

# Nordic Medtech Growth 2

Innovation & Health Economics



## Value-Based Procurement (VBP)

Knowledge, Guide, and Support for All  
in the Value Chain of Medical Technology

A report developed by the Nordic medical device industry associations within the project  
“Nordic Medtech Growth 2”, partly funded by the Nordic Council of Ministers via Nordic Innovation

**MedtekNorway**  
Norwegian Association for  
Health- and Welfare Technology

**MEDICO**  
INDUSTRIEN

 Healthtech  
Finland

 SWEDISH  
**Medtech**

  
**Sailab**  
Medtech Finland

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# 1 Introduction to Nordic Medtech Growth 2

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Medical and health-care technologies change quickly. Variation in or absence of routines for health technology assessment within the specialist health service is a great challenge for the industry.

That there are differences in decision-making processes related to new health technologies within the health-care system is one of the concerns for all suppliers in the industry for medical devices and in-vitro diagnostics.

This is the background for the project Medtech Growth 2, which is organized by national associations for medical suppliers in the Nordic region.

The project has produced two reports. This report, Value-Based Procurement (VBP), gives an introduction to value-based health care and value-based procurement in the Nordic countries and in Europe. The other report, Nordic HTA: Health Technology Assessment in the Nordic Countries, gives an introduction to HTA processes in the Nordic countries. Both reports are meant to be tools for all engaged in the value chain of health technology.

Without important contribution from governments, national agencies, academic institutions, and employees within the national associations, it would have been impossible to reach the goals of the project.

**Trond Dahl Hansen**

*Project owner, NMG2, and CEO Medtek Norway*

## 1.1 Goal and purpose

The goal and purpose with this report is to give companies and other stakeholders help to understand how the Nordic countries are working with Value Based Procurement in the Health sector.

Another purpose has been to network and find new arenas for collaboration within the area of Value Based Procurement i.e. with health professionals, purchasers and relevant governmental agencies as well as regional and local health providers.

## 1.2 Implementation

To reach the goal of helping stakeholders to understand how the Nordic countries are working with Valuebased procurement, each country association/representatives in the project group has attempted to describe what and how different public stakeholders are utilizing Value Based Procurement as a tool to implement new products and procedures within the healthcare sector with higher value to the society than today.

In order to achieve that, a common Nordic arena with the different associations for Medical Technology in the Nordic countries and reference groups, was established to improve dialogue and exchange of competencies. The knowledge and experiences from this work is found in this report so it can work as practical guide about Value Based Procurement processes in each country.

### PROJECT ORGANIZATION:

#### Project owner:

Trond Dahl Hansen  
CEO Medtek Norge

#### Nordic project manager:

Martin Bergius  
Medtek Norge and Boston Scientific AB

#### Steering group:

Trond Dahl Hansen, CEO Medtek Norge  
Anna Lefevre Skiöldebrand, CEO Swedish Medtech  
Peter Huntley, CEO Medicoindustrien Denmark  
Tom Stålberg, advisor FIHTA, Finland  
Laura Simik, CEO Sailab, Finland

#### Project resources:

Hartvig Munthe-Kaas, Medtek Norge (until May 1, 2017)  
Henriette Ellefsen Jovik, Medtek Norge  
Petrus Laestadius, Swedish Medtech  
Sofia Medin, Swedish Medtech  
Jan Heidebrandt, Swedish Medtech  
Louise Reuterhage, Swedish Medtech  
Malin Hollmark, Swedish Medtech  
Anne Englev, Medicoindustrien Denmark  
Antti Vatanen, Sailab Finland

#### National reference groups:

Each country has had a widely composed national reference group. The groups have consisted of representatives from the government side, purchase groups, professionals like doctors, and academia.

### ORGANIZATION:

**Partners:** Finnish Health Technology Association,  
FIHTA (now Healthtech Finland)  
Medicoindustrien, Denmark  
Medtek Norway  
Sailab, Finland  
Swedish Medtech



# 2 EU Directive and Public Procurement

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## New EU public procurement rules: Less bureaucracy, higher efficiency

*From 18 April 2016, new rules have changed the way EU countries and public authorities spend a large part of the €1.9 trillion paid for public procurement every year in Europe.*

One aim of the new procurement rules is to make it easier and cheaper for small and medium-sized enterprises (SMEs) to bid for public contracts, and to facilitate better value for money in public purchases, and at the same time respect the EU's principles of transparency and competition. To encourage progress towards particular public policy objectives, the new rules also allow for environmental and social considerations, as well as innovation aspects to be taken into account when awarding public contracts.

However the success of the new legislation depends on its effective enforcement in the EU countries and the readiness of public buyers in the EU to capitalize on the new legislation, and make procurement processes more efficient and business-friendly for the benefit of citizens. ([https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation\\_en](https://ec.europa.eu/growth/single-market/public-procurement/rules-implementation_en))

### Public procurement strategy

Transparent, fair, and competitive public procurement across the EU's single market generates business opportunities, drives economic growth, and creates jobs. By rethinking the entire approach to purchasing, professionalizing public buyers, and capitalizing on the benefits of the digital revolution, public administrations can be made more

efficient, more effective, and more citizen and business friendly. Improved governance, simplification of procedures, and greater use of electronic tools in public procurement are also important tools for fighting fraud and corruption.

Finally, as the biggest single spender in the EU, the public sector should use procurement strategically to drive key policies such as those aimed at creating a more innovative, greener, and more socially inclusive economy. The section on public procurement strategy focuses on the overall strategy that the European Commission (EU2020) is developing for ensuring that public procurement in the EU is efficient and beneficial to society.

### European law encourages a wider perspective in award criteria

The EU public procurement directive emphasizes total economic value by making the criterion "Most Economic Advantageous Tender" (MEAT) the overarching, default reward criterion, encouraging the use of best quality / cost ratio and the best value for money.

By this, the EU Procurement Directive supports a more holistic approach to procurement and innovation than what is seen today, as it specifically encourages the use of parameters such as lifecycle costs, social and environmental impact, and innovation with the aim to obtain the best price/quality ratio.

# 3 Value-Based Health Care

*Traditionally, the interests of the stakeholders within the health care system have not been aligned, resulting in fragmented, suboptimal patient care undermined by burgeoning costs and a lack of focus on outcomes.*

PROFESSOR MICHAEL PORTER, HARVARD BUSINESS SCHOOL,  
INSTITUTE FOR STRATEGY AND COMPETITIVENESS

Based on the research of Professor Michael Porter, Value-Based Health Care Delivery is a framework for restructuring health-care systems around the globe with the overarching goal of value for patients—not access, cost containment, convenience, or customer service (Harvard Business School, Institute for Strategy and Competitiveness).  
(new sentence from Petrus)

## Background: Health Care Challenges

The cost of health care in many countries is rising faster than the growth of both national economies and household incomes. The high and rising costs seem to be limitless and across OECD nations. Between 2000 and 2009, there was a 4% average annual real growth in per-capita health spending, and in the US, health-care spending accounts for 17.6% of GDP.

Simultaneously, all health-care systems face challenges of uneven quality and frequent errors, such as variations in patient-treatment outcomes:

- There is a 12-fold variation in postoperative sepsis rates across 34 OECD nations.
- One in ten in European hospitals suffers from preventable harm and adverse events related to care (2000 report, Hospitals for Europe).
- There is a 40-fold variation in charges for a hip replacement at US hospitals.

Many efforts have been made to reform the current health-care delivery systems. Nevertheless, challenges remain. The current situation is not sustainable when moving forward. Stakeholders acknowledge the need for development and change. In the struggle to manage health-care costs, clinicians, and policymakers are increasingly focused on value-based care. Leading health systems worldwide are documenting variations in health outcomes and in clinical

practice, which allows clinicians to identify best practices and steer resources toward the clinical interventions that achieve the best results.

## The Concept of Value-Based Health Care

The value-based health-care solution starts by getting all stakeholders to agree on a single overarching goal: improving the quality of care delivered for each “krone” or euro spent. The goal of value-based health care (VBHC) is not to minimize costs but to maximize “value,” defined as patient outcomes divided by costs. The concept of value-based health care is about getting higher-quality patient outcomes while at the same time maintaining, or even lowering, the overall cost to deliver those patient outcomes. In order to achieve this, we take out either the direct costs or the indirect costs by making the procedures more efficient, thus increasing cost efficiency.

Important steps in the process include a detailed analysis of existing outcomes data, identification of best practices, and the widespread dissemination of those practices to reduce variations in clinical practice and improve overall health outcomes.

The concept of Value Based Health Care as the method to overcome some of the challenges facing health care systems and described in this document; will be covered in all Nordic countries sections except in the Swedish, as it in the Swedish Health Care Market is controversial due to historical issues.

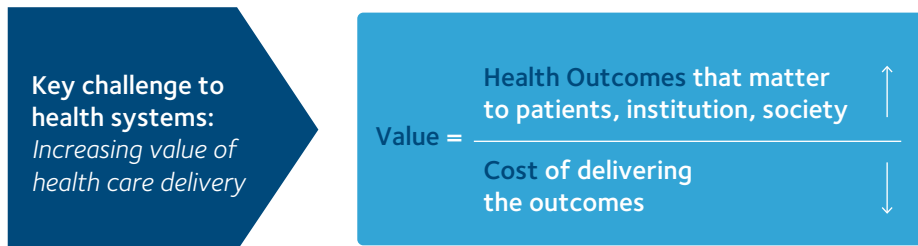
*In this framework, value, a patient centric metric, is defined as patient health outcomes per dollar spent. This ideological shift means moving from a long-established system that rewards volume of visits, hospitalizations, procedures, and tests to a system that focuses on improving patient outcomes while lowering costs. Value, versus cost-shifting or restricting services, is a solution that can unite the interests of all system participants—and improve care.*

PROFESSOR MICHAEL PORTER, HARVARD BUSINESS SCHOOL,  
INSTITUTE FOR STRATEGY AND COMPETITIVENESS



## Value-based healthcare: better outcomes, same or lower cost

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**Medtech in unique position to drive  
Value Based Healthcare supported by value based procurement**

Sources: Harvard Business School, Institute for Strategy and Competitiveness  
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<http://www.isc.hbs.edu/health-care/vbhcd/pages/default.aspx>

Boston Consulting Group <https://www.bcg.com/expertise/industries/medical-devices-technology/value-based-health-care.aspx>

The Conference Board of Canada, Gabriela Prada, Director of Health, Innovation, Policy, and Evaluation <http://www.conferenceboard.ca/commentaries/healthcare/default/16-03-15/value-based-procurement-the-new-health-care-imperative-481875798.aspx>

**Ph.D. Michael E. Porter, What is Value in Health Care,**  
The New England Journal of Medicine  
<http://www.nejm.org/doi/full/10.1056/NEJMp1011024#t=article>

<http://www.nejm.org/doi/full/10.1056/NEJMc1101108#t=article>

<https://pdfs.semanticscholar.org/ccbd/08d02adb613bf2c68620b249b2bbab5d5724.pdf>

**M.D. Thomas H. Lee, Putting the Value Framework to Work**  
<http://www.nejm.org/doi/full/10.1056/NEJMp1013111#t=article>

<https://pdfs.semanticscholar.org/bddb/54963c8573798ac648da1276393188c312fa.pdf>



# 4 Value-Based Procurement

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## Procurement in Health Care

Some of the critical decisions in today's health care are related to the procurement of products, services, and solutions. By choosing one solution over another, procurement officials impact the care being offered to patients and encourage the industry and other stakeholders to act in specific ways. Given this significant influence, the procurement department should become one of the key players in health care and lead the effort to focus on the value of health-care products, services, and solutions.

