HEALTH PURCHASING VICTORIA

2017 HEALTH PURCHASING VICTORIA SUPPLIER BRIEFING

Friday 17 November 2017

Agenda

• Introduction: Dr Robyn Mason	*HPV Board member*
• Strategic Direction: Elaine Ko	*HPV Chief Executive*
• Keynote: Ann Maree Keenan	*Safer Care Victoria*
• **Morning tea**	
• Joe Neill	*Director Procurement and Value Delivery*
• Rob Setina	*Director Data and Systems*
• Plenary 1 (Victoria Suites):	John Enright
• Plenary 2 (Auditorium):	Alfred Matthews, Sandra Ireland
• Plenary 3 (Fitzroy Ballroom):	Dr Dylan Cross

HEALTH PURCHASING VICTORIA

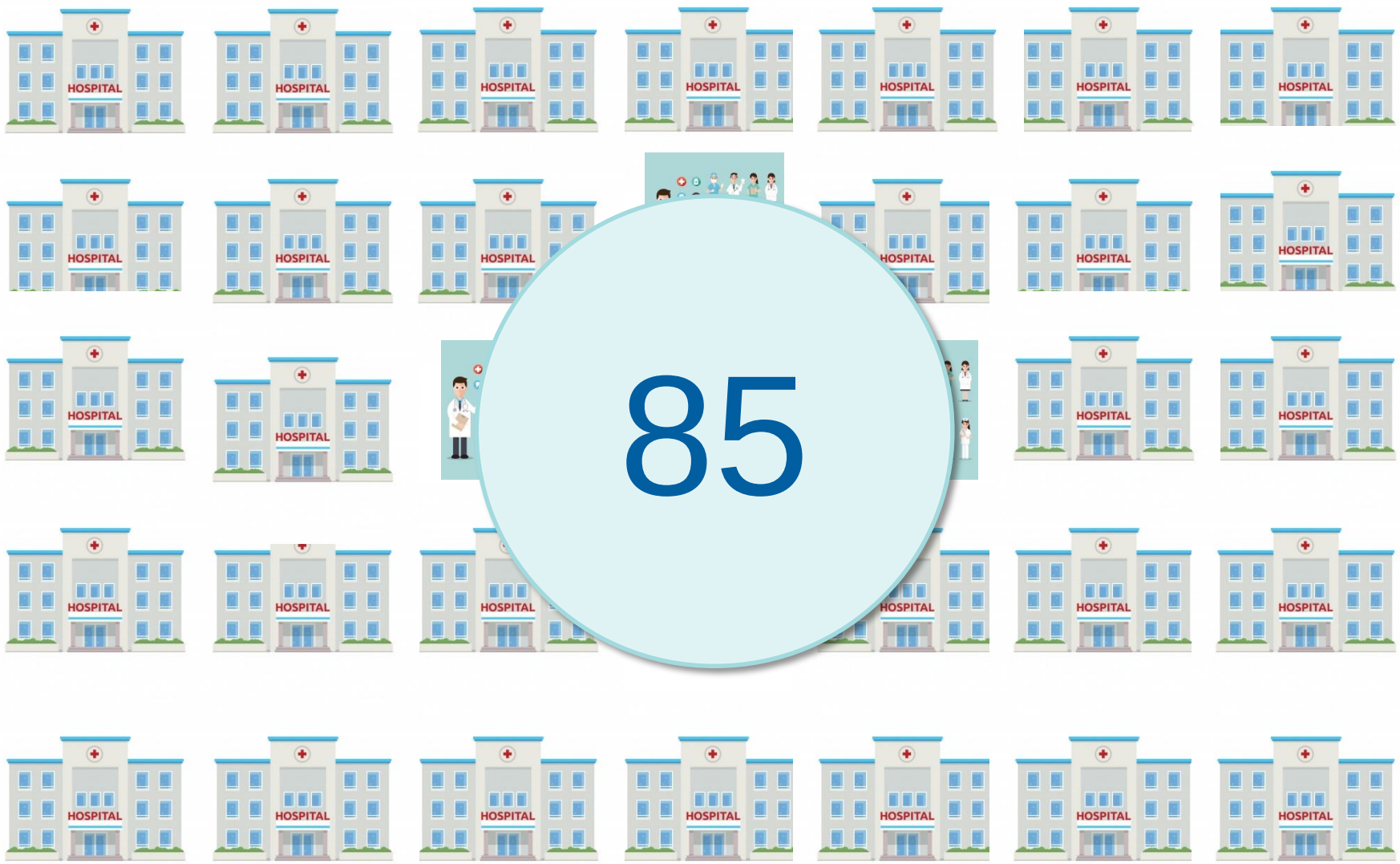
KEYNOTE ADDRESS

2017 HPV Supplier Briefing

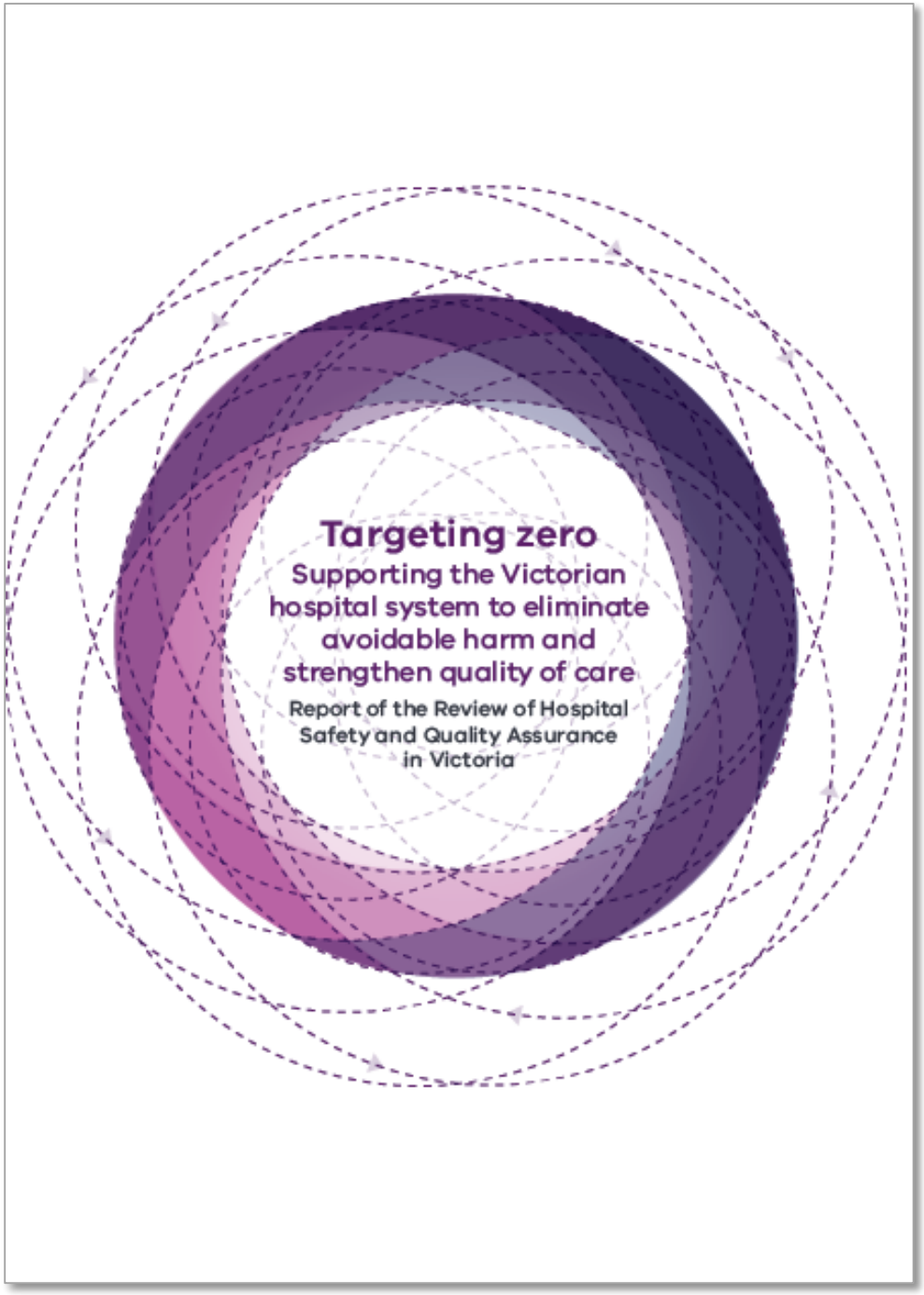
Ann Maree Keenan
Safer Care Victoria
Deputy CEO

HPV Supplier Briefing:
Redefining best-value

Ann Maree Keenan
Deputy Chief Executive Officer
Chief Nurse and Midwifery Officer



Safer Care
Victoria



Safer Care Victoria

Daily Telegraph

more patients have
needlessly in hospital

The Report of the Public Inquiry
into children's heart surgery
at the Bristol Royal Infirmary
1984-1995

Learning from Bristol

THE MID STAFFORDSHIRE
NHS FOUNDATION TRUST
PUBLIC INQUIRY

Chaired by Robert Francis QC

Queensland Public Hospitals
Commission of Inquiry

Inquiry into
gynaecologica
King Edward Me
1990 - 2000

Final Report

Novem

Targeting zero

Supporting the Victorian hospital system to eliminate avoidable harm and strengthen quality of care

Report of the Review of Hospital Safety and Quality Assurance in Victoria

NHS

Review into the quality of care and treatment provided by 14 hospital trusts in England: overview report

Professor Sir Bruce Keogh KBE

16 July 2013

selection of health service inquiries ……..

hospital / service	report	year	$	patient needs	registration & credentialling	culture	leadership	governance	complaints	outcome monitoring	incidents
Bristol	Kennedy	2001	X	X	X	X		X	X	X	
King Edward	Douglas	2001		X	X	X	X	X		X	X
Campbelltown	Walker	2004	X	X	X	X	X	X			
Bundaberg	Davies	2005	X	X	X	X	X	X	X	X	X
Rockhampton	Davies	2005	X	X	X	X		X	X	X	
Hervey Bay	Davies	2005	X		X	X	X	X	X	X	
14 NHS (Eng)	Keogh	2013		X		X	X	X		X	X
Mid Staffs	Francis	2013	X	X		X	X	X	X	X	X
Furness, UK	Kirkup	2015		X	X	X	X	X	X		X
Bacchus Marsh	Wallace	2015	X	X	X	X	X	X	X	X	X
Victoria	Duckett	2016	X	X		X	X	X	X	X	X

Safer Care Victoria

selection of health service inquiries ……..

