



**LUACH CONSULTING GROUP**  
UNLOCKING VALUE IN HEALTHCARE

# **An introduction to Value Based Procurement in Healthcare**

Brian Mangan

CEO

Luach Consulting Group

May 2025

**Commercial in Confidence**

© Luach Consulting Group Ltd 2025

All rights reserved. This presentation or any portion thereof  
may not be reproduced or used in any manner whatsoever  
without the express written permission of Luach Consulting Group Ltd

# Agenda

- Value Based Procurement – the why and the what
- Experience of VBP in the English National Health Service
- Benefits of VBP and examples
- Challenges
- Discussion

# What is procurement?



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE



procurement

Transactional



World Health  
Organization

Making the purchasing of health services more strategic is critical for countries to progress towards universal health coverage. [Promoting strategic purchasing](#)

- It's a comprehensive approach that aims to achieve value for money, improve patient outcomes, and enhance the efficiency of healthcare delivery.
- It involves careful planning, market analysis, supplier relationship management, and alignment with the overall goals of the healthcare organization.

Strategic

**Value based approaches maximise the contribution of procurement in healthcare**

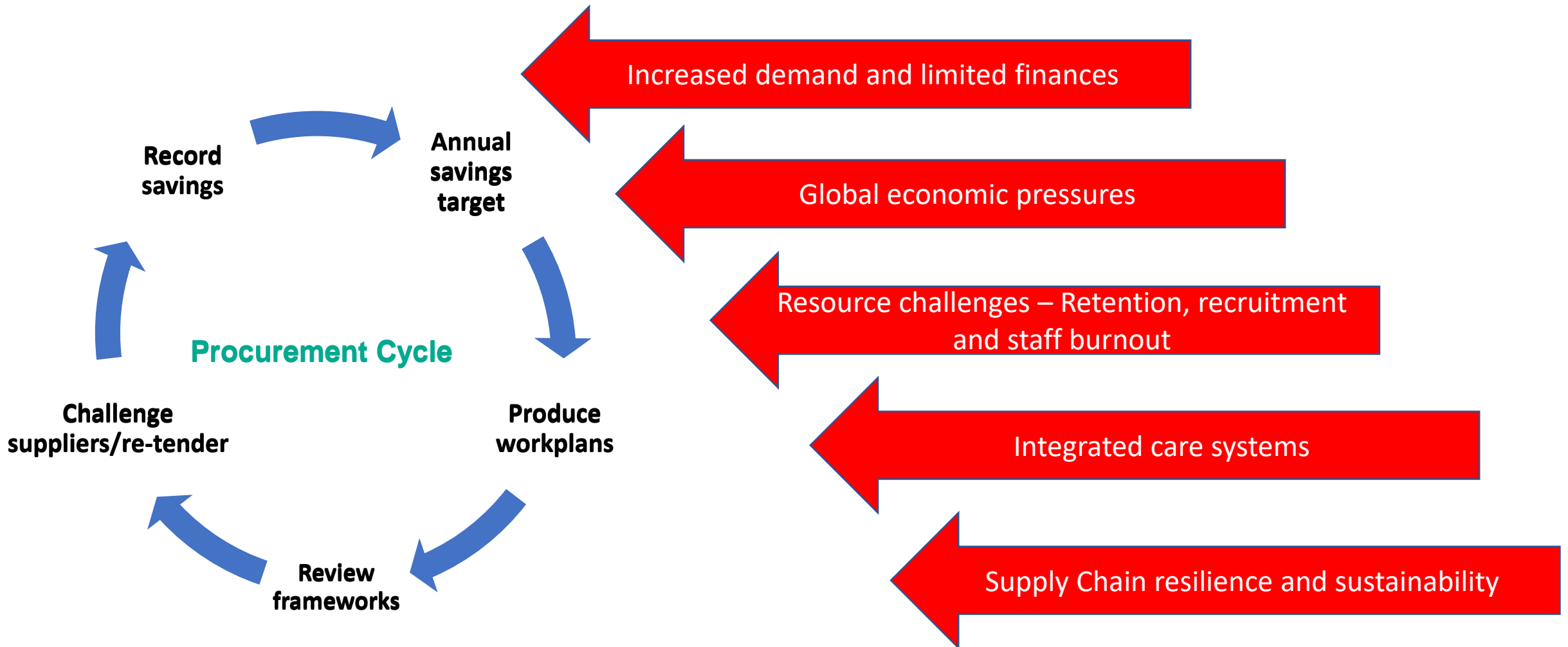
# VBP journey



# Need for change



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE

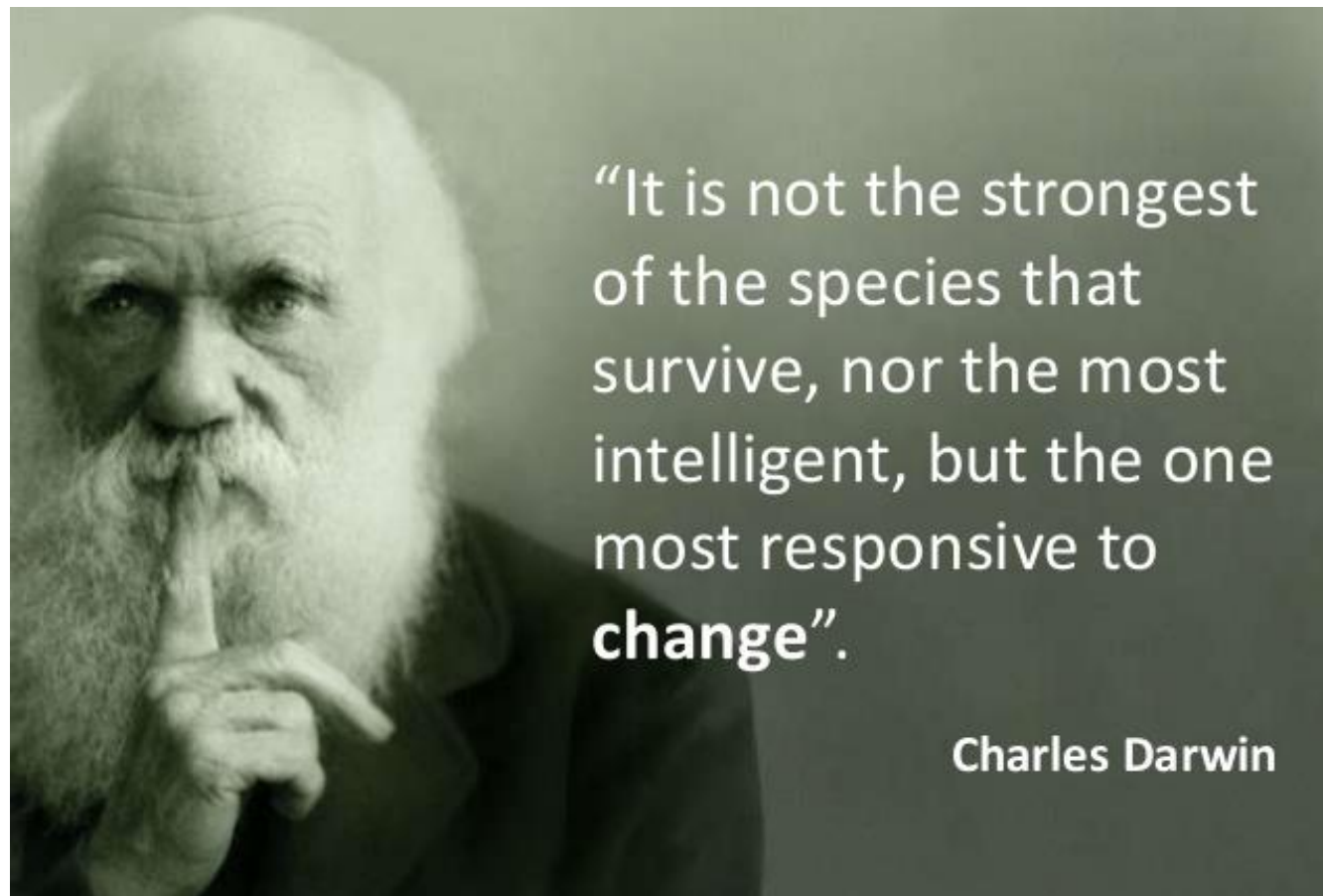




LUACH CONSULTING GROUP

UNLOCKING VALUE IN HEALTHCARE

We need to do  
something....



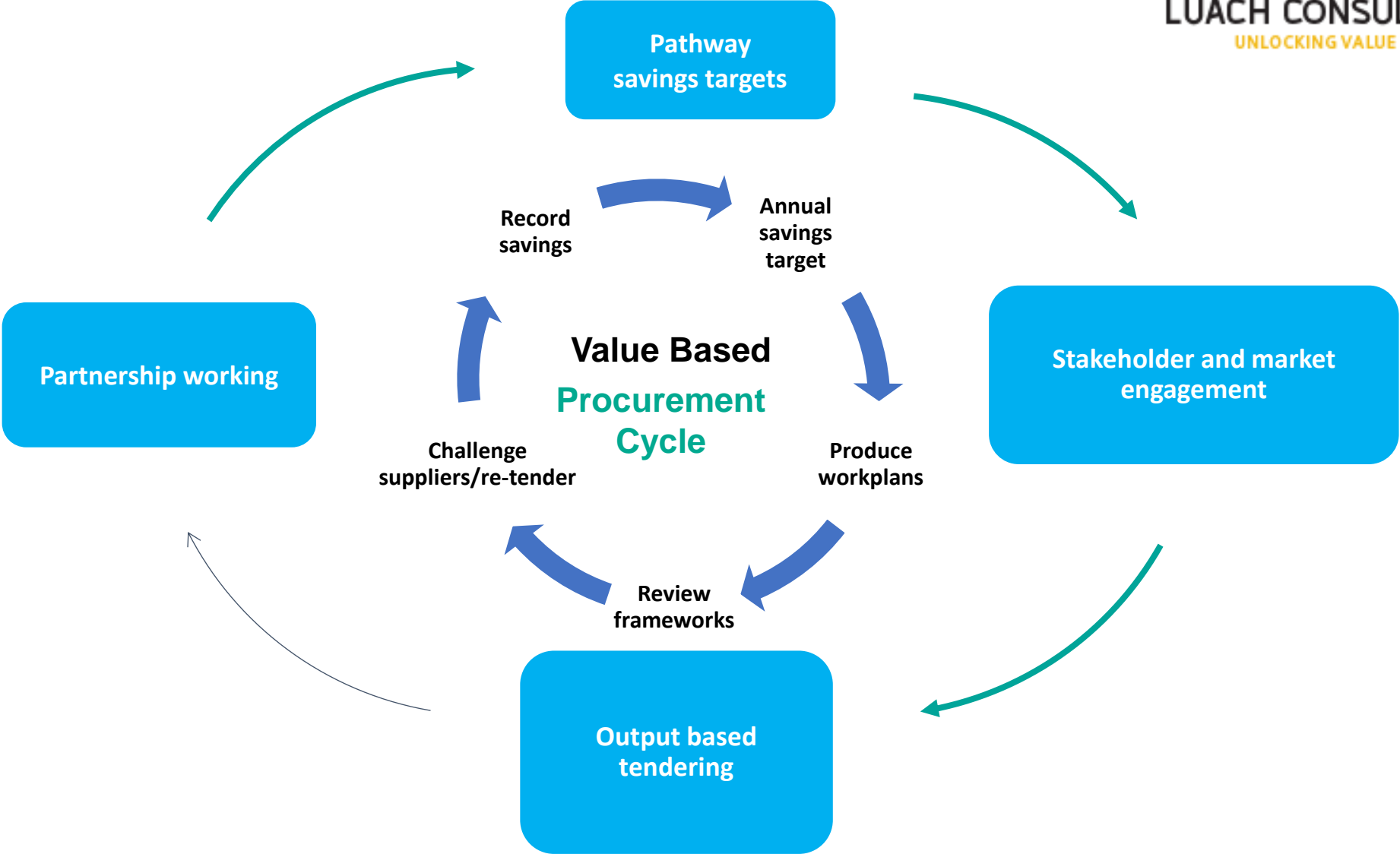
“It is not the strongest  
of the species that  
survive, nor the most  
intelligent, but the one  
most responsive to  
**change”.**

