

Value-Based Health Care Delivery: Integrated Practice Units and Driving Improvement in Results

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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 presentation 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 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>.

Surely, we can do better.

Value in Health Care

- The goal of health care is **health**.

**Improving Value
means
Improving Health Outcomes per dollar spent**

- Universal access is essential for equity and efficiency, *and not enough*.
- Cost reduction is important, *and not the goal*.
- Waste reduction improves value, *and is limited by the current structure*.
- Success in improving health requires shared responsibility, *and consumers cannot reform the structure of the system*.

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

not winning at someone else's expense.

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

And improving value aligns interests.

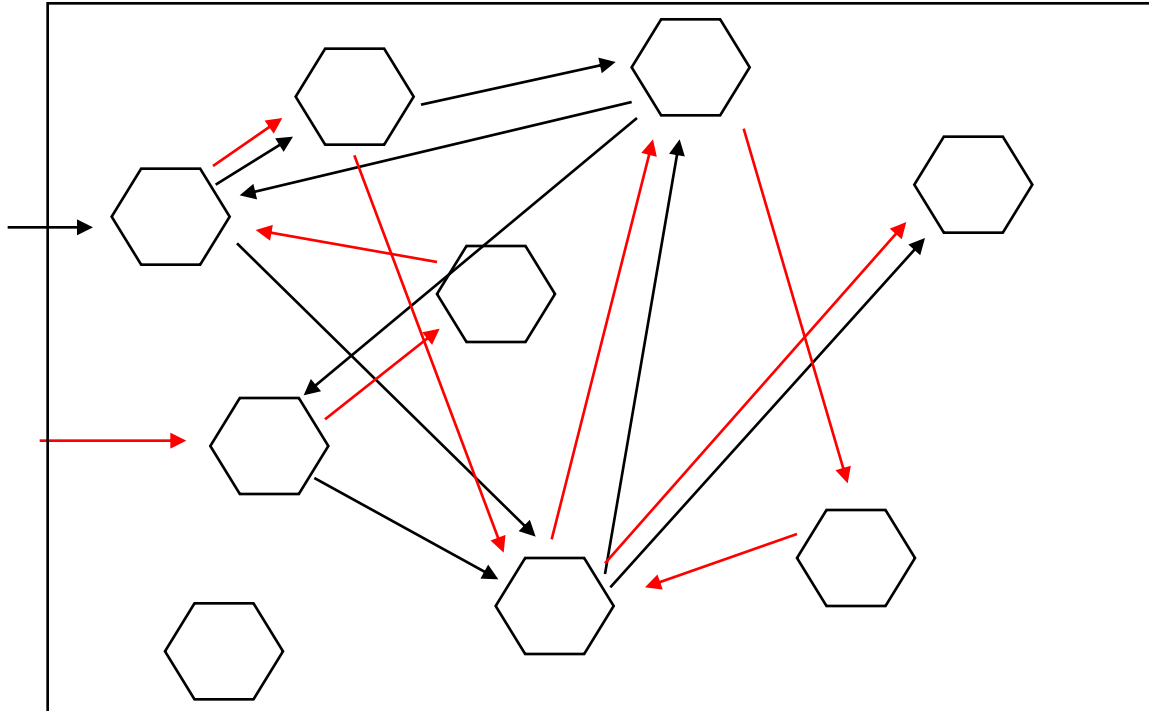
Creating a High-Value Health Care System

**Patient and Family Centered Care
Requires Structural Change
In Care Delivery**

Every health care organization SAYS it is patient-centered.

- Yet, most providers are organized around the doctors.
- Most health plans are organized for control, not for health.
- The primary organization of care delivery should be around **the integration required for every patient.**

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.”