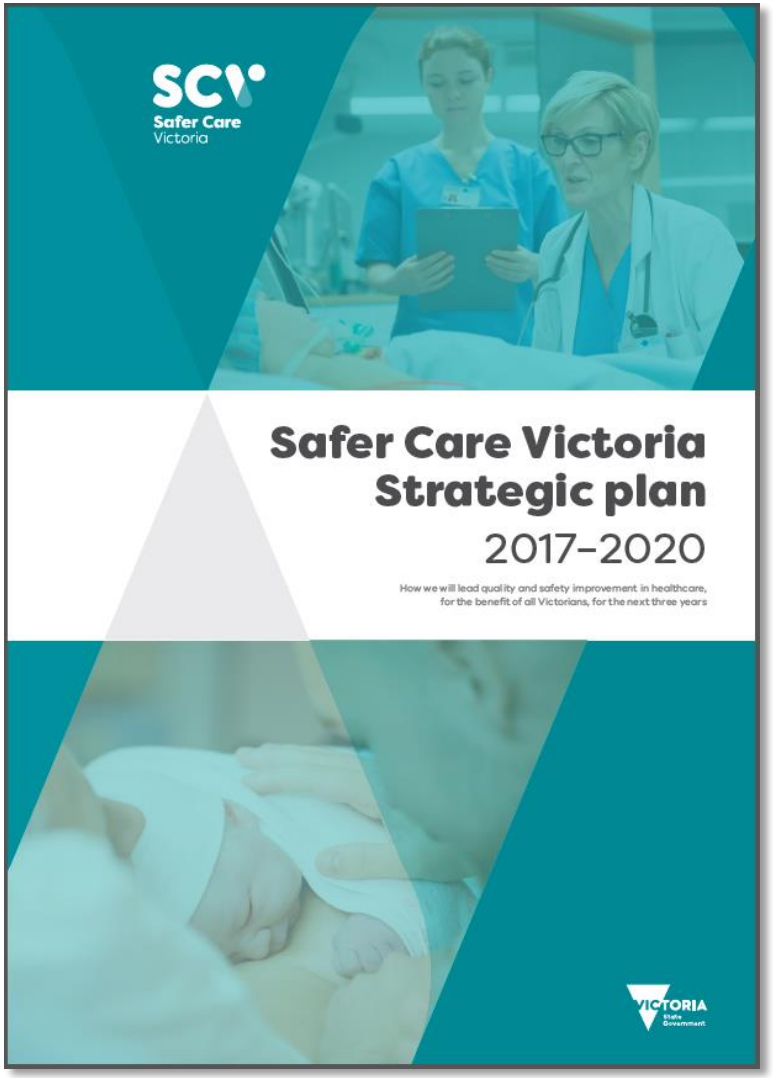
hospital / service	report	year	$	patient needs	registration & credentialling	culture	leadership	governance	complaints	outcome monitoring	incidents
Bristol	Kennedy	2001	X	X	X	X		X	X	X	
King Edward	Douglas	2001		X	X	X	X	X		X	X
Campbelltown	Walker	2004	X	X	X	X	X	X			
Bundaberg	Davies	2005	X	X	X	X	X	X	X	X	X
Rockhampton	Davies	2005	X	X	X	X		X	X	X	
Hervey Bay	Davies	2005	X		X	X	X	X	X	X	
14 NHS (Eng)	Keogh	2013		X		X	X	X		X	X
Mid Staffs	Francis	2013	X	X		X	X	X	X	X	X
Furness, UK	Kirkup	2015		X	X	X	X	X	X		X
Bacchus Marsh	Wallace	2015	X	X	X	X	X	X	X	X	X
Victoria	Duckett	2016	X	X		X	X	X	X	X	X

Safer Care Victoria

Safer Care Victoria

SCV Priority Areas

- Partnering with consumers
- Partnering with clinicians
- Leadership
- Review and Response
- System improvement and innovation



SCV
Safer Care
Victoria

Partnering with consumers

- **Partnering with consumers**
- Partnering with clinicians
- Leadership
- Review and Response
- System improvement and innovation

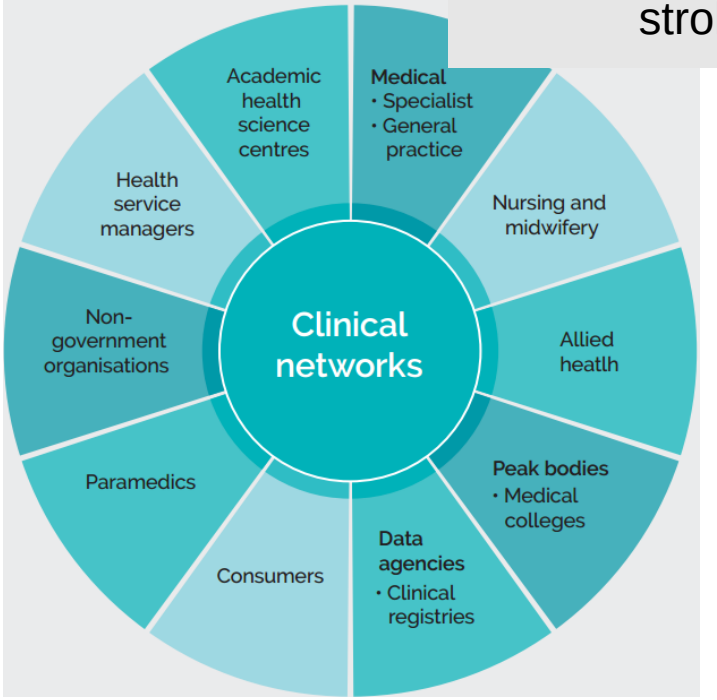
Safer Care Victoria

Partnering with clinicians

- Partnering with consumers
- **Partnering with clinicians**
- Leadership
- Review and Response
- System improvement and innovation

Current networks:

cardiac care
care of older people
critical care
emergency care
maternity and newborn care
paediatrics
palliative care
renal health
stroke care



Safer Care Victoria

Herald Sun

Thousands of heart patients who had cardiac bypass surgery over a period of almost six years have been warned they may have been exposed to contaminated medical machinery. Generic picture: AP

NEWS

Heart surgery patients warned of infection risk over contaminated equipment

GRANT McARTHUR, HEALTH EDITOR, Herald Sun
September 14, 2017 5:04pm

SCV Safer Care Victoria

Human factors science:

Understanding humans as an element of and their interactions within a sociotechnical system

Safer Care Victoria

What does best value look like for Safer Care Victoria?

