

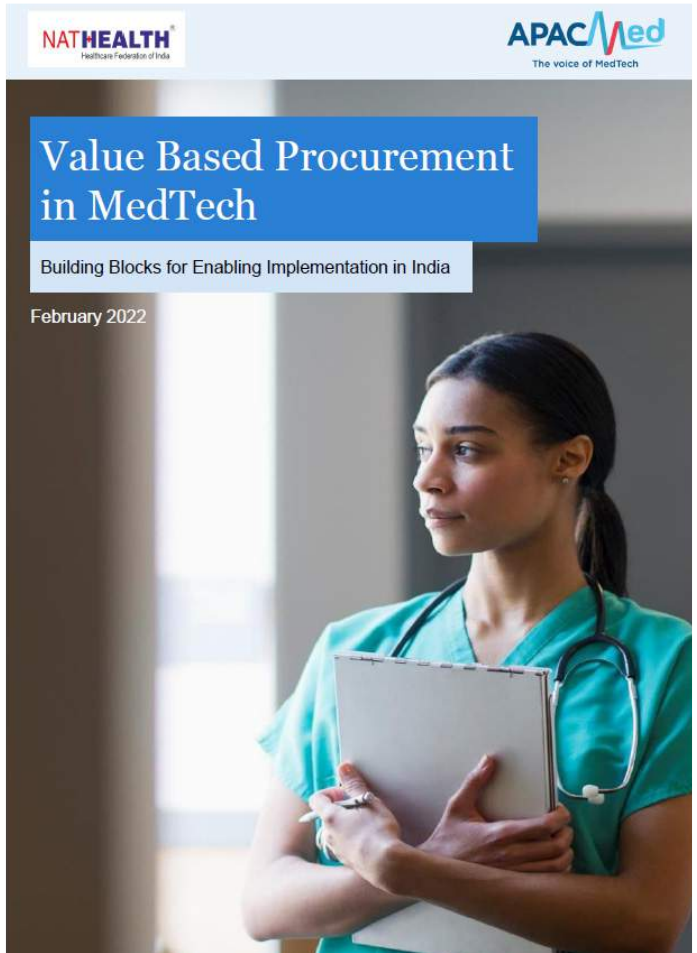


APACMed India Roundtable

Value Based Procurement in MedTech:
Pathways for Implementation in India

Policy Brief

Introduction



In 2022, APACMed India in collaboration with NATHEALTH and PwC published a white paper on “Value Based Procurement (VBP) in MedTech: Building Blocks for Enabling Implementation in India”. The whitepaper highlighted VBP as a concept, and underlined differences between standard procurement and VBP. The paper presented various case studies of VBP adoption across the globe and suggested the way forward for VBP implementation in the country. The whitepaper can be downloaded from the APACMed website here [APACMed - NATHEALTH White Paper on Value Based Procurement in MedTech - APACMed](#).

The Whitepaper launch was followed by focused discussion with stakeholders at the Centre and State (Tamil Nadu, Gujarat, Andhra Pradesh and West Bengal) to sensitize, create awareness, and get buy-in on the principles of VBP. To take the conversation forward, APACMed India organized a high-level roundtable on “**Value-Based Procurement (VBP) in MedTech: Pathways for Implementation in India**” on 30th May at India Habitat Centre, New Delhi.

The roundtable witnessed an unprecedented panel of government and subject matter experts to deliberate on the subject. Key stakeholders present from the government included Department of Pharmaceuticals (DoP), Ministry of Finance (MoF), Niti Aayog, Ministry of Railways, National Health Systems Resource Centre (NHSRC), Government e Marketplace (GeM), Tamil Nadu Medical Services Corporation (TNMSC) and Directorate of Medical Education, Government of Andhra Pradesh apart from Medtech Industry representatives.

