

# Creating a High-Value Health Care System

Professor Elizabeth Teisberg, Ph.D.

Friends of Europe  
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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, 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>.

# Europe's Health Care Challenge

## Past Goals

**Creating a  
universal and  
equitable health  
care system**

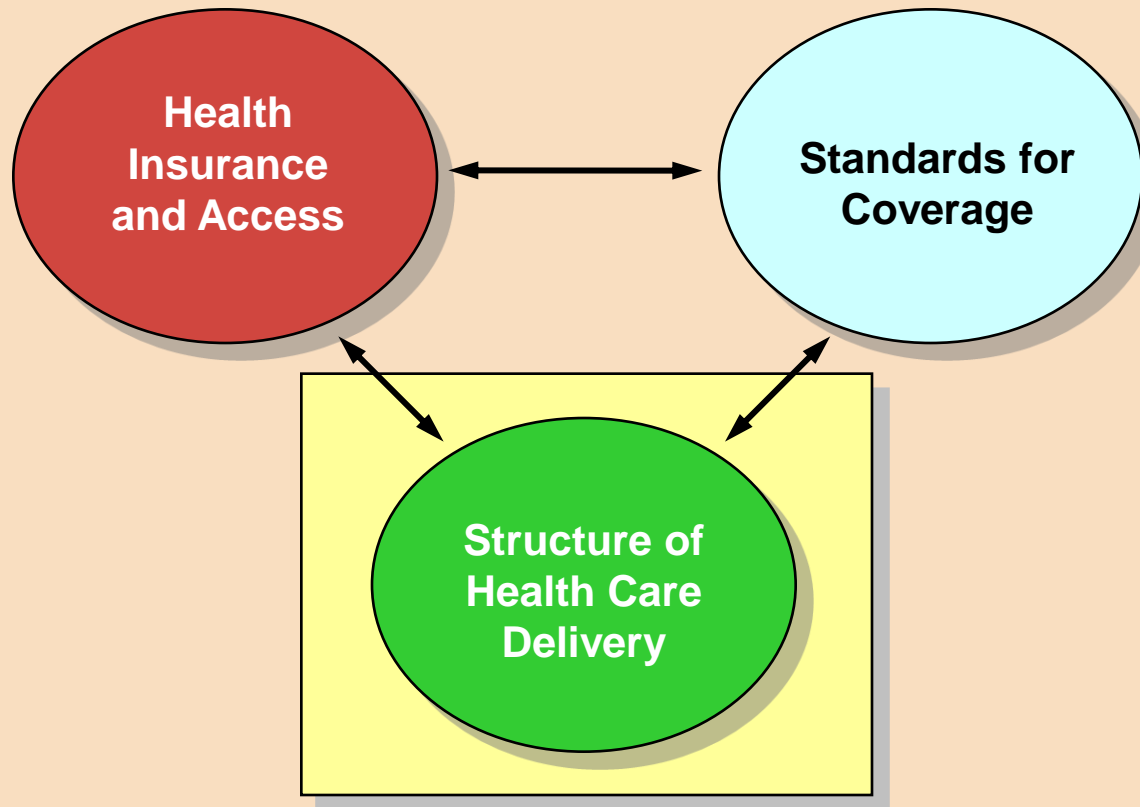
**Controlling the  
cost of health care**



## Future Imperative

**Creating a high-  
value health care  
system**

# Issues in Health Care Reform



## Redefining the goal:

**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.

- **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.