Charles Darwin

# The what...



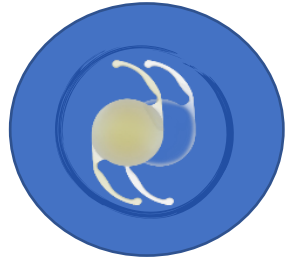
LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE



# A product price focus is a short-term solution



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE



10% = € 10 →



10% = € 100

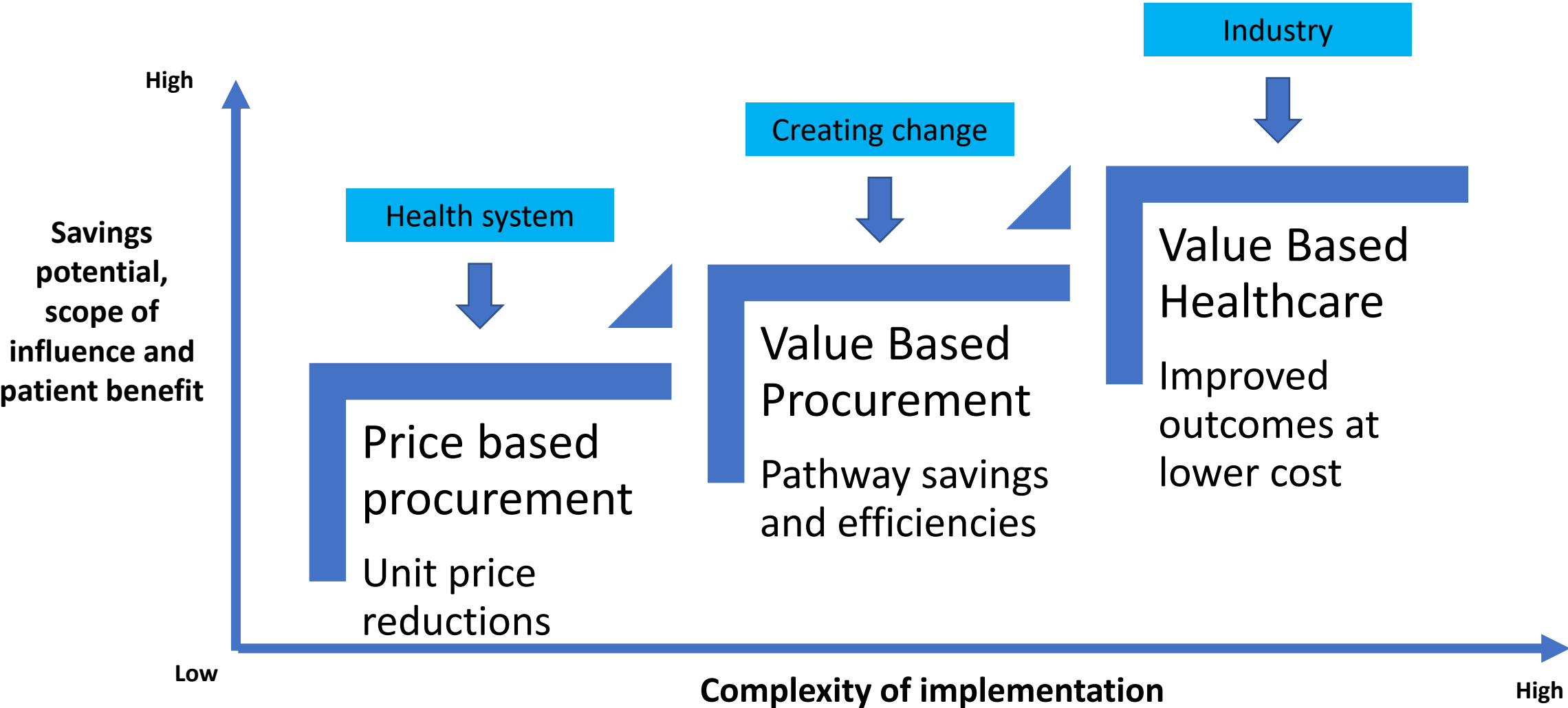
*“..Medical products make up only 5% ‘10% of the total health-care expenditure. If organisations are going to reduce costs systematically, they cannot leave the bulk of the cost of care unaddressed.<sup>1</sup>”*