Safer Care Victoria

Thank you

e: safercarevictoria@dhhs.vic.gov.au

VICTORIA State Government

HEALTH PURCHASING VICTORIA

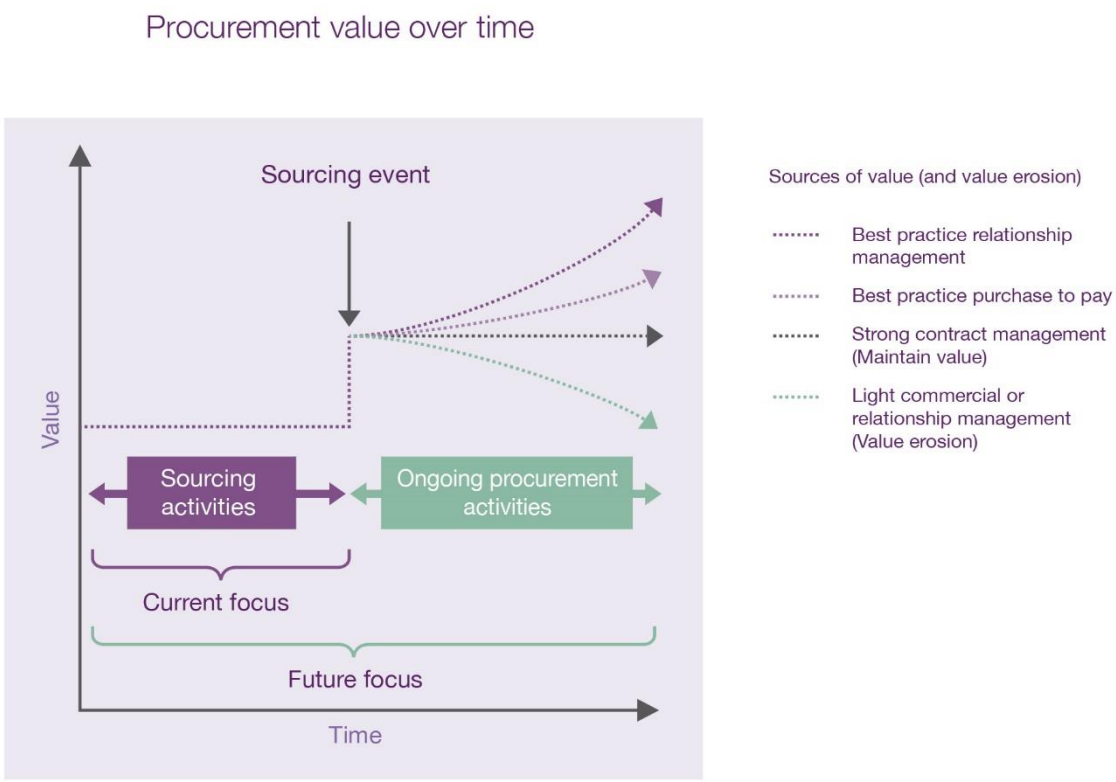
DRIVING BEST VALUE IN PROCUREMENT

2017 HPV Supplier Briefing

Joe Neill

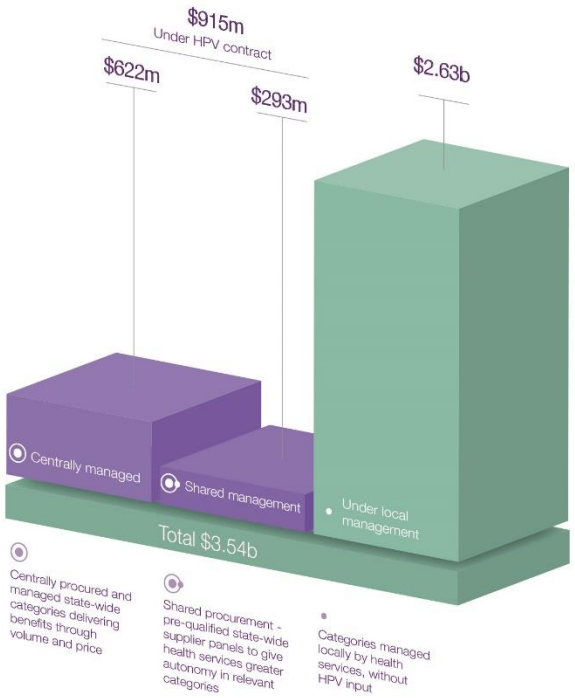
HPV Director Procurement
and Value Delivery