- Universal coverage that includes early-stage and preventive care is essential for efficiency as well as equity  
--and not enough

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

## HOW?

Procedures/visits	→	<b>Solutions for Patients</b>
Individual physician	→	<b>Clinical teams</b>
Increasing Effort	→	<b>Improving Results</b>
Culture of controls	→	<b>Trust and Shared Goals</b>

# Setting the compass: Value-Based Health Care Delivery

**1. Pursue value-creating solutions** for patients and families

**2. Organize teams** from the patient perspective:  
around **medical conditions** for the **full cycle of care**

**3. Measure Outcomes** to drive learning and to communicate

**4. Demonstrate Value** to enable getting paid for truly good care

# Can we afford to focus on quality?

**Yes.**

**The goal is better health, not more treatment.**

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

# 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

Improving value will require going **beyond waste reduction** and **administrative savings.**

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4. **Align reimbursement** with **value** and reward **innovation**

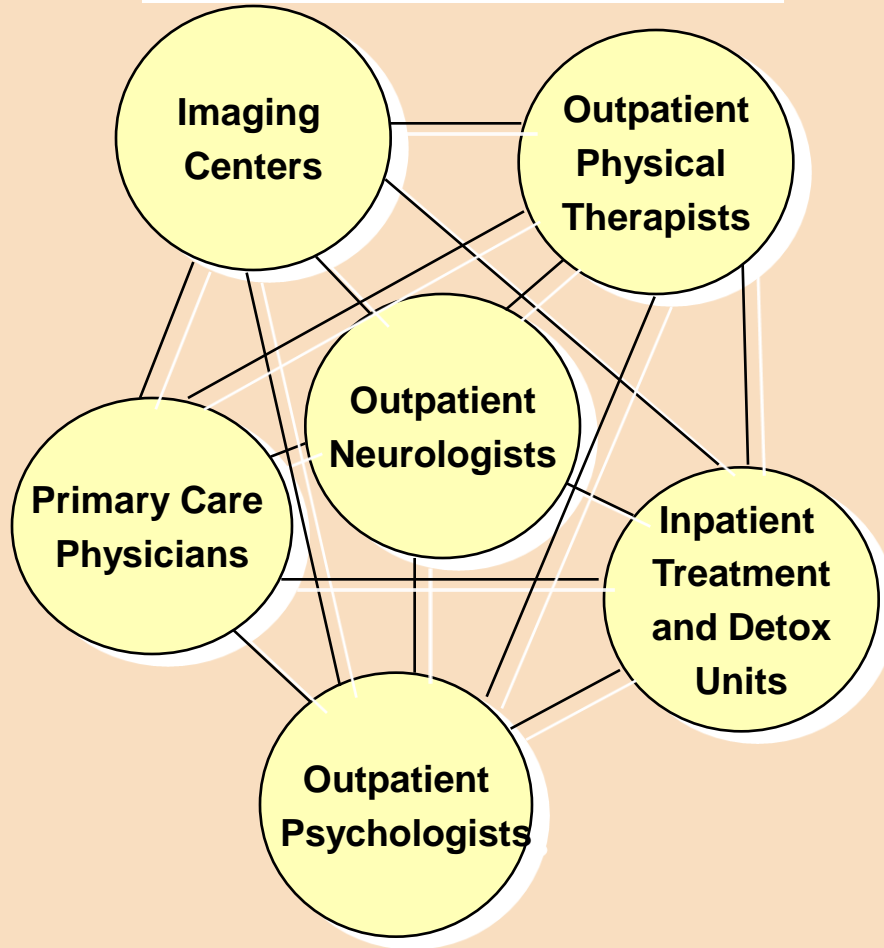
# What is a Medical Condition?

- A medical condition is **an interrelated set of medical circumstances best addressed in an integrated way**
  - Defined from the patient's perspective
  - Where value is created
  - Where coordination should be the normal practice
- **Includes** common co-occurrences
- Extends to the **full cycle of care**
- Examples
  - Diabetes (including vascular disease, hypertension, others)
  - Breast Cancer
  - Four commonly occurring chronic conditions
  - CABG is a procedure, not a condition