Clinically Integrated Practice Units (IPUs) restructure care delivery 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 (diabetes with hypertension &...)
 - **Includes** the most common & most critical co-occurring conditions
 - Integrates **multiple** specialties and services



- The medical condition (defined from the patient perspective) is the **unit of value creation** in health care delivery

Transitions in reorganization around medical conditions

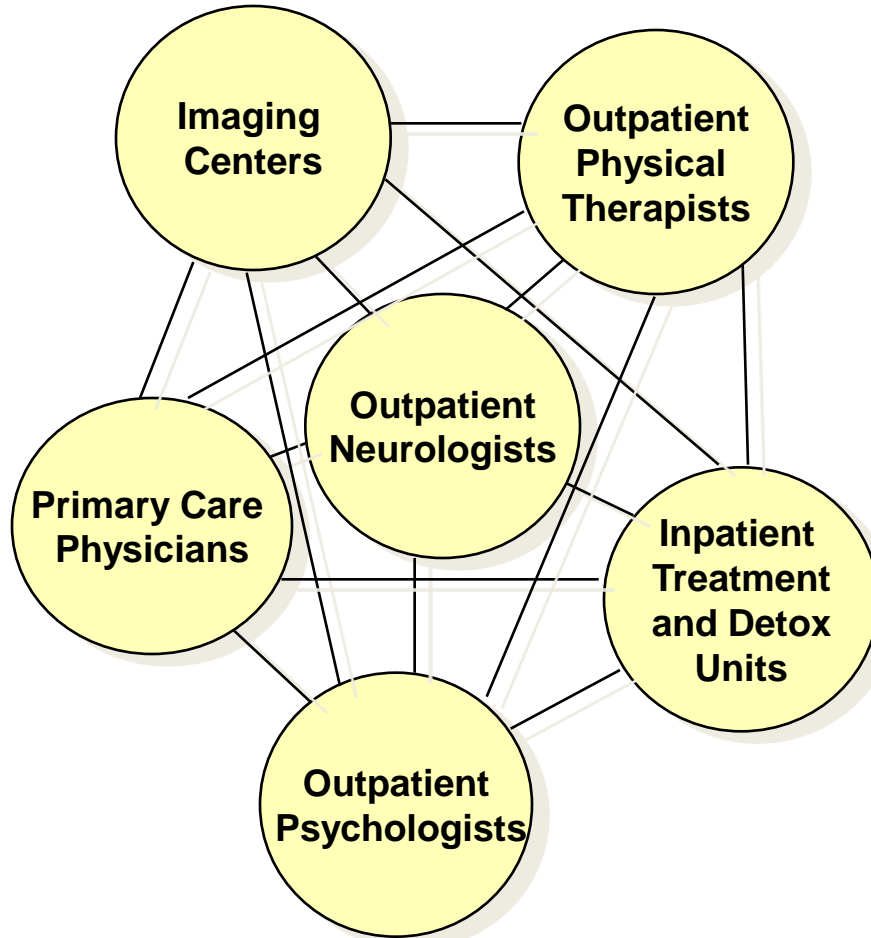
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|----------------------|---|---------------------------------|
| Procedures/visits | → | Solutions for Patients |
| Individual physician | → | Clinical Teams |
| Increasing effort | → | Improving Results |
| Sequential process | → | Parallel, Coordinated Process |
| Process controls | → | Shared Goals & Measured Results |
| Reducing waste | → | Improving Value |

A successful IPU makes a **visible and tangible difference** to patients and clinical team members: processes are easier, results better, satisfaction enhanced.