Yet, today still, health-care procurement methods in large measure fail to include and/or objectively reward important quality and cost measures. By doing so, they fail to address the needs of other stakeholders, such as patients, providers, health systems, and society as a whole. This also clouds the true cost of care and does not account for the economic value of health and care.

## Value-Based Procurement in Health Care

The core of health care delivery is to deliver patient treatment and care. This should be reflected in all goals, strategies, and decisions.

Focus on mainly purchase price fails to address the different needs of stakeholders such as patients and providers and also the critical needs of distressed health-care systems and societal challenges.

Procurement is a key enabler of and tool with which one can make a transformation to a value-driven system given that it is at the heart of purchasing value. Therefore, value-based procurement goes hand in hand with value-based health care.

Value-based procurement is possible only when procurement transactions go beyond short-term cost savings to involve quality-based factors such as technical merit, accessibility, environmental characteristics, and innovative characteristics.

In the report *Value-Based Procurement: The New Imperative for Canada's Health Care*, The Conference Board of Canada identifies key lessons that could help organizations transition toward more strategic, value-based procurement. These include the need to:

- take a long-term view of success and broaden the definition of value, including, for example, patient experience and long-term efficiencies
- foster collaboration and cooperation between public and private stakeholders
- engage clinicians and other key opinion leaders in the procurement process to determine value and enable and accelerate adoption
- ensure that value-based procurement is broadly adopted, aligned between all funders and buyers, and informed by relevant data

The importance of value-based procurement should be easy to establish; implementation is imperative.

Moving forward, developing widely shared, patient-oriented metrics and standards to evaluate the utility of an innovation and the effectiveness of innovative procurement approaches is essential for the success of strategic, value-based procurement. Performance measurement is greatly facilitated by the collection and centralized aggregation of relevant data, such as usage or implementation of innovative products and services in hospitals.

# 5 Most Economically Advantageous Tender

## —Value-Based Procurement and Tools

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Most economically advantageous tender—value-based procurement is derived from the overall change of focus of the legal procurement framework, the growing challenges within health-care delivery in general, and the unleashed potential in today's medical technology and solutions. There are signs from several sources that a large number of today's public tenders in Europe fail to reach their goals. This indicates that today's practice falls short and that there is room for improvement. As most parties seem to agree that the current development is not sustainable in the long run, there seems to be willingness and an interest in developing and improving procurement practices as today's practices are not showing good enough results. Hence, MedTech Europe decided to take a proactive approach and partnered up with Boston Consulting Group (BCG). The purpose of the initiative was to investigate and propose how the result of the public tenders can help improve and contribute to a more sustainable development in the health-care sector.

With this initiative, the medical-technology industry is amongst the first industries to propose a practical way to leverage the new provisions of the EU Public Procurement Directive.

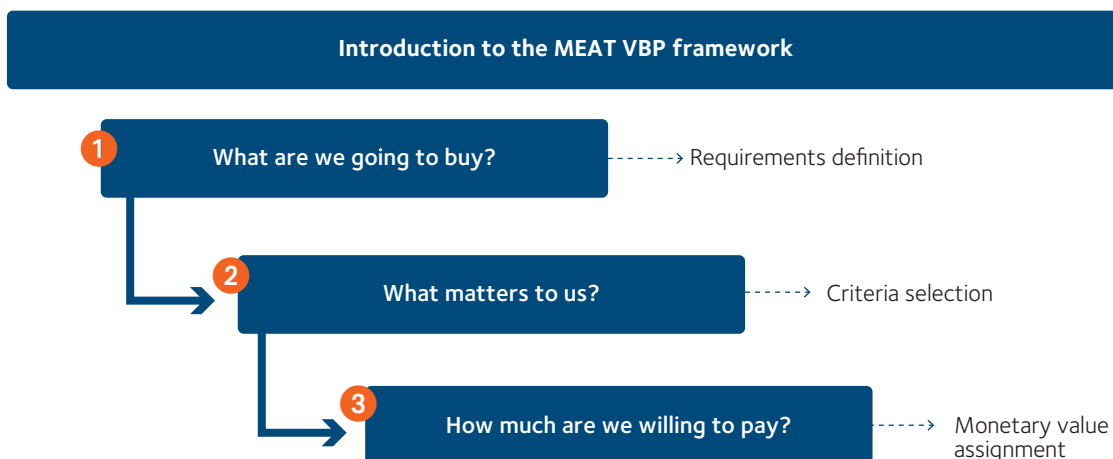
An important prerequisite has been collaboration between and participation and representation from all relevant stakeholders. And the project has fostered an international cooperation between a broad set of different stakeholders, such as policymakers, payers, health-care officers, purchasers, and suppliers. These stakeholders have contributed with their experience and ideas and also by reporting best procurement practices.

The result of the project and the collaboration is a new framework, including a practical tool for Most Economically Advantageous Tender for medical technologies. The proposed framework and tool aim to support health-care institutions, hospitals, and health and procurement authorities to adopt value-based decision-making in health-care procurement, to ensure best practice and common practice across Europe.

It is important to mention that other frameworks and tools for developing value-based procurement exist. For our NMG2 project, we have chosen to emphasize the MedTech Europe framework and tool.



The methodology of value-based procurement helps answering three key questions:



All three questions should be addresses in the pre-tender phase by the contracting authority/procurer

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### Value-Based Procurement Tools

A Common Framework: Specification in Four Dimensions

To help achieve Value Based Procurement, a framework as well as a tool and accompanying guidelines have been developed to help take wider patient, organizational, and societal outcomes into account in tendering processes. Starting with the value definition by M. Porter (outcomes/costs) and the relevant legal frame, the tender criteria is divided into four dimensions.

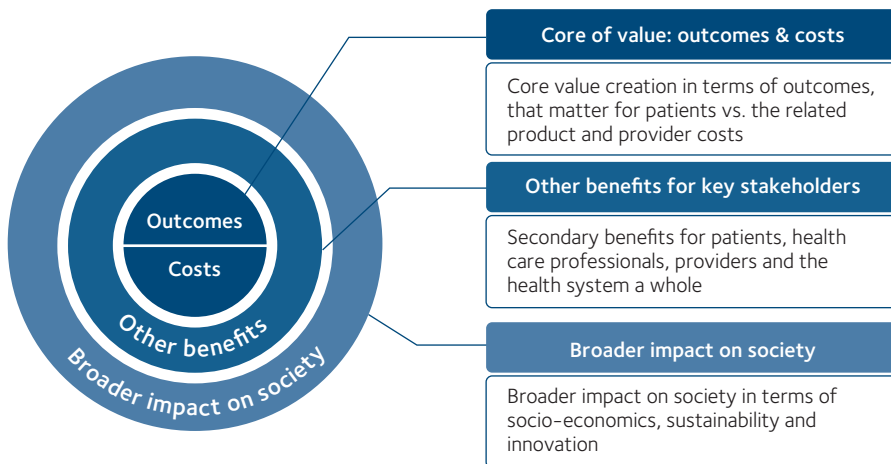
These dimensions highlight different aspects of the purchase:

- At the center of the specification are criteria that relate to patient outcomes and the cost of producing these.
- The next dimension consists of other important aspects, with more secondary relevance to patient outcome, typically benefits for the health-care personnel, the hospital, and so forth.
- The last dimension relates to societal impact and how the purchase will impact more widely, an aspect that is emphasized in the European procurement directive.

Figures: Framework with the four dimensions for specification: patient outcome, costs, secondary benefits, and societal impact.

**New method: value-based procurement framework**

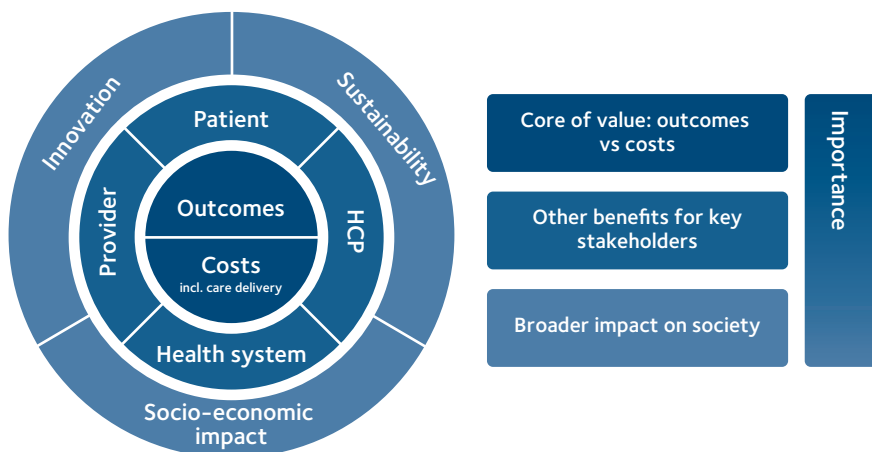
Holistic definition of value, starting with the patient outcomes and cost to achieve them



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**New Method: value-based procurement framework**

