

Value-Based Procurement

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+ Why Value-Based Procurement?



Health systems globally are under huge pressure.

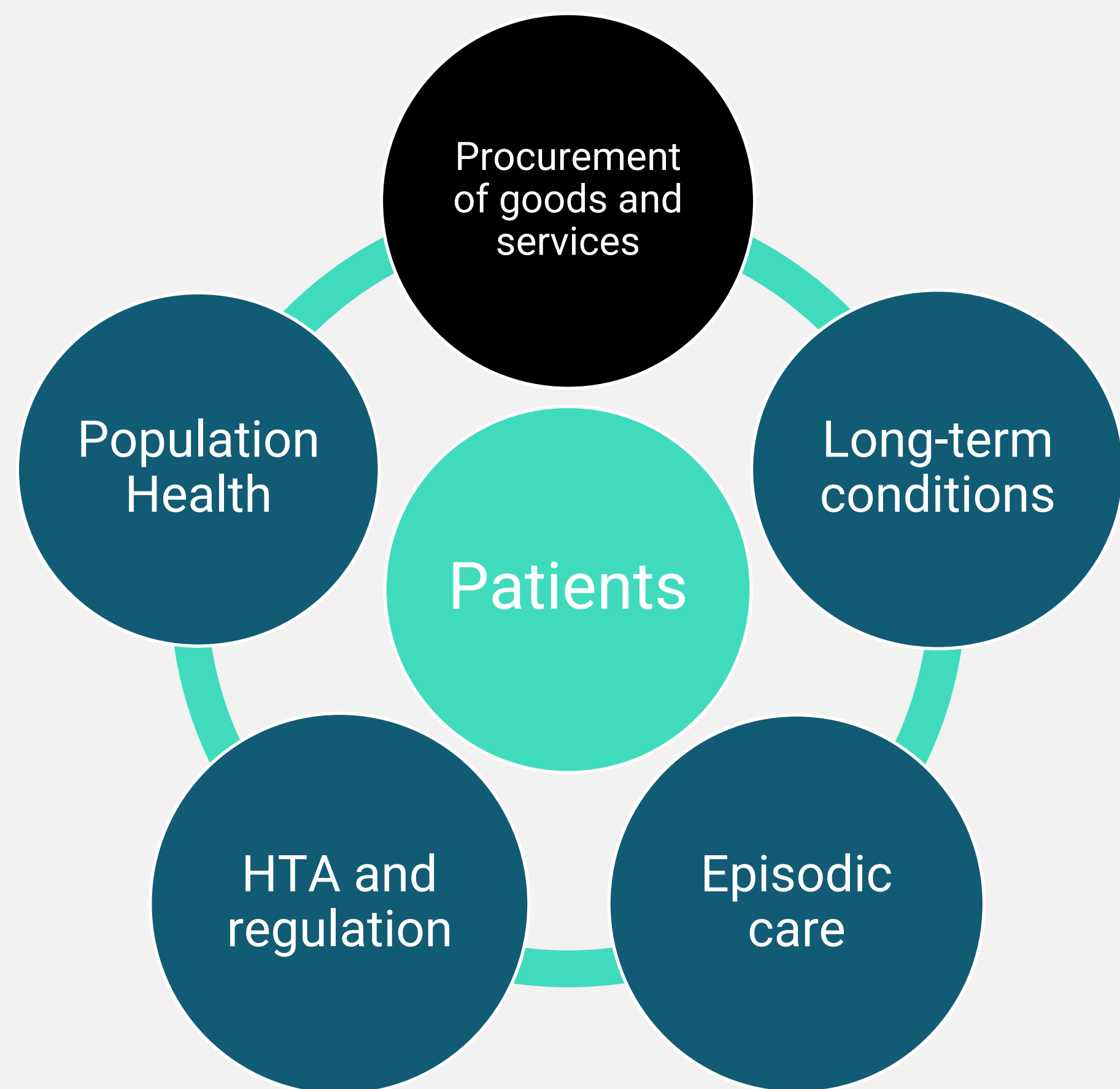
Many are responding by adopting Value-Based Healthcare (VBHC).

