

Achieving better value in healthcare through strategic procurement

Webinar report

Date: 19/09/2022

Time: 11:00 – 11:40

Speaker: Prof. Dr. Louise Knight, Caterina Sampol

The second webinar of our procurement series for health managers featured Prof. Dr. Louise Knight, Professor Public Sector and Healthcare Procurement at Universiteit Twente, and Caterina Sampol, Coordinator for Public Procurement of Innovation at Hospital de la Santa Creu i Sant Pau.

During the panel discussion, Louise Knight and Caterina Sampol discussed how health managers can achieve better value in healthcare by making strategic use of procurement and how they can incorporate the concept of 'value' in their procurement process.

Putting 'value' at the heart of the procurement process

The concept of 'value'

Value refers to how important or useful something is for a given stakeholder. As such, value strongly depends on the context and the needs of the stakeholder. While **value-based healthcare** consists in shifting from paying for input to paying for outcomes, **value-based procurement** refers to moving away from lowest price purchasing and seeking short-term cost savings to thinking about **long-term efficiency, sustainability, and effectiveness**. Value-based procurement requires strategic alignment with suppliers to **deliver better outcomes** both from an organisational and patients' perspective.

Value-based procurement in practice – removing resistance

The first step to start the value-based procurement process consists in **identifying a problem to solve** that has no straightforward solution. The role of procurement experts is to then **work closely together with suppliers** to explore **potential solutions** and ensure that internal processes are aligned with new ways of procurement. Key enablers to implement value-based procurement within a given health setting include a good leader, a supportive board of director, the involvement of a multi-disciplinary team and co-creation processes between the supply and demand sides.

A **good leader** is important as there can be significant resistance to change in the healthcare setting. Having an immediate, high-profile problem within an organisation can decrease some of the resistance. In fact, it can align incentives and create a **sense of urgency** amongst the team to rethink how current processes are carried out. Starting with an easy-to-solve problem and small successes can create a **sense of empowerment and enthusiasm** amongst the team, thereby decreasing internal resistance and slowly bringing about the organisational changes required to shift to value-based procurement. Lastly, since procurement requires resources, the leader will also be responsible of bringing on board directors and managers.

Training, education and research – enabling procurer experts

Shifting to value-based procurement in the health sector requires making the process more attractive to young professionals and training senior managers already on the job. Value-based procurement requires a significant **skills set**, including **collaboration and co-creation** with suppliers and **effective communication** with patients to determine what ‘value’ means for them. To learn about value-based procurement, students and working professionals can turn to **case studies** to learn from others’ wins and failures, and get a better understanding of the **drivers** and **barriers** of success. Research can also shed light on **incentives** for implementing value-based procurement and **identifying the causes of resistance** to change within organisations.

Triggering change towards value-based procurement

The most effective way to trigger change towards value-based procurement in a healthcare setting is to start with a small project that has a big impact.

The first step is to appoint a **multi-disciplinary team, the procurement support unit** (clinicians, patient associations, IT and legal professionals, etc.) who will work together to implement the process.

The second step consist in launching an **open market consultation** to share the identified challenge with industries and evaluate existing solutions.

For the third step, the team will collect input from patients to create a set of qualitative **key performance indicators (KPIs)** and a set of value-indicators. Before signing the contract, it is key that the team agrees on how value will be measured.

The fourth step requires setting up an internal plan to successfully implement the contract as well as establishing a **governance model**, whereby procurers and contractors work together to follow the changes. The key to success is to follow-up on the changes and have a good **contract management system** in place, by continuously collecting and monitoring the chosen key performance indicators.

Lastly, **payment models** need to be adapted since value-based procurement implies a shift from procuring products to procuring services. The payment might not be steady and linear but might be fluctuating according to the activity. Purchasing services according to value-based principles might not be the cheapest in the short-term but in the medium and long-terms they pay off because value-based procurement produces patient satisfaction and faster, better recovery processes.

Conclusions

Implementing value-based procurement within a healthcare setting is not easy but is worth it. The most important step is to make a start. Value-based procurement is also not an option, but a must. In fact, in cases of limited resources, price-based procurement does not yield the best outcomes, particularly not in the health care sector. Budget constraints require innovative approaches and value-based procurement is one of the innovative solutions to turn to.