Developing Healthcare Procurement in Ireland

John Swords.
Head of Procurement.
Health Business Services.
Introduction & Background

A new operating model for Health Procurement is being implemented in the context of unprecedented change including; (not necessarily in order of importance)

- Government mandate in 2013 to establish the ‘One Voice for Health’ strategy.
- Health Business Service (HBS) Mobilisation.
- New HSE Structures for Acute Hospital Services (7 Hospital Groups) & Community / Primary Care (9 Community Health Organisations)
- HBS Logistics National Distribution Centre (NDC) mobilisation.
- Government and HSE Non Pay Savings and Compliance Requirements.

HBS Procurement is currently in transition to a single sourcing and contracts function for the Health sector in the context of these major change programmes.
HSE Mission Statement

Enabling people lead healthier and more fulfilled lives

Improved Patient Care
Quality & Cost Benefits

Customers

Customer Relationship Management.

Portfolio & Category Management
(Strategic Sourcing)

Logistics & Inventory Management
(Operations)

Staff Development & Training

Business Support & Enabling Technology

Supplier Relationship Management

Suppliers

Intentional
Informed
Integrated
Strategy
Health Procurement Model Design Principles (1 of 2)

🎉 Integrated management for Health Sourcing & Logistics – ‘One Voice’
- All HSE / Healthcare Institutions / Agencies.
- All Categories.

🎉 Single coordinated National Sourcing Programme for Health
- Development of multi annual Health Procurement Plans 2016 – 2018
- National management of categories / sourcing programme.

🎉 Health Procurement Model is be designed to ensure;
- Leveraged Buying Power.
- Maximised Transaction Efficiency.
- Sustainable and Competitive Supply Base.
- Optimised Supply Chains – Coordinated Inventory and Logistics services to support healthcare delivery at the Point of Use (KanBan).
Health Procurement Model Design Principles (2 of 2)

- Maintain adequate support for local requirements/suppliers whilst optimising centralised buying power. (SME)
- The overall goal is effective support for patient care.
- The key objectives are;
  - Quality of Service to Patient Care providers.
  - Compliance.
  - Effective Use of Funds.
- Adhere to Government decision / Operating Model - ‘One Voice’.
- HBS Procurement represents all Health Customers at OGP.
HBS PROCUREMENT CORE VALUES

- Achieving efficiency, effectiveness and best value for money in terms of overall life-cycle.

- **Patient and Customer focus** – operating in close partnership with Clinical and Technical stakeholders. (Category Councils)

- Dealing with quality suppliers, contractors and service providers.

- Operating in a **fair, open, transparent and non-discriminatory** manner in the marketplace.

- Managing risk.

- Complying with all relevant European and National legislation, principles and government guidelines.

- Operating to the **highest ethical standard**.
HBS Procurement is responsible for the development and delivery / management of a 3 Year Rolling Procurement Plan covering all categories of expenditure for the HSE regardless of who executes the procurement process.

IN LIFE AND IN BUSINESS
IF YOU WANT TO GO FAST
GO ALONE
IF YOU WANT TO GO FAR
GO TOGETHER
Health Procurement Plan

Health Customers

Health Procurement Plan / Procurement Project Management System (PPMS)

Health Led Categories
- Medical Professional Services
- Medical and Diagnostic Equipment and Supplies
- Medical, Surgical and Pharmaceutical Supplies

OGP Led Categories
- Professional Services
- Facilities Management and Maintenance
- Utilities
- ICT and Office Equipment
- Marketing, Print and Stationery
- Travel and HR Services
- Fleet and Plant
- Managed Services

Other Sector Led Categories
- Local Government
  - Minor Building Works and Civils
  - Plant Hire
- Defence
  - Defence and Security
- Education
  - Veterinary and Agriculture
  - Laboratory Equipment
HSE Logistics & Inventory Management Service

New model for Logistics & Inventory Management

Comprehensive Review resulted in the following recommendations:

Consolidation of fragmented stores infrastructure into a National Distribution Centre (NDC) distributing to 9 Hubs

Increase level of management of stock at point of use (POU)

Implementation of appropriate supply channels – 6000 Customer Delivery Points: 8000 receipts per day: €235m Stock Issues & €376 Non Stock Issues per annum.
HSE Logistics & Inventory Management Service

New model for Logistics & Inventory Management

The HSE has developed a national operating model for Logistics and Inventory Management (L&IM). This involves an integrated approach covering:-

- Physical infrastructure, based on a National Distribution Centre (Tullamore) and 9 Regional “Hubs”
- Transport from NDC to the point of use
- Governance, organisation and management
- IT Systems
- Ward / Theatre “Point of Use” Kanban systems
- The Model is designed to deliver significant benefits, including cost savings of at least €9m per year
- Significant benefits are already being achieved*
- The refinement of the national L&IM operating model to incorporate the needs of the Hospital Group (HG) and the new CHO structures will deliver significant benefits to HGs in terms of cost savings and service levels, which will ultimately benefit patients and staff.

(*) – Limerick, Cherry Orchard, Sligo, Letterkenny, St Columcilles, St Ita’s
High Level NDC Requisition Process Flow

Procurement Point of Use
- User will have a simple data entry screen with pre-defined “favorites” based on past usage.
- Priced requisition using Moving Average Price to provide indication of value.

Kanban
- User will scan the bins based on an agreed schedule.

