Developing Healthcare Procurement in Ireland

Health Service Executive (HSE)

Head of Procurement

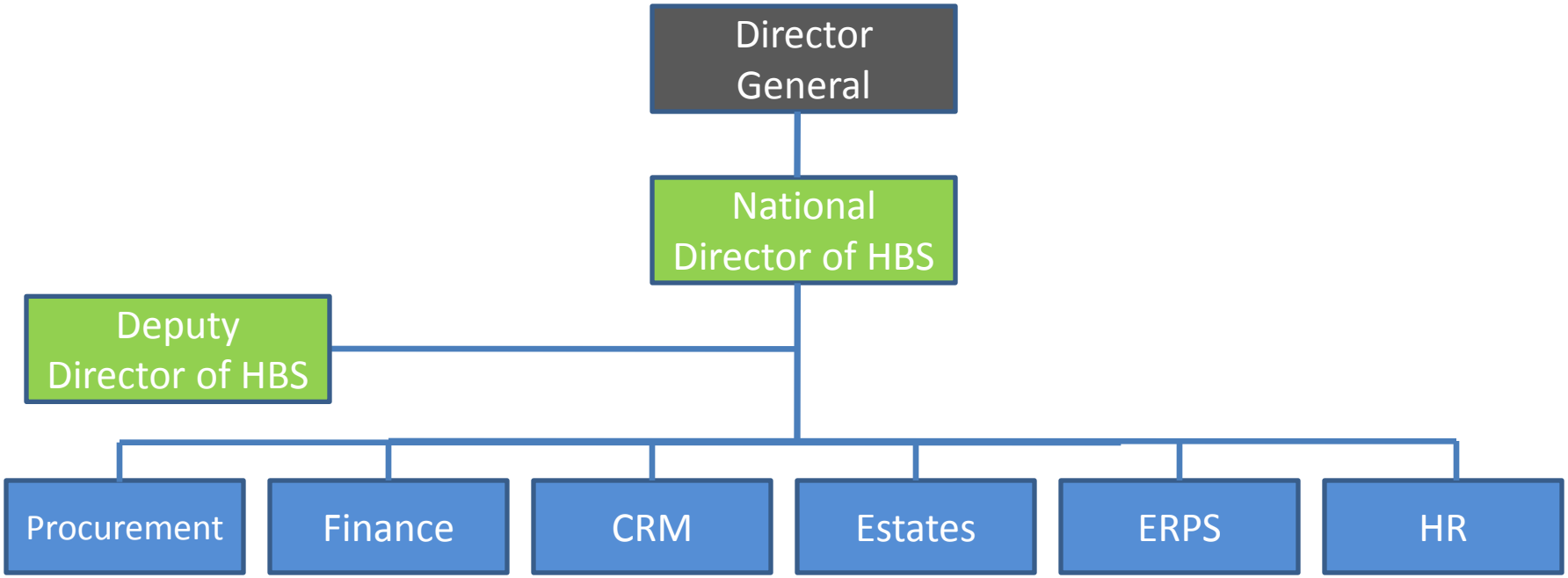
Mr. John Swords

Intertrade Belfast – 8th June 2016

HBS Health Business Services

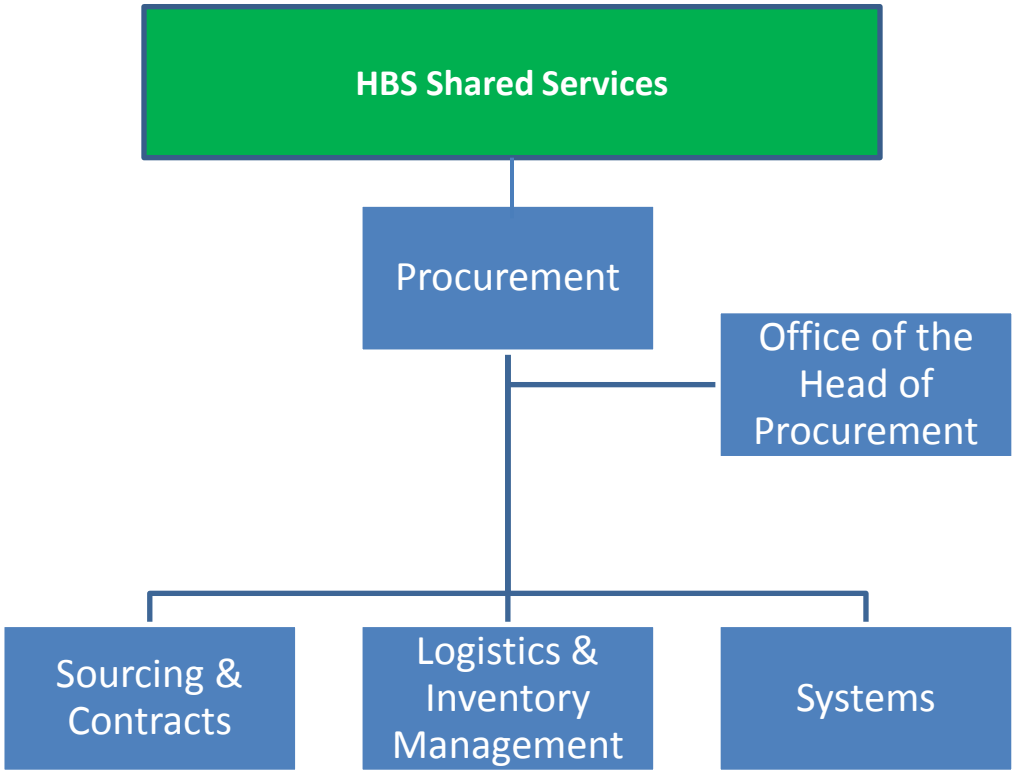
HBS Structure

