

# Opportunities for Value-Based Health Care Delivery in Switzerland

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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, “How Physicians Can Change the Future of Health Care,” *Journal of the American Medical Association*, 2007; 297:1103:1111, and “What is Value in Health Care,” ISC working paper, 2008. 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>.

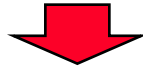
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# Value-Based Health Care Delivery

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

Value: Patient health outcomes for the money spent

To achieve this goal:



2. Health care delivery should be organized around **medical conditions** over the **full cycle of care**
3. **Outcomes** should be universally measured and shared
4. Reimbursement should be aligned with **value**

# The Swiss health care system goal IS VALUE.

- The LAMal calls for containing costs *and* mandates ensuring high quality.
- Swiss health care should retain its strength of:
  - uniform and generous coverage package,
  - mandatory universal insurance,
  - per capita contributions, and
  - subsidies for those who need them.



**The challenge is to drive dramatic and ongoing improvements in health care value.**

# In health care, the best way to **contain costs** is to **improve quality**

Quality = Health outcomes

- Prevention
- Early detection
- Right diagnosis
- Early and timely treatment
- Treatment earlier in the causal chain of disease
- Right treatment to the right patients
- Rapid care delivery process with fewer delays
- Fewer complications
- Fewer mistakes and repeats
- 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** is the goal, not more treatment

# 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**

- A medical condition is **an interrelated set of patient medical circumstances best addressed in an integrated way**
  - Defined from the **patient's** perspective
  - Involving **multiple** specialties and services
- **Includes** the most common co-occurring conditions, e.g.
  - Diabetes (including vascular disease, hypertension, others)
  - Migraine
  - Breast Cancer
  - Stroke
  - Four commonly co-occurring chronic conditions for elderly patients

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

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

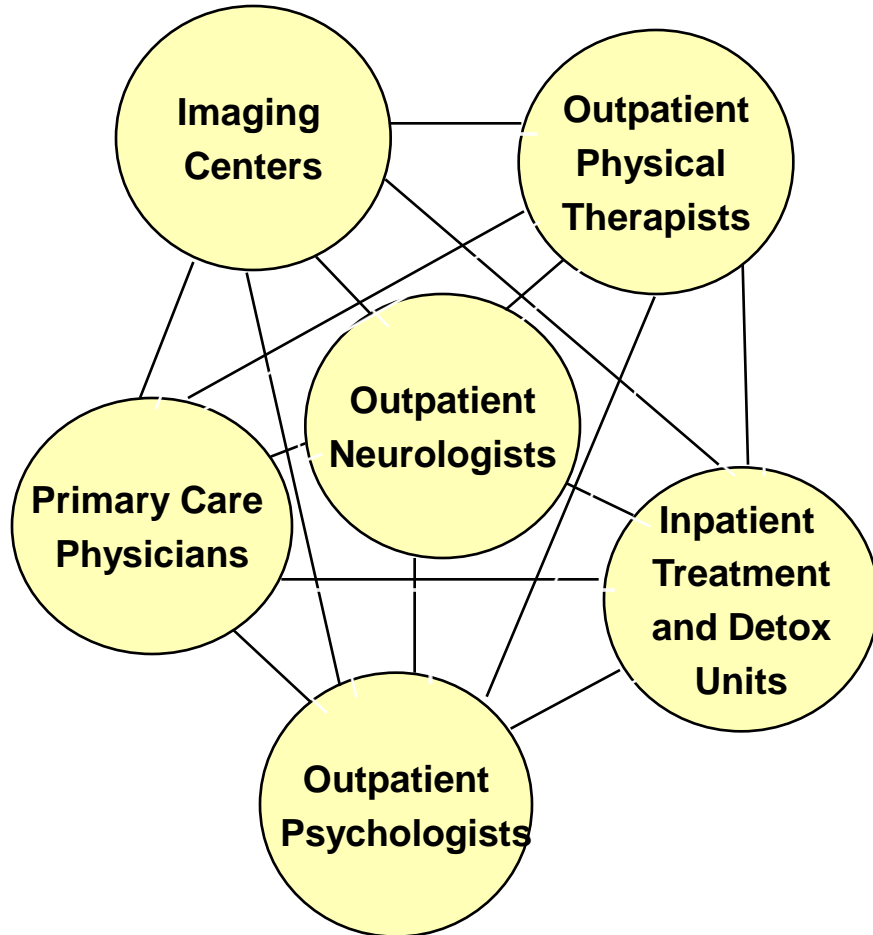
Today, 21<sup>st</sup> century medical technology is delivered with 19<sup>th</sup> century organization structures, management practices, and pricing models