Importance of criteria decreases from core outwards

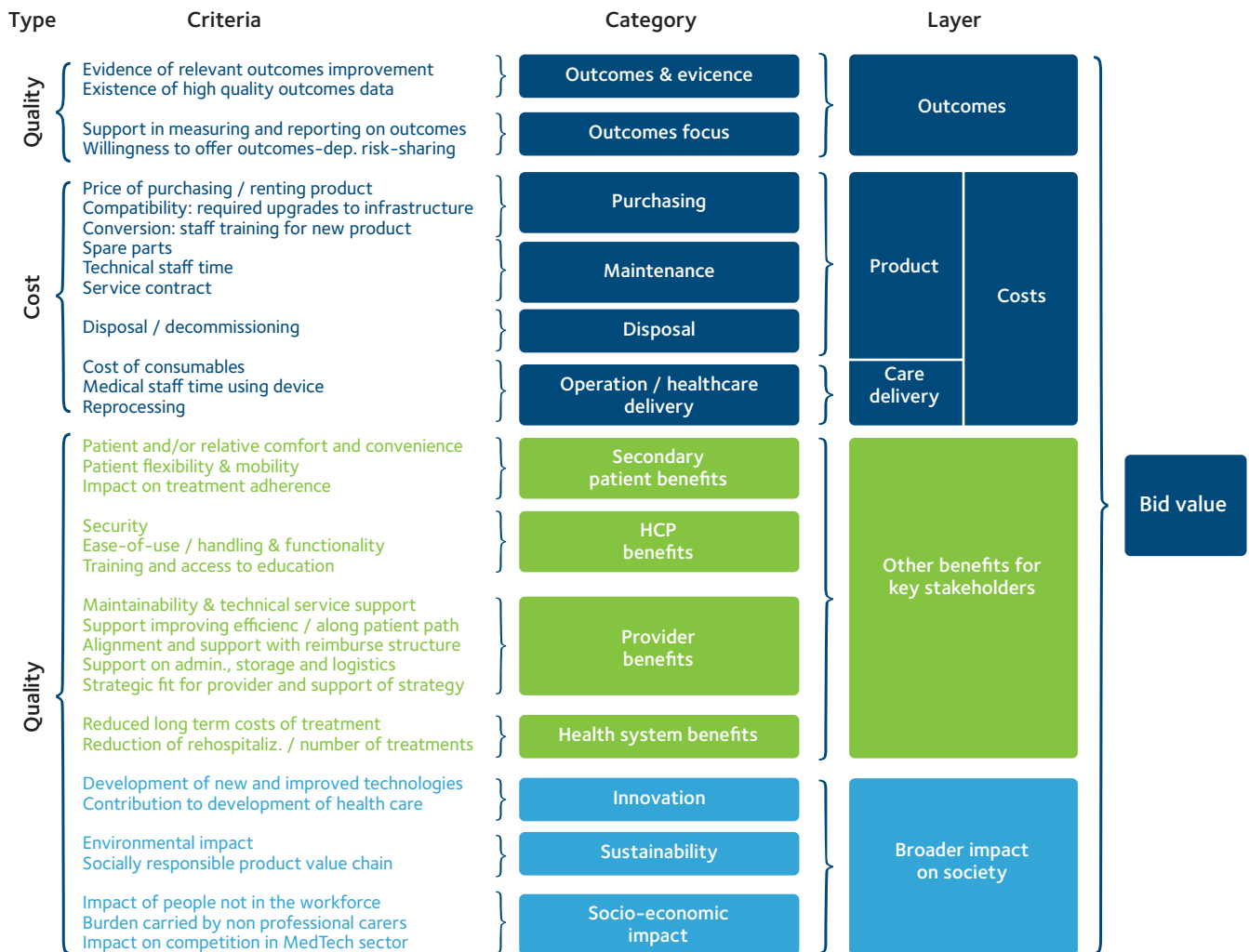


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Furthermore, the MEAT value-based procurement model also provides subset categories. The categories are important as they aim at covering each dimension broadly. It is imperative that the chosen criterion for a specific tender reflects all different effects of the procurement. The criterion needs to be specified for each tender individually, and to inspire criterion selection, examples of underlying criteria for all dimensions are also provided in the framework.

Figure: A list of the four dimensions, respective specification categories, and criterion examples. In today's public-procurement practice, only a few of these elements are taken into consideration.

**In detail: all criteria combined to compare value of bids Quality criteria and Cost Criteria -> MEAT**

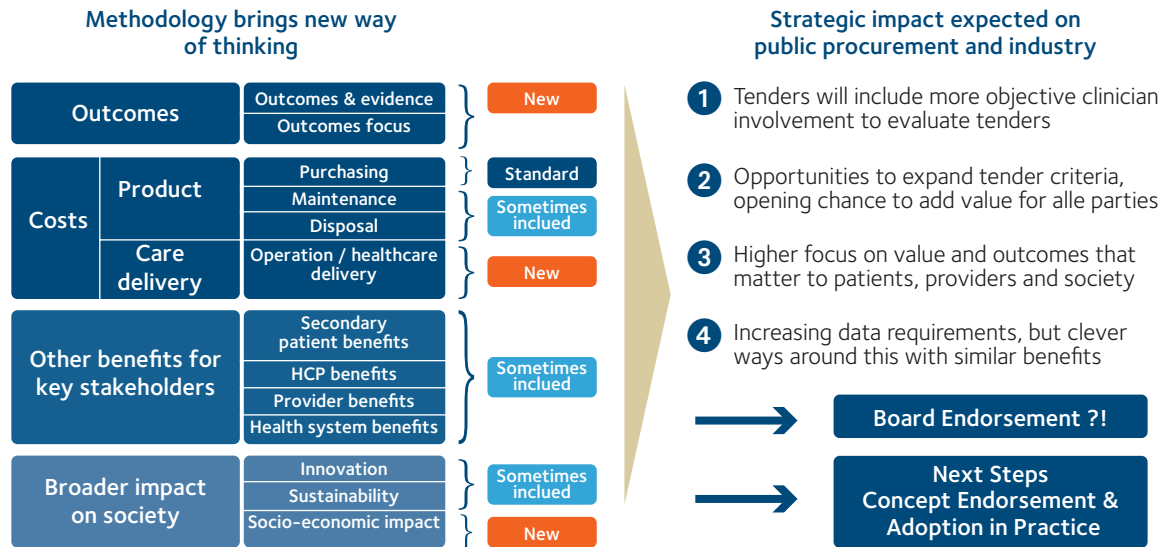


Source: BCG Criteria which could be included in supplier selection

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## Methodology implies changes for suppliers and providers

Benefits expected for all stakeholders, avoiding short sighted price-focused purchasing decisions



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## Next: How to best use concept – tool in local context?



Using value-based procurement at national, regional level (specific use, needs)

- How can it help you?
- How can you bring it into your region?
- How to leverage it by your company?

Target audience	Objectives	Method	Timelines
<ul style="list-style-type: none"> <li>• MoH</li> <li>• Policymakers</li> <li>• National procurement</li> <li>• Procurement groups</li> <li>• Contracting authorities</li> <li>• Members</li> <li>• (...)</li> </ul>	<ul style="list-style-type: none"> <li>• Inform on project</li> <li>• Seek active participation</li> <li>• Launch new policy discussions</li> <li>• Inform ongoing policy discussions</li> <li>• Launch pilots</li> <li>• Shape tenders</li> <li>• (...)</li> </ul>	<ul style="list-style-type: none"> <li>• Meeting</li> <li>• Workshop</li> <li>• Event</li> <li>• Informal contact</li> <li>• Formal collaboration</li> <li>• Regular exchange</li> <li>• (...)</li> </ul>	<ul style="list-style-type: none"> <li>• Tomorrow</li> <li>• Next week</li> <li>• Next month</li> <li>• Q3</li> <li>• 2015</li> <li>• 2016</li> <li>• (...)</li> </ul>

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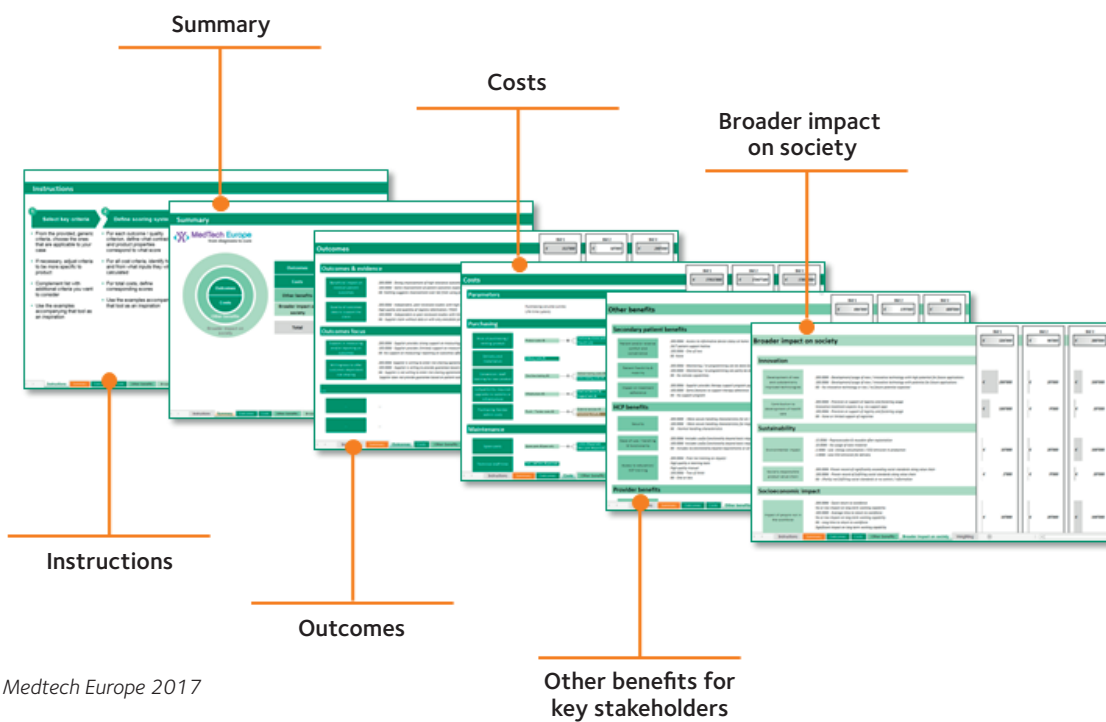


### A Practical Tool

The MEAT value-based procurement framework comes with an easy-to-use Excel tool. The Excel tool can be applied by the procurer in the pre-tender, tender, and evaluation phase. It has several functions, but most importantly, it serves as a menu or checklist for the different dimensions that should be considered for each project.