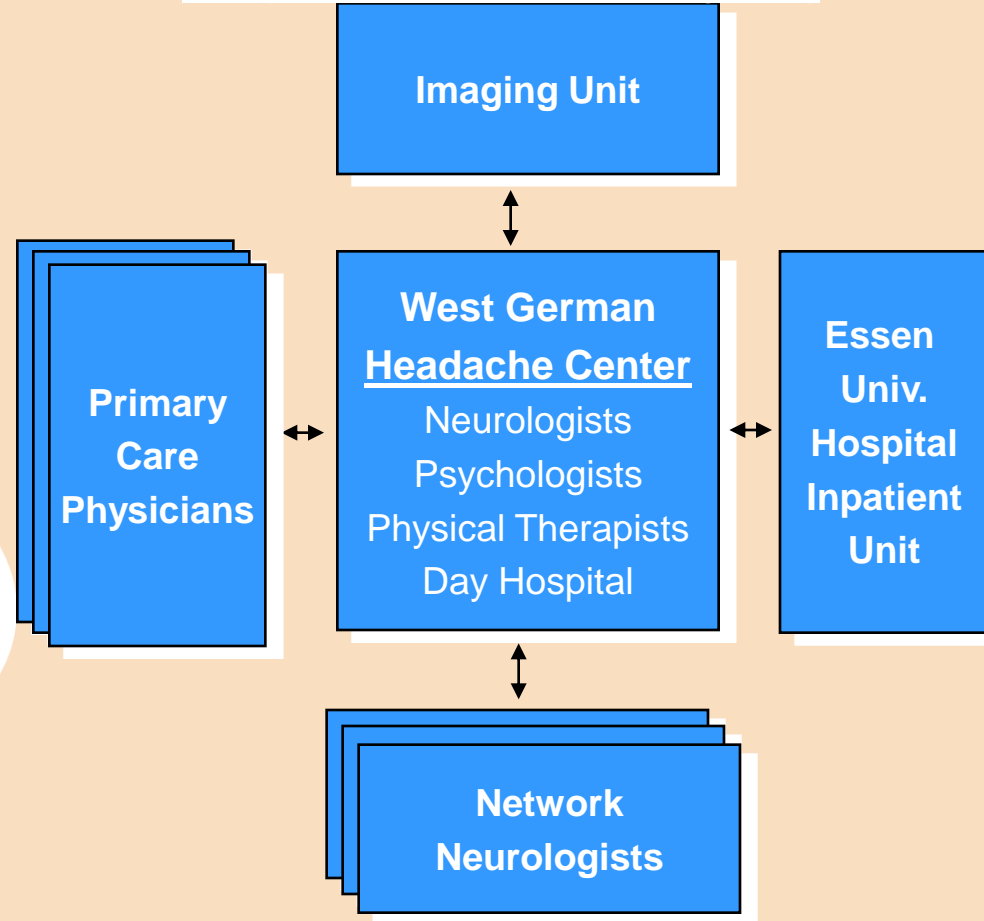
# Restructuring Health Care Delivery

## Migraine Care in Germany

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

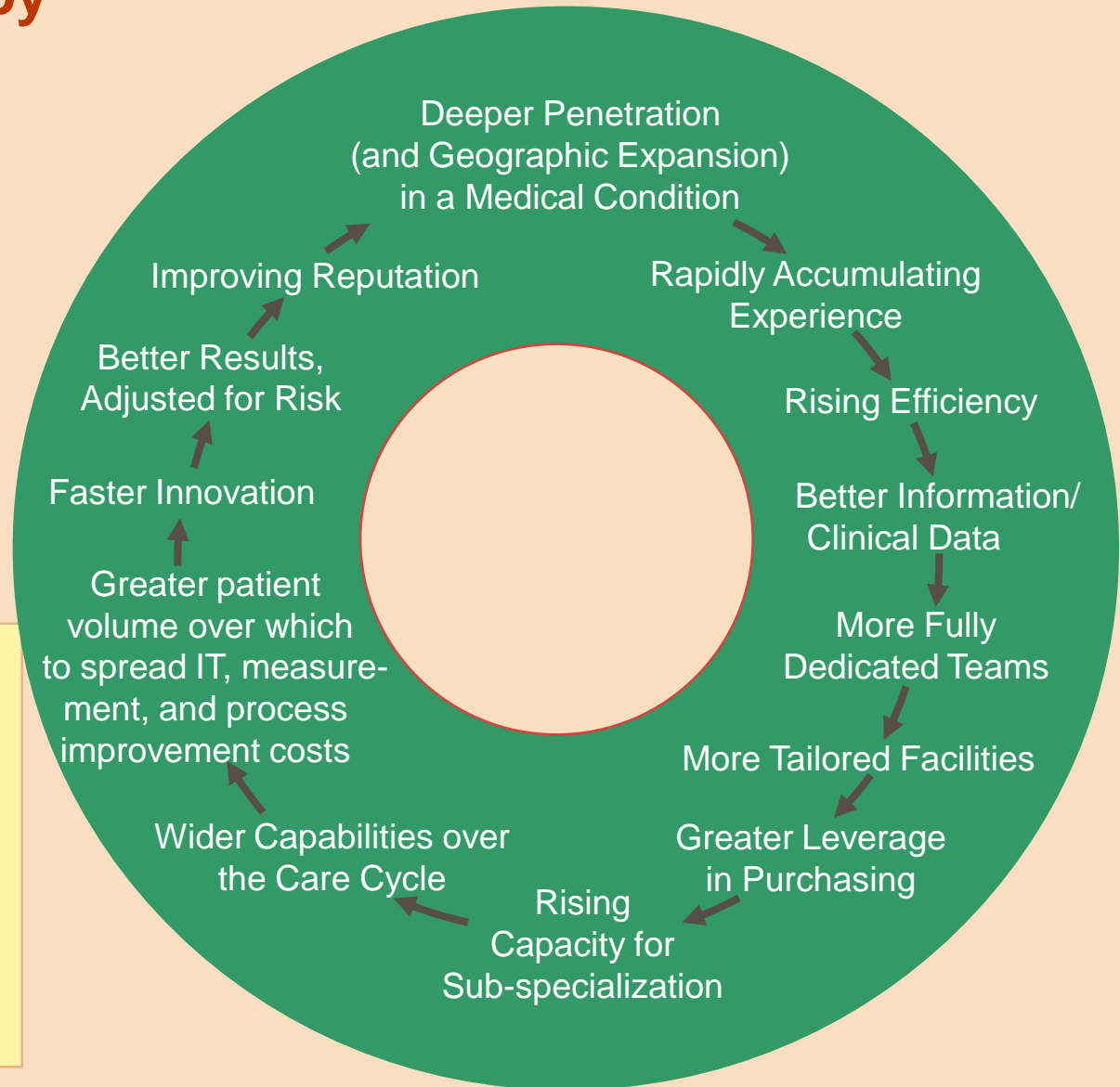


