MEAT: A New Philosophy for MedTech Commercial Models

23-25 JAN.
2018
The EGG
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The MedTech Forum
bringing HealthTech stakeholders together
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Grant provider to the MEAT Community of Practice

Speakers:
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Eszter Kacskovics:  Public Affairs Director, Health and Medical Solutions, Essity Hygiene & Health

Götz Gerecke:  Partner & Managing Director, The Boston Consulting Group
Why are we here?

Value = Health Outcome / Total Cost of Delivering Outcome


As manufacturers we can align around these stakeholders:

i. patient (user),
ii. Prescriber/provider (decision maker),
iii. Payer / Procurer (budget)

The commercial and sales model changes drastically when approach our industry through the lens of Value Based Healthcare.
‘Value Based Healthcare’ is not new...

Uncertainty and the Welfare Economics of Medical Care. Kenneth Arrow, 1963

“The ‘norm’ that the economist usually uses... is the flow of services that would be offered and purchased and the prices that would be paid for them if each individual in the market offered or purchased services at the going prices as if his decisions had no influence over them, and the going prices were such that the amounts of services which were available...
…but how we commercialise innovation is

The old ‘silo submission’ model:

<table>
<thead>
<tr>
<th>Silo 1</th>
<th>Silo 2</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Market Access / HEOR / Reimbursement Team</strong></td>
<td><strong>Marketing Team</strong></td>
</tr>
<tr>
<td><strong>Reimbursement Submission</strong></td>
<td><strong>Creates Tools</strong></td>
</tr>
<tr>
<td><strong>Silo 1</strong></td>
<td><strong>Silo 2</strong></td>
</tr>
<tr>
<td>Reimbursement Granted: Yes / No</td>
<td>Sales Teams Generate Demand</td>
</tr>
</tbody>
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The new ‘collaborative dialogue’ model:

..based on a MedTech Value Framework & Procurement Community of Practice

- Consulting on criteria
  - Clinicians
  - Other procurement agencies
  - Procurement officials
  - Hospital administration
  - Policy makers and Government
  - Patients
  - Industry

- Brainstorming on measures
  - Including sources such as, but not limited to:
    - ICHOM
    - Perceived need
    - VBP tenders
    - Clinical results

- Refinement
  - Final list of criteria for the tender defined using the feedback provided by the different stakeholders
A Defined Community of Practice (CoP) has been built, and there are clear learnings for MedTech Companies.
Eszter Kacskovics
Essity Health and Hygiene AB

Manufacturer’s Perspective on Value Based Procurement
Why is this so difficult and slow?

- hard to disagree with the principles, but when details addressed, it gets complex, difficult to define what does it really mean for a specific technology
- most stakeholders prefer to „wait and see” what others do and learn from it
- new perspective -> requires new way of looking at things, new value propositions, maybe new developments
- „lonely fighters” in companies are not enough, internal change agents, and top management commitment is needed
How to make it happen?

- Stakeholders need to take a more active role:
  - Industry needs to define and communicate clearly what outcomes their technology can deliver (not technical specifications)

Procurers need to define their REAL needs, and be open and listen to the industry’s possible solutions.
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Seven steps to get ready internally

1. Join the **Community of Practice** to become part of shaping the journey
2. Package MEAT Value-Based Procurement materials into your **own branded tool kit**
3. Involve cross-functional team including **market access, medical affairs and marketing**
4. Define specific **value propositions and related evidence** around new framework
5. Engage in **pilot tenders** and refine approach based on insights derived
6. Train and enable your **local commercial teams** to enter into dialogue
7. Systematically **roll out and track impact** of new tender excellence approach