

# Transforming Through Data

STRATEGY - IMPLEMENTATION - STANDARDS - AI - CYBERSECURITY

**European Federation for CANcer IMages – Using Technology to Improve Cancer Care**

Luis Martí-Bonmatí

**Healthcare's Digital Transformation with HIMSS: Challenges, Innovations, and the Road Ahead**

Rob Havasy

**Rookie Mistakes in AI Transition for Healthcare**

Hugues Brat

**How Change Management Activates Digital Transformation in Healthcare**

Alan Zetzelmann

José A Cano

**Accelerating Healthcare Innovation: How to Harness the Full Potential of Digital Solutions**

Thierry Godelle

**Unlocking the Potential of AI in the NHS: A Path Forward**

Jenny Lewis



# Advancing in Value-based Procurement: From Theory to Practice

Experts in public healthcare procurement explore the benefits of value-based procurement on patient care, efficiency, and innovation within the framework of European legal directives and Spanish regulations.



SUSANA  
ALVAREZ  
GÓMEZ

Deputy Director  
General of  
Contracting | Madrid  
Health Service |  
Spain

## key points

- Effective value-based procurement requires inclusive leadership and stakeholder engagement, including public administrations, managers, providers, and healthcare professionals.
- Conducting preliminary market consultations is crucial for identifying innovative solutions that meet healthcare needs. Project scopes must be delineated to align procurement strategies with market capabilities.
- Patient voices should be heard and incorporated into the design and evaluation of healthcare procurement strategies to ensure solutions are tailored to meet their needs effectively.
- Value-based procurement strategies focus on evaluating outcomes, quality, and long-term cost-effectiveness, thereby contributing to improved patient health and healthcare system efficiency.
- Continuous measurement and evaluation of results are essential for assessing the effectiveness of value-based procurement strategies and allowing for adjustments and continuous improvement.

When reflecting on public procurement, it is crucial to keep in mind both the public sector, the public purchasers, and the private sector, the economic operators, share a common objective of making available to healthcare professionals and patients the innovation available on the market to provide patients with the best possible care. However, healthcare spending has grown significantly in recent years. Although it is common to hear explanations related to the level of care intensity, such as the comorbidity associated with chronicity or the inversion of the population pyramid due to the low birth rate or increased life expectancy, the truth is that there are other explanatory factors, including the increase in spending associated with technological innovation. Indeed, the budgetary impact of the introduction of advanced technologies in the field of healthcare provision is growing steadily and sometimes faster than the financing capacity of the public healthcare model itself. Amidst regulation updates and frameworks evolution, Spanish experts convened to explore

the opportunity to move beyond conventional procurement methods and acquire solutions that not only meet healthcare needs but also improve patient care. Susana Alvarez Gómez is here reporting on the output of these conferences and taking this opportunity to thank the speakers for their active participation and their contributions.

## Intricacies of the European Legal Background

The Spanish legal system, Law 9/2017, of 8 November, on Public Sector Contracts, derives from the transposition of the European Directives of 2014, and specifically, Directive 2014/24/EU of the European Parliament and the Council introduced the concept of “Most Economically Advantageous Offer” (MEAT).

The Spanish regulation establishes as one of its objectives that the award of contracts will be carried out using a plurality of award criteria based on the best value for money, and

to this end, the contracting authorities must introduce as qualitative criteria environmental, social, quality and innovation criteria about the object of the contract that allow them to acquire not only supplies or services but to go a step further and acquire innovative, efficient and quality solutions, which contributes to improving the safety, well-being and health of patients and healthcare professionals.

We cannot ignore the fact that the reform of the Directives in 2014 was intended to:

- Simplify public procurement
- Make it more flexible
- increase the transparency of procedures
- Ensure access for SMEs
- Make strategic use of public procurement to support EU policy objectives
- Increase the efficiency of public spending.

## The Building Blocks for Strategic Procurement

Given this strategic use of public procurement and the improvement of efficiency, public procurement must provide value through the efficient application of public resources by evaluating not only the initial or immediate price of the purchase but also the results in terms of quality and improvement of patient health, and the reduction of the cost of the system as a whole in the medium and long term.

In the October 2023 Special Report on Public Procurement in the EU. Less competition for contracts

awarded for works, goods and services in the 10 years up to 202 of the European Court of Auditors stresses the need for:

Public procurement must provide value through the efficient application of public resources by evaluating not only the initial or immediate price of the purchase but also the results in terms of quality and improvement of patient health

- A proper design of public procurement procedures.
- The importance of selection criteria, which if too restrictive or too many technical requirements may limit the number of companies able to participate in the public procurement procedure or products that can be procured.

- The promotion of strategic procurement to encourage greater consideration of environmental, social or innovative aspects has had limited overall impact.

## Towards Value-Based Procurement: A Paradigm Shift in Public Sector Contracts

At the Conference “The Public Sector Contracts Law: Does it favour the purchase of value?” held on 6 June 2023 at the Hospital Clínico San Carlos in Madrid, it was concluded that: “public procurement should prioritise the value of the tendered service (in terms of quality, effectiveness, economic efficiency, impact on patient care, innovation and sustainability) as opposed to a traditional approach focused exclusively on the purchase of a predetermined product or service at the lowest possible price”.

