

2nd European Forum for Public Procurement of Healthcare Innovation

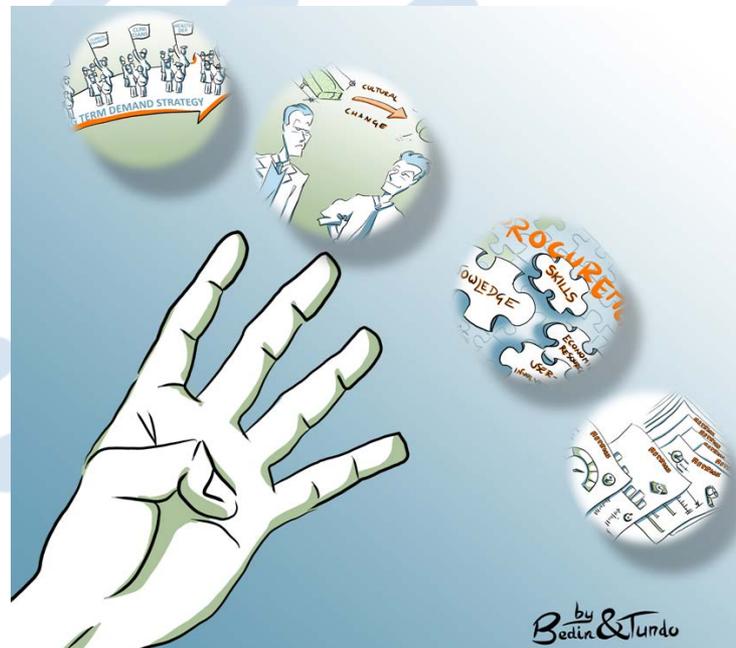
INSPIRE Gap analysis & Recommendations presentation

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Paris, 9 September 2015

GAP ANALYSIS

along the 4Ms:
Mandate, Mindset, Means, Metrics





MANDATE

- **lack of explicit mandate and strategy to act also as innovation actors**
- **lack of involvement of those who know and represent the real end-user needs**
- **innovation procurement not integrated into the overall Health and Social care service strategy**