HBS organisation structure



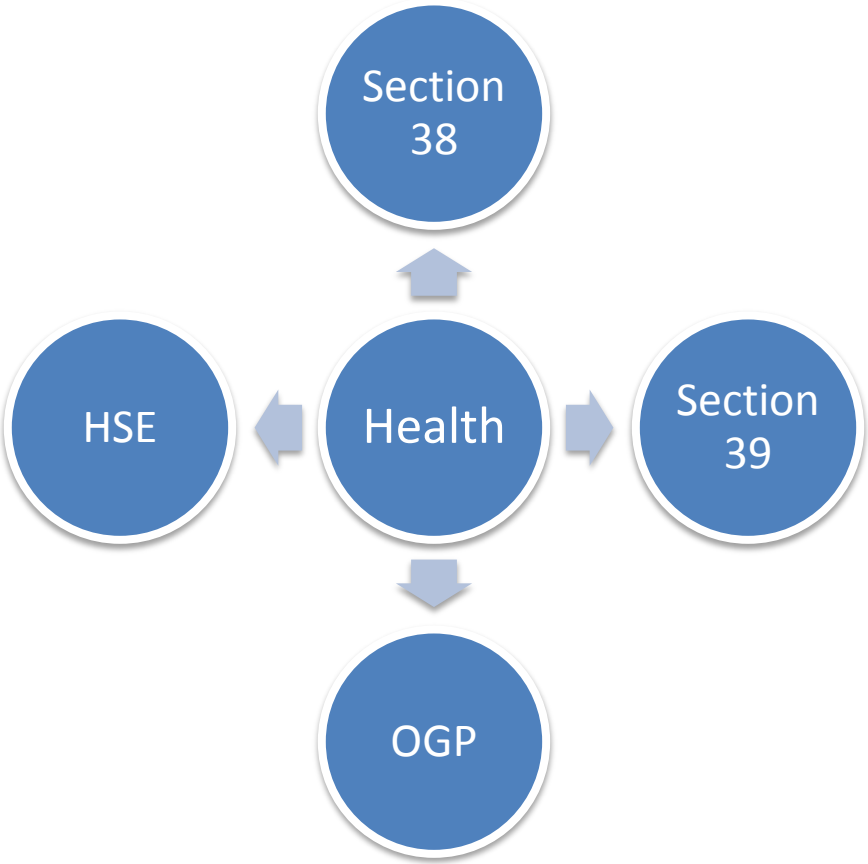
HBS Structure

Procurement organisation structure



HBS Structure

Health Customers



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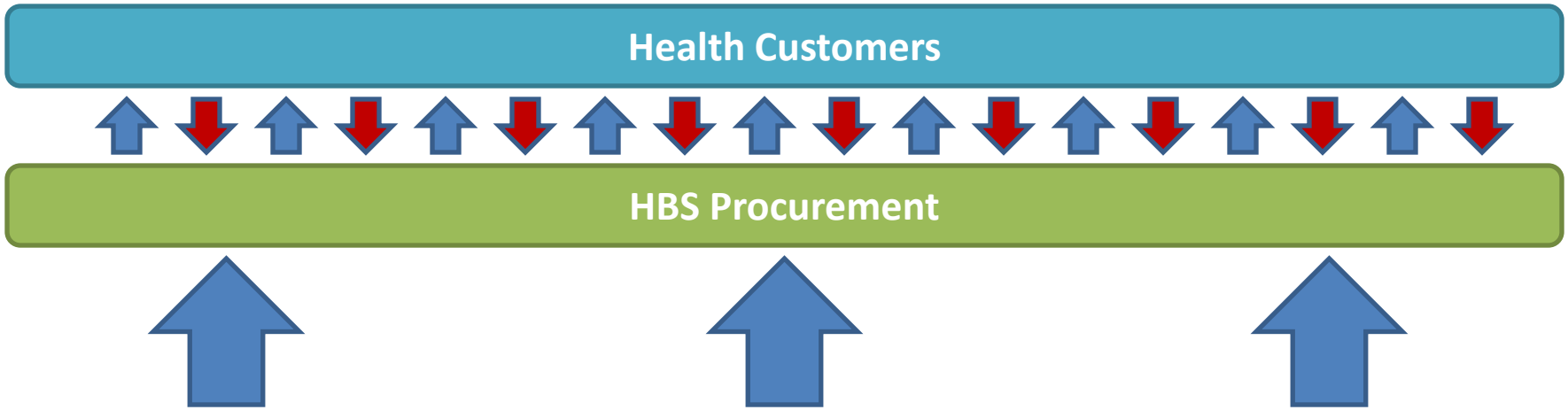
Health Procurement Structure