# VBP v VBHC



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE





LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE

## International interest and activity

- Australia
- Canada
- Europe
- North America [Are suppliers, vendors fit for a value-based procurement future? | Healthcare Purchasing News \(hpnonline.com\)](#)
- South Africa
- English & Welsh NHS
- Middle East



AdviselInc  
480 followers  
2w •

[+ Follow](#) ...

VBP not only offers opportunity for buyers and suppliers to create change, but also enable an environment from more traditional relationships to a progressive, collaborative and strategic partnership.

An insightful read over on the [National Health Executive](#) Magazine.

[#MakesSense](#)

# Summary



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE

- Focus on pathways
- Whole life costing
- High levels of clinical engagement
- Adoption and promotion of partnership working with industry



**Having listened to my explanation of the why and the what take a moment and write down one word that captures “What’s in it (VBP)” for Healthcare?**

# Answer: Opportunity

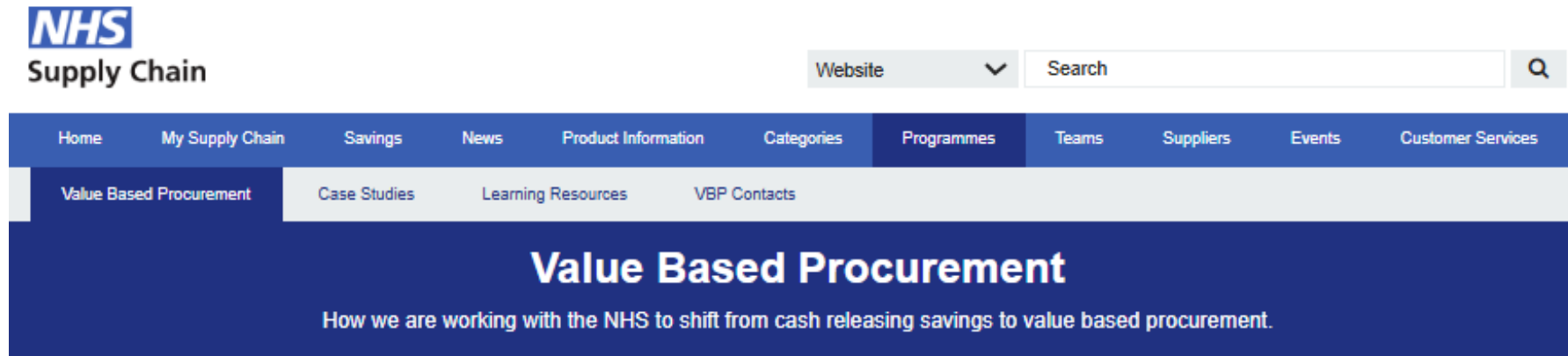
- **Patients** - Aims to improve patient experience, outcomes and access to care
- **Clinicians** - Using the process of procurement to support them improve patient care, reduce cognitive strain, address challenges in current processes and promote innovation - VBP is driven by clinical leaders who have desire and influence to support the necessary changes in practice
- **Finance Directors** - VBP offers “System wide” long term benefits and helps release capacity to improve patient flow
- **Procurement** - Enriches the role of procurement as a strategic function rather than tactical, one that can support and improve healthcare delivery
- **Payers** - Reduce procedure costs thereby options to increase profit, gain share with providers, reduce customer fees
- **Providers** - Survival - Challenges mounting on health systems to deliver more with less resources



