

Value Based Procurement. The role and increasing importance of evidence.

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Strategic context



The Vision:

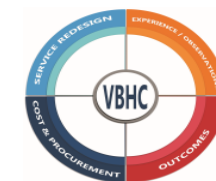
“A whole system approach to health and social care, which is focused on health and wellbeing, and on preventing illness.”

Enabler:

“Making better use of digital, data and communications technologies will help us raise the quality and value of health and social care services.”

Definitions VBHC/VBP

VBHC - Achieving the best experience and outcomes, that matter to people, whilst being good stewards of the finite resource available, working together to do the right thing across the whole system, improving **VALUE** for all people across NHS Wales



VBP - Assessing the value and measuring what matters, using **outcome** divided by **cost** and placing clinical and patient reported outcomes at the heart of the procurement decision making process.



Evidence - anything presented in support of an assertion. This support may be strong or weak. The strongest type of evidence is that which provides direct proof the truth of an assertion. At the other extreme is evidence that is merely consistent with an assertion.

Value linked to evidence

Outcomes that matter to patients,
service users and carers

VALUE =

Cost of achieving those outcomes
over the complete pathway of care

Strength of evidence increases as we get closer to the truth i.e. outcome

Stronger evidence-based decisions increases chances of creating value (better patient outcomes reduced costs)

Value Based Procurement



Payment made when satisfied with outcome



Goods/drugs typically paid for up front



Value Based Procurement

The ultimate VBP goal to increase value = pay once the patient outcomes are evidenced i.e. benefit no longer an assertion but fact.

Easier said than done! Several barriers:

- Outcome collection fragmented and not yet developed enough
- Historical focus on price reduction – culture change
- Not all suppliers looking at value from this perspective (although trend is upwards)
- Risk share difficult to agree when supplier may not control inputs
- IT solutions (baseline data, outcome collection, payment triggers)

Progress is being made as the system matures but procurement can still contribute to value through use of evidence driven data.



Value Based Procurement – Why/ How?



£58.99
Kobaruto | Cobalt |
5.5 inch Artistic Hair
Kobaruto



...but a disconnect from outcomes that matter to the **patient!**

Great effort and resource

Procurement tasked with **product** price reduction.

Encouraged to look at innovation to improve **process** efficiency without being sure of efficacy.



