



Creating a High-Value Health Care System: a conversation with Professor Elizabeth Teisberg

NEHI
June 25, 2008

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>.

Michael E. Porter
Elizabeth Olmsted Teisberg

Redefining Health Care

*Creating
Value-Based Competition
on Results*



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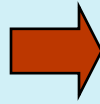
Update on Implementation

Implementation Cases
Executive Courses
Workshops
Strategy Advisory

Physician Leadership
Defining Value
Using Measurement
Defining Integrated Care
Bipartisan Policy
International Examples
Employer Initiatives

Transition to a high value health system

- Cost-based
- Consumer-driven
- Organized by specialties
- Fragmented
- Poorly Coordinated
- Culture of Control
- More Treatment



- **Value-based**
- **Results-driven**
- **Patient-centered**
- **Full Cycle**
- **Team Based**
- **Culture of Quality**
- **More Health**

What does this look like in practice? What insights emerge?

How do organizations align strategy with value?

How can financial success be aligned with patient success?

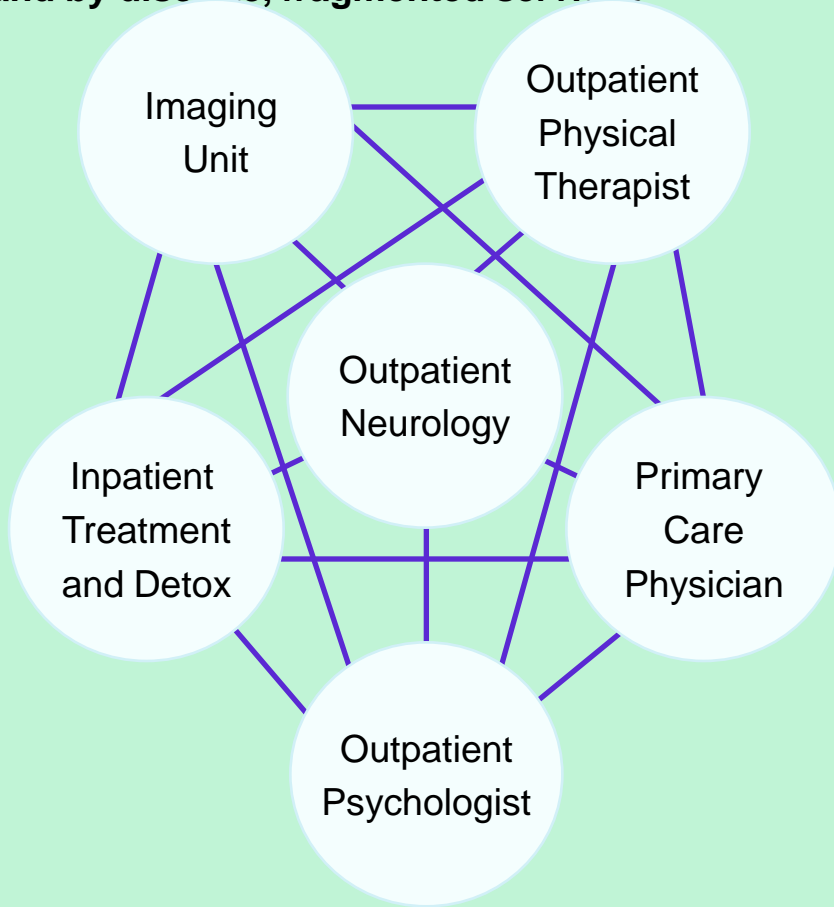
Guideposts for dramatic & ongoing improvements:

