



# Value-based Healthcare and Procurement

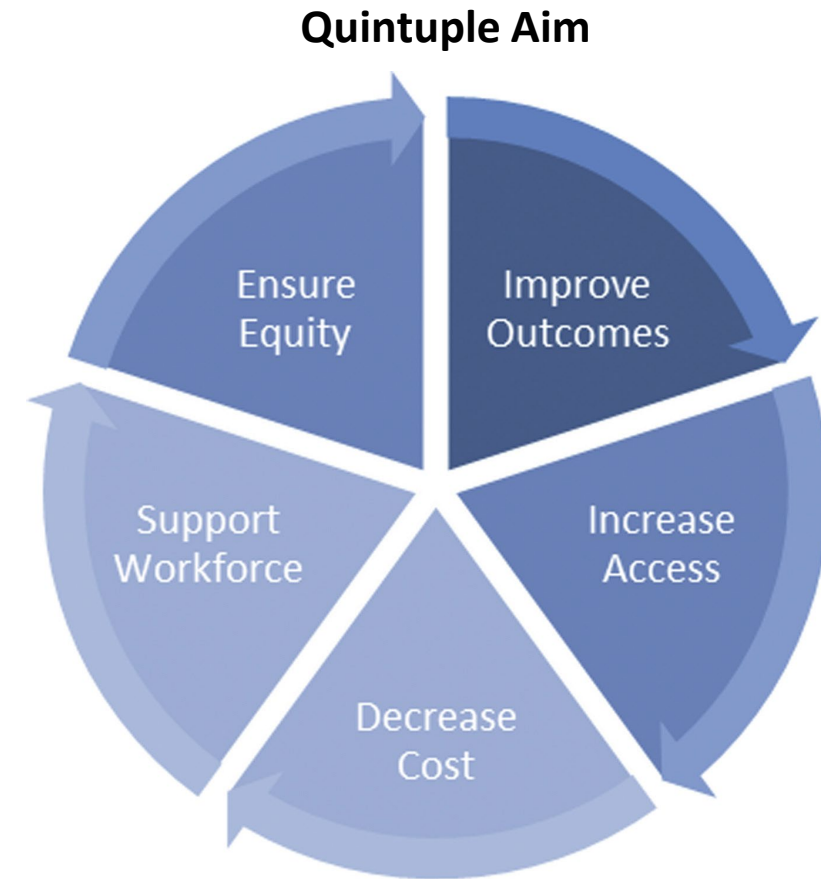
Level setting for P&SC Committee

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# Why?

- P&SC Committee oversight over how VBHC/VBP messaging and positioning is created for all other MTC groups
- Common misunderstandings
  - “everyone has their own definition”
  - muddled terminology e.g., PRICE ≠ COST
- Understanding alignment with Quintuple Aim
- Key to how we engage with governments and procurement groups
- Vital to developing commercial approaches



- Where did the conversation begin? Why is it important?
  - Professor Michael Porter and Harvard Business School - Institute for Strategy and Competitiveness
  - Not just “ anyone’s definition.....”
- Do we know what is meant by Value-based healthcare?

