

Health System Procurement and Supply Management: Managing the Life Cycle of Technology for Maximum Value: What's New, What Stays, and What Must Go

Presented to: 11th China HTA Forum

Don Juzwishin PhD, FCCHL

Director Health Technology Assessment and Innovation

Alberta Health Services

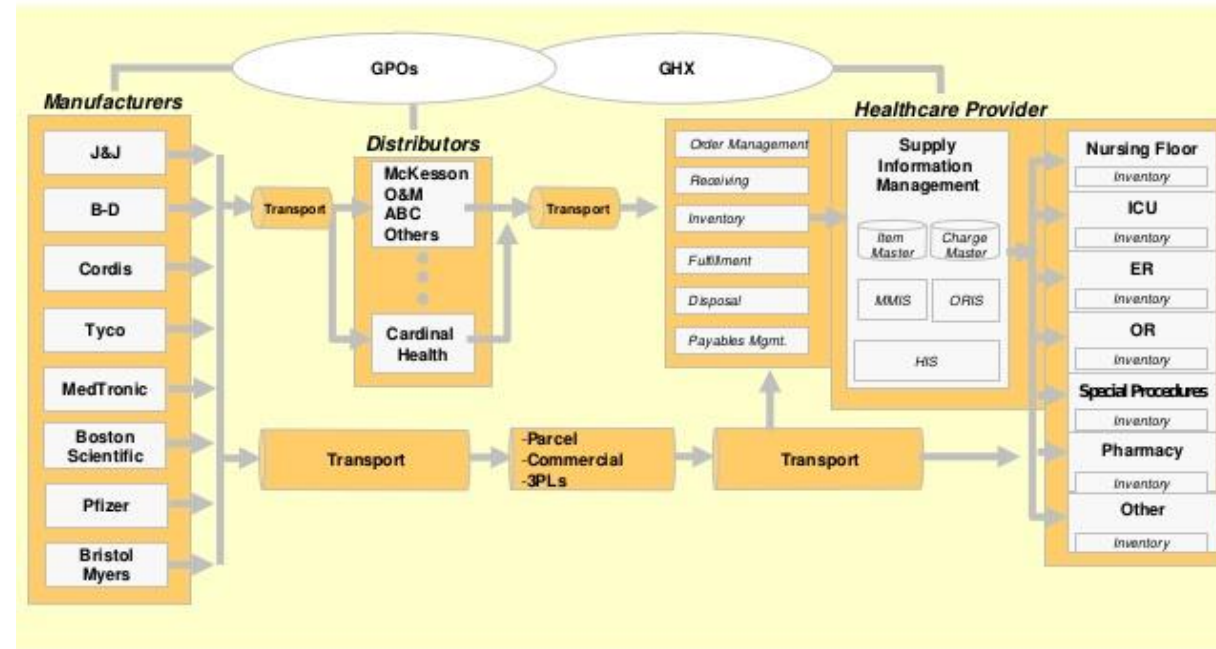
October 22, 2017

Objectives

- Participants will be able to:
 - Understand the role and responsibility of procurement and supply chain in health care systems
 - Appreciate the current challenges and issues associated with procurement, supply chain and innovation
 - Identify and mobilize opportunities for closer collaboration among HTA agencies, patients, clinical providers, leaders, industry and procurement
 - Identify resources