# VBP theory into practice



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE



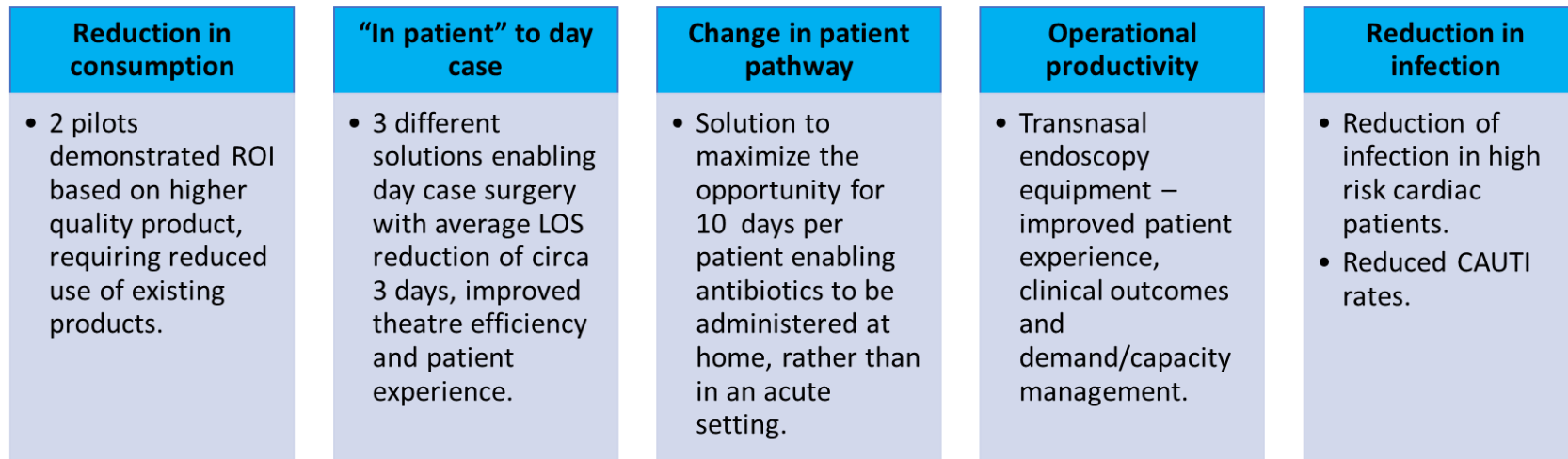
## NHS Supply Chain project - “Game changer”

- Leadership buy-in – Prove it or fail fast!!
- Freedom to act
- Scale – National, Product range
- Profile and engagement policy level – DHSC, NICE, NHS England
- Value savings methodology
- Evidence generation

# NHS Value Based Procurement project

## Pilot study

- 27 submissions.
- 13 pilot projects selected. Covid-19 impacted on 3.
- 2 pilots failed to demonstrate supplier claims.
- 8 verified demonstrating clinical and efficiency benefits.
- Products covered by existing contracts.



