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Redefining Health Care

Creating Value-Based Competition on Results

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Creating a High-Value Health Care System

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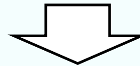
Value in Health Care

- **Access** is the most basic goal of a health care system, but universal access is **not enough**
- The purpose of health care is to **deliver value to patients**

Value: Patient health outcomes per dollar spent

  - In any field, value must be defined around the **customer**
  - Value should be measured by **outputs**, not inputs



- How to **define and measure** value in health care?
- How to design a health care system that **continually improves value?**

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Creating a Value-Based Health Care System

- Significant improvement in value will require **fundamental restructuring of health care delivery**, not incremental improvements

Today, 21st century medical technology is delivered with 19th century organization structures, management practices, and pricing models.

- TQM, process improvements, and safety initiatives are important and **not sufficient** to substantially improve value
- Consumers cannot fix the dysfunctional structure of the current system

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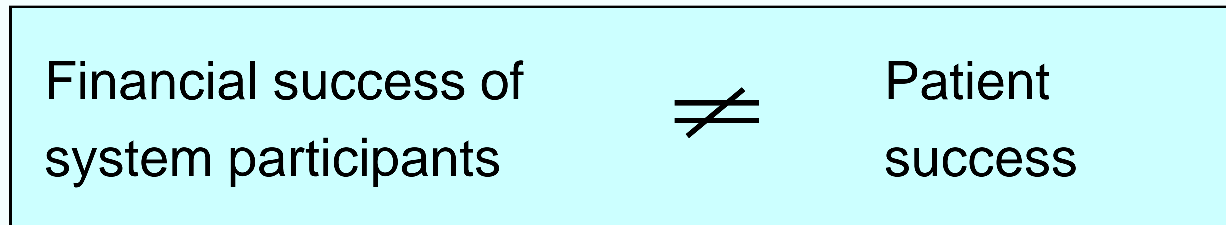
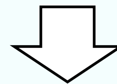
Creating a Value-Based Health Care System

- Competition is a powerful force to encourage **restructuring of care** and **continuous improvement in value**

- Today's competition in health care **is not aligned with value**





- Creating **competition on value** is a central challenge in health care reform

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What should it mean to COMPETE?

Sports and war are the wrong models.

Healthy competition is about INCREASING VALUE.

This means improving results (outcomes and costs),

not shifting costs or winning at someone else's expense.

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

And improving value aligns interests, rather than having participants pursuing different goals.

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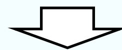
Even more than in other sectors, better quality improves efficiency in health care.

- The best way to **contain costs** is to drive **improvement in quality**
  - Prevention
  - Early detection
  - Right diagnosis
  - Early treatment
  - Right treatment to the right patients
  - Treatment earlier in the causal chain of disease
  - Fewer mistakes and repeats in treatment
  - Fewer delays in the care delivery process
  - Less invasive treatment methods
  - Faster recovery
  - More complete recovery
  - Less disability
  - Fewer relapses or acute
  - episodes
  - Slower disease progression
  - Less need for long term care



- Better health is **inherently less expensive** than poor health
- Better health, not more treatment, is the goal.

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Principles of Value-Based Health Care Delivery

1. The goal must be **value for patients**, not lowering costs

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Improving results for patients increases value rather than dividing value.

- **This is a positive sum competition.**
- Consider anesthesia improvements.
- **Improving value for patients**, not *shifting costs*.
- Consider Swedish results improvements.
- Expand the **proportion of patients** cared for by highly effective teams

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Principles of Value-Based Health Care Delivery

1. The goal must be **value for patients**, not lowering costs

2. Health care delivery should be organized around **medical conditions** over the **full cycle of care**

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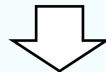
What is a Medical Condition?

- A medical condition is **an interrelated set of patient medical circumstances best addressed in an integrated way**
  - Defined from the patient's perspective
- **Includes** the most common co-occurrences
- Examples
  - Diabetes (including vascular disease, hypertension, others)
  - Breast Cancer
  - Stroke
  - Four commonly occurring chronic conditions
  - CABG is a procedure, not a condition
- The value delivered at the medical condition level is inevitably the **joint responsibility** of the providers involved



- The value achieved for patient populations at the medical condition level can be meaningfully **compared** and **acted upon**

