Medical Devices and Diagnostics Special Interest Group (MDD SIG)

HTA & Public Procurement of MedTech Solutions: Building a Bridge for Better Decision Making

ISPOR Europe 2022
Tuesday 8th November
Welcome and Session Information

Simon Eggington, Medtronic International, Tolochenaz, Switzerland
Moderator

Simon Eggington, Medtronic International, Tolochenaz, Switzerland

Speakers

Sophie Cros, Abbott, Brussels, Belgium.

Agenda

- Welcome
- Background of HTA and procurement; SIG activities
- Current role of HTA in device procurement
- VBHC, HTA and Joint Clinical Assessments
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• The Antitrust policy is available on the ISPOR website.
HTA & Public Procurement of Medtech Solutions: Building a Bridge for Better Decision Making

Simon Eggington, Medtronic International, Tolochenaz, Switzerland
Author’s Disclosure

I am employed by Medtronic
Background to the session

• HTA becoming more established for devices but at different levels
  – National
  – Regional
  – Hospital
• HTA is broad but its impact on purchasing decisions is less clear
• Focus of the SIG
  – What impacts device procurement
  – Should ISPOR contribute to build links between these worlds?

Goals of session

• Understand current state of play
• What does the future hold?
• Can the SIG contribute further to this topic?
What elements are relevant in procurement?

- Efficacy
- Safety
- Cost-effectiveness
- Budget impact
- Societal impact
- Environmental / sustainability aspects

Price

Procurement
Focus on Europe

- HTA for medical devices
- EU HTA Regulation
- Procurement
- Value Based Procurement
- Top-Down vs. Bottom-up approach
500 000 MD/IVDs in Europe

Graph 5 – Breakdown of total healthcare expenditure in Europe 2021 (ref. 5-9)

- 15% Pharmaceuticals & other medical non-durables
- 7.6% Medical Technology
- 0.3% In vitro diagnostics
- 6.7% Medical devices (incl. imaging)
- 77.5% Inpatient & outpatient care, other

IVD Regulation classification system

<table>
<thead>
<tr>
<th>Class</th>
<th>IVD Regulation classification system</th>
<th>Percentage of devices by class</th>
</tr>
</thead>
<tbody>
<tr>
<td>D</td>
<td>High public health risk e.g. blood safety / high risk infectious diseases</td>
<td>4%</td>
</tr>
<tr>
<td>C</td>
<td>High risk for individual patients e.g. cancer markers, diagnostic infectional diseases, etc.</td>
<td>26%</td>
</tr>
<tr>
<td>B</td>
<td>Medium risk for individual patients e.g. blood chemistry, pregnancy tests, etc.</td>
<td>49%</td>
</tr>
<tr>
<td>A</td>
<td>Low risk for individual patients e.g. instruments, accessories, specimen collection systems, etc.</td>
<td>21%</td>
</tr>
</tbody>
</table>
HTA

<table>
<thead>
<tr>
<th>2018 HTA Reports per country*</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total HTA reports</td>
<td>540</td>
</tr>
<tr>
<td>80% of all reports published in</td>
<td>4 countries: France, UK, Germany, Sweden</td>
</tr>
<tr>
<td>50% of all report published in</td>
<td>1 country: France</td>
</tr>
</tbody>
</table>

Source: Internal analysis Medtech Europe from Synergus database
HTA in Medtech

**AREA**
- National
- Regional
- Local / Hospital based

**LIFECYCLE**
- Timing
  - Variable

**SCOPE**
- Brand or Therapy HTA
  - Ex: MitraClip vs. Drug Eluting Stents

- Support to reimbursement decisions in few countries e.g. France, Belgium
- Usually not conclusive when initiated close to launch as evidence is limited
- Unpredictable
- Impact limited
SIG Key Project – Role of HTA in procurement

• Describe how HTA informs device procurement
• Systematic review of literature to understand relationship
• Presented at ISPOR Europe last year
• Some studies of hospital HTA
• Minimal evidence of use of national/regional HTA in procurement decisions

• Submitted to Value in Health
Current role of HTA in device procurement

Sophie Cros, Abbott, Brussels, Belgium
Author’s Disclosure

I am an Abbott employee
Procurement in Purchasing MD

70%

2014/24/EU public procurement Directive

MEAT

Most Economically Advantageous Tender
Different views of Value

VALUE BASED PROCUREMENT INITIATIVE

Source: BCG
Reality check

Summary results: Callea et al. 2017

- Studied the combined influence of HTA and different procurement models upon the selection and price of medical devices in Italy.