The tool can easily be customized for the evaluation of tenders and includes a detailed menu of criteria from which tendering authorities can select.

### Deliverables Method and Simple Excel tool (Generic) – test version ready



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Implementation: Making MEAT Value-Based Procurement a Reality in Europe.

Both the tool and the guidelines are currently being tested in a series of pilots in cities, regions, and countries across Europe. A “Community of Practice” made up of national procurement experts from member states, industry representatives, and other health-care stakeholders is also being built. It will act as a platform where one can share experiences and collect input on the application of the MEAT value-based procurement concept in health care tendering processes, and on the broader cultural change that is needed in health-care management to support this shift.

# 6 VBP—Process, Progress and Pilots by Country

## 6.1 Denmark

### 1. Framework and regulatory issues, focus on national adaption of EU public procurement directive

The Danish focus in this project has been on value-based procurement (VPB).

Before Medicoindustrien introduced VBP to the regional purchasers and Amgros, they hardly knew neither about nor used VBP in tenders, where it was relevant.

Amgros is a public-sector organization owned by the five regional authorities in Denmark. It is the pharmaceutical procurement service of the regions. Amgros is also making procurement within medical devices on a small scale.

Therefore, Medicoindustrien has been able to develop and go much deeper into the VPB concept, and the regional purchasers and Amgros have started using VBP much more in their tenders. The effort from Medicoindustrien to further development of the VBP concept has been important.

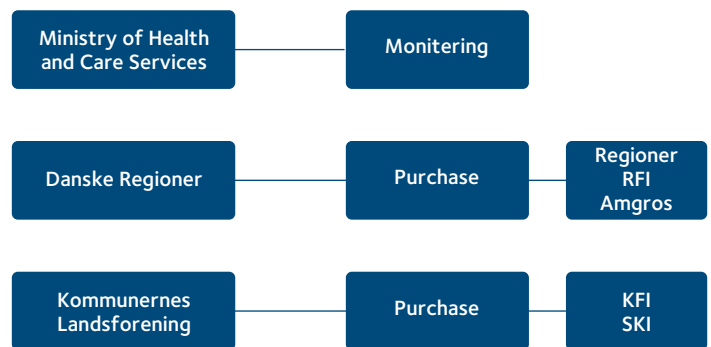
Medicoindustrien has gained acceptance for VBP as a goal or strategy in tenders. VBP in tenders has been evaluated on seminars and meetings, and knowledge has been shared. The regional purchasers are now adopting VBP in tenders where it's useful.

The transposition of the new European Public Procurement Directive into the Danish legislation and the fact that the Directive has introduced the concept of life cycle costs has also been helpful for the Danish process.

In connection with the new European Public Procurement Directive, the Danish Competition and Consumer Authority has written several manuals to contribute to a good procurement culture in Denmark.

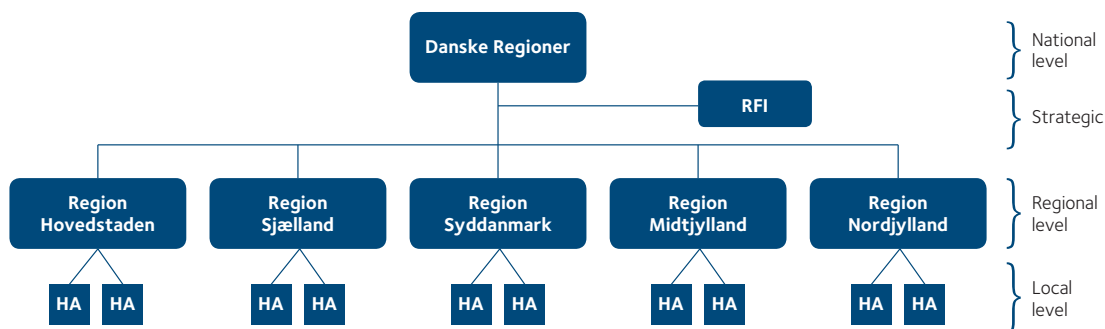
The Danish Competition and Consumer Authority has made a study on public procurement. The study shows that through central framework agreements, there is a basis for effective competition.

### Key players at various levels for medical devices



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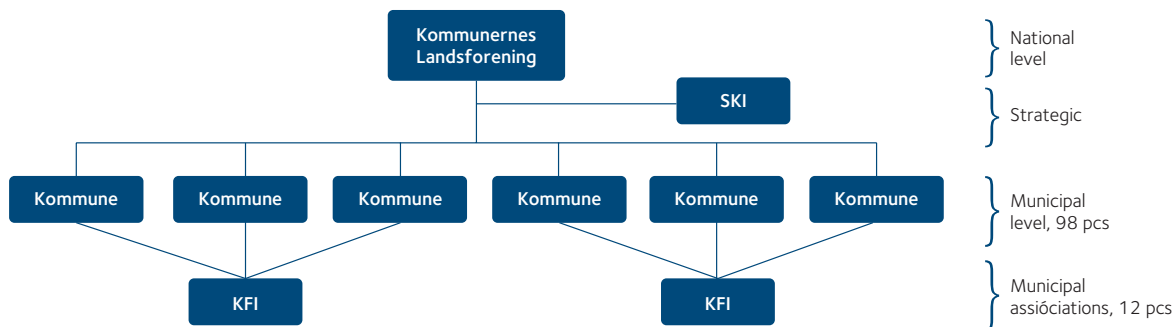
## The Danish tender structures



### Definitions:

HA: Hospitals

**Region Hovedstaden, Region Sjælland, Region Syddanmark, Region Midtjylland, and Region Nordjylland are Regional Health Authorities.**



### Definitions:

KFI: Kommunale Fællesindkøb (Municipal Joint Procurement)

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## 2. Activities related to VBP (completed and planned)

Medicoindustrien has introduced the VBP concept to the regional purchasers, Amgros, and the members of Medicoindustrien as a strategic tool. In VBP, the focus is on both quality and price instead of only on buying the cheapest product in the short run.

Medicoindustrien has carried out several activities regarding VBP in general and the MEAT tendering tool in particular ranging from seminars and workshops to presentations.

These are some of the activities:

- MEAT seminars for members of Medicoindustrien, the regional purchasers and Amgros (10–25 persons in three sessions)
- Workshop with a specific case/tender that worked as a gap analysis between the Danish allocation criteria in the tender and the MEAT model

- Annual seminars with members of Medicoindustrien, regional purchasers, and Amgros (140–160 persons every year)
- Meetings with regional purchasers and members of Medicoindustrien
- Seminars for members of Medicoindustrien
- Participation in two European VBP workshops arranged by MedTech Europe

In addition, Medicoindustrien has been in dialogue with and presented VBP at

- Sundhedspolitiske Topmøde, 2016 (an annual conference)
- Danske Regioners Udvalg for Innovation og Erhvervssamarbejde (politicians with health-care focus)
- Danske Regioners Advisory Board
- The government's health political spokespersons

Medicoindustrien has also addressed the importance of TCO (Total Cost of Ownership) and the focus on quality, innovation, and new products instead of focusing on price in the media about ten times in 2016.

Furthermore, the organization Health Care Denmark has made a film about Denmark's international position within health care. In this film, Adam Wolf, the CEO of Danske Regioner, states that new products are being evaluated systematically and that the regional purchasers are looking at more than just price. The regional purchasers are looking at the product in a broader context, for example by considering durability and application. The film can be downloaded at: <https://medicoindustrien.dk/article/den-danske-medicobranche-er-blandt-de-foerende-i-verden>.

The health-care economics expert group within Medicoindustrien has had experts in health economics to present their knowledge—practical and theoretical—at the group meetings. The expert group has four meetings per year in addition to the above-mentioned activities.

The focus of the group is predominantly on

- The strengths and weaknesses for public procurement of medical devices in a Danish context
- The differences of health-economy calculations on medical devices and pharma
- The barriers in Danish health politics for further introduction of health economy, MEAT and TCO (total cost of ownership)
- Evidence forming the basis for TCO/MEAT/VBP in a tender content
- VBP as a contract-management tool developed in Denmark at a regional level

### 3. Pilots (products, partners involved, evaluation including learning points)

As mentioned above, Medicoindustrien has carried out several activities regarding VBP in general and the MEAT (Most Economic Advantageous Tender developed by MTE/BCC) tendering tool ranging from seminars and workshops to presentations.

Medicoindustrien and the Danish Regions have each had a MEAT seminar, one for members of Medicoindustrien and one for the regional purchasers and Amgros, where the MEAT model was introduced.

To sum up the two seminars, a third seminar was held for both regional purchasers and Amgros and members of Medicoindustrien.

The seminar included a specific case/tender that worked as a gap analysis between the Danish allocation criteria in the tender and the MEAT model. In the seminar, there were very good discussions between the suppliers and the purchasers, and issues were raised from both sides to get a common work flow, which succeeded very well.

However, it was concluded that a more general approach to VBP than the MEAT model suits the Danish tender market better. In Denmark, VBP is now used more and more.

A smaller group of regional purchasers and members of Medicoindustrien (about ten people) will keep working with VBP in tenders and to get VBP in tenders where it makes sense. The group will meet between two and four times a year.

### 4. Links and sources Denmark

<http://www.sum.dk/> (the Ministry of Health)

<http://www.kfst.dk/> (the Danish Competition and Consumer Authority)

<http://www.regioner.dk/> (Danish Regions is the interest organization for the five regions in Denmark)

<http://www.regioner.dk/rfi> (Danish Regions' Common Procurement for the five regions in Denmark)

<http://www.kl.dk/> (a special interest organization for the ninety-eight Danish municipalities, Kommunernes Landsforening (KL))

<https://www.ski.dk/Sider/Forside.aspx> Staten og Kommunernes Indkøbsservice (SKI) makes some of the procurement for the regions and the municipalities in Denmark. SKI is owned by the Danish state (55 percent of the shares) and KL (45 percent of the shares).

<http://www.amgros.dk/da/> Amgros is a public-sector organization owned by the five regional authorities in Denmark. It is the pharmaceutical procurement service of the regions. Amgros also makes procurement within medical devices on a small scale.

<http://www.ika.dk/medlem/kommunale-indkoebsfaelleskaber/> IKA is a community of public purchasers and has existed for 30 years.