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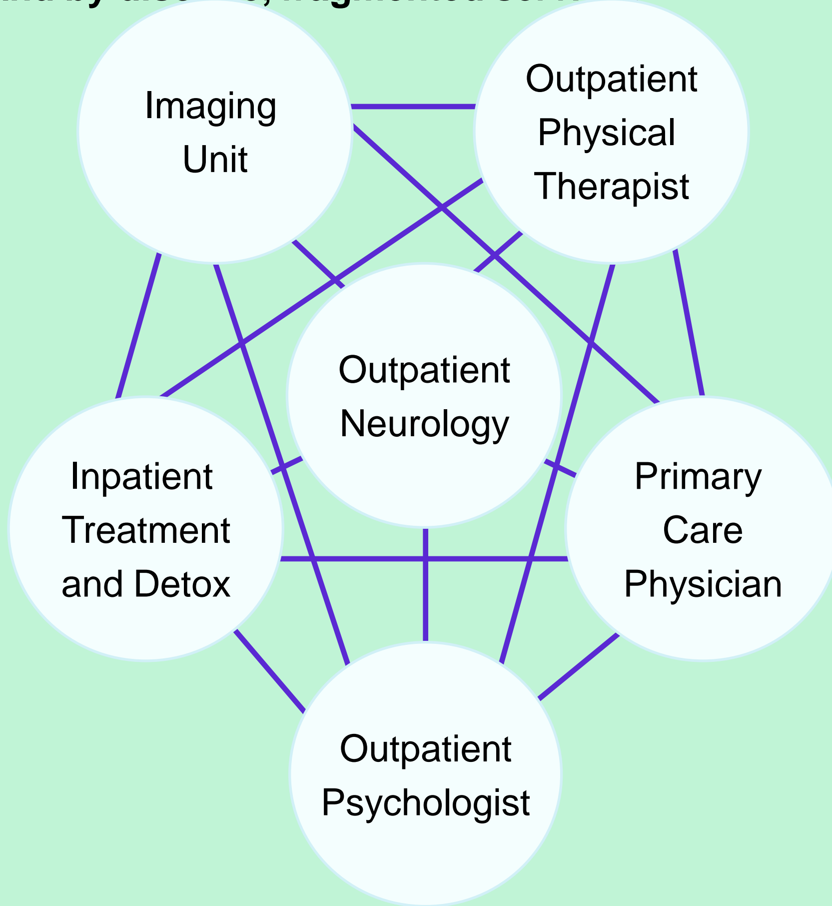
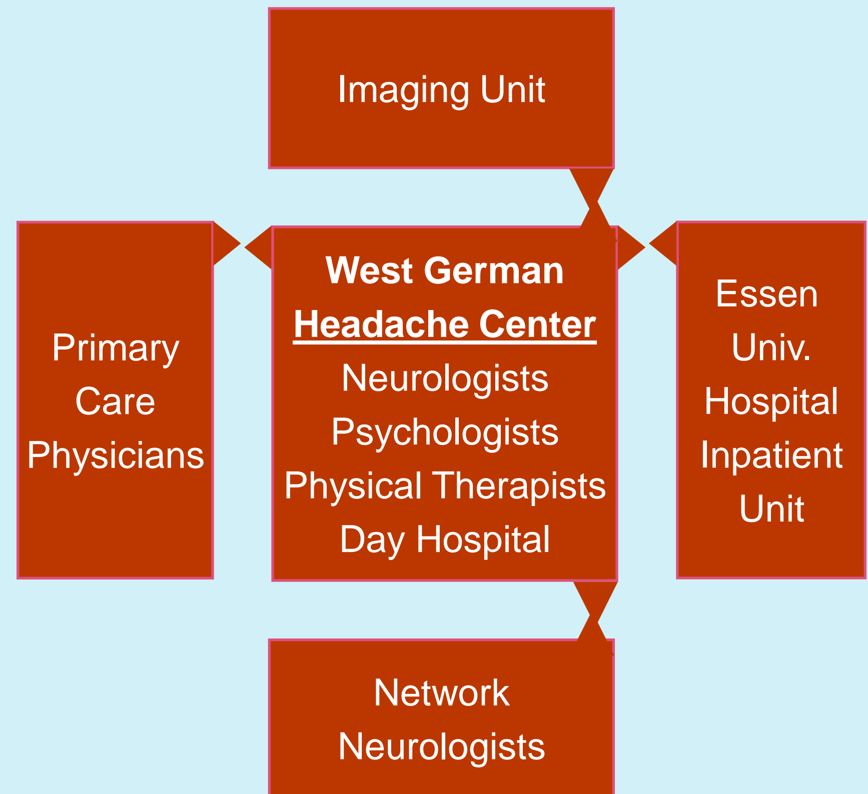
Patient value needs to be the beacon of inspiration for organizational innovation.