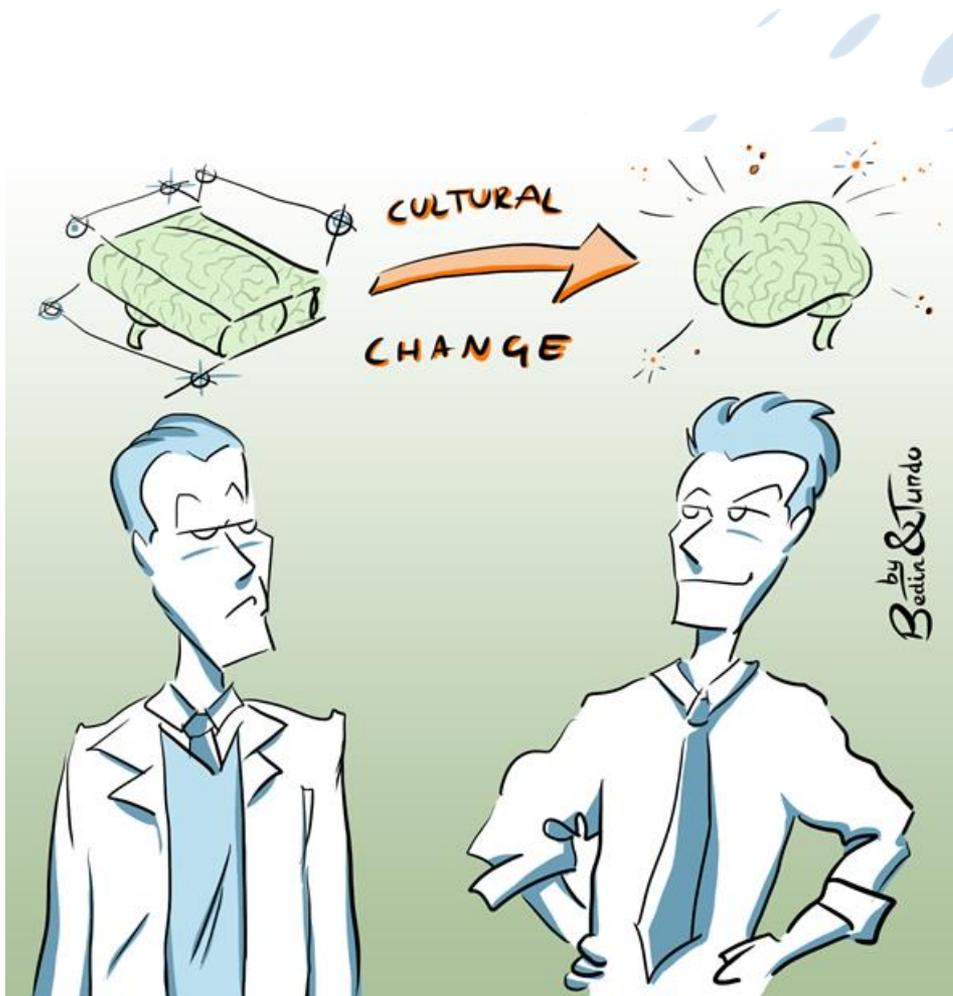
MANDATE

- hyper-fragmented demand side structure
- lack of coordination between PA main stakeholders playing different roles in demand-driven innovation
- lack of market trust about the contracting authorities commitment

Good practice 1. The Lombardy Region has assumed guide-lines and settled a "task force" that coherently involve and orchestrate many roles with clear mandates:

- the Direction for research of Lombardy Region, as policy maker has the responsibility of the entire innovation policy and being the "enabler" of the process, **systematically challenge the local public authority to assess innovation needs in health domain and fund the PCP & PPI strategy** through own financial allocation already assigned to R&D&I or through structural funds.
- the General direction for Healthcare has the role to indicate the **mid-to-long term political priorities for healthcare public services transformation and optimization.**
- the public hospitals play a key role in **defining the innovation need in terms of performance and functional requirements and perform an equally important role running the technical activities like testing, comparing and evaluating performance and functionality in real-life operational conditions and ultimately are committed to buying the solutions that meets their needs.**
- (eventually) the Regional Purchasing Agency entitled to define the transition from PCP to PPI and to manage the procedural administrative aspects, assuring economies of scale.

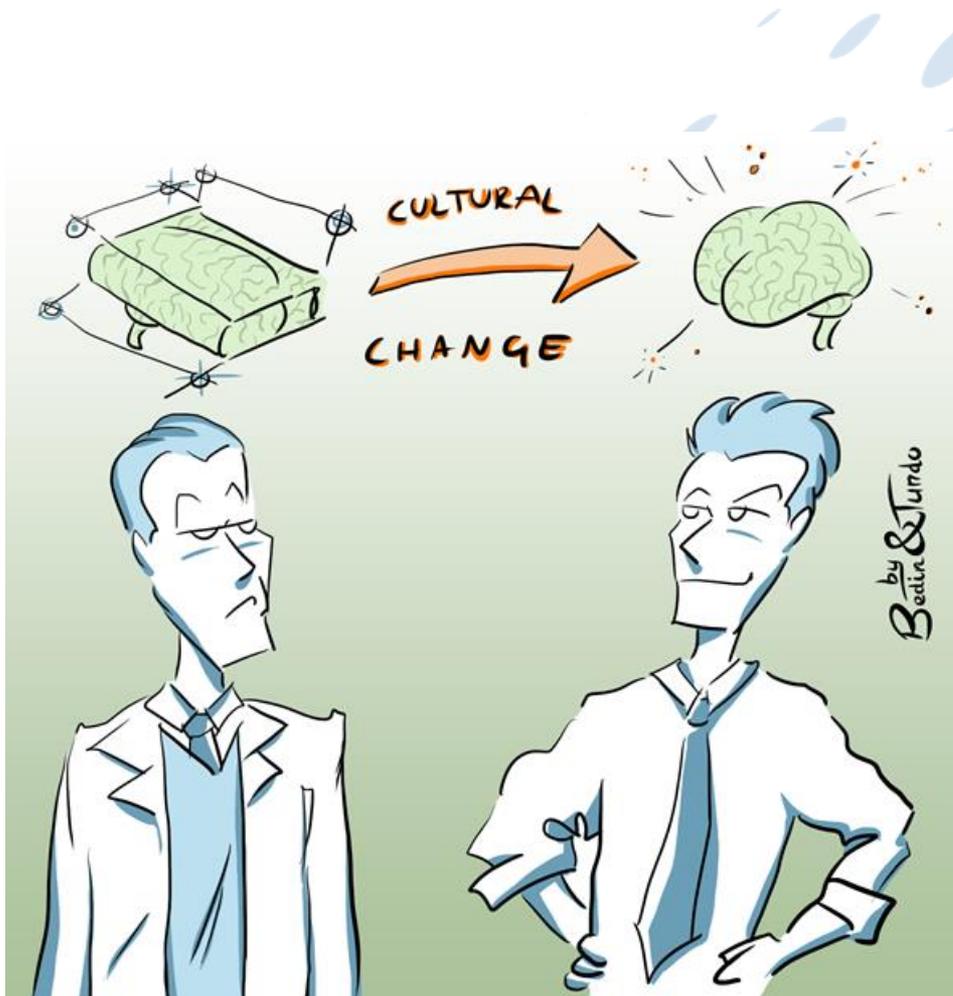
Good practice 2. AQUAS, the Agència de Qualitat i Avaluació Sanitàries de Catalunya (Agency for Health Quality and Assessment of Catalonia), is a public entity of the Catalan Health Ministry and has the mission to **contribute to the improvement of the quality, safety and sustainability of the healthcare system**, contributing in managing the stream of innovation in the Catalan health system, by **evaluating the performances and costs**, by assessing technologies and by supporting the development of specific solutions for needs not yet met. Its Innovation Unit has a strong mandate for the development of the two procurement instruments (PCP&PPI), providing the involvement of the local hospitals and health care structures.