The value of procurement over time

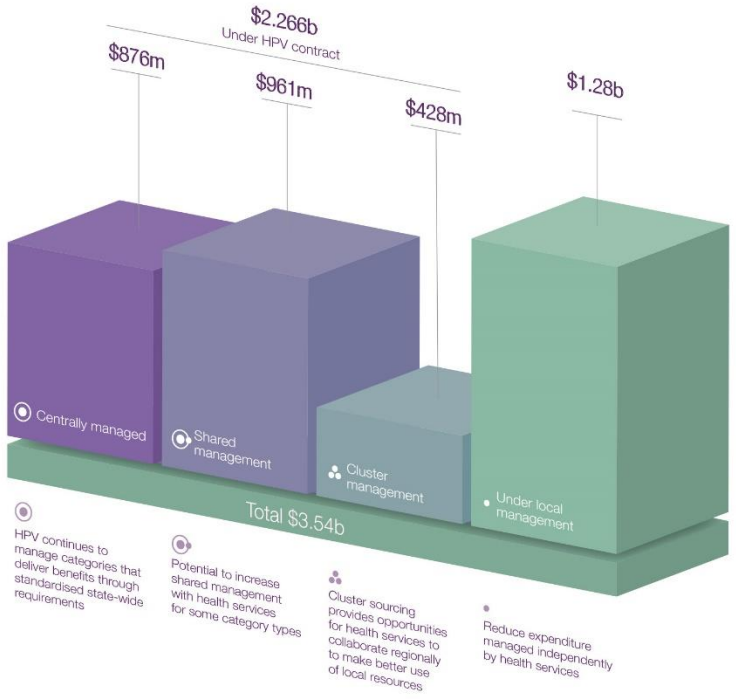


Current and potential procurement model

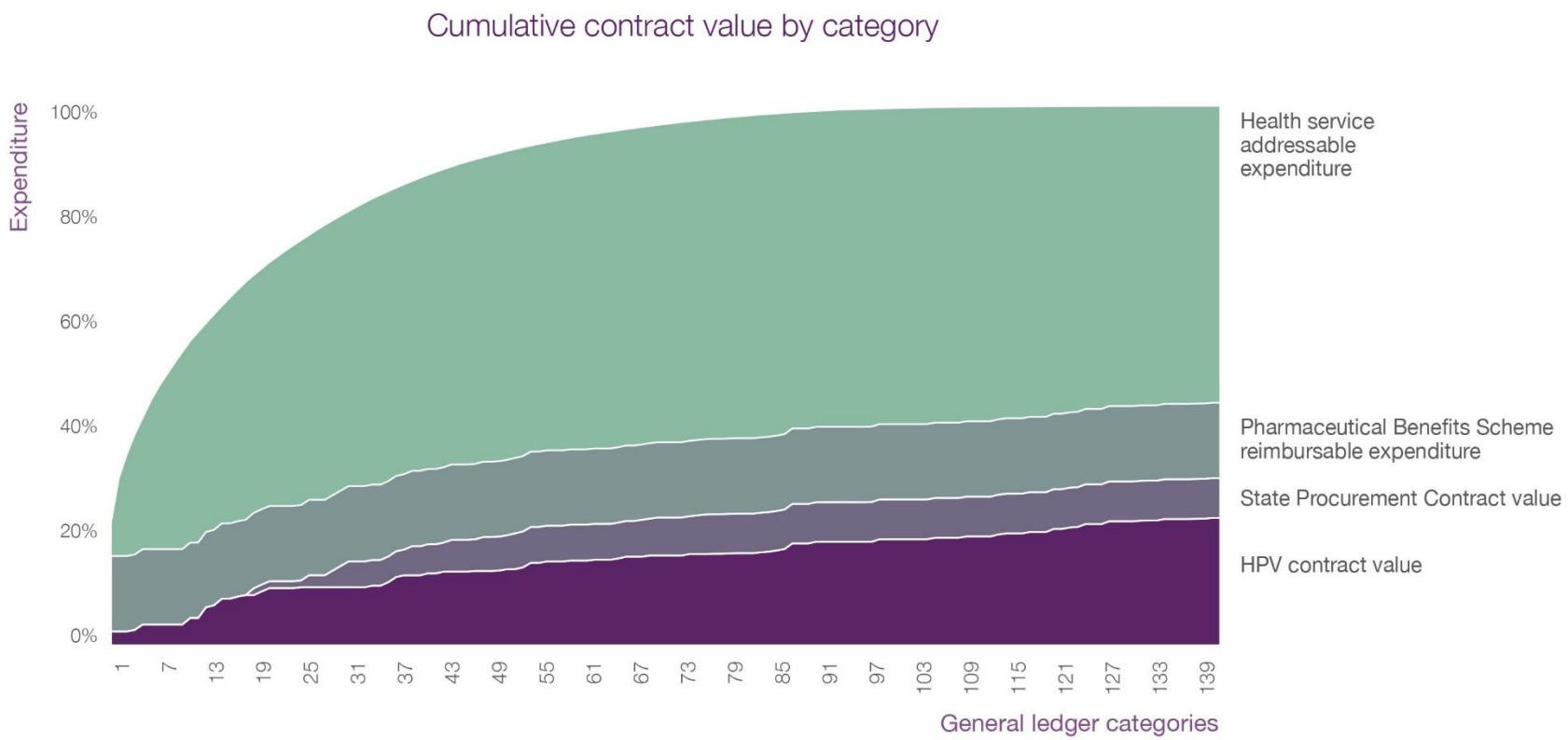
Procurement management model today



Potential procurement model



Cumulative contract value by category



HEALTH PURCHASING VICTORIA

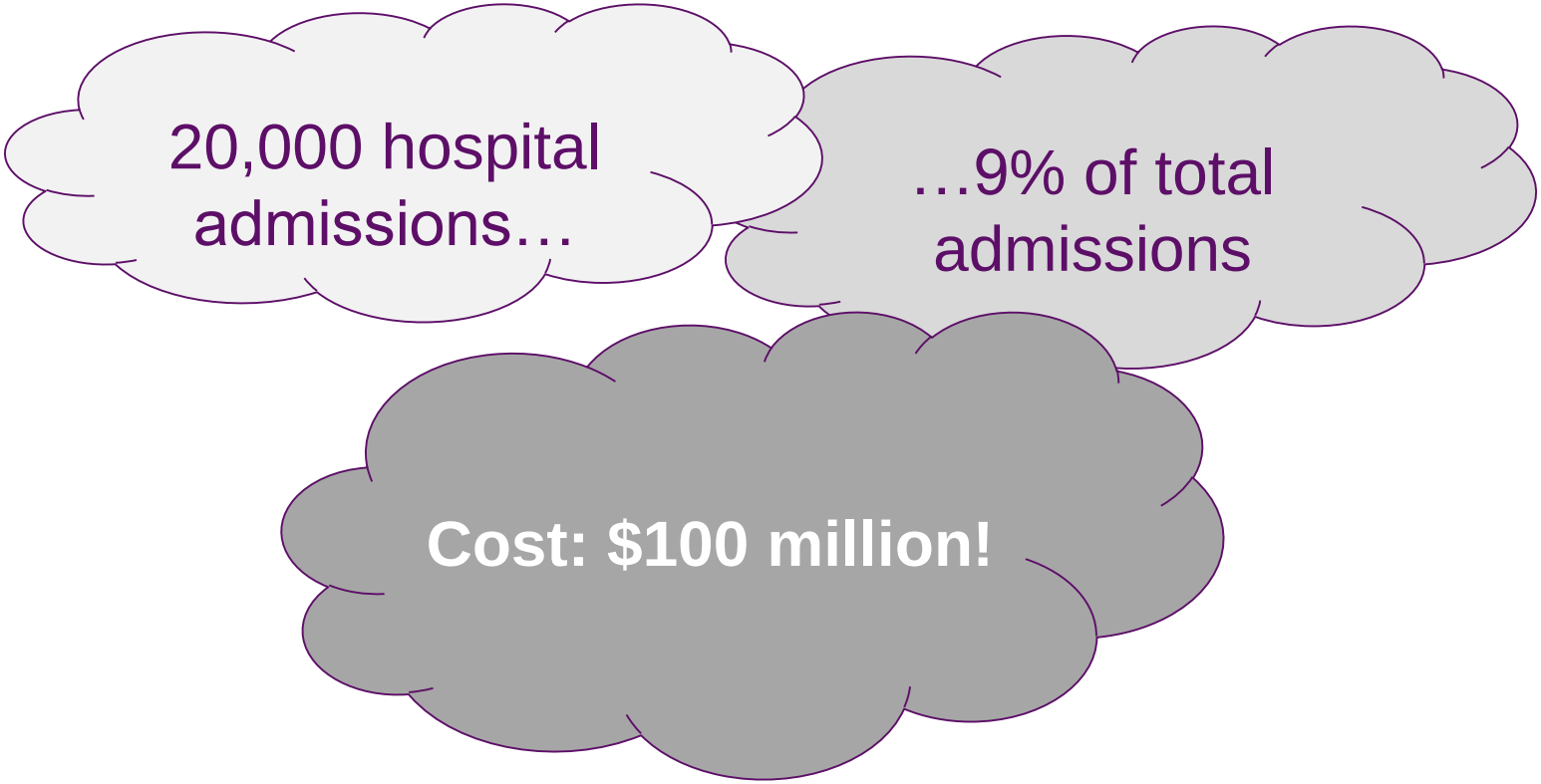
THE IMPORTANCE OF DATA QUALITY IN A TRANSFORMING HEALTH SYSTEM

2017 HPV Supplier Briefing

Rob Setina
HPV Director Data
and Systems

Quality healthcare is important!

Each year in Australia, medication errors result in avoidable hospital admissions…



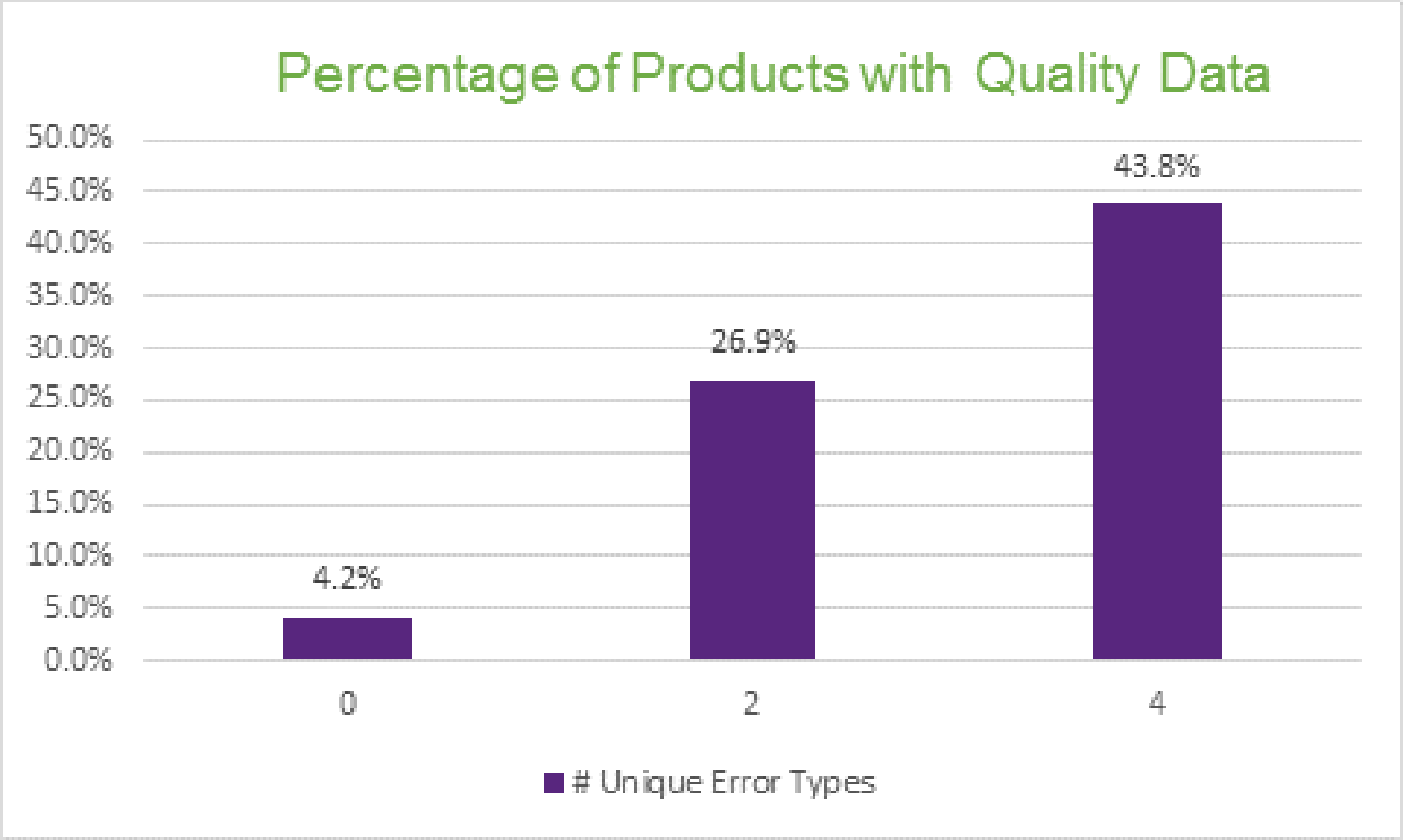
Quality data makes a big difference

- Provides the right product,
  at the right place, at the right time
- Streamlines information transfer
- Improves efficiency, reduces waste

Quality data starts with our suppliers

- 20% of Victoria's health suppliers are on the National Product Catalogue
- 30% of all products are on the National Product Catalogue
- Percentage of products with high-quality data?

One small change, one giant improvement

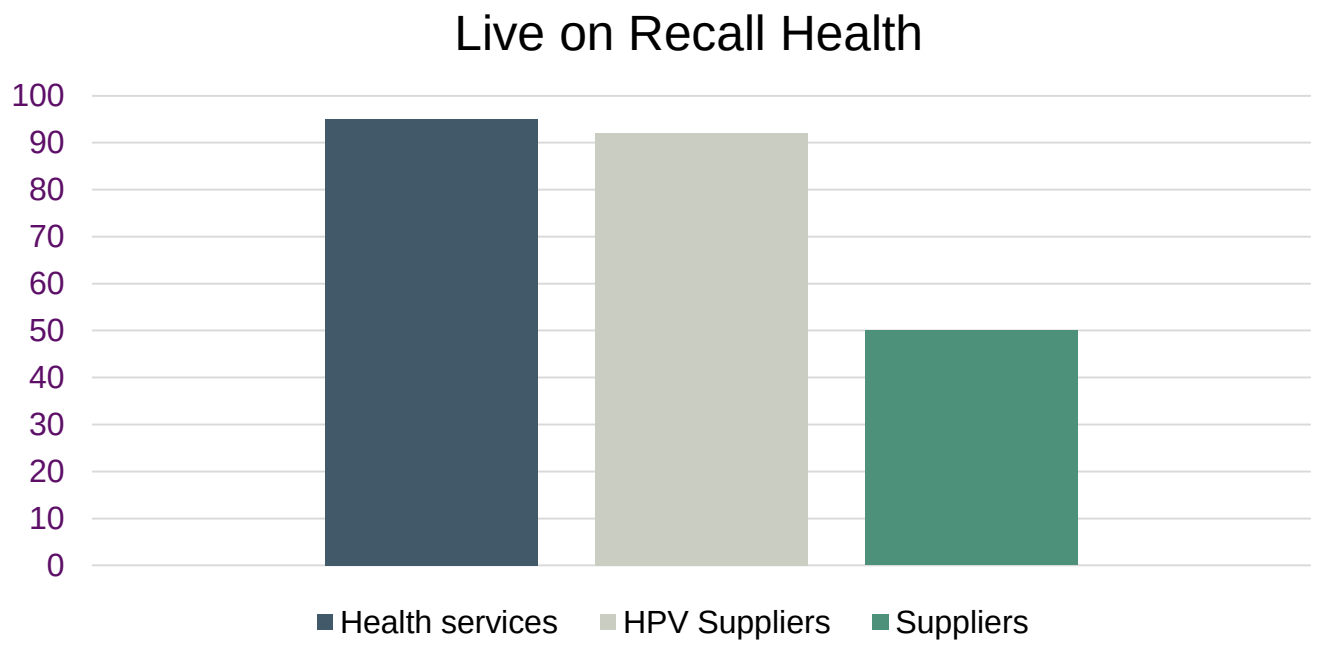


HPV's Common Catalogue: the next step to a more efficient supply chain

- Standardised catalogue policy
- High-quality data
- Integrated with local health catalogues

Who's live on Recall Health?