Migraine care in Germany:

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

Source: KKH, Westdeutsches Kopfschmerzzentrum

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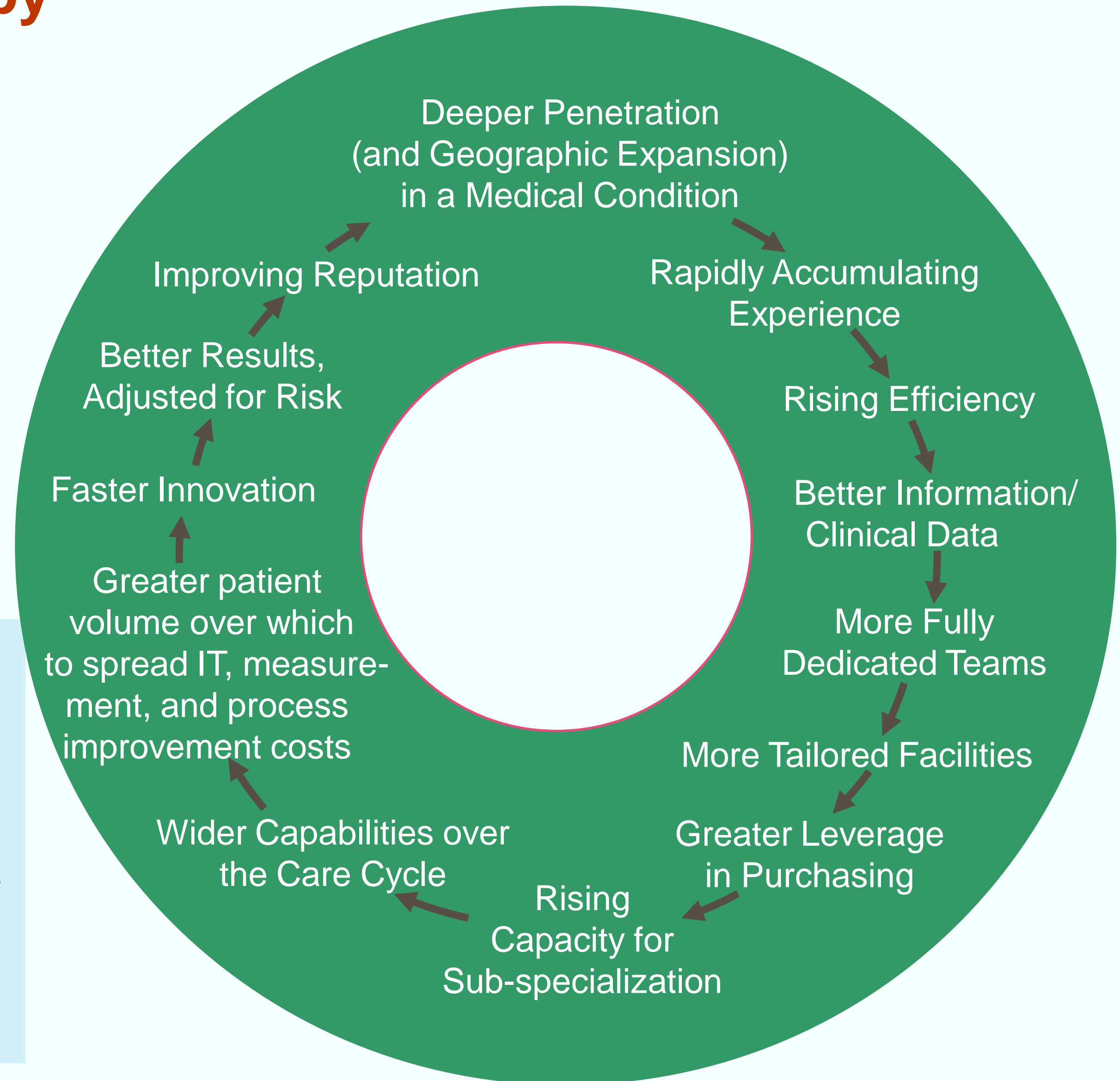
Integrated Practice Units drive improvement by driving learning at the medical condition level.



