The Conference Board of Canada

Strategy for Scaling Value-Based Procurement in Canada

The Path to Value

Issue Briefing | December 7, 2022

Value-Based Healthcare Canada

Value-Based Healthcare Canada (VBHC Canada) is a research centre dedicated to building an evidence base for the systematic implementation and integration of value-based healthcare approaches across Canada. Value-based healthcare (VBHC) is an international movement that seeks to achieve the best outcomes for patients at the most reasonable cost by placing self-reported health and quality of life at the centre of healthcare decision-making. It informs a framework for restructuring healthcare systems, with the goal of optimizing value to patients and systems.

We work with key stakeholders from private, public, not-for-profit, healthcare delivery, and academic sectors, to tackle the daunting problem of how to improve patient care and outcomes while containing healthcare costs. VBHC Canada endeavours to be the Canadian champion for the VBHC movement, which means being the driver for applied research and stakeholder connections in support of advancing VBHC approaches and system-level impact across Canada's health systems.

Our Research Centre is funded by multiple members—united in their mission for progress—who support and inform the Centre's research agenda. Funding Members have the opportunity to help shape the future of Canada by ensuring independent, evidence-based research in value-based healthcare is developed and delivered to decision-makers in government, business, and civil society.

We are appreciative of the support from our funding members. Their passion and understanding of the urgent need for progress helps propel us forward and allows us to conduct research that matters into healthcare.

We welcome you to join us.

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Contents

Key Findings

- Methodologies and applied frameworks are supporting the integration of system-level value-based procurement (VBP) in Canada. But they remain few and far between, lack grounding in systemic value-based healthcare (VBHC) core principles and secondary implementation criteria and aren't measured or tracked across provincial/territorial jurisdictions.
- Based on European data reporting the use of the most economically advantageous tender (MEAT) approach to procurement in healthcare—as an alternative to lowest price—we anticipate that around two-thirds of evidence-based medical technology tenders in Canada could incorporate some element of value-based outcomes.
- Canadian leaders and experts agree that the biggest opportunity to adopt VBP at scale is for our provincial/territorial healthcare investments to incentivize value, outcomes, and costs over acquisition price.
- To realize this shift, Canada should adopt a multi-pronged strategy that addresses:
  - current issues with healthcare funding and finance model design;
  - the lack of data and evidence to align action and monitor progress;
  - the need to educate stakeholders and professionals on VBP and galvanize capacity to scale efforts;
  - required changes to procurement policies and legislation to guide best practices and ensure adaptive system and organizational governance.

VBHC Canada engaged an advisory board of pan-Canadian leaders to elevate the topic of value–based procurement (VBP) as a key element of applied value-based healthcare (VBHC) efforts in Canada. This research series sets the foundation for effective and scalable adoption of VBP policies, regulations, and practices in Canada.

Canada Is at a Crossroads

Every day, hundreds of thousands of Canadians access healthcare services. Many are undergoing critical life-saving procedures and important follow-up care. With their incredible training and practice, surgical teams, nurses, and other healthcare professionals play a leading role in delivering safe and effective care to Canadians. In support, medical technologies and solutions contribute greatly to clinical excellence and patient safety at the point of care. They can also generate considerable system efficiencies through operational improvements and optimizations.

Canadian leaders–hospital administrators, procurement teams, governments at all levels, and suppliers–have a unique opportunity to build the legislative, funding, and operating conditions needed to advance the application of value-based approaches to healthcare delivery and procurement.[1] Our research shows that an enormous amount of financial and non-financial value[2] can be realized across several stakeholder groups by shifting to VBP practices.[3]

1 Gagnon-Arpin and others, *Setting the Stage.*
2 Value is defined as achieving the best patient-centred clinical and operational outcomes at the lowest total costs over the full care cycle.
3 Gagnon-Arpin and others, *Different Is Necessary.*

Defining VBP in the Canadian Context

VBP is generally accepted as an approach to procurement that incorporates the principles of VBHC. It does so by focusing on acquiring products, services, and solutions that bring the greatest value, rather than focusing on the lowest possible acquisition price. Value is measured as the best clinical, patient, and operational outcomes at the lowest total costs over the full care cycle.

In addition, VBP acknowledges the need for:

- co-creative efforts with patients to determine and define what the "best" outcomes are for patients themselves, health professionals, and health systems;
- looking beyond the total cost of care to capture system efficiencies and optimizations across the continuum of care.

Source: Gagnon-Arpin and others, Setting the Stage.

