

EURIPHI Reflection Paper

Advancing health systems in Europe through cross-border value-based innovation procurement

Table of Contents

1. Introduction	2
2. The role of cross-border innovation procurement as a policy tool to introduce innovation in healthcare	2
3. Maximizing the impact of Cross-border Procurement: effective models of collaboration in value-based innovation procurement	3
4. Integrating EURIPHI's suggested cross-border collaboration principles in EU and national policies	4
Annex 1 'Cross-border collaborative procurement model'	6

1. Introduction

The health and social care sector is financed mainly by public funding. Procurement plays a key role in the purchase of goods - including medical devices, supplies, equipment and services. It also provides a unique opportunity for Europe to ensure effective ways of investing in health by means of innovation procurement and addressing the sustainability and resilience of health and social care systems. Public procurement should therefore be considered as a strategic tool to improve and modernize health systems, and not be limited to a mechanism to buy goods or services.

The 2014 EU Public Procurement Directive (Directive 2014/24/EU), transposed into national law in the EU member States, provides a unique framework to create a more flexible, modernized public procurement, taking a more holistic approach that includes quality, total costs across the product life and the care pathway for patients, health care providers as well as broader societal-economic considerations. The EU legislation encourages the introduction of the most economic advantageous tendering (MEAT) principle as a tool to foster innovation, as well as cross-border collaboration among member States. Additionally, specific procurement procedures and legislative frameworks are in place to enable early dialogue and market consultations to obtain solutions that address health systems' needs and that can help build partnerships between buyers and suppliers and facilitate value-based procurement. The EU Directive recognizes also that some sectors, such as healthcare, require special consideration.

The EU Horizon 2020 Coordinating and Supporting Action EURIPHI (European Innovative Procurement of Health Innovation), which ran from January 2019 to July 2020, sought to accelerate changes to advance the use of cross-border and innovation procurement practices across Europe, acting as an enabler towards a value-based approach and the uptake of innovation solutions in healthcare. EURIPHI's work addresses how value-based innovation procurement will enable the uptake of innovative solutions to modernize the delivery of care across Europe, while responding to specific local healthcare needs.

In this paper, EURIPHI addresses the opportunities and current challenges of cross-border procurement of innovative healthcare solutions and proposes models to further incentivize its uptake in Europe.

2. The role of cross-border innovation procurement as a policy tool to introduce innovation in healthcare

Joint Procurement¹ is indicated in the EU Public Procurement Directive as a process in which several buyers from different member States and/or health and social care regional authorities come together, in a single process, with a view to increasing volume and achieving better prices or access.

¹ Provisions for the joint procurement of medical countermeasures were adopted following the outbreak of the pandemic influenza in 2009 and are included in Article 5 of Decision 1082/2013/EU on serious cross-border threats to health. The Agreement determines the practical arrangements governing the mechanism, defines the decision-making process with regards to the choice of the procedures and organizes the assessment of the tenders and the award of the contract.

In the European Commission's proposed EU Health Programme (EU4Health²), Joint Procurement is identified as a tool to facilitate and accelerate the procurement process in the EU. This approach is considered as a mechanism to provide member States with a strong position when negotiating with industry on availability and price.

However, Joint Procurement can present multiple limitations and, if not implemented appropriately, can bring unintended consequences. As illustrated below, it could restrain opportunities to provide high value quality and to innovate care delivery, often not resulting in the most economic advantageous tenders and outcomes and even ending up with no timely access to innovative solution and a continued inefficient health system and non-sustainable increased costs.

EURIPHI focused on advancing cross-border cooperation of innovation procurement, applying a value-based approach. This model shifts procurement away from a volume-price only approach and recognizes the specific needs of health systems and the value of the solutions to address them. Therefore, this leads to timely and economic most advantageous solution ensuring citizens across Europe to be in good health and fostering the sustainability and resilience of health and social care systems.

3. Maximizing the impact of Cross-border Procurement: effective models of collaboration in value-based innovation procurement

The partners of the EURIPHI project support the European Commission's drive for greater cross-border collaboration and consider that, to foster its adoption, a number of key considerations need to be taken into account.

In collaborative procurement, especially in EU cross-border procurement, there are specific needs and various differences between participants (e.g. contracting authorities, healthcare providers, etc.), which need to be considered to enable efficient and effective cooperation. These include:

- Differences in national transposition of the EU Directive and different local regulations (contract law) and case law;
- Differences in healthcare system organization and payment and reimbursement models;
- Differences in language and culture, impacting e.g. administrative burden;
- Differences in national and regional product or solution support offerings;
- General lack of (supply) capacity to support full-size EU cross-border projects, including the implementation of innovative solutions across Europe;
- Creation of excessive demand volume only to be delivered by limited number of suppliers, consequently endangering competition, innovation, SMEs and availability of multiple suppliers;
- Single supplier awards impact negatively on viability, growth and jobs across the EU and within regions;
- Differences in context, local needs and prioritization by participants of what is the most valued and does have the highest economic – cost of care impact.

EURIPHI members shared experiences and identified challenges to a harmonized demand/supply-side constraints and worked to define an approach to address them to ensure effective, optimal value,

² https://eur-lex.europa.eu/resource.html?uri=cellar:9b76a771-a0c4-11ea-9d2d-01aa75ed71a1.0001.02/DOC_1&format=PDF

cross-border collaboration while obtaining the most economically advantageous tender responding to specific needs.