Health Led Categories

- Medical Care & Pharma
- Equipment, Laboratory & Diagnostics
- Medical Professional Services
- Surgical Interventional Devices & Consumables

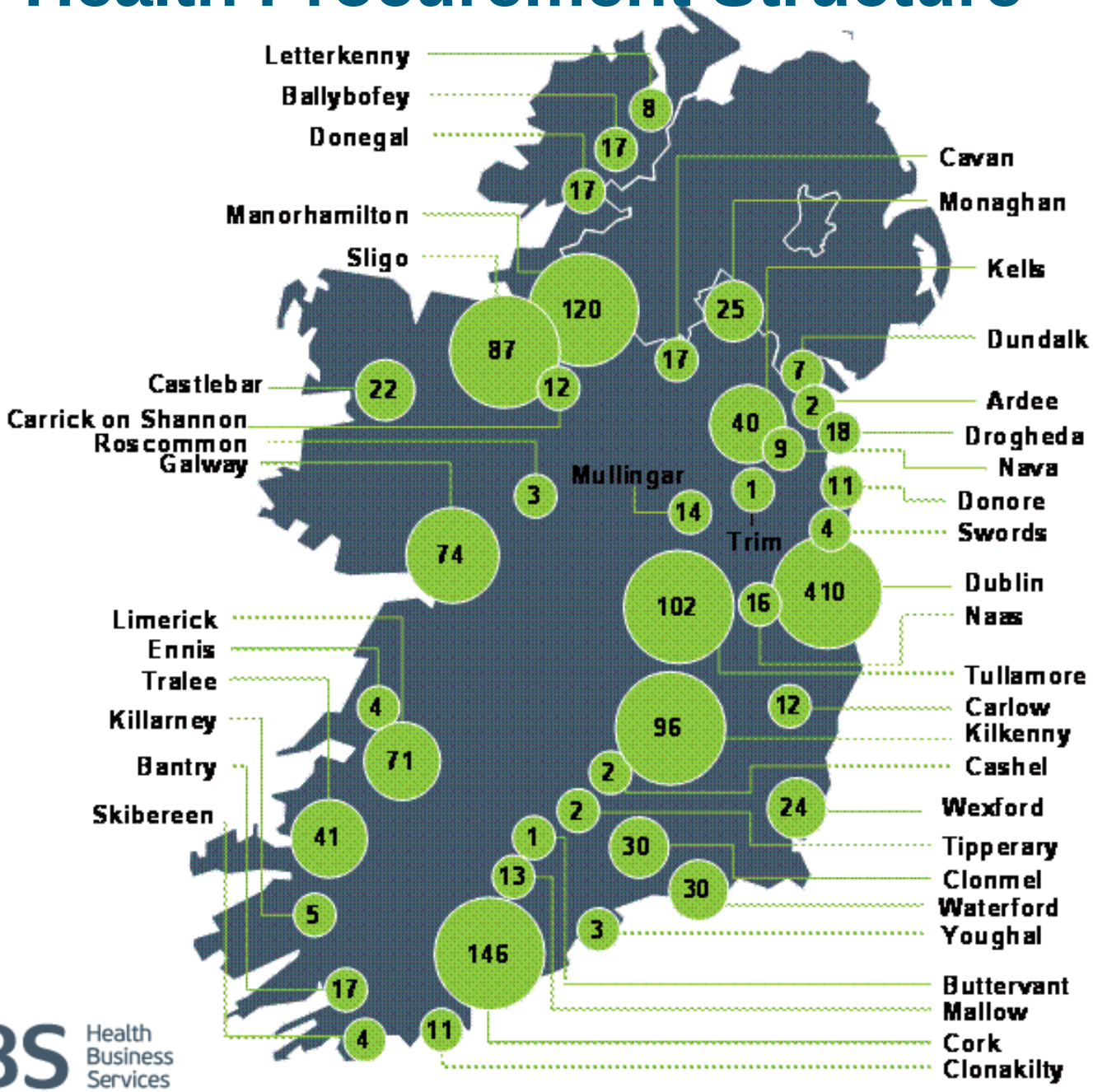
OGP Led Categories

- 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

Health Procurement Structure



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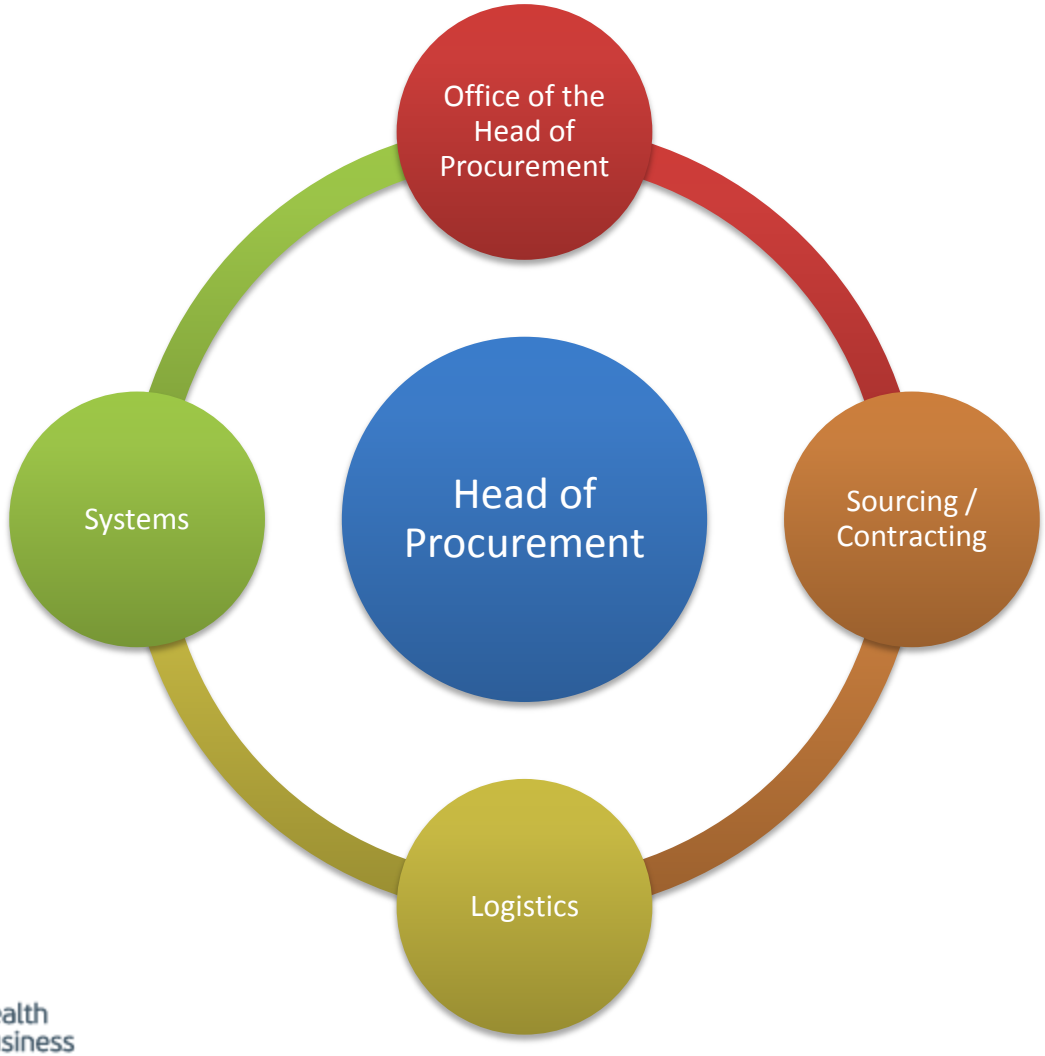
Guiding Principles

- The model is designed to comply with the requirements of the Government decision– “One Voice for Health”.
- Compliance with national initiatives and contracts is mandatory, not optional.
- Single integrated approach for health procurement.
- Sustain the savings already achieved in the Health Sector.
- HBS Procurement will represent Healthcare customers.

Health Procurement Structure

Procurement Structure



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Procurement Reform

Pricing & Assisted Sourcing System

- The Pricing & Assisted Sourcing System (PASS) is a centralized searchable database designed to inform HSE staff who are authorised to buy goods and services of items on contract. PASS provides details and information relating to products, suppliers on contract as well as the price per item.

Procurement Programme Management System

- The Procurement Programme Management System (PPMS) was developed to manage the procurement workload and pipeline.

Procurement Data Warehouse

- The Procurement Data Warehouse (PDW) provides procurement with visibility across the supply-chain and the heterogenous systems within HSE.

National Distribution Centre

- The National Distribution Centre (NDC) was developed to implement part of the Shared Services model to increase efficiency and productivity.