Procurement in healthcare has focused on the lowest price. But taking a different approach is necessary, particularly as decision-makers and leaders respond to current challenges and the necessity of forging renewed foundations of governance and patient engagement. However, staffing, capacity, and other system issues in the current context challenge governments and decision-makers to prioritize and expedite a VBHC approach for the future.

" In the current environment, it's not an easy place for us to be thinking innovatively because people are just trying to survive. You think we're in recovery mode after the pandemic, but we're not. We're in stabilization mode. We need to make sure that whatever we're picking as the priority area to focus [on] is going to energize people and is moving in a direction that's actually going to make work easier."

Melissa Farrell, President, St. Joseph's Health System, Hamilton, Ontario

The COVID-19 pandemic also brought procurement to centre stage as some provincial/territorial governments faced significant supply chain challenges and bottlenecks. At the same time, it unlocked important opportunities to advance VBP in the form of supportive structures, models, and processes that can be leveraged and further improved upon.[4] There has never been a more important time for the healthcare, medical technology, and supply chain sectors to embolden their leadership and adopt effective VBP practices to:

- identify solutions that improve patient outcomes, increase system efficiencies, and reduce downstream costs;
- accelerate access to evidence-based innovations and new technologies by shortening the cycle of technology development, testing, and clinical or patient adoption;
- ensure adequate supply of medical products and technologies that can meet surges in demand.

To support the integration of system-level VBP at different procurement levels, we can draw on and learn from outstanding examples of methodologies and applied frameworks used in different parts of the country.[5] These approaches are lighting the way to a value-oriented approach to procurement in Canadian health and care ecosystems amid pandemic-related transformation.

Unfortunately, they remain few and far between and lack grounding in systemic VBHC core principles and secondary implementation criteria.[6] Significant barriers are preventing VBP and VBHC approaches from gaining the traction they need for their broad adoption and impact.[7] In this final instalment of our three-part VBP research series, we put forth a strategy and set of recommendations for VBP to effectively scale across the country.

4 Snowdon, Saunders, and Wright, "The Emerging Features of Healthcare Supply Chain Resilience"; and Gagnon-Arpin and others, *Different Is Necessary.*
5 Gagnon-Arpin and others, *Different Is Necessary.*
6 Slovinec D'Angelo and others, *Value-Based Healthcare in Canada.*
7 Gagnon-Arpin and others, *Setting the Stage.*

Funding Reforms Are Needed

In healthcare, policies drive funding models. Without value-based policies and payment models, provinces and territories will have difficulty shifting their procurement legislation and practices toward VBP. The system simply isn't designed to prioritize value, outcomes, and costs over acquisition price.

Currently, most hospitals in Canada are funded through annual global budgets, which provide a fixed allocation of funds (from provincial/territorial ministries of health directly, or through regional health authorities) based on predetermined volumes of services. While global budgets are predictable and simple to administer,[8] they can put pressure on hospitals and providers to meet budget targets. The procurement envelopes for medical technologies and supplies within global budgets are notoriously easy targets for price reductions compared with other spend categories (such as human resources). Doing VBP under our current funding models is also very difficult because costs are incurred in one area of the health system (e.g., acute care of a specific hospital department), while the resulting value may span several other areas, either within that same hospital or outside of it.

In addition, global budgets don't typically incentivize efficiency improvements—which can be supported by medical technology solutions—because hospitals don't receive more money for increasing patient throughput (e.g., by shortening the length of stay of admissions or addressing high rates of alternate level of care[9] patients occupying acute care beds).[10] Global budgets can also lead some hospitals to reduce or restrict the volume of services they provide to control costs.[11] The evidence points to a misalignment between the way our hospitals are funded and many provincial/territorial governments' priorities of improving access to healthcare services.[12]

Several alternative funding models have emerged over the past few decades, including activity-based funding, bundled payments, outcomes-based models, and population-based integrated payments.[13] In Canada, some provinces (Ontario, Quebec, and Alberta) are implementing activity-based and patient-focused funding models (see Appendix B).

8 Marini and Street, "A Transaction Costs Analysis of Changing Contractual Relations."

9 Alternate level of care is used in hospitals to describe patients who occupy a bed but don't require the intensity of services provided in that care setting.

10 Sutherland and others, *Paying for Hospital Services; and Sutherland and Crump, Exploring Alternate Level Care.*

11 Sutherland and Repin, *Current Hospital Funding in Canada.*

12 Sutherland and others, *Paying for Hospital Services.*

13 Busse, Schreyögg, and Smith, "Hospital Case Payment Systems in Europe"; and Sutherland, Repin, and Crump, Reviewing the Potential Roles of Financial Incentives.