MINDSET

- repetition of well-known and established patterns to promote innovation
- policy makers mediation and attitude to operate on the supply side, renouncing to exploit the potential impacts of a procurement policy
- lack of strategic foundation for the innovation within public services

MINDSET



- **lack of standardization objectives, hyper customization and specification of the requirements** that inhibit innovation and limit the widespread market adoption of the innovation
- **noncritical formulation of conventional specifications (also concerning IPRs and selection criteria) and attitude to prescribe the solution** that do not encourage scaling up to commercial viability of more radical options.
- **risk aversion and under-estimation of the risk of not innovating**⁸

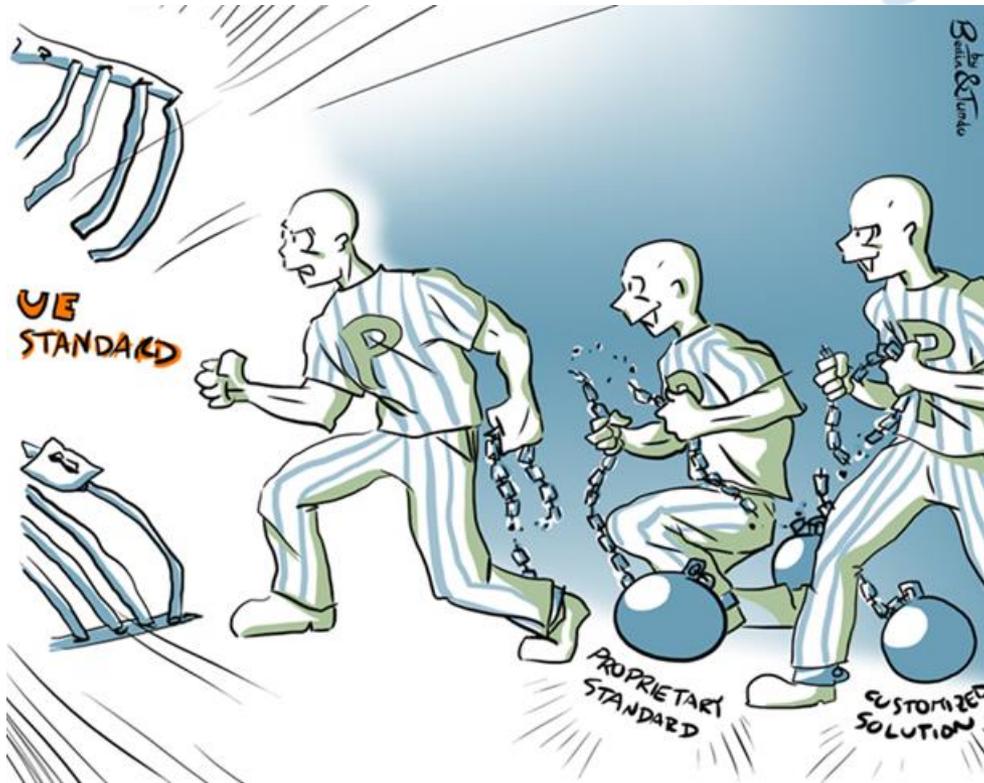
What implications?