Ambition - World leading efficiency

PRODUCT

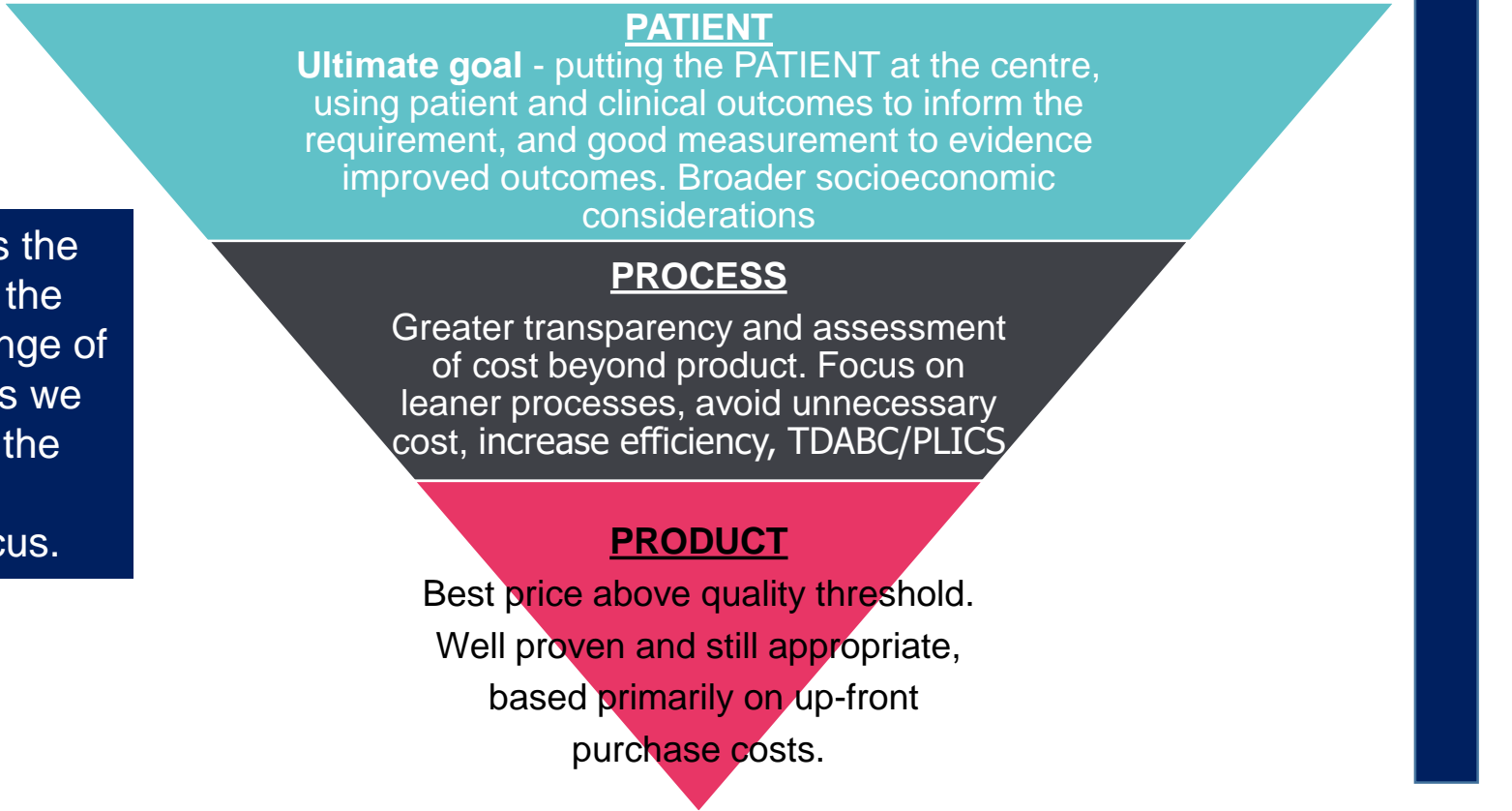
Best **price** above quality threshold. Well proven and still appropriate, based primarily on up-front purchase costs

PROCESS

Greater transparency and assessment of **cost** beyond product. Focus on leaner processes, avoid unnecessary cost, increase efficiency, TDABC/PLICS.

Evidence driven data across whole pathway
Efficiency gains directed towards what matters to patients
Why not risk share and trigger payment once gain is evidenced? (ERAS)

Value Based Procurement - What?



If value increases the closer we get to the patient, and the range of benefits increases we should broaden the scope of our procurement focus.



Outcomes



GIG
CYMRU
NHS
WALES

Partneriaeth
Cydwasaethau
Shared Services
Partnership

Pilot Project - Enhanced Recovery After Surgery (ERAS)

Sharing financial benefits and risks of process improvement linked to length of stay

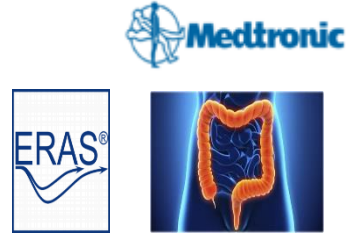


PROCESS

Supplier to implement ERAS, standardising pathway reducing LoS

Pilot location

- Aneurin Bevan UHB in 2 hospitals
- Colorectal Department
- Elective surgery



VBP Key Features

- Partnering with supplier to share the risk
- Contract details KPIs
- Payment linked to targeted reduction in LOS
- Any “saving” derived shared between supplier and UHB once LOS reduction evidenced
- Impact for both NHS and supplier if targets not met.

