LEGACY HEALTH

ADMINISTRATIVE

Policy #: **800.03**
Origination Date: **08/93**
Last Revision Date: **07/17**

SECTION: **MATERIAL SERVICES**
TITLE: **EVIDENCE BASED VALUE ANALYSIS FOR PRODUCT EVALUATION AND SELECTION**

INTRODUCTION

Legacy Health is committed to providing the best patient care available, a safe environment for patients and employees, encouragement and support for clinical innovation while operating efficiently and within approved budgets.

All affected organizations within the continuum of care including Supply Chain Management and Clinical Value Analysis have a responsibility to pursue opportunities to enhance clinical outcomes, promote operational efficiencies and reduce our environmental impact through informed product selection and system wide standardization.

PURPOSE

The purpose of this policy is:

- To ensure that new supplies and equipment are properly evaluated with respect to safety, quality outcomes, efficiencies, reduced environmental impact, cost of operation and reimbursement prior to being approved for use within Legacy Health facilities.
- To ensure a consistent evidenced based methodology and process for conducting supply and equipment evaluations.

SCOPE

This policy applies to all clinical supplies, services and equipment proposed for use within Legacy Health. Please consult the Supply Chain Management Department for questions regarding evaluation of non-clinical supplies and equipment.

DEFINITIONS

1. **New Product -Request**
   The required process for requesting new equipment or supply items that have not been previously approved for continuous use within Legacy Health. This request is made through the Procured Health Program online.Reference policy LH 800.17

2. **New Product**
   Equipment or supply items that have not been previously approved for continuous use within Legacy Health.Value Analysis Council (VAC)
   A standing committee organized along major service areas consisting of clinical service line staff, Clinical Practice Support, Supply Chain and Material Service Operations, Finance, and

ad hoc members as required whose purpose is to:

- Facilitate opportunities for the improvement of patient care quality outcomes by reviewing new clinical product requests on the basis of their clinical efficacy, evidence based support, outcome performance, and adherence with currently published best practice standards.
- Identify opportunities for standardization and simplification of supplies, equipment, and services throughout Legacy Health.
- Identify and explore opportunities to reduce operational costs associated with utilization of current products and supplies.
- Support the evaluation and analysis phases of the new product request process (LH 800.17) - authorize and coordinate supply and equipment evaluations.
- Value Analysis Councils are organized into identified service line groups: Women's Services, Pediatrics, Surgical Services, Respiratory Therapy and Adult Patient Care Services. Subsequent value analysis councils can and will be organized at the discretion of the Value Analysis Director or Executive Steering Committee.

3. **Value Analysis Process**
   An evidence based decision-making methodology used in evaluating new product and supply opportunities for continuous use within Legacy Health.

4. **Demonstration**
   Exhibiting the operation or use of a piece of equipment or supply item. No direct patient care or actual practice setting allowed.

5. **Evaluation**
   To determine or ascertain the value, worth, quality or efficacy of a supply or equipment item via controlled use in a direct patient care or actual practice setting.

6. **Hypothesis**
   A provisional theory set as a guide to further investigation that is assumed for the sake of testing and evaluation. A hypothesis sets a clear intention for conducting the evaluation.
7. **Executive Standardization Council**
   - A cross-functional board chartered as the final arbiter for approval of new products and system-wide standards that cannot be resolved by the value analysis process or require executive approval as determined by LH 800.17
   - Recommends strategic direction, advocacy, and performance oversight of the Legacy Health Value Analysis program.

POLICY

1. All requests for new products and equipment are subject to LH 800.17 New Supply and Equipment Procurement policy.

2. During vendor demonstrations, there shall be no use of the vendors' equipment or supply item by Legacy staff except for incidental handling to assess the product's configuration, visible features and ergonomic properties. No equipment shall remain on the premises following the supplier's demonstration, unless an evaluation agreement and evaluation purchase order have been executed by the Supply Chain Management Department. If an evaluation period is desired, the remainder of this policy applies.

   Supplies or equipment offered by vendors to Legacy will not be approved for trial evaluation or ongoing purchase unless they have been approved through the value analysis process and deemed appropriate for use.

3. All requests for new products or supplies are initiated through the Procured Health Program.

4. The designated VAC will schedule a new product request presentation and review after the request has been cleared by Supply Chain Management for contract compliance. The appropriate VAC chair will email the requestor of their scheduled review date and time at least five working days in advance of the council meeting.

5. The original requestor or delegate will present the request to the appropriate VAC at the scheduled date and time.

6. The VAC will use a standardized evaluation methodology for scoring the new product request presentation.
   The criteria used to evaluate the merits of the request include:

   - Quality of clinical evidence provided in support of the request
   - Clinical benefits
   - Staff safety and or satisfaction
   - Alignment with strategic goals
   - Anticipated financial impact
   - Reduced environmental impact. The VAC will notify the requestor in writing of the council's decision on the NPR request within five working days of the NPI presentation.