<https://www.regionh.dk/> (the Capital Region of Denmark)

<http://www.regionsjaelland.dk/Sider/default.aspx> (The Region of Zealand)

<https://www.regionsyddanmark.dk/wm157175> (The Region of Southern Denmark)

<http://www.rm.dk/> (The Region of Central Denmark)

<http://www.rn.dk/> (The Region of Northern Denmark)



## 6.2 Finland

### 1. Framework and regulatory issues, focus on national adaption of EU public procurement directive

**New acts on public procurement procedures** came into force on January 1, 2017, in Finland. The new legislation, which is based on EU public procurement directives, aims to give contracting authorities better possibilities for making more innovative, sustainable, and responsible procurements of a higher quality.

Another objective of the new legislation is to reduce the administrative burden created by the tendering process for both contracting authorities and tenderers by increasing the national threshold values and reducing the requirements of the procurement procedure.

The public procurement legislation obliges public organizations and certain other actors, including parties that are regular beneficiaries of public support, to put their procurements exceeding a certain threshold value in euros up for open and non-discriminatory tender. The procurement legislation applies where these threshold amounts are exceeded.

Under the new acts, the national threshold value for goods and services will go up from the current EUR 30,000 to EUR 60,000. Contracts that do not reach these threshold values will be excluded from the scope of application of the procurement legislation.

It is recommended that the contracting authorities divide their contracts into smaller parts that are more suitable for SMEs. Under the new legislation, environmental and social perspectives can be more effectively taken into account. The update will significantly streamline the tendering procedure for lower-value procurements and clarify the key concepts of the act. The act will also allow for flexibility in evaluating tenders and more extensive negotiations as part of the tendering process.

The new procurement legislation will create a level playing field for public and private businesses, as procurements may not be made from organizations under the control of public bodies without a tendering process if these organizations engage in commercial activities to a more significant than minor extent in the market. The task of supervising compliance with the procurement legislation will be assigned to the Finnish Competition and Consumer Authority (FCCA).

The Public Procurement Act and the Public Procurement Act for Special Sectors state that the contracting entities must make use of the existing competitive conditions and ensure equality and non-discriminatory treatment among all participants in the procurement procedure and act in a transparent way while meeting the requirements of proportionality.

**The Finnish Competition and Consumer Authority (FCCA)** supervises compliance with legislation regarding public procurement. The purpose of the supervision of public procurement is to ensure adherence to principles of key significance to the public interest and efficient use of the taxpayers' and public funds, such as transparency and non-discrimination in public procurement, and effective competitive bidding in public procurement procedures.

Supervision focuses on the most significant errors and misconduct in terms of transparency and non-discrimination, such as failure to announce public contracts and arrange competitive bidding (illegal direct procurement), preventing suppliers from taking part in competitive bidding, and intentionally preparing incomplete contract notices, as a result of which the benefits of competitive bidding are lost.

**The National Supervisory Authority for Welfare and Health (Valvira)** is a national agency operating under the Ministry of Social Affairs and Health. Valvira monitors the compliance of medical devices with the legislation and regulations, monitors the marketing of medical devices, and promotes their safe use.

- Medical Devices Act (629/2010)
- Manufacturer's Incident Report – Valvira 1/2010
- Registration of Medical Devices – Valvira 2/2010
- Clinical Investigations of Medical Devices – Valvira 3/2010
- Health-Care Professionals Incident Report – Valvira 4/2010
- Conformity Assessment of Medical Devices – Valvira 1/2011
- CE-marking of Medical Devices – Valvira 2/2011



**The social services, health-care, and regional government reform** was started by the Government of Finland and will come into force on January 1, 2020.

The purpose of the reform is to secure key public services and offer people improved opportunities for social engagement, exertion of influence, and freedom of choice. Social and health care services shall constitute a coherent system that increases equality in access to services. To achieve this, one will employ the most effective and efficient procedures available. Another objective is to put in place a modern, cost-efficient administrative system in Finland.

Finland currently organizes health and social care through its 295 municipalities (excluding the autonomous archipelago province of Åland), which are responsible for providing care services for residents.

The government proposes that Parliament pass a Counties Act, an Act on Organizing Health and Social Services and an Implementation Act to implement the first two acts. The government's model transfers responsibility for these services from municipalities to eighteen regional authorities. According to the proposal, the counties will be required to make administrative arrangements to segregate the organization and provision of social and health-care services in the context of their own activities.

After the reform, exhaustive round-the-clock specialized emergency services would be centralized into twelve hospitals of which five are university hospitals offering the most demanding treatment. Each of these hospitals would have physicians from at least ten different specialties and emergency social-services professionals. Thus, one would always be ready to handle demanding situations in a safe way.

At the same time, the proposal envisages "freedom of choice" for patients, who will be able to choose from a range of providers (public and private) for their care by 2019.

**Public procurement in health care**  
**In Finland, about 18% of GDP (34 billion euros) is spent by the government, municipalities, and congregations on the procurement of goods, services, and public works according to statistics from the European Commission.**

The social and health-care sector is mostly funded by the government, and public procurement plays a major role in the maintenance of a working and effective social and health-care system. In 2014, 75.6% was publicly funded, and the remaining 24.4% was privately funded.

Procurement which exceeds the national threshold value is announced in the HILMA service. HILMA is free and electronic information channel maintained by the Ministry of Employment and Economy.

In Finland, the expenditures in the health-care sector in 2013 were 19.5 billion euros, and they were mostly financed by the government and the municipalities, thus public procurement plays a major role in the social and health-care sector.

## **2. Activities related to VBP (completed and planned)**

Sailab – MedTech Finland is an association for international and national medical technology companies in Finland. There are around 100 affiliated companies in Sailab – MedTech Finland. Sailab – MedTech Finland has been working with value-based-procurement-related issues and aims since the Finnish government started the implementation of the European Directive on Public Procurement, and after the acts came into force, Sailab – MedTech Finland strengthened its position as a leading actor in VBP.

Sailab – MedTech Finland sees VBP as a crucial factor for achieving a more sustainable and more efficient health care in Finland. Medical technology companies offer products and solutions that help not only patients and HCPs but also societies that are struggling with an ageing population and a decreasing working-age population. It is important to drive a cultural change from price-based thinking to efficiency-based thinking as well as to help the health care professionals and purchasers to understand that medical technology will be an important part of the social and health-care sector.

## **A European and Nordic benchmark and education**

The director of the procurement office and logistics Juha Putkonen from Oulu University Hospital (OYS) and Sailab – MedTech Finland's board member Ari-Pekka Naumanen participated in the MEAT conference in Brussels in October 2016. This education was a first step towards a MEAT pilot.



Sailab – MedTech Finland has participated in the MedTech Forum in Brussels in 2016, MEAT education in Paris in May 2017, and Nordic Medtech Growth meetings, where value-based procurement has been one of the main topics.

### Value-based procurement

There are around 100 affiliated companies in Sailab – MedTech Finland. Qualified medical technology and effectiveness of solutions/products are highly important for these companies. Many of them have their own research, publications, and tools to improve evaluation and to develop references. The Sailab – MedTech Finland board has made value-based procurement one of the main topics in the company's new strategy and tactics.

The organization has strengthened its co-operation with directors of procurement and logistics specialists as well. Value-based procurement and efficiency has been one of the main topics in several meetings with them.

### Value-based procurement in health care and medical technology: three national conferences

Sailab – MedTech Finland has organized two national conferences on public procurement in health care in 2015 and 2016. These two all-day conferences were needed: there were around 250 participants in 2015 and 320 participants in 2016.

Director Yves Verboden of MedTech Europe was one of the keynote speakers at the conference in 2016. He presented the value-based-procurement philosophy and benefits, examples from Europe, and the MEAT tool in his speech.

On October 18, 2017 there was a third conference. The program was focusing on value-based procurement with several speakers approaching the subject from different point of views. Martin Bergius attended the conference as a keynote speaker from the Nordic Medtech Growth2 project.

### Governmental affairs

Sailab – MedTech Finland has been active regarding social and health-care reform in Finland. Sailab organized two round-table discussions for stakeholders in health care about public-procurement policy in reform in September 2016 and February 2017. All the stakeholders agreed that it is important to sustain a vital and diverse market also in the medical technology and pharmaceuticals field in Finland.

Value and efficiency were linked in this discussion, and a common statement was published in October 2016 and delivered to the media and the government of Finland.

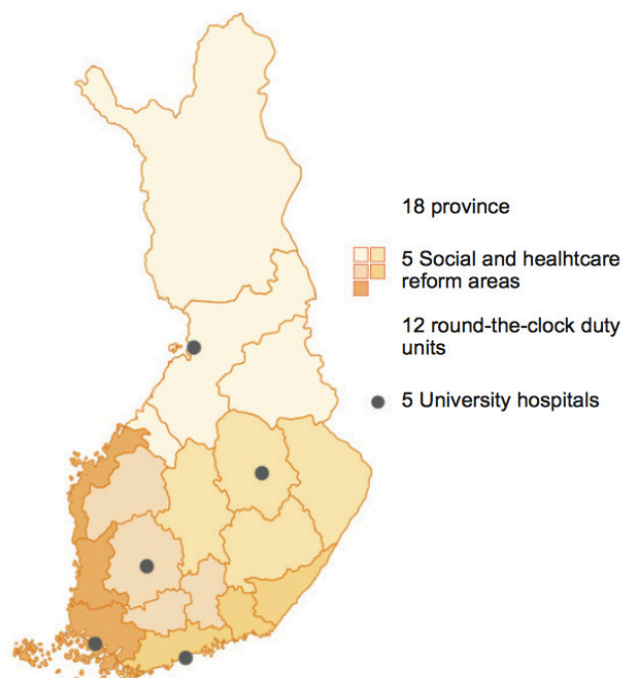
### 3. Pilots (products, partners involved, evaluation including learning points)

Oulu University Hospital (OYS) started a VBP pilot in co-operation with Sailab – MedTech Finland in March 2016. There are around 2,200 angioplasty patients in OYS annually. This pilot utilizes part of the MEAT tool in cardiovascular indication's (angioplasty) tender process.

The price has 50% share in comparison, qualification points should be over 30%. The tender process ended on May 23, 2017, and during June and July, OYS made a comparison.