Description

- Incremental investment from UHB
- Annual review of progress versus LOS target
- Agreed share of savings split as per contract between supplier and UHB
- Potential penalties for missed targets and increased re-admissions

Expected Results

- At an estimated cost of £200 per bed day across several hundred patients per year “saving” >£200k per annum (net of incremental investment)
- Better use of resources
- Increased capacity for patient care

Pilot Project - Faecal Incontinence (FI) Sacral Nerve Stimulation Recommended by NICE as a cost-effective use of healthcare resources



PATIENT

Minimally invasive implant designed to reduce episodes of severe faecal incontinence

Pilot location:

- Cardiff and Vale UHB (Business case pending)
- Colorectal Department
- Elective surgery



VBP Key Features

- Patient baseline FI episodes and QoL measured before implant
- Clinical/Supplier and Procurement agreed minimum improvement in reduced episodes and increased QoL
- Evidence of improvement triggers payment 12 months after implant
- Zero payment if minimum improvement not evidenced

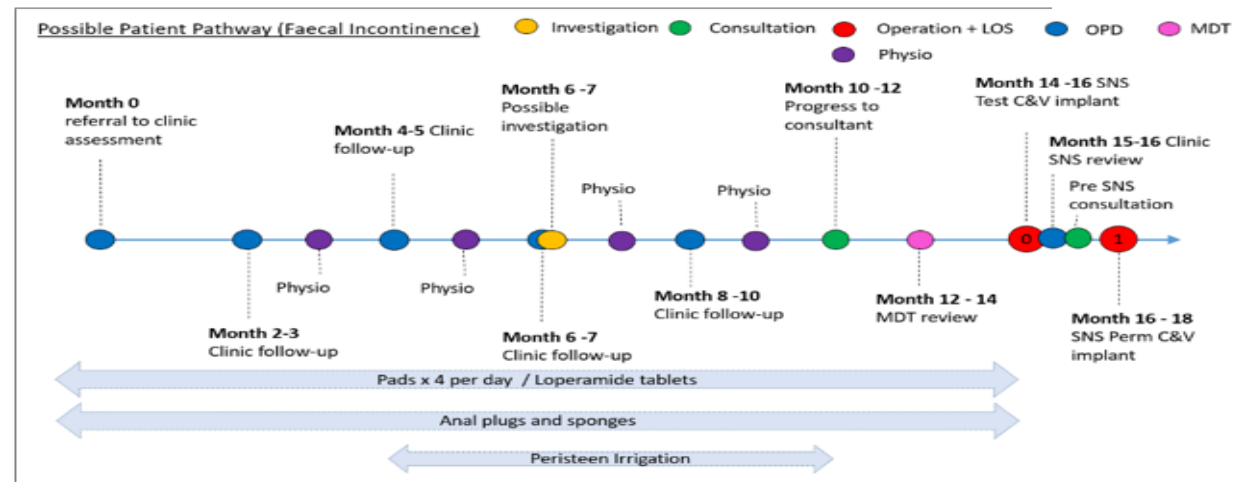
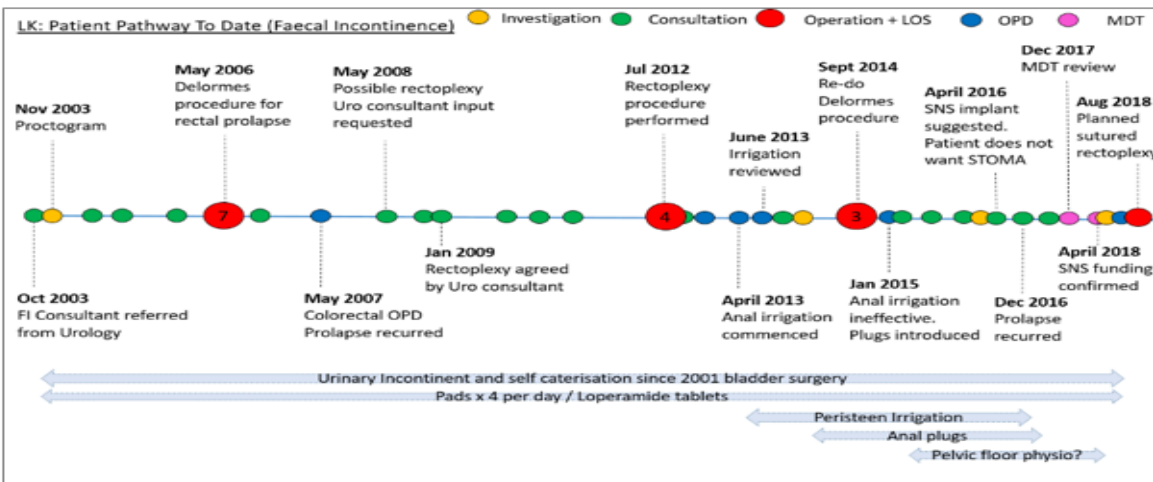
Description