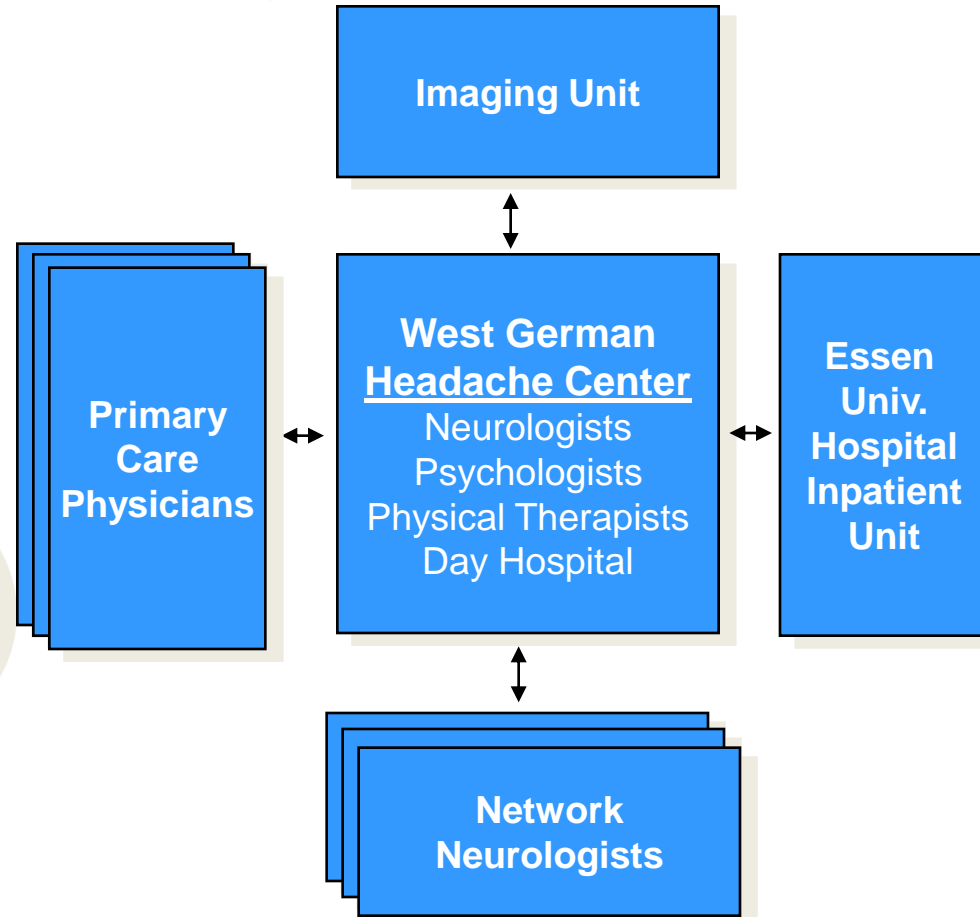
Restructuring Care Delivery

Migraine Care IPU: improved results, simplified coordination

Existing Model: Organize by Specialty and Discrete Services



New Model: Organized into Integrated Practice Unit