- National survey of Italian hospitals (44 hospitals across 15 regions) covering two main criteria:
  - HTA governance (regional; hospital-based; double-level; no HTA)
  - Presence of centralized procurement (yes or no)

- Four therapeutic areas characterized by rapid innovation (interventional cardiology, interventional neurology, neurosurgery, and orthopedics).

- Hospitals provided information on:
  - Quantities of devices purchased
  - Total device expenditures
  - Implementation of HTA
  - Information about the use of HTA in procurement decisions.

- Main conclusions:
  - Hospitals undertaking their own HTA activities acted as cost-containment units (with a potential to hinder access to innovative technologies)
  - Those using a regional HTA model were more likely to purchase the most expensive devices (due to a higher likelihood of positive regional HTA recommendations for such products).
  - Centralized procurement did not influence the selection of devices but led to prices which were around 10% lower than in areas without centralized procurement.
  - Hospitals following a regional HTA program were found to pay lower prices than those using an internal HTA approach, regardless of procurement level.
Can HTA support procurement?

Support to decision
Clinical evidence
Population

PICO

HTA

Purchasing decision
Technical features
Local

MEAT

PROCUREMENT
VBHC, HTA and Joint Clinical Assessments for Procurement

Richard Charter, Partner & Vice-President, MedTech Market Access, Alira Health
Disclaimer

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Current:
- Chair of the HTAi Medical Device Interest Group
- Vice Chair ABHI Sustainability Working Group

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Agenda: Topics Covered

• Key conclusions from SIG paper
• VBHC and HTA: Convergence at the point of Procurement
• VBHC and Value Based Procurement: HTA Enabled process?
• HTA Enabled Procurement: An example
• Environmental Considerations for Procurement Decisions
Should Joint Clinical Assessments Drive Procurement?

Paper Conclusion:

“Conclusions: There is minimal evidence that notes HTA influencing medical device procurement. Procurement bodies and hospitals may not be incentivized to publish their work and transparency could be improved; further research would better describe the link between HTA and procurement. Such research would enable HTA agencies to meaningfully assess devices to target procurement bodies and allow device sponsors to prioritize evidence.

This could limit redundancy, improve evidence, and ultimately promote savings to health care systems and expand access.

Lets discuss this!

Source: Alira Health Analysis, MedTech Europe, Bocconi University
Value Based Procurement & HTA, more similar than different...

Health Technology Assessment (HTA)
- Health Technology Assessment (HTA) is a multidisciplinary process that summarizes information about the medical, social, economic and ethical issues related to the use of a health technology in a systematic, transparent, unbiased and robust manner.
- The aim is to inform the formulation of safe and effective health policies that are patient focused and seek to achieve the best value for public health.

Value Based Healthcare (VBHC)
- Value Based Healthcare (VBHC) is a healthcare delivery model where partnerships are built on measuring relationships between:
  - Outcomes that matter to patients, healthcare providers and health systems;
  - Total costs across the entire care continuum, from pre-diagnosis to the time the patient exits the disease state.

Key Similarities & Differences

<table>
<thead>
<tr>
<th>Key Similarities</th>
<th>Key Differences</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Both attempt to define value with a relationship between outcomes &amp; costs: a common language</td>
<td>• VBHC focuses more on the entire patient pathway, which makes it more conducive to Medical Devices</td>
</tr>
<tr>
<td>• Both utilize a benchmark or comparator to determine improvement / benefit</td>
<td>• HTA focuses on economic benefit, VBHC focuses on TDABC* (accounting) benefit, which aligns more to procurement decisions.</td>
</tr>
<tr>
<td>• Both consider value domains beyond just ‘economics’ or ‘accounting’</td>
<td>• VBHC implementation is driven more locally, by providers. HTA is more government or policy oriented. This is changing (e.g. Wales, France).</td>
</tr>
<tr>
<td>• Both involve multi-stakeholder collaborative dialogues</td>
<td>• VBHC is more clearly structured around medical conditions, instead of specific technologies or interventions</td>
</tr>
<tr>
<td>• Both attempt to reduce variation in care</td>
<td></td>
</tr>
</tbody>
</table>

Source: Alira Health Analysis
Conventional Procurement is maturing towards value based and HTA based decision making...