- SNS for those suffering with severe FI
- FI affects both men and women but greatest cause is obstetric injury
- Device reduces frequency of FI by min 50-70% sometimes more
- Potential to help avoid more invasive and life changing stoma surgery
- Significant reduction in FI can significantly improve patient QoL and wider socio-economic benefits
- Available in England not currently commissioned in Wales

Expected Results

- Piloted with 10 patients in Cardiff
- Episodes of FI reduced by at least 50% - 70%
- Positive impact on QoL and socio-economic benefits
- Reduction in need for ongoing conservative management in the community
- Potential to help avoid more invasive and life changing stoma surgery
- More streamlined and co-ordinated pathway

Value Based Procurement – SNS Data driven evidence



15 YEARS = £53,685

AS-IS PATHWAY:

The current pathway has:

- **Poor** patient outcomes
- **Lacks access** to NICE recommended conservative management treatments due to lack of funding or pathway referrals: Physiotherapy, Pelvic Pain Management
- **No treatment available** for Sacral Nerve Stimulation in Wales
- Trained Colorectal Consultant that can perform SNS procedure and no provision available in Wales, therefore **not utilising the resource appropriately**
- **Costly pathways**

18 MONTHS - £14,210

TO-BE PATHWAY:

The future pathway will have:

- **Positive patient outcomes**; reduced episodes of incontinence, ability to return to work and routine daily activities
- **Access to** NICE recommended conservative management treatment; specialist Pelvic Floor and Bowel Physiotherapy, Pelvic Pain Management
- Sacral Nerve Stimulation **treatment available** in Wales, closer to home
- Trained Colorectal Consultant that will perform SNS procedure **utilising the resource appropriately**
- **Cost effective pathways**
- **Delivering Value Based Healthcare**

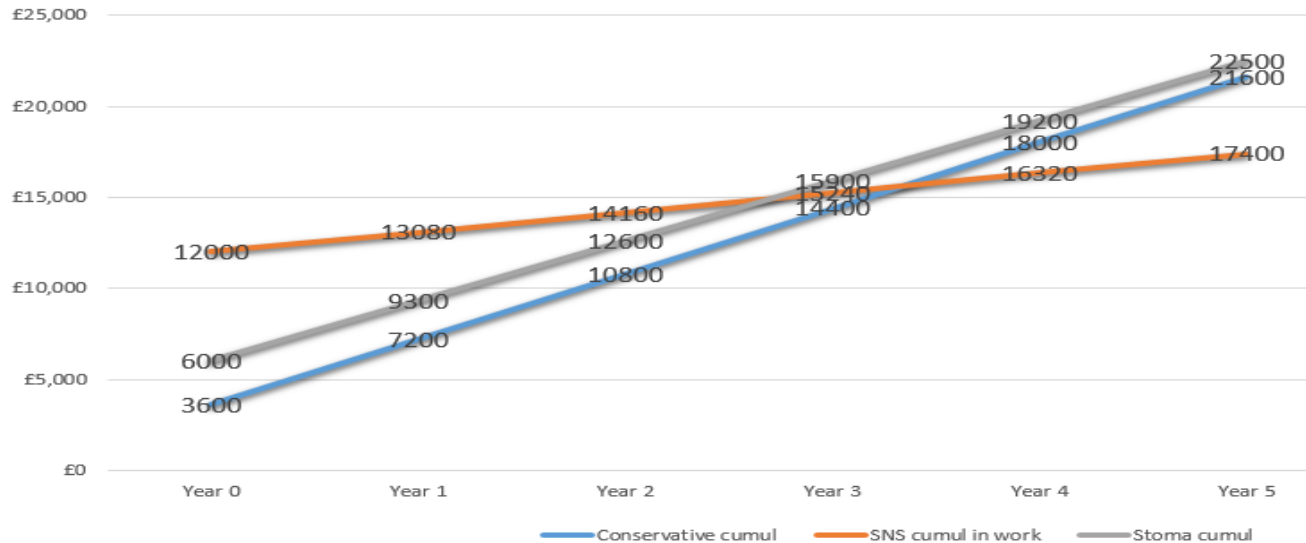
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Value Based Procurement – SNS Data driven evidence