7. The Value Analysis Councils may request or approve products and supplies be brought into Legacy Health for purposes of evaluation. In such circumstances:

   - An evaluation plan will be developed and presented to the appropriate VAC for approval prior to initiation of the product or supply trial. This written plan will include:
     1) Designated project leadership
     2) Specific time line for evaluation
     3) Evaluation tools – see below
     4) List of all participating Legacy Health departments
     5) Pre-evaluation education plan
     6) Communication plan with non-participating units affected by the product trial
     7) Anticipated or known costs associated with the evaluation
   - An evaluation tool will be formulated to collect specific, measurable data used to discern the clinical effectiveness of the product. Evaluations will be constructed to solicit input from all potential stakeholders. The evaluation tool will be approved by the appropriate VAC prior to initiation of the product trial and will follow a standardized form, weighting, and scoring methodology.
   - For evaluations where outcome measures need to be monitored, the requestor will develop and present for approval to the designated VAC a plan outlining:
     1) The specific outcome measures to be tracked
     2) Designate what data sources will be used for each measure
     3) Assign accountability as to who will be responsible for collecting the data
   - Full and complete evaluation results and outcome performance measures will be presented to and reviewed by the appropriate VAC prior to rendering a decision or recommendation for the product in question.

8. The trial period will be conducted for a time limited duration, agreed upon prior to initiation of the evaluation, at the conclusion of which all residual trial products and supplies will be returned to the vendor.

9. At the discretion of Supply Chain and MSO, items brought in for evaluation may be assigned an item number in the materials management information system for the purpose of tracking the product for the designated evaluation time frame.

10. All equipment brought into any Legacy facility for evaluation will be treated as if it were being purchased. To address issues of liability, and patient and staff safety, a properly authorized Purchase Order and Evaluation Agreement must be executed by the Supply Chain Management staff prior to allowing the supply or equipment item into the facilities.

11. All electrically powered equipment must conform to LH 800.10, Electrical Equipment Acquisitions policy.

12. No verbal authorizations will be granted to proceed with supply, drug or equipment evaluation. By policy (reference LH 400.07) only Supply Chain staff and Pharmacy is authorized to grant legal permission to enter into an evaluation on behalf of Legacy Health.

13. A charge code for reimbursement must be established in advance for all patient chargeable evaluation product/equipment for which Legacy must pay. It is the responsibility of the requesting department to secure the charge code and communicate to the appropriate staff prior to commencing the evaluation.

14. Prior to the evaluation period the requester will collaborate with Supply Chain Management, Clinical Value Analysis and Clinical Practice Support resources and the supplier to secure appropriate training, education and communication necessary to use the product or operate the supply or equipment safely.

15. Evaluations will be conducted, results collected, analyzed and summarized by Legacy employees. Vendors ***may not participate*** in the design of the evaluation or collection and summation of evaluation data.

16. Following the evaluation, the results will be summarized and presented to the originating VAC or the Value Analysis Executive Steering Committee as applicable for an implementation decision.

17. Once the originating VAC or Executive Standardization Council has approved the recommended supply or equipment selection, the decision will be implemented by utilizing established Legacy Health protocols, systems and business practices. Products and equipment will be authorized for purchase and use within Legacy Health upon completion of:

- Clinical education
- Protocol development
- Creation or amendment of applicable clinical documentation
- Credentialing, if applicable
- Successful completion of negotiations and contracting by Supply Chain Management
- All required Material Services tasks required to make the product/equipment available through established Legacy channels.

18. Should any supply or equipment requester take exception to the selection decision, they may request a review of that specific decision by the Executive Standardization Council. In the case of a physician requested product, a final review may be requested with the Medical Quality and Credentialing Committee of the Board. To request such a review:

- The original requestor will notify the appropriate VAC chair or the Value Analysis Program Director of their desire to have the decision on their NPR reviewed.

- The Value Analysis Program Director will coordinate with the executive sponsor of the Executive Standardization Council to schedule a review of the product decision.
- The Value Analysis Executive Steering Committee will deliberate on the product and render a decision. It is at the discretion and convenience of the steering committee to request any materials, information, or presentation input necessary to facilitate their decision making process.

Cross-referenced Policies:
LH 800.10 Electrical Equipment Acquisitions
LH 800.07 Vendor Relationship Policy
LH 800.17 New Supply and Equipment Procurement Policy
LH 800.18 Environmentally Preferable Purchasing

Approvals: Materials Management
Clinical Value Analysis
Executive Council

Originator: Clinical Value Analysis
Supply Chain Management