Executive Summary

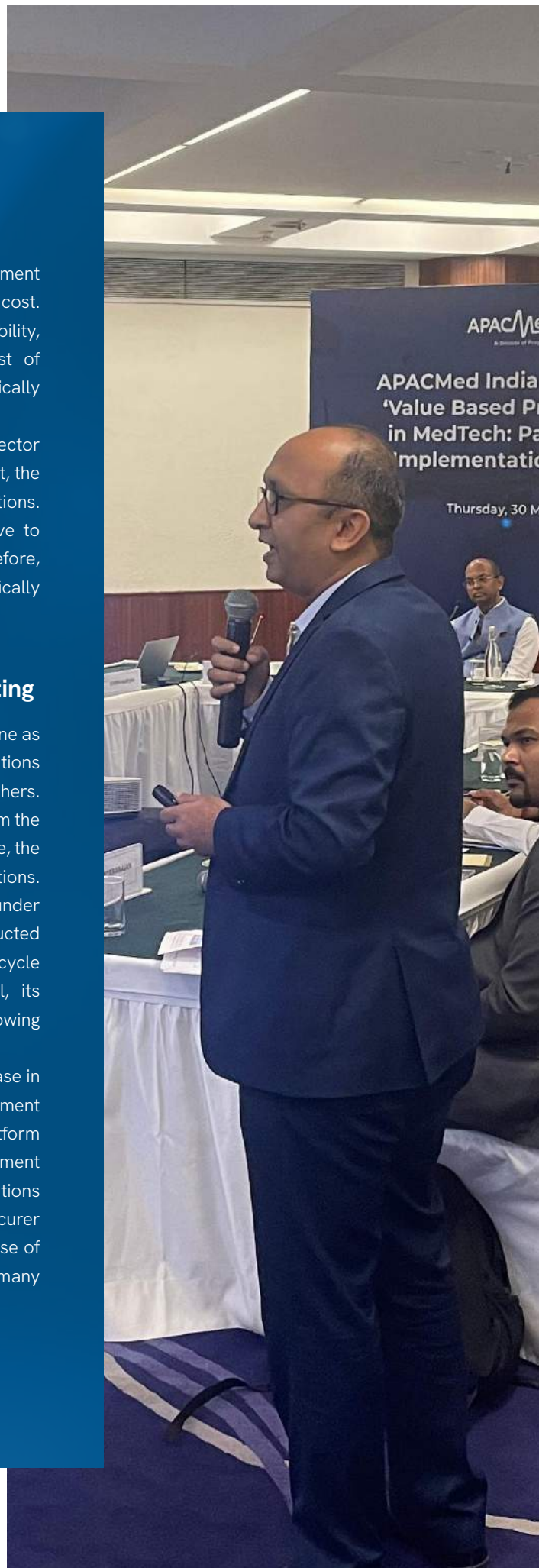
Value Based Procurement is a method in which procurement decisions are made focused on total value rather than cost. It considers multiple aspects of value including sustainability, stakeholder benefits, patient outcomes, and total cost of ownership (TCO). Standard procurement, in contrast, typically focuses on the lowest cost.

Stakeholders from the government and MedTech business sector deliberated about the existing framework for procurement, the difficulties in implementing VBP in India, and possible solutions. As values are socio economic in nature, it is imperative to develop policies that are distinctive to India. Therefore, adopting VBP would require a framework that is specifically designed for India and helps objectively evaluate quality.

MedTech Procurement in the Current Setting

Procurement of Medical Devices in the public sector is done as per General Financial Rules (GFR) 2017 which specify regulations for requisition, bidding, selection, and payment among others. The General Financial Rules (GFR) advise procurement from the lowest technically and commercially suitable bid, therefore, the onus is on all stakeholders to develop relevant specifications. The GFR does allow for deviations from the L1 pathway under specific conditions. Stakeholder consultation is also conducted while making procurement-related decisions. While life cycle cost considerations are included in the GFR manual, its implementation is difficult as there are practical issues owing to the simultaneous presence of several components.