VALUE TO THE HEALTH BOARD:

If SNS is not offered to patients, the table below shows the cost comparable of SNS, conservative management and the irreversible procedure of having a stoma – which you can see is not only most costly for the healthcare system but least favourable amongst patients.

Basic comparison: Conservative Management vs SNS and Stoma
(operation, consumables + medications)



A very basic comparison of the operation costs and yearly appliance and medication costs associated with SNS, basic conservative management and a stoma shows a £ “saving” for SNS in the 3rd year.

This does not take into account the negative physical, psychological and socioeconomic outcomes associated with stoma and continued conservative management.

For example estimated cost to Welsh Government per year for each incapacity claimant = £12,000 in costs and lost tax revenue.

Value Based Procurement - Stoma

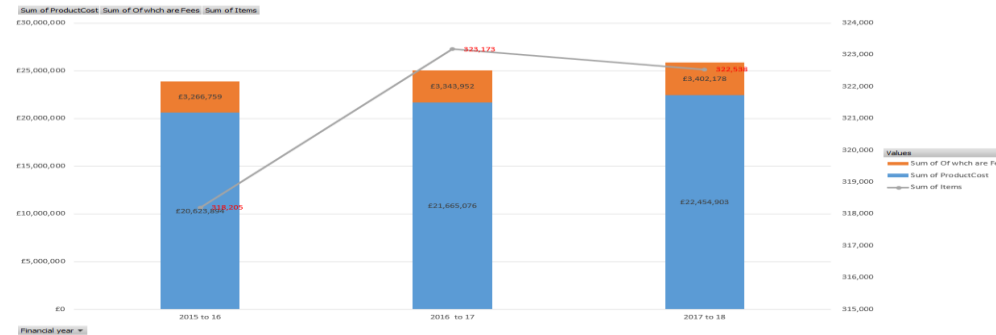


Data driven evidence across whole pathway of care helped:

Understand total cost of service and identify unwarranted variation, highlight non value adding activity and waste

This strengthened:

- Option appraisal
- Dialogue with suppliers
- Pathway redesign



Value Based Approach – Through dialogue we are working with suppliers to remodel the approach and ensure that any efficiency savings can be evidenced and re-invested into the service.

The contract period has been extended to allow for supplier partnership and the development of capabilities that should allow:

- process and efficiency savings with **supporting evidence**
- the possibility to link product choice to evidenced patient **outcomes**
- the ability to collect CROMS/PROMS – **putting the patient at the heart of the decision making process.**

Idea – Antimicrobial sutures



Some early adopters | **ideas** Financial models

Pilot potential - Evidence of potential to reduce the incidence surgical site infections (SSIs) when antimicrobial sutures are used in conjunction with supporting standardised pre and post op procedures

Assumptions - Savings can be realised by reducing infection rates that will lead to quicker post operation recovery time, reduce the need for unnecessary intervention and reduce patient LoS – making better use of scarce resources.

Studies suggest potential to reduce incidence by 30% and current estimates of the cost of an SSI are >£3000 per patient. The cost of the antimicrobial sutures are 25-30% higher than standard but potential value is significantly higher.