1. Patient- and Family-Centered Care

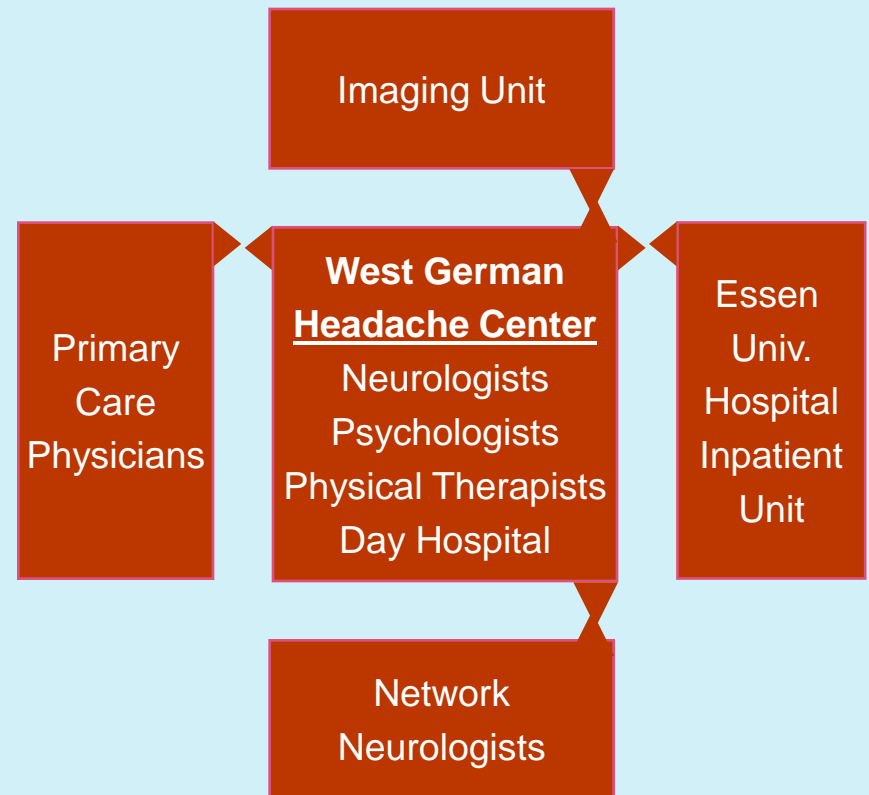
- Define the goal as increasing value for patients.

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.

Better health is the goal, not more treatment.

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.

Successful case studies do more than reduce waste.

They do more than streamline the parts of a fragmented system.

They redefine across the care cycle

and redesign from the patient's perspective.

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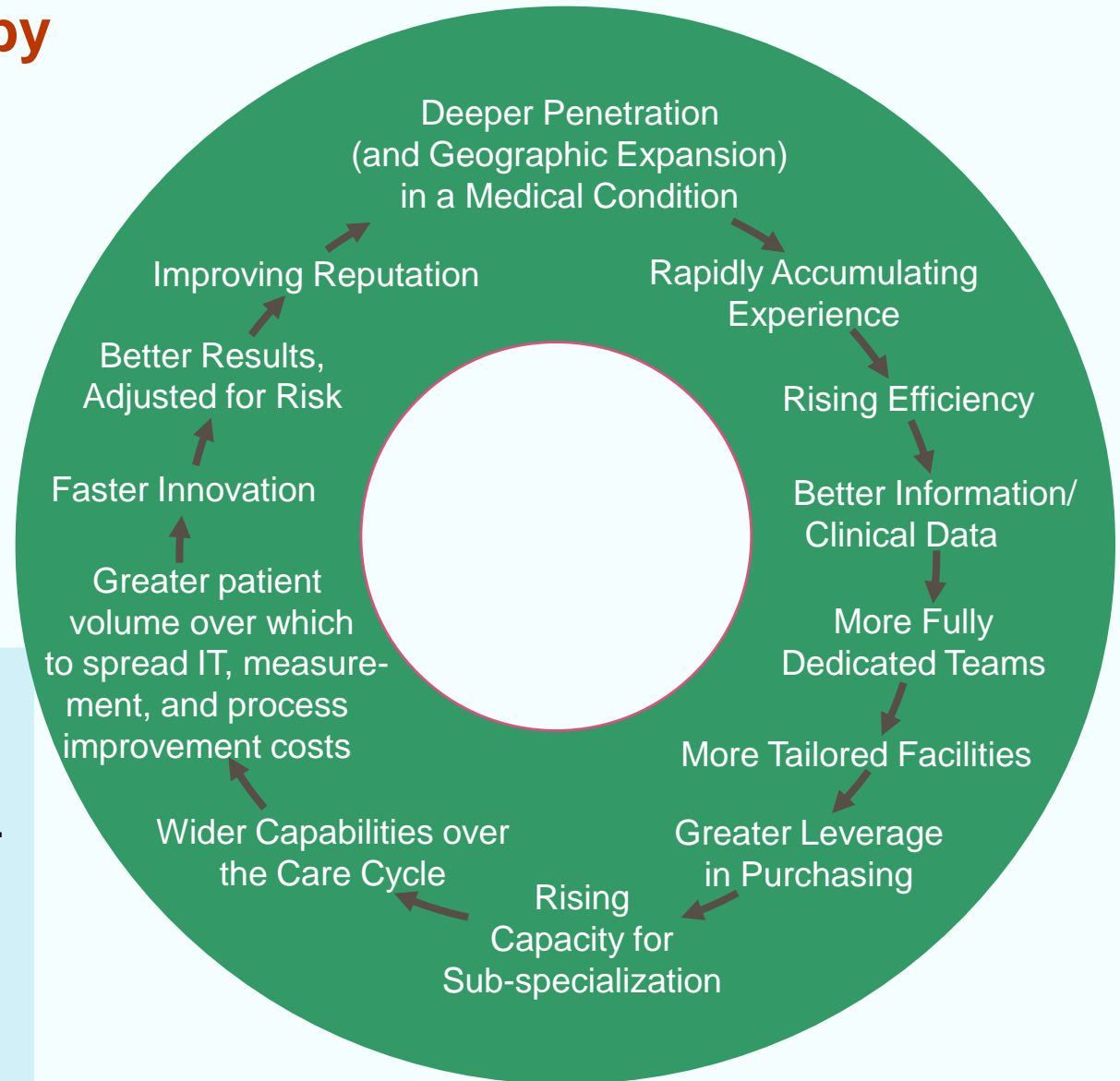
2. Value-based Restructuring of Delivery