This is not hyper-specialization.

It is not focused factories or freestanding archipelagos.

It is not just co-location.

Broad expertise develops over the care cycle for the patient.

Consider cystic fibrosis.

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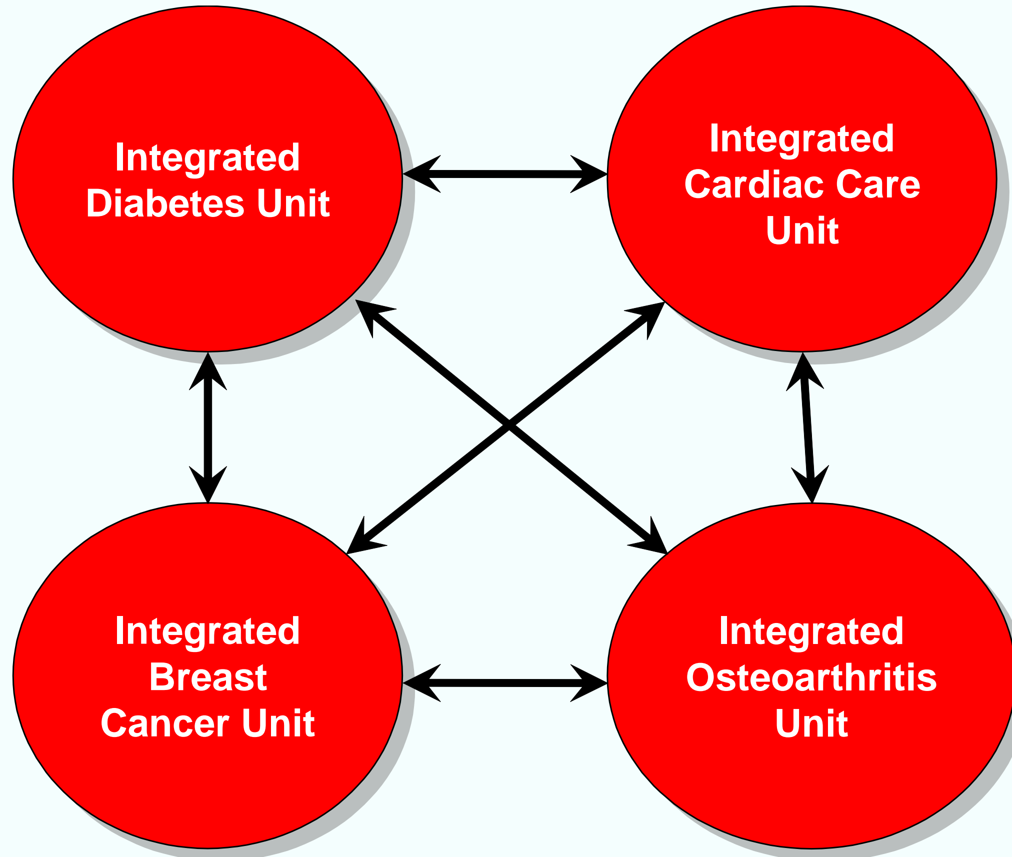
Patients with Multiple Medial Conditions

Coordinating Care Across IPUs



- The primary organization of care delivery should be around the integration required for **every patient**
- IPUs will also greatly simplify coordination of care for patients with multiple medical conditions
- The patient with multiple conditions will be **better off** in an IPU model

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Principles of Value-Based Health Care Delivery

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2. Health care delivery should be organized around **medical conditions** over the **full cycle of care**
3. **Value** must be universally measured and reported

- Results must be measured at the **level at which value is created** for patients

- For **medical conditions over the cycle of care**
  - Not for interventions or short episodes
  - Not for hospitals, practices, clinics, or departments
  - Not for types of service (e.g. inpatient, outpatient, tests, rehabilitation)