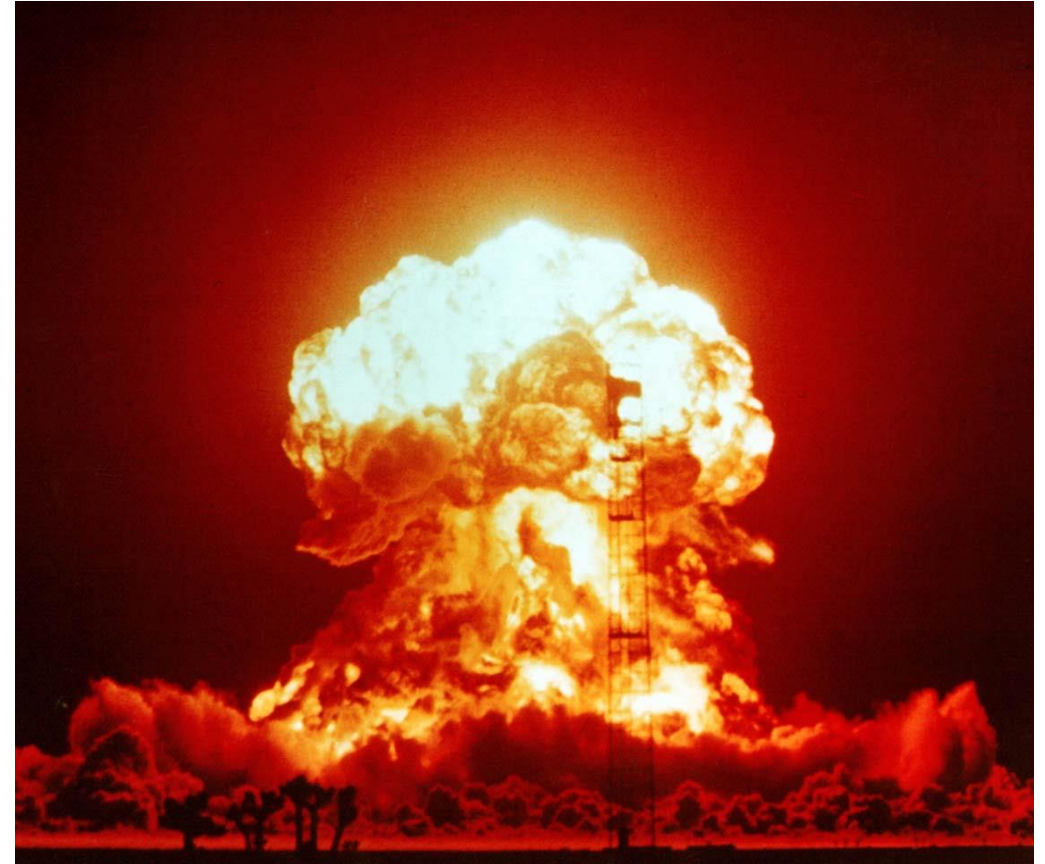
Hospital Supply Chain

Healthcare value chain is complex



Myths Surrounding Procurement and Supply Chain

- Procurement is only interested in lowest cost
- Supply chain management is a department (verb vs. noun)
- Efficiency and effectiveness: you can't have both
- Procurement controls spend management
- Green and patient preferences are not considered



Old Procurement / New Procurement

- **Old Procurement**

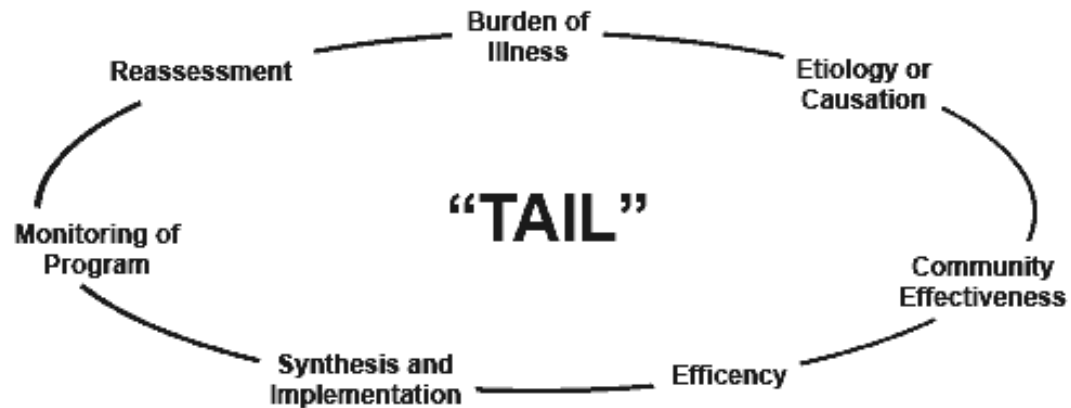
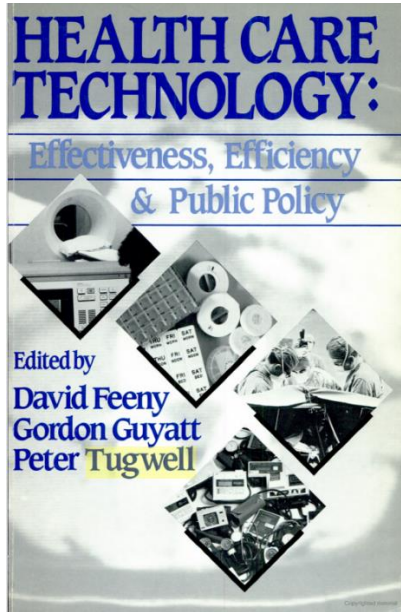
- Lowest cost
- Focus on the technology
- You can have any color – as long as it is black
- Procurement is in the basement
- Boiler plate



Food-vending stall, from a Roman fresco, 1st century AD. Source: Mitchell Beckett Ltd.