The results of the process will be presented to the Sailab – MedTech Finland board and other university hospitals' (five) procurement directors in September 2017. An evaluation of the pilot was completed in the autumn of 2017.

The Oulu University Hospital pilot has been completed with MEAT. It seems that Sailab – MedTech Finland and its affiliated companies and university hospital areas (5) have a common understanding of the need of a cultural change in accordance with value-based procurement, but the MEAT tool seems to be a bit complicated and demanding as a first step.



#### 4. Links and sources Finland

Ministry of Social Affairs and Health [www.stm.fi](http://www.stm.fi)

Sote reform [www.alueuudistus.fi](http://www.alueuudistus.fi)

[www.hilma.fi](http://www.hilma.fi)

National Supervisory Authority for Welfare and Health

[www.valvira.fi](http://www.valvira.fi)

Finnish Competition and Consumer Authority [www.kkv.fi](http://www.kkv.fi)

Finnish Medicines Agency Fimea [www.fimea.fi](http://www.fimea.fi)

Sailab – MedTech Finland [www.sailab.fi](http://www.sailab.fi)

### 6.3 Norway

#### 1. Framework and regulatory issues, focus on national adaption of EU public procurement directive

##### Public-Procurement Legislation

Norway is not a member of the EU but has access to the internal market in Europe through its membership in the European Economic Area (EEA) and the EEA agreement. Norway is obliged to implement and follow the European public procurement regulation and has implemented the EU procurement directives.

The procurement directive is implemented into Norwegian legislation through the Procurement Act of 16.07.2016, and includes principles applicable to public procurement such as equal treatment and transparency. The new legislation has been in force since January 1, 2017.

The aim of the Norwegian regulation is, in accordance with the European directive, to increase the efficiency in public spending, to facilitate the participation of small- and medium-sized enterprises (SMEs), and to enable procurers to make better use of public procurement in support of common societal goals, including environmental, social, and labor law provisions. Stricter control with those provisions should be performed at all stages of the procurement procedure when applying the general principles governing the choice of participants, the award of contracts, and the exclusion criteria, and when applying the provisions concerning abnormally low tenders.

The regulations contain different rules of procedure depending on the value of the contract and certain thresholds and whether the contract value is above the EU thresholds. In the new regulation, the threshold has been increased from NOK 500,000 (€53,000) to NOK 1.1 million (€116,500) for procurements in general. Regardless of the threshold values, public authorities must always comply with the main principles, such as equal treatment of tenderers, transparency, non-discrimination, integrity, and good business practice.

It is worthwhile to note that the Agency for Public Management and eGovernment (Difi; an agency under the Ministry of Local Government and Modernization) has estimated that 80% of public tenders are below the new NOK 1.1 million threshold.

As public procurement amounts to about 15% of Norway's gross national product (GNP), it is vital that public procurement ensures both efficient use of public resources and equal treatment of all parties. Public bodies must act with integrity and make sure that the public trusts them to behave in a socially responsible way.

##### Key players / stakeholders in public procurement in general

**The Ministry of Trade, Industry, and Fisheries** is responsible for the trade, industry, and seafood policy.

The ministry is responsible for the Norwegian adaption and implementation of the public procurement directive. The current minister of trade has openly instructed public purchasers to proactively use the possibilities in the new legislation, as she has written two open letters (<https://www.regjeringen.no/no/aktuelt/Naringsministeren-ber-offentlige-innkjopere-ta-grep/id756403/>).

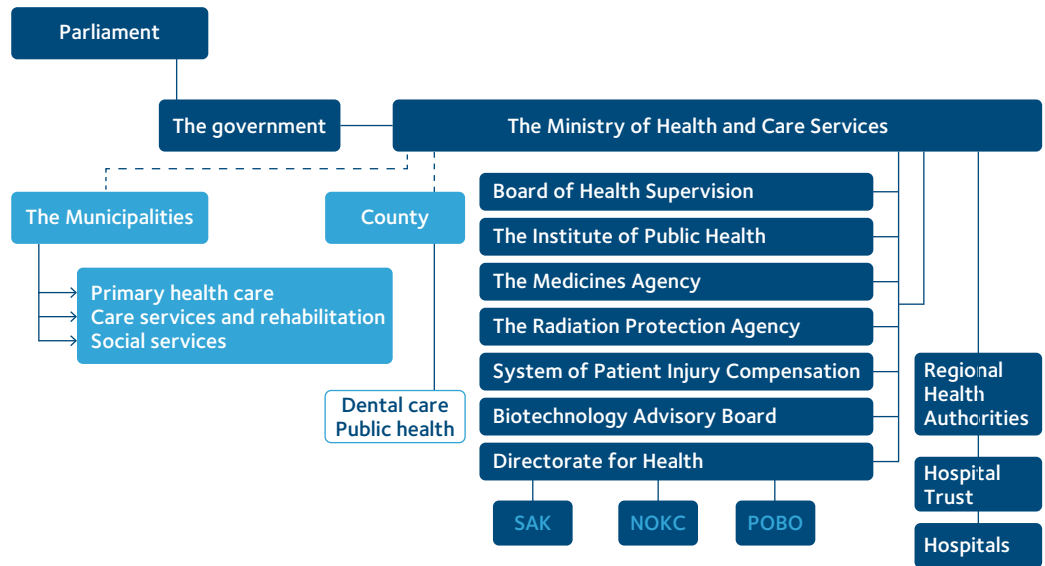
**The Agency for Public Management and eGovernment (Difi)** is overseen by the Ministry of Local Government and Modernization (KMD).

Difi strives to strengthen the government's work to renew the Norwegian public sector and improve the organizations and the efficiency of government administration. Difi's tasks include setting up solid public-procurement procedures. As a part of this, Difi has engaged in the method Best Value Procurement (BVP). Difi recommends this approach and contributes by arranging courses to familiarize public purchasers with the BVP approach.

Difi also runs the homepage [www.anskaffelser.no](http://www.anskaffelser.no).

## Key Players at Different Levels

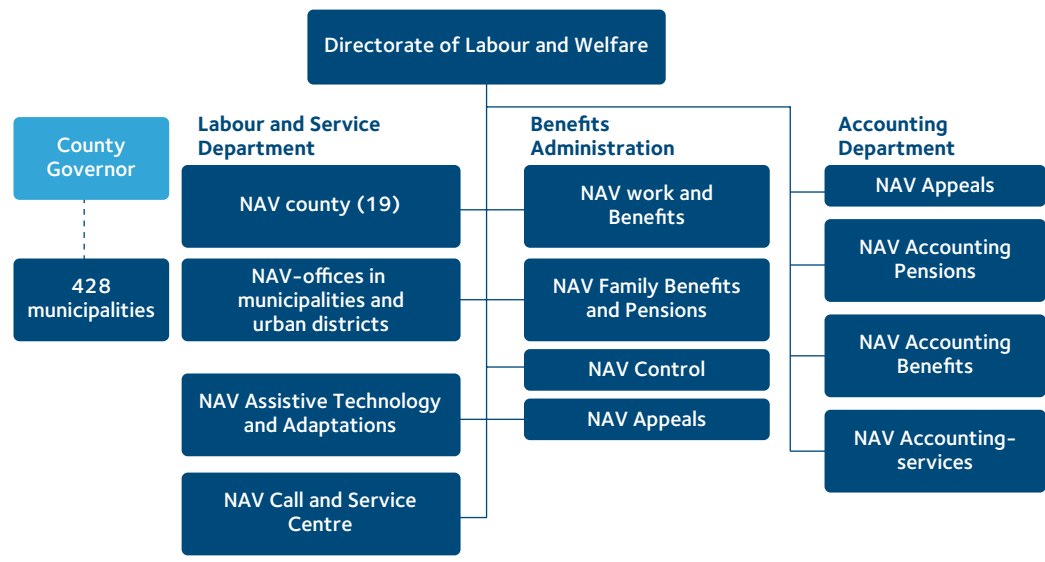
Organization of the Health System in Norway



**SAK:** Norwegian registration authority for health personell  
**NOKC:** Norwegian Knowledge Centre for the Health Services  
**POBO:** Health and care services ombudsmen

Source: A.K. Lindahl, Norwegian Knowledge Centre for Health Services, 2015  
 © Medtech Europe 2017

## Organisational chart for NAV (Norwegian Labour and Welfare Service)

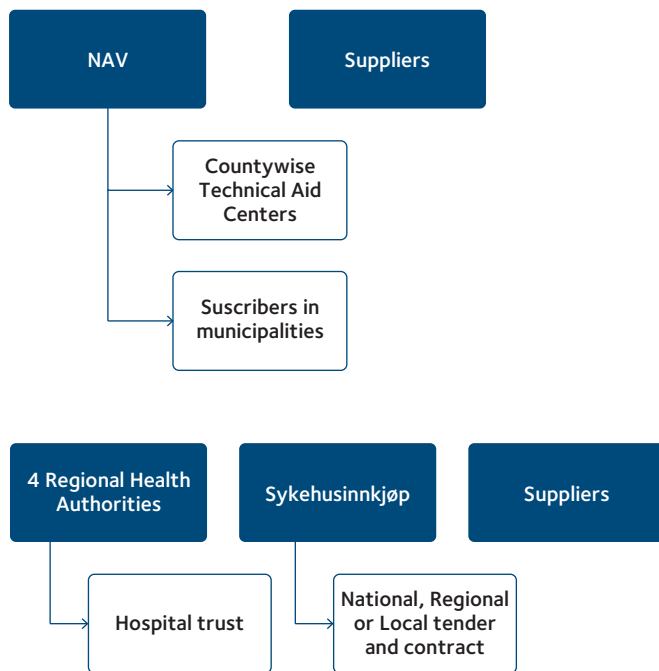


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## Main Purchase Patterns

**Central purchase unit:** This model is used in the public-hospital segment by Sykehusinnkjøp HF and the assistive aid segment by NAV.



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**Local purchase unit:** This is the model used by the municipalities.



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## 2. Activities related to VBP

Medtek Norway started focusing and actively working with the concept of value-based procurement (VBP) in 2015. The main objective has been to introduce and familiarize purchasers, hospital managers, and suppliers with VBP as a strategic tool for creating the “patient-oriented health-care system.”

