

# The MarkeTech Group

ISSUE 1 | VOLUME 19 | SPRING 2019

# Minute

## Value-Based Healthcare: What is next and why is it so important for MedTech vendors?

EDITORIAL

The notion of **value-based healthcare** is often associated with new sales and marketing strategies in the healthcare industry. However, this concept surfaced several years ago as a result of the increased financial pressure incurred by healthcare payers. The value-based healthcare model is set to optimize healthcare delivery by shifting the focus towards the benefits to the patient. The goal is to align healthcare expenditures with optimal patient care (the *Value-Patient outcome*) rather than reimbursing the cost of executing each procedure individually (the *Volume*). One of the difficulties associated with this transition is defining “value” because it is a subjective term with differing criteria across the various protagonists in the health system.

In this edition of The Minute you will become aware of different initiatives related to Value Based Healthcare.

We had the opportunity for exclusive interview with **Nicole Denjoy, Secretary General COCIR** (*European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry*) who understands the priority for MedTech vendors to integrate this concept into their product development strategies as soon as possible.

## MARKET OVERVIEW

### Imaging Directors Speak on Value Based Healthcare

The MarkeTech Group recently conducted a chatPRO™ forum consisting of **three questions regarding value-based healthcare** with our imagePRO™ panel members. This format allowed imaging directors from across the country to discuss what key factors are necessary to ensure a successful transition to this new model.

The final results indicate that the **transition to the value-based model** will only happen smoothly if all service providers communicate to assure exams are necessary for diagnosis and coordinate to guarantee that exams occur at the appropriate time. Additionally, education is essential. Educating staff regarding value-based care metrics will aid them in providing a patient-centric experience, and community education on exam processes will improve the accuracy of patient expectations.

[Ask us if you want to read the full chatPRO™ results!](#)

## CASE STUDY

### *Value-Based Partnerships in Europe*

#### The Challenge

To initiate a commercial transformation focused on partnerships with strategic customers to share the accountability for long-term outcomes, concluding in new offers dependent upon Value-Based concepts.

#### Our Solution

Several options have been qualitatively tested during in-depth interviews to refine the credibility of the value proposition. The approach blended face to face and telephone interviews with large Hospital C-Levels (CEO, CFO, CXO, COO) as well as Clinical and Procurement Leads in the UK, France, Italy and Spain.

#### The Impact

Outcomes of the study included a detailed description of customer perceptions and provided strong recommendations to improve the presentation (i.e. content, wording) of such complex offers.

As a result, a value proposition for “Value-Based Partnerships” and a GoToMarket strategy was developed to match each country’s specifics such as readiness to understand or adopt a “Value-Based” initiative.



# INTERVIEW OF THE SEMESTER

## Value Based Procurement

**Nicole Denjoy (ND)**

Secretary General European Coordination Committee of the Radiological, Electromedical and Healthcare IT Industry (COCIR)



**Interviewer: Olivier Cotten (OC), European Managing Partner**

**OC: How do you define Value Based Healthcare?**

**ND:** The influence of aging populations and increasing resource pressures, from the growth in longer-term chronic conditions, have put stress on both patients and the provider, and have demanded systemic review of healthcare delivery towards a more integrated, patient-centred care approach. The new strategic framework which replaces current struggling, segmented, and supply oriented (volume-driven) health care systems, towards better patient and cost management (value driven), underpins the value-based health care approach. The shift away from fragmented systems to integrated care seems conceptually simple and uncontroversial, but the question of how best to achieve these ideals remains.

**OC: What are the greatest challenges of this new model?**

**ND:** Challenge 1: Integrated patient centered delivery model

Healthcare provided in isolation leads to lower quality and waste in health. Building value-based healthcare systems requires a sense of urgency and greater collaboration between all key actors, without which, productivity will slow and there will be a further rise in healthcare inequality. An integrated care approach offers a solution, maximizing the benefits of diagnostic and therapeutic systems at all healthcare providers leveraging health IT. The technology already exists to interconnect and share data between hospitals, homes and community. It will need investment in IT infrastructure based on healthcare IT standards to make it work, but the efficiencies gained should rapidly repay the investment.

## ON THE HORIZON

*Connectivity & Patient Data Management are Key!*

### Highlights

Value-based healthcare dictates innovation in all aspects of the industry. For example, Bluebird Bio recently suggested a value-based pricing model for LentiGlobin® BB305, which intends to treat transfusion-dependent patients with beta-thalassemia major. The current cost for 5 years of palliative treatment, per patient, ranges from \$1.5 to 3 million. Thus, Bluebird Bio will likely spread the \$2.1 million cost of its one-time, curative-oriented product over an equivalent period, with payment milestones being contingent on the therapy's continued success.

This payment model is based on a positive clinical outcome, and therefore is likely to reassure payers regarding payment variability risk due to therapy failure while simultaneously providing the pharmaceutical industry with long-term data on product efficacy.

### At Stake!

During the Paris MedTech Forum in May 2019, we received confirmation that "Value-Based Healthcare" is still a trending topic, which is of continued interest to decision-makers in the MedTech industry. As stated by Andrzej Rys (*Health Systems and Medical products and innovation Director, DG Sante, European Commission*) the requirements to move to value-based healthcare are:

- Define what is meant by "value"
- Position "value" as part of the broader transformation of the health system
- Capture and analyze better data
- Collaborate in developing and implementing comparable indicators including the "PaRIS" initiative, for instance

### So What?

While medicine seeks to improve people's well-being, current health systems seem unable to evaluate outcomes or wellness. Thus, the future in MedTech is no longer limited to selling new medical devices, but rather it is to contribute to patient's improved health status. This critical transition is necessary because reimbursement willingness is transitioning to outcome-based reimbursement, where the added value is demonstrated through robust patient data that emphasizes better health outcomes. Therefore, MedTech companies need to transition from products as technical tools to solutions that also optimize connectivity and patient data management.



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