What Will It Take to Scale VBP?

Canadian leaders and experts agree that the biggest opportunity for VBP to scale and spread is for healthcare investments to incentivize value over volume. Once healthcare systems start prioritizing value, outcomes, and costs instead of focusing on the lowest acquisition price, the outcomes that matter to patients will become the centre of system-level value realization across stakeholders.

> **“ Fundamentally, value-based procurement is not a procurement problem. To achieve adoption at scale, we need alignment of system design and incentives.”**
>
> **Dov Klein**, Vice-President, Value-Based Care, Ontario Health

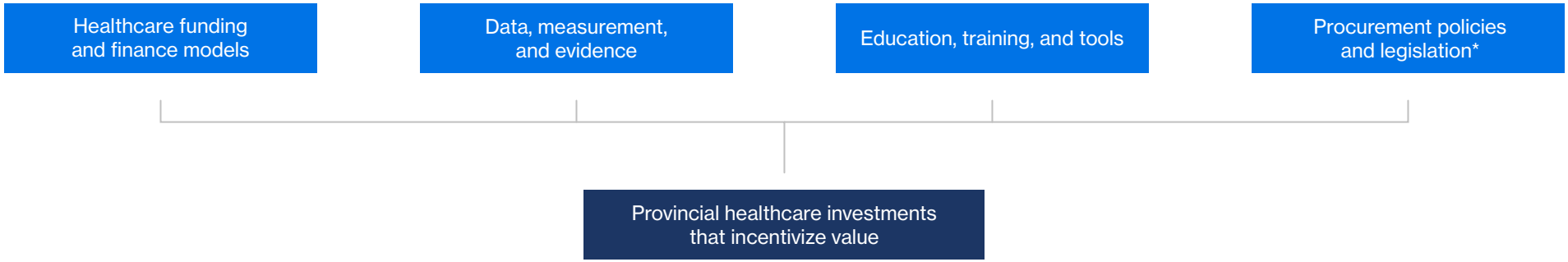
Provincial/territorial health systems will likely need to strike a necessary balance between allocating funds based on volume, population-level value/risk, and patient-level value/risk. In addition to considering value for patients and populations, health systems should also take into account the outcomes and benefits important to other stakeholders—including providers, hospitals (and other healthcare organizations), health systems, and society. Based on European data reporting the use of the most economically advantageous tender (MEAT) approach to procurement in healthcare—as an alternative to lowest price—we anticipate around two-thirds of evidence-based medical technology tenders in Canada could incorporate some element of value-based outcomes.[14]

Many systemic, practice, and culture changes are required for our healthcare systems to start adopting value-based outcomes funding policies and for the medical technology industry to effectively partner with system stakeholders to deliver. Armed with a bold strategy, common alignment on what we need to get us there, and strong leadership, Canada’s health and care ecosystems can build on existing successes to achieve this necessary transformation.

14 Gagnon-Arpin and others, *Different Is Necessary.*

As a first step, we propose a multi-pronged strategy, informed by an engagement process with key opinion leaders (see Appendix B). We address the fundamental challenges impeding our healthcare systems to incorporate a primary focus on value-based outcomes relevant for the immediate, near, and long terms (see Exhibit 1). Key barriers include the current design of the funding and finance models of both federal and provincial/territorial health systems, the lack of data and evidence, and the urgency to both educate and build professional capacity and establish adaptive and flexible procurement policies and legislation. We also put forth a set of recommendations aligned with each element of the strategy, and discuss three success factors for their effective implementation (see Exhibit 2).

Exhibit 1
Multi-pronged Strategy for Scaling Value-Based Procurement in Canada



*Or other actions including, but not limited to, procurement directives, standards, and guidelines.
Source: The Conference Board of Canada.

