

Health Care Immersion Course: Value-Based Health Care Delivery

January 2010

Professor Michael E. Porter
Information Session

Harvard Business School
September 14, 2009

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>.

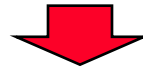
Intensive Seminar: Value-Based Health Care Delivery

- An intensive, week-long graduate-level course on the fundamental principles of value-based health care delivery
- Held at Harvard Business School from **January 11 – 15, 2010**
- Course Head: Professor Michael Porter
- Open by application to Harvard MD/MBAs, Harvard MBA students with prior health care experience, other Harvard graduate students with strong health care delivery backgrounds, advanced Harvard MD students, medical residents, and practicing physicians/clinicians from the Boston and wider community

Redefining Health Care

- Universal coverage and access to care are **essential, but not enough**
- The core issue in health care is the **value of health care delivered**

Value: Patient health outcomes per dollar spent



- How to design a health care system that **dramatically improves patient value**
 - Ownership of entities is secondary (e.g. non-profit vs. for profit vs. government)
- How to create a **dynamic system** that keeps rapidly improving

Creating a Value-Based Health Care System

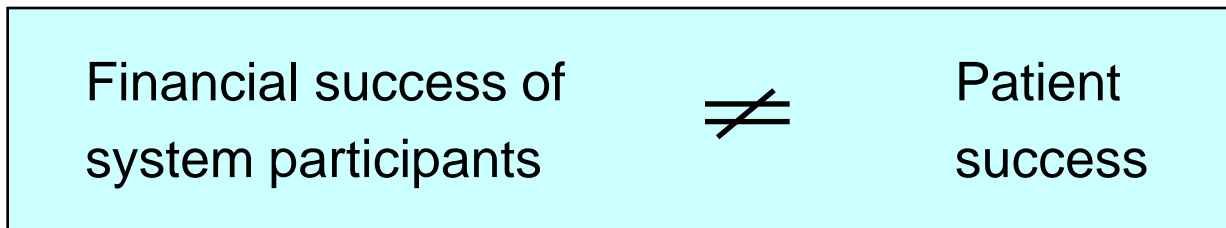
- Significant improvement in value will require **fundamental restructuring of health care delivery**, not incremental improvements

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

- Process improvements, lean production concepts, safety initiatives, disease management and other **overlays** are beneficial but not sufficient
- Consumers **cannot fix the dysfunctional structure** of the current system

Harnessing Competition on Value

- **Competition for patients/subscribers** 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 positive-sum **competition on value** is a central challenge for health care reform in every country

Value-Based Health Care Delivery: The Strategic Agenda

1. Integrated Practice Units

- **Partnerships** with other organizations involved in the care cycle
- Integrated models for **primary care** or **health and wellness**

2. Outcomes and Cost Measurement

3. New Reimbursement Models

4. Provider System Integration

- Specialization of services **within** units
- Integration of care **across** units

