HSCN Innovation Procurement Toolkit

May 16, 2018
Innovation Procurement
What is Value Based Procurement?

• Value-based healthcare is a framework for achieving better outcomes that matter to patients, optimizing the cost of care delivery to the health system

• Formulae developed by Professor Michael Porter and others define value as the outcomes that matter to patients divided by the cost to deliver this care
  • the product/service that performs best, providing the highest measurable quality outcome relative to need at the lowest cost, is the product/service offering the highest relative value

• Optimizing value means
  • identifying the alternative with the most cost effective or highest achievable performance under given constraints, by maximizing desired factors and minimizing undesired ones

• There is increasing awareness of need to achieve value for money, yet perception persists that current procurement processes are price driven, not value based
What is Innovation Procurement?

• “the purchase of solutions that do not exist in the market, or need to be adapted or improved to meet specified needs and create value for users and the procuring organization” (MGCS: BPS Primer on Innovation Procurement (Interim))

• When the potential exists for varied and various solutions to a stated problem, traditional specifications are typically inadequate

• The procuring organization must focus on the value the solution can bring, based on the desired outcomes
  • Thus innovation procurement models become enablers of value-based procurement

• This requires new methodologies and approaches to procurement, and the development of new skills to manage the complexity
Benefits of Innovation Procurement

- Best fit-for-purpose solutions
- Reductions in wait times
- Better diagnosis
- Higher levels of end user satisfaction
- Potential total cost of ownership reduction
- Access to public sector clients
- Opportunity to apply research, testing and commercialize ideas
- Support for small and medium-sized enterprises
- Opportunity to develop new markets

Improvements in patient outcomes and quality of life
Ontario: Innovation Procurement Activities

• There are an increasing number of initiatives underway facilitating the adoption of innovative solutions through innovation procurement

• “Pilot” innovation procurement initiatives include:
  • Southlake Regional Health Centre: cardiac program
  • Waterloo Wellington LHIN: System Coordinated Access

• Innovation initiatives currently underway:
  • REACH (Resources for Evaluating, Adopting and Capitalizing on Innovative Healthcare Technology): second round received grants
  • HTF (Health Technologies Fund): third round announced
  • MaRS Procurement by Co-Design: second cohort underway
  • OCHIS Value Based Innovation Program
Innovation Procurement Toolkit
Supporting Tools are Critical

• The HSCN IPT is aligned with the Ontario Ministry of Government and Consumer Services’ (MGCS) Interim BPS Primer on Innovation Procurement

• The Primer was developed in the context of MGCS’s Innovation Procurement Initiative to provide guidance on planning, designing and implementing innovation procurement and includes
  • Overall guidance on innovation procurement
  • 7 early market engagement strategies
  • 6 innovation procurement models

• The HSCN Innovation Procurement Toolkit will include
  • Tools and templates to help health service providers manage innovation procurement initiatives
  • Early market engagement strategies and innovation procurement models based on those published in the Primer
## Innovation Procurement Toolkit: Navigation Guide

<table>
<thead>
<tr>
<th>Assess Need</th>
<th>Engage Market</th>
<th>Procure Solution</th>
<th>Award Contract</th>
<th>Manage Contract</th>
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</thead>
<tbody>
<tr>
<td>Market Sounding</td>
<td>Market Creation</td>
<td>R&amp;D Procurement</td>
<td>R&amp;D Services Agreement Template</td>
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<tr>
<td>Market Creation</td>
<td>Reverse Trade Show</td>
<td>Innovation Partnership</td>
<td>RFPQ Template (optional)</td>
<td>Innovation Agreement Template</td>
</tr>
<tr>
<td>Request for Expression of Interest</td>
<td>Trade Show</td>
<td>Value Based Specifications Guide</td>
<td>RFPQ Template (optional)</td>
<td>Innovation Agreement or CTC Template</td>
</tr>
<tr>
<td>Forward Procurement Plan</td>
<td>Unsolicited Proposal</td>
<td>Total Cost of Ownership Guide</td>
<td>RFPQ Template (optional)</td>
<td>Innovation Agreement or CTC Template</td>
</tr>
</tbody>
</table>
## IPT Contents