*Better value and increased quality per dollar spent*

$$\text{Value} = \frac{\text{Outcomes}}{\text{Cost}}$$

# Key Elements of VBHC

**Integrated Practice Units**

**Measure Outcomes**

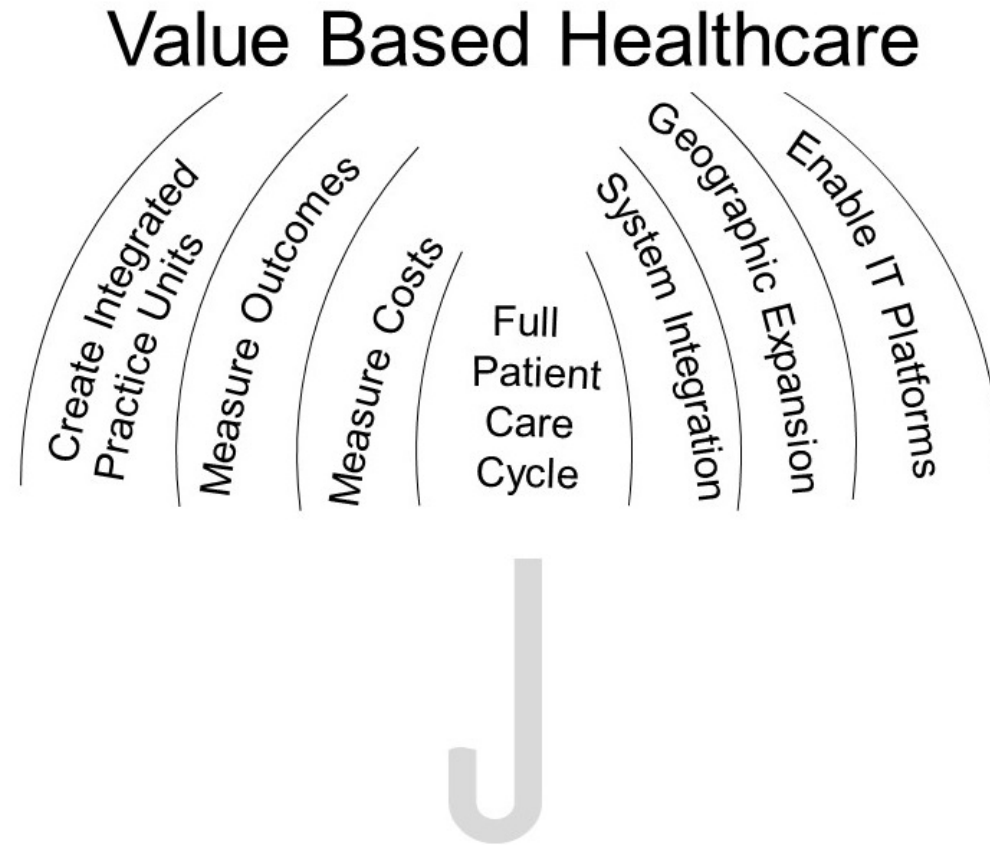
**Measure Cost**

**Full Patient Care Cycle**

System Integration

Geographic Expansion

Enables IT platforms



$$\text{Value} = \frac{\text{Outcomes}}{\text{Cost}}$$

- Each word has weight
- Important ties to Value-based procurement
- Various iterations and applications
  - MEAT
  - Coverage with Evidence Development (CED)
  - Commissioning
  - Outcome Based Specifications
  - Performance-based contracting
  - Innovation Procurement



# What is Value-Based Procurement?

Value-based Procurement is an approach which focuses not only on the **PRICE** of a particular product or service but also on the overall **VALUE** of the solution it can create, in terms of improved **OUTCOMES** for patients and the healthcare system, reduced total **COST**, and has benefits for all stakeholders

- Multiple iterations and applications globally
- M.E.A.T
- Coverage with Evidence Development (CED)
- Commissioning
- Outcomes Based Specifications
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- Innovation Procurement



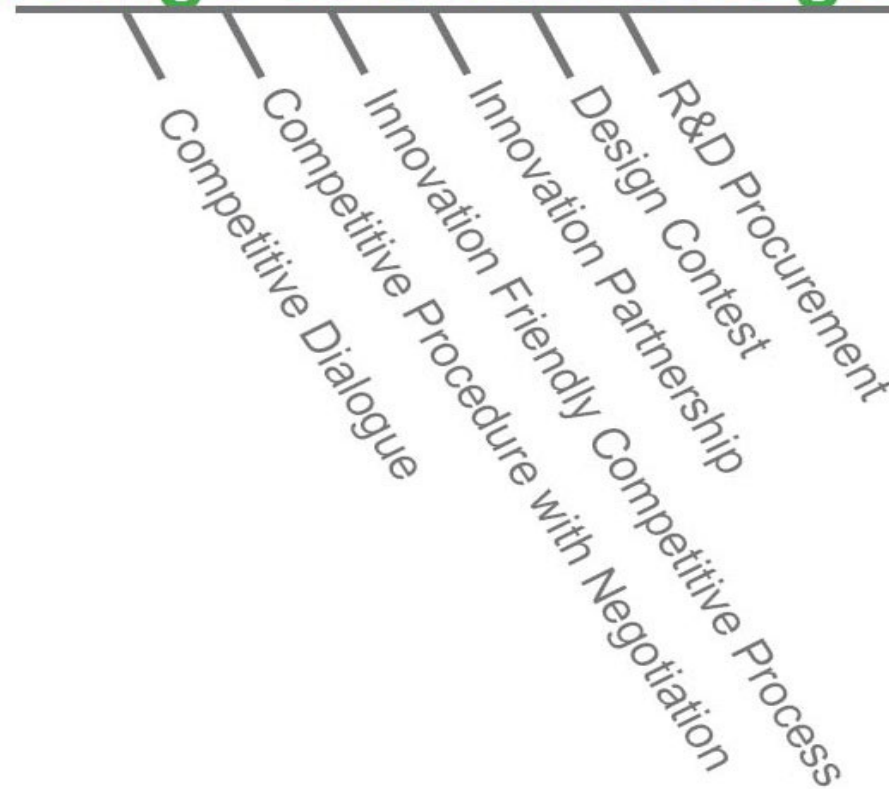
Tools and templates developed in 2019 – MGCS and HSCN

Definition:

Purchase of solutions that do not exist in the market or need to be adapted or improved to meet specified needs and create value for users and the procuring organization.

*Reference: Innovation Procurement Primer*

## Range of Methodologies



- Conference Board of Canada
  - Setting the Stage, The Status of Value Based Procurement in Canada
  - Different is Necessary: Approaches to Advance Value Based Procurement in Canada
  - Strategy for Scaling Value Based Procurement in Canada: The Path to Value
- Power of the Purchase Order: OCC
  - Modernizing Public Sector Procurement in Ontario







## Emerging areas of focus

- Value-based Supply
- Connections to Category Management frameworks
- Alignment / Partnerships with Payers
- Government mandates
- Criteria: Domestic Manufacturing, First Nations, ESG, EDI



# Medtech Canada Toolkit



Format and rationale



Website



Timing



Logistics