- Health Services which represent 95% of Spend
- 92% of applicable HPV Suppliers
- 50% of all applicable Suppliers



How suppliers can make a difference

- Adopt and use Recall Health

- Suppliers publish products to healthcare via the National Product Catalogue

- **Good data starts with you – our suppliers!**

HEALTH PURCHASING VICTORIA

SUPPLIER-LED INNOVATION ADDS VALUE FOR HOSPITALS

John Enright
HPV Head of Supply Chain Productivity

17 November 2017

How efficient supply chains drive value

Efficient supply chains drive better value for Victoria's health services by:

- Improving affordability
- Supporting sustainability
- Enabling safer patient care

Ultimately improving patient care outcomes

Defining value

Price

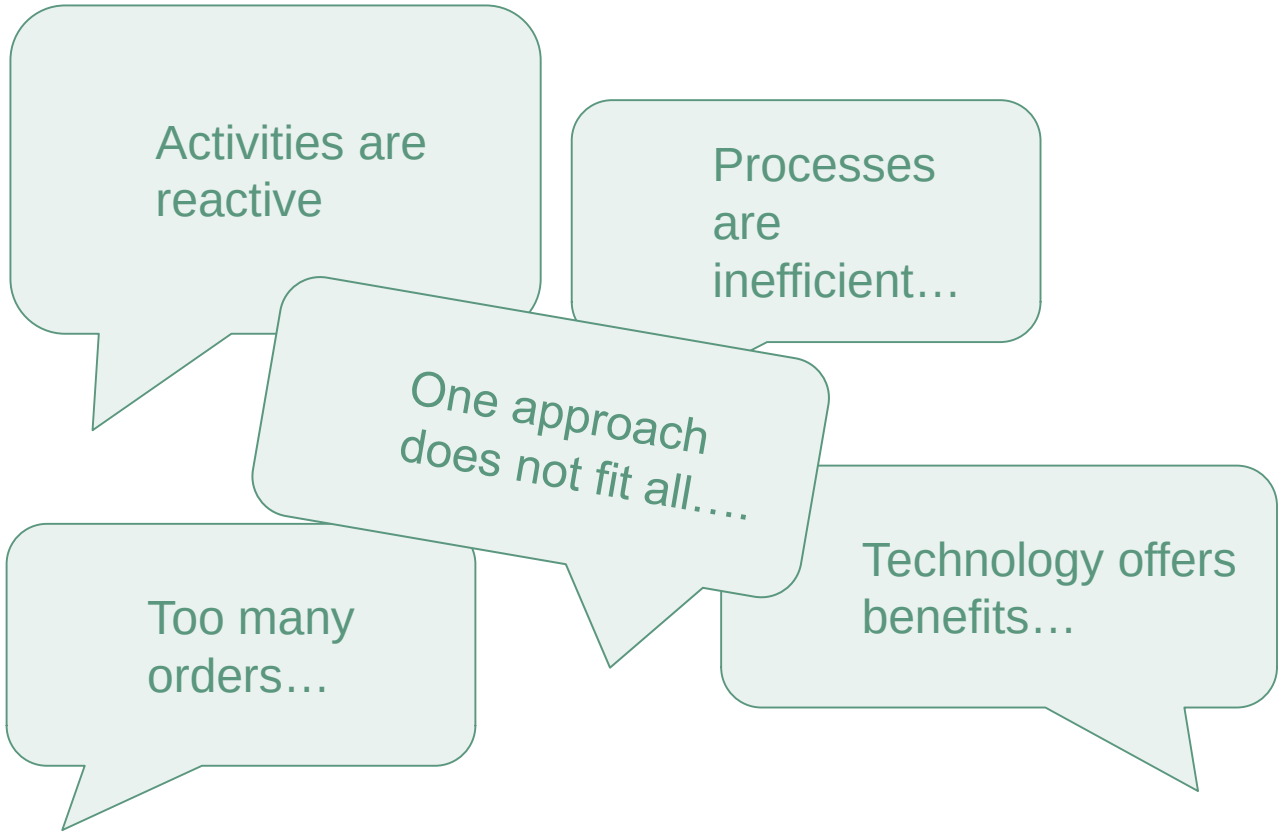
Process cost

- Urgent deliveries
- Inspection
- Order processing
- Payment management
- Returns
- Compliance
- Warehousing & transportation
- Recall management
- Cost of customer service

Utilisation cost

- Standardisation
- Demand management
- Storage & space
- Obsolescence/ Shrinkage
- Waste disposal
- Clinical outcomes
- Excess inventory
- Maintenance
- Labour productivity
- More

What we've heard so far…



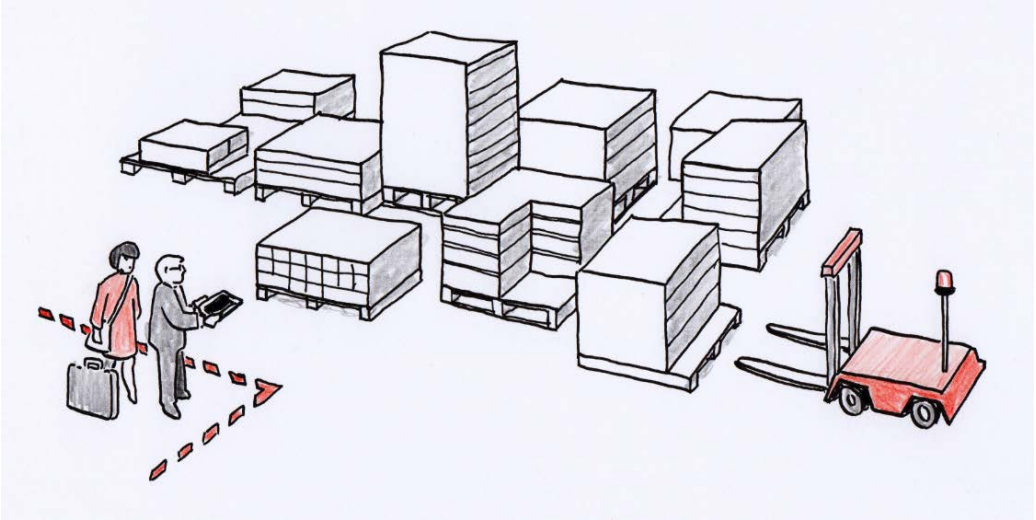
We need to work differently…

Enabling supplier-led innovation

“Fostering and enabling collaboration between suppliers and health services to deliver better outcomes and improved value.”

Real-life examples

- Indirect product supplier – incentivising larger orders
- Consumables suppliers – Bulk pricing showing potential
- Vendor-managed solutions
- Many categories – Electronic purchasing and invoicing (EDI)



The essential ingredients of innovation

- A partnership
- Delivers financial value
- Defined outcomes
- Scalable and sustainable

Partnership is a key element

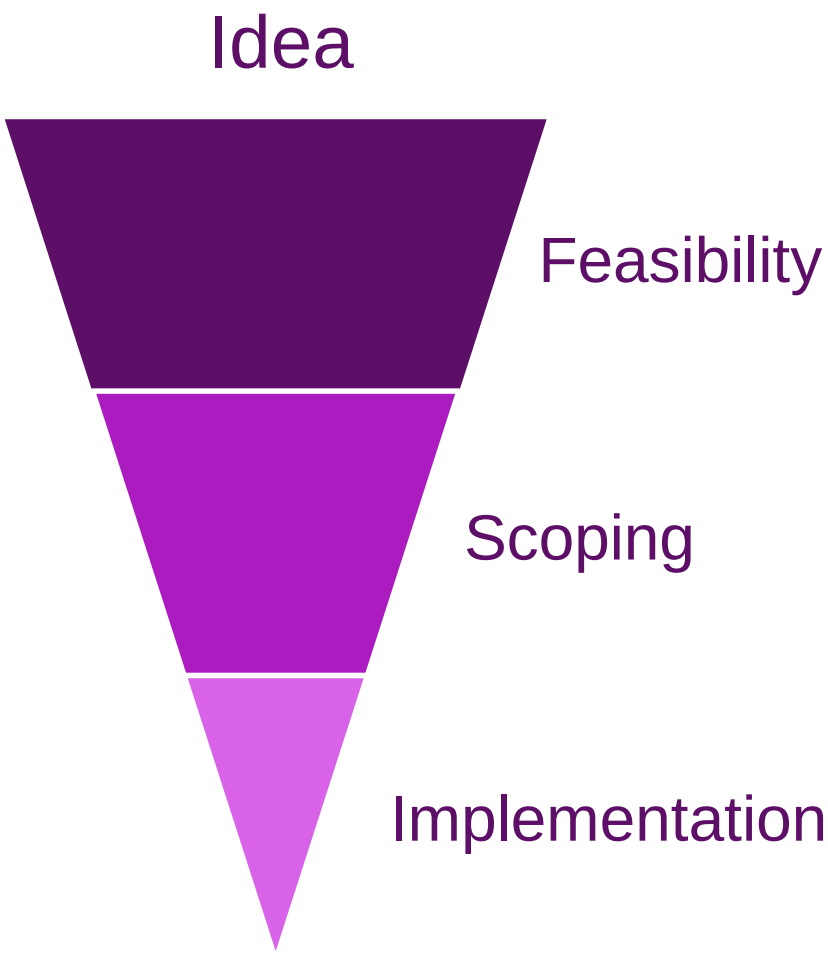
Suppliers' role

- Define a clear opportunity
- Clarity on benefits
- Resources and willingness to deliver

