

Understanding the Steps in the Hospital Value Analysis Process



By Thomas J. Williams and Glen Hall

For most sales professionals navigating the Hospitals Value Analysis Committee (VAC) is like trying to walk through a minefield. You don't want to get blown -up and you want to survive (win). Before you can win with the VAC you must understand how a VAC operates.

Understanding the steps in their process positions you to adjust your strategy accordingly.

There are six (6) steps in a typical VAC process but they may be described with different terms. They are Gather Data, Preliminary Negotiation, Clinical Trial or Approval, Final Negotiation, Implementation and Validation. Let's look at each one separately below.

Gather Data

In this section, there are several sub-categories.

- **Define the Need:** Hospitals always ask themselves the question "What is the opportunity if we use this new product? Is it cost savings, improved clinical outcome or both? They also ask "What are the issues we are having with our existing product? Is it product quality, backorders, over-utilization, required maintenance or something else?"
- **Data Analysis:** This involves collecting Product Utilization & Cost Data, Product Data, Current Vendor Analysis & Contract Terms and a Financial Analysis Review.
- **Third- Party Evaluations/Comments:** Hospitals weigh clinical evidence differently. They look for third-party evaluators that are unbiased to provide them with an independent evaluation and recommendation for which products to purchase and the justification. Key firms that sales organizations should be following include:
 - Hayes
 - MD Buyline
 - ECRI

It is not uncommon for some hospital personnel to follow list serves for certain manufacturers and report that information internally.

- **Literature Review:** In today's world hospitals are looking for clinical evidence to support the purchase of a new product. In some cases, clinical evidence isn't required (i.e.; many commodity items). With disruptive technology, the clinical evidence may be waiting to be published. The key is to understand where clinical evidence will be required and then having the information to share that is relevant and highly valued.

Preliminary Negotiation

This step involves discussing the data analysis that was collected in the previous step along with product utilization, a thorough cost analysis and whether the product requires a product evaluation. Hospitals then determine a list of possible vendors, identify who is on their GPO contract, engage the possible vendors, establish pricing and service requirements, obtain preliminary pricing and then determine if an RFI, RFP, clinical trials and/or site visits are required.

Clinical Trial or Approval

Not all products require a clinical trial. If your product requires one, then the following evaluation process questions need to be answered at a minimum:

- What products need to be tested?
- Who are the users that will test the product?
- In which locations of the hospital will the product be tested and for how long?
- How will the hospital staff be trained? What are the time requirements? How will they measure competency?
- What vendor support is required?
- What evaluation tool will we use?
- Who on the VAC team is going to analyze the evaluation data and present it to the committee?
- How will the committee make a product selection? What are their options?

Final Negotiation

With every VAC they are either the "final yes" or they "make a recommendation" to a higher authority i.e. a VAC steering committee or the C-Suite. Decisions range from purchase, reject, leave open to approve, denied or return to champion.

At this stage is where the vendor and hospital agree on pricing, the final terms and conditions, shipping and payment terms, the warranty and on-going clinical training and support, service support and service response times.

Implementation

For many major new products buying the product is only part of the equation. Key to achieving the clinical benefits of the product is the implementation plan. This includes the:

- Communication methods to the staff
- The training schedule and process
- How the existing product will be removed
- The rollout process which includes tasks, due dates, accountable parties, collecting feedback and meetings to review progress
- A Pre-Conversion Meeting to review the implementation plan and schedule subsequent reviews

Validation

The new product was purchased by the hospital for a reason. Key is validating the original decision with some type of data. At this step VACs monitor the results by surveying their internal stakeholders and documenting the projected savings and clinical/operational results. They also define “what worked and what didn’t”. They document vendor performance for future requirements and they report their results to senior hospital leadership.

Parting Thoughts

Working with a VAC doesn’t have to be a mystery. Every procedure hospital personnel performs follows some type of policy and procedure. Key to success in working with them is understanding the steps they follow to ensure a positive clinical result. This only happens when sales professionals ask the right questions of the right people. It’s not difficult but it’s not always common practice.

This is the fourth blog in our series on Value Analysis Committees.

As always, we welcome your thoughts and input. Let’s start a discussion and elevate the sales profession with a thoughtful and informative discourse.

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