GAP ANALYSIS

- **inability to create the critical mass, to provide scalability and a relevant market size for the supply side**

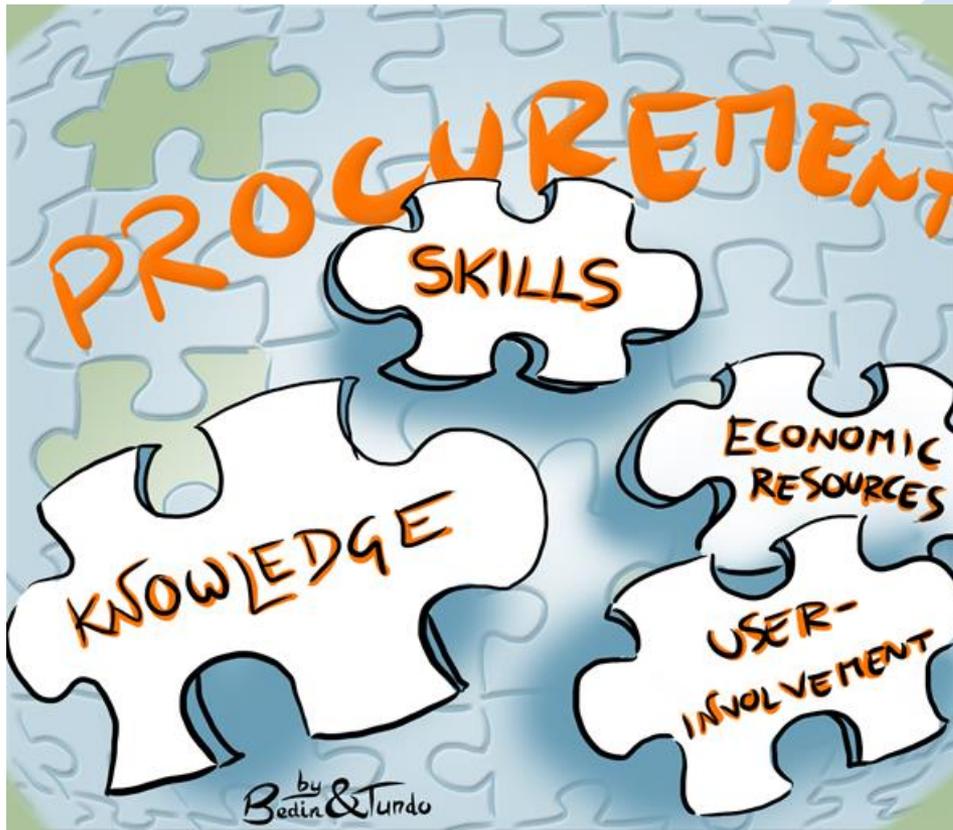
What implications?