HSE Sourcing & Contracting

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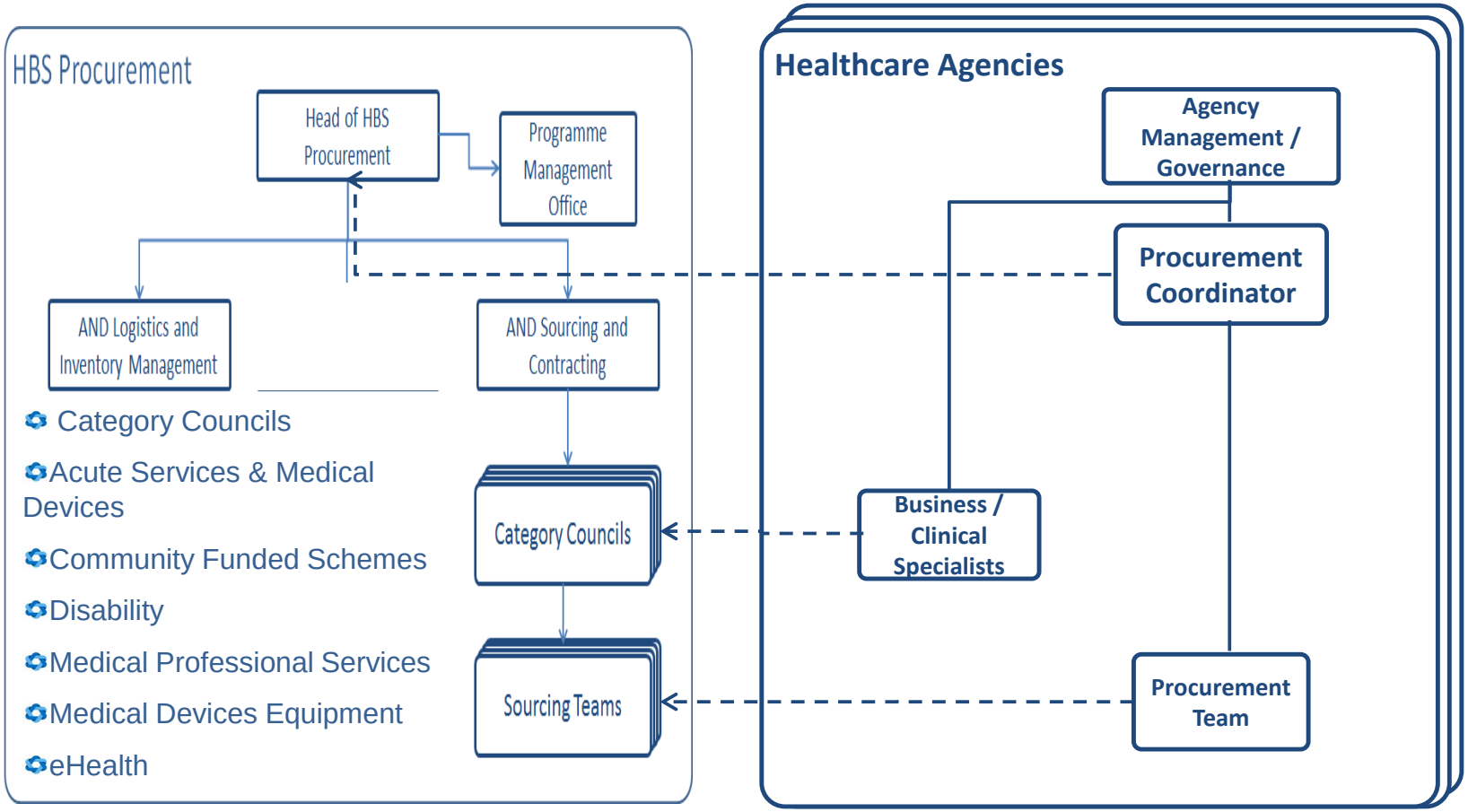
Organisation / Operational

Sourcing



Ways of Working

Implementation

- Health Business Services will sign overarching contracts on behalf of all health agencies.

- Local sourcing teams:-
  - Spot Buying
  - Below Threshold Sourcing
  - Purchase to Pay Processing
  - Contract Management
  - Information Provision to HBS Procurement to support Sourcing / Performance Management

- For unplanned sourcing projects, a Procurement Service Request (PSR) will be submitted by the Procurement Coordinator to HBS Sourcing & Contracting. Will be incorporated in national / local plans as appropriate.

