

# Alcimed

Press Release

## The establishment of Territorial Hospital Groups: hospital purchasing in motion

*Alcimed, a consulting company specialized in innovation and new businesses, reports on the implementation of Territorial Hospital Groups (GHTs, French Acronym) led by the Ministry of Solidarity and Health, and in particular on the evolution of hospital purchases and their impact on suppliers.*

**Lyon, 25 July 2018** - At a time when civil servants are making their voices heard to protect their status, another reform<sup>1</sup> launched during the previous presidential term is being implemented, predicting a major restructuring of the French healthcare system.

The organization of hospitals in GHT aims to improve collaboration and organization of health facilities in order to facilitate the access to care for the general population. The ultimate objective of these groups is to improve the coordination of health care institutions around a local strategy through a joint, graduated and efficient patient care.



### A profound reorganization of the French hospital system

#### GHTs; a few figures:

- Grouping of 891 hospitals and care institutions into 135 GHTs
- 2 to 20 establishments per GHT
- Annual budget per GHT: <€100M to €2Bn
- Population covered by GHT: 100,000 to 2.5M inhabitants

This reform was launched on April 27th 2016, when Decree No. 2016-524 on territorial hospital groups (GHT) was published in the « Journal Officiel de la République Française ». This decree laid the foundations for the reform in terms of organization and timetable, by providing a mandatory grouping of public hospitals around constituent conventions, and the elaboration of a shared medical project by July 1st 2016. One of the main elements of the constituent agreements is the designation of a so-called "support" entity for its GHT, responsible for

centralizing and coordinating a large number of activities, in particular administrative activities, on behalf of all the establishments "part" of the group.

The "*Etablissement Support (ES)*" is thus responsible for the convergence of Information Systems, the Medical Information Department and the management of Hospital Purchasing. The other transversal functions, such as medical imaging, biology and the pharmacy, are under the joint responsibility of the ES and the "*Etablissement périphérique (EP)*".

While the great heterogeneity of GHTs has led to many discussions and special cases at local level, the 135 GHTs have been set up within the time limits specified in the decree.

<sup>1</sup> Law n° 2016-41 of January 26th 2016, on the modernization of the French healthcare system

<sup>2</sup> <https://www.ccomptes.fr/fr/publications/les-achats-hospitaliers>

## The evolution of hospital purchasing

Hospital purchases, with a total of €25 billion per year, (including €18.7 billion (+52% in 10 years) in purchases of equipment, goods and services), are a major challenge related to GHTs. This is the 2nd largest item of expenditure for hospitals, after healthcare- and administrative staff (€40 billion).

Since the 1st of January 2018, all responsibilities related to hospital purchases of GHTs have been officially shared and their management entrusted to the support entity. The latter must now ensure joint purchasing on behalf of all the Group's establishments. It is responsible for procurement policy and strategies, planning and procurement, as well as controlling the management and performance of the entire GHT.

As a first step flexibility measures are implemented in order to adapt this general organizational structure to local specificities. Thus, signature delegations or the provision of administrative staff allow EPs to continue to enter into certain hospital markets directly with their suppliers. However, there is now only one hospital purchasing team, regardless of the geographical location of the establishment and regardless of their original affiliation to a particular establishment.

According to Etienne GLEVAREC, project manager at Alcimed: "*The heterogeneity of local contexts will not allow the implementation of a single purchasing scheme. As we observed in the field, there are 135 GHTs and almost as many cases under discussion.*"

## Support for GHTs by health authorities

The implementation of an organized and professional shared healthcare purchasing service within each of the 135 GHTs, will not be instantaneous. This process will take several months or even years, depending on the GHTs. The key steps will be the establishment of shared structures and procedures, the acquisition of new tools (IT purchases, etc.) and the recruitment of new skills (management controller, performance analysts, etc.) within the departments.

To support this complex process, the General Directorate for Care Provision (*Direction Générale de l'Offre de Soins, DGOS*) has implemented several initiatives as part of its Hospital Performance for Responsible Purchasing program (*Performance Hospitalière pour des Achats Responsables, PHARE*). Among the most structuring initiatives are the regular publication of methodological guides<sup>3</sup> and FAQ\*, as well as "personalized" support to certain GHTs according to different eligibility criteria.

## What is the impact on suppliers?

Beyond the hospital organization, all the actors of the French healthcare system are deeply affected by this reform. Many suppliers and hospital service providers are currently wondering how to approach their customers, who are now integrated into GHTs.

One of the main pitfalls for suppliers is organizational. GHTs imply the relocation of economic decision-making centers of an ES towards the end users (health care services, imaging platforms, biological laboratories, etc.) which are at the origin of the needs in peripheral establishments. This will require the suppliers to ensure coordinated communication between the different sites of the same grouping, but also knowledge of the new decision-making processes specific to each GHT. This means the presence of teams in the field able to interact with multiple interlocutors heterogeneous in terms of influence, interest and need.

From an economic point of view, the centralization and increase of hospital purchases automatically implies a reduction in the number of calls for tenders and an increase in their complexity (budget, duration, multi-polarization, etc.). This generates the need to reinvent its offer and value proposition to meet the new needs of GHTs, and in particular the crucial issue of managing a territory and not a site.

<sup>3</sup> [http://solidarites-sante.gouv.fr/IMG/pdf/dgos\\_guide\\_systeme\\_information\\_convergent.pdf](http://solidarites-sante.gouv.fr/IMG/pdf/dgos_guide_systeme_information_convergent.pdf)

\* FAQ (Frequently Asked Questions): Frequently Asked Questions

In this context, it will become essential for these actors to move from a supplier status to a partner status. A partner able to understand, anticipate and respond to the challenges posed by GHTs, whether organizational, economical or territorial.

**About Alcimed - [www.alcimed.com](http://www.alcimed.com)**

Founded in 1993, Alcimed is an Innovation and New Business Consulting firm specialized in sectors driven by innovation: life sciences (food, biotech, healthcare), energy, environment, aeronautics, chemicals, cosmetics, materials, building, transportation, space and defense. Our purpose is to help both private and public decision-makers exploring and developing uncharted territories, dealing with new technologies, new offers, new geographies, possible futures, and new ways to innovate. Alcimed's clients are: industrial leaders, start-ups, SMEs, major companies, private equity players and public institutions. Alcimed's team is made up of 200 highly-skilled, multicultural, passionate individuals with a double culture in science/technology and business. The company, headquartered in Paris, accounts 8 offices in 6 countries: Belgium, France, Germany, Singapore, Switzerland and USA. Alcimed is a member of CroissancePlus and the ACI (Association des Conseils en Innovation).

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