

# Creating a High-Value Health Care System

Elizabeth Teisberg, Ph.D.

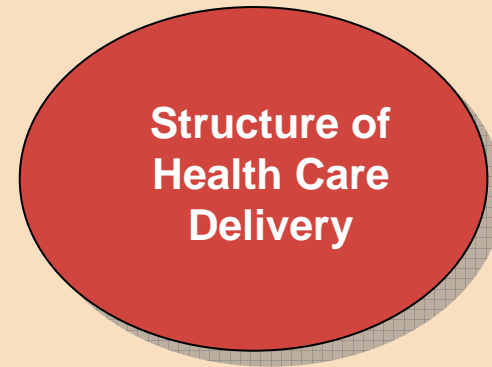
*NACHRI*  
San Antonio, TX  
October 10, 2007

This presentation draws on Michael E. Porter and Elizabeth Olmsted Teisberg: *Redefining Health Care: Creating Value-Based Competition on Results*, Harvard Business School Press, May 2006, and "How Physicians Can Change the Future of Health Care," *Journal of the American Medical Association*, 2007; 297:1103-1111. No part of this publication may be reproduced, stored in a retrieval system, or transmitted in any form or by any means — electronic, mechanical, photocopying, recording, or otherwise — without the permission of Michael E. Porter and Elizabeth Olmsted Teisberg. Further information about these ideas, as well as case studies, can be found on the website of the Institute for Strategy & Competitiveness at <http://www.isc.hbs.edu>.

**When it comes to health care,  
everyone has a STORY.**

**Universal coverage IS essential for equity and efficiency.**

**And it is not enough.**



**The key to success is improving the heart of the system:  
delivery of care and enabling of health.**

When value increases significantly, it is possible to deliver far better health outcomes for the money spent. This enables more access and more coverage.

No matter who pays for health care, **increasing value is the critical issue.**

## Redefining the goal

- Imagine a health care system that IS about **health** and **care**.
- Ironically, cost reduction efforts often drive costs up.

**The critical issue is the value of health care delivered.**

**Improving Value:**

Better health outcomes relative to the cost of achieving them.

- **For example: Value of health care for patients with diabetes clearly improves with effective early-stage care.**
- **Disease progression drives value DOWN with both worse outcomes and higher costs.**

# To achieve dramatic and ongoing improvements in value for patients, “set the compass” with 3 guideposts:

## 1. Patient-Centric Care

- Define the goal as increasing value for patients.

## 2. Results-Driven Improvement

- Measure results at the level at which value is created for patients.
- *Drive learning!*

## 3. Physician-Led Reorganization

- Redesign delivery around full care cycles for medical conditions.

A “medical condition” is a set of interrelated medical circumstances that are best treated in an integrated way.  
(So, diabetes with hypertension IS a medical condition.)

