

Strategic procurement in healthcare: Realising the full potential of your procurement spend

Webinar report
Date: 19/07/2022
Time: 11:30 – 12:00
Speaker: Kjetil Istad

The keynote speaker Kjetil Istad, a passionate procurement expert from Norway was invited to showcase how procurement can support the development of value-based healthcare in hospitals while lowering costs and helping address major healthcare challenges.

The webinar aimed at building capacity amongst health managers by explaining the various benefits of procurement as a tool for sustainability and innovation. While some health managers might be concerned about EU procurement regulations and might misconceive procurement as a tool used to lower prices, Kjetil Istad strived to inspire the professionals by highlighting the advantages that procurement can bring for both healthcare professionals and patients.

How to harness the full potential of procurement?

The ultimate goal: improved health outcomes for patients

Procurement is a powerful tool that can be used to improve the operation of hospitals, improve the working conditions of staff members, and most importantly, can contribute to better health outcomes for patients. Smartly used procurement can result in more health for less money.

Buying products and services is an important decision. Procurement managers should approach it from the desired results and outcomes point of view. In healthcare, the ultimate goal should be improving **treatment outcomes of patients** and improving **outcomes of the healthcare services provided**.

Procurement as a strategic tool

Employees responsible for procurement can become **strategic partners** within a hospital by proposing to start using robotics or introducing new drugs which can radically change operation, enhance working conditions, and improve patients' lives. A hospital strategy might or might not explicitly mention the role of procurement but it surely stipulates how to deliver better healthcare services. This is the area where procurement can create impact and can contribute to achieving the hospital's objective by building competencies and resources. As an example, the COVID-19

pandemic showed how important it is to have a plan on what products are needed and how to make them available to those who need them.

Making the concept of **category management** part of the hospital's overall strategy can be a promising start to position procurement as a strategic tool and gain more value out of it. In fact, if the procurement personnel is divided into small teams and each team becomes a specialist in one category of product or service such as drugs or equipment, that small team gains confidence and respect in that field and can conduct much more efficient and valuable dialogues with the internal stakeholders and the supplier about the needs of their care setting. Buyers and sellers should also work more closely together because this is when learning can happen, which in turn triggers innovation and sustainability efforts. Keeping an open dialogue with internal stakeholders, surgeons, doctors, nurses, and with suppliers is key. Procurement can lead the way towards **innovation, secure supply chain** and **sustainability**.

Value-based procurement

Value-based healthcare as a concept was introduced in 2006 with value for patients in the focus, where value was defined as health outcomes per unit of costs. 'Value-based procurement' is the term that describes the procurement process as steered by patients' values and not by costs. Purchasing can comply with different principles such as lowest price, costs/quality ratio or patients' values. Considering **patients' values** and **better outcomes for patients** is what should guide the procurement of goods and services. This is an approach that is well received by clinicians because it cares about what matters to healthcare professionals, namely the effective treatment of patients. It also makes compliances with sustainability principles more straightforward. Finally, focusing on outcomes will also contribute to shifting the way economy functions in the long-run.

Conclusions

Procurement experts have a key position within hospitals connecting healthcare professionals, board of directors, suppliers and patients. Procurement experts speak different languages. They speak an economist language, taking smart decisions on the hospital's investments. As the same time, they are also **strategic thinkers** who are able to speak "values" language: values of the hospital and values of the patients. They are also **good communicators** who are able to explain to the management level how very concrete purchases can fit into the between the hospital's strategic directions. Lastly, they also help clinicians to conceptualise their unmet medical needs and translate them into solutions.