5. Growth Models

- Enhancing value through expanding **across geography**



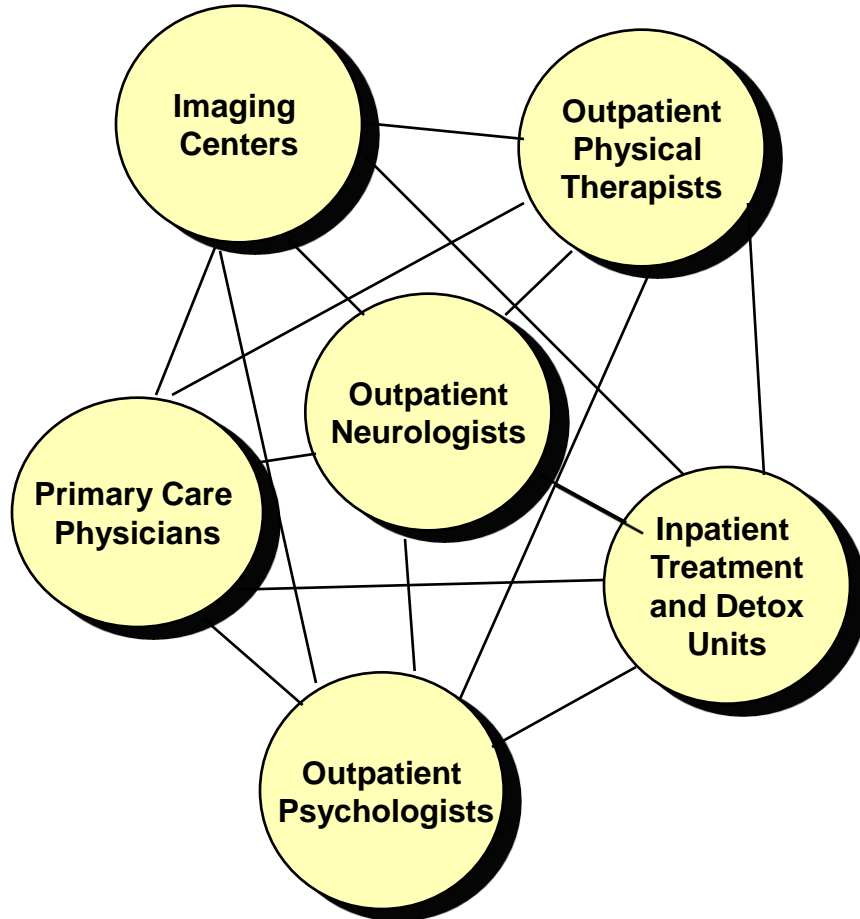
- How can **health plans**, **employers**, and **government** best encourage and enable these changes?

Restructuring Care Delivery

Migraine Care in Germany

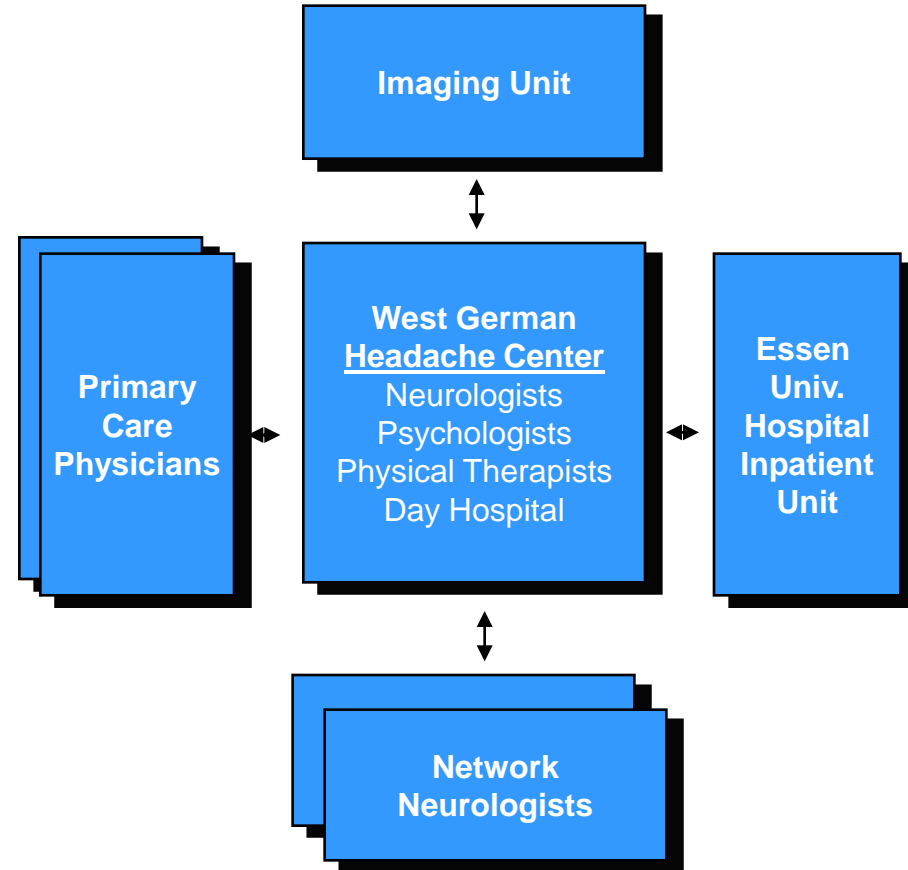
Existing Model:

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

Integrating Across the Cycle of Care

Breast Cancer

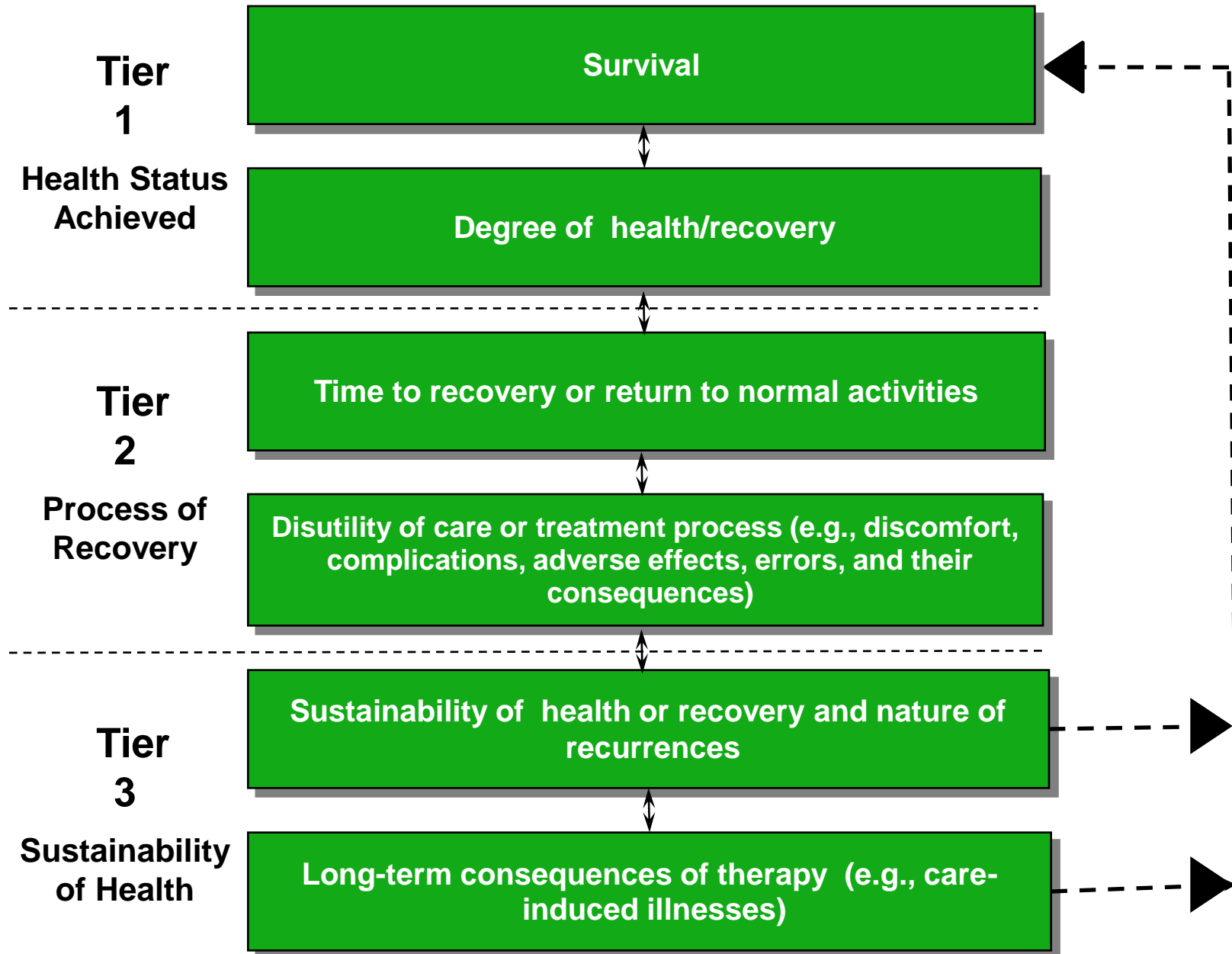
ENGAGING	<ul style="list-style-type: none"> Advice on self screening Consultations on risk factors 	<ul style="list-style-type: none"> Counseling patient and family on the diagnostic process and the diagnosis 	<ul style="list-style-type: none"> Explaining patient treatment options/shared decision making 	<ul style="list-style-type: none"> Counseling on the treatment process Education on managing side effects and avoiding complications of treatment Achieving compliance 	<ul style="list-style-type: none"> Counseling on rehabilitation options, process Achieving compliance 	<ul style="list-style-type: none"> Counseling on long term risk management Achieving Compliance
			<ul style="list-style-type: none"> Patient and family psychological counseling 		<ul style="list-style-type: none"> Psychological counseling 	
MEASURING	<ul style="list-style-type: none"> Self exams Mammograms 	<ul style="list-style-type: none"> Mammograms Ultrasound MRI Labs (CBC, Blood chems, etc.) 	<ul style="list-style-type: none"> Labs 	<ul style="list-style-type: none"> Procedure-specific measurements 	<ul style="list-style-type: none"> Range of movement Side effects measurement 	<ul style="list-style-type: none"> MRI, CT Recurring mammograms (every six months for the first 3 years)
		<ul style="list-style-type: none"> Biopsy BRACA 1, 2... CT Bone Scans 				
ACCESSING	<ul style="list-style-type: none"> Office visits Mammography lab visits 	<ul style="list-style-type: none"> Office visits 	<ul style="list-style-type: none"> Office visits 	<ul style="list-style-type: none"> Hospital stays 	<ul style="list-style-type: none"> Office visits 	<ul style="list-style-type: none"> Office visits
		<ul style="list-style-type: none"> Lab visits 	<ul style="list-style-type: none"> Hospital visits Lab visits 	<ul style="list-style-type: none"> Visits to outpatient radiation or chemotherapy units Pharmacy 	<ul style="list-style-type: none"> Rehabilitation facility visits Pharmacy 	<ul style="list-style-type: none"> Lab visits Mammographic labs and imaging center visits
		<ul style="list-style-type: none"> High risk clinic visits 				
	MONITORING/ PREVENTING	DIAGNOSING	PREPARING	INTERVENING	RECOVERING/ REHABING	MONITORING/ MANAGING
	<ul style="list-style-type: none"> Medical history Control of risk factors (obesity, high fat diet) Genetic screening Clinical exams Monitoring for lumps 	<ul style="list-style-type: none"> Medical history Determining the specific nature of the disease (mammograms, pathology, biopsy results) Genetic evaluation Labs 	<ul style="list-style-type: none"> Choosing a treatment plan Surgery prep (anesthetic risk assessment, EKG) 	<ul style="list-style-type: none"> Surgery (breast preservation or mastectomy, oncoplastic alternative) 	<ul style="list-style-type: none"> In-hospital and outpatient wound healing Treatment of side effects (e.g. skin damage, cardiac complications, nausea, lymphodema and chronic fatigue) 	<ul style="list-style-type: none"> Periodic mammography Other imaging
			<ul style="list-style-type: none"> Plastic or onco-plastic surgery evaluation Neo-adjuvant chemotherapy 	<ul style="list-style-type: none"> Adjuvant therapies (hormonal medication, radiation, and/or chemotherapy) 	<ul style="list-style-type: none"> Physical therapy 	<ul style="list-style-type: none"> Follow-up clinical exams Treatment for any continued or later onset side effects or complications

