches.

Relevant literature: www.hsph.harvard.edu

Elaboration of the value proposition of VBP

Back ground information and relevant definitions (MHN)

2. Health economic outcomes

- Definitions: HEOR (Health Economic Outcomes Research) provides a framework to define healthcare issues, generate relevant evidence, and guide decision-making in this dynamic space. Healthy individuals and populations contribute to higher economic output, making the link between better health and future economic well-being plausible.
 - Integrated Evidence Generation & Synthesis Programs: With the abundance of data and literature, it's essential to identify and utilize the most appropriate information. HEOR also conduct real-world evidence research and explore the burden of illness and unmet needs
 - Health Economic Modelling: Decision-makers often face the challenge of allocating limited healthcare budgets. Health economic models provide crucial information for these decisions. These models include cost-effectiveness and budget impact assessments.
 - Health Policy and Stakeholder Engagement: Staying abreast of health system trends and translating them into tangible policy recommendations is vital.
 - Commercial Strategies and Analytics: In an ever-changing landscape, effective commercial strategies are essential for maximizing revenue. HEOR professionals provide insights into payer priorities, value-based pricing, and pricing policy frameworks.
- Relevant literature: abundance of relevant literature available

Elaboration of the value proposition of VBP

Back ground information and relevant definitions (1/11)

3. Competitive differentiation

- Definition:

- Competitive differentiation is how a company's product or service is distinct from what its competitors offer. It is based on what customers value, such as functionality, brand, pricing, or customer service.
- In healthcare, a key role of competition in health care is the potential to provide a mechanism for reducing health care costs - without compromising delivering quality of care. Competition generally eliminates inefficiencies that would otherwise yield high production costs, which are ultimately transferred to patients via high health service fees

- Relevant literature: www.ncbi.nlm.nih.gov

Elaboration of the value proposition of VBP

Back ground information and relevant definitions

4. Value based healthcare

- Definition:

- Value-based healthcare is a healthcare delivery model in which providers, including hospitals and physicians, are paid based on patient health outcomes. Under value-based care agreements, providers are rewarded for helping patients improve their health, reduce the effects and incidence of chronic disease, and live healthier lives in an evidence-based way.
- Value-based care differs from a fee-for-service or capitated approach, in which providers are paid based on the amount of healthcare services they deliver. The “value” in value-based healthcare is derived from measuring health outcomes against the cost of delivering the outcomes.
- This is to deliver upon a few objectives like:
 - ✓ Patients spend less money to achieve better health.
 - ✓ Providers achieve efficiencies and greater patient satisfaction.
 - ✓ Payers control costs and reduce risk.
 - ✓ Suppliers align prices with patient outcomes.
 - ✓ Society becomes healthier while reducing overall healthcare spending.

- Relevant literature: Michael Porter/Elizabeth Teisberg: Redefining Healthcare (ISBN 978-1-59139-778-6)

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Elaboration of the value proposition of VBP

Dimensions in which to develop added value through applying VBP/VBH principles

1. Patient level

- What are the possible improvement outcomes which can be generated at patient level?
- What is the relevance of improvement patient outcomes in the purchasing decision?

2. Health Economic level

- Efficiency: how many healthcare resources are deployed for what generated outcome?
- Efficacy: how healthcare resources are deployed for what generated outcome?
- What can be the triggers for increasing efficiency/efficacy in deploying healthcare resources?

3. Competitive differentiation

- As MedTech supplier
- As Healthcare institution

4. Economic level

- Price per product - traditional transactional relationship supplier / customer
- Cost of ownership during economic lifetime of usage of the product

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Workshops

Format:

- 10' introduction to the workshop information and principle question(s)
- 20' group discussion
- 10' conclusion of the group discussions as input for the plenary feedback session

Elaboration of the value proposition of VBP

How to translate VBP into Value Based Health / billable revenue?

❖ How to assess the customer based 'institutional readiness' for shifting from the traditional transactional business relationship to a VBP/VBH based business relationship?

- How ready are we as suppliers to make the shift?
 - ✓ What are metrics to assess this readiness?
 - ✓ How to plan for the consequences for this shift in business relationship?
 - What can be consequences of this business shift on?
 - Internal competency profiles, capacity planning
 - P/L based (revenue vs profit development)
- How ready are the customers to make the shift?
 - ✓ What are metrics to assess this readiness?
 - ✓ How are stakeholders align on the concept of introducing/acting in view of VBP
 - Remuneration...
 - Governance structures and metrics...
 - Education and expertise...
- Definition of the necessary bilateral 'rights and duties' within a VBH partnership
 - ✓ How
 - ✓ Which

Elaboration of the value proposition of VBP

How to translate VBP into Value Based Health / billable revenue?

❖ How to reformulate patient and health-economic outcomes propositions into SMART business propositions?

- Within the capital purchase business propositions
- Within the tender business propositions
- How to 'prove' promised outcome improvements
 - ✓ Science based healthcare literature
 - ✓ AI based simulations...
 - ✓ RWE data documented...

Elaboration of the value proposition of VBP

How to translate VBP into Value Based Health / billable revenue?

❖ How to reformulate patient and health-economic outcomes to the various decisional stakeholders within a care institution?

- Stakeholders: like Payor (procurement institution, insurance company, government,..), HCP's, Patient and Regulator

Thoughts

- How to reformulate current (product feature and benefit focussed) commercial Go2Market strategies and propositions in view of VBP/VBH to the various stakeholders?
- How to communicate these updated Go2Market strategies to the various stakeholders in view of strategic selling principles?
- How to measure in a SMART way the realised outcomes vs the promised outcomes? (means, competencies needed,..)

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 - ✓ Science based healthcare literature
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Elaboration of the value proposition of VBP

How to translate VBP into Value Based Health / billable revenue?

❖ How to invoice for the realized improved patient and health-economic outcomes?

- Within the capital purchase business propositions
- Within the tender business propositions

Thoughts:

Risksharing business propositions with recurrent on site measurements of agreed metrics relevant to the promised outcomes

- ✓ base line setting on 'as is' situation and recurrent delta measurements during agreed upon timeline
- how to control /mitigate impact variables on realised vs promised improved outcome improvements.
- education local staff on 'stateof art' care processes
- use of delivered equipment as per intended in focus of care path
- support of relevant staff within care institution for principles of VBP/VBH within the risksharing agreements
- ...

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- ❖ How to reformulate patient and health-economic outcomes propositions into SMART business propositions?
- ❖ How to reformulate patient and health-economic outcomes to the various decisional stakeholders within a care institution?
- ❖ How to reformulate patient and health-economic outcomes propositions into SMART business propositions?
- ❖ How to invoice for the realized improved patient and health-economic outcomes?

Elaboration of the value proposition of VBP

Conclusions

Observations made during the workshops

- ...
- ...
- ...

Insights gained after the workshops

- ...
- ...

5th EUROPEAN VALUE-BASED
PROCUREMENT
CONFERENCE



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Thank you

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