

# CANADIAN Healthcare Technology

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## Technology procurement needs to consider more than price alone

BY LAURIE LAFLEUR  
AND SHIRLEY FENTON

**H**ealthcare innovation has been recognized as essential for improving the accessibility, scalability, and quality of healthcare delivery in Canada.

Unfortunately, these benefits are yet to be fully realized as procurement is often cited as a significant barrier to the adoption of innovative healthcare technologies within Canadian hospitals.

Challenges include fragmentation of governance and funding across our healthcare system, tight budgets, and outdated procurement models that tend to favour established solutions and penalize newer companies and technologies.

So, how can MedTech innovators and healthcare providers better navigate procurement to enable faster, and more widespread digital transformation of our healthcare system?

The National Institutes of Health Informatics and McMaster University Continuing Education present the answer to this question through a joint course, “Navigating Healthcare Procurement”, which explores updated procurement frameworks that emphasize a value-based mindset, foster collabora-

tion, and better enable successful diffusion and adoption of innovation. This article introduces key topics that will be examined in this course.

**The price-value paradox:** Managing tight budgets and cost containment are typically top objectives for procurement agencies. Therefore, significant favour is often given to vendors that are able to offer the lowest price.



Shirley Fenton



Laurie Lafleur

However, price is not the single most important metric to consider when quantifying value. Other factors including risk mitigation, quality improvement, patient outcomes, and others must also be considered alongside the dollars-and-cents associated with licensing and support fees, potential savings, and revenue potential.

How can we ensure that a procurement project not only fits within cost constraints, but also results in improved outcomes for patients over the longer term? One method is to build a value-matrix that maps qualitative benefits to measurable results, resulting in a more complete and comprehensive cost-benefit analysis of competing MedTech solutions.

The other is to ensure procurement processes reinforce communication and collaboration between vendors and providers to facilitate value-based conversations and enable creative problem solving.

**Moving from commodity to innovation-based procurement:** Unfortunately, traditional procurement models (RFPs) are designed for acquiring well-defined and established commodities and are often based on a ‘checklist’ of required functionality.

This approach looks for proven solutions and does not support creativity or collaboration very well. In fact, vendors offering novel solutions are often prevented from or penalized for proposing capabilities or features in an RFP that do not fit into the rigid pre-defined requirements.

If we are to make any impactful changes to how healthcare is delivered, then an innovative mindset that seeks creative solutions and allows new technologies to be considered is needed. This

can be achieved with innovative and value-based procurement models that reinforce collaboration between vendors and the public sector where focus is on the problems to be solved and how providers and innovators can best work together to achieve the greatest value and outcomes.

**Innovative procurement:** Innovative procurement introduces collaboration and solution design into the procurement process by allowing purchasers to seek and procure novel solutions that may not yet exist in the market or need to be adapted to meet the unique needs and create value for the procuring organization.

There are a number of innovation procurement models, each with progressing levels of invention, including:

- Early conversations that enable procuring healthcare organizations and MedTech innovators to explore problem statements and potential solutions before RFP requirements are defined, allowing a design approach that focuses on identifying key solution attributes – new or existing – that best meet their needs.
- Innovation and development partner-

ships that facilitate deeper collaborations between MedTech and provider organizations, who work together to develop new, novel solutions – resulting in new, beneficial technologies.

**Success story:** The feasibility and value potential of innovative procurement was demonstrated at Southlake Regional Health Centre, which leveraged this

**Navigating healthcare procurement, a 10-session course, will be offered online starting April 27.**

approach for procuring updated cardiovascular technologies.

Their first step was defining value-based objectives that focused on quality performance improvement, rather than price alone. Next, they engaged in competitive dialog with potential vendors to identify opportunities to re-design workflows and implement novel solutions that were focused on achieving those goals.

This effort led to measurable clinical quality improvements, and financial savings of \$165,000 in the first year.

**Learn more:** In this 10-session course, participants will learn about the procurement framework and regulations, both in Canada and key international markets, various procurement models and strategies for stakeholder engagement, and frameworks for executing successful procurement and change management processes. Special attention will be on the role of value-based, or ‘innovation procurement’ as an agile model for adopting, or participating in the design of, new and innovative healthcare solutions.

Navigating healthcare procurement will be offered online starting April 27, 2021. For more information and to register, please visit: [www.nihi.ca](http://www.nihi.ca).

*Laurie Lafleur is a director at Waterloo MedTech, a professor of Health Information Science, and Health IT consultant. Shirley Fenton is the vice-president of the National Institutes of Health Informatics and a co-founder of Waterloo MedTech.*

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