Greater focus on outcomes (*that matter to patients*)

New focus on the value of care, and total cost of care

Moving away from just the input costs (price)





+ Value-Based Healthcare (VBHC)

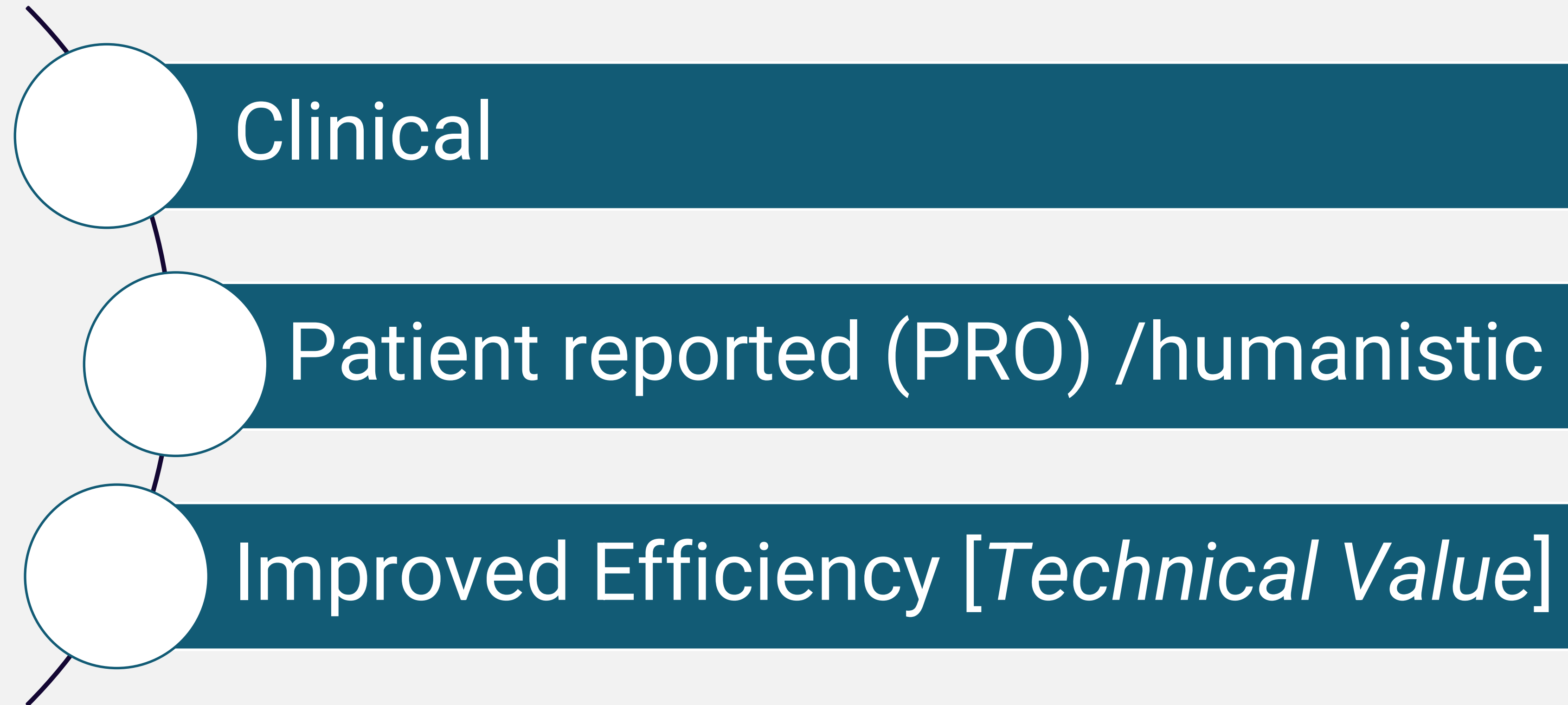
For a health system to be Value-Based, all the actors need to share an aligned aim: to increase value by improving outcomes within the resources available

Procurement of Medicines, Med Tech, Digital Tech and Services is the biggest expenditure after pay

Public Procurement Professionals can make a significant contribution to increased value through **Value-Based Procurement**



What are the outcomes that matter?



