



VALUE-BASED
PROCUREMENT

Partnering for patient-centric,
sustainable health care



Glossary of key terms



Introduction

There is a multitude of definitions of terms linked to value-based healthcare, value-based procurement, value-based agreement, procurement procedures, patient outcomes...

In order to ensure a better understanding of the documents developed by the Value-Based Procurement Community of Practice (VBP CoP) and to guarantee the consistency of the terminology used in these documents, the following glossary has been developed. It will be made available to all the VBP CoP members and partner organizations and to those interested parties on request.

Comments or suggestions for additional definitions to be included in the glossary are welcome and should be submitted to Hans Bax at: hans.bax@meat-procurement.eu

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Key term

Description

Value & Value-Based Health Care (VBHC). Europe

Defining “Value” is critical to implement VBHC. The European Commission Expert Panel on effective ways of investing in health indicated that VBHC can be defined as a comprehensive concept built on four value-pillars: appropriate care to achieve patients’ personal goals (personal value), achievement of best possible outcomes with available resources (technical value), equitable resource distribution across all patient groups (allocative value) and contribution of healthcare to social participation and connectedness (societal value). A comprehensive view of Value is also well reflected in the reflection paper ‘Incorporating value in investment decisions in health across Europe’ (Prof. Rifat Atun, Dr. Christina Åkerman, Prof. Lieven Annemans & Mr. Hans Martens, 2019) and in MedTech Europe’s Value Frameworks which consider Value from multiple perspectives. Value is to a large extent in the eye of the beholder (i.e. what is valued) and dependent on the context (i.e. the Values).

Value-Based Health Care (VBHC). US

Value in Health and VBHC (as defined by prof. M. Porter) focus on improving outcomes that matter to patients relative to the costs of delivering these health outcomes. Key components are integrated practice units, measuring outcomes & costs of the medical condition along the entire care pathway, benchmarking and sharing best-practices among providers, bundled payments to incentivize value and supporting policies

Value-Based Procurement (VBP)

VBP is a multidisciplinary procurement approach for collaboration between healthcare providers, procurers and medtech suppliers in all phases of the procurement process with the aim to achieve better quality of care, outcomes from different perspectives and cost-efficient care, resulting in economically most advantageous purchasing (MEAT). The basis for VBP is laid down in the multi-layered framework taking into account selected criteria of the outcomes that matter to patients, key healthcare stakeholders (such as the healthcare providers, the provider organization and the healthcare system) and to society as a whole (e.g. socio-economic impact, innovation and environmental/social sustainability), the cost along the full process care delivery and the price of the technology which are of value and for which there is a willingness to pay. As a result, Value-Based Procurement is a best price/quality ratio methodology for the implementation of MEAT in health care.

Value-Based Agreements (VBA)

VBA is a comprehensive legal agreement to contractually align economic interests between the contracting authority and the supplier based on the delivered quality, outcomes and other award criteria of a medical technology in practice. Value-based agreements reward the value of the technology or solution offered possibly complemented with value-based incentives/ disincentives schemes.

Triple/Quadruple Aim of Healthcare

Improving the health of populations, enhancing the experience of care for individuals and reducing the per capita cost of health care is regarded as the triple aim. When adding the goal of improving the work life of healthcare providers, including clinicians and staff, resulting in the quadruple aim of healthcare.

MEAT¹ VBP Framework

Supporting the value-based procurement methodology, the MEATVBP framework is a multidisciplinary procurement tool leading towards the most economically advantageous tender. Using the MEAT-VBP framework, it supports the identification of tender award criteria valued from the perspective of patients, healthcare actors, health systems and society in order to achieve better outcomes, avoid cost of not being in good health, and/ or provide safe, cost-efficient high quality care alongside the full process of care delivery. The demonstration of the value in daily practice is one of the MEAT VBP criteria for use in VBP Agreements.