- Redesign delivery around full care cycles for medical conditions.

A “medical condition” is a set of interrelated medical circumstances that are best cared for in an integrated way.

**(So, diabetes with hypertension IS a medical condition;
four co-occurring chronic diseases may be “a medical condition.”
CABG surgery is a procedure, NOT a condition.)**

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



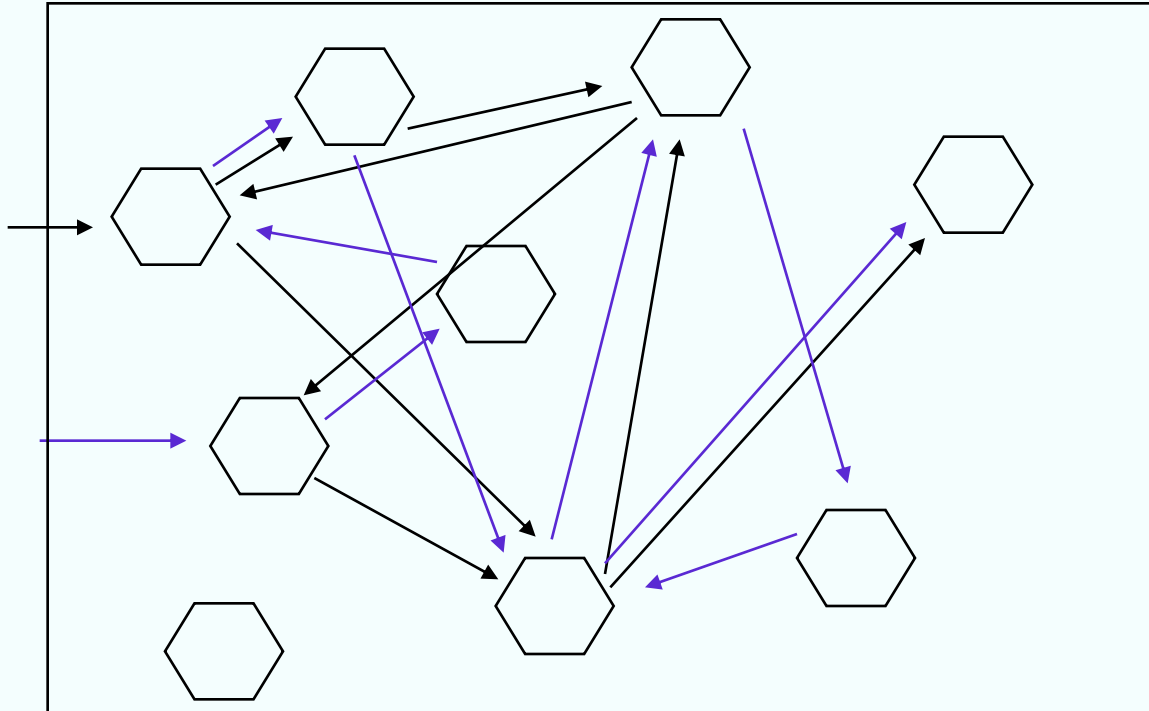
This provides better coordination than today's "systems."