### New Model: Organize into Integrated Practice Units (IPUs)



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

# 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.**

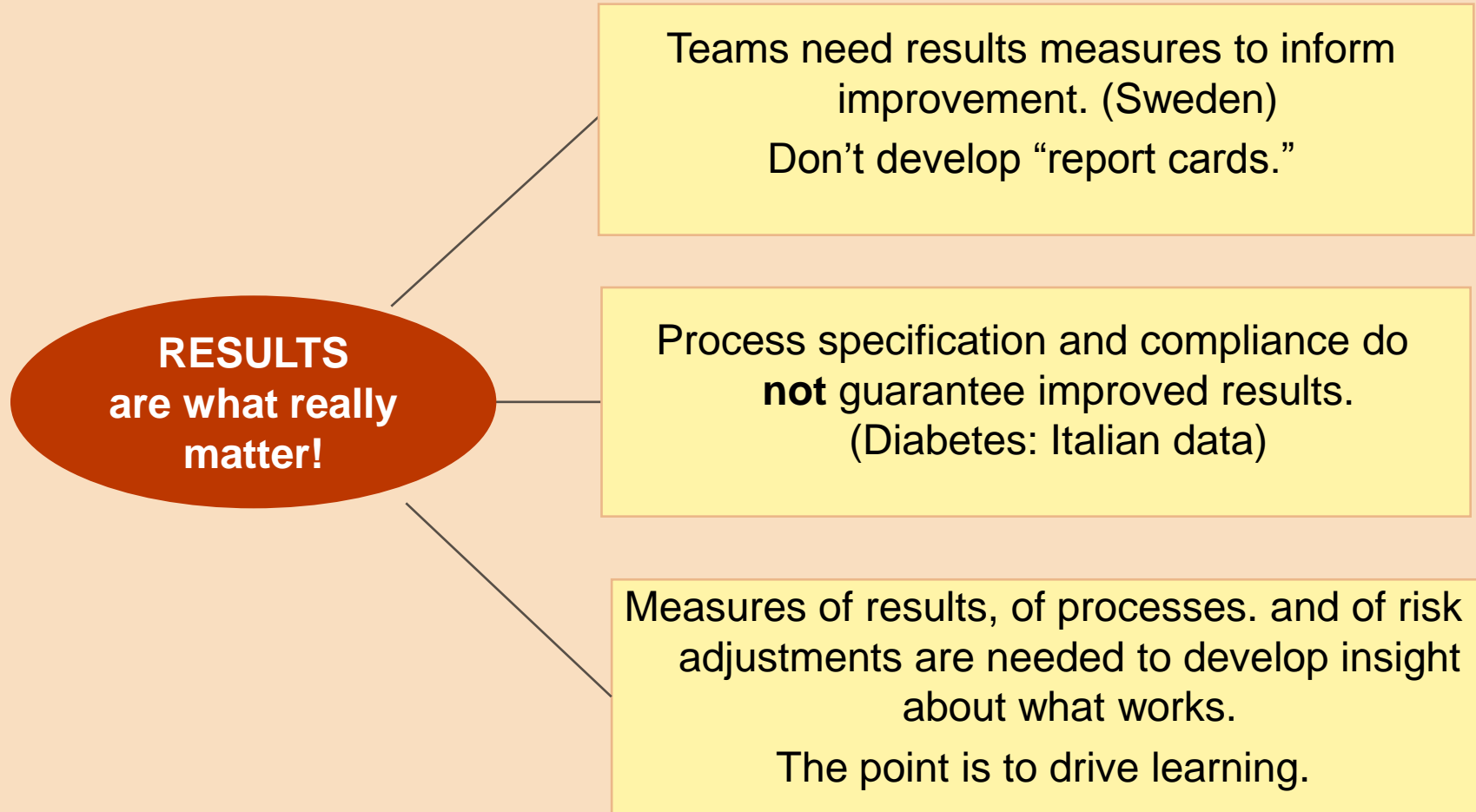
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# Widely available information on results drives improvement in outcomes for patients.