- TQM, process improvements, safety initiatives, pharmacy management, and disease management overlays are beneficial but **not sufficient** to substantially improve value
- Consumers **cannot fix the dysfunctional structure** of the system

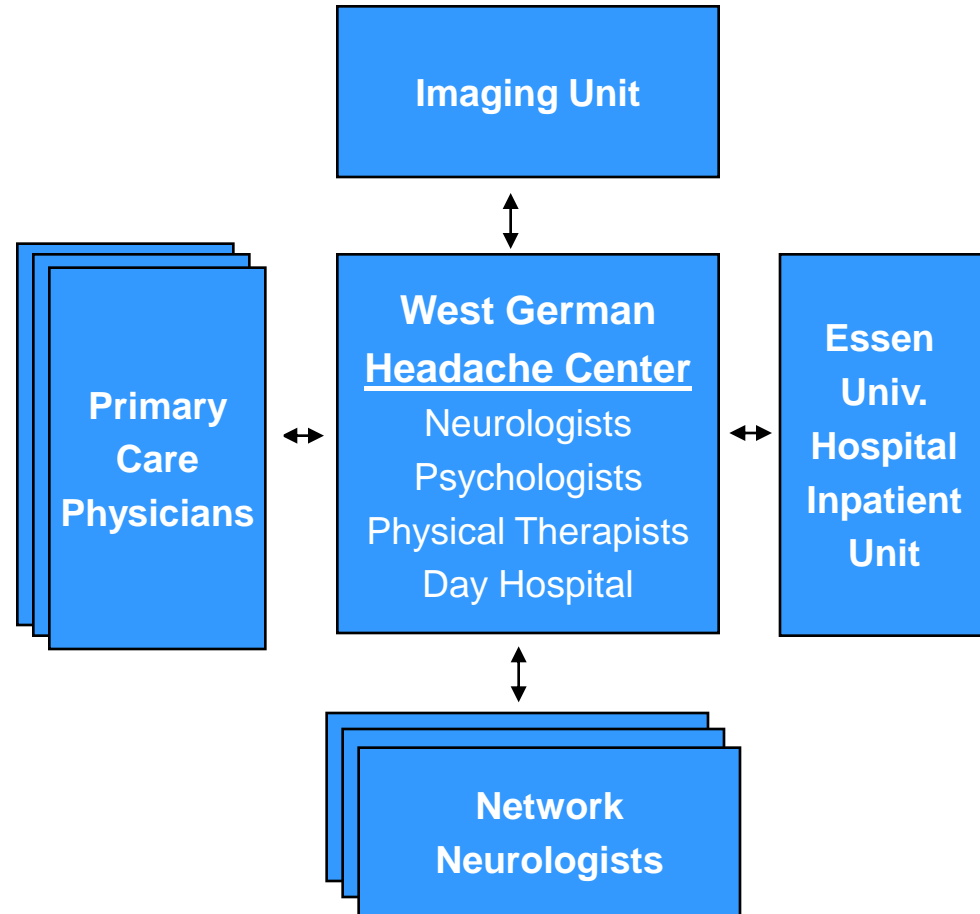
# Restructuring Health Care Delivery

## Migraine Care in Germany

### Existing Model: Organize by Specialty and Discrete Services



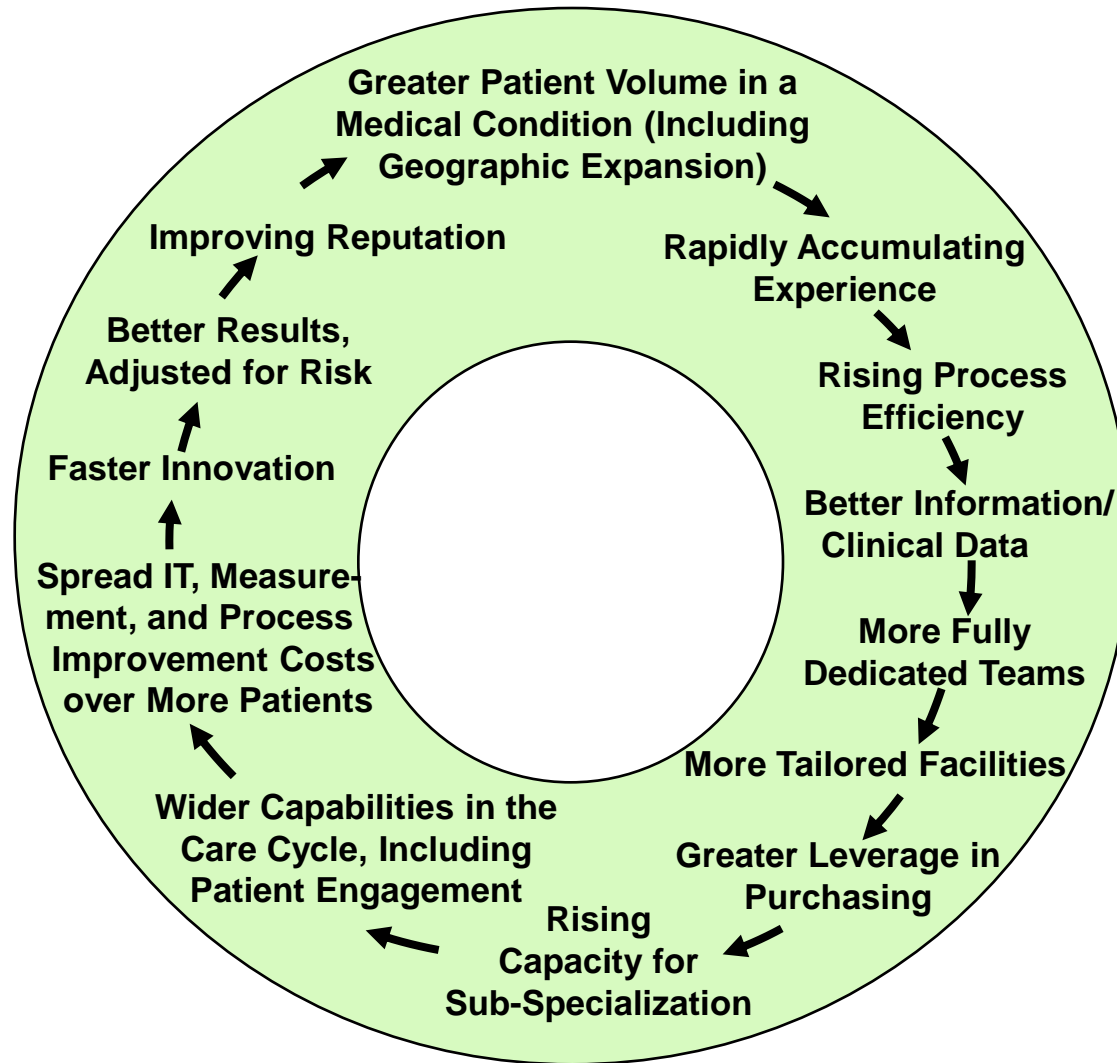
### New Model: Organize into Integrated Practice Units (IPUs)



Source: Porter, Michael E., Clemens Guth, and Elisa Dannemiller, *The West German Headache Center: Integrated Migraine Care*, Harvard Business School Case 9-707-559, September 13, 2007

# Value-Based Health Care Delivery

- Value is driven by provider **experience**, **scale**, and **learning** at the medical condition level