GeM is an online platform facilitating transparency and ease in all categories of procurement including MedTech procurement for public sector healthcare facilities. GEM is a digital platform that implements policies related to GFR and the procurement manual. Golden Parameters are further detailed specifications which have impact on technical aspects and allow the procurer additional scope of evaluating a product. However, the use of GEM's life cost analysis or total cost of ownership in many categories has not been encouraging.





Challenges in the L1 Procurement Process

Although standard L1 procurement is the prevalent model, it has inherent limitations in terms of the inputs, the processes, as well as the output. To elaborate, there are challenges in terms of escalating costs, silos in the ecosystem, shortsighted procurement perspectives, and variability in patient outcomes. The medical device industry has many different categories such as disposables & consumables to implants and IVDs to Capital Equipments. Keeping in mind the wide spectrum of the Medical Device industry, usage of the same procurement criteria may not be appropriate and there is a need to look from a different perspective. NITI Aayog also emphasizes that L1 is not suitable in all the scenarios and therefore there is a need for considering alternative approaches to be used in the procurement process.

Benefits of Adopting VBP Approach

Value Based Procurement proposes a holistic approach to procurement with an end-to-end outlook, encompassing multiple aspects. Value-Based Procurement (VBP) focuses on purchasing goods and services based on their whole value rather than just their original cost. This strategy aims to quantify quality and long-term benefits to stakeholders, making procurement decisions more holistic. VBP emphasizes agnostic and product-specific value descriptions above brand-specific ones, with patients at the centre of procurement conversations.

VBP looks at the entire chain of procurement operations from procurement planning to product disposal and allows involvement of all relevant stakeholders. VBP offers long term clinical and financial benefits from a more holistic perspective; VBP includes transparent, relevant, and objective measures that incorporate the right set of selection and awarding criteria, and consider the needs of patients, HCPs, and system managers. It also reflects realistic evidence requirements.

VBP in the International & India Context

Over the years VBP has evolved globally and many countries have adopted the concepts of VBP for their procurement requirements. Countries where VBP has seen an uptake including Norway, USA, UK, France, Italy, Spain, Denmark, Uruguay, Netherlands, Sweden, Canada. Even in India, few states have albeit sporadically adopted VBP in their procurement processes such as West Bengal (Methodology for procurement of Linear Accelerators by West Bengal Medical Services Corporation (WBMSCL) for four Government Medical College Hospitals included the specifications for aspects of machine performance, internal quality assurance checks, patient safety, ease of utility, currentness of technology etc) and Tamil Nadu Medical Services Corporation Limited (demonstrated considering certain aspects of value-based procurement while making procurement decisions). With health being a state subject and policy formulation being the prerogative of the Centre, a collaboration between the two along with sensitization of procurement managers across both center and state driven hospitals would be important to drive the implementation of VBP in the country.

Path forward

Globally, multiple Value Based Procurement frameworks have been used in MedTech namely

- a) Most Economically Advantageous Tendering (MEAT) European Union & Canada - The MEAT

Framework is the most evolved and has seen maximum uptake

- b) Value-based procurement in Social and Healthcare (VABPRO) Norway
- c) Cost, Quality and Outcomes (CQA) USA
- d) Sustainable Technologies for Older People Get Organized (STOP & GO) UK, Spain, Italy Netherlands
- e) Value for Money (VfM) UK, Switzerland - VfM Framework has been used for VBP as well as other healthcare decisions / purposes

Global case studies as captured in the APACMed -NATHEALTH Whitepaper highlight various facets of VBP implementation and offer evidence that VBP can be implemented across different types of economies as well as care settings. They also highlight that VBP can be implemented across different types of procurement offerings and payment mechanisms in the healthcare ecosystem

To advance VBP adoption in India, several focus areas emerged from the roundtable deliberations such as increasing focus on quality & patient outcomes, limiting subjectivity in the evaluation process, enhancing procurement team capability, including biomedical engineers in the procurement process and facilitating procurement dialogue among involved stakeholders. Health technology assessment, which investigates cost-effectiveness, efficiency, and affordability, could also help provide evidence supporting VBP. In addition, including metrics supported by clinical evidence in tender requirements could potentially address issues related to quality.