- **New Procurement**

- Highest value
- Consider the system impact
- Full life cycle
- Value proposition
- If it is emergent we will collaborate a way forward
- They are at your table
- How can we achieve mutual objectives?
- Part of global procurement and supply management



Tugwell, Bennet, Feeny et al. in Health Care Technology: Effectiveness, Efficiency and Public Policy. The Institute for Research on Public Policy, 1986.



Iñaki Gutiérrez-Ibarluzea¹, Marco Chiumente and Hans-Peter Dauben in Life Cycle of Health Technologies. Frontiers of Pharmacology, January 24, 2017

Procurement and Supply Chain Management

- **Procurement**

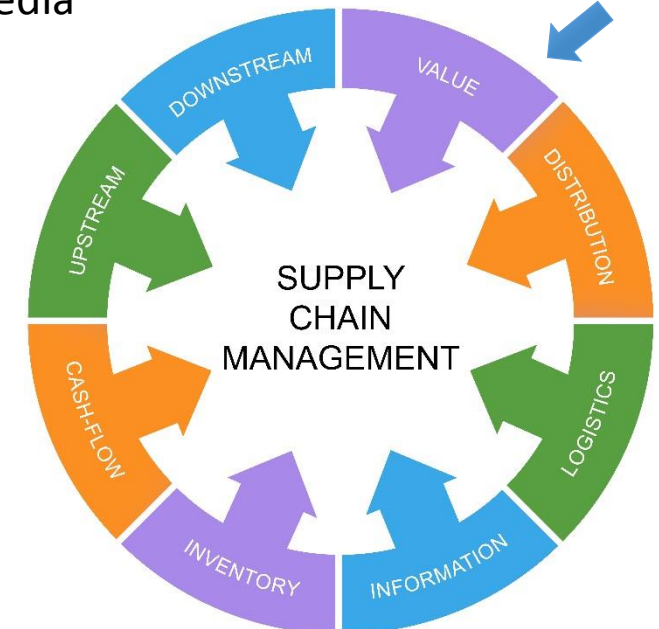
- The act of finding, acquiring, buying goods, services or works from an external source, often via a **tendering** or competitive **bidding** process. The process is used to ensure the buyer receives good, services or works at the best possible price, when aspects such as quality, quantity, time and location are compared. Corporations and public bodies often define processes intended to promote fair and open competition for their business while minimizing risk, such as exposure to fraud and collusion.

- Wikipedia

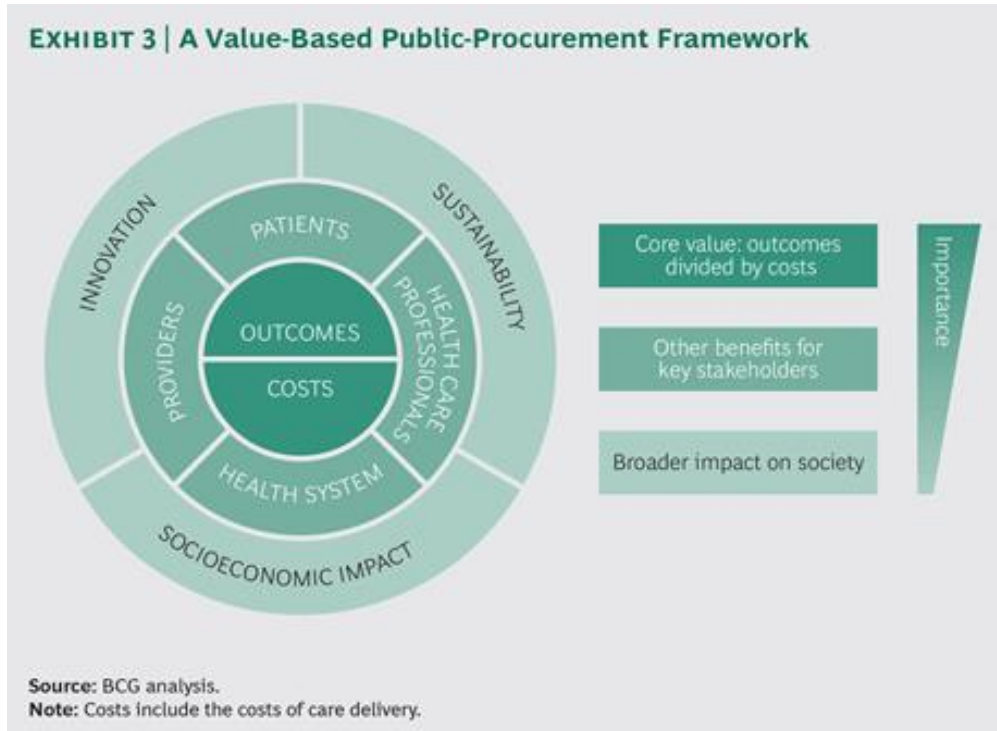
- **Supply Chain Management**

- The integration of key business processes across the supply chain for the purpose of creating value for customers and stakeholders. (Lambert, 2008)

