

Value-based procurement essay series

Why the time is right for value-based procurement

A new value

How do we deliver the best patient care in the most efficient and resilient way? Such a simple question is rife with complexities. Defining and measuring the value of healthcare products and services varies considerably between patients, healthcare professionals (HCPs), commissioners, and industry. Value-based procurement (VBP) is a promising framework of decision-making for setting the cost of a healthcare service or product where it is possible for suppliers to be remunerated based on outcomes and the quality of care. The implementation of this decision-making framework is supported by an appropriate infrastructure, resources, tools and specialist skills. Nevertheless, a considerable debate remains on what VBP really means, and how it can be successfully introduced into the NHS.

What is value-based procurement?

The NHS has traditionally focused on cost-benefit analyses, whereby value is quantified by comparing its price and the clinical benefits it brings.¹ But with budgets stretched and patient demands only set to increase post-COVID, we are starting to see the steady global shift towards a VBP model being accelerated. NHS Supply Chain recently defined VBP as:

“An approach that delivers tangible, measurable financial benefit to the health system over and above a reduction in purchase price; and/or a tangible and measurable, improved patient outcome derived through the process of procurement.”²

Such a definition signals a significant step forward in our understanding of how the long-term value of a medical product – be it a therapy or technology – is measured. NHS Supply Chain has noted that not only can VBP increase operational productivity, but it also has the potential to reduce wastage and number of products used and help move patients from inpatient to day care.³

A new frontier for NHS procurement

The NHS procurement structure is complex due to its scale and fragmentation, with an estimated 90,000 suppliers providing 25 million product lines,⁴ and this competing demand on resources means it is impossible to implement value-based decision-making across all products. The NHS has also historically sought to maximise buying power to achieve price reductions, which can fail to account for the inherent value of a product. However, we can now see that NHS Trusts began to put VBP on the agenda. A 2021 NHS pilot report of VBP concluded that as the UK moves to a “new normal” in a post-COVID world, the adoption of VBP is critical in delivering sustainable healthcare for the 21st

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century,⁵ and this approach is supported by HCPs. Mölnlycke's own survey of 501 HCPs, of which a quarter of respondents were procurement professionals, found nearly three quarters (71%) supported a move towards greater value-based procurement decisions, highlighting that it would support better patient outcomes from elective surgery.⁶

Addressing systemic challenges

Given the clear support for a VBP framework amongst HCPs and procurement professionals, as evidenced by our survey, why are we yet to see it systematically embedded within the NHS in England? Despite clear progress, barriers to wider implementation persist, such as unwarranted variation across providers, siloed working, and difficulties in changing a longstanding prioritisation on price reduction.⁷ Additionally, the prospect of NHS reforms to the way Trusts are structured, including those proposed in the upcoming Health and Care Act, may lead to increased uncertainty amongst procurement teams on future frameworks, making it difficult to drive forward change.

A recent NHS Supply Chain report on a pilot project designed to review the practical application of VBP explored potential barriers across the workforce.^{8,9} Trust finance leads felt there was a lack of clarity on VBP's tangible benefits, whilst for procurement leads, the challenge resides in developing greater understanding of the practices of VBP to more readily spot opportunities. Suppliers noted the need for improved understanding of VBP across the NHS, emphasising the importance of collaborative working, including with senior clinical, finance, commissioning and procurement leads.

We don't have to look far to see examples of where these challenges have been navigated to deliver value-based procurement successfully. Supported by a developed Implementation Framework to ensure a system-wide approach, NHS Wales has been a leader in applying VBP.¹⁰ With patients' quality of life at the heart of decision-making, NHS Wales has applied VBP to an increasing number of products, driving the quality agenda as well as delivering significant savings year on year.¹¹

Unlocking opportunities

At Mölnlycke, we share the objective of placing patient outcomes at the centre of decision-making, which is why we are enthusiastic about encouraging greater uptake of VBP across the UK. A key tenet of VBP is the need to develop effective partnerships with industry, based on trust, availability of data and the pursuit of shared objectives. It is crucial to demonstrate a clear change in improving outcomes for patients for VBP to be successful. We are proud of the work we are doing at a national and global level to help overcome some of these key challenges and present workable solutions at every level of the system.

There is much to recommend the development of VBP as a widely used procurement decision-making framework for the NHS. It signals a shift in the traditional procurement-supplier relationship as procurement managers will need to look at longer-term benefits as opposed to shorter-term cost targets. It is supported by healthcare and procurement professionals, and can play a critical part in delivering sustainable healthcare for the future. Ultimately, the main benefits of VBP are for the patient, enabling them to receive the best possible outcomes from their care. Mölnlycke stands ready to support the NHS and play its part in helping to bring this vision of VBP to a reality.

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1 <https://www.nice.org.uk/process/pmg9/chapter/the-reference-case>

2 <https://www.supplychain.nhs.uk/programmes/value-based-procurement/>

3 Ibid.

4 <https://azuksappnpdsa01.blob.core.windows.net/datashare/NHS-Supply-Chain-VBP-Report-February-2021.pdf>

5 Ibid.

6 Censuswide 2021. Mölnlycke Research Study. Data on file.

7 https://tmabevents.be/MedtechConference2019/Documents/Why_Value-Based%20Procurement_now.pdf

8 <https://www.supplychain.nhs.uk/news-article/value-based-procurement-report-autumn-2020/>

9 <https://www.supplychain.nhs.uk/news-article/collaborative-working-reduces-overnight-stays-for-parotid-surgeries-in-value-based-procurement-pilot/>

10 <https://www.hilldickinson.com/insights/articles/face-value-how-value-based-approach-healthcare-could-be-game-changer-nhs>

11 <https://vbhc.nhs.wales/professionals/value-based-procurement/>