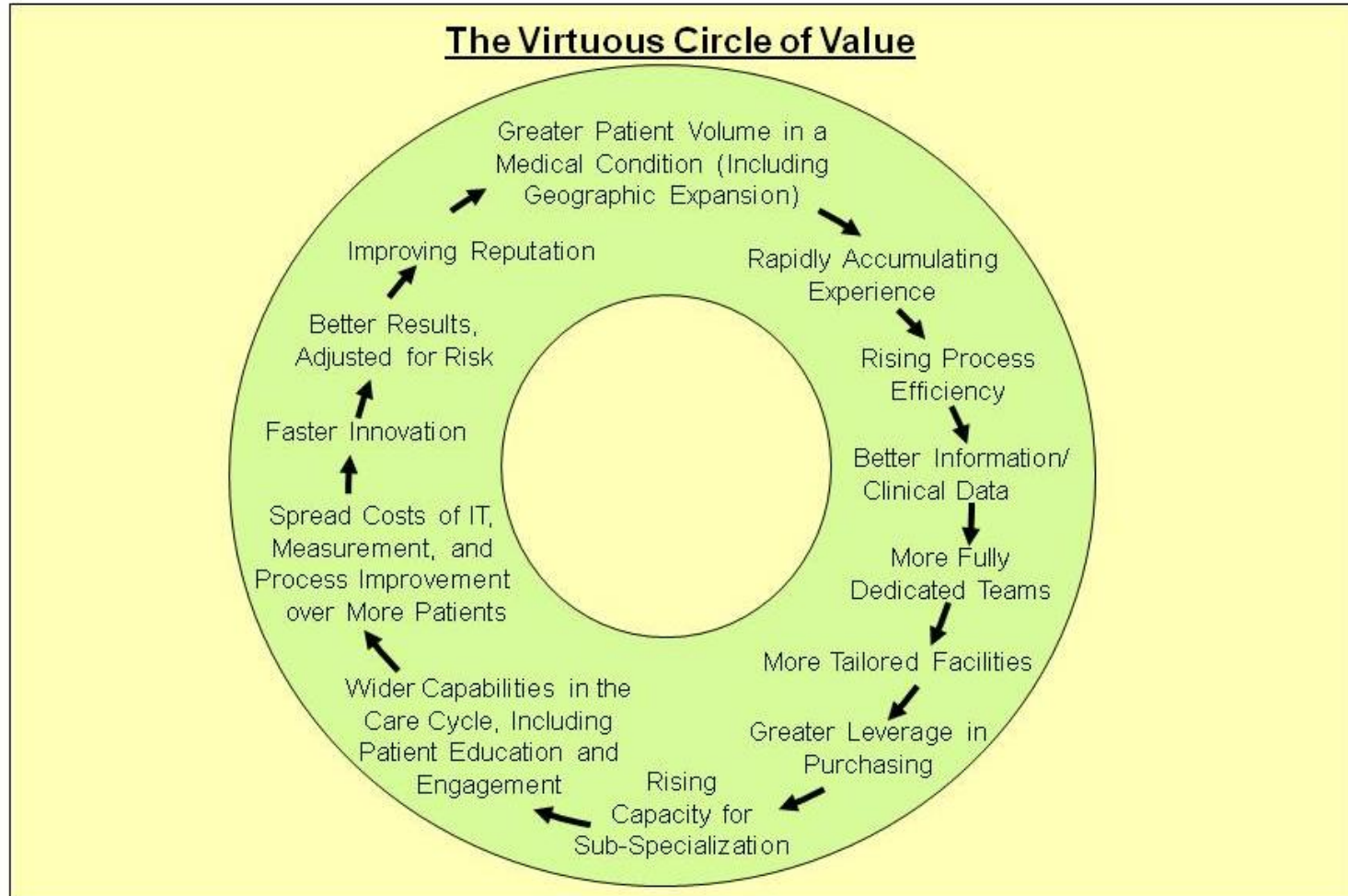
Source: Porter, Michael E., Clemens Guth, and Elisa Dannemiller, *The West German Headache Center: Integrated Migraine Care*, Harvard Business School Case 9-707-559, September 13, 2007