Health systems are focused on inputs and outputs not outcomes

Value-Based Procurement



“...Value-Based Procurement involves making purchasing decisions that consider how a product or solution can best deliver the **outcomes being measured** and reduce the **total cost of care** — rather than focusing exclusively on purchasing a specific product at the lowest possible price.”

EU Alliance for Value in Health. A taxonomy on VBHC

VBP is data-driven Procurement Contract Design, Award and Monitoring

What is the current challenge in innovation procurement?



- Procurement decisions are often driven by, or weighted towards lowest cost, meaning technology with additional benefits, such as productivity or improved patient outcomes, struggle to get adopted
- There is a lack of clear and consistent guidance on how to apply value-based procurement principles in a procurement exercise – resulting in unwarranted variation
- Industry is not incentivised to offer the NHS new products that drive improvements to productivity and patient outcomes.
- Industry is unclear on what level of evidence is needed to validate added value claims

UK Department of Health and Social Care (MedTech and Innovation Directorate)



From 2026,
Med Tech
tenders Will be
assessed:

**40% Price and
60% Value**

+ Dept. of Health & Social Care, UK

- 1. Social Value:** Climate change, Wellbeing, Equal Opportunity, Economic inequality.
- 2. Pathway:** Remove steps, Streamline interfaces, Management information
- 3. Resources:** Improving productivity
- 4. Patient outcomes:** Reduce the risk of harm, Product availability, Product interoperability, Product life, holistic outcomes
- 5. Product Performance:** Fit for purpose, Ease of use, Implementation support, After care support

Procure 4 Health Action Plan

Barriers



- Skills and Knowledge: education
- Complexity and resources
- **Data – availability, completeness and sharing**
- Incentives: total cost of care
- Culture
- Industry readiness: *Value-Based Supply*

Procure 4 Health: Action Plan

Specific steps for VBP



Define the need

Clinicians (and patients) are best placed to understand the need that could be met by procurement of technologies

Define the patient cohort

Which patients will benefit from this technology? VBP incentivises everyone to ensure only the right patients are offered the intervention.
Define the baseline

Agree the Outcome Measures

Holistic outcomes that will be realised in an appropriate timescale and are captured now or could be measurable.
Social Value?
Consider ICHOM

Identify the data sources

Where will these data come from?
Are they captured routinely? How complete are they?

Data sharing Agreement

Design the contract (OBA)

Is it a bonus or a malus contract?
When will the outcomes be reviewed?
What is the baseline timeframe?
How will issues be managed?

Manage changes in care delivery

Be mindful of changes to inclusion criteria or pathway redesign? How will they be reported? How will they be managed (in partnership)?

Procure 4 Health: Action Plan

Steps for Action for VBP



Secure executive management support

Ensure directors, general managers, and senior clinical colleagues understand and endorse principles of VBP. Engage them in developing value-based tenders and monitoring contract performance.

Take stock - internally and externally

Assess the readiness of your procurement team and healthcare provider. Invest in training and education and share knowledge and good practice.

Check if suppliers are ready for VBP

Ensure that suppliers are prepared to work with VBP. Learn from those already applying VBP in other markets.

Decide when to use VBP

VBP may not always be appropriate. Start with simple tenders where outcome data are available and measurable.

Understand the process and tools required to create and outcome-based agreement

Engage with clinical and patient organisations, select outcomes, collect data, design the contract, and manage incentives and finances.

Evaluate and share learnings

Report on value-based approaches and share lessons with the procurement community.

+P4H Insight and Webinar

Value-Based Procurement

INSIGHT #9

A detailed review of the reasons for using VBP approaches in the Procurement of Innovation and guidance on the critical factors for success.

WEBINAR



<https://procure4health.eu/repository/>



**Procure
4Health**

INSIGHTS

09 The use of Value-Based approaches to Innovation Procurement



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Procure 4Health

www.procure4health.eu



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