# 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**
3. **Outcomes** must be universally measured and reported

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



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

# Documentation and understanding of health care outcomes is limited in Switzerland (as in most countries now)

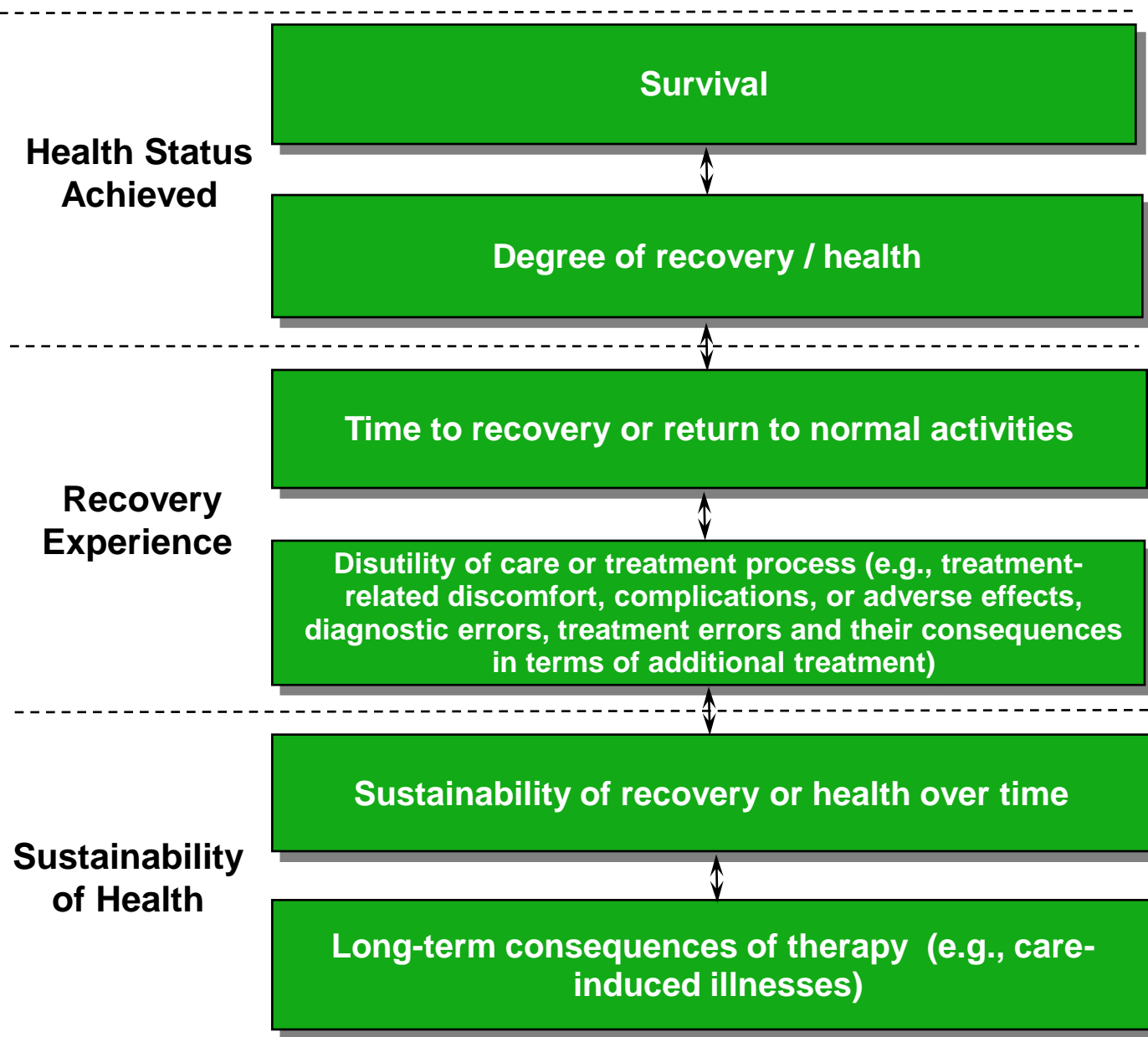
To accelerate **learning and improvement**:  
Measure and report risk-adjusted outcomes by clinical team and by medical condition.

To accelerate **universal measurement** and overcome hesitation:  
The federal government should actively support outcome measurement.

Once outcome measures are in use:

Open **competition on value** among all the cantons, and encourage the domestic competition that will enable Switzerland to attract international patients.

# Outcome Measures have multiple dimensions



# Measuring Value: Essential Principles

- **Clinicians** need to measure results in order to drive value improvement and learning
- Outcomes should be **adjusted for patient initial conditions**
- Outcome measurement should not wait for perfection: Measures and risk adjustment methods will **improve rapidly**
- The feasibility of outcome measurement at the medical condition level has been **conclusively demonstrated**



- Failure to measure outcomes will **invite further micromanagement** of physician practice

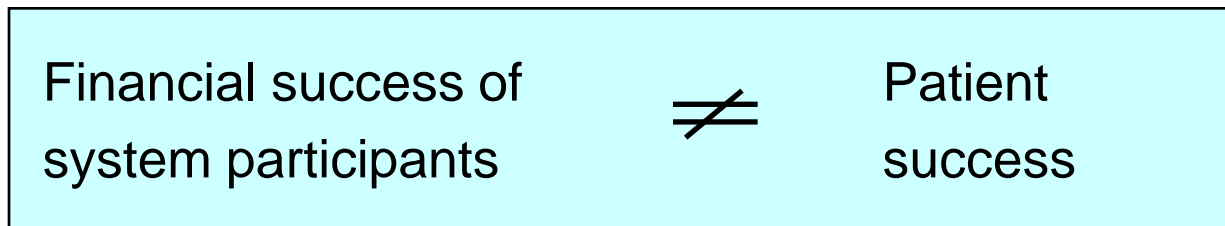
# Value-Based Health Care Delivery

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**
3. **Value** must be universally measured and reported
4. Reimbursement should be aligned with **value**