Exhibit 2
Recommendations for System Stakeholders

Healthcare funding and finance models

- Reform healthcare funding models/formulas/policies to incentivize value, outcomes, and quality (e.g., through bundled payment, activity-based funding, value-based physician payments) – **provincial/territorial governments**
- Find the right balance between population-level value/risk (e.g., value-based physician payment models) and patient-level value/risk (e.g., bundled funding) – **provincial/territorial governments**
- Address issue of budget silos (within health ministries, hospitals, and other procurement entities) and the short-term lens that comes from annual budget cycles – **provincial/territorial governments, hospitals/contracting authorities**
- Undertake a policy analysis of funding models supportive of VBP and build a funding model roadmap for use by provinces and territories – **third parties**

Data, measurement, and evidence

- Develop the infrastructure to collect and report standardized health and patient outcomes and cost data in real time – **provincial/territorial governments, federal government**
- Improve data integration across sectors (e.g., health and finance) and at different points of care within the system (e.g., acute and primary care) – **provincial/territorial governments**
- Reform data sharing policies and practices, including across jurisdictions (i.e., for benchmarking) and with industry (e.g., data sharing on a need-to-know basis) – **provincial/territorial governments, federal government, industry**
- Fund and undertake public and independent research on VBP/VBHC to build a Canadian evidence base and support buy-in – **third parties, federal government**
- Improve suppliers' ability to provide high-quality and independent evidence on the benefits and estimated value of their products and solutions – **industry**
- Measure and track the adoption of VBP across provincial jurisdictions using standardized reporting indicators (e.g., use of advanced techniques, bundled payments, provincial procurement, risk-sharing agreements) – **third parties**

Education, training, and tools

- Educate system stakeholders on VBP/VBHC, including government decision-makers, hospital/program administrators, procurement professionals, clinicians, and industry – **third parties**
- Develop capacity within provincial/territorial ministries of health to use/analyze outcome data for policy/program development (going beyond volume and prices) – **provincial/territorial governments**
- Increase the availability and use of VBP tools and practices for procurement professionals (including training) – **third parties, contracting authorities**
- Develop and integrate VBP modules/courses within post-secondary education programs (e.g., health administration, finance) or by professional credentialling services – **third parties**

Procurement policies and legislation*

- Establish or amend federal and provincial procurement policies and legislation* to place value/outcomes ahead of acquisition price and to support alternative procurement processes and practices – **provincial/territorial governments, federal government**

*Or other actions including, but not limited to, procurement directives, standards, and guidelines.
Note: Third parties can include academic researchers, non-profit/independent research organizations/think tanks, professional associations, etc.
Source: The Conference Board of Canada.

Systemic Implementation Success Factors

Cross-Sectoral Alignment, Coordination, and Engagement

A top priority for executing the proposed VBP strategy is to bring all governments (especially provincial/territorial) on board as key partners. Doing so is important for two main reasons:

1. The direction for healthcare investments to incentivize value (over volume or price) will need to come from the payer/funder organizations.
2. Many of the necessary actions and changes required to implement this shift will be owned or coordinated by government.

Our recommendations therefore largely target provincial/territorial government stakeholders and, to a lesser extent, federal departments, with meaningful inclusion of patients, clinicians/professional associations, hospital administration, industry, researchers, and independent third-party organizations.

"Government, industry and procurement [sectors] need to be partners and all need to be involved in the VBP process. All stakeholders need to be trained in VBP concepts and techniques and need to be engaged equally and early in the process. VBP needs support from all stakeholders but especially government, who can lead and drive the necessary change required."

Ron Johnson, Vice-President, Innovation and Rural Health, Eastern Health, Newfoundland and Labrador

A large and coordinated effort across, between, and within multiple system stakeholders, sectors, and government departments is needed to address timely and integrated data requirements and other issues that impede the integration and scale of VBP in Canada's health systems. This effort includes bringing together and building trust among different health system stakeholders (e.g., patients, ministries of health, hospitals, procurement professionals, clinicians) and various government departments (health, finance, procurement and supply chain, innovation) (see Table 1). The goal of this coordinated effort is a better alignment between our healthcare and procurement policies, models, and practices and the types of evidence-based outcomes relevant for patients, populations, providers, healthcare systems, and the broader economy.

Table 1
A Large and Coordinated Effort Is Needed to Scale VBP

Healthcare system stakeholders/sectors	Government ministries and departments
• Patients/populations • Governments: federal, provincial, regional • Hospital/health service delivery organizations • Procurement professionals • Clinical program managers • Clinicians/providers • Professional associations • Researchers • Industry	• Health • Procurement • Finance • Supply chain • Innovation • Research • Economic development

Source: The Conference Board of Canada.

Public sector organizations will also need to align and coordinate efforts internally—which means bringing together policy, program, and planning teams working on different "parts" of the system (e.g., acute services, physician services, pharmaceuticals, medical devices, drug insurance programs, information management, analytics). The hospital sector needs to see strong engagement with clinicians and greater collaboration across procurement, finance, and clinical program areas in order to adapt financial and clinical systems to measure, track, and achieve value.

