

Hospital Value Committees: The Role of the Surgeon in New Technology Adoption

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Hospital system value committees stand as gatekeepers to the adoption of new products based on their ability to deliver health care value. The committees represent the hospital's interest in delivering the triple aim of medicine – improving the experience of care, improving the health of populations, and reducing costs. Understanding the evolving role of these value committees will help surgeons be more effective in driving the adoption of new technologies for patient benefit.

With shifts from volume to value-based reimbursements, hospitals must analyze value to receive appropriate reimbursement. This pressure to control cost has been a key driver for facility and practice acquisitions, which allow for economies of scale. Upward trends in consolidation accelerated following the value-focused Affordable Care Act in 2010.¹ However, even with consolidations and larger revenues, hospitals generally have very small margins – with a median of only 2.7% for US hospital in 2016.²

Value committees play an important role in improving quality of care, reducing costs, and optimizing value by carefully considering the impacts of new technology. They often focus on surgeon preference items – including tools and implants chosen by surgeons. These can account for 40-60%³ of hospital supply costs. Variability in surgical preference items raise supply chain costs and may decrease quality of care, thus significantly impacting system financial health. Prior to the establishment of value committees, surgeons could often adopt any technology they thought would lead to improved outcomes. This allowed for the adoption of costly innovations that were often driven by sales teams and the marketing of features that did little to improve overall value for hospital systems.

But what is value? Value is broadly defined as the ratio of quality to cost. This framework is used to evaluate the benefit of a product compared to the cost incurred.⁴ However, the specific definition and evaluation of value varies amongst health care stakeholders.⁵ When new product requests for evaluation or purchase are initiated by a clinician, value committees determine if an innovation will have a net positive impact on patients,

providers, and the system. Given the vast reach of such decisions, committee members typically include physicians, nurses, administrators, OR management, supply chain specialists, purchasing agents, and revenue analysts in advanced systems.

Hospital value committees are variable in the levels of sophistication to which they can perform value analysis (Figure 1). At a rudimentary level they evaluate cost and benchmarking data around a current and new technology. At the most sophisticated level they are clinically integrated, enabling an analysis of clinical outcomes, workflow efficiency, revenue cycle, supply chain impact storage/contracting, and risk sharing. Optimally, they are able to track new technology and measure real impact against predictions. Value committees should be transparent in their decision making and include surgeons in the evaluations of new technology.

New models are emerging for value committees to proactively perform category analysis, look for opportunities to standardize and reduce cost, and actively engage clinicians in decision making to obtain the best patient outcomes. The value focus has also challenged industry leaders to consider new models of engagement with clinicians and systems, including shared risk and reward for the successful adoption of new technologies that improve outcomes.⁶

Value analysis committees are growing in importance and influence due to global pressure to provide better outcomes for more patients at lower cost. It is critical for surgeons to understand the motivations, processes, and decision-making criteria of their local value committee in

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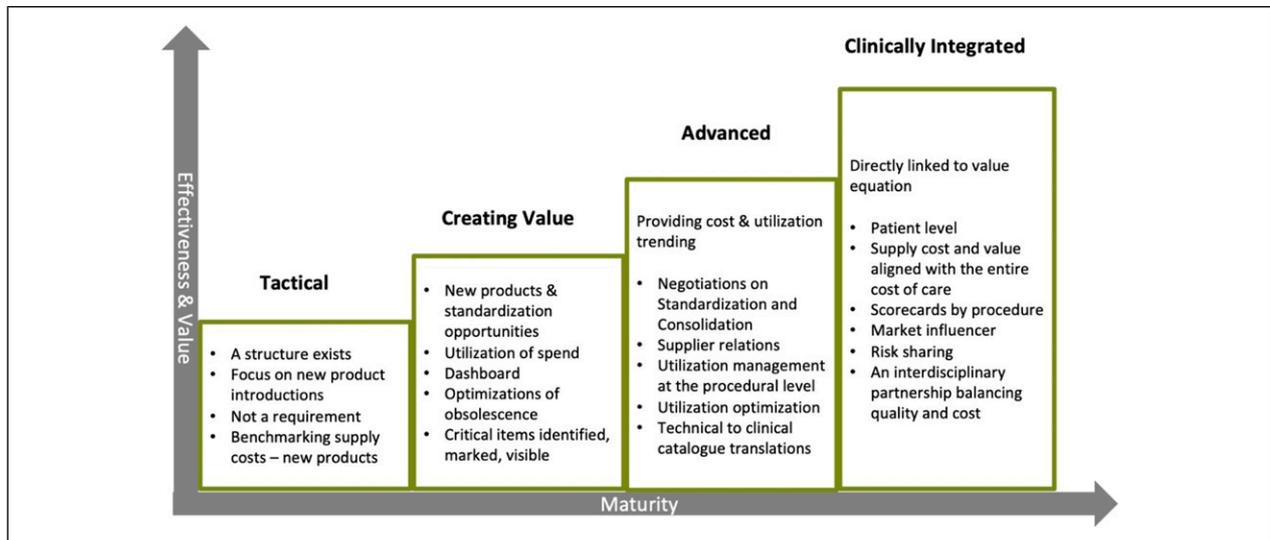


Figure 1. Stage of maturity and effectiveness for hospital value committees.

order to best advocate for new technologies that could benefit their patients.

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