HPV's role

- Facilitation and support
- Development and scoping
- Outcomes and benefits

Making it happen…



- Define the **why**
  - Objective
  - Benefits
  - Appetite/recognised need

- Define the **what, when, how**
  - Target benefits and baseline
  - Agree benefits sharing model
  - Activities, timing, resources

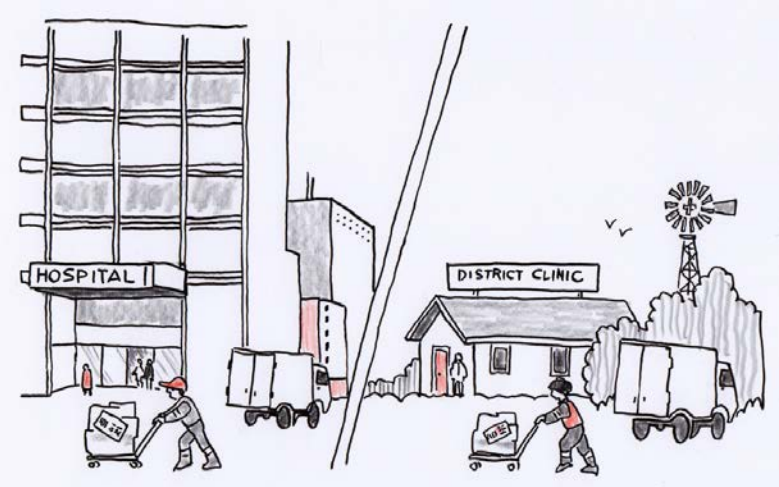
We’re on the way…

Initial supplier engagement

- Suppliers invited to provide ideas
- Work underway on shortlisted opportunities
- Door remains open

Ideas coming from

- Consumables
- Medical devices
- Indirect consumables
- Pharmaceuticals



Over to you…

What opportunities are we missing?

What do we need to do differently to enable genuine supplier innovation in the supply chain?

Next steps

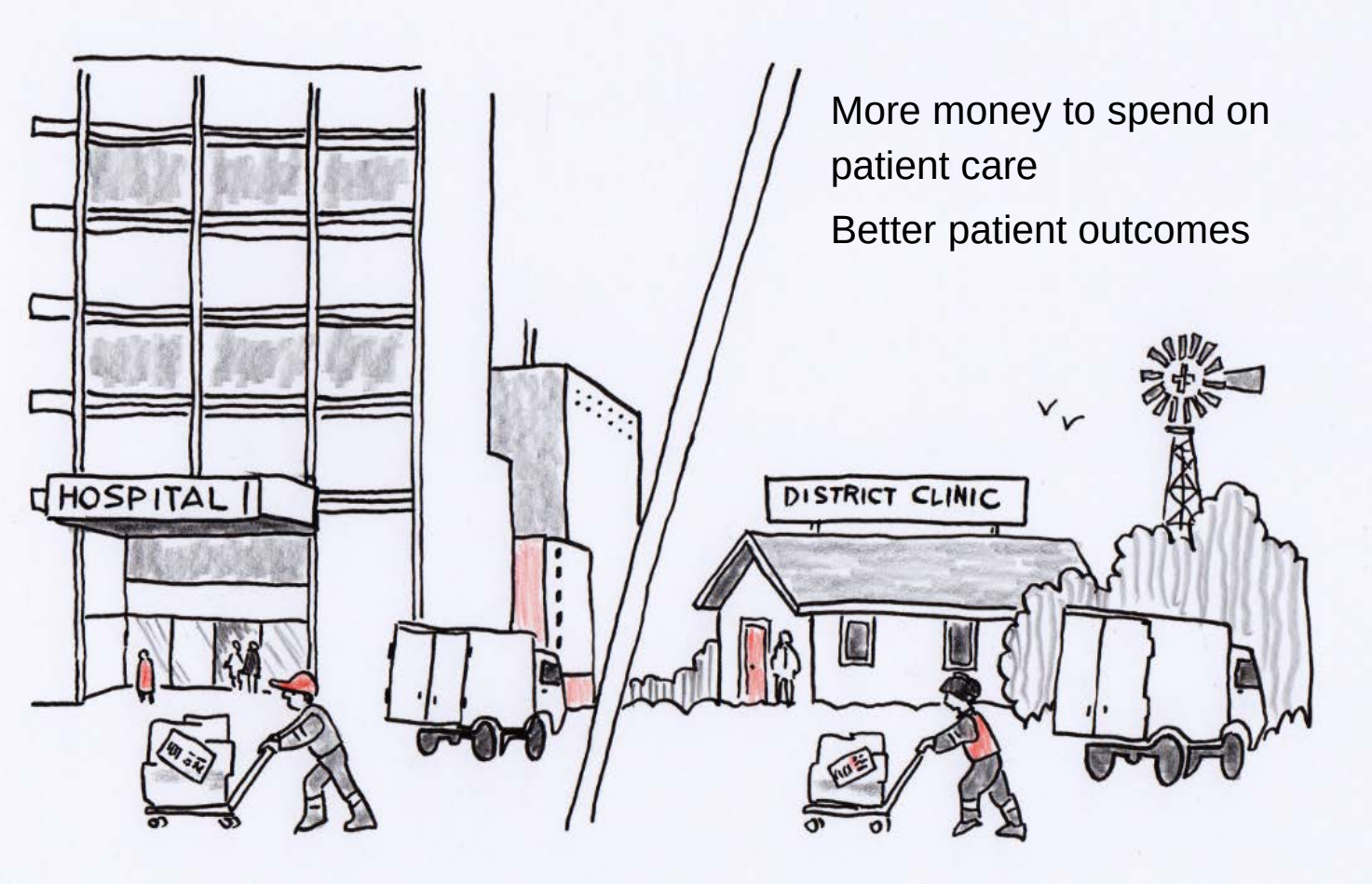
This financial year…

- Firm up first tranche of initiatives
- Deliver pilots
- Refine
- Seek feedback

…And beyond

- Broader range of initiatives
- Build into process
- Contractual commitments

The value of supply chain efficiency



Questions and feedback

John Enright

HPV Head of Supply Chain Productivity

J.Enright@hpv.org.au

Phone: 03 9947 3737

HEALTH PURCHASING VICTORIA

AN AGILE APPROACH TO CATEGORY MANAGEMENT

2017 HPV Supplier Briefing

HPV Head of Indirect Products and Services
Alfred Matthews

HPV Head of Sourcing Operations
Sandra Ireland

Redefining value

While cost is an important driver, individual services' needs across Victoria vary significantly – there is no 'one size fits all' solution.

Current opportunities

- Gippsland solar photovoltaic systems
- Gippsland internal audits
- Laundry information system

Putting patients first

Food packaging can be a major barrier to patient nutrition, which can double hospital stays and triple complications.

Allergens – the outcome of a change in product can be significant for a patient with a serious allergy.

HPV establishing more direct contact with manufacturers

Innovation pays

Small company Eatwell recognised an opportunity to develop food packaging that was easy for patients to open and access.

A larger cereal company was not so agile and lost considerable market share.

A collaborative model

- Identifies and addresses issues
- Rewards top performers
- Not just a desktop evaluation
- Transparency – aware of expectations up front
- Ultimately better patient care

What our stakeholders say

HPV Nursing contract

“All stakeholders collaborated on challenges and opportunities presented by the contract and most importantly, nursing shifts are now being filled.”