Industry is another stakeholder critical to achieving value realization. Health, medical, and technology companies are adept at rising to the challenge of innovating technical and holistic solutions tailored to the priorities of patients and delivering value in the immediate, near, and long terms. But there's room for improvement, since the industry sector (as a whole) is still quite transactional in its focus and interactions. Suppliers need to design and co-design their service offerings, practices, and processes toward value-based approaches to procurement, delivery, and monitoring of partnerships. The medical technology industry plays a shared role (along with the public sector) in co-creating capacity to lead and participate in advanced procurement practices. This can also help establish trust between all parties. At the same time, the aggregation and consolidation of supply chain organizations within provinces and territories where procurement is decentralized (as with the Plexxus and Mohawk Medbuy amalgamation in Ontario) is an important opportunity to improve public–private partnerships that collectively advance VBP approaches.

Third-party organizations, such as academic researchers and independent research organizations, also have a role to play in building a Canadian evidence base on VBP. Future research priorities include undertaking a policy analysis of funding models supportive of VBP and building a funding model roadmap for use by provinces and territories. Doing a "readiness assessment" across provinces and territories (and potentially health regions) regarding their respective strengths and weaknesses on each component of the proposed strategy for scaling VBP in Canada was also highlighted.

Vision and the Power of Adaptive Leadership

Implementing a multi-pronged strategy to scale VBP in Canada requires strong leadership and champions at all levels—from policy-makers, hospital administrators, procurement professionals, clinicians, patients, and suppliers. Having more champions at the highest levels of government is an immediate priority. In fact, it's a requirement for driving the system-level reforms needed to remove silos in order to integrate budgets and care delivery, and align healthcare funding incentives with value and outcomes. And while much of the Canadian leadership around VBP currently sits within supply chain teams, we need more political buy-in for scalable change to happen at the health system level.

"You need to get support at the right level—with executive level engagements—to help champion VBP and open doors. You need that level of support to remove the blockages along the way, which are inevitable. It's not the strongest or the most intelligent that survive. It's the people who can adapt to change ..., and as a profession, we need to adapt."

Brian Mangan, Managing Director, Brian Mangan Associates; former Value-Based Procurement Lead, NHS Supply Chain, England

The federal government can also contribute to timely procedural review and integration of VBP practices within its policies and programs. Provinces and territories would benefit from a national and coordinated rollout of a VBP strategy, beginning with foundational components. Examples of specific actions include:

- Demonstrate a commitment to VBHC approaches to service delivery and procurement within health finance and procurement policies or through other mechanisms (e.g., Health Accords, Common Statement of Principles on Shared Health).
- Support provinces and territories in the implementation of a time- and target-based nationally coordinated VBP strategy, or guide/support specific elements of the strategy that would benefit from pan-Canadian or technical alignment (e.g., funding model reforms, data sharing policies).
- Provide technical support and/or funding for provinces to develop the data infrastructure needed to collect and report on standardized measures of patient-reported outcomes.
- Consider the goals and operating principles of VBP and VBHC as part of government initiatives/programs/strategies in health and other sectors such as procurement, finance, statistics, economic development, research, and innovation.
- Provide (or continue to provide) funding to independent organizations advancing the goals of VBP/VBHC across Canada, such as the Coordinated Accessible National (CAN) Health Network.[15]

15 While the CAN Health Network mostly supports small and medium-sized enterprises (SMEs), significant global expertise can be leveraged from multinational enterprises (MNEs).

Culture and Mindset Change

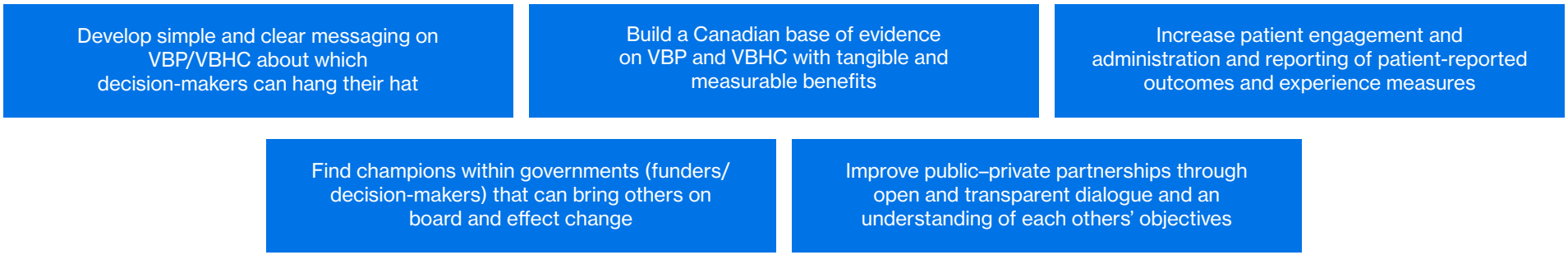
As with the adoption of any innovative or novel concept, culture change and commitment are required to make the necessary large-scale political, system-level, and sector-level changes to shift the focus to value and outcomes. VBP leaders and experts agree that a priority is to educate policy-makers, senior government, and health system decision-makers and executives. Raising awareness and buy-in from other system stakeholders, including clinicians, procurement professionals, patients, and industry, is also essential.

