



VALUE-BASED PROCUREMENT

Partnering for patient-centric,
sustainable health care

Value-based agreements as enablers for innovative care delivery

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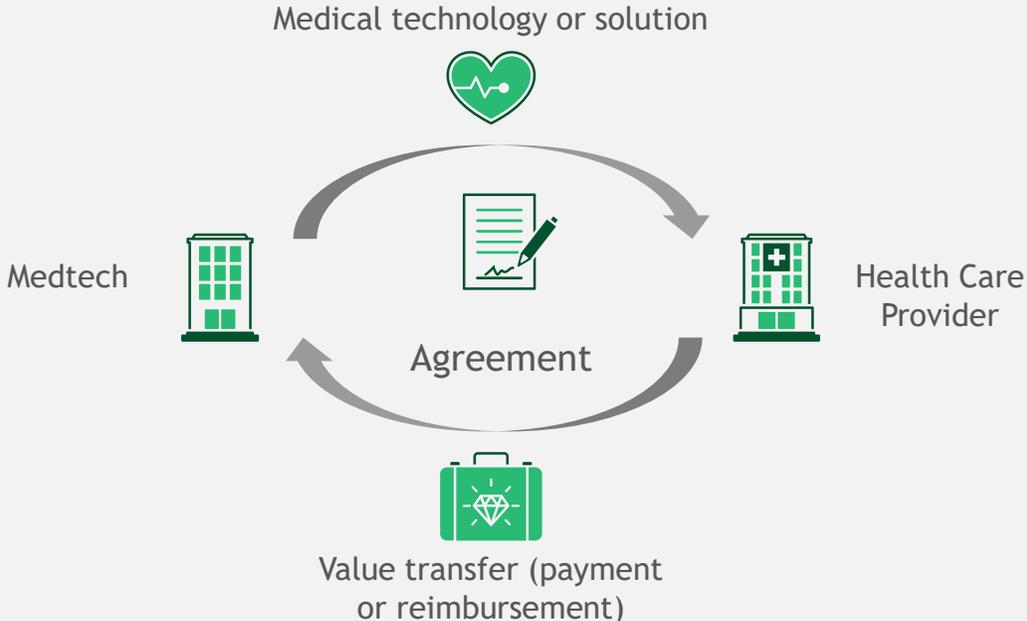
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Value-Based Agreements formalize buyer-seller collaboration linked to outcomes

What is Value-Based Agreement (VBA)?

VBA implements an agreement linking value transfer (payment or reimbursement) of a technology or solution to the real-world outcomes or other benefits it provides when used by physicians/nurses or patients in practice



How does VBA relate to value-based procurement (VBP)?

VBA formalizes a procurement process with the use of value criteria and evidence



Five key elements of Value-Based Agreements



Pre-determined
criteria to
structure
agreement



Outcome
measurement and
monitoring



Target values or
range for each
criterion



Patient cohort(s)
definition
including
risk factors



Financial
specifications

VBA taxonomy | five types of value-based agreements

- 1**
Process-based care discount
Discounts and/or contractually agreed price paid based on achieving **process compliance** with evidence-based clinical intervention
Easy to implement and monitor
- 2**
Product or service guarantee
Full or part of product cost returned if product usage fails (i.e., process/outcomes not achieved despite correct usage)
Cost due to not achieving benefit promised by supplier
- 3**
Value sharing by product or service
Payment tied to larger cost/full provider cost **beyond product price**
Often broader outcomes/benefits contracted
- 4**
Value sharing by alternative payment model
Hospital and supplier jointly partake in alternative payment program (e.g., bundle) **share same upside/downside**
- 5**
Fully integrated care provision including value
Medtech company takes on full care provision with **full upside and downside** and reimbursement from payer

Less

More

Shared value included in the agreement/collaboration between supplier and buyer

Insights from Value-Based Agreement overview

Key success factors for VBA



- ✓ Define clearly what you want to solve
- ✓ Get early buy in from all stakeholders
- ✓ Keep it simple, be reasonable and pragmatic
- ✓ Focus on succinct patient cohorts, with clear and easy way to measure criteria in daily practice
- ✓ Align provider/ supplier interests via VBA on few strong focus criteria
- ✓ Establish partnership that warrants time and resources investment on both sides

Challenges to overcome



- ! Outcome measurement at contracting authority not in place (to capture baseline & improvement)
- ! Budget impact multi-year and potentially in different budgets that are currently siloed
- ! Legal mechanism and risks regarding court challenges still unclear
- ! Specifying outcome/ cost criteria and estimating impact/ setting targets difficult
- ! Medtech with limited experience and established contract models
- ! Objective monitoring (third party without interest in either direction) needed

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