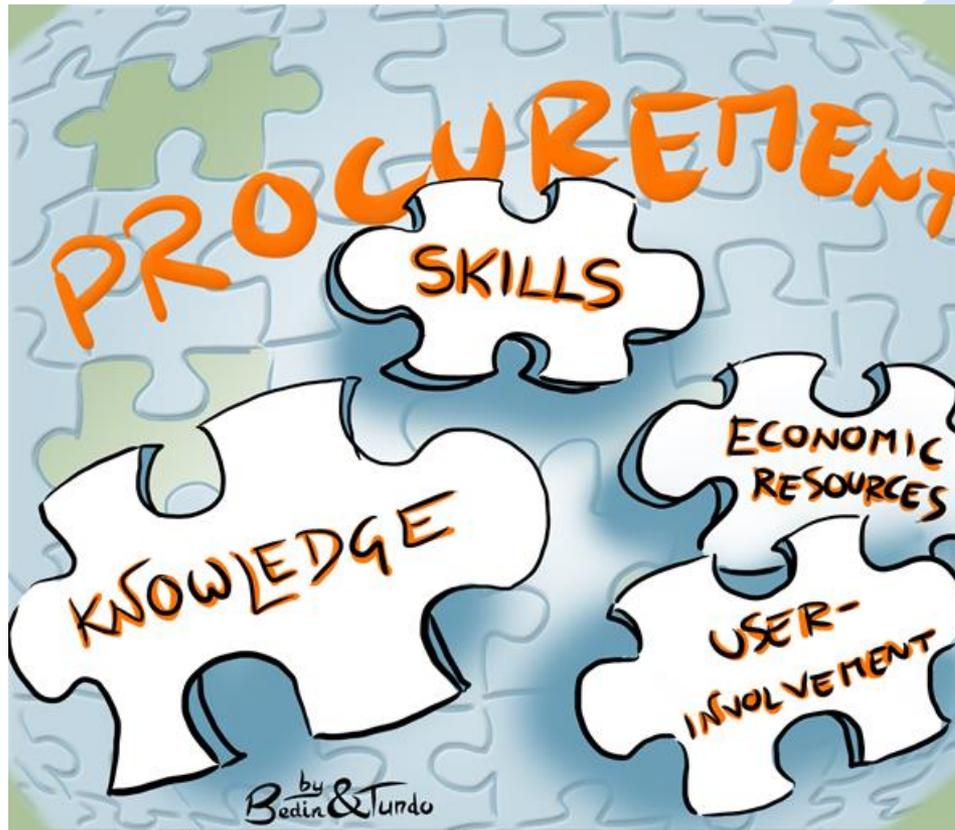
GAP ANALYSIS

- inability to achieve the standardization and interoperability goals, as well as EU technological leadership in general

MEANS



- Public spending and health-care budget cuttings
- lack of cross and integrated skills, that combine domain specific, economical , legal & technological expertises
- lack of knowledge & practice on business case modeling
- lack of awareness of the product or service innovation that the market is able to offer

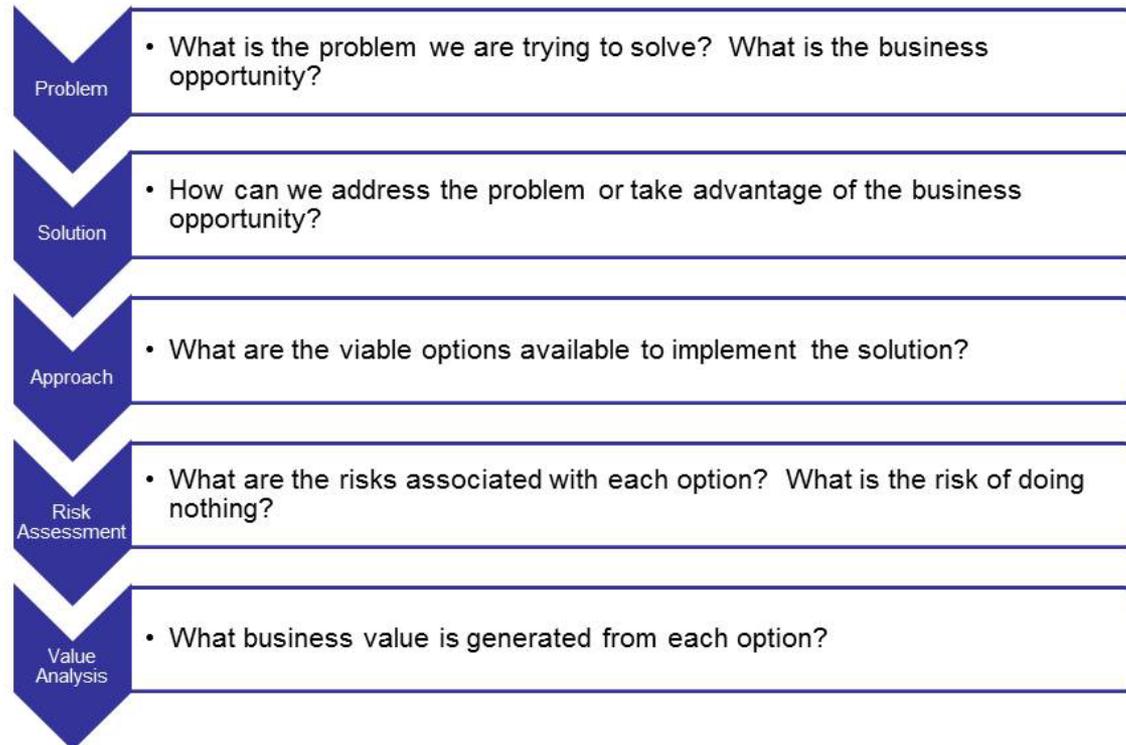


MEANS

- lack of tools to assess the impact of not innovating and to manage/mitigate the risk and optimise the risk-benefit balance
- under-estimation of the users involvement value alongside the procurement process

What does a business case look like?

It is important to create a strong business case.