Beyond education, the healthcare leaders we interviewed brought forward specific examples of opportunities and mechanisms to change the culture to one where healthcare is seen as an investment instead of an expenditure (see Exhibit 3).

"Everyone needs to start thinking differently. We need to be looking at procurement as a strategic enabler within health systems. Procurement is not just about procuring widgets; it's about doing more than that and helping the system achieve its goals."

Jitendra Prasad, Former Chief Program Officer, Contracting, Procurement and Supply Management, Alberta Health Services

Exhibit 3
Opportunities to Influence a Cultural Change Toward VBP



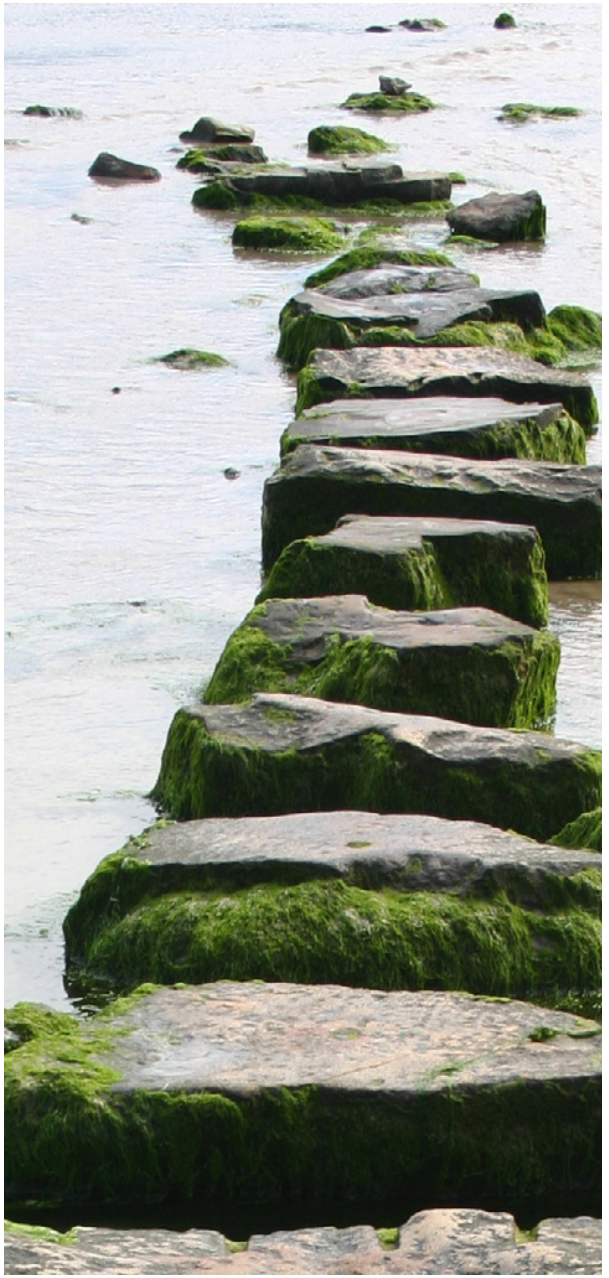
Source: The Conference Board of Canada.

The Way Forward

As world-class health systems embrace the shift to value-based approaches to procurement and healthcare service delivery, will Canada be left behind? The COVID-19 pandemic stalled some of the progress and momentum toward making the necessary systemic changes for our healthcare investments to incentivize value at scale. At the same time, the pandemic served as a catalyst to open up important opportunities to advance the application of VBP. This effect occurred as a result of centralized procurement efforts, improved partnerships with industry, and the use of real-time data to reduce supply chain bottlenecks.

