Ethics vs Economy in Medicine?

How to avoid rationing by rethinking procurement management.

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#EHMA2024
Every decision made by hospital managers will produce a bundle of effects: no matter if intended or not!
The Study:
Importance of ethical criteria in managerial decision-making processes.
Patient outcome, community health and carbon footprint reduction.
The “Monitoring Study 2023/24”

Sample
➢ 775 Hospital Managers
➢ 148 decision-makers from industry, service providers and medical retailers
➢ 12 representatives from GPOs

Methodology
➢ Structured Questionnaire
➢ Interviews

Purpose of the Study
... to identify clinical processes were low-cost medical products with limited functionality are used due to budget restrictions with the consequence of
> threatening patient outcome and
> jeopardising community health.
**Strategy and Procurement Philosophy**

**Strategically Preferred Areas of Procurement Activities**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Priority 1:</td>
<td>54% Standardization of Portfolio</td>
</tr>
<tr>
<td>Priority 2:</td>
<td>53% IT/Digitalization</td>
</tr>
<tr>
<td>Priority 8:</td>
<td>12% Green Procurement</td>
</tr>
<tr>
<td>Priority 17:</td>
<td>10.98% Patient Outcome Value (PREs + PROs)</td>
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</tbody>
</table>

**Decision-making Criteria**

<table>
<thead>
<tr>
<th>Priority</th>
<th>Percentage</th>
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</thead>
<tbody>
<tr>
<td>Priority 1:</td>
<td>63% Price</td>
</tr>
<tr>
<td>Priority 2:</td>
<td>53% Risk/Quality</td>
</tr>
<tr>
<td>Priority 8:</td>
<td>5% Resource Saving</td>
</tr>
<tr>
<td>Priority 4:</td>
<td>9.8% Patient Outcome Effects</td>
</tr>
<tr>
<td>Priority 8:</td>
<td>3.6% Impact on Environment</td>
</tr>
</tbody>
</table>

**Decision-making Behaviour**

**“Carbon Footprint”**

- **66% unimportant in decision-making**
- **32% balanced between price, functionality, outcome, etc**
The Problem

- Calculation of medical products in the reimbursement system is too low
- Calculation is not high enough in order to buy highly functional products with added value
  
  Buying cheap products with sufficient but not excellent functionality will increase the contribution margin (= counterproductive incentive situation)
  
  A low product price is transparent and saves out-of-pocket money, but process cost and benefits for patient and community must be identified by HTA
- Hospital is not payed for achieving benefits in the community (e.g. for sickness funds and community health)
Decision-making in Procurement:
A balancing act between operating costs and community benefits the hospital gets not payed for.

Infragenual Bypasses with CLI-Patients
(Critical Limb Ischemia)

G-DRG F08D Reimbursement = 10.548 €
Vessel Prosthesis with Heparin Surface
(3.800 €)

versus

Standard ePTFE Prosthesis
(1.800 €)

Example for Value-Based Procurement

➢ 28% less amputations
➢ Major amputation: 25% survival rate after 5 years
➢ Minor amputation: 80% survival rate after 5 years
➢ Costs per amputation: 90.000 €
➢ Given 11.000 cases = 880 Mio. savings

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Managerial Decision

Ethical Dimension
Social Dimension
Economic Dimension

Sustainability
Community Health
Patient Risks
Working Conditions
Costs
Value-Based Procurement and Decision-Making: Framing determines decision-making and results.
Value-Based Procurement: Fair Prices for Fair Value

How to overcome the reimbursement gap and to fulfil ethical requirements?

- Match between decision-making criteria and incentive system: pay for value pertaining patients, procedures, community health
- Reimbursement of Patient Outcome and Community Value
- Pilot Projects accompanied by HTA
- HTA-driven prices for selected medical products
- Agreement on Criteria and Measures
- List of „value-preferred items“ reimbursed by payers
- Clinical and epidemiological Evidence
- Legal regulations for selected High-Cost-High-Impact Devices
Thank you

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