PHARMAC Wound Care Market Share Post Implementation Review

Report Summary

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ALLEN+CLARKE

ACKNOWLEDGEMENTS

The *Allen + Clarke* project team would like to thank all those who participated in the review. This includes DHB staff, suppliers of wound care products, the Wound Care Advisory Group, NZ Health Partnerships and PHARMAC personnel. The time and support provided, and knowledge and experiences shared, was invaluable to the review process.

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1. REVIEW PURPOSE AND BACKGROUND

The following document summarises findings and recommendations from an independent review commissioned by PHARMAC of its implementation of market share agreements for a range of wound care products in District Health Boards (DHBs).

From 1 July 2017, DHBs completed the transition to new market share agreements for some wound care products. A market share approach provides suppliers an assured portion of the market in return for competitive pricing. As part of this approach, DHBs must only purchase the market share supplier's products in certain wound care sub-categories, with a small allowance for discretionary purchasing (i.e., discretionary variance or DV allowance).

The implementation of the market share agreements involved a coordinated effort between PHARMAC (who award and manage the contracts), suppliers (who are awarded market share to supply products) and DHBs (as buyers and users of the products). The implementation spanned three main phases:

1. Pre-implementation (1 August – 31 October 2016)
2. Transition (1 November 2016 – 30 June 2017)
3. Post-implementation (1 July 2017 – December 2017)

PHARMAC commissioned an independent review to better understand the effectiveness of its implementation of market share agreements for wound care products. PHARMAC intend to use the review's findings to identify key lessons related to the implementation of market share agreements for wound care products and to inform future medical devices work. The findings relating to DHB and supplier activities may inform these stakeholder's reflections on potential improvements to their approaches.

2. METHODOLOGY

The review examined the implementation by PHARMAC, DHBs and suppliers of market share agreements for wound care products. Centred around effectiveness, appropriateness and the impact of the implementation, the review considered the following four key review questions (KRQs):

1. How effective was the implementation of market share agreements for wound care products?
2. How appropriate was the implementation in meeting each DHB's needs?
3. What impact has the implementation of market share agreements for wound care products made to DHBs?
4. What lessons can be learned from this implementation to guide future market share arrangements for medical devices?

To collect data to answer the KRQs, the review used information gathered from a range of sources. These included: a document review; a DHB Change Manager workshop; key informant interviews; an online survey (completed by 57 DHB staff); and case studies at four DHBs (which included site-based review of materials, individual and small group interviews, follow-up calls with DHBs, and focus groups with clinical staff).

3. REVIEW FINDINGS

The following sub-sections provide an overview of the review's findings across three core areas of the implementation: effectiveness, appropriateness and impact.

3.1. Effectiveness

Exceeded expectations
Met expectations
Below expectations
No change or detrimental

The review found that, overall, PHARMAC effectively managed the implementation of the change to market share.

Stakeholders reported that timeframes were clearly communicated and sufficiently long enough to allow DHBs to transition to the new products.

PHARMAC was regarded as being responsive and helpful in interactions with suppliers and DHBs. Generally, suppliers and DHBs reported that there were ways to report issues throughout the implementation to PHARMAC and saw adequate responses to address them.

One issue identified some DHBs' underestimation of the scale of change that would be occurring, including the resultant resourcing and management implications of the change. Further tailoring of PHARMAC or DHB materials would be useful to guide DHBs in developing an understanding of the scope of change, assessing their particular needs, and communicating within and throughout the organisation.

"This was the best managed implementation I have worked in: we were listened to, we were consulted with."

– DHB change manager

3.2. Appropriateness

Exceeded expectations
Met expectations
Below expectations
No change or detrimental

The review found that PHARMAC's overall implementation processes, activities and materials met DHBs' needs, regardless of variation in DHB size and resourcing.

DHBs reported that PHARMAC and suppliers' implementation processes and activities were appropriate to support them to give effect to the new market share agreements. There were some reported difficulties where DHBs were not always able to receive resources or support that was best suited to meet their individual needs. However, DHBs were largely able to work through these barriers to meet implementation milestones.

3.3. Impact

Exceeded expectations
Met expectations
Below expectations
No change or detrimental

The review found that, overall, the implementation process positively impacted DHBs' and suppliers' readiness for the post-implementation phase.

The implementation timeframes, although considered 'tight' by some, were adequate to support DHBs and suppliers in transitioning to the new wound care products. DHB procurement and supply chain staff reported confidence in and understanding of the new procurement approach, and a clear understanding of the purpose and importance of DV limits and monitoring of their DV compliance.

DHBs reported having adequate access to stock to meet their clinical needs following the changeover date without major supply issues or disruptions. PHARMAC could have provided more support around data collection and reporting requirements to ensure suppliers and DHBs were prepared for the ongoing management of working under the market share agreements.

