SHUTTERSTOCK

Buying better

Value-based procurement is still in its infancy in the NHS, but its time may now have come. It could be used to support NHS recovery and the improvement of outcomes, a recent HFMA roundtable, held in association with Baxter Healthcare, heard. Seamus Ward reports

HFMA ROUND TABLE

Partnership will be a foundation of the reformed NHS in England, from provider alliances to integrated care systems, and could soon be widespread in the purchase of goods and services as more and more trusts adopt value-based procurement (VBP). VBP is based on close partnerships with suppliers, working together to improve outcomes for patients and reduce costs across treatment pathways. It is an idea that is gaining ground and could play an important supporting role in elective recovery.

A recent HFMA roundtable, in association with Baxter Healthcare, brought together finance, clinicians and procurement specialists, who agreed VBP's time had come. VBP could support elective recovery, while the reset of the NHS structure under integrated care systems (ICSs) offered an opportunity to explore how products could help re-engineer pathways.

John Graham, who chaired the roundtable, held at the association's summer conference in June, asked about the potential for VBP to increase NHS financial sustainability while at the same time improving outcomes for patients and supporting service change.

Simon Clarke, director of procurement at University Hospitals Birmingham NHS Foundation Trust, said the trust has experience of VBP. 'From a procurement and finance point of view, value-based procurement is something we have got to do. Bottom line savings year-on-year are getting less and less and less. We've got to do something different, and that includes working with key stakeholders.'

Instead of the traditional approach of seeking the lowest price, VBP focuses on collaboration to find the product that will deliver the outcomes patients want, perhaps at a higher initial cost, but with savings in other parts of the pathway.

Simon Walsh, group procurement director, finance and procurement business unit, at Manchester University NHS Foundation Trust, said the trust has been developing a VBP partnership with Baxter for a few years. 'It's about trying to unravel cost and price, and make the connection between how we develop services in the trust – in terms of services and products – and work closely with the supplier,' he said.

'Very early on we did a pricing exercise so we could focus more importantly on cost and patient pathways. A lot of it has been new territory for the procurement team, and we have gone on a journey with Baxter to find solutions together. Overall, I think we have got some positive outcomes when it comes to patient care.'

He added that there has not been a better time to introduce VBP, with immense goodwill towards NHS procurement and procurement staff for their pandemic support efforts.

However, the NHS had to be realistic – it did not have a national procurement service, though the service was increasingly aggregated and co-ordinated, and NHS Supply Chain was stronger. There were good examples of

HFMA ROUND TABLE

best value procurement, but these had to be publicised and celebrated.

Paul Miller, non-executive director at Salisbury NHS Foundation Trust and a former NHS finance director, said it was important for accountants to step back and see the bigger value picture.

'An NHS managed by a cash limit can be obsessed by money and, as accountants, moving forward we need to think about value in everything, not just procurement, as a way to make decisions for populations – outcomes over resources with decisions made on value and not whether it's cheap.

'Organisational standing financial instructions (SFIs) and standing orders put the individual organisation first. We need to have decision-making SFIs and standing orders for what is the best value for the system, because the patient pathway is across the system. An individual organisation might end up spending more, but the system will get better value.'

Roundtable attendees said that today, workforce shortages were often the root cause of many risks facing NHS organisations.

"The hardest of the value measurements is where statistical improvements are claimed"

Alan Wain

Mr Miller said VBP could help mitigate some of this risk. 'Anything that can help us procure something that minimises workforce risk, that replaces a scarce resource we will not be able to get our hands on – skilled NHS staff – and replaces it with a new technology or product, might be a hook to unlock value.'

NHS Supply Chain has been running VBP pilots for more than a year. Its chief operating officer, Alan Wain, said the pilots aimed to prove the concept of VBP. Although Covid-19 disrupted the study, 10 of the 13 pilot sites completed their projects, including two that failed to demonstrate suppliers' claims on VBP.

'The pilots were the first phase in VBP – to determine what the trust would accept as value, or value extraction from the system.'

Participants

- Simon Clarke, University Hospitals Birmingham NHS Foundation Trust
- Ann Cole, Baxter Healthcare
- Clara Day, University Hospitals Birmingham NHS Foundation Trust
- David Duly, Hampshire Hospitals NHS Foundation Trust
- Alex Gild, Berkshire Healthcare NHS Foundation Trust
- John Graham (chair), Stockport NHS Foundation Trust
- Lindsey Hilton, Baxter Healthcare
- Paul Miller, Salisbury NHS Foundation Trust
- Duncan Orme, Nottingham University Hospitals NHS Trust
- Alan Wain, NHS Supply Chain
- Simon Walsh, Manchester University NHS Foundation Trust

Focus of VBP pilots

The focus was not just on price. For example, value could be seen if using a product led to reduced consumption, or it helped change patient pathways, such as moving inpatient cases to day cases. 'The hardest of the value measurements is where statistical improvements are claimed, such as reducing infection rates – that's hard because it's about getting consistent measures as it's not a one-for-one relationship with product usage, and there may be other influencing factors that affect the outcome. You have got to measure it over time,' Mr Wain said.