### Guides
- Introduction
- Navigation Guide
- Early Market Engagement Strategies
- Innovation Procurement Models
- Outcome-Based Specifications
- Value-Based Evaluation Criteria
- Total Cost of Ownership

### Templates
- Notice to Suppliers
- Market Sounding Prospectus
- Early Market Engagement Questionnaire
- Request for Expression of Interest
- Notice of Intended Procurement
- Request for Pre-Qualification
- Request for Solutions
- R&D Services Agreement
- Innovation Agreement

### Supporting Documents
- Glossary of Terms
- Compendium of Resources
Innovation Procurement Toolkit Training
Approach to Training

- HSCN is developing an interactive approach focused on skills and knowledge-based learning
  - Participants include healthcare procurement specialists, suppliers, innovators and other key stakeholders
  - Skills labs and other group activities will promote understanding of various elements such as
    - Early Market Engagement Strategies
    - Outcome-based Specifications
    - Value Based Evaluation Criteria
  - Key documents will be pre-circulated so participants are ready to do a deeper dive

- Engaging local co-trainers who will become subject matter experts in their regions
  - Individuals in place for initial round of training:
    - Renee McIntyre
    - Adam Erwood
    - Tracey Dennis
  - Recruiting for the fall sessions
Training Objectives

Participants will be able to

• Describe the value of innovation procurement for organizations, procurement, suppliers and patient outcomes

• Recall what is included in the Innovation Procurement Toolkit and how to use it in a practical manner

• Apply the Innovation Procurement Toolkit when applicable for new technologies, non-existent technologies and unknown solutions to deliver organizational value
Training Structure

Day One
• Kick-off: Information Session
  • What is innovation procurement and when should it be used?
  • The value of innovation procurement for organizations, procurement, suppliers and the impact on patient outcomes
  • Testimonials from senior leaders and clinicians who have participated in innovation procurement initiatives
  • Senior leaders from all organizations are invited to attend
• Overview of toolkit
• Emphasis on
  • Needs assessment (developing the problem statement)
  • Early Market Engagement
  • Outcome Based Specifications and Value Based Evaluation Criteria

Day Two
• Skill Labs to address varying levels of complexity in innovation procurement
• Gaining internal and external buy-in and support for innovation procurement
# Training Dates and Locations

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<thead>
<tr>
<th>AREA</th>
<th>DATE 2018</th>
<th>LOCATION</th>
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<tbody>
<tr>
<td>Toronto GTA</td>
<td>May 28 &amp; 29</td>
<td>Delta Airport Hotel &amp; Conference Centre 655 Dixon Road, Mississauga, ON</td>
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<tr>
<td>Erie St Clair/South West</td>
<td>June 5 &amp; 6</td>
<td>Lamplighter Inn &amp; Conference Centre 591 Wellington Rd. S. London N6C 4R3</td>
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<tr>
<td>Champlain/South East</td>
<td>June 12 &amp; 13</td>
<td>Holiday Inn &amp; Suites - Kanata 101 Kanata Ave., Kanata K2T 1E6</td>
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<tr>
<td>Northern GTA / Barrie</td>
<td>September 17 &amp; 18</td>
<td>TBA</td>
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<tr>
<td>Niagara/Hamilton/Burlington</td>
<td>September 20 &amp; 21</td>
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<td>Toronto (Downtown)</td>
<td>September 24 &amp; 25</td>
<td>TBA</td>
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<tr>
<td>Northern Ontario</td>
<td>October 10 &amp; 11</td>
<td>TBA</td>
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Myths: busted!
The Council of Academic Hospitals of Ontario (CAHO), representing Ontario’s 23 research hospitals, was appointed as an Innovation Broker by the Office of the Chief Health Innovation Strategist (OCHIS).