Medtek Norge has carried out a substantial number of activities ranging from seminars and workshops to presentations and lectures, both on the concept in general and on the developed tool. Amongst our activities are

- Development om Nordic Medtech Growth 2 toolbox on VBP
- Adoption of the European framework for VBP into the Nordic market
- Symposium and workshop with South East Health Authority (twenty purchasers)
- Concept presentation to HINAS (HINAS: Norway’s national group purchasing organization) (>20 purchasers and management team)
- Concept presentations at the National Annual convention for Medical Technicians/Engineers (approx. 100 medical tech/engineers)
- Concept introduction at half-year program with Difi—three gatherings for twenty-five purchasers from municipalities and hospitals together with thirty suppliers
- Presentation for the Nordic Network for Hospital Purchasers
- Lecture at the National Procurement Conference for Hospitals (200 participants) in Tromsø
- Internal seminars for members of Medtek Norway
- Participation in several VBP workshops arranged by MedTech Europe

## Health-economy documentation in tenders

Medtek Norway’s efforts to introduce value-based procurement and contribution in the development of an HTA framework are important when attempting to gain acceptance for health economics as an important part of public tenders. Activities in 2016 have been development and evaluation of case studies, seminars, and knowledge sharing.

Our Health Economics Expert Committee (Helseøkonomiutvalget) has been responsible for cooperating with the Directorate of Health on an annual seminar with the Norwegian Directorate of Health on health economics and HTA.

## 3. Pilots (products, partners involved, evaluation including learning points)

Simultaneously with the activities mentioned above, Medtek Norway has been in dialogue with several stakeholders about pilot projects for value-based procurement. Pilots have been discussed with both Sykehusinnkjøp (the division for national purchase / HINAS) and NAV. This dialogue is ongoing.

In 2016, we had an initial pilot workshop together with the Southeast Health Region. However, this project has been delayed due to IT-related issues.

Together with Difi, Medtek Norway has organized the course “Balanced Procurement with Dialogue” (BAD). The course is for both purchasers and suppliers, and the participants

meet six days, two days at a time, over a period of six months. In the course, the participants learn techniques of open dialogue with each other in order to achieve better procurement results. The course incorporates the framework of MEAT value-based procurement.

#### 4. Links and sources Norway

Eurofound; 01 February 2017 Author: Inger Marie Hagen Lynx; January 2017 Hanne Torkelsen

[www.difi.no](http://www.difi.no)

[www.legemiddelverket.no](http://www.legemiddelverket.no)

[www.regjeringen.no](http://www.regjeringen.no)

[www.nav.no](http://www.nav.no)

The Commonwealth Found

## 6.4 Sweden

### 1. Framework and regulatory issues, focus on national adaption of EU public procurement directive Public procurement in Sweden

In Sweden, purchases subject to Swedish public-procurement laws are estimated to SEK 634 billion (EUR 70 billion) in 2014. This corresponds to approximately a fifth of GDP (excluding VAT). As a share of GDP, the value has not changed since 2006. When it comes to medical devices, the contracting authorities mainly consist of the county councils followed by the municipalities. Sweden is divided into 21 county councils and 290 municipalities. The municipalities and county councils are responsible for providing a significant portion of all public services. They have a considerable degree of autonomy and decide on the direction, the work/activities, and the economy of the respective region.

In 2015, the total number of published procurements in accordance with procurement regulations was 18,435. Thirty-eight percent of those procurements were governed by the EU public procurement directives. In general, the procedure most commonly used is the simplified procedure (one of the nationally regulated procedures). This is a result of the high number of municipalities. When it comes to procurement of medical devices, the procedure most commonly used is the open procedure.

An analysis of how many of the contracting authorities that had implemented electronic procurement was carried out in 2012. When it came to county councils, 78% had already implemented it, and 11% had plans to implement it during the following two years.

Sweden has quite a long tradition of dialogue between buyer and supplier being a part of the procurement process, primarily when it comes to dialogue before procurement. Commonly used tools are

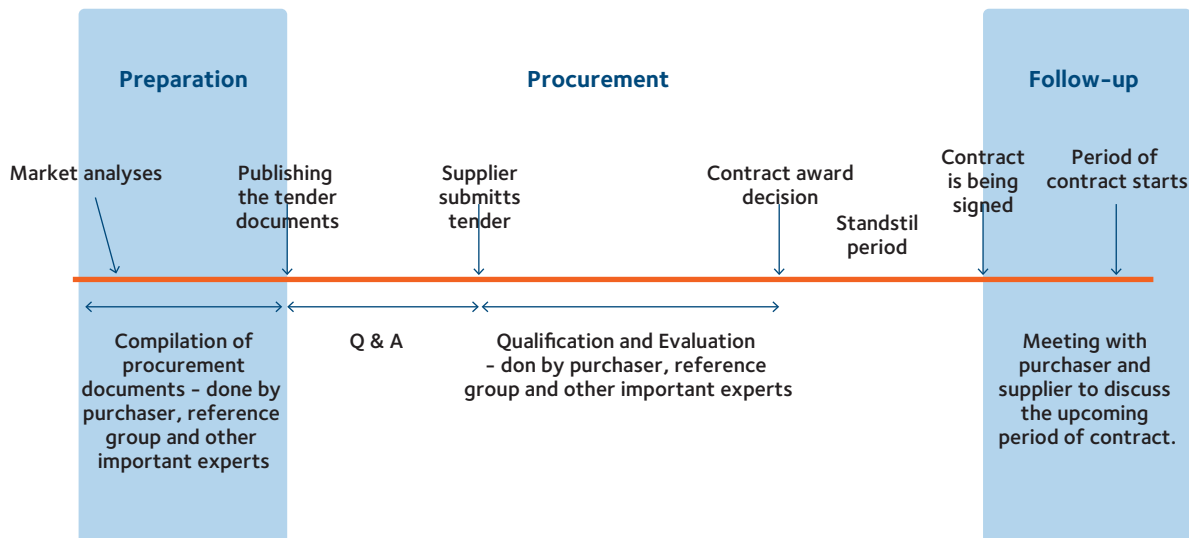
- Request For Information (RFI): a written way of gaining information from the market
- Different types of hearings: group meetings in which the contracting authority wants to give information, individual meetings with suppliers when more detailed information from the supplier is needed, and exhibitions where suppliers can present their products
- Preliminary release of procurement documents: the contracting authority can release a preliminary version of the procuring documents to allow the potential tenderers to submit comments. This allows the procurer, in cooperation with the reference group, to decide which comments to take into consideration to make the procuring documents more in line with the authority's needs. It is a method to prevent the need to cancel a procurement procedure due to the need of making a substantial change in the criteria after the publication of the procurement

In the spirit of dialogue, Swedish Medtech has since 2004 arranged a Procurement Conference together with the network for procuring county councils (LfU), the leadership network for medical technology (LfMT), and the network of reference group liaisons. The conference takes place every eighteen months and is an appreciated meeting place for procurers, suppliers, and other relevant parties to communicate and share knowledge in an informal setting.

In comparison with public procurement reviews in Europe, Sweden is known for having high numbers. In 2016, the number of reviews in first court was 3,716. In general, 8% of all public procurements are being reviewed, and contracting authorities win in seven out of ten reviews. At this moment, two investigations are ongoing in Sweden. They are supposed to increase the understanding of why the number of public procurement reviews is so high in comparison to other countries in Europe and how the number of reviews can decrease in the future.

*A procurer in Sweden doesn't only need to respect the procurement laws—he or she also needs to consider the Public Access to Information and Secrecy Act (Offentlighets- och sekretesslag 2009:400). In short, this means that there is a presumption that submitted documents from a tenderer are public documents. However, a tenderer can request confidentiality for specific information considered to be business secrets. A contracting authority can never guarantee that the request of confidentiality will be respected. If the confidentiality is being questioned, an administrative court will have the final saying.*

## The Swedish public procurement process:



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In Sweden, the work to capture the value of medical devices in public tenders has a long history. Many organizations and individuals have cooperated to share best practices, created case studies, organized seminars, and even started networks on the topic of total cost of care.

This has taken place for much more than a decade, and according to the network for public procurers (LfU), the MEAT concept has not added anything new to the equation, except possibly to generate some interest with those who previously had none.

The concept of value-based procurement (VBP) is in Sweden closely linked to ICHOM, Boston Consulting Group (BCG), and the branding of the concept value-based health care. In procurement, the brand has been M.E.A.T – as in most economically advantageous tender. In Sweden, there have been conflicts between the health-care professionals and hospital management using the BCG-branded concept to motivate unpopular reorganizations. The controversy surrounding these two concepts has therefore led to it being avoided by almost anyone who wants to increase the presence of a total-cost-of-care perspective in public tenders. Both LfU and Swedish Medtech avoid using the BCG-branded M.E.A.T concept.

To Swedish Medtech, the concept of total cost of care (TCC) and the value of medtech is a part of everything we do. All of our sector groups have TCC on the agenda, and the focus groups Economic Affairs, Innovation & Growth and Upphandlingskommittén (the focus group

for public procurement) have TCC as their main objective. Upphandlingskommittén uses its ten county council meetings each year to promote the benefit of evaluating other parameters than the price of the product.

The new European Public Procurement Directive includes some new wordings on the topic of innovation that are meant to encourage the inclusion of new innovative products in public tenders, but we believe that the legislation itself will have a limited effect on the way tenders are created.

There is one addition to the new legislation which may be innovation friendly, namely the introduction of change clauses. These have not yet been legally tested, but some see it as an opening to more flexible contracts, which in turn could simplify introduction of new products in between tenders.

## 2. Activities related to VBP

Activities to promote TCC in public tenders

Swedish Medtech has TCC as a main objective in its vision, expressed as sustainable health care.

- Swedish Medtech's manager for procurement and economic policies Louise Reuterhagen has attended two MEAT workshops organized by MedTech Europe and BCG to form an opinion.
- We work in the TOVE network to promote more TCC in public tenders as well as the introduction of new, innovative technologies in the Swedish health-care

system. The participating organisations in this network are: SALAR, Swedish Medtech, TLV, LfMT, LfU and SLL.