'The next stage, which we're doing this year, is scaling up from the pilot level, and also working out how to contract for value, so the supplier takes some risk associated with delivery of it.'

Moving from realising value in VBP pilots to getting value in day-to-day procurement could present difficulties. Clara Day, consultant nephrologist and associate medical director for finance at University Hospitals Birmingham NHS Foundation Trust, said it was tricky to translate pilot data into value in the real world.

'There's so much operational and cultural change required to allow that to happen.

When you're trialling it in an environment where everyone wants to change, you can see how you would drive that through. But to sell that on into an organisation is much more difficult in terms of whether you would get that outcome and whether it will be cash releasing.'

Culture change would be needed in finance staff too, according to Duncan Orme, operational director of finance at Nottingham University Hospitals NHS Trust.

'One of the cultural things we wanted to understand is how value-based procurement fits into the new NHS framework of contracting. Finance staff have been used to payment by results and would say: "But we'll do more work and get paid no more money".

'We called time on payment by results and said not to worry as the annual negotiation with our commissioners and, indeed, across the ICS as a whole, would need to take account of changes in activity. Teams are being asked to focus on productivity and ensuring that the number of patients who are waiting on our lists are minimised.'

HFMA ROUND TABLE

He added: 'From an accountancy perspective, one of the things that has come out is whether the end of the PBR financial transactions undermines VBP. I would emphasise it's quite the opposite. I can understand why the question comes up, but I think one of the things we are all agreed on is that it's not the case; it's a myth that has to be busted.'

Mr Graham agreed. 'If anything, the changes in the financial system, the financial regime, the structure of the NHS is reinforcing that we need to do things differently, and we absolutely need the focus on VBP.'

The discussion turned to how organisations should approach the implementation of VBP at a practical level, from identifying the issue, to designing a solution and then measuring and reporting value to provide assurance that value has been extracted from the process.

The Future Focused Finance *Best possible value* toolkit could be a useful first step as it would help define the problem, Mr Miller said. He was involved in delivering the toolkit as national lead trainer for the *Best possible value* programme.

'Quite often, we launch into something – a procurement specification, the business case – but not understanding the true problem. We tend to treat the symptoms in business cases as opposed to the root cause of the problem.'

Traditionally, a business case to tackle a long waiting list would examine the best way to physically expand an outpatients department to see more patients, when often a more fundamental question – what is the purpose of outpatients? – was more pertinent, Mr Miller continued. Its purpose is to help diagnose patients and determine what happens next or to follow up on patients once treatment has commenced, he said, some of which could be done remotely using technology, or carried out by a nurse, or through patient self-management.

"What we hear over and over is the need to have the thinking space to turn data into a catalyst for change"
Lindsey Hilton

The toolkit could be used to address another fundamental question before launching a procurement – what good looks like and how it can be measured, he added.

Dr Day agreed with using basic quality improvement and change methodology, but said clinical and operational colleagues had to be involved. However, they must be able to carve out the time to do it properly, and to overcome any cynicism latent from previous attempts at improvement. The need for post-pandemic recovery was a burning platform for VBP, but the NHS workforce was exhausted.

Mr Graham said there had to be a focus on outcomes. 'Let's have clarity on where we want to get to – VBP can help us get there – but that is influenced by our populations, the health of the populations, the access to services, the equality of access and all those things the ICSs are dealing with.'

Mr Miller added: 'We also need to understand the outcomes people want as misunderstanding them can send you down a rabbit hole. One of the key seven wastes of Lean is over-working, and we run the risk of over-working so much. A lot of the people in the NHS have great skills, but do we ever ask patients or carers what outcomes they want, the outcomes they value?'

Asking for patients' views can unlock innovation, he added. 'As a patient, you might not want three to four weeks in hospital – you might just have wanted a night-sitting service because you're alone. We often assume what people want and we throw technology and cost at them. There needs to be a conversation about the outcomes people want, and then you can construct a pathway.

"We need to understand the outcomes people want... We run the risk of over-working"
Paul Miller

'It is part of that conversation and that's why I think procurement staff need to understand what we're trying to achieve; not just throw technology and units of activity at the problem.'