- Bundled reimbursement for **care cycles**, by teams
  - Most DRG systems are **too narrow**
- Pay for **prevention and screening**, not just treatment
- Pay for **overall management of chronic conditions**
- Adjust for **patient complexity**

# Swiss health care payment reforms improve some incentives but could do more to create a Value-Based Health Care System

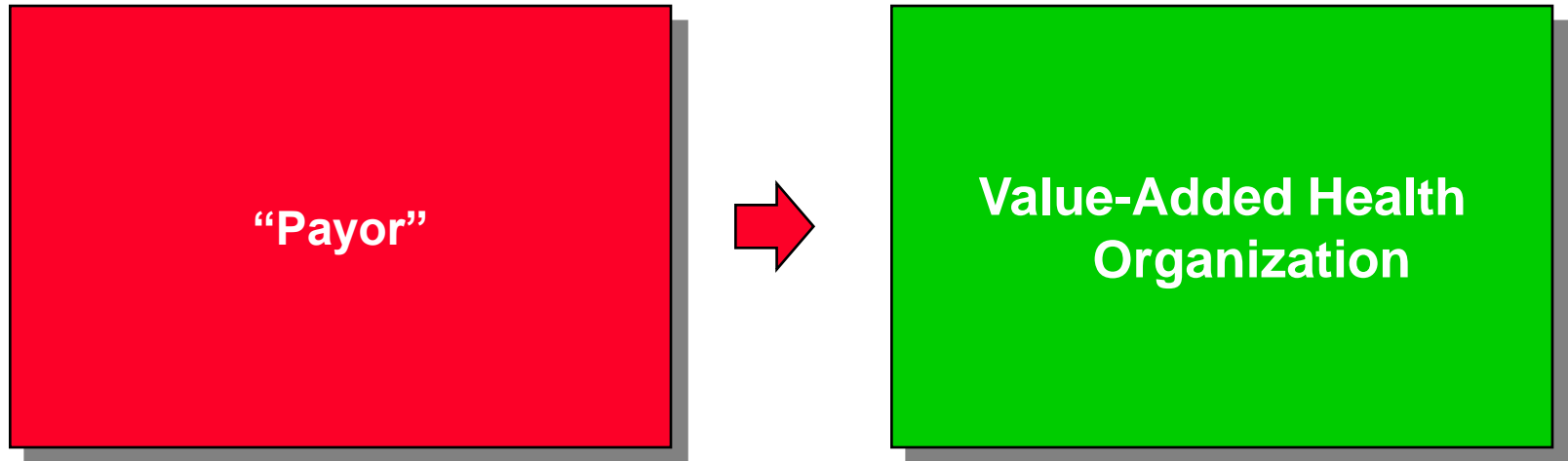
- Today's competition in health care **is not aligned with value**



- The move to DRGs fixes some skewed incentives, but DRGs tend to be too narrow.
- Outpatient care is still paid separately (though TARMED does try to rebalance payments).
- Payment for the team across the full cycle of a medical condition would improve incentives and reward prevention of disease progression.

# Creating a High-Value Health Care System

## Health Plans and Individuals



- Health plans should compete on value and measure the health and health care outcomes of their membership.
- Encourage individual responsibility for health, not cost-shifting to individuals.
- Switzerland needs to develop comprehensive electronic health records that are controlled by the individual and that support clinical integration of care and measurement of outcomes.

# Switzerland is in a strong position to accelerate improvement in health care value

- The Swiss health care system **is inclusive**, not suffering rationing and not in crisis.
  - But, the population is aging, obesity is rising, and spending is high.
- Fragmentation of care exists in Switzerland as it does worldwide.  
**Reorganization of clinical teams** from a patient perspective is needed.
- **Quality of outcomes must be measured** by every team to accelerate learning and improvement.
- **Demonstrated, measured quality by clinically integrated teams** designed from the patient's perspective (around medical conditions) would create renown for Swiss health care.