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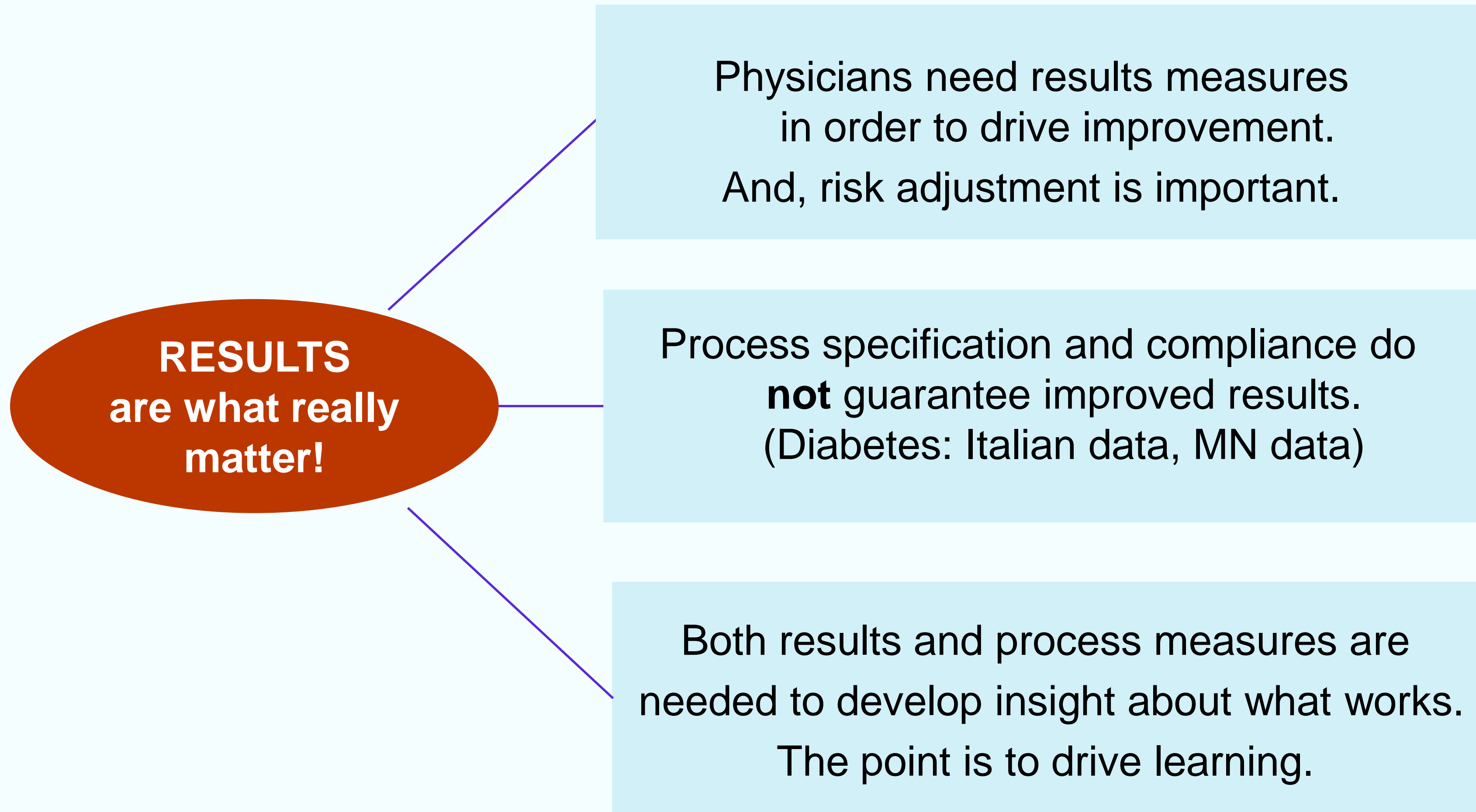
Widely available information on results drives improvement in outcomes for patients.