- Wikipedia



Value-Based Procurement



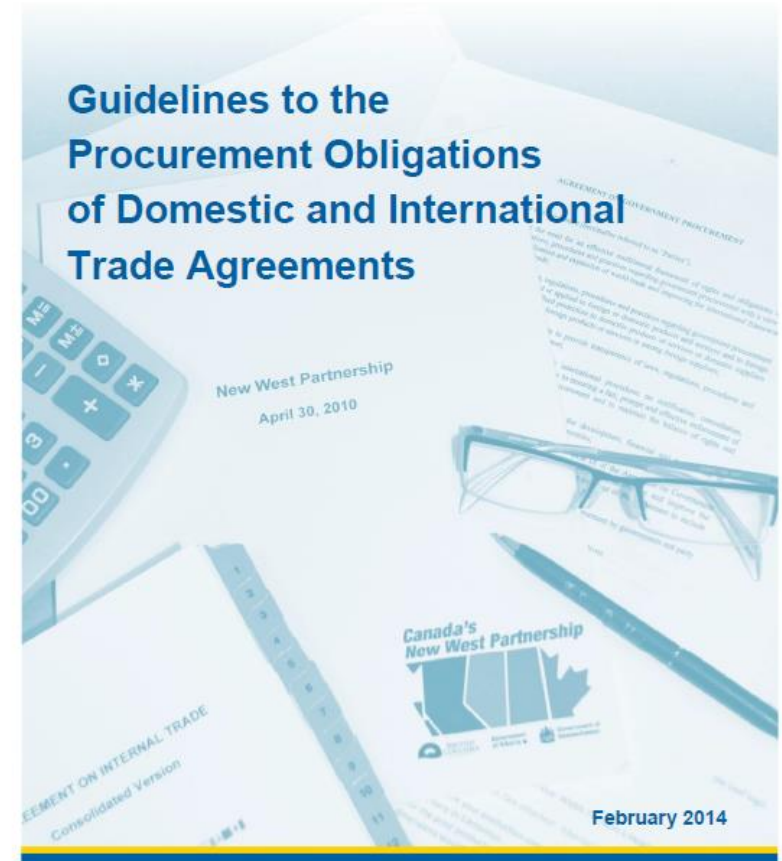
- **Innovative tender criteria**
 - Role of patient outcomes
 - Systems perspective
- **Total cost of care**
 - Require bidders to calculate total cost of care
- **Patient feedback**
 - Feedback from patients and clinical staff
- **Risk-sharing arrangement**
 - Uncertainty with outcomes – share the risk

Contemporary challenges

- **Strong interest in procurement by governments**
 - Reforms needed to stimulate adoption of innovations and support “economic prosperity”
 - Push procurement to produce savings
 - Take into account upfront cost as well as long-term value
 - Environmentally preferable purchasing programs
 - Fair labor practices
 - “too often the business side of healthcare – the purchasing, the employment, fails to reflect the policy goals of healthcare. The result – a sector that misses opportunities to do more to lead by example to achieve its own policy goals.”
 - Buy health, healthy environments, healthy economics and healthy people, not products

A Highly Regulated Activity

- Trade Agreements aim to reduce barriers to trade in order to increase competitiveness, economic growth and stability amongst their signatories. Each agreement includes procurement obligations based on the principles of non-discrimination, openness and transparency, and reflect a commitment to the effective management of public resources.