Communication improves dramatically – with or without IT.

Broad expertise develops over the care cycle for the patient.

Care, practices and research improve rapidly.

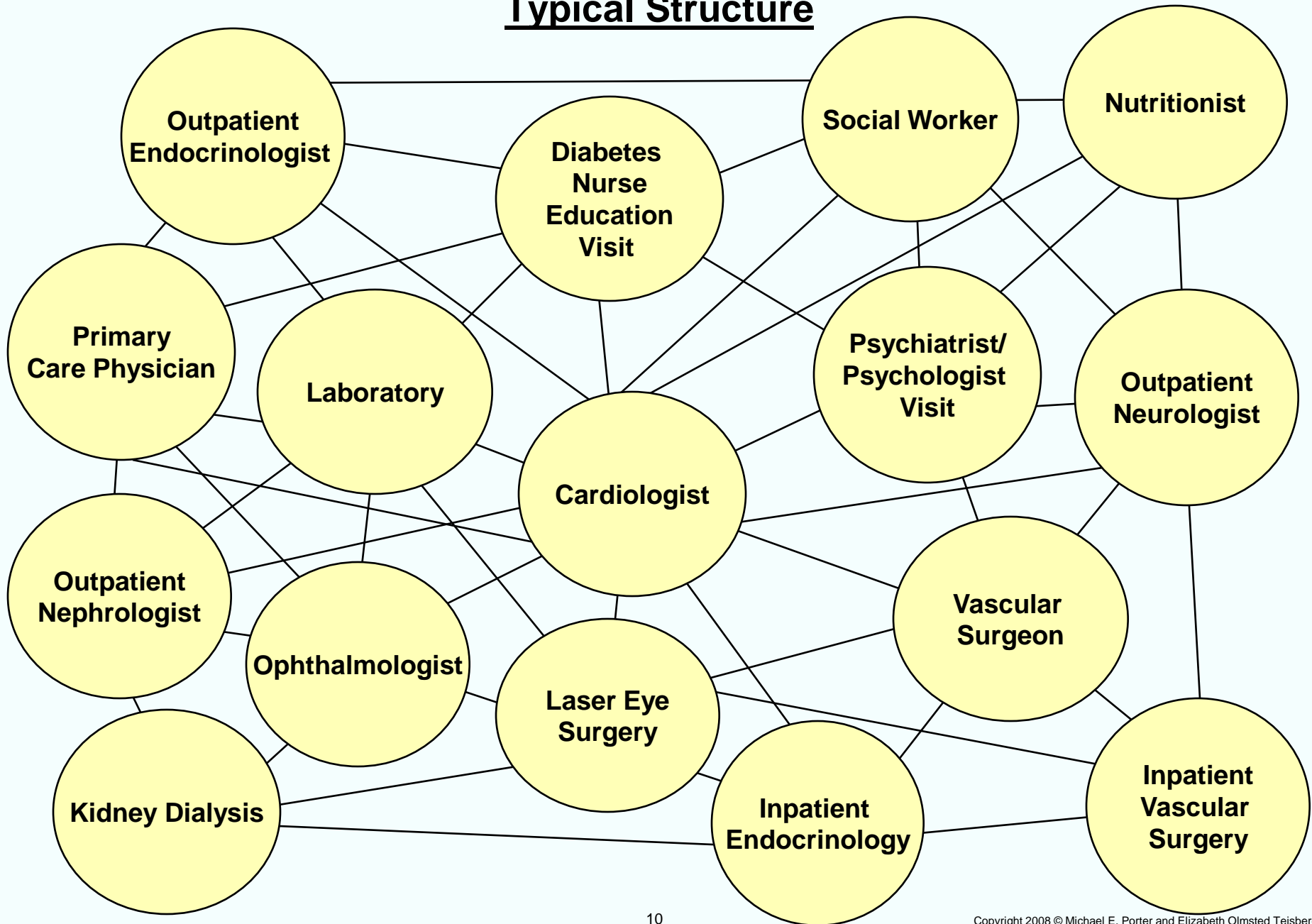
Today, most “integrated” care is not a team, but a collection of fragmented services.