PROVIDER MARGIN

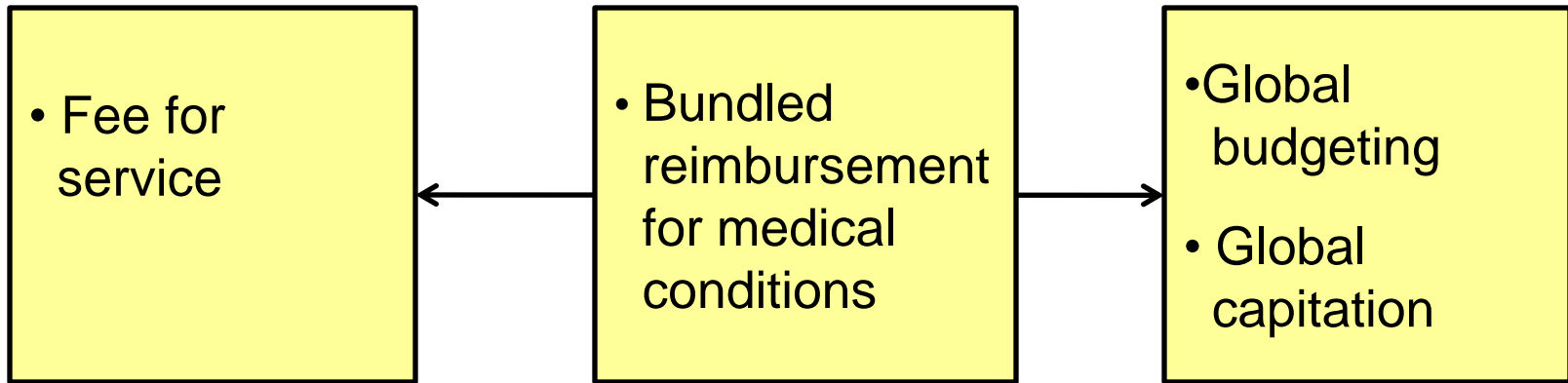
Breast Cancer Specialist
 Other Provider Entities