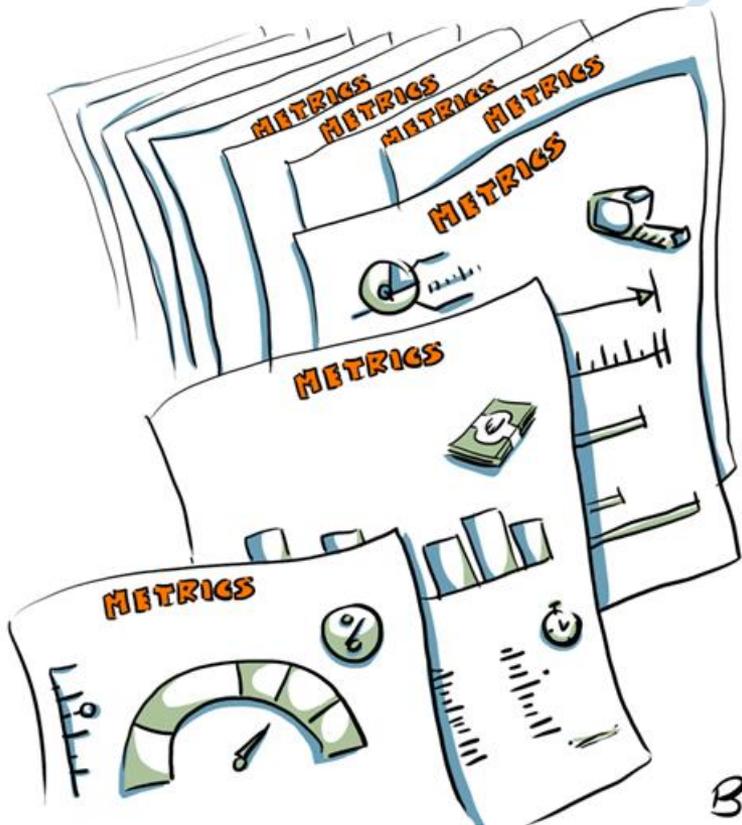
What implications?



GAP ANALYSIS

- inadequate analysis of the problem (not the symptom) and its cost, undermining the impact on public services (business case modeling)
- tendency to enter the innovation procurement lightly

METRICS



by
Bedin & Tando

- lack of measurement of the actual services performances, outcomes and value (BaU)
 - lack of data able to demonstrate that the problem is significant and to compare old and new solutions.
 - focus on the tender stage and inability to capture the long-term effect of innovation, which goes beyond the contract implementation and concerns the delivery of public services using the innovative solution
- missing link between need assessment and performance measurement**

3 RECOMMENDATIONS

along the 4Ms:
Mandate, Mindset, Means, Metrics



... to the national policy makers

Recommendation 1: Settle a coordinated national action plan on innovation procurement in the health care sector as a way to identify the national thematic priorities for investment and innovation, to establish strategic policy goals (in terms of cost/efficiency gains in the health services delivery system and for the emergence of new open standards), to stimulate the demand pooling and to provide scalability and a relevant market size for the supply side. The trend towards more standardization and interoperability in health care sector, with particular reference to e-health, should represent a clear objective for the national action plan.

Recommendation 2: Facilitate networking of the key stakeholders involved in the health and social care services delivery to reduce fragmentation of demand and enable the demand pooling, a "health-care platform" should be settled at least at national level with the purpose to enhance a dialogue between public procurers interested to test innovation procurement methodologies and to jointly undertake the PCP/PPI, to provide a powerful opportunity for all public sector at local level to collaboratively design the future modernization of health care sector strategy.

Recommendation 3:

Assure that the **mandate** and responsibility to implement the PCP&PPI strategy is:

- i) integrated into the overall health and Social care service strategy,
- ii) assigned to one entity who knows and has specific competences in the health domain, and has the responsibility to improve the mid-to-long term quality and sustainability of local public health and social care services and ultimately represents the real end-user needs.

... to the local procurers ...

Recommendation 1: Assume codified organizational framework and model which provides clear responsibilities and operational mechanisms, that assure explicit mandates and **commitments** to drive forward innovations via public procurement

Recommendation 2: Publish and signal future innovation needs as early as possible by means of a PIN (Prior Information Notice), implementing a systematic technical dialogue with the market.

Recommendation 3: Assure a business case modeling before enter a PCP&PPI process

...to EU commission...

Recommendation 1: implement a rigorous program, at EU and National level, of high-value capacity building, coaching and mentoring, backed up by a quality assured and certified professionals by European Commission .

Recommendation 2: Construct at EU level indicators that capture the long-term impact of procurement of R&D&I on the efficiency of the public sector, on market conditions such as competition and on economic growth.

Recommendation 3: Pursue a more open, bottom-up and service-oriented approach within the H2020 Innovation Procurement co-funding program



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