The care differs, the judgments on which it is based differs, the outcomes differ... and the clinicians never really know the team’s results, or to what they should compare. They work hard, care a lot, and assume they’ve done very well.

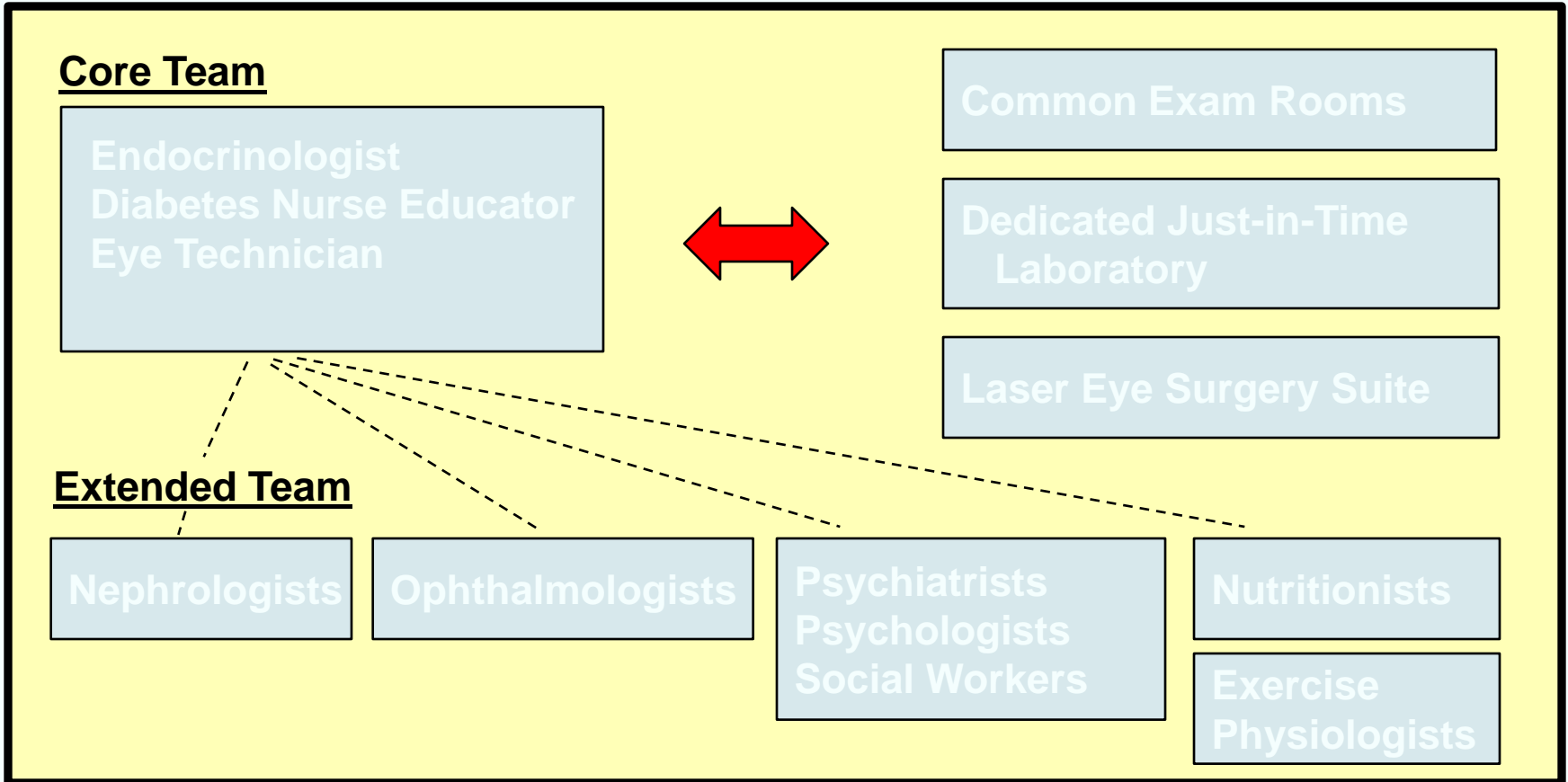
But data show...most have not done “very well.”