Supplier-led innovation

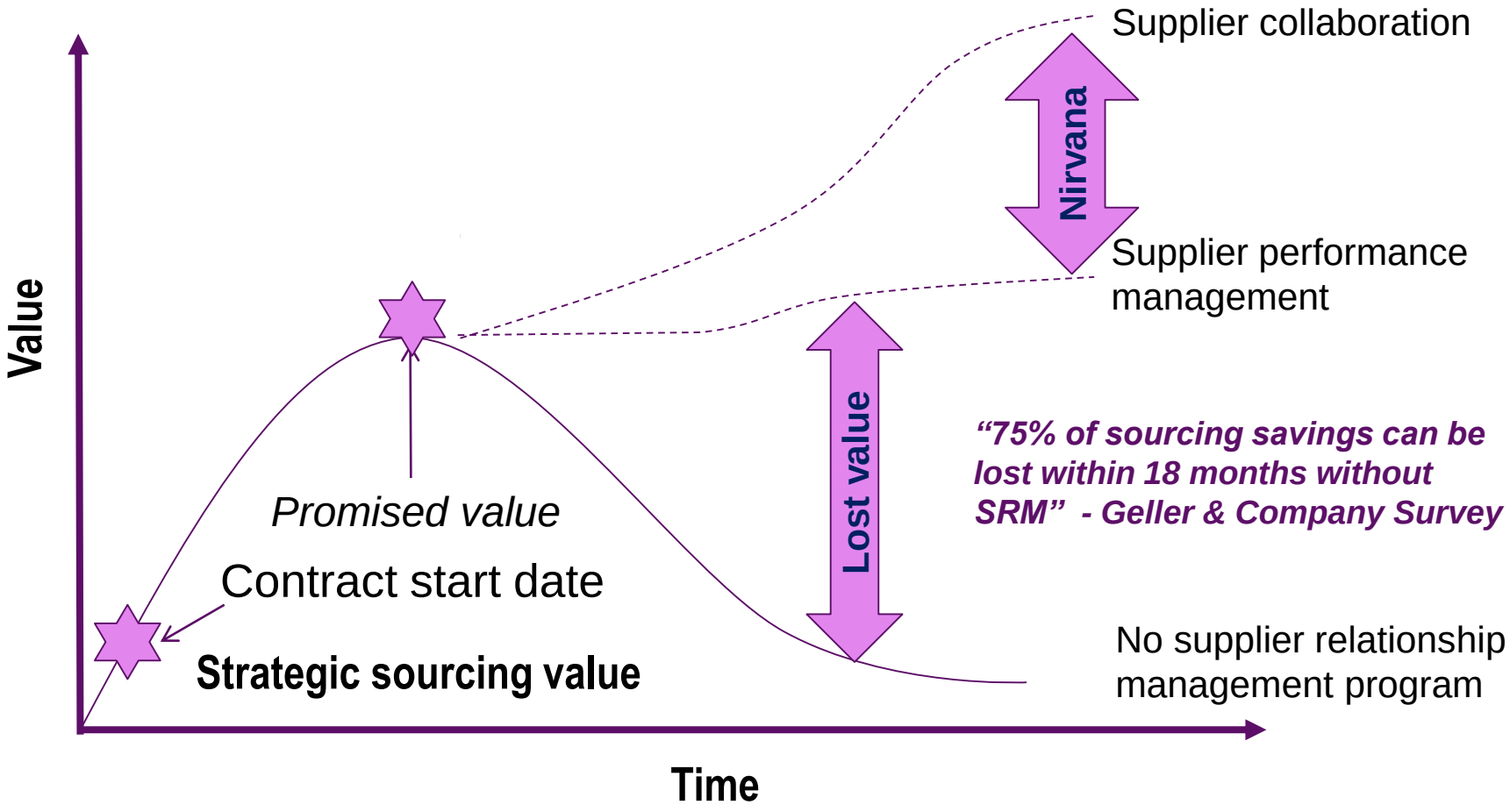
Suppliers

- Resources to deliver
- Clear plan
- Willingness to deliver
- Articulate benefit

HPV

- Facilitate/support
- Match opportunity to appetite
- Development/scoping
- Sharing outcomes
- Track benefits

Ongoing value delivery

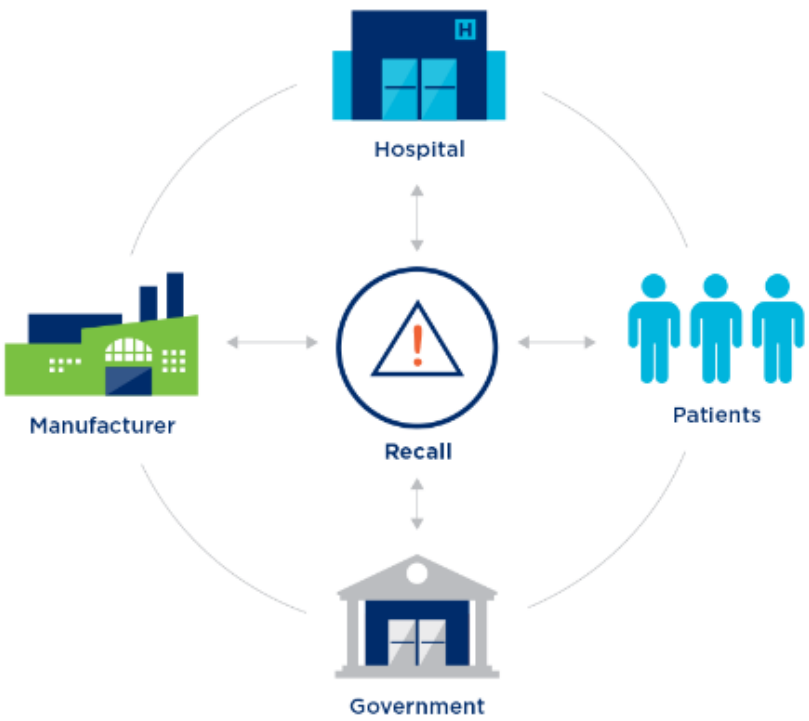


"75% of sourcing savings can be lost within 18 months without SRM" - Geller & Company Survey

Measuring value / performance

- Sales reports
  - Timely
  - Accurate
- National Product Catalogue
  - Lines published
  - Information correct
- Recall Health
  - Live
  - Being utilised

Recall Health



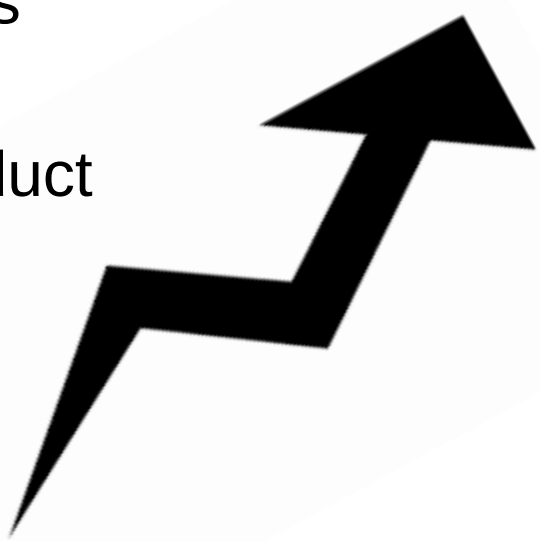
The majority of Victoria's public health services – accounting for 95% of HPV's total expenditure – are now live on the Recall Health.

"We are quite happy with Recall Health and it is really useful for us in terms of visibility, follow up, notes, and report progress – the only trouble is suppliers are not using it."

Measuring value and performance

HPV

- Sales Reports
- National Product Catalogue
- Recall Health



Supplier

- Delivery
- Customer Service
- Training
- Invoicing

Scorecard: comparison across categories

Scorecard Title	Buyer Organisation	Scorecard Trend	Score	Avg. Last 12	Target Score	Reporting	Governance	Delivery	Customer Service	Invoicing
HPVC2014-015 Respiratory Products [quarterly]	HPV		40.9	40.9	87.5	33.4	0	49.8	80.4	
HPVC2015-016 Sutures, Skin Staples & Removers and Tissue Adhesives [quarterly]	HPV		37.5	37.5	87.5	0	50	0	100	
HPVC2013-079 IV Access Devices and Admin Consumables [quarterly]	HPV		52.2	52.2	87.5	0	96.1	0	65	100
HPVC2014-036 SIOL [quarterly]	HPV		45.8	45.8	87.5	0	33.4	49.6	100	
HPVC2016-021 Monitoring Products [quarterly]	HPV		60.9	60.9	87.5	0	81.7	99.2		
HPVC2016-061 Interventional Radiology [quarterly]	HPV		53.8	53.8	87.5	50	100	0	65	
HPVC2015-045 Interventional Cardiology [quarterly]	HPV		84.9	84.9	87.5	50	100	99.2	65	100

Scorecard: comparison across categories

Scorecard Title	Buyer Organisation	Scorecard Trend	Score	Avg. Last 12	Target Score	Reporting	Governance	Delivery	Customer Service
HPVC2014-015 Respiratory Products [quarterly]	HPV		67	67	87.5	100	0	68.1	100
HPVC2014-015 Respiratory Products [quarterly]	HPV		72.2	72.2	87.5	31.7	80	87.5	89.4
HPVC2014-015 Respiratory Products [quarterly]	HPV		99.5	99.5	87.5	100	100	97.8	100
HPVC2014-015 Respiratory Products [quarterly]	HPV		83.1	83.1	87.5	32.9	100	99.6	100
HPVC2014-015 Respiratory Products [quarterly]	HPV		97.8	97.8	87.5	100	100	94.2	96.9
HPVC2014-015 Respiratory Products [quarterly]	HPV		40.9	40.9	87.5	33.4	0	49.8	80.4
HPVC2014-015 Respiratory Products [quarterly]	HPV		100	100	87.5	100	100	100	100

A collaborative effort

Work together to:

- Reduce the cost of health
- Let clinicians spend more time with patients
- Achieve better patient outcomes

Administration
Accountability and compliance
Continuous improvement
Identify further opportunities