- We have around ten annual summit meetings with county councils on TCC in public tenders. These are among the most important arenas for advancing the cooperation between the medtech industry and public procurers in Sweden. In these meetings the main topic is how to make sure the value of medtech is captured in procurement processes. Other topics are how to reach an agreement on contract terms, sustainability in tenders and how to introduce innovation in tenders.
- Every eighteen months, we organize a Procurement Conference together with all relevant stakeholders. There are around 330 participants. This two-day conference gathers the most important decision makers in public procurement in Sweden. The topics are innovation, sustainability, the value of medtech in health care, dialogue between stakeholders and how to avoid from “lowest price tenders”.
- Swedish Medtech’s focus group Economic Affairs arranges four meetings every year on TCC. Economic Affairs has been a speaking partner to Nordic Health Economics in the development of the health economics tool MedTech20. MedTech20 is developed to assess the value of medical devices in clinical studies.
- We have formed a new focus group, Sustainable Affairs, working to promote sustainability in public tenders. Sustainability includes health economics, Total Cost of Care, Environmental sustainability as well as CSR issues. The newly formed group works closely with the Leadership Network of Public Procurers (LfU).

### 3. Pilots (products, partners involved, evaluation including learning points)

In the pilot chapter of the Swedish report on value-based tender, an interview will serve as an example of how purchasers can create tenders which capture the value of medical devices rather than focusing on price per item. The interview was made and prepared by Martin Bergius of NMG2.

### Value-based procurement—a post-tender analysis for Nordic Medtech Growth 2 (NMG2)

Region Västra Götaland, Sweden

This report is a post-tender analysis:

PCI RS3290–2015 Stents & balloon catheters

Purchaser: Marie Jonsson

Materialkonsulent: Sofia Axelsson

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Background

Method

Objective

Interview questions and replies

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#### Background

Within the Nordic project NMG2, there are links to the European project for value-based tender, MEAT. However, in the Swedish part of the project, this link does not exist for the reasons mentioned above. As a result of this, the Swedish pilot presented has been chosen because it is a good example of how a purchaser can design a tender to capture the value of medical devices without the use of MEAT tools or without even being aware of the VBP concept.

To increase the knowledge and experience from the Nordic pilots, a decision was made to choose a post-tender analysis for Sweden.

#### Method

The method of analysis is a survey conducted in an interview format on February 2, 2017, in Skövde, Sweden. The interview set-up, development of questionnaire, and interview was conducted by Martin Bergius, project manager, NMG2.

#### Objective

The objective of the interview was to capture, understand, and learn from a purchasing region that has been using a format very similar to the European MEAT (VBP) process and tool without ever having heard of it. There is much knowledge to be gained from the interview, and it is shared to serve as best practice within the NMG2 network.

#### Interview questions and responses can be viewed in Appendix

#### Notes:

Thanks to Marie Jonsson and Sofia Axelsson for taking the time, sharing their experience and allowing NMG2 to use this report as an example of a tender with a “value-based procurement” approach.

#### 4. Links and sources Sweden

Upphandlingsmyndighetens hemsida

<http://www.upphandlingsmyndigheten.se/>

SKL:s hemsida

<https://skl.se/>

Rapporten *Statistik om offentlig upphandling 2016*

<http://www.upphandlingsmyndigheten.se/globalassets/publikationer/rapporter/rapport-2016-2-statistik-om-offentlig-upphandling-2016.pdf>

Rapporten *Uppföljning 2012 av upphandlande myndigheters användning av e-upphandling*

<http://www.upphandlingsmyndigheten.se/globalassets/publikationer/kammarkollegiet/rapporter/uppfoljning-2012-av-upphandlande-myndigheters-anvandning-av-e-upphandling.pdf>

The Network for Swedish Public Procurers:

<http://www.lfu.se/>

Stockholm County Council:

<http://www.sll.se/om-landstinget/upphandling/>

Region Västra Götaland: <http://www.vgregion.se/inkop>

Region Skåne:

<https://www.skane.se/organisation-politik/Att-gora-affarer/upphandling/>

Swedish Competition Authority:

<http://www.konkurrensverket.se/upphandling/>

The National Agency for Public Procurement:

<http://www.upphandlingsmyndigheten.se/upphandla/>

Swedish Association of Local Authorities and Regions (SALAR):

<https://skl.se/demokratiledningstyrning/upphandling/strategiskstyrningupphandlingsprocessen/inforupphandlingstyrdokument.10899.html>

Swedish Medtech: <http://www.swedishmedtech.se/>

# 7 Recommendations and future work

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More efficient use of money spent on health care will be highly prioritized by the Nordic governments in the upcoming years due to an aging population. There will be more need for health-care products and services and a higher demand for new and innovative solutions from the users.

Today's market-access processes for health-care products are not optimal, and the public-purchase processes need to develop to meet future expectations.

During our project, we have seen a growing interest from the government and purchaser side to focus more on value and the effect of the public-purchase processes than just on price per product at the time of purchase. We believe a strong focus on health and society economy is the key to achieve a more efficient health service that will meet the demands of the upcoming situation.

During our project period, we have started a movement to change the purchase focus in the Nordic health-care sector. However, we see that these major changes take time, and it is important for us to continue the work we have started. At the end of the project, we now see the start-up of pilots in the Nordic countries, using our developed toolbox.

One of the key lessons from the project regarding value-based procurement is that it is crucial with dialogue and cooperation between stakeholders: health-care professionals, purchasing organizations, and suppliers. Without a positive dialogue between these three parties, the full potential of value-based procurement will not be reached.

## The project recommends

- That there be continued collaboration between the health-technology industry in the Nordic countries in the established network to share best practice, experience, and information
- That each country develop its own strategies and implementation plans for value-based procurement
- That one continue the positive dialogue between stakeholders, such as health-care professionals, procurement officers, payers, decision makers, and patients, on value-based procurement methodology
- That one follow MedTech Europe's MEAT project, which will continue until 2025, and keep track of the EU Commission on Public Procurement, which moves towards a value-based focus
- That one develop the various concepts and try the various tools of value-based procurement in real-life settings in close cooperation with stakeholders to achieve better outcomes
- That all stakeholders work together to reach the goal of having value as the main driver of public procurement in the Nordic countries by 2025



# 8 Appendix

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Examples:

## Value-based procurement -a post analysis for Nordic Medtech Growth 2 (NMG2)

*Västra Götalandsregionen - Sweden*

This report is a post analysis on tender\*:

PCI RS3290-2015 Stents & balloon catheters

Purchaser: Marie Jonsson

Materialkonsulent: Sofia Axelsson

\*Not only on the specific tender but mainly on way of working

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### Background:

Within the Nordic project NMG2 linked to the European project MEAT, one objective is to conduct Nordic pilots using the MEAT framework, a value-based procurement tool and evaluate the result and process.

In Sweden, the use of “value-based” procurement as a method has been used to a certain extent, in most regions.

To increase the knowledge and experience from the Nordic pilots, decision was made to choose a post analysis for Sweden.

### Method: Post analysis for Nordic Medtech Growth 2 (NMG2)

- Method of analysis is a survey conducted in an interview format February the 2:nd 2017, Skövde – Sweden
- Interview set up, development of questionnaire and interview by Martin Bergius, Project Manager NMG2

### Objective:

- To capture, understand and learn from a purchasing region that have been using a format very similar to the European MEAT (VBP) process and tool and then share best practice within the NMG2 network.

## Interview questions and Replies

*When and how did you start using quality criteria's as a mandatory part of your tender specifications?*

- More than 7 years, can't remember exactly.

*When and how did you start assigning a monetary value to each specific quality criteria?*

- Also more than 7 years. But in 2011 we went from price deduction to price surcharge.

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*How do you decide on the monetary value of each specific quality criteria?*

- First each quality criteria is assigned a certain percentage (the sum of all quality criteria's is always 100%). Then, after we have received all the bids with each supplier's prices we calculate the average bidding price and use the chosen quality criteria percentage value to end up with the specific monetary value.

*Which working functions are a part of choosing the quality criteria's and assigning the monetary value?*

- Depending on the actual tender, but the core members who always are present are; purchaser and physician and almost every time the nurse who are responsible for ordering the products.  
Functions who are called in on a regular basis are; dieticians, MedTech technicians, IT-specialists, internal product specialists (materialkonsulent).
- In our region, all hospitals that use the actual products are invited and represented in these tender meetings.

*How does the evaluation process looks like?*

- The same tender team who was involved in setting the criteria's meet and discuss all the companies' replies and evaluates them individually based on a pre-set scale.

*Which tools do you use in your tender process?*

- We use an Excel based tool for the calculation & evaluation and the whole process is handled via a web based tool; we upload the entire tender documents and suppliers upload 100% of their replies.

*The tender tools that you use; are they built internally or bought from a vendor?*

- The Excel tool is bought in 2011 and the web based tool is a service we buy from a vendor.

*If you could upgrade your Excel tool, what functions would you add or change?*

- The only thing we can come up with is an extensive library of quality criteria's to pick and choose from.

*Do you believe that your way of working with tenders, is requiring more resources than an "ordinary" tender process, i.e. in this case without including quality criteria's and assigning a monetary value to it?*

- Hard to say when we have been working this way for quite some time.  
But we do know that purchasers that are not dealing with as complicated products as implants or similar are doing far more tenders than us per year.
- We have the capacity to conduct 4-6 per year, mainly due to the time consuming work that comes with extensive project groups.

*Which are the biggest challenges in working as you do?*

- General:
  - pick the most important and relevant quality criteria's.
  - understanding the possibilities of our public procurement law (LOU).
  - understanding what kind of effect (beforehand) we will get by choosing the specific criteria's, the percentage split and the chosen evaluation scale.
- Internally:
  - to ask for/require the needed time from nurses and physicians to meet in the tender team.
  - sometimes it's a challenge to get understanding for the value of cooperation between different work functions in a tender process.

*Have you been subjected to more legal reviews/trials by working like you do?*

- Working only with cardiology and interventions we have never had a tender review that went to trial since we began, so the answer would be, no.

*Which are the main advantages by working like you do with quality criteria's and assigning monetary values?*

- We only get quality products.
- We learn about the products, the procedures and the patients and by understanding the big picture we get more efficient and that leads to quicker tender processes.
- We get a more fun and rewarding work

*If you could develop/enhance your work process, without limitations of cost, what would you do??*

- That would be a way to speed up the process so we don't have to require so much time from the health care professionals.

Notes:

Thanks to Marie Jonsson and Sofia Axelsson for taking the time, sharing their experience and allowing NMG2 to use this report as an example of a tender with a "value-based procurement" approach.

This report is a part of the local Swedish section under Pilots, in the Nordic report Value-Based Procurement, produced within the Nordic Medtech Growth 2 project.

A clear reference to the NMG2 project is mandatory when using this material and/or referencing to the findings.

# **Nordic Medtech Growth 2**

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