Dr Day said the pathway can sometimes be designed around the technology rather than what is needed for pathway transformation.

'The real key to all of this is to map out your pathway first and the value you want, and then look at where that waste sits. Until you've done that at a pathway level, it's difficult to know the product you want. The first bit is the key – so we know the outcomes we want and where our waste is, so we know which type of things we wish to look at.'

Bed day pressure

Mr Orme said his Nottingham trust was trying to reduce bed use by embedding VBP outcomes in its tendering process. In its assessment, it has three questions – can you reduce bed day pressure, with a similar question for theatres and for outpatients.

'Our assessment spreadsheet, everything we are using to drive our value coming out of the procurement exercise, is focused no longer on one item – input costs of the product you're buying – but on four. The four are: what's the price you're paying; what's the impact on your beds; what's the impact on your outpatients; and what's the impact on theatres?'

Baxter Healthcare's evolving health lead, Ann Cole, said the product that helps transform a service may not necessarily be a new one. 'Often people expect us to arrive with something new – the latest pharmaceutical, the latest device. We've been focused quite a lot on the concept of knowledge management and the work of [evidence-based medicine expert] Muir Gray – particularly his quote about most of the products and technologies that will have the biggest impact on healthcare over the next decade are the ones we already know.'

Her colleague, Lindsey Hilton, head of evolving health and commercial at Baxter Healthcare, said time is needed to examine NHS data to find the problem and design the solution. 'There's an enormous amount of data in the NHS and its systems, and what

we hear over and over again is the need to have the thinking space to turn that data into something that can be implemented, or that can be a catalyst for change,' she said. 'We are now regularly asked to look at that data and to develop the insights around what pathway redesign would look like. So, we are getting involved early in the process, and that is the basis for forming the strategic partnership.'

NHS Supply Chain's Alan Wain said securing the value gain in a procurement is the next stage in the development of VBP.

'It's really not just a question of assessing that value in the procurement process, but then making sure you've secured that value through the contract relationship or by any other means. In the evaluation, how much data do you need to assess? What is the claim for the value and what constitutes acceptable data behind that – have randomised control trials been done, or is it just a couple of studies in a few hospital trusts?'

David Duly, Hampshire Hospitals NHS Foundation Trust chief procurement officer, said optimising the value must mean more than simply buying a product and installing it. However, this ongoing work is resource intensive, and there can be pitfalls.

The dialogue with a supplier can end once the new equipment is delivered. Or colleagues fail to see past the need to replace older pieces of technology on a like-for-like basis, without thinking about the opportunities to change pathways. 'That's a shame, so we find ourselves constantly coming back to contract management to say: "You realise there's so much more we can exploit from the supplier's service offering".'

Ms Cole agreed it was resource intensive. 'We have to be in the right place, talking to the right people because there is a variation in readiness for this type of approach. It's really about having shared skin in the game and collaborating for the long term, so the partnership takes you through to validation.

'Once you've understood where the opportunity lies, you continue in that close working relationship, co-developing, co-producing. And that agreement takes you through to validation, where you can demonstrate that what you were planning to do actually happened.'

Berkshire Healthcare NHS Foundation Trust deputy chief executive Alex Gild added that value can be found in many forms. 'We're a community and mental health provider; a small player in terms of non-pay and procurement spend.

'But developing a strategic partnership with NHS Supply Chain helped us out with a problem on a continence supply and delivery service procurement and contract,' he said.

'There's space for a discussion on how we get the value from our strategic partnerships with our suppliers, where smaller players can achieve greater value from partnership with others,' he added.

'Digital support to VBP, it would seem, is going to be fundamentally important, but how do we bring in the conversation about innovation? How do we move away from the transactional focus of conversations with suppliers around price, and get into the strategic innovation space?'

Role of ICSs

Mr Gild said health and care systems would be important in getting the best from VBP. 'There's an assurance piece we need to do in systems, asking: are we collectively getting the maximum price benefit from collaborating in systems rather than as individual organisations? What's the next thing that's going to change and move us further into value? That requires a joint consideration, not just in silos of procurement, finance, clinicians, but all of us working with suppliers to get to that answer, drawing on benefits of supplier expertise and R&D investment.'

ICSs have a role in engaging with suppliers, together with regions, around innovation. 'I think there's a really exciting opportunity for procurement leadership in integrated care systems,' Mr Gild said. 'If you look at the design for the health body of the integrated care system, it's got an absolutely clearly identified role in ensuring collaborative procurement, and in its impact on the sustainability of our supply chains, not just within the ICS area, but across regions and wider.'