Is there an opportunity to partner with suppliers and clinicians to gather further evidence of the wider benefits and value and to develop as risk sharing VBP approach?



Hearing aids in Wales – VBP or not?



Hearing aids in Wales – users qualify for free batteries for life and need to visit out patients to collect.

Traditional procurement approach?



Succeeded in cutting price >30% by importing

Battery life was halved

Visits to OPD doubled!



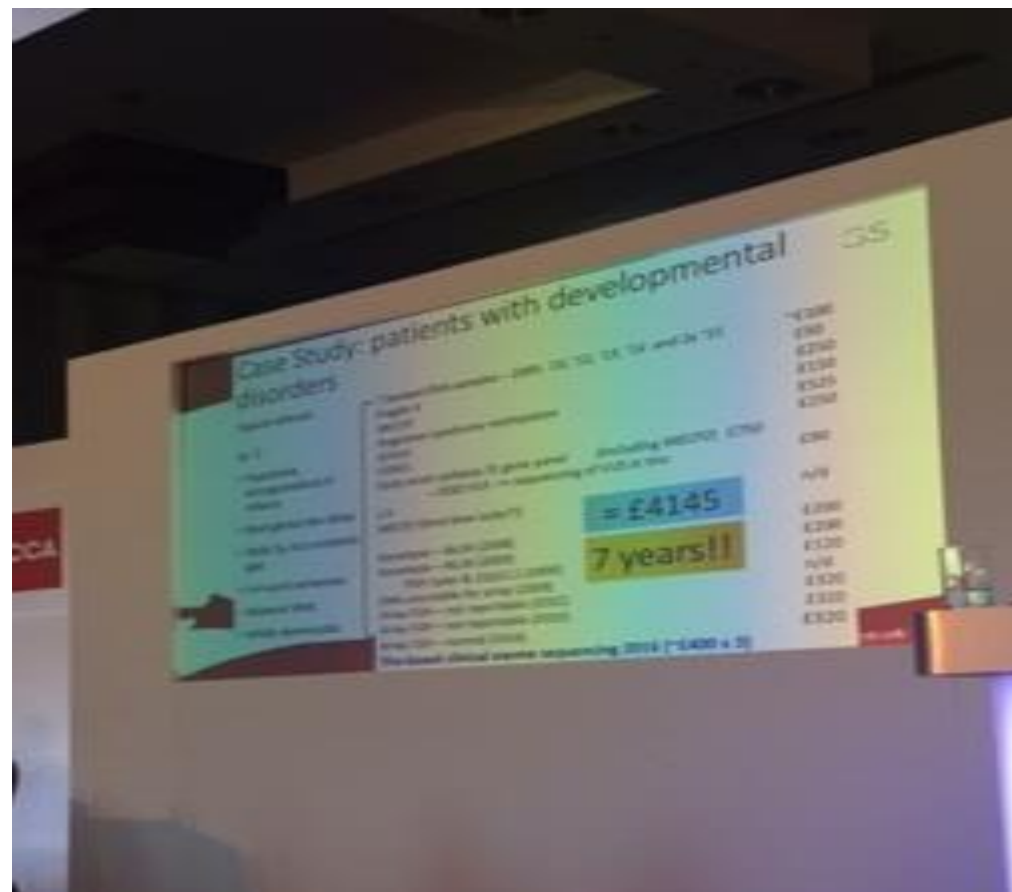
Genetics VBP approach



DNA/Gene testing for developmental disorders.

Early testing £400 can avoid multiple testing later on.

Reducing demand and cost with improved outcomes.



We need to progress....



Challenge to industry and NHS is to:

- Move beyond 1st P or PRODUCT (where appropriate)
- Increase the frequency and depth of engagement around the 2nd P of PROCESS using data driven evidence to inform decision making
- Advance to the 3rd P or PATIENT where reported evidenced OUTCOMES inform decision making and payment.

If we are not yet in a position to contract and share risk based on patient outcomes we can still work together and decide how best to advance in this direction.

Suppliers - Be prepared to be challenged on your evidence of true value.

THANK YOU FOR LISTENING!