One Voice for Health Procurement

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.
Roles & Responsibilities

National Deputy Director of HBS
John Smith

National Director of HBS
Jane Carolan

Office of the Head of Procurement
Siobhan Dunphy

Asst Nat Director Portfolio & Category Management
Brendan White

Head of Procurement
John Swords

Business Support

Asst Nat Director Logistics & Inventory Management
Brian Long

Asst Heads of Portfolio & Category Management
- Medical Care Pharma
- Equipment Laboratory & Diagnostics
- Health Technology & Medical Professional Services
- Surgical / Interventional Devices & Consumables

Asst Heads of Logistics & Inventory Management
- Procurement Systems
- HSE DML / DNE
- HSE South
- HSE West
- Support Services
Seven Hospital Groups

RCSI Hospitals Group (Dublin North East)

Dublin Midlands Hospitals Group
Academic Partner: TCD

Ireland East Hospitals Group
Academic Partner: UCD

South/South West Hospitals Group
Academic Partner: UCC

West / North West Hospitals Group
Academic Partner: NUIG

University of Limerick Hospitals

Children’s Hospital Group
Academic Partner: All
Area 1 - Population 389,048
Donegal LHO, Sligo/Leitrim/West Cavan LHO and Cavan/Monaghan LHO.

Area 2 - Population 445,356
Galway, Roscommon and Mayo LHOs

Area 3 - Population 379,327
Clare LHO, Limerick LHO and North Tipperary/East Limerick LHO

Area 4 - Population 664,533
Kerry LHO, North Cork LHO, North Lee LHO, South Lee LHO and West Cork LHO

Area 5 - Population 497,578
South Tipperary LHO. Carlow/Kilkenny LHO. Waterford LHO and Wexford LHO

Area 6 - Population 364,464
Wicklow LHO, Dun Laoghaire LHO and Dublin South East LHO

Area 7 - Population 674,071
Kildare/West Wicklow LHO, Dublin West LHO, Dublin South City LHO and Dublin South West LHO

Area 8 - Population 592,388
Laois/Offaly LHO, Longford/Westmeath LHO, Louth LHO and Meath LHO

Area 9 - Population 581,486
Dublin North LHO, Dublin North Central LHO and Dublin North West LHO
Health Procurement Design Principles

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 Design Principles

- 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 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.
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
Category Councils
Health Sourcing Organisation

Procurement Coordinators – Health Agency Product Formulary Committees

Hospital Groups  Community Health Organisations  Section 38 & 39 Agencies  Corporate

Health Agency Multi-Annual Sourcing Programme (‘Pipeline’) / Annual Procurement Plan (NFR 1 requirement)
HSE Service Plan / Savings Plan

Health Category Councils
- Community Funded Schemes
- Disability
- Acute Services Medical Devices
- Medical Professional Services
- Medical Device Equipment
- eHealth

OGP Category Councils
HBS Procurement will manage the overall Health Sourcing Plan including liaison with the OGP to ensure Health Customer requirements are delivered.
Health Sourcing Organisation

Head of Procurement

Sourcing Director
Asst National Head of Sourcing & Contracts

Category Council

Business Category Leads
(From Customers / Agencies)

Chair - Category Manager
(Assistant Head)

Business Category Rep

Chair - Category Manager

Category Councils
(i) Acute Services
Medical Devices
(ii) Community
Funded Schemes
(iii) Disability
(iv) Medical
Professional Services
(v) Medical Device
Equipment
(vi) eHealth

Sourcing Team

Category Specialist
Business Intelligence Team
Market Intelligence Team
Sourcing & Contracting - Portfolios

- MCP - Medical Care & Pharma
- ELD – Equipment, Laboratory & Diagnostics
- MPS – Medical Professional Services
- SIDC – Surgical Interventional Devices & Consumables
## Sourcing & Contracting - Portfolios

<table>
<thead>
<tr>
<th>Medical Care Pharma (MCP)</th>
<th>Equipment Laboratory &amp; Diagnostics</th>
<th>Medical Professional Services</th>
<th>Surgical / Interventional Devices &amp; Consumables (SIDC)</th>
</tr>
</thead>
<tbody>
<tr>
<td>• Community Funded Schemes</td>
<td>• Medical &amp; Surgical Equipment &amp; Diagnostics</td>
<td>• eHealth</td>
<td>• PPI Surgical Devices &amp; Implants</td>
</tr>
<tr>
<td>• Medical Devices &amp; Care Products</td>
<td>• Capital Project Equipping Services</td>
<td>• Health HR and Professional services</td>
<td>• Surgical Consumables</td>
</tr>
<tr>
<td>• Pharma</td>
<td></td>
<td>• External Health Services</td>
<td>• General Theatre Equipment</td>
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**Source:** Medical Care Pharma (MCP)
HSE Logistics
Service
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 & €376m Non Stock Issues per annum.
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
Kanban is an industry term used to describe a signalling system used to control inventory levels.
National Financial Regulations – NFR 01
– Purchase to Pay
National Financial Regulations (NFR)