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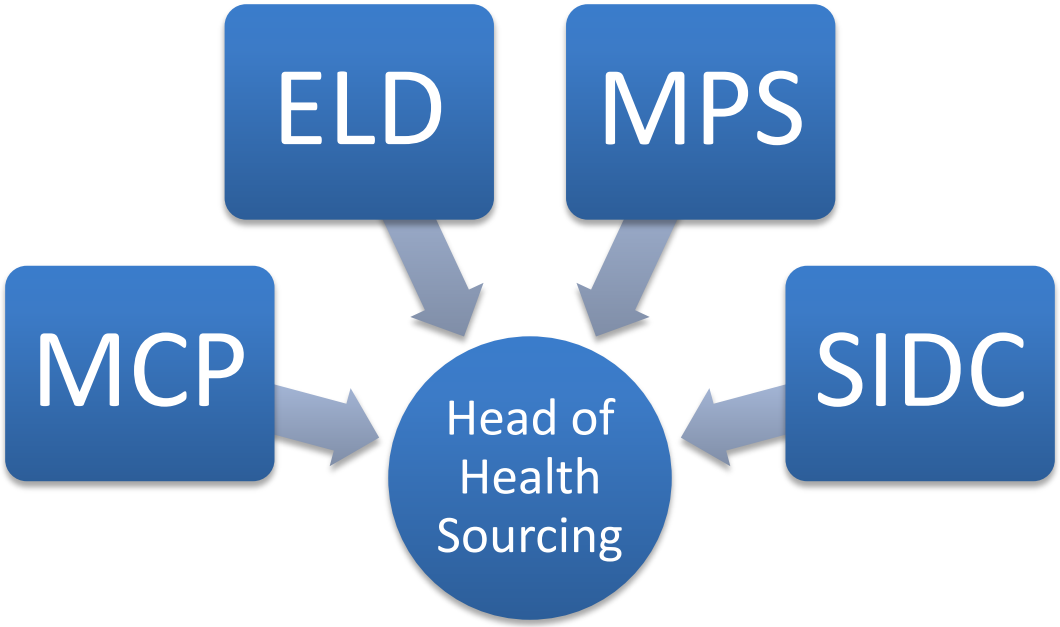
Sourcing / Contracts

Sourcing



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

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Sourcing / Contracts

Sourcing

Medical Care Pharma (MCP)	Equipment Labratory & Diagnostics	Medical Professional Services	Surgical / Interventional Devices & Consumables (SIDC)
• Community Funded Schemes • Medical Devices & Care Products • Pharma	• Medical & Surgical Equipment & Diagnostics • Capital Project Equipping Services	• eHealth • Health HR and Professional services • External Health Services	• PPI Surgical Devices & Implants • Surgical Consumables • General Theatre Equipment

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Sourcing / Contracts

Positive measures to promote SME involvement

- As a general principle, the guidance sets out positive measures that buyers will take to promote SME involvement in public sector procurement.
- **Market Analysis -** to understand the range of goods and services on offer, market developments and innovation, what commercial models are available, the competitive landscape, and the specific capabilities of SMEs etc.
- **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 €206,000 (exclusive of VAT) in the case of advertised contracts for general goods and services.

Building a Single National Sourcing Plan for Health

Key Customers Generating Sourcing & Contracts Projects 3 Year Plan

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HSE Logistics Service

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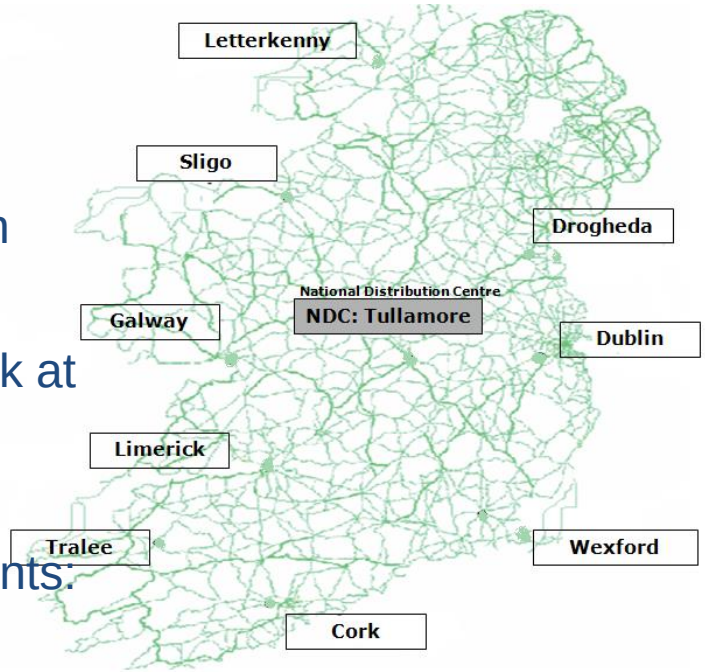
HSE Logistics & Inventory Management Service

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 – 4000 Customer Delivery Points.
- 8000 receipts per day: €100m Stock Issues & €300m Non Stock Issues per annum.