Diabetes Care Typical Structure



Integrated Diabetes Care

Joslin Diabetes Center



Acute Complications

Hyperglycemia
Hypoglycemia

Long-Term Complications

Cardiovascular Disease
Cardiologist

Neuropathy
Vascular Surgeon
Neurologist

End Stage Renal Disease

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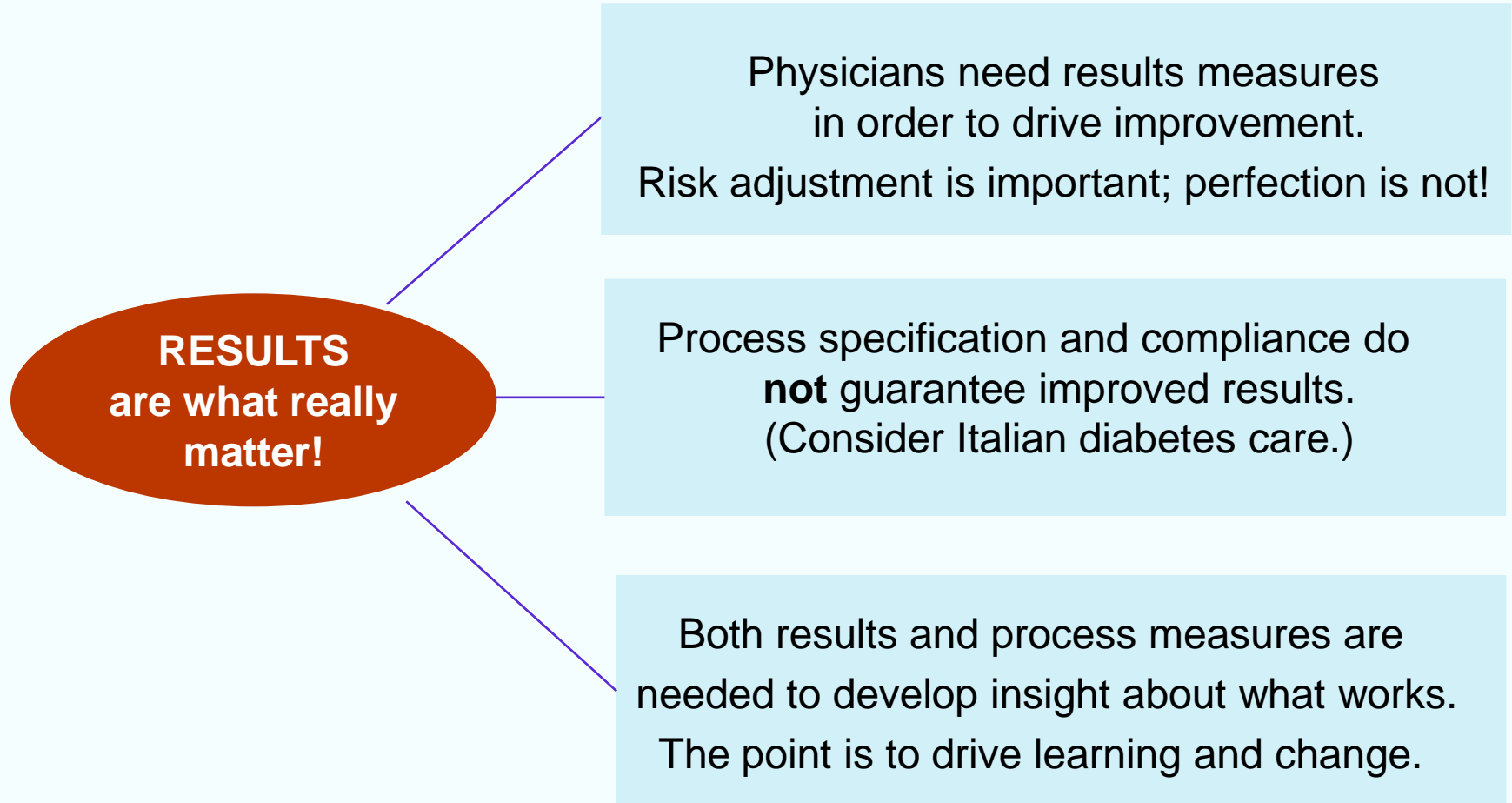
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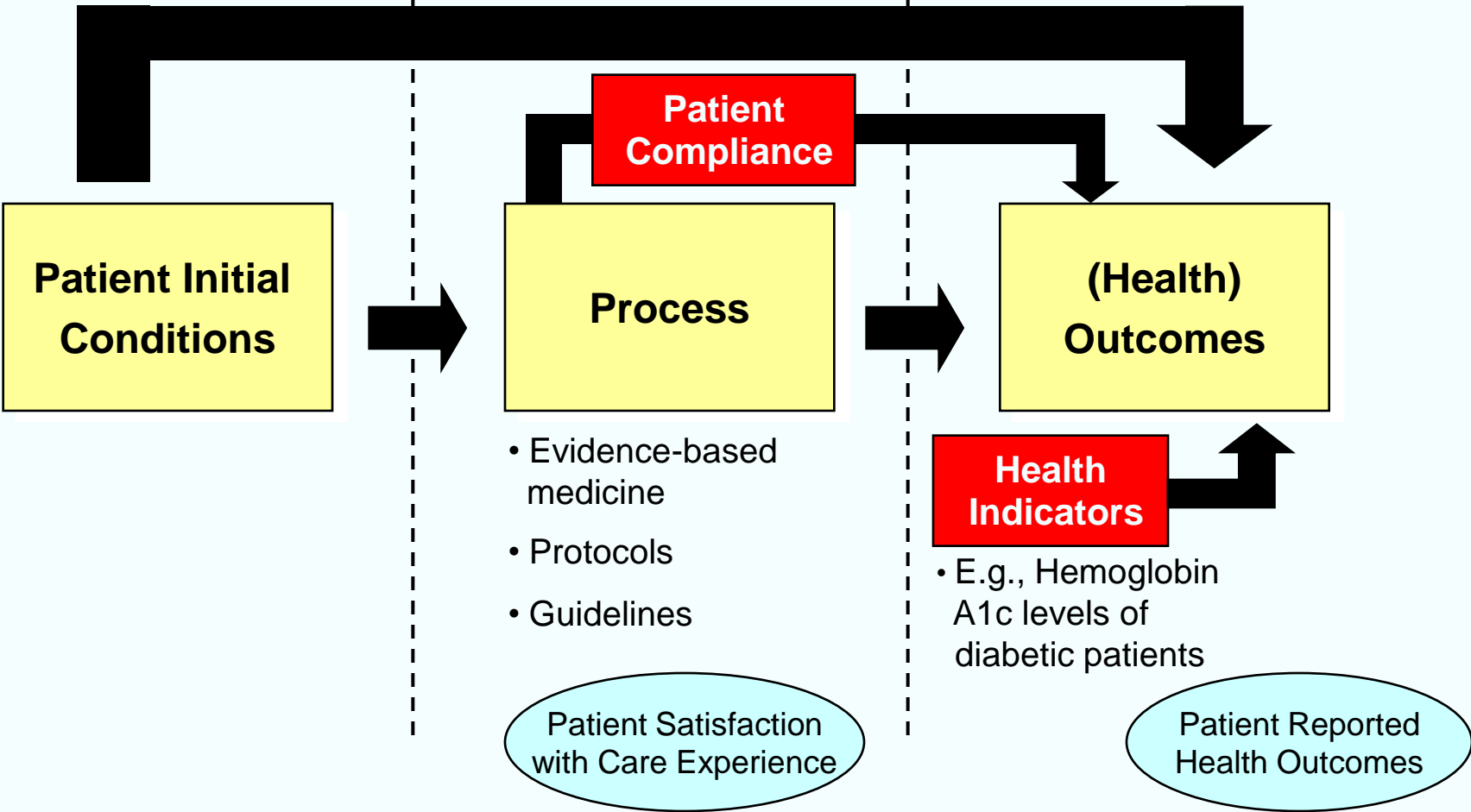
3. Results-Driven Improvement

