

Value-based procurement essay series

Implementing value-based procurement in the NHS: Opportunities and obstacles

The role of value-based procurement in the NHS

Why is value-based procurement important to the NHS? The answer is simple, even if its implementation can be complex. Value-based procurement (VBP) generates opportunities for Trusts to release capacity, allowing them to focus on making the right clinical and procurement decisions. VBP can enable NHS organisations to deliver tangible, measurable benefits that improve patient outcomes and increase efficiencies at a time when the NHS needs to tackle the backlog, against the backdrop of COVID-19.

Although there has been some excellent progress towards implementing VBP in the NHS, there is still some work to do. Currently, some procurement and finance teams tend to adopt a narrower focus on making short-term cost savings, and existing tenders and frameworks don't always make room for VBP. As the NHS looks for new ways to deliver efficient care whilst making cost savings, there is a clear opportunity to build on examples of where VBP has been successful, and adopt these more broadly.

Working together to improve outcomes for all

The opportunities that VBP can generate are both extensive in their reach and significant in their impact. The main priority of everyone working in healthcare is always how to ensure patients experience the best outcomes possible,² including in the operating theatre. This means ensuring that patients can recover quicker from surgery and reduce their time spent in hospital, so they can get back to their families and back to doing the things they enjoy. VBP models can enable this by prioritising improved patient outcomes as a measure of product value, and not relying simply on cost per unit.

To achieve this, it is vital that all parts of the NHS work together and take a multi-disciplinary approach to implementing VBP across the patient pathway. Although patient outcomes are a priority, there is currently a lack of recognition about the role that collaborative working can play in identifying improvements across the pathway. There is an opportunity to rethink how we look at procurement, understanding that different teams across Trusts are working to achieve the same goal, and adjusting our procurement agendas to reflect this. By working together to embed value-based decisions, and prioritising these decisions when engaging with suppliers, the NHS can work towards a model that accurately captures value and, most importantly, improves patient outcomes.

Mike Ludbrook,

Procurement
Project Leader

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Using VBP to tackle the elective care backlog

Improving patient outcomes is only one of the many benefits that come with embedding VBP into NHS decision-making.³ Now more than ever, the NHS needs to make the vital cost and time savings to tackle the elective care backlog, and recover sustainably from the impact of the COVID-19 pandemic. This is no small task: addressing the backlog is one of the most pressing issues facing us, and will require actors from across the system to work together to identify where efficiencies can be made. By taking a value-based approach to healthcare, products can be measured in terms of their ability to reduce length of stay and increase hospital throughput; simultaneously, evaluating products and services against these measures can deliver the long-term efficiencies that the NHS needs to remain sustainable and tackle the backlog.

However, delivering this will require constant improvements to collaborative working. There are many advantages to building partnerships across healthcare systems. There is a greater chance of achieving successful patient outcomes if teams are not solely focused on price reductions at a product level, and can understand how products increase efficiencies and improve outcomes across the patient pathway. In a traditional procurement approach, a supplier would need to convince clinical teams that their product provides an excellent standard of care, and simultaneously convince procurement teams that their product provides value for money. Adopting a collaborative approach between these three actors can help identify opportunities for process improvement, and consequently support organisations to make positive changes.

Several case studies have demonstrated how working collaboratively in VBP projects can deliver crucial cost savings for organisations. Facilitating these collaborative relationships builds the trust that is needed between buyers and suppliers to effectively drive improvement across the NHS. However, it is undeniable that the greatest value that comes from implementing VBP is created in the form of increased throughput, reduced waiting lists, and improved patient outcomes.⁴ In the context of reducing the elective care backlog, when the potential for efficiency and cost savings across Trusts is so significant, the case has never been stronger for VBP.

Obstacles to implementing VBP

Despite the clear benefits that VBP can have on patient outcomes and hospital throughput, its implementation in the NHS in England could be greater. There are a number of reasons for this: the structuring of cost improvement plan targets to centre around annual increments and short-term cost savings has created a focus that does not always account for long-term value. However, it is not just rigid procurement and finance objectives that have created an obstacle to the prevention of VBP in the NHS. There needs to be an acknowledgement in cost improvement plan targets that real value is not just measured in cost, but by a wider set of criteria.

This can be done in several ways, such as through the introduction of guidance within Trusts to help procurement and finance teams implement value-based decisions, or by facilitating discussions between clinicians and procurement teams about product value. Ultimately, overcoming obstacles to implementing VBP requires a wider conversation around its benefits and challenges, and for NHS leaders and policymakers to advocate for VBP at the highest level. It is necessary to facilitate a dialogue between procurement, finance, clinicians and suppliers, to establish trust and understand what outcomes are important to measure.

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The role of suppliers here is important - there needs to be a greater understanding of what VBP means, and suppliers must demonstrate this value as part of their offer. In return, procurement teams need to work with clinicians to identify what achieves the best patient outcomes and communicate this to suppliers so that everyone understands how VBP can benefit them.

Embedding VBP in the NHS

The task for all NHS stakeholders now is to accelerate these conversations and recognise the benefits that VBP can bring to patients, clinicians, and the healthcare system. As the question of how to tackle the elective care backlog is at the forefront of policymakers' minds, there is an increased focus on how alternative models of delivering care can assist in improving hospital efficiencies, so it is vital that we continue to shine a light on the benefits of VBP to the healthcare system.

1 Mangan, B. 2021. Value Based Procurement Project Delivers Key Findings. Available at: <https://www.supplychain.nhs.uk/news-article/value-based-procurement-report-autumn-2020/>

2 Department of Health and Social Care. 2021. The NHS Constitution for England. Available at: <https://www.gov.uk/government/publications/the-nhs-constitution-for-england/the-nhs-constitution-for-england>

3 MedTech Europe. Most Economically Advantageous Tender Value-Based Procurement (MEAT VBP): initiative overview https://www.medtecheurope.org/wp-content/uploads/2018/01/2018_MTE_2pager_MTF-2018_project-overview_final.pdf

4 Mangan, B. 2021. Value Based Procurement Project Delivers Key Findings. Available at: <https://www.supplychain.nhs.uk/news-article/value-based-procurement-report-autumn-2020/>