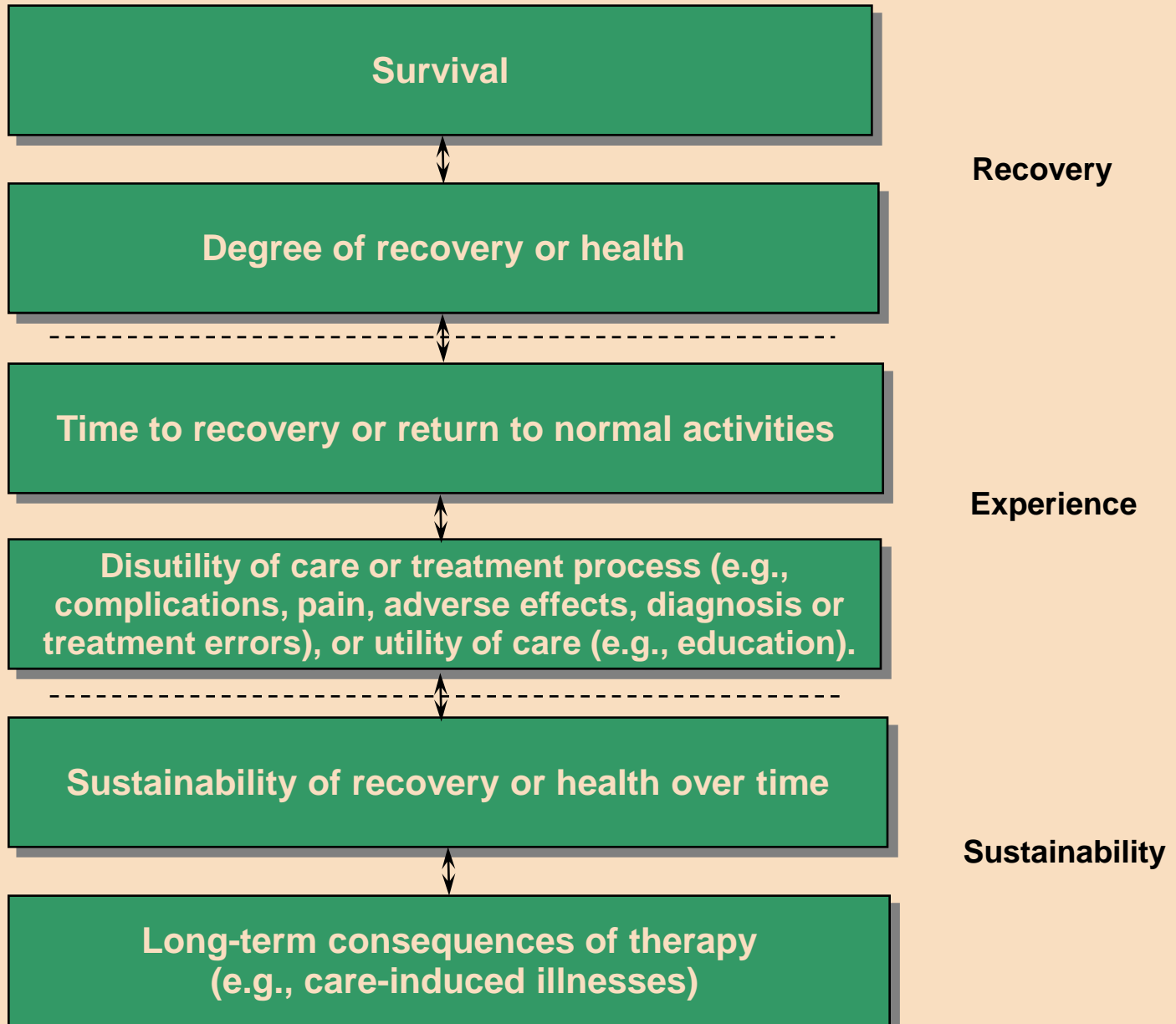


# But are results really all that different?

- **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?
  - at a center with among the worst outcomes?
- **Patients and referring doctors lack data on RESULTS**, and assume they are all the same.
- Example: Switzerland

# Measuring Results

There are Multiple Outcome Measures for every condition.



# Measuring Breast Cancer Outcomes

**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**

**"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

**Ask the clinical team to develop measures!**

What indicates improved health outcomes?

When is the team successful?

What puzzles you?--where is insight needed?

What can you measure now?

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# Value creation enables the opportunity to redesign reimbursement in a win-win context.

Restructure care around patient circumstances:

- >Measure value improvements
- >Communicate demonstrated value
- >Transparency enables **trust**
- >**Trust** enables Partnerships, previously resisted.

**Win-win**  
**Share the gains.**

# 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 (measure something!)
- ❖ Pick targets to improve
- ❖ Start sharing

We **CAN** create health care systems that drive improvements in value.

The goals are clear: health and care.