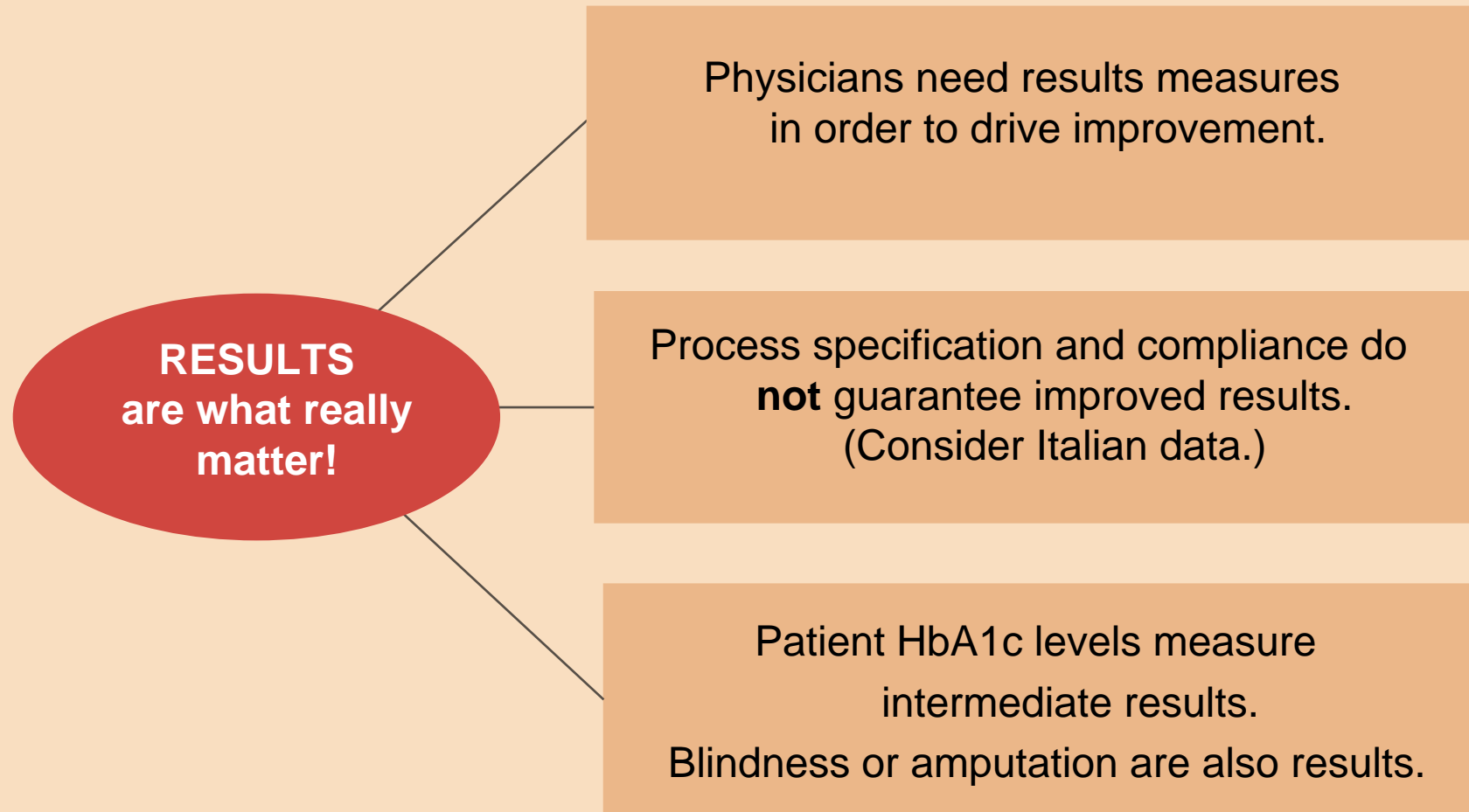
## 1. Patient-Centric

**Improving results for patients increases value rather than dividing value.**

- **This is a win-win proposition.**
- Consider anesthesia improvements.
- Improving value is appropriate in single-payer and multi-payer systems.
  - No matter who pays, increasing value is critical.

## 2. Results-driven.

**Widely available information on results drives improvement in outcomes for patients.**



## 2. Results-driven

**"But, patients don't use outcome information when it IS available!"**

The point is ... doctors do!

- New York, CABG surgery
- Cystic fibrosis national comparisons
- Minnesota public outcome measures for diabetes
  
- And... truly informed, involved patients take more personal health responsibility and choose less invasive, less expensive care. (Throwing information on the web is not enough.)

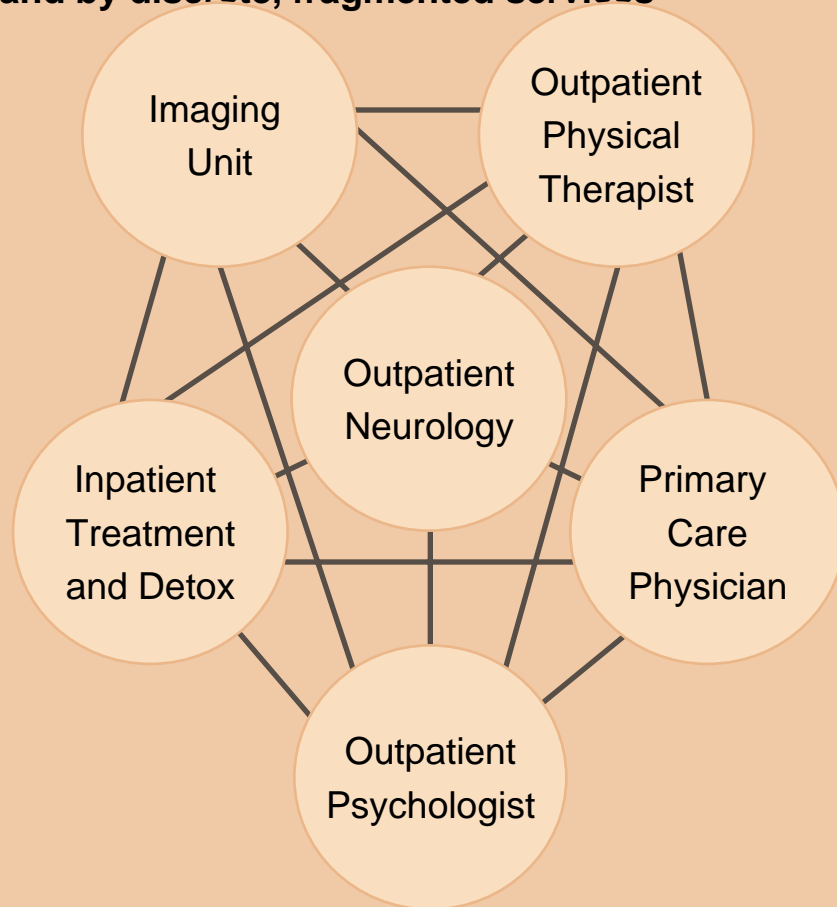
## But are results really all that different?