Therefore, if today we are in the procurement of goods and services, we must move towards the procurement of solutions, which goes hand in hand not with payment by volume or procedure but with payment by health outcome. This will allow us to incorporate more advanced technological solutions for the detection, diagnosis and treatment of diseases to the benefit of the patient and, consequently, of society as a whole.

We are therefore facing a new paradigm, a necessary change of culture in public health sector contracting, and we must explore tenders where criteria are developed that define what the solution consists of and how to implement it. It is therefore time to delve deeper and make progress in the design of a methodology that will allow us to achieve the objective of obtaining the best value for money.

Furthermore, the Council of the European Union, in the document “Council Conclusions: Public Investment through Public Procurement: Sustainable Recovery and Reviving a Resilient EU Economy” (2020/C 412I/01), insists on the strategic role of public procurement and calls on Member States to develop comprehensive procurement strategies, especially in sectors where public demand has a significant impact, such as medicines and medical devices.

In this sense, value-based procurement is encompassed as a strategic public procurement model, which seeks to combine efficiency with results in terms of quality and improved patient health.

Value-based procurement cannot be understood in isolation from value-based healthcare; it can be understood in terms of the results obtained and the cost-benefit ratio.

In short, value-based care refers to a reorientation of clinical practice towards improving the health outcomes received by the patient, and value-based procurement is presented as a resource management model capable of modifying or transforming the production process of healthcare provision and, consequently, of the healthcare organisation itself.

## Promoting the Benefits of Value-Based Procurement

Building upon the discussions held during the conference on 6 June 2023 titled “The Public Sector Contracts Law: Does it favour value-based

procurement?”, experts in public procurement from both the public and private sectors gathered again for a new conference in the city of Cordoba on 14 November 2023. Titled “Advancing in value-based procurement: from theory to practice”, the conference was organised by the Deputy Directorate General for Procurement of the Madrid Health Service, with the collaboration of Impulsa Salud.

The discussion aimed to delve deeper into the realm of value-based procurement, exploring its theoretical underpinnings and practical applications. Opening statements were delivered by the Managing Director of the Reina Sofia University Hospital, Valle García Sánchez, and the Deputy Director General for Contracting of the Madrid Health Service, Susana Álvarez Gómez.

The first round table entitled “Advances in value-based procurement” featured the participation of Amparo Simón Valero, Director of the Provincial Procurement Centre of Cordoba, who presented a recent use case for value-based procurement focusing on the “Management of Patients with Arrhythmias at the Reina Sofia University Hospital”.

During their address, speakers delved into the imperative of promoting value-based public procurement within the healthcare sector. They underscored the benefits of this procurement model, aimed at securing value and fostering innovative solutions. Moreover, they outlined the opportunity it presents to transcend traditional procurement frameworks, acquiring solutions that not only address healthcare needs but also enhance patient care.

## Successful Integrated Management Projects Need Leadership Participation and a Legal Framework

A consensus emerged on the importance of involving all stakeholders, and inclusive leadership participation was deemed as a fundamental factor in carrying out an integrated management project for a healthcare process through value-based public procurement. Public administrations, public managers, product and service providers, and healthcare professionals have to all be consulted and play an active role in the co-creation and execution of any value-based procurement project.

Preliminary Market Consultation: emphasis was placed on conducting a preliminary market consultation, as stipulated in the Public Sector Contracts Law (Law 9/2017 of 8 November). Such consultation is to be leveraged to delineate the project’s scope and identify innovative solutions to meet healthcare needs.

## Use Case for the Management of Patients With Cardiac Tachyarrhythmias and Bradyarrhythmias

An in-depth analysis of the procurement dossier brought forward by the Reina Sofia University Hospital revealed its nuanced composition. It constitutes a mixed contract for services and supplies, employing an open procedure with a four-year execution period, tendered by lots and groups of lots. The general objective is the comprehensive management of patients with cardiac tachyarrhythmias and bradyarrhythmias, necessitating

invasive techniques or implantation of cardiac devices at the Reina Sofia University Hospital.

Services and supplies covered by this tender were procurement and management of the necessary materials to carry out the procedures; consultancy services for the re-engineering of operational processes to optimise care processes; service for the availability of the necessary equipment for patient care and service for the implementation and maintenance of a digital solution for remote home monitoring of patients with implantable devices.

### Milestones and Innovations in Value-Based Contracts

Several milestones and innovations were highlighted within the procurement framework:

- Definition of the contract's purpose to address specific healthcare needs. This involves describing the need to be covered and the "critical points" or points of improvement to be addressed using innovative solutions that guarantee this improvement in care in terms of efficiency, safety and effectiveness.
- Establishment of efficiency, safety, and effectiveness objectives according to the critical points detected and the services covered by the contract.
- Formation of a monitoring committee to oversee project coherence and progress. Such committee

will act as the contract manager and highest authority for the project and will therefore be responsible for decision-making, ensuring the overall coherence of the project, and coordinating and monitoring every step and milestone. Members will be comprised of at least one person in charge of the healthcare unit, one representative from the information technology area, three from the health centre management departments and one from the supplier who will be awarded the re-engineering contract.