How Clinically Integrated Practice Units Create Value

- Improve **measured outcomes**
 - Improve diagnosis
 - Reduce complications, errors and waste
- **Spend to save**
 - Early stage care
 - Slow disease progression, reduce complications
 - Cost reduction instead of cost shifting
- **Speed the course of quality care**
 - Improve coordination and efficiency (in & beyond team)
 - Streamline communication and improve productivity
 - Improve compliance
- Develop **deep expertise**
 - Redirect research and speed innovation in care

Principles of Value-Based Health Care Delivery

- Drive value improvement by **increasing** provider **experience**, **scale**, and **learning** at the **medical condition level**



This is about restructuring for accelerated learning in multidisciplinary, patient-centered teams, not archipelagos, focused factories or narrow expertise.

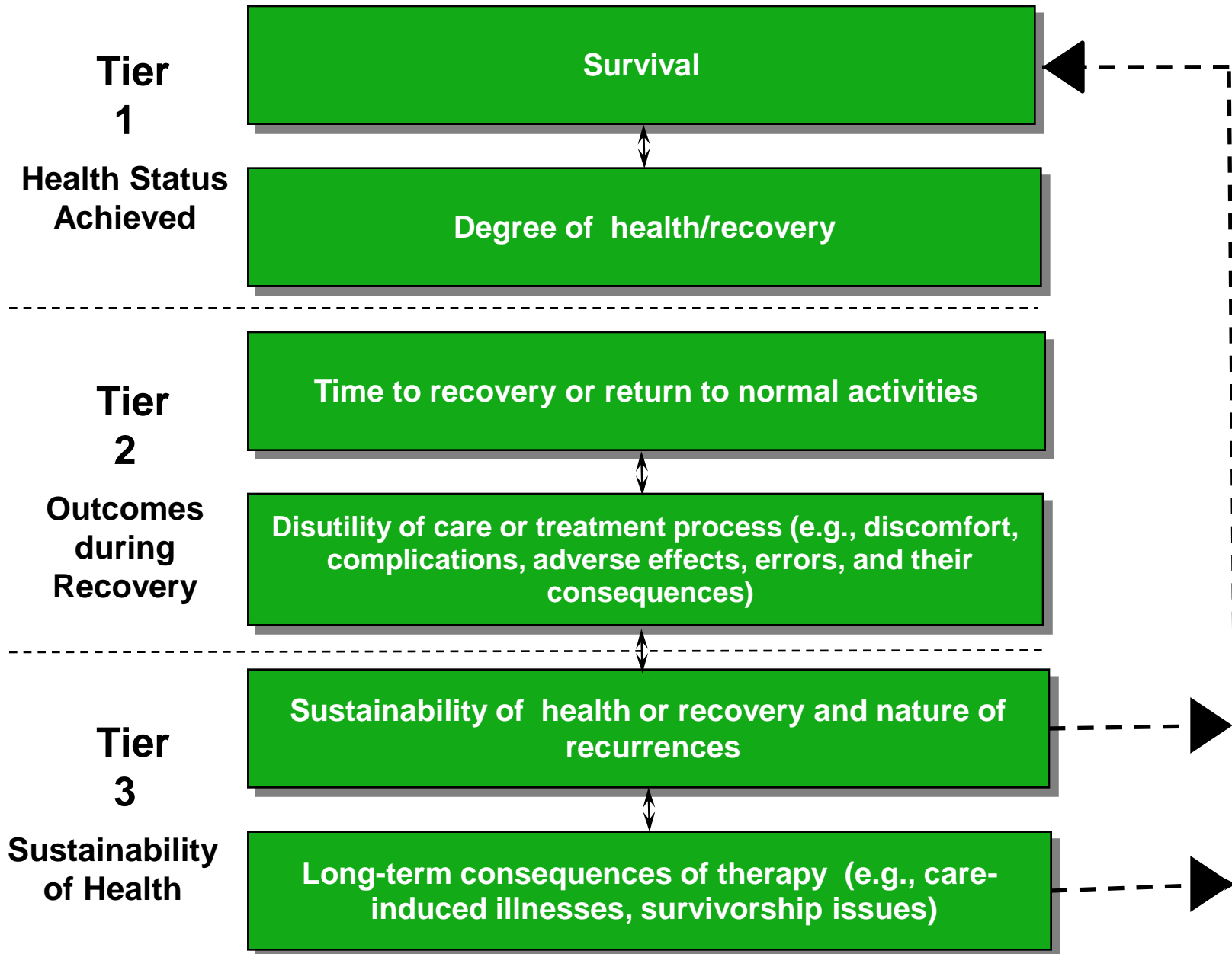
Measuring Value: Essential Principles

- **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 .

The Outcome Measures Hierarchy



First Steps in Measurement

- **Start measuring**
 - “if you fly without instruments, you are more likely to crash”
 - Measurement improves the outcomes **and** the measures
- **Ask clinical teams** to choose meaningful measures
 - What outcomes are important? **What you measure will improve.**
 - What insight would you like to gain?
 - Multidisciplinary teams choose different measures.
- **Include process** measures
 - Controllable, learn to measure and improve  cultural change
 - Will pair with outcome measures - insight on what works for whom
- **Emphasize team learning**  improvement, not a report card

Obstacles to Clinically Integrated Practice Units

- Presumption that all medical care is above average
- Lack of measured outcomes
- Physician training and professional advancement
- Independent private physician practices
- Piecemeal compensation structures
- Habit, tradition

Mechanisms that Enable Clinically Integrated Practice Units to Succeed

- **Co-location** (team captain, core of dedicated members + some part time)
- Common financial model (clinical IPUs ease bundled reimbursement)
- **Salary & bonus based compensation**
- Model for recognition and advancement
- **Measurement** (team-developed, clinically meaningful, drive improvement)
- Results comparison & explicit goal of learning (cystic fibrosis)
- **Shared admin & clinical infrastructure** (supporting learning)
- Joint venture with private practice
- **Formal and informal planning conferences** (“Goldfarb’s lunch”)
- Employer or health plan motivated to improve value
- **Spend to save investments**

Starting the Process of Clinical IPUs

What do you do really well?

Define a medical condition – play to your strengths

Where are opportunities to increase value?

Motivate a provider based on your needs

Align medical success with financial success.

Revamp reimbursement for teams along care cycles for medical conditions