HEALTH PURCHASING VICTORIA

CLINICAL ENGAGEMENT AND HPV

2017 HPV Supplier Briefing

Dr Dylan Cross
HPV Acting Head of Medical and Pharmaceutical

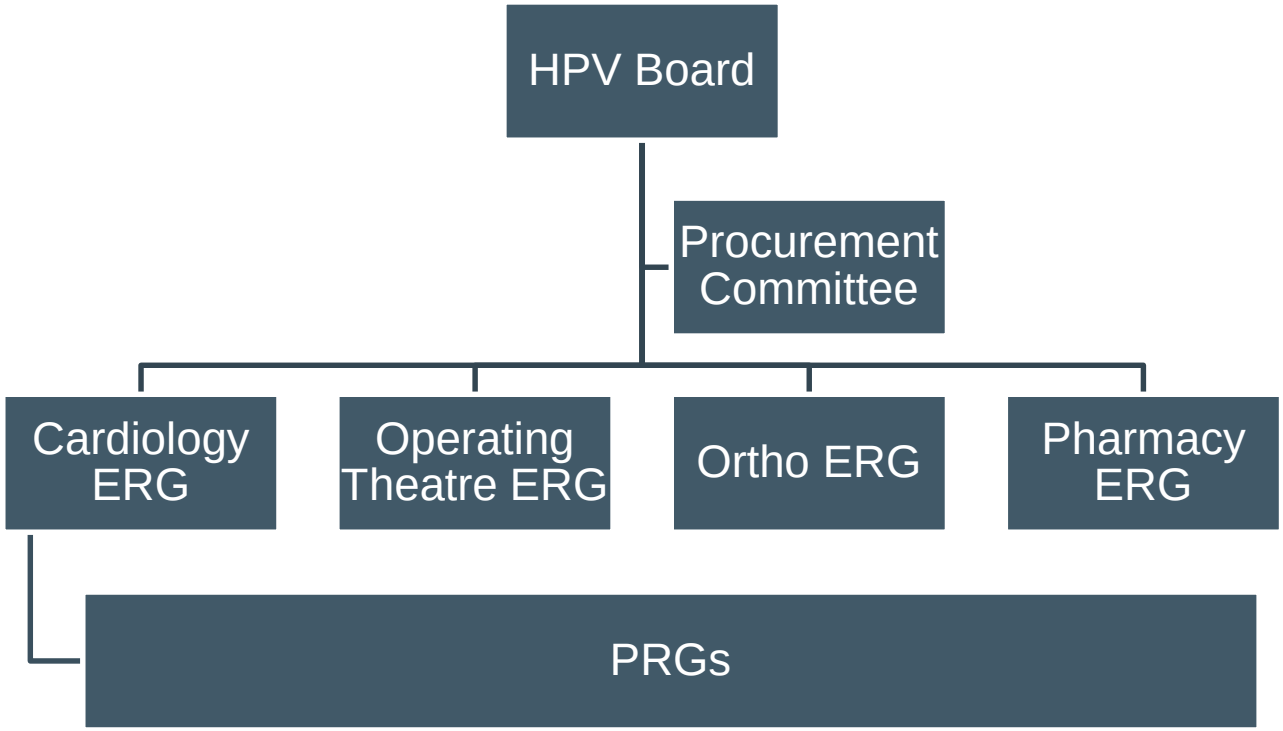
Delivering value: Clinical engagement

“The challenge for procurement as a discipline is to deliver not just improved financial benefits, but benefits at the patient bedside.”

Engagement model: Current approach

- Executive Reference Groups
- Product or Service Reference Groups
- Category Management Groups
- State-wide Procurement Committee

Engagement model: Current approach



Opportunities now

- **Health services make key decisions, HPV facilitates**
  - Research and clinical trials
  - Suppliers can apply for variations but must **first establish the clinical need or benefit**
  - HPV gives due regard to fairness to the market

Clinical product evaluation

All Invitations to Supply ask:

- Are products known?
- Do they meet specifications?
- Are there any product issues?
- New products subject to reference checks and conditions

HPV Procurement Strategy 2017-2022

The medical goods purchasing landscape has changed…

- Relevance of quality and safety
- A broader definition of ‘value’
- A new clinical engagement roadmap identifies collaboration opportunities

HPV engagement has come a long way

Dr Robyn Mason has extensive health service management experience:

- Secretary-General of the Australian Medical Association (AMA), and CEO of AMA Victoria
- Director of the Melbourne Primary Care Network
- Chair of the Victorian Doctors' Health Program

Opportunities

1. What role can HPV play in enhancing the quality and safety of care?

2. What steps can HPV take to make best use of clinician and supplier time in its procurement processes?

Clinical Quality and Procurement

- **Procurement should align with clinical practice improvement**
- Everyone has an interest in reducing unnecessary variation!
- **It must be practice-led**
- **What categories of products has this approach been successfully applied to?**

Areas for collaboration

NHS Examples

- Wound care and dressings
- Urology consumables
- IV therapy consumables

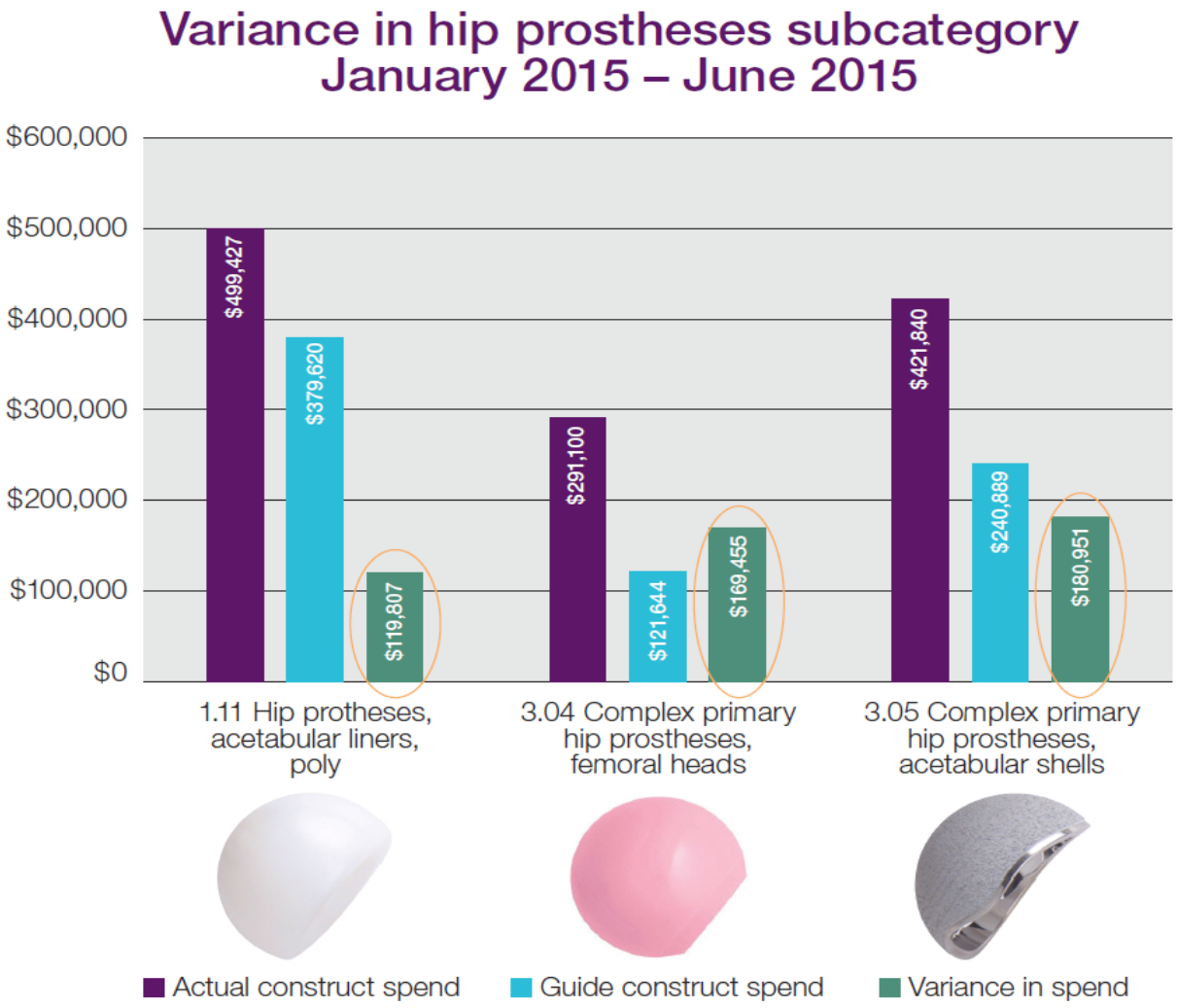
Areas of interest

- Induction of labour
- Central Venous Access Devices
- Pressure areas

Existing work

- Orthopaedic construct analysis

Benchmarking of primary hip replacements



Effective use of clinicians' time

- Complementary HPV and health service clinical evaluation processes
- Written references
- Faster evaluation processes, including pre-qualification

Outcome-based procurement

- Value-based purchasing is well-established in a number of industries, but not widely used in health
- Future potential to align supplier and purchaser incentives
- Quality of clinical evidence is a key barrier

Discussion

- What opportunities do suppliers see to:
  - Enhance your role in clinical quality and safety? Improve the process of engagement between suppliers, HPV and clinicians?
  - Improve the ability to innovate?
  - Open the door for more sophisticated procurement models?
- What are the barriers?
- What are the potential solutions?
- Share your experience from other countries/industries