• The medical condition is the **unit of value creation** in health care

The Outcome Measures Hierarchy



Alternative Reimbursement Systems



- Bundled reimbursement for care cycles motivates value improvement, care cycle optimization, and spending to save

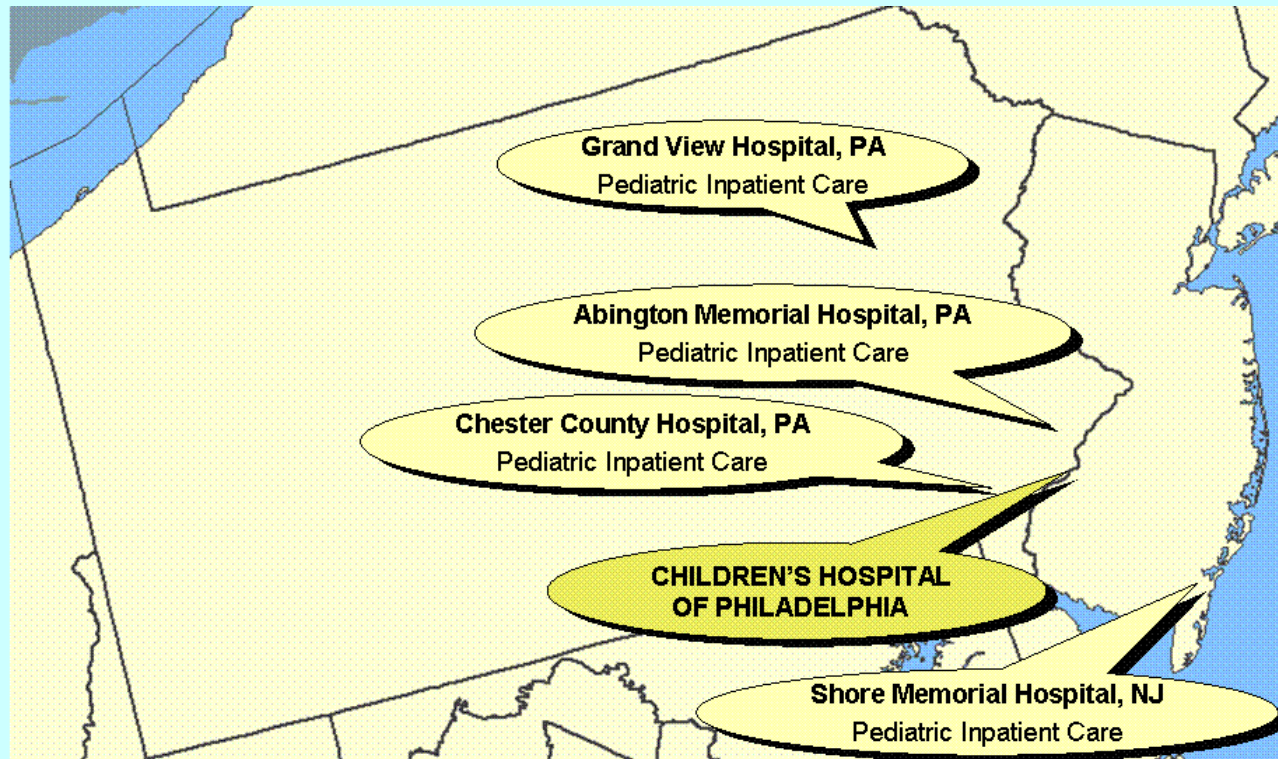


- **Outcome measurement and reporting** at the medical condition level is needed for any reimbursement system to ultimately succeed