Ethics, HTA and Contracting Procurement and Supply Management

- In addition to employees, medical and midwifery staff are organization representatives
- Become familiar with your organizations corporate contracting policy
 - Code of Conduct
 - Conflict of Interest
- Vendor Guide of the organization
- What is the practice on addressing value adds
- Safe disclosure/whistle blower policy
- Management of medication samples and payment assistance cards
- Dispensing medication samples
- Industry code of conduct

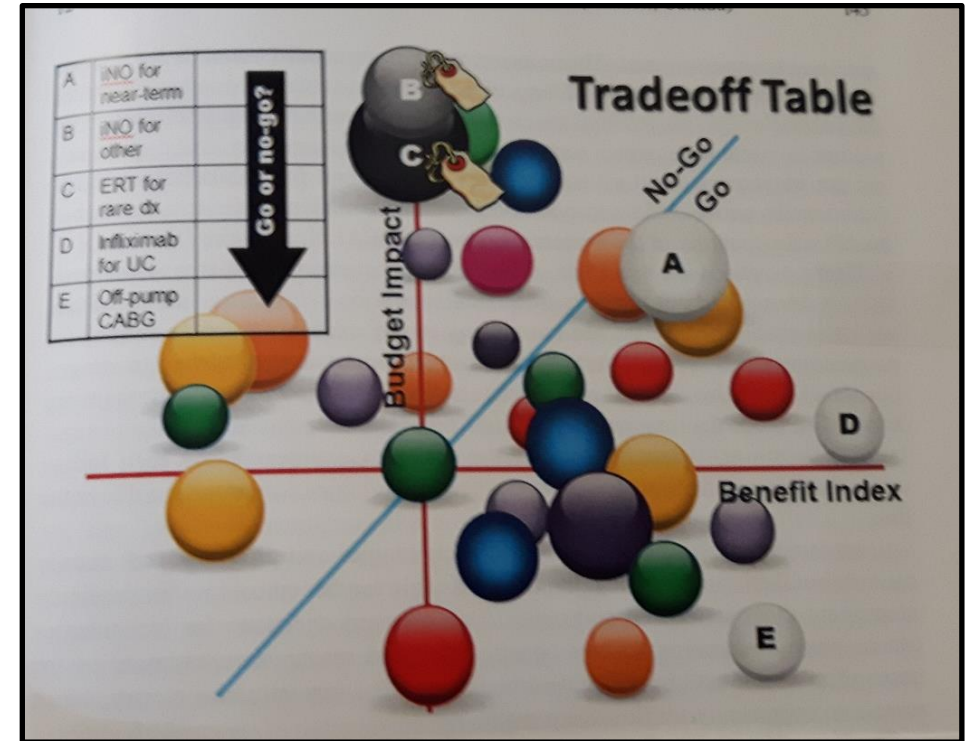


Opportunity Cost and Tradeoffs- HTA Can Help

- Zero sum game
- Silos
- Misaligned incentives
- Perverse incentives
- Bureaucratic administrative structures
- Optimizing

Looking to the Future of Hospital-Based HTA: The Next Frontier, Janet Martin and Laura Sampietro-Colm, 2016

<http://www.springer.com/us/book/9783319392035>



HTAi Asia Policy Forum

- Reaches out from the HTAi Global Policy Forum
 - 2017 Into its 5th year
 - 2017 Asia Policy Forum
 - November 02 to 03, 2017
 - Beijing, China

Lessons for Health Technology Assessment

- HTA cannot be an isolated activity
- Systems thinking
- Full life cycle
- Innovation
- Implementation
- Disinvestment
- “Integrate” HTA



References

- **Global**

- Block chain technology

- [https://www.ted.com/talks/don tapscott how the blockchain is changing money and business](https://www.ted.com/talks/don_tapscott_how_the_blockchain_is_changing_money_and_business)

- GS1

- <http://www.gs1ca.org/pages/n/home/index.asp>

- World Health Innovation Network – Dr. Anne Snowden

- <http://www.worldhealthinnovationnetwork.com/>
 - Visibility: The New Value Proposition for Health Systems
 - A Global Strategy for Advancing Supply Chain Transformation in Health Systems

- <http://www.integrate-hta.eu>

References

- Health Technology Assessment International – Asia Policy Forum
 - <https://www.htai.org/policy-forum/asia-policy-forum/>
 - 2013 Background Paper “HTA and decision making in Asia: How can the available resources be used most effectively to deliver high quality HTA that can be used by health system decision makers” A. Towse and C. Henshall
 - 2014 Background paper “Transferability of HTA” P. Barnsley, G. Marsden, A. Towse and C. Henshall
 - 2015 Background paper “How can HTA meet the needs of the health system and Government decision makers” G. Marsden, A. Towse, and C. Henshall
 - 2016 Background paper “Assessing value, budget impact and affordability to inform discussions on access and reimbursement: Principles and practice, with special reference to high cost technologies”.
 - Publication (free access for HTAI members) “Assessing value, budget impact and affordability in Asia”, IJTAHC, G. Hampson, C. Henshall, A. Towse, Published online 30 May 2017 pp 1 – 8.