Value

Financial



Efficiency



Patient



Environmental

Created

# VBP offers Patient and operational benefits



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE

## Case study - VBP Pilot Reduces Patient Length of Stay at Oxford University Hospitals (OUH) NHS Foundation Trust

“*“The introduction of an elastomeric device at our trust has offered patients needing certain intravenous antibiotics a **viable alternative to staying in hospital. It has been well-received by patients and clinicians, as it has contributed towards our antimicrobial stewardship by optimising the antimicrobials we are able to deliver at home.**”* Sophie McGlen – Lead Pharmacist, Ambulatory Care, Oxford University Hospitals NHS Foundation Trust”

“*“The Oxford Academic Health Science Network (Oxford AHSN) worked with OUH to understand the benefits of introducing the elastomeric device into clinical practice, both for patients and the hospital. Clear benefits were demonstrated as medically stable patients were able to be discharged earlier to continue their IV antibiotic treatment at home, thereby **reducing pressure on beds, improving the patient flow through the hospital, and providing a good experience for patients.**”* Allison Gowdy, Clinical Innovation Adoption Manager, Oxford AHSN”

“*“The procurement team are increasingly focussed on **working with our suppliers to develop projects that not only deliver commercial benefits for the Trust, but also provide significant efficiency improvements and have a direct impact on improving patient care.**”* Conor Allmond, Procurement Business Partner MRC Division, Oxford University Hospitals NHS Foundation Trust”



# Product and solution creating value

**Collaborative  
Working Reduces  
Overnight Stays For  
Parotid Surgeries In  
Value Based  
Procurement Pilot**

Value



- **Finance** – Marginal additional product costs offset by reduction in pathway costs
- **Efficiency** – Ave reduction in hospital 2.5 days
- **Patient** – improved patient experience
- **Environment** – Less energy consumed per procedure
- **Economies of scale** – across Integrated care systems
- **System learning** – Hospital pathways and VBP

## The VBP landscape

### Key takeaways:

All organisations see Value Based Procurement (VBP) as a national priority.

National guidance is being developed by DHSC, this will provide greater consistency for suppliers and trusts.

We are working together to ensure alignment between guidance e.g. incorporating social value into VBP

### Value Based Procurement



Department  
of Health &  
Social Care

- National VBP buyer and supplier guidance
- Passport mechanism with digital solution



NHS  
Supply Chain

- VBP assessment tool
- Supplier led VBP opportunities
- VBP case studies



NHS  
England

- Social Value guidance
- Social Value Framework
- Evergreen Framework



- Reward – Procurement targets typically short-term price down, sales targets short term commission based – needs system level change
- Relationships – Traditional adversarial relationships
- Recognition – Need to create language and currency for value
- Results – Need to create evidence base of delivery



# Key messages

**THERE IS A  
DEFINITE COST TO  
DOING NOTHING,.**

QUOTEHD.COM

Edward Livingston

- ➔ Recognise the burning platform for change
- ➔ Transition from 'products' to 'pathways'
- ➔ If you don't ask you don't get
- ➔ Build partnerships based on trust and transparency
- ➔ Start slow and keep it simple



LUACH CONSULTING GROUP  
UNLOCKING VALUE IN HEALTHCARE

# Should you require any further information please contact me

[brian@luachcg.com](mailto:brian@luachcg.com)

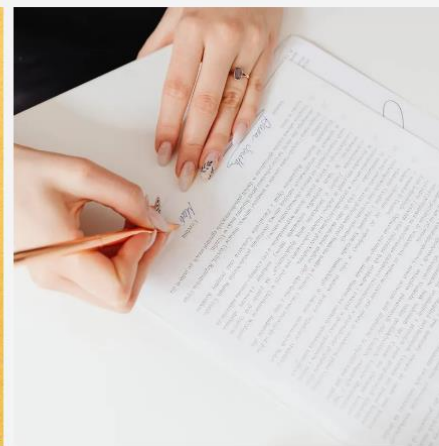
[www.luachcg.com](http://www.luachcg.com)



Strategy development  
and portfolio diagnostics



Programme delivery



Contracting for value



Learning and  
development