

A Revolution in Québec's Health Network

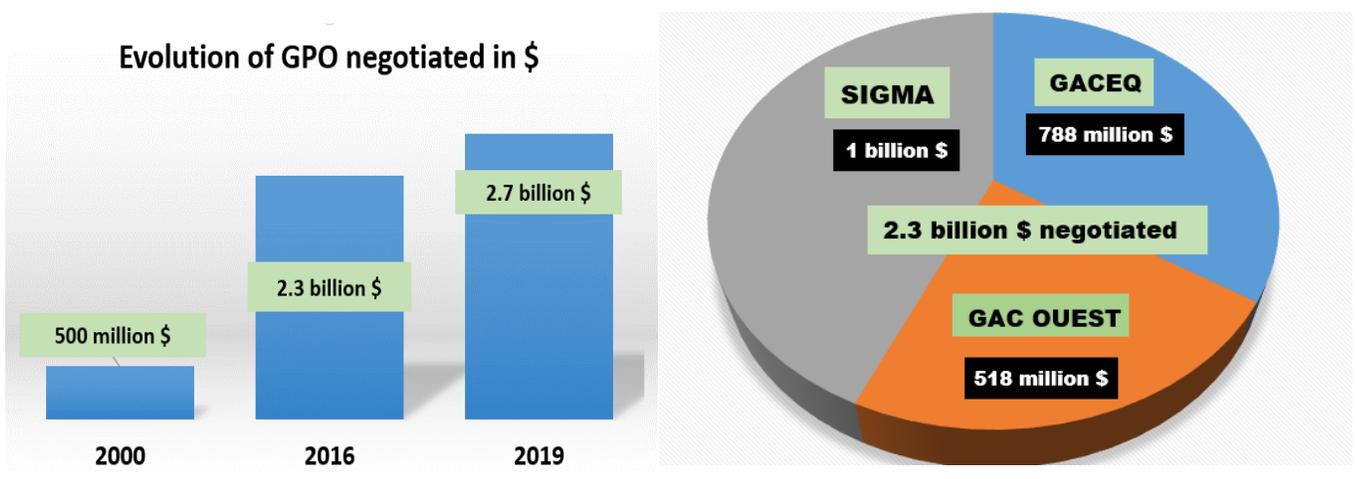


By: Alain Gilbert, MBA
Associate
MCG| Medius Consulting Group

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A true revolution is underway in Québec's health network. It will significantly impact Group Purchasing Organizations' (GPOs) procurement processes, and, as a result, how the Province interacts with its suppliers.

This revolution will result in the creation of a nearly 3-billion-dollar consolidated acquisition volume. For suppliers, the winners of this revolution will be those who are able to align their value propositions and strategic plans with these new processes.



The graphics above show the importance of these GPOs. While in 2000 40% of healthcare institutions' total volume was represented through GPO processes, as of 2016, it stood at 50%. Their target for 2019 is 60%, which means the volume will increase to **2.7 billion dollars**. This doesn't include important sectors such as real estate and electricity, which GPOs currently do not negotiate.

Three key factors will increase the importance of GPOs in Quebec healthcare:

1. Integrating the healthcare delivery network means an **80% decrease** in the number of institutions, from **182 to 34**. The decrease in the number of stakeholders makes information dissemination and decision-making easier within GPOs and institutions.



The integration of the network reduces the number of institutions and consequently, the number of clients. This measure will therefore increase compliance with contracts. The harmonization of care will reduce the number of products used. Some suppliers will increase their market share while others could lose theirs.

2. Bill 10, passed in 2015, resulted in significant changes in information systems management, including the move to a **single provincial solution (Cristal-Net)**. GPOs have undertaken to harmonize their contracts, information systems, databases and processes. They will be included in the financial component of the Electronic Medical Record (EMR), which will provide multiple data points on each patient, including the economics of care.

This reform enables patient-centered funding, which includes a **new compensation model** for physicians and institutions based on quantifiable clinical and economic outcomes. This approach will promote a broader scope in what is measured and the activities that support this measurement. Database standardization allows for a more in-depth data analysis and enhanced performance measures. Standardized coding (UNSPSC: United Nations Standard Products and Services Code) is expected to promote compliance from both healthcare providers and suppliers. Implementation is already well underway.



Suppliers' value propositions will come under greater scrutiny depending on their impact on the total cost of care. Proposals will need to present a consolidated view of outcomes within an integrated evaluation process. Elements that cannot be quantified within this global outcomes model will not be considered.

3. Inevitably, the new regulations and clearer expectations around standards of care and outcomes will require the mandatory participation of healthcare institutions GPO programs and processes. This will result in significant volume increases driven through GPOs. **An average of 55 contracts** are signed **weekly** in the health sector in Québec. This will increase dramatically in the coming months.



Given that GPOs generate a significant workload for suppliers, a reactive approach has often been the standard for many businesses. The new focus on an integrated approach that brings together financial and clinical outcomes means that successful suppliers will need to become far more proactive in understanding decision drivers and preparing successful value propositions.

With a nearly 3-billion-dollar integrated procurement system, Québec's GPOs are pioneers with respect to consolidated acquisition processes. Businesses that will include these processes into their strategic plans will be the true winners of this revolution. Past research by MCG with GPOs across Canada, has confirmed that provincial governments and healthcare managers closely watch Quebec's initiatives as the leading edge of procurement innovation.

Alain Gilbert

Alain Gilbert holds an MBA from the University of Montreal and Bachelor's degree from the University of Quebec. Alain has more than thirty years experience and achievements in the Canadian healthcare industry occupying key positions in Sales, Marketing, and Business Development for industry leaders such as Baxter, Smith & Nephew, Convatec, Bristol-Myers Squibb, and Getinge. Alain's particular expertise is in navigating the complex landscape of group purchasing and creating value propositions that align with how GPOs assess and award contracts. His focus is in helping clients build sales, share and margin growth in the acute, LTC and homecare segments in Quebec. Alain can be reached at:

alain@mediusinternational.com. MCG's web site is at:
<http://www.mediusedinternational.com>.