"The timeline was a little tight – but it focused the DHB. More time may have dragged it out more than it needed to."

- DHB clinician

3.4. Conclusion

Overall, the implementation process was effective in supporting PHARMAC, suppliers and DHBs to transition to market share agreements for wound care products in DHBs. Ease of implementing the change varied across DHBs and depended on various factors identified at the organisational DHB level. These factors included:

- variability of internal communication processes;
- clinical leadership;
- DHB size; and
- capacity and resourcing considerations.

While the overall logistical aspects of the transition were well-managed and effective across the ordering, supply, distribution and monitoring of the wound care products, some aspects of the transition were less effective: for example, some challenges were experienced securing buy-in from clinical end-users who were unaware of the rationale for change and/or educational materials that were available about new products.

The review also found that the implementation process was generally delivered in a way that was 'fit for purpose' and appropriate for meeting the needs of individual DHBs. Further, the implementation process was successful in ensuring DHBs and suppliers were ready for the post-

implementation phase. DHBs and suppliers reported no logistical issues with switching out old products and supplying the new market share products, and stakeholders reported enhanced awareness and understanding of the new procurement approach, including the questions they now know to ask and how to better equip themselves for future market share agreements. However, although DHBs reported an enhanced understanding of DV limits, some DHBs reported ongoing ambiguity around how to measure, monitor and report on these allowances and how to implement them.

4. KEY FINDINGS

The review identified that key success factors for the implementation centred on PHARMAC's leadership and communication about the change, and the willingness of suppliers to be active and supportive in their engagement with DHBs. For some DHBs, internal resourcing and management was also identified as a key success factor.

Some minor issues were identified around the process, but these did not impede the overall success of the implementation.

The review also provided some recommendations for PHARMAC, DHBs and suppliers' consideration. The recommendations were drawn from specific ideas from stakeholders gathered from data collection activities, as well as recommendations identified by the *Allen + Clarke* and PHARMAC project teams based on the review findings. As previously noted, the overall implementation was effective and the identified issues were minor. It is therefore suggested that, when considering the recommendations, respective agencies assess what additional future benefits can be gained relative to required resourcing and the priority of achieving these potential improvements against other organisational activity.

It is recommended that:

1. When appropriate, PHARMAC consider enhancing its tailoring and targeting of communications to suit different sub-groups of the intended audience.
2. PHARMAC consider enhancing engagement with clinical staff throughout the process, particularly during consultation.
3. DHBs consider improving implementation planning through earlier identification and consideration of key groups impacted by future changes.
4. DHBs consider ensuring a dedicated change manager(s) and supporting staff are identified early in the pre-implementation process to lead and champion changes.
5. DHBs consider improving internal communication channels to improve awareness and understanding of the changes.
6. Suppliers continue to consider, anticipate and respond to DHB needs prior to and throughout market share implementations.

Key findings and recommendations for each key stakeholder group (PHARMAC, DHBs and suppliers) are further described below.

4.1. PHARMAC

Key success factors in the implementation for PHARMAC

- high organisational support and appropriate resourcing within PHARMAC for staff to work on and effectively manage the implementation;
- positive interaction and communication with stakeholders, and responsiveness to DHBs' needs and concerns;
- having a mandatory change made it easier for DHBs to push for change within the organisation;
- well-informed approach, which included the clinical expertise and advice of the Wound Care Advisory Group; and
- providing an adequate transition timeframe, and extending the timeframe, to allow DHBs enough time to implement the change.

Key barriers for PHARMAC that limited the enhanced success of the implementation

- communication materials not being disseminated to everyone who needed it via more direct and focused targeting of communication materials for key audiences. This meant that some clinical end-users perceived PHARMAC as lacking an understanding of their needs and the impact of the change on them; and
- more intensive resourcing (e.g., analysis of wound care data) for PHARMAC staff was required to support DHBs' understanding of DV allowances and their weighting than what was initially anticipated.

Recommendations for consideration

1. Enhance tailoring and targeting of communications to suit different sub-groups of the intended audience.

PHARMAC could consider ways of enhancing how implementation communications are targeted and tailored to better suit their intended audience.

This could include seeking wider advice about what information is required and enhanced work with suppliers and DHBs to determine respective roles in targeting communications. When appropriate, providing a 'communications package' with tailored information about the change for each key stakeholder group (e.g., more detailed and technical information to DHB change managers, procurement staff, and suppliers in emails and email attachments, less detailed and more visual information to clinical end-users such as posters or pamphlets). PHARMAC could also consider development of a 'communications checklist' for DHBs to help ensure they consider how to best identify their own internal key audiences and messaging approaches.