Conclusion

The VBP framework in the Indian context could focus on parameters such as Stakeholder benefits, lifecycle costs (Economy), patient outcomes (effectiveness), access to care (equity), long term relevance (sustainability). The Government (regulators), healthcare providers (procurers) MedTech companies (manufacturers), as well as the Payors have vital roles to play in VBP implementation which will ultimately benefit patient care.

APACMed has proposed forming a committee under the Department of Pharmaceuticals with representation from relevant stakeholders to advance discussions on VBP and its adoption in India. This collaborative effort could drive significant improvements in the procurement process, ensuring that value-based considerations are prioritized, ultimately leading to better healthcare outcomes and more efficient use of resources.

About APACMed

Founded in 2014 and headquartered in Singapore, Asia Pacific Medical Technology Association (APACMed) is the only regional industry association providing a unifying voice for the medical technology industry represented by over 250 members from across the Asia Pacific region. APACMed represents manufacturers and suppliers of medical equipment, devices and in-vitro diagnostics, industry associations and other key stakeholders associated with the medical technology industry in Asia Pacific. The countries we serve in the ASEAN Region include Malaysia, Thailand, Australia, Japan, South Korea and an in-country presence in India and China.

APACMed in India office functions through its Executive Council and 3 Centres of Excellence (CoEs)- Government Affairs, Regulatory Affairs and Digital Health. As a trade association, our mission is to jointly improve the standards of care for patients through innovative collaborations among stakeholders to shape the future of healthcare in Asia Pacific. APACMed's mission is patient-centric and calls for new creative partnerships within the healthcare and medical technology ecosystem, amongst key stakeholders including clinicians, governments, regulators, payers, healthcare providers, patient advocacy groups, and academia. More details can be accessed on our website [APACMed - The Voice of MedTech](#)





Roundtable Participants

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2. **Shri Sanjay Aggarwal**, Adviser, Procurement Policy Division, Department of Expenditure, Ministry of Finance, Government of India
3. **Shri Kanwalpreet**, Executive Director, Railway Stores (G), Railway Board, Ministry of Railways, Government of India
4. **Dr Sumana Arora**, Senior Consultant, Niti Aayog, Government of India
5. **Air Commodore (Dr.) Ranjan Kumar Choudhury VSM**, Adviser, Health Technology, National Health Systems Resource Centre
6. **Mr Arpit Bajpai**, Director, Category Management (Health), GeM, Government of India
7. **Ms Geetha**, General Manager, Equipment, Tamil Nadu Medical Services Corporation Limited
8. **Dr T. Surya Sree**, Additional Director, Directorate of Medical Education, Government of Andhra Pradesh (Virtual)
9. **Dr Vikas Thakran**, Senior Consultant & Unit Head – Interventional Cardiology, BLK-Max Heart & Vascular Institute (Virtual)
10. **Mr Shishir Agarwal**, Chair, APACMed India ExCo and Managing Director, Terumo India
11. **Dr Vibhav Garg**, Chair, GAMA India CoE, APACMed & Director-Govt Affairs Strategy, India Hub & ASEAN, Boston Scientific
12. **Mr Ravi Valia**, Vice-Chair, GAMA India CoE, APACMed & Director – Government Affairs, India Medtronic Pvt. Ltd
13. **Mr Vineet Gupta**, Vice-Chair, GAMA India CoE, APACMed & Director - Government Affairs (South Asia), Varian Medical Systems
14. **Mr Ashish Rampuria**, Director, Healthcare Advisory, PwC
15. **Mr Adip Puri**, Country Lead, APACMed India

References

Please refer to the below papers used in the policy brief:

1. APACMed-NATHEALTH Paper on Value-Based Procurement in MedTech: Building Blocks for Enabling Implementation in India

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