NDC & Regional Hubs



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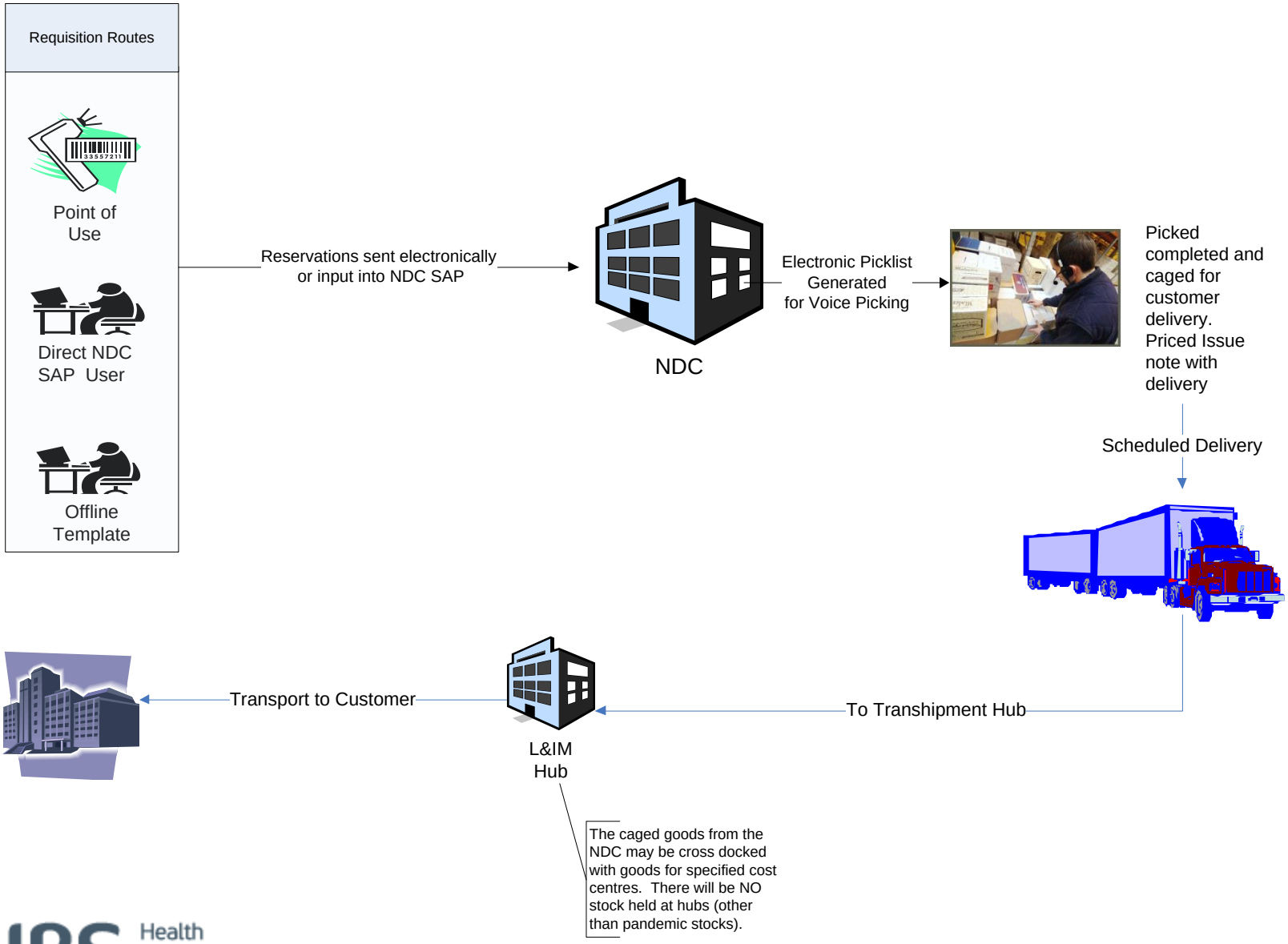
NDC Landscape

- Regional Hubs are transhipment locations (no local stock) from which local deliveries will be made.
- Product from the NDC will be transported to regional hubs on large vehicles in labelled cages. It will be cross-docked (consolidated), with product delivered from local suppliers and then delivered to customers in a single delivery using smaller vehicles.
- Stock may be delivered to customer location by the NDC if it is more practical / effective in certain circumstances e.g. full loads for customer locations.
- Implementation within the Dublin region is currently being further developed, in order to maximise the supply chain management strategy and to assist in the minimisation of stock holding arrangements in a number of locations.