Our three-part VBP research series provides leaders in government, the healthcare sector, and industry with insights and focused recommendations to propel VBHC approaches and enhance the role of VBP in shaping the future of healthcare in Canada. We established a common definition of VBP in the Canadian context, where value is measured as the best clinical and operational outcomes at the lowest total costs over the full care cycle.[16] We also found that many governmental, health sector, and industry partners are building foundations for VBP by addressing the prevailing barriers limiting its adoption and undertaking VBP initiatives.[17] And while we currently have no mechanism for identifying the procurement approach taken by contracting authorities in Canada, we anticipate around two-thirds of evidence-based medical technology tenders could incorporate some element of value-based outcomes.

However, unless healthcare investments are structured to incentivize or pay for value-based outcomes at scale through funding reforms, standardized and transparent measurement of outcomes and costs, capacity building, and supportive policies, health systems won't be able to progress beyond the current model. And the potential for health outcomes and social and economic impact from procurement in healthcare will remain elusive. Thankfully, Canada is ripe for change and ready to harvest and build momentum toward paying for value—if not by choice, then by necessity.



16 Gagnon-Arpin and others, *Setting the Stage.*
17 Gagnon-Arpin and others, *Different Is Necessary.*

Appendix A

Methodology

Our research approach included conducting key informant interviews with system stakeholders, qualitative content analysis, and a literature review to supplement content analysis. A total of 16 key informants agreed to participate in the interviews. They represented different stakeholder groups: provincial/territorial government workers/decision-makers (n = 5), hospital administrators (n = 3), health policy researchers (n = 1), medical technology executives (n = 6), and an international content expert. All participants were knowledgeable on this topic. We chose (convenience sample) seven of these individuals from the Advisory Committee and two from the Steering Committee established for the project. The other seven were recommended for their expertise by our advisors.

We used semi-structured interviews that were approximately 30 to 45 minutes long and were conducted between July 26 and August 26, 2022. In advance of the interviews, each key informant received an interview guide with the project description and interview questions. The interview guide contained project background and results of our earlier research on VBP, which identified the key barriers limiting the adoption and implementation of VBP in Canada. The participants were informed that the main objective of the interviews was to gain their insights into and perspective on these barriers and specific solutions that can help address them. All interviews were audio-recorded, yielding a total of 16 recordings.

Detailed notes were taken during the interviews and verified later against transcripts generated through the recording software. The resulting notes were subjected to a content analysis using the framework for applied policy research,[1] which included the following key steps:

- familiarizing
- identifying a thematic framework
- indexing
- charting
- mapping and interpretating

To ensure methodological rigour and trustworthiness,[2] the research team held discussions of the data and themes.

We then shared the results with the members of the Advisory and Steering Committees (nine of whom participated in the interviews) for content validation of the themes and interpretation of the findings. We carefully considered the committees' feedback and incorporated it into the analysis. We supplemented the qualitative analysis with a selective and non-systematic literature review, including open-access and grey literature, pertaining to the issues raised by the key informants.

1 Srivastava and Thomson, "Framework Analysis."
2 Korstjens and Moser, "Series: Practical Guidance to Qualitative Research."

Appendix B

Examples of Applied VBP Policies, Tools, and Practices

Healthcare Funding and Finance Models

Value-based funding models include activity-based funding, bundled payment, and population-based integrated payment models.

The following are examples of hospital funding reforms in Canada.

Ontario

Quality-based procedures and bundled care programs[3] were introduced in 2012 and 2015 respectively, under the system-wide Ontario health system Funding Reform.[4]

Quebec

Between 2004 and 2016, several patient-based funding programs were put in place to increase access, reduce wait times, and improve performance in four areas: access to surgery, colorectal cancer screening, radio-oncology, and computed tomography and magnetic resonance imaging.[5] As of April 1, 2023, Quebec is set to move to diagnostic-related groups patient-based funding for all hospitals provincially.[6]

Alberta

Long-term care funding reform started in 2010 with the introduction of the patient/care-based funding (PCBF) model. PCBF is similar to activity-based funding and directly ties the payments received by long-term care providers to the complexity and care needs of residents. This model is also being considered for use in other care settings.[7]

3 Ontario Ministry of Health and Long-Term Care, "Health System Funding Reform."
4 Laberge and others, "Hospital Funding Reforms in Canada."
5 Ibid.
6 Expert Panel for Patient-Based Funding, *Money Follows the Patient.*
7 Alberta Health Services, "Patient Care-Based Funding."