Principles of Value-Based Health Care Delivery

- **Integrate care across facilities** and **regions**, rather than duplicating services in stand-alone units

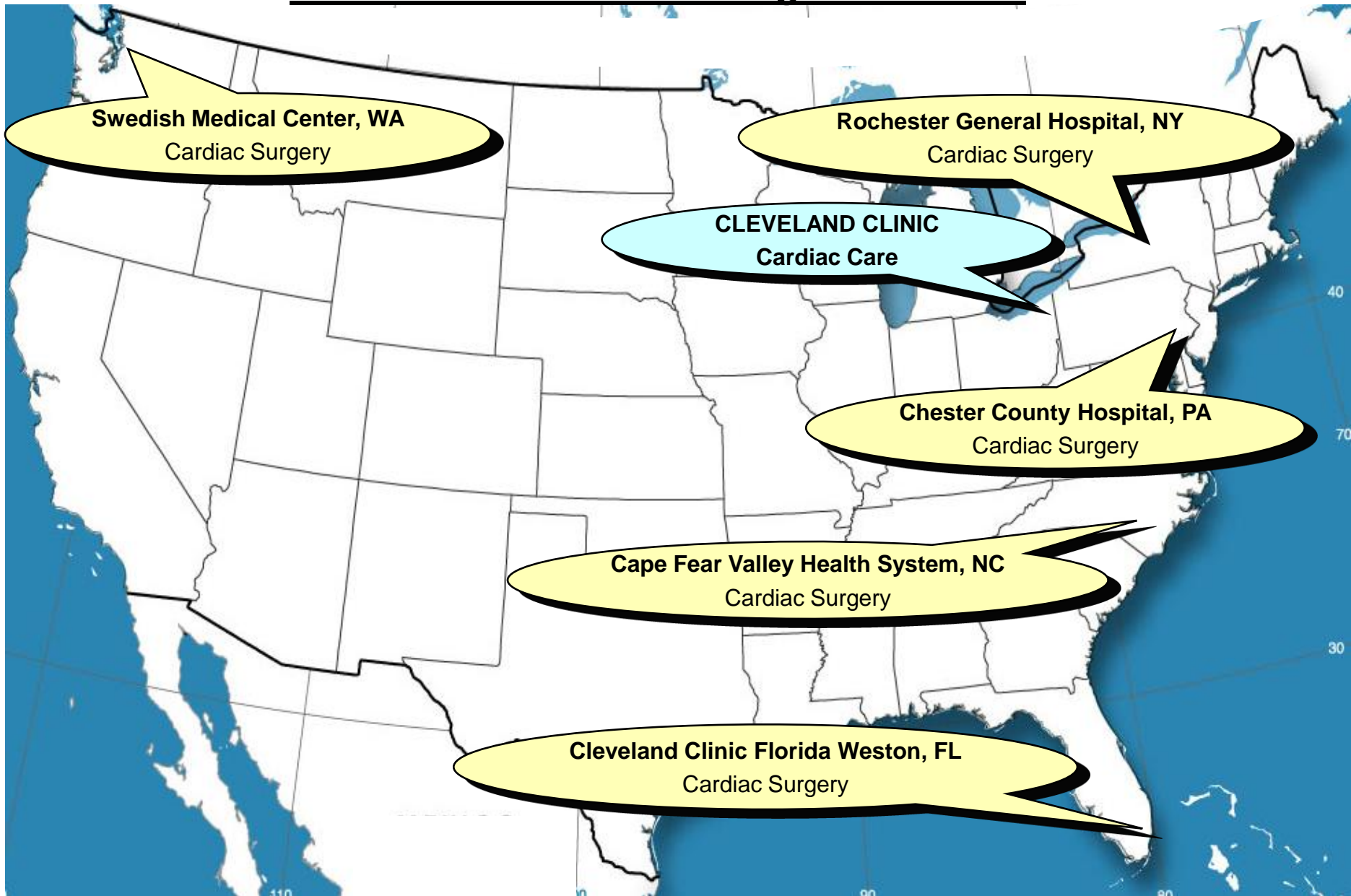
Children's Hospital of Philadelphia (CHOP) Affiliations



