

EHMA 2024

Shaping and managing
innovative health ecosystems

Ethics vs Economy in Medicine ?

How to avoid rationing by rethinking procurement management.

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#EHMA2024

Every decision made by hospital managers will produce a bundle of effects: no matter if intended or not !

Managerial Decisions in Procurement



Ethics

Social

Economic

The Study:

Importance of ethical criteria in managerial decision-making processes.

Patient outcome, community health and carbon footprint reduction.



The “Monitoring Study 2023/24”

Sample

- 775 Hospital Managers
- 148 decision-makers from industry, service providers and medical retailers
- 12 representatives from GPOs

Methodology

- Structured Questionnaire
- Interviews

Purpose of the Study

- ... to identify clinical processes where low-cost medical products with limited functionality are used due to budget restrictions with the consequence of
- >threatening patient outcome and
 - >jeopardising community health.



wegweiser

CENTRUM FÜR KRANKENHAUS-MANAGEMENT

Wilfried von Eiff <> Oliver Lorenz

CKM-Wegweiser-Studie

MONITORING EINKAUF & LOGISTIK IM KRANKENHAUS | 2023

Lieferketten-Management im Spagath zwischen Resilienz und Wirtschaftlichkeit in Krisenzeiten

Herausgeber:
Centrum für Krankenhaus-Management (Münster) und Wegweiser Research & Strategy GmbH | Münster und Berlin 2023

The Problem

- Calculation of medical products in the reimbursement system is too low
- Calculation is not high enough in order to buy highly functional products with added value
 - Buying cheap products with sufficient but not excellent functionality will increase
- the contribution margin (= counterproductive incentive situation)
 - A low product price is transparent and saves out-of-pocket money, but process
- cost and benefits for patient and community must be identified by HTA
 - Hospital is not payed for achieving benefits in the community (e.g. for sickness funds and community health)

Decision-making in Procurement:

A balancing act between operating costs and community benefits the hospital gets not payed for.

**Infragenuous Bypasses with CLI-Patients
(Critical Limb Ischemia)**

G-DRG F08D Reimbursement = 10.548 €

**Vessel Prosthesis with Heparin Surface
(3.800 €)**

versus

**Standard ePTFE Prosthesis
(1.800 €)**



Example for Value-Based Procurement

- **28% less amputations**
- **Major amputation: 25% survival rate after 5 years**
- **Minor amputation: 80% survival rate after 5 years**
 - **Costs per amputation: 90.000 €**
 - **Given 11.000 cases = 880 Mio. savings**



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Managerial Decision

Ethical Dimension

Social Dimension

Economic Dimension

Sustainability

Community Health

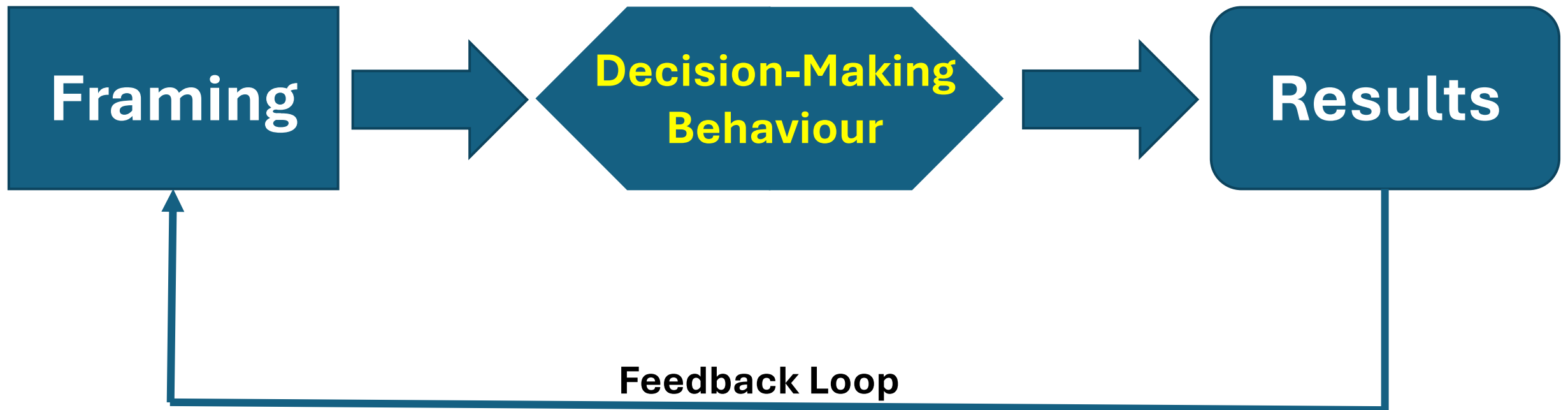
Patient Risks

Working Conditions

Costs



Value-Based Procurement and Decision-Making: Framing determines decision-making and results.



Value-Based Procurement: Fair Prices for Fair Value

How to overcome the reimbursement gap and to fulfil ethical requirements?

- **Match between decision-making criteria and incentive system: pay for value pertaining patients, procedures, community health**
 - **= Reimbursement of Patient Outcome and Community Value**
 - **Pilot Projects accompanied by HTA**
 - **HTA-driven prices for selected medical products**
 - **Agreement on Criteria and Measures**
 - **List of „value-preferred items“ reimbursed by payers**
 - **Clinical and epidemiological Evidence**
 - **Legal regulations for selected High-Cost-High-Impact Devices**



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Thank you

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