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

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

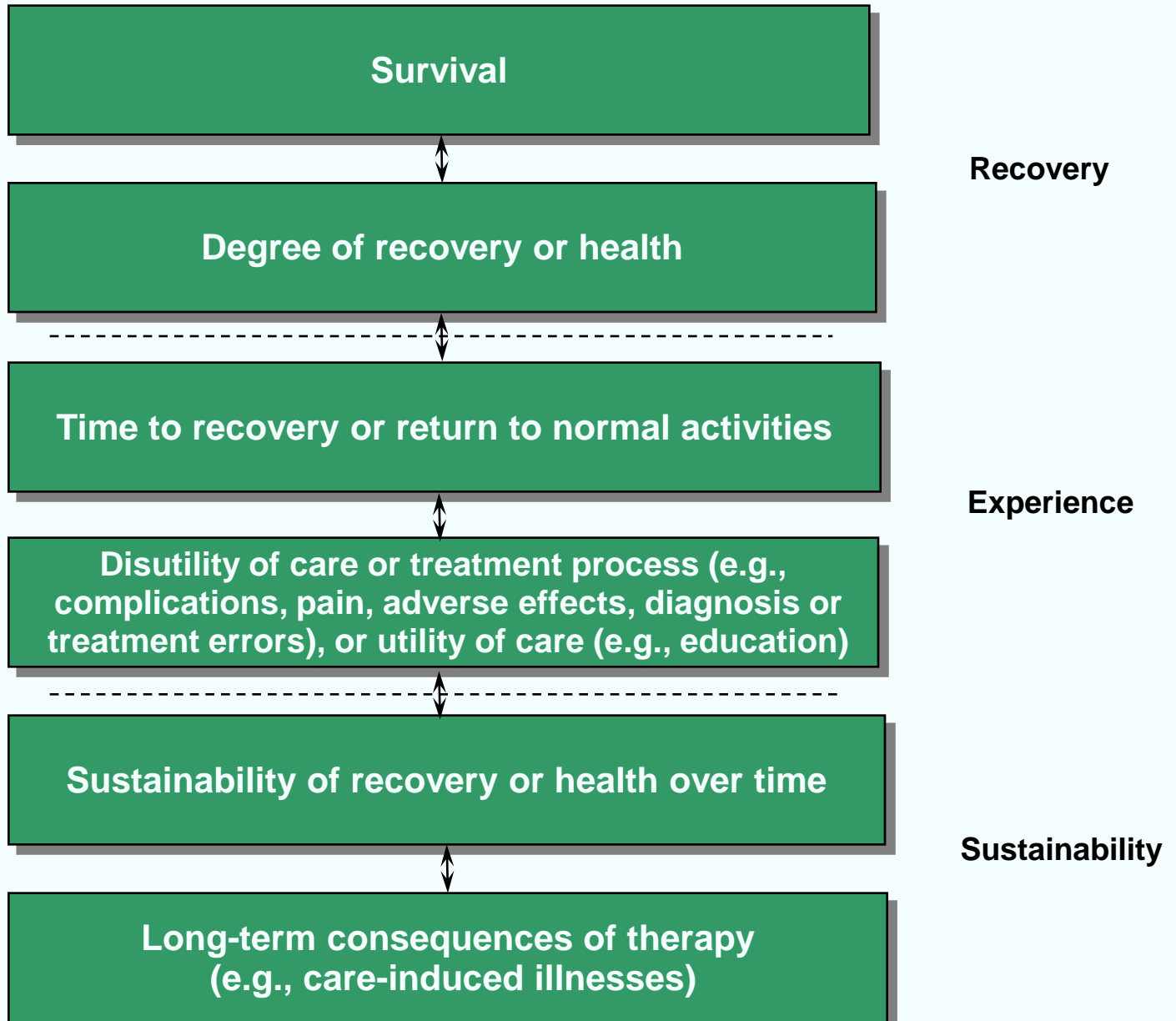


Measuring Value



Measuring Results

There are Multiple Outcome Measures for every condition.



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4. Team-based reimbursement

- Align reimbursement with restructured delivery and value.

Health plans, employers and clinicians will benefit by changing to team reimbursement.

Reimbursement should be aligned with **value** and reward **innovation**.

- Reimbursement for **care cycles**, not discrete treatments or services
- Reimbursement for **prevention and screening**, not just treatment
- Reimbursement for **overall management of chronic condition**
- Most DRG systems are **too narrow**

Share the gains of value improvement.

New cases, executive education and workshops for care delivery organizations, health plans and employers:

- Improving value in a community hospital system
- Developing integrated care for cancer
- Coordinating and integrating chronic care for diabetes
- Integrating care for multiple chronic diseases in elderly patients
- Defining a “medical condition”
- Developing integrated practice units
- Developing outcome measurements
- Improving HIV care in a developing economy
- Defining strategy to drive improved value
- Geographic expansion
- Health plan initiatives
- Employer initiatives