- **How many heart transplant centers in the U.S.?**
- **What percentage of patients survive for one year** after a heart transplant at a center with great results?
- **What percentage of patients survive for one year** after a heart transplant at a center with among the worst outcomes?
- **Patients and referring doctors lack data on RESULTS.**

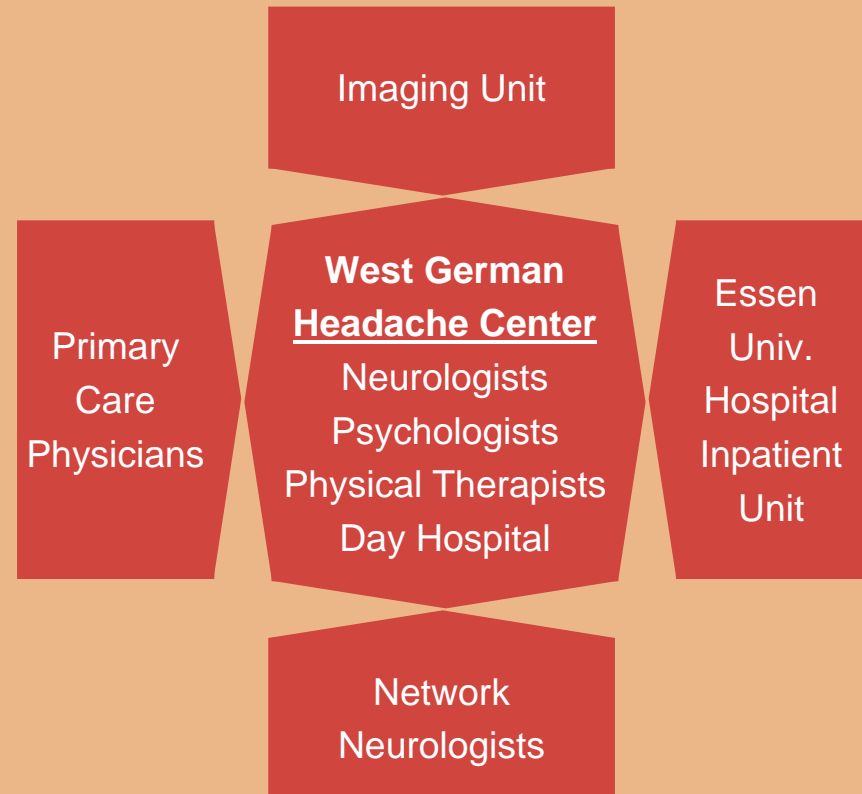
### 3. Physician-led service lines

# Patient value needs to be the beacon of inspiration for organizational innovation.

**Old model: Organized by specialty and by discrete, fragmented services**



**New model: integrated practice unit**

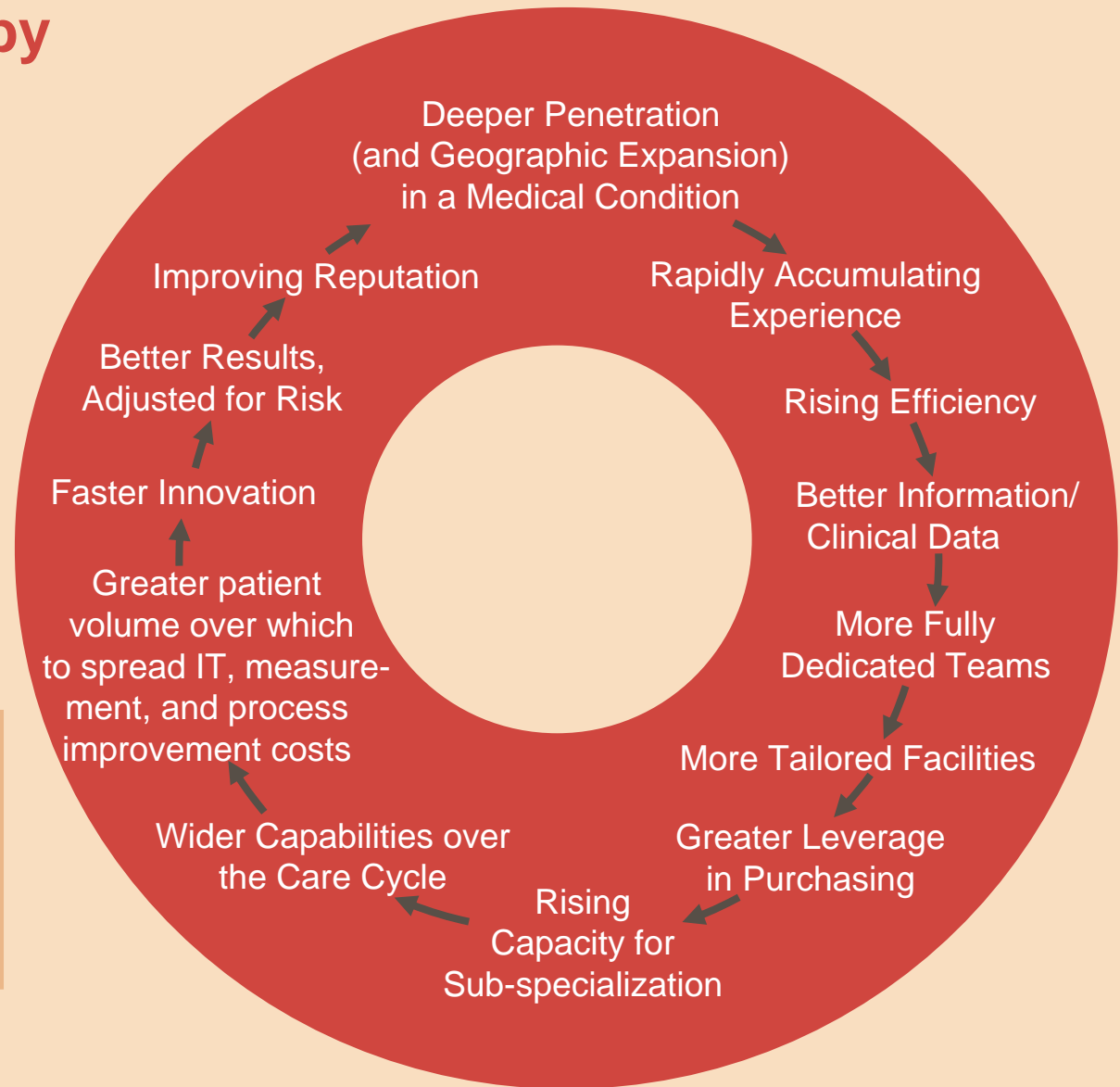


### **Migraine care in Germany:**

Integration of care simplifies coordination for patients and patients have far fewer days of disabling pain.

### 3. Physician-led

**Integrated Practice Units  
drive improvement by  
driving learning  
at the medical  
condition level.**



**This is not hyper-specialization .  
Broad expertise develops over the  
care cycle for the patient.  
Consider cystic fibrosis.**

**“But ...costs are rising worldwide, can we afford to focus on improving results and value?”**

**Yes. Outcomes and efficiency often improve simultaneously.**

### **Health care IS different.**

- Better health is the goal, not more treatment.
- And good health is inherently less expensive than poor health.
- We **can** afford to pursue better health for all...  
indeed we can't afford NOT to.

# Health care IS different.

## Even more than in other sectors, better quality inherently reduces costs

- Fewer mistakes and repeats
- Faster recovery
- Less disability
- Less invasive treatment methods
- Less long-term care
- Disease management
- Prevention of disease or progression
- Right diagnoses
- Treatment earlier in causal chain
- Right treatment to the right patients

Living in good health  
is less expensive than  
living in poor health.

Much delivered care does not meet best practices.

Process improvement, "waste reduction," and safety improvements can drive very large gains, but streamlining the pieces of a fragmented system and patching the fragments together have inherent limits.

**We can achieve even more dramatic improvements in value by redefining care delivery across the care cycles for medical conditions.**

# There is no need to wait.

Begin with these steps:

- ❖ Define the medical circumstances for which you will improve value.
- ❖ Measure outcomes for these patients by clinical team. Compare with others and develop insight.
- ❖ Redesign care cycles to improve outcomes for these patients.

## How do I start?

- ❖ Find out how you're doing
- ❖ Pick targets to improve
- ❖ Start sharing

We **CAN** create health care systems that drive improvements in value.  
The goals are clear: health and care.