Decision criteria that can be considered by HTA & Procurement are converging.

A University Hospital Infusion Pump Tender

In 2014, a University Hospital tendered a medical device:
- Advanced model to include the total cost over the product life span for 40 units
- High basic quality requirements, with theoretical price markups for suppliers not fulfilling all quality requirements

3 suppliers participated, only 2 fulfilled all basic requirements for final assessment

<table>
<thead>
<tr>
<th>Total Assessment Incl. Function &amp; Quality</th>
<th>Supplier</th>
<th>Points</th>
<th>Missing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Company C</td>
<td>Failed</td>
<td></td>
</tr>
<tr>
<td></td>
<td>Company B</td>
<td>343</td>
<td>201</td>
</tr>
<tr>
<td></td>
<td>Company A</td>
<td>439</td>
<td>105</td>
</tr>
</tbody>
</table>

- Max points 544.
- Price markup per missing point: 13,000 local currency

Tender Breakdown

<table>
<thead>
<tr>
<th></th>
<th>Company B</th>
<th>Company C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Equipment</td>
<td>596,000</td>
<td>831,200</td>
</tr>
<tr>
<td>Supplies for 6 years</td>
<td>180,000</td>
<td>630,000</td>
</tr>
<tr>
<td>Service equipment</td>
<td>17,032</td>
<td>0</td>
</tr>
<tr>
<td>Additional functionality and service agreement</td>
<td>252,270</td>
<td>177,325</td>
</tr>
<tr>
<td><strong>Total Cost</strong></td>
<td><strong>1,045,302</strong></td>
<td><strong>1,638,525</strong></td>
</tr>
</tbody>
</table>

**Markup after quality assessment**

- Company B: 2,616,900
- Company C: 1,365,000

**Adjusted Cost**

- Company B: 3,662,202
- Company C: 3,003,525

*prices in local currency

Source: Alira Health Analysis
‘Social’ criteria, especially “environmental” criteria are becoming mandatory for both HTA & Procurement

Source: Alira Health Analysis; NHS England website: Greener NHS » Suppliers (england.nhs.uk)
‘Social’ criteria, especially “environmental” criteria are becoming mandatory for both HTA & Procurement

The Greenhouse Gas Protocol sets out an internationally recognised methodology for emissions calculation, which divides Scope 3 emissions into 15 categories:

1. Purchased goods and services,
2. Capital goods,
3. Fuel and energy-related activities,
4. Upstream transportation and distribution,
5. Waste generated in operations,
6. Business travel,
7. Employee commuting,
8. Upstream leased assets,
9. Downstream transport and distribution,
10. Processing of sold products,
11. Use of sold products,
12. End-of-life treatment of sold products,
13. Downstream leased assets,
14. Franchises,
15. Investments.

Source: Alira Health Analysis; NHS England website: Greener NHS - Suppliers (england.nhs.uk)
Should Joint Clinical Assessments Drive Procurement?

Statement on HTA as part of Union-level joint procurement activities

PRESS RELEASE | Tuesday 20 September 2022

“As the issue of joint procurement continues to be part of joint and Union-level discussions, the HAG would like to stress the vital role of HTA in these activities. Where available and applicable, a Joint Clinical Assessment (JCA) should form the basis of any joint or Union-level procurement activity. Where a JCA is not available, any joint procurement decision should be based on a clinical assessment grounded in robust clinical evidence. In all cases, HTA must rest on the competence and experience of established HTA bodies.” Source: Home - HAG (htahag.eu)

Lets discuss this!
Questions? Comments?
Questions for the audience

• Who in the room would like to share an experience of device procurement?
• How could/should ISPOR (and the SIG) continue this research?
• How do we connect with procurement bodies to better understand their needs?
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- Login with your email and ISPOR password
- It should bring you to a page where you can select the Medical Devices and Diagnostics SIG
- You must be an ISPOR member to join a SIG.
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Discussion / Questions