1) Most Economically Advantageous Tender



Key term	Description
Best Value Procurement (BVP)	Based on the expertise of the bidder and using dominant information, in BVP the principle of setting many requirements for the bidding party is abandoned and the contracting authority imposes fewer standards as well as minimum requirements. The process is divided into four phases: preparation phase, assessment phase, concretization phase and execution phase. BVP is to be used under the application of a EU public procurement procedure; often the competitive dialogue procedure.
Societal Benefit	The increase of the welfare in a society derived from a particular course of action.
Patient Pathway	The patient's journey through a healthcare system. It consists of the interactions between patient and caregivers in order to provide needed medical and social care from prevention, diagnostics, therapy, rehabilitation to aftercare both relating to acute and chronic care.
Total Cost of Care	<p>The total cost of the full cycle (defined episode) of care for the patient's medical condition, considering both direct and indirect cost. Including the (relative part of the) total cost of ownership on products, services and solutions related costs.</p> <p>The cost of care can be limited to the perspective of once care provider (e.g. hospital) but is most applicable to consider the total cost across the different care providers, with an integrated care lens.</p>
Clinical Outcome	<p>Clinical outcomes are endpoints that measure the clinical effects of care. Examples are 30-day mortality, infection rates and disutility of care such as complication rates.</p> <p><small>Note: risk adjustment for co-morbidity is essential for comparability between patient populations and care providers.</small></p>
Patient Reported Outcomes (PROMs)	Condition-specific and co-morbidity result of the full cycle of care for the patient's medical condition. Patient-reported outcomes (PROMs) capture patient-centric endpoints relevant for patient such as pain levels, quality of life and mobility. This is for condition-specific and multidimensional result of the full cycle of care for the patient's medical condition. Patient's reported outcomes are collected through validated instruments (Guidance FDA on PRO). In a view of what matters to patients: Porter classifies three tiers: 1. health status achieved, 2. process of recovery and 3. sustainability of health (e.g. quality of life). Work is ongoing with an international consortium for health outcomes measures and the OECD PaRIS (Patients reported indicator survey) to define standard sets to be considered for measurement.
Real World Evidence (RWE)	Evidence obtained from pragmatic trials, observational data and generated during routine clinical practice, outside the context of (double blinded randomized trials in controlled settings).
Outcome Based Healthcare	Providing healthcare that focuses on relevant patient and clinical outcome; measuring patient relevant outcomes in order to consider the learning and change/optimize practices to provide patients the treatment and care that best suits their specific situation in order to maximise the outcomes and minimize the variability in outcomes. Outcome based pay for performance scheme will be part of outcome based health care.
Supply Chain	A system of organizations, people, activities, information, and resources involved in moving a product or service from supplier to customer and patient. It involves the transformation of natural resources, raw materials, and components into a finished product that is delivered to the end consumer.

Key term	Description
European Tender	A formal and structured invitation to suppliers to submit a bid to supply certain products, services and/or solutions, above a certain financial threshold, based on which the contracting authority will evaluate the bids and decides whom to award the contract. The European Public Procurement Directive and national public procurement law are applicable on these tenders.
Bid	Commercial offer or proposal submitted by a supplier; often in a formal and structured tender process.
Solution	A product/service or combination thereof customized for the individual customer's needs (for a defined episode of care).
Technical Specifications	Set of (technical) requirements that a product, service or solution must meet or exceed.
Life Cycle	The various phases a product or service will go through during its entire lifespan, including the products' continuous innovation and evolving evidence of the use in practice and process, such as the purchase, installation/implementation, usage, maintenance and disposal. When referred to in the care delivery, the lifecycle defines the period of time of care delivery considered, possible the full life of the patient.
Total Cost of Ownership (TCO)	Total cost of ownership spans all product, services and solutions related costs paid to a supplier as well as all (internal) related operating and investment costs by the health care delivery organization. Cost categories include device purchase price, installation/integration including training costs, maintenance, storage & infrastructure, disposal as well as the operating costs. The TCO are part of the Total Cost of Care delivery.
Market Consultation	In order to assess the market readiness on the identified (unmet) needs and before issuing a formal procurement tender procedure, the procurement/contracting authority may conduct a preliminary/preparatory dialogue before starting the tender process in order to gather information from the market and to discuss the procurement authority's needs with potential suppliers. Part of the procurement process when a contracting authority involves the advice and information from independent experts, authorities and/or suppliers in order to identify potential bidders, solutions, build awareness and capacity in the market and to define the structure/design of the tender process and its contract.
Open Procedure	Under this procurement procedure all those candidates that respond to the Contract Notice (or PIN) are entitled to submit a bid for the contract. There is no initial selection stage limiting the number of candidates to be invited to tender. Applicable if the product to buy is already existing, the contracting authority can precisely describe the solution/product it wants to buy and the contract value is above the EU procurement threshold. An open market consultation may be part of the procedure.