Based on the above considerations, EURIPHI developed a 'Cross-border collaborative Value Based Innovation Procurement model' which identifies opportunities for collaboration in the preparatory phase and proposes three modalities to execute the procurement process by the actors involved in a cross-border procurement project (more information can be found in Annex 1). As part of the cooperation, the selection of the applicable procurement procedure is largely determined by market readiness.

This advanced model of a joint procurement consist of a full collaboration (including information sharing and exchange of knowledge) in the preparatory phase, followed by an agreed cooperation selecting one out of the three identified cross-border collaborative procurement modalities and applying the most appropriate procurement procedure. This will bring positive consequences to both health systems and patients. For supplier and buyers, benefits include information sharing, knowledge exchange and most economic advantageous tenders with optimal economies of scale tailored to the local specificities of all participating contracting authorities.

Furthermore, as part of the preparatory phase, a proper model of buyer governance should be set with well-defined principles of cooperation. This will allow for optimal decision making during the tendering execution phase. Both within and across borders, successful cross-border innovation procurement depends on a number of essential pre-conditions: strong political commitment and willingness to invest in innovation procurement; trust between collaborating parties based on clearly defined and measurable KPIs/outcomes; and crucially good governance that helps curb opportunistic tendencies which could erode the value of the procurement process.

To conclude, to realize the value of collaboration, EURIPHI recommends the use of a value-based approach for cross-border innovation procurement to guide local decision making in line with the specific national context and needs.

4. Integrating EURIPHI's suggested cross-border collaboration principles in EU and national policies

While current initiatives on cross-border procurement collaboration in Europe are still few, there is increasing interest in exploring their potential. EURIPHI invites institutions and contracting authorities to take into account its findings and encourages the adoption of its suggested models to foster acceleration of change in joint procurement practices, driven by a value-based approach.

EURIPHI identified a number of opportunities for cross-border collaboration, especially in the preparatory phase, with multiple options of continued cooperation along the full procurement process. This requires a rethinking from volume driven purchasing to a value driven approach resulting in economic most advantageous agreements.

The EU, member States and Regional Health Authorities can play a critical role in advancing the use of a cross-border collaboration to unlock value-based innovation procurement. The EU can leverage the Horizon 2020 innovation procurement instruments, such as Public Procurement of Innovative

solutions (PPI) and Pre-Commercial Procurement (PCP)³, as well as future Horizon Europe projects, to co-invest in value-based innovation procurement. But also to advance joint procurement, the principles and models a cross-border collaborative value driven procurement apply.

Member States and health regional authorities can advance the readiness and professionalization of innovation procurement and the use of value-based procurement as use it as a policy tool to strengthen and create sustainable, resilient healthcare systems. The strategic planning and use of e.g. the European Structural Funds can further support the co-financing of initiatives that support the uptake of innovation in EU countries.

Finally, with its advanced legislative framework, the EU is well positioned to take a global lead in applying value-based (innovation) procurement to transform the delivery of care through a collaborative cross-border approach. Through this shift, it can unlock the transformation towards value-based healthcare, an approach to health that puts patients at the core, enables citizens to live in good health and fosters satisfied health care workers and more resilient and sustainable health and social care systems.

About EURIPHI

The EU Coordinating and Supporting Action EURIPHI (European Innovative Procurement of Health Innovation) under Horizon 2020 'Innovation in Healthcare', is seeking to advance a value-based and Cross-border collaborative approach for innovation procurement (PPI/PCP). Running from January 2019 to July 2020, EURIPHI developed a common vision and the tools to successfully implement cross-border procurement of innovative solutions throughout Europe using a value-based approach, leading to most economic advantageous purchasing and paving the way for European citizens to be in good health and sustainable, resilient health systems.

The EURIPHI consortium consists of leading European partners, representing public procurement organizations and providers, renowned academia and research institutions, associations and organizations, supported by key private companies. For more information please visit our [website](#).

³ Public Procurement of Innovative solutions (PPI) and Pre-Commercial Procurement (PCP) co-finance both the procurement cost for groups of procurers to buy the research, development and validation (PCP) or deployment (PPI) of innovative solutions as well as coordination and networking costs to prepare, manage and follow up such procurements. Coordination and Support actions (CSA) support coordination and networking activities for groups of procurers to investigate the feasibility and/or prepare the ground for concrete future innovation procurements.

Annex 1 'Cross-border collaborative procurement model'

Following a full collaboration in the preparatory phase, deciding on the models reported below.

Model 1: Full preparatory collaboration followed by the issue of individual local procurement procedures

Full collaboration in the preparatory phase followed by a collaboration in the pre-tender part of the procedure and issue of individual public tenders by the participating organizations/partners.

Model 2: Full cross border collaborative procurement having lots per locality

Full collaboration in the preparatory phase followed by the issue of a (single) joint public tender in which every participating organization/partner holds its dedicated lot. This lot is tailored to the specific needs of the organization and is awarded separately.

Model 3: Full cross border collaborative procurement resulting in framework agreement(s) followed by specific contracts per locality

Full collaboration in the preparatory phase followed by the issue of a (single) joint public tender resulting in the awarding of a framework agreement between one or more contracting authorities and one or more economic operators. Next, the local implementation of the framework agreement is executed through specific contracts individual participating organization/partner and the economic operators to the framework agreement.

