FTC Health Care Workshop

Panel: Hospital Group Purchasing Organizations

Clinical Review Process Conducted by Group Purchasing Organizations and Health Systems

Clifford Goodman, Ph.D.
Senior Scientist, Medical Technology
The Lewin Group
Falls Church, Virginia USA 22042
clifford.goodman@lewin.com

Approach

- **Surveyed 5 health systems and 6 GPOs during February and March 2002**
- **Health system interviewees were purchasing managers, administrative officers, and medical officers**
- **GPO interviewees were clinical operations directors, chief executives, other senior company executives**
- **Interviews were conducted by telephone, using a detailed interview guide was sent to all participants in advance of the calls**
- **The Lewin Group developed the guide with input and comments by HIGPA**
- **Proprietary aspects such as contract terms, financial arrangements, and business tactics were not discussed**

GPOs Surveyed

- **AmeriNet, Inc.**
- **Consorta, Inc.**
- **MAGNET, Inc.**
- **Novation**
- **Premier, Inc.**
- **Shared Services Healthcare, Inc.**

Main Findings

Technology attributes and impacts incorporated into clinical review processes

- Technical properties and performance
- Safety and risk to patients and health care workers
- Efficacy and effectiveness
- Economic attributes
- Acceptability to patients and clinicians (comfort, ease of use, utility)
- Risk of liability
- Potential for standardization

Technology attributes and impacts incorporated into clinical review processes (cont'd)

- Impact on market share/competitiveness
- Requirements for facility modification/work flow
- Manufacturer reputation and support
- Capacity of vendor to provide sufficient and reliable supply

1. Clinical review processes of health systems and GPOs rely upon comprehensive systems of expert committees

- **These committees cover a broad array of clinical and administrative areas, and comprise a range of clinicians, technicians, managers, and others drawn from the member health systems themselves and outside experts.**

2. Recognized independent technology assessment resources are used

- **Information gathering tends to draw upon many of the same widely recognized sources used by other types of technology evaluation processes present in the health care sector, e.g., independent assessment groups such as ECRI and Hayes, and databases of peer-reviewed literature such as MEDLINE.**

2. Recognized independent technology assessment resources are used (cont'd)

- **For example, Premier makes extensive use of assessment reports and related services of ECRI, and Consorta provides access to Hayes assessments for its member institutions.**

3. Health systems and GPOs have functions for monitoring and incorporating “breakthrough” and other novel technologies

- **Although much of their purchasing activity is devoted to acquisition of “commodity” products of demonstrated quality, most health systems and GPOs have dedicated functions or other provisions for incorporating new and unique technologies into their purchasing contracts.**

3. Health systems and GPOs have functions for monitoring and incorporating "breakthrough" and other novel technologies (cont'd)

- **These functions include capacity to respond to initiatives from technology companies/ vendors, and actively seeking out novel technologies with potential to be added to contracts or supplant technologies under contract.**
- **Consideration of such technologies is subject to the demonstrated safety, effectiveness, cost-effectiveness, reliability of supply, and other attributes that pertain to other technologies.**

4. Mechanisms for ongoing review are in place

- **Some GPOs conduct ongoing or "perpetual" reviews of new technologies as part of their regular contracting process.**
- **In addition to reviewing technologies as part of their regular contracting cycles (typically 3-5 years), these contracts often have provisions for replacing/upgrading these technologies in mid-contract when a vendor places a new model on the market or when a GPO identifies a preferable alternative.**

5. Information is shared among clinical review functions

- **Certain separate functions related to review of clinical practices and technologies are linked within health systems and GPOs.**
- **For example, one surveyed GPO has a clinical technology service that undertakes repair, maintenance, and upgrading for many types of capital equipment. The GPO arranges for the clinical technology service to provide its practical field experience with capital equipment to the GPO's technology assessment process and its technology contracting process.**

5. Information is shared among clinical review functions (cont'd)

- **The breakthrough technology function of one of the GPOs is linked to the broader technology assessment group, so that information about breakthroughs can be fed into considerations of technology choices. In turn, the technology assessment group can provide information resources and expertise in support of analyses of the breakthrough technology function.**

6. GPOs can facilitate trials

- **A separate avenue by which GPOs can support clinical research involving health care innovation is by helping to facilitate clinical trials. One of the surveyed GPOs has a clinical trials index that serves to link technology companies (and other research interests) that want to conduct clinical trials with provider institutions interested in serving as trial sites.**

Inclination toward evidence-based evaluations

One medical director of a health system characterized the relationship among GPOs, health systems, and manufacturers as follows.

- ***"GPOs are not locking out 'newer cusp' technologies. Together with health systems, they evaluate products on the merits, they do a trade-off of costs and effectiveness, and they use best evidence. Purchasing consortia get the best price on command, and they don't make it so innovation cannot occur."***

Much clinical review activity is devoted to technologies that are recently FDA-approved, or whose approval is imminent

One hospital medical director of a clinical review program stated:

- ***"Mostly, we see breakthrough products – the latest and greatest. The pulse oximetry device is kind of a commodity – but a new feature could make it a me-too or a breakthrough. The committee's job is to distinguish among these. Me-toos are usually not worth it."***

Much clinical review activity is devoted to technologies that are … (cont'd)

One hospital medical director … (cont'd):

- ***"Every single case involves an extensive financial analysis. It used to be that the analysis was not rigorous; most products were looked at as replacements. But most are not one-on-one replacements. They require focus on how they change care, payer mix, and the program impact."***

Clinical Review Processes: Future Considerations

Continued development of:

- **Priority setting for new technologies, updates**
- **Interdisciplinary expert processes**
- **Information retrieval, filtering, interpretation**
- **Weighing of multiple, interrelated impacts: access, health outcomes, quality of life, clinical practice, economic, etc.**
- **Ongoing incorporation of user experience, other feedback**