Key term	Description
Restricted Procedure	This procurement procedure allows the contracting authority to limit the number of candidates to be invited to tender by using an initial pre-selection stage to shortlist a limited number of tenderers. The selection is performed by means of the European Single Procurement Document (ESPD), which candidates complete and submit. The procedure requires that a minimum of five qualifying candidates be invited to tender. Applicable if the product to buy is already existing, the contracting authority can precisely describe the solution/product it wants to buy, the initial number of tenders will be high and the contract value is above the EU procurement threshold. An open market consultation may be part of procedure.
Innovation Partnership (IP)	This procedure is intended for the situation where there is a need for the development of an innovative product, service or solution not available on the market. It allows contracting authorities to establish a long-term partnership for the development and subsequent purchase of a new, innovative product, service or solution without the need for a separate procurement procedure once the product, service or solution has been developed. The procedure will only be used if the purchase still requires an R&D phase to be performed under the contract.
Competitive Dialogue (CD)	This procedure allows the contracting authority to limit the number of candidates to be invited to dialogue with the authority as to a solution that would meet the authority's stated needs and requirements, and which it can invite final tenders on. This procedure contains a long and more formal phase of "commercial dialogue" in which the contracting authority will be able to question the economic operators about the solutions they can bring into the process etc. before actual tenders are submitted. The use is restricted to a limited number of grounds listed in the EU Public Procurement Directive.
Competitive Procedure with Negotiation (CPN)	This procedure allows the contracting authority (i) to limit the number of candidates to be invited to negotiate the terms of the contract using an initial selection stage to shortlist a limited number of tenderers (ii) to negotiate with a minimum of three tenderers after the submission of their tenders. If the product or solution that will be purchased does not exist as such, or contains innovative solutions or is purchased in the framework of a complex purchasing scheme, a CPN can be envisaged by the Contracting authorities. The use is restricted to a limited number of grounds listed in the EU Public Procurement Directive.
Pre-Commercial Procurement (PCP)	PCP allows contracting authorities to acquire R&D services to research, develop and test innovative products, services or works that are not already available on the market. Procurers buy R&D from several competing suppliers to compare alternative solution approaches and identify the best value for money option to address their needs. PCP is split into phases (solution design, prototyping, original development and validation/ testing of a limited set of first products) with the number of competing supplier being reduced after each phase. PCP is not a procurement award procedure under the scope of the EU Public Procurement Directive. The actual procurement is executed later applying one of the existing procurement procedures. The EU yearly issues multiple co-financed calls for cross-border PCP procurements.
Public Procurement of Innovation (PPI)	PPI is the procurement of innovative solutions by the public sector and facilitates the wide diffusion of innovative solutions to the market. PPI typically involves three steps: forming a critical mass of purchasing power on the demand side, making an early announcement of the innovation needs and the actual public procurement of the innovative solutions through one of the existing public procurement procedures. The EU yearly issues multiple co-financed calls for cross-border PPIs procurements in order to foster the introduction of innovative solutions in health and social care.

Key term	Description
Most Economically Advantageous Tendering (MEAT)	The most economically advantageous tender from the point of view of the contracting authority shall be identified on the basis of the price, cost, or the best price-quality ratio (BPQR), which shall be assessed on the basis of criteria, including qualitative, environmental and/or social aspects, linked to the subject-matter of the contract (EU-PPD art. 67). Member states may transpose the Directive not providing contracting authorities the possibility to use lowest price only, but the best price/quality for the awarding.
Best Price-Quality Ratio (BPQR)	BPQR is proposed as the mean way forward to obtain MEAT procurement in the EU, being a combination of price, costs and various non-economic quality criteria in order to assess bids and to award a contract. In health care VBP is proposed the main methodology to implement BPQR MEAT.
Tenders Electronic Daily (TED)	Tenders for public contracts that fall under EU rules must be published in the online version of Supplement to the Official Journal of the European Union - the TED portal. In TED the basic information for tenders is available. A procuring entity may publish a prior information notice (PIN) to provide information in advance about future procurement.
Evaluation Process	The exclusion-, selection- and award criteria, as specified in the tender documents, are the basis for the buying decision during the bid evaluation process. Taking into account the EU's principles in public procurement of equal treatment, non-discrimination, proportionality and transparency, the bid that offers the most economically advantageous tender (MEAT; best value for money) is to be awarded the contract.
Exclusion Criteria	Grounds or circumstances in which an economic operator must be excluded from a procurement/tender procedure such as participation in corruption and link to a criminal organization.
Selection Criteria	Criteria to determine the suitability of tenderers to perform/carry out the contract; aims to assess the personal capacity of the economic operator. The EU directive sets out an exhaustive list of the types of information that authorities can request from candidates at the selection stage. The contracting authority shall list the selection criteria and the minimal requirements to be met in the tender documents.
Award Criteria	Criteria to determine which tenderer has developed the most economically advantageous tender (bid/proposal). The award criteria relate to the solution/product/services to be provided under the contract. The criteria shall be linked to the subject-matter of the contract to be awarded and should allow a objective and transparent comparative assessment of the bids received. A distinction can be made between knock-out criteria (minimum requirements) and evaluation criteria (allocating points with each category worth a certain maximum amount or applying the Willingness to Pay method).
Willingness to Pay (W2P)	The Willingness to Pay method is used in the assessment of bids and assigns a monetary value to non-monetary criteria, such as outcomes or benefits, instead of awarding points. W2P shows the value of specified criteria in the currency of money instead of points. Key advantages vs. the traditional method of converting costs into points or weightings are 1) no implicit weighting between criteria when giving scores, 2) avoidance of rank reversal when bidders opt out and 3) the explicit and strong focus on multidisciplinary team assessment of value.

Relevant websites for further reading

- <https://www.euriphi.eu/>
- <https://www.vbpcommunity.eu/>
- <https://www.vbpconference.eu/>
- https://ec.europa.eu/info/policies/public-procurement/support-tools-public-buyers/innovation-procurement_en
- <https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32014L0024&from=EN>
- https://ec.europa.eu/health/sites/health/files/expert_panel/docs/024_defining-value-vbhc_en.pdf
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- https://www.medtecheurope.org/wp-content/uploads/2017/10/2017_MTE_BCG-VBHC-Procurement.pdf
- <https://www.medtecheurope.org/wp-content/uploads/2019/07/The-Value-of-Diagnostic-Information-in-Personalised-Healthcare-A-Coprehensive-Concept-to-Facilitate-This-Technology-in-Healthcare-Systems.pdf>