- Payment for the material procurement should be linked to the cost per procedure, based on the definition of a standard of materials to be used for each procedure. Establishing an average cost per type of procedure will ensure the technological renewal of the specific material for each procedure throughout the duration of the contract. For some supply tender lots, the transfer of certain equipment necessary to use the material and perform the procedures is included as an obligatory service.
- Possibility was granted to accept an integrated offer for services corresponding to the re-engineering of processes and remote home monitoring of patients with a maximum of two of the lots or groupings of supplies, to allow for price improvement.
- The introduction of a consultancy service tender for the re-engineering of operational processes to optimise care processes shows how value-based procurement contributes to the management of the hospital value chain in its entirety.

- Weighting criteria for the successful bids favoured technical quality over price in contract awards by limiting the weight of the price criterion to 30% for services and 40% for supplies.
- The value-based criteria for supplies of medical equipment and implants include aspects such as quality, ease of use, safety of use and results, performance and efficiency.
- The possibility of modifying the contract is contemplated, highlighting modifications derived from technical advances in the way of performing any of the procedures covered by the contract. Such flexibility allows for the procedures to be realised with different material from what was awarded, as long as this change or technical advance is considered beneficial based on the clinical criteria of the doctors, and as long as this modification does not involve an increase in the price awarded per procedure.
- Payment by results is introduced so that 30% of the payment for the last two years of the operational process re-engineering service will be based on the achievement of certain health results, measured by a series of indicators defined in the specifications.

Finally, participants recognised the need to incorporate patient experience more prominently in such contracts, allowing the final recipients of these implemented solutions to play a pivotal role in enhancing healthcare outcomes in response to their needs. The voice of patients must be heard, as it is a valuable addition to the objectives laid down by healthcare professionals.

## Value-Based Procurement Model is Serving Healthcare Strategy

In essence, value-based procurement emerges as a catalyst for redefining resource management and transforming healthcare delivery processes and organisational structures. The use case displayed a good example of the model at work, transforming the production process of healthcare provisions and, consequently, of the healthcare organisation itself.

The speakers conclude that the new value-based public procurement model is an innovative solution that demonstrates that public procurement is a strategic tool for meeting the needs of healthcare centres through the acquisition of quality goods and services at competitive prices, with an impact on improving health outcomes.

We cannot forget that value-based procurement is a strategic public procurement aiming to contribute efficiently and effectively to get the best possible health care.

## Ten Recommendations to Drive the Adoption of Value-Based Procurement

1. It is essential to define our needs to find the best possible solution.
2. We must define the object of the contract that contemplates the solution to be implemented through public procurement.
3. It is fundamental to choose well the procedure. The procedure should be preferably an open procedure, to facilitate concurrence and with plurality of criteria.
4. The type of contract best suited to value-based procurement is the mixed contract.
5. It is necessary to hire a group of professionals from both the clinical and public procurement fields to form a team that believes in the implementation of this type of value-based public procurement and that contributes with knowledge and cooperation.
6. The multidisciplinary of the team is essential. The members of that team should be part of the follow-up team once the contract is formalised.
7. It is unavoidable to advance the professionalisation of public procurement managers.
8. It is necessary to insist on the culture of measuring and evaluating the results obtained. without measuring results it is not possible to link payment to them.
9. It is necessary to advance in making visible this type of strategic public procurement.
10. It is essential to include the patient's voice.

## Conflict of Interest

None.

### references

Council Conclusions Public Investment through Public Procurement: Sustainable Recovery and Reboosting of a Resilient EU Economy 2020/C 412 I/01 Available at <https://op.europa.eu/en/publication-detail/-/publication/c2aacf02-32dc-11eb-b27b-01aa75ed71a1/language-en/format-PDFA2A>

Directive 2014/24/EU of the European Parliament and of the Council of 26 February 2014 on public procurement and repealing Directive 2004/18/EC Text with EEA relevance. Available at <https://eur-lex.europa.eu/eli/dir/2014/24/oj>

Does the Law Favour the Public Procurement of Value? Conclusions of the Conference Held in Madrid on Value-Based Public Procurement. Available at <https://healthmanagement.org/c/hospital/Post/does-the-law-favour-the-public-procurement-of-value>

Ley 9/2017, de 8 de noviembre, de Contratos del Sector Público, por la que se transponen al ordenamiento jurídico español las Directivas del Parlamento Europeo y del Consejo 2014/23/UE y 2014/24/UE, de 26 de febrero de 2014. BOE» núm. 272, de 09/11/2017.

Public procurement in the EU Less competition for contracts awarded for works, goods and services in the 10 years up to 2021. European Court of Auditors. Special Report 28. 2023. Available at [https://www.eca.europa.eu/ECAPublications/SR-2023-28/SR-2023-28\\_EN.pdf](https://www.eca.europa.eu/ECAPublications/SR-2023-28/SR-2023-28_EN.pdf)