HFMA ROUND TABLE

As ICSs tackle health inequalities and improve population health, he believes they will have an important role in setting out the priority clinical pathway developments that should be addressed. 'How can we join those up with procurement value and start to deliver benefits at scale?

'I also think the system financial regime now enables us to lift our heads as individual organisations and share some risk together with a common purpose in enabling exciting and innovative changes in procurement and pathway improvement.'

The challenge was increased by the current six-month basis for the financial regime, though roundtable participants hoped the NHS would move to longer-term allocations post-pandemic.

Mr Miller suggested VBP be focused on out-

of-hospital and upstream care. 'It's often said that 80% of the cost of something is locked in at the design stage. It's often difficult to get out of the hospital once you get into a hospital.

'Once you get into a hospital, particularly if you are old, we will tend to over-diagnose, we will tend to over-treat, we will tend to have difficulty getting you out. So maybe we should be focusing or prioritising value-based procurement on things that keep people out of hospital in the first place,' said Mr Miller.

'What are the products that we could procure that may be more expensive if just looked at as a product-for-product substitution, but keep people out of hospital and avoid the downstream costs?

'If we keep people out of hospital it reduces the workload on clinical staff and reduces the chance of infection. Hospitals are inherently dangerous places and Covid just amplifies that. Those products might be more expensive on a unit cost basis but, like Fairy Liquid, they're cheaper in the long run.'

Mr Wain asked whether the NHS had yet evolved the collective mindset to pay a higher price for a product that extracts value elsewhere, provides improved sustainability, or enhances social value. With value-based procurement, the departments in the trust or the parts of the system that may benefit are not always those that pay for the product initially.

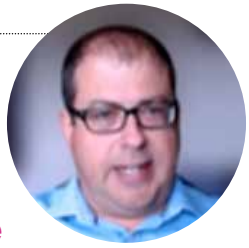
Simon Walsh said training for procurement staff would be needed to deliver VBP. 'The skill sets are different to traditional NHS procurement skill sets. We are all in a very competitive recruitment market, some others are struggling to recruit at various levels. How can the training, the learning and development process for NHS procurement staff be geared to enable us to have the workforce to deliver and support the agenda?'

HFMA ROUND TABLE

The NHS would benefit from training a wider group of staff, including clinicians and managers. The Nottingham trust's Duncan Orme said clinical procurement specialists could be an important group in implementing VBP. His trust has three clinical procurement specialists and would like to recruit two more.

'These are typically nurses who develop an expertise and an interest in procurement. I think they are a huge asset that we need to develop as a specialist group of people; indeed giving them a professional qualification to develop their expertise in value-based procurement,' Mr Orme added.

VBP would gain pace in the coming months, Mr Duly said. 'I think that organically over the next 12 to 18 months there will be more of an appetite, certainly within the ICS arena and within local procurement functions – there are procurement transformations happening all over the place in terms of how we aggregate some of this.



"There's space for a discussion on how we get the value from our strategic partnerships with our suppliers"

Alex Gild

'At the moment it's very difficult. We are still in elective recovery, and time is what's needed to look into these things. Resource is such a big problem currently, and talent and recruitment, but I suspect that if we have this conversation in 10 or 12 months, perhaps we would have more live examples of value-based procurement initiatives taking form.'

Recovery plan

Ms Cole suggested VBP could be part of the elective recovery plan. 'Is it an opportunity to remodel services? Is it an opportunity to embed some of the positive pathway change that were driven by Covid?' she asked. 'While I appreciate it takes resources and time, it strikes me that a big part of the solution is putting some urgency behind it as well.'

While Mr Duly accepted medical technology could help elective recovery, he said the NHS had to take the time to ensure it selected the right vendors and protect itself from legal challenges from other suppliers.

Mr Clarke said decisions could be taken more quickly, with the pandemic response providing a blueprint for this.

'I'm not saying we make it on a judgment call in 24 hours, but we need to bring some of that rapid thinking and support into value-based procurement quickly. I think we labour too long on going around the wheel of constantly looking at it and looking at it again, and then somebody else will come in, and then another department will need to be involved.'

He was also concerned that VBP would be limited to the top 10 suppliers, possibly to the detriment of local and regional suppliers, and sustainability, as well as limiting innovation.

While there were questions about the pace of the process, the roundtable participants agreed VBP could help produce better outcomes and support NHS recovery by identifying the products needed to deliver re-engineered patient pathways. With partnerships clearly on the NHS agenda, perhaps the time has come for VBP.