British Columbia

Activity-based funding was briefly implemented between 2010 and 2013 in 23 large hospitals, with the goal of improving the efficiency and volume of hospital-based care. The project was shelved and did not transition into a widespread provincial model.[8]

Data, Measurement, and Evidence

Patient-Reported Outcome Measures and Patient-Reported Experience Measures

The Canadian Institute for Health Information has been leading the standardized collection and reporting of patient-recorded outcome measures (PROMs) for hip and knee arthroplasty in Canada and internationally (e.g., the Organisation for Economic Co-operation and Development's Patient-Reported Indicators Survey initiative). Ontario is the first jurisdiction to adopt the national PROMs standards in support of the hip and knee replacement Quality-Based Procedure Program.[9]

Sharing Patient Information Between Hospitals and Long-Term Care Homes

In 2020, a unique partnership in Ontario among the CAN Health Network, PointClickCare, and St. Joseph's Health System created a digital bridge between the various hospital health information systems with those of long-term care homes. This bridge enables information sharing to support care coordination and delivery and improve safety and health outcomes for older adults being transferred between hospitals and long-term care homes.[10]

8 Sutherland and others, "Paying for Volume."
9 Canadian Institute for Health Information, "Patient-Reported Outcome Measures (PROMs)."
10 CAN Health Network, "Better Collaboration Means Better Care."

Health*ideas*

This data warehouse was designed by the British Columbia Ministry of Health to support decision-making. It contains information on the health services (e.g., diagnoses, procedures, hospital services, and physician services) provided to residents of British Columbia since 2001–02. The Ministry's Data Management and Stewardship branch is responsible for the collection, storage, availability, and use of and access to Ministry of Health data sets for research and analysis.[11]

Education, Training, and Tools

MEAT VBP Framework

Developed by the Boston Consulting Group (with funding from MedTech Europe and several multinational suppliers) to support the implementation of VBP in healthcare, this framework can be adapted and applied pragmatically to generate insights into the value of specific innovations (medical devices, technologies, or consumables).[12]

The NHS Supply Chain VBP Project

This project demonstrates the practical application and benefits of VBP based on a series of pilots, leading to the development of a scalable model, an implementation methodology, and an internal toolkit.[13]

The Decision Institute, Netherlands

This business school offers tailored VBHC education through interactive sessions covering the philosophy, core concepts, and key tools in the field of VBHC.[14]

Procurement Policies and Legislations

Eastern Health's VBP Policy and Directive

This policy and directive explicitly outlines that VBP is to be used for departmental procurement of goods and services "where it is efficient, economical and operationally feasible to do so." It requires that bidders focus on solutions to the problem that are predefined by the purchaser and on "value" for patients and other stakeholders. The policy encourages approaches such as fixed bundled payments, patient cases, risk sharing, competitive dialogue, and vested outsourcing.[15]

Alberta's Centralized Supply Chain and Procurement Processes

These processes are an example of a centralized and digitally enabled supply chain model managed through the Contracting, Procurement and Supply Management Department of Alberta Health Services.[16]

Broader Public Sector Procurement Directive

Published by the Government of Ontario, this document aims to "encourage innovation in Ontario's [broader public sector] within the existing procurement policy context." The document outlines early market engagement strategies and procurement models to support the planning, design, and implementation of VBP in the province.[17]

Ontario Health Innovation Council Recommendations on VBP Practices

The Ontario Health Innovation Council (OHIC) was established by the Ontario government to accelerate the adoption of new technologies in the healthcare system. In 2014, OHIC produced a report The Catalyst: Towards an Ontario Health Innovation Strategy, with evidence-based recommendations that the provincial government subsequently accepted.[18]

Healthcare Sector Supply Chain Strategy

In April 2016, the Government of Ontario established an expert panel to put forth recommendations for the Healthcare Sector Supply Chain Strategy. The report, Advancing Healthcare in Ontario: Optimizing the Healthcare Supply Chain – A New Model, presented 12 recommendations.[19] In November 2020, Ontario announced its move toward a centralized, whole-of-government procurement model with the launch of Supply Ontario, anticipated to be fully operational by late 2023.[20]

11 Government of British Columbia, "Welcome to Healthideas."
12 Gerecke and others, "How Procurement Unlocks Value-Based Health Care."
13 NHS Supply Chain, "Value Based Procurement Project Update."
14 Decision Institute.
15 Eastern Health, "Value-Based Procurement, OPS-MS-110."
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Appendix C

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