Direct User Entry
- File Uploaded to NDC SAP
- Direct Entry into NDC SAP

NDC
- Electronic Picklist Generated for Voice Picking

Admin
- To customer

Health Centres
- To customer/Kanban

Hospital
- To customer/Kanban

Rolloff/Rollon
- To Transhipment Hub

L&M Hub
- The caged goods from the NDC may be cross docked with goods for specified cost centers. There will be no stock held at hubs (other than pandemic stocks).

To customer/Kanban

Scheduled Delivery
- Direct to customer

Picked completed and caged for customer delivery. Priced issue note with delivery.

Kanban: is an industry term used to describe a signalling system used to control inventory levels.
The Public Procurement Challenge / Opportunity
SME Access – the Public Procurement Challenge

- New EU Directives.
- Innovation.
- Social Inclusion.
- Horizontal Trading.

- Reference sites in Ireland are of key importance as SMEs seek to participate in public sector contracts in overseas markets.

- HSE Agencies more aware of the wider economic impact of their procurement spend and the role SME can play in the value chain.

- Advice and Guidance available for Medical Device SME / Micro Enterprises.
HSE implementing GS1 Standards

Current Projects

- Patient Identification
- Location/Staff/Services Identification
- Medical Equipment Asset registry
- HSE Procurement (Audit and Mapping of products in NDC)
HSE Procurement Compliance

- C&AG recommendations
- HSE Procurement Improvement Plan
- HSE Procurement Compliance training sessions
  - Compliance Training (EU Procurement Directives and NFR's) sessions took place in Dublin (2 training sessions) in March, Sligo (June), Cork (June), Galway (September) and Limerick (October).
  - Approximately 700 staff have participated.
  - Compliance video training session available
- Public Accounts Committee appearance
- Procurement Compliance Manager appointed
The purpose of this charter is to outline how HSE expect Suppliers to conduct their business with HSE and in addition what the market place can expect from HSE in doing business with them in terms of:

- Continuity and security of supply
- Consistent & favourable pricing across HSE
- Control, sales and marketing activity around access to our hospitals & institutions
- Provision of Management Information
- HSE will meet all legal requirements and encourage fair competition in an open and transparent manner.
Key Points

- Procurement Strategy 2017 – 19
- 3 Year Sourcing Plans
- NDC Development
- Extend Kanban system to all appropriate areas
- Support single financial / procurement
- eProcurement
- Compliance
## Contact Details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>John Swords</td>
<td>Head of Procurement</td>
<td><a href="mailto:John.swords@hse.ie">John.swords@hse.ie</a></td>
<td>087-2902222</td>
</tr>
<tr>
<td>Brendan White</td>
<td>Head of Sourcing &amp; Contracts</td>
<td><a href="mailto:Brendan.White@hse.ie">Brendan.White@hse.ie</a></td>
<td>052 6191240</td>
</tr>
<tr>
<td>Brian Long</td>
<td>Head of Logistics &amp; Inventory Management</td>
<td><a href="mailto:Brian.Long1@hse.ie">Brian.Long1@hse.ie</a></td>
<td>061-464074</td>
</tr>
<tr>
<td>Siobhan Dunphy</td>
<td>Office of the Head of Procurement Manager</td>
<td><a href="mailto:Siobhan.Dunphy@hse.ie">Siobhan.Dunphy@hse.ie</a></td>
<td>087-1338937</td>
</tr>
</tbody>
</table>
## Contact Details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Martin Quinlivan</td>
<td>Medical, Surgical and Pharmaceutical Supplies</td>
<td><a href="mailto:Martin.Quinlivan@hse.ie">Martin.Quinlivan@hse.ie</a></td>
<td>052 6125676</td>
</tr>
<tr>
<td>Vincent O’Sullivan</td>
<td>Medical and Diagnostic Equipment and Supplies</td>
<td><a href="mailto:vincent.osullivan@hse.ie">vincent.osullivan@hse.ie</a></td>
<td>021 4928073</td>
</tr>
<tr>
<td>Michael Driscoll</td>
<td>Medical Professional Services</td>
<td><a href="mailto:Michael.Driscoll@hse.ie">Michael.Driscoll@hse.ie</a></td>
<td>021 4923045</td>
</tr>
</tbody>
</table>
## Contact Details:

<table>
<thead>
<tr>
<th>Name</th>
<th>Title</th>
<th>Email</th>
<th>Phone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Francis Mollen</td>
<td>General Manager L&amp;IM</td>
<td><a href="mailto:Francis.Mollen@hse.ie">Francis.Mollen@hse.ie</a></td>
<td>057 9370607</td>
</tr>
<tr>
<td>Brendan Shovlin</td>
<td>General Manager L&amp;IM</td>
<td><a href="mailto:brendan.shovlin@hse.ie">brendan.shovlin@hse.ie</a></td>
<td>071 9193561</td>
</tr>
<tr>
<td>Stephen Lynch</td>
<td>General Manager L&amp;IM</td>
<td><a href="mailto:stephen.lynch@hse.ie">stephen.lynch@hse.ie</a></td>
<td>021 4928214</td>
</tr>
<tr>
<td>Edward Hogan</td>
<td>General Manager L&amp;IM</td>
<td><a href="mailto:eddie.hogan1@hse.ie">eddie.hogan1@hse.ie</a></td>
<td>01 8131853</td>
</tr>
<tr>
<td>Gerry McMahon</td>
<td>General Manager L&amp;IM</td>
<td><a href="mailto:Gerry.McMahon@hse.ie">Gerry.McMahon@hse.ie</a></td>
<td>021-4921523</td>
</tr>
</tbody>
</table>
Thank You

Questions?