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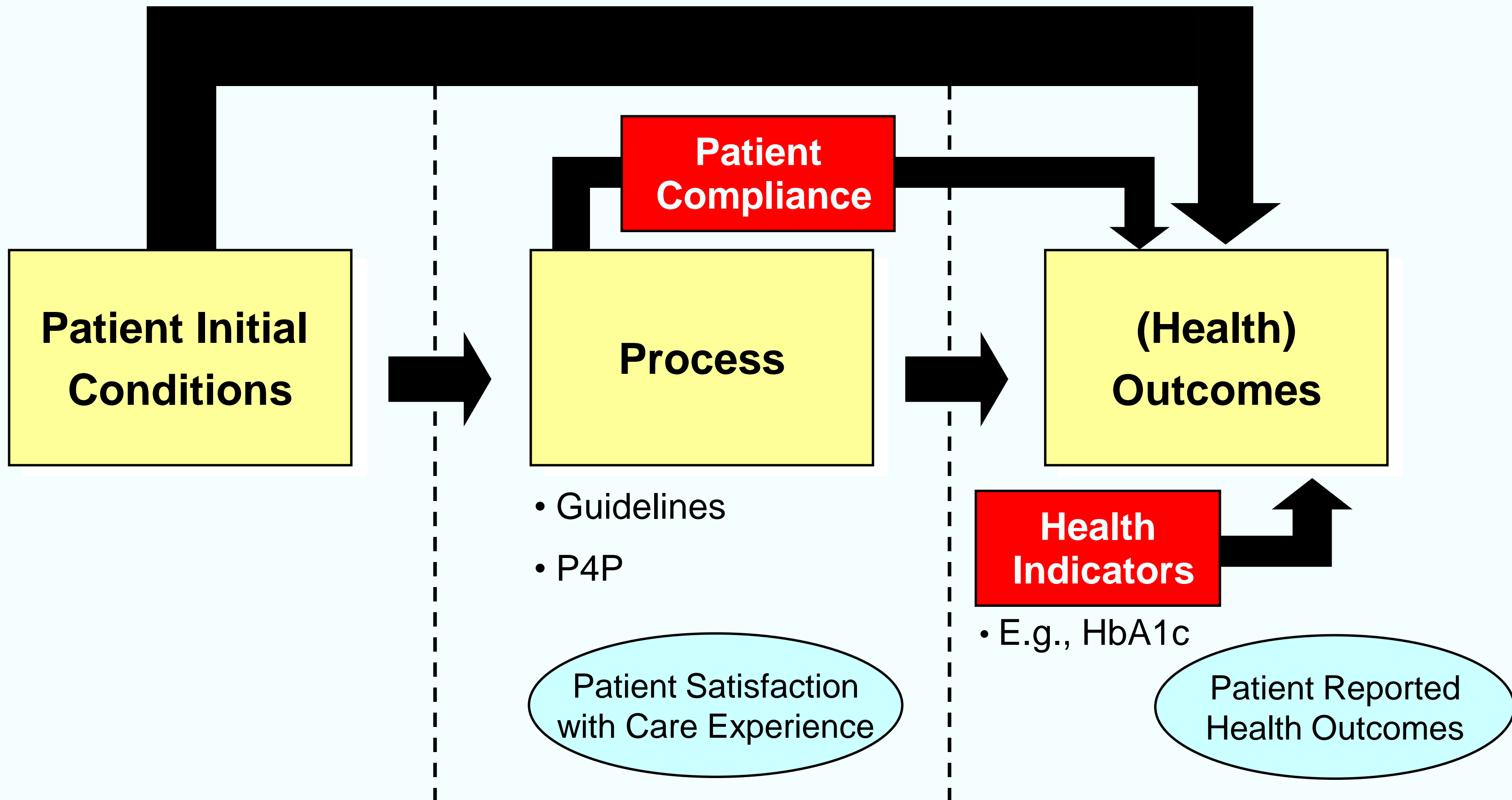
Measuring Value



- Process compliance is **not quality**
- Process compliance is **not value**
- Process compliance **leaves out** crucial influences on value
- Process compliance tends to **freeze** or **assume current delivery structures**