CAHO as an Innovation Broker is addressing barriers to innovation adoption within CAHO hospitals and across the sector by:

- Establishing an Innovation Broker Task Force comprised of executive level representatives from a range of disciplines across CAHO hospitals
- Publishing a list of critical problems requiring innovative solutions
- Establishing an intake process for proposals for clinical validation testing
- Building capacity among CAHO hospitals for innovation adoption
CAHO’s Quick Reference Guide on BPS Procurement Myths: A sneak peek...

• A major barrier to Innovation Adoption in Ontario is the misinterpretation or “myths” around the BPS Procurement Directive

• CAHO convened a group of experts to address this system barrier, which consisted of representatives from shared services organizations, CAHO hospitals, regional/community hospitals, SSOs, Ministry of Government and Consumer Services, Ministry of Health and Long Term Care, and OCHIS

• Sub-Group developed an easy reference guide of the most common innovation procurement myths and simple explanations of why they are false, with links corresponding to the BPS guidelines where appropriate
Myth: BPS Procurement Directive

Myth: Organizations cannot procure innovative products or services because the Directive is inflexible.

Explanation: As long as the procurement process is open, fair, and transparent, organizations can procure according to their needs. Organizations are free to specify functions and/or outcomes that provide for a broad range of solutions that meet their needs.
Myth: Innovation Procurement Techniques

Myth: The Directive exclusively restricts organizations to using traditional procurement models and does not permit the use of innovation procurement techniques.

Explanation: The Directive permits a variety of procurement models, depending on the outcome the organization is looking to achieve, as long as the approach is fair, open and transparent and in compliance to the organization’s procurement-related trade obligations. Models such as negotiated RFP, Competitive Dialogue, Innovation Partnership, Reverse Auctions, and Best and Final Offer are all permissible procurement techniques. The use of outcomes-based specifications in RFPs allows innovative solutions to be considered.
Myth: Engagement with Vendors

Myth: You are not allowed to talk to vendors about unsolicited proposals outside of the procurement process.

Explanation: The Directive does not prohibit consideration of unsolicited proposals as long as the organization follows its established policies and procedures. This is why it is important to have a policy to govern how unsolicited proposals are managed within an organization. The BPS Primer on Innovation Procurement provides guidance to organizations to ensure unsolicited proposals do not bias the organization to a specific solution.
Myth: Co-Development & IP

**Myth:** Co-development always requires going to market if a hospital intends to purchase the solution

**Explanation:** Purchasing a co-developed solution is a complex process that requires multi-stakeholder discussion and usually requires organizations to go to market. Examples where going to market isn’t required include:

- IP is traded for use of product
- Hospitals wholly own the IP
- The good or service is so unique that you can apply limited tendering provisions under trade agreements such as the Canadian Free Trade Agreement (CFTA)
- Unless the organization has pursued a competitive process such as an Innovation Partnership
Next Steps

• CAHO will be publishing the final Quick Reference Guide on Ontario BPS Procurement Myths on their website (caho-hospitals.com) in June, 2018

• To receive the guide by email or for more information, please email innovationbroker@caho-hospitals.com

CAHO wishes to acknowledge the contributions of the following individuals in developing this document:

• Luke Brzozowski, Senior Director, TECHNA Innovation
• Flora Cirinna Manager, Business Improvement and Delivery Unit, Ministry of Health and Long-Term Care
• Pat Clifford, Director, Research and Innovation, Southlake Regional Health Centre
• Sarah Friesen, President, Friesen Concepts Inc.
• Chris Gonsalves, Director, Supply Chain Programs, Ministry of Government and Consumer Services
• Lori Higgs, Vice President Clinical Support and CFO, St. Joseph’s Health Care
• Dov Klein, Director, Innovation & Strategic Partnerships, Plexxus
• David Lacourt, Director, Procurement and Supply Chain, Hamilton Health Sciences
• Mark Lewis, Manager, Program Development, Supply Chain Ontario, Ministry of Government and Consumer Services
• Brian Mackie, VP Finance & Support Services, Baycrest Centre for Geriatric Care
• Dale Wernham. Manager Strategic Sourcing, Healthcare Materials Management Services
Discussion