- Underpin best practice for purchasing decisions
- Regulates
  - Approval
  - Tender
  - Receipt
  - Payment
- Apply to HSE and all bodies >50% funded by HSE
- Segregation of duties commercial evaluator/manager v budget holder
## National Financial Regulations (NFR)

### NFR 1 Summary of Purchase to Pay (PTP)

**Summary of Purchase to Pay (PTP) – basic steps / stages**

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<table>
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<tbody>
<tr>
<td><strong>1. PURCHASING</strong></td>
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<tr>
<td></td>
<td>Obtaining expenditure approval,</td>
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<td>Sourcing of appropriate goods / services from 3rd parties or Stores to meet identified service needs.</td>
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<td>Formally requesting the selected 3rd party to provide specified goods or services by issue of PO or contract.</td>
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<td><strong>2. RECEIVING (receipt of goods or services)</strong></td>
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<td>Receipt and checking / inspection of goods and services.</td>
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<td>Confirmation that they are fit for purpose, and match what was ordered or contracted for.</td>
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<td></td>
<td>Approval that Goods/Service can be paid for upon receipt of an appropriate request for payment</td>
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<tr>
<td><strong>3. PAYMENT</strong></td>
<td></td>
</tr>
<tr>
<td></td>
<td>For goods and services – generally on foot of invoices or other payment requests.</td>
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<td></td>
<td>A Key control within this process is the checking and verification of the invoiced price of good or services to the purchase order price.</td>
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NFR 1 Requirements regarding Procurement Planning

2.12. Budget Holders must, within twelve months of the coming into force of these regulations, ensure that they have reviewed and analysed their likely purchasing requirements over the following 3 years.

2.13. They must put in place a procurement plan, in conjunction with procurement/ Materials Management/ Estates/ICT as appropriate to address:

2.13.1. Appropriate categorisation and rationalisation of suppliers.

2.13.2. Contracts to be renewed or terminated/allowed to lapse and their timeframes

2.13.3. Additional contracts to be put in place

2.13.4. Main service developments (new services, service expansions, service reductions) likely to impact on procurement over the following 12 months.

2.13.5. Any other relevant matters.

2.14. Procurement plans should be updated annually and replaced every three years.

Given the need for obtaining value for money and making best use of scarce staffing resources there is a requirement to co-ordinate and aggregate procurement plans.
The Public Procurement Challenge / Opportunity
SME Access – the Public Procurement Challenge

- New EU Directives.
- Innovation.
- Social Inclusion.
- Article 12 – Contracts between public bodies (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.
SME Access – the Public Procurement Challenge

Positive measures to promote SME involvement

Circular 10/14

- As a general principle, buyers will promote SME involvement in public sector procurement.

- **Innovation** - Where possible and appropriate, encourage new and innovative solutions by indicating in tender documents where they are prepared to accept reasonable variants to the specifications.

- **Sub-dividing Contracts into Lots** - Lots may be also decided on a geographic basis, a work package basis, an internal organisation structure basis, etc.

- **Consortium Bids** - SMEs are encouraged to consider using consortia where they are not of sufficient scale to tender in their own right.

- **“Open” Tendering** - Use of open tendering for contracts below €134,000 (exclusive of VAT) in the case of advertised contracts for general goods and services.
GS1 – Barcoding / Track & Trace
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)
Existing Programmes:
✓ Track and Trace
  ✓ Surgical Instrument Trays & Endoscope (only National programme at Global level)
✓ Haemophilia blood products
✓ OPAT
✓ Immunisation
✓ Insulin Pumps

New Programmes:
• National Distribution Centre
✓ Procurement
  ✓ National Product Catalogue
  ✓ eProcurement
✓ ICT
  ✓ HSE Services Directory
HSE Procurement Compliance

- C&AG recommendations
- Public Accounts Committee appearance
- 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
- Procurement Compliance Manager appointed
Key Points

- One Voice for Health – Mandated by Government. MOU with OGP
- 3 Year Procurement Plan
- NDC Development and rollout, consolidation of stores and savings.
- Kanban rollout plan
- Sourcing Plan
- Support and implementation of single Financial / Procurement System
- Compliance (increase %)
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Thank You