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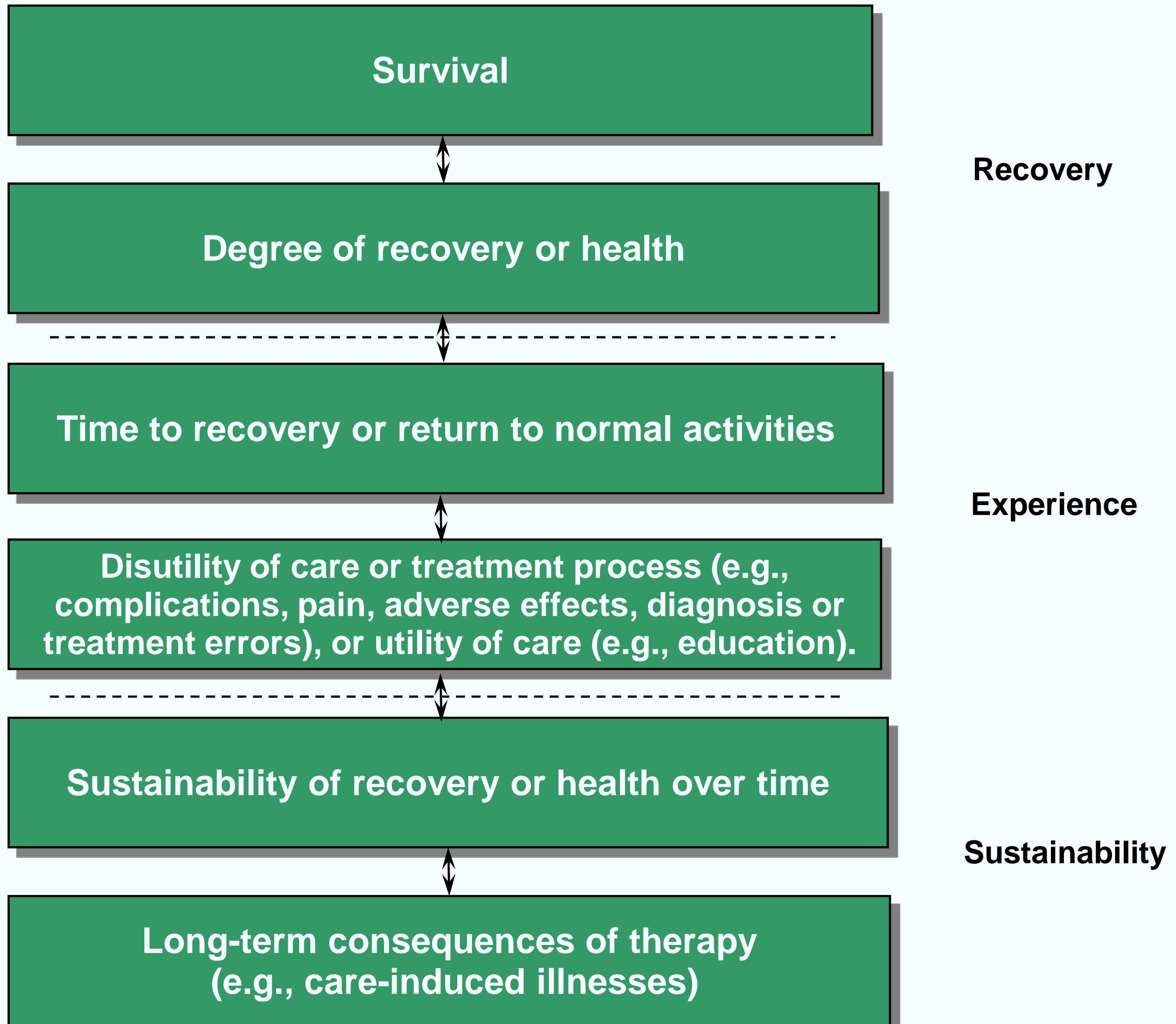
Measuring Results

There are Multiple Outcome Measures for every condition.



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Measuring Breast Cancer Outcomes

Outcome dimension	Measures	
Survival	• **Survival rate** (One year, three year, five year, longer)	
Degree of recovery / health	• **Remission** • **Functional status**	• **Breast conservation surgery outcome**
Time to recovery or return to normal activities	• **Time to remission**	• **Time to achieve functional status**
Disutility of care or treatment process (e.g., treatment-related discomfort, complications, adverse effects, diagnostic errors, treatment errors)	• **Nosocomial infection** • **Nausea** • **Vomiting**	• **Febrile neutropenia** • **Limitation of motion** • **Depression**
Sustainability of recovery or health over time	• **Cancer recurrence**	• **Sustainability of functional status**
Long-term consequences of therapy (e.g., care-induced illnesses)	• **Incidence of secondary cancers** • **Brachial plexopathy**	• **Premature osteoporosis**

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

The point is … doctors do!

- Cystic fibrosis national comparisons
- Minnesota public outcome measures for diabetes
- And… ***engaged*** patients take more personal health responsibility and choose less invasive, less expensive care. (Throwing information on the web is not enough.)

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2. Health care delivery should be organized around **medical conditions** over the **full cycle of care**
3. **Value** must be universally measured and reported
4. Reimbursement should be aligned with **value** and reward **innovation**

- Bundled reimbursement for **teams** over **care cycles**, not payment for discrete treatments or services
  - Most DRGs are **too narrow**
- Reimbursement for **prevention and screening**, not just treatment
- Reimbursement for **overall management of chronic conditions**
- Reimbursement adjusted for **patient complexity**

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We can create health care systems that drive improvements in value.

Focusing on health results aligns interests.

Imagine…

health care systems that are truly about **health** and **care**.

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