2. Enhance engagement with end-users throughout the process, particularly during consultation.

Some clinical end-users felt there was a lack of engagement with PHARMAC and/or specific targeting of information for their needs. PHARMAC could continue to develop ways of reaching and engaging end-users by enhancing work with DHBs to determine respective implementation roles and visibility to end-users and/or relevant stakeholder groups.

In future, PHARMAC may also find it useful to continue to consider how market share product evaluation processes are communicated to different audiences. This could include developing specific messaging around why clinical and/or field trials were/were not considered necessary, and by providing specific information on if/how advisory committees were developed and how PHARMAC used their advice. Ultimately, clinician engagement could be further enhanced by continuing to provide clear information when available that:

- there is evidence favouring a particular product(s) and/or confirming that an alternative product is just as suitable;
- advice from experts (e.g., expert advisory groups) has been sought regarding the use of a particular product(s); and
- a particular product(s) is already being used elsewhere.

4.2. DHBs

Key success factors in the implementation for DHBs

- strong internal communication between change managers, procurement staff, clinical leads and end-users;
- strong clinical leadership to champion and enact the change;
- early identification of who would be affected by the change and how the needs of this affected audience would be met; and
- adequate resourcing within the DHB to have dedicated staff to manage the change.

Key barriers for DHBs that limited the enhanced success of the implementation

- a lack of ownership about the change;
- a lack of understanding the full implications of the change and/or under-appreciation of the impact the change would have, and the rationale for change;
- a lack of DHB staff engagement with change processes, including PHARMAC consultation activities, supplier training and clinical leadership to champion and support change;
- difficulties in communicating internally within and across the DHB, with relevant staff and clinical practice areas; and

- resourcing limitations within DHBs' change management, procurement and clinical leadership teams to effectively manage the change.

Recommendations for consideration

3. Improve implementation planning through earlier identification and consideration of key groups impacted by future changes.

There were varying levels of resourcing and planning across DHBs to support the change to market share agreements within their organisation. DHBs that undertook more robust and earlier planning transitioned more easily.

DHBs could use implementation plans to better identify their needs and communicate these needs to both suppliers and key groups within the DHB impacted by the change. Early identification and communication of needs would better allow both DHBs and suppliers to work together to coordinate implementation of the change, particularly with regards to specific milestones and timeframes, product change, training and supporting educational resources/materials.

4. Ensure a dedicated change manager(s) and supporting staff are identified early in the pre-implementation process to lead and champion changes.

To better manage and lead changes within the DHB, identifying dedicated individuals or a small group of staff as early in the pre-implementation process as possible could help strengthen change management during the implementation itself. The nature of change management, such as level of dedicated resourcing, development of comprehensive implementation plans and impact analysis in advance of the change would be dependent on the needs and resourcing of the DHB.

Additionally, DHBs could involve relevant clinical staff in future implementations to champion the change within their practice area or team of end-users. Bolstering clinical leadership could also allow the DHB to better communicate change throughout the organisation and encourage engagement with consultation and training opportunities.

5. Enhance communication channels to improve awareness and understanding of change.

DHBs could consider enhancing involvement with PHARMAC during future consultation or pre-consultation periods to discuss specific communication and/or support requirements for implementation. Further, DHBs could consider enhancing communication channels across all staff levels to ensure widespread awareness of the rationale for change and understanding of the impact by end-users. Opportunities for DHBs to do so include using a range of media (such as

notice boards, posters, newsletters), and utilising existing DHB-specific wound care committees to champion change within the DHB. Ensuring end-users are effectively communicated with would support them in engaging with consultation processes, training and educational materials.

4.3. Suppliers

Key success factors in the implementation for suppliers

- positive working relationships with DHBs, including good follow-through with the DHB regarding supply or training issues encountered; and
- providing effective training to DHBs to support the implementation.

Key barriers for suppliers that limited the enhanced success of the implementation

- some underestimation of supply and resourcing needs and resultant issues with supply for some DHBs; and
- a perceived lack of some suppliers' engagement or responsiveness to DHBs' resourcing and training needs compared to other suppliers.

Recommendations for consideration

6. Continue to consider, anticipate and respond to DHB needs prior to and throughout market share implementations.

Suppliers should continue to consider, anticipate and respond to DHB needs in future market share implementations. This could involve working directly with DHBs as early in the implementation as possible to ensure mutual understanding of the impacts of change, and to identify and tailor the support and education required for each DHB. Where appropriate, suppliers could treat and work with each DHB to ensure positive face-to-face interaction with end-users and provide ongoing support to clinicians or other end-users impacted by the change (including follow-up sessions) to embed correct usage of new products.