NDC High Level requisition Flow Process



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Overview of Point of Use (Kanban ward stock) Process

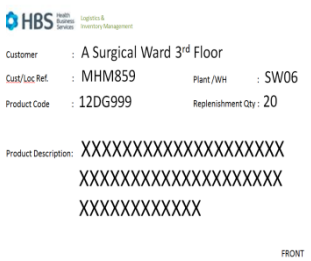
POU Storage Unit

2 Bin Storage system

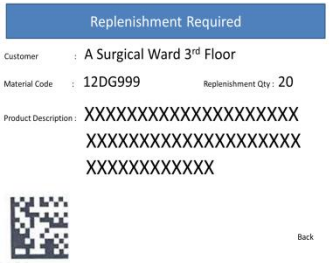
Back

Front (ward staff use stock from this bin first)

Sample Label Front Side



Sample Label Reverse Side



When the front bin is empty the user or L&IM operative turns the label which indicates replenishment is required and then begins to use stock from back bin

On a scheduled basis a POU operative will scan the location for cards which have been turned to indicate replenishment required. Each card requiring replen will be scanned and returned to front.

Formatted file created for upload into Procurement system.

Depending on wireless availability. This may require return to docking station after scanning a number of locations.

File uploaded and validated on Procurement system

Stock picked and shipped

Stock put away into Kanban and barcode label turned to front

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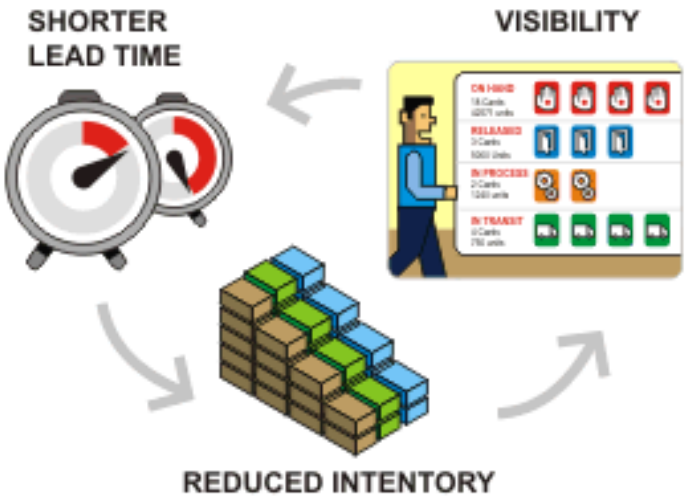
Overview of Point of Use (Kanban ward stock) Process

Kanban Benefits

- There are many advantages to using the kanban system as a way to manage work, including:
- Flexibility
- Focus on continuous delivery
- Reduction of wasted work / wasted time
- Increased productivity
- Increased efficiency
- Team members' ability to focus



Key Reasons for Implementing NDC

- It is a **shared service** which is a key element of: Government policy / public reform programme; HSE Reform Programme – Future Health; Logistics Review 2010
- It is supported by a **strong business case** (€9m net saving p.a)
- It delivers on LRC and Public Service Agreements (e.g HRA commits to **maximising efficiency** and greatly increasing productivity (p-11) and flexibility around grade demarcations (p-13))
- It is supported by Minister for Health, Director General HSE, CFO HSE, National Director Shared Services and Head of Procurement
- It **releases clinical resources** to frontline patient care
- It resolves long standing deficits regarding **ICT / Financial Management**
- It provides a **platform for future development** (systems and people)
- It gives local suppliers / **SME access** to national distribution

What is the GS1 Standard?

A common language to identify, capture and share information globally

- Not for profit, global standards organisation
- 40 years experience in data standards
- GS1* standards cover Identification**, Data Capture and Data Sharing (ie: master data management)
- 112 country offices, 1.3 million members, 25+ industry sectors
- Members range from Retailers, Food Manufacturers, Hospitals and Government Agencies to Medical Device and Pharmaceutical Manufacturers
- To learn more : www.gs1ie.org/healthcare

GS1 Ireland

5 391234 567892 >

*GS1 - formerly EAN
**Barcode, 2D Datamatrix, RFID

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HSE Drivers for GS1 Standards adoption

Internal

- ✓ Patient Safety* (Traceability)
- ✓ Increase Supply Chain Efficiencies
- ✓ Patient Level Costing

External

- ✓ Increase in Product Recall
- ✓ Legislation (falsified medicines directive and medical devices regulation (UDI))
- ✓ Policy Change (Money Follows Patient)
- ✓ Drive for cost savings
- ✓ Local Healthcare User Group (HUG)

GS1 Ireland

(01)5391234567892 (10)A1C2E3

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*See McKinsey report 'Strength in Unity'

National Traceability Solution – GS1

- Only National Traceability Solution (Instrument trays and endoscopes) in the world
- 90% of volume will be utilizing the solution by end of Phase 2 in 2015 (32 Hospitals)
- Patient Safety was the key reason for implementation : Clinical imperative to have traceability for high risk procedures

HBS Procurement Communication to Suppliers
March 2015

African proverb –

If you want to go fast, go alone. If you want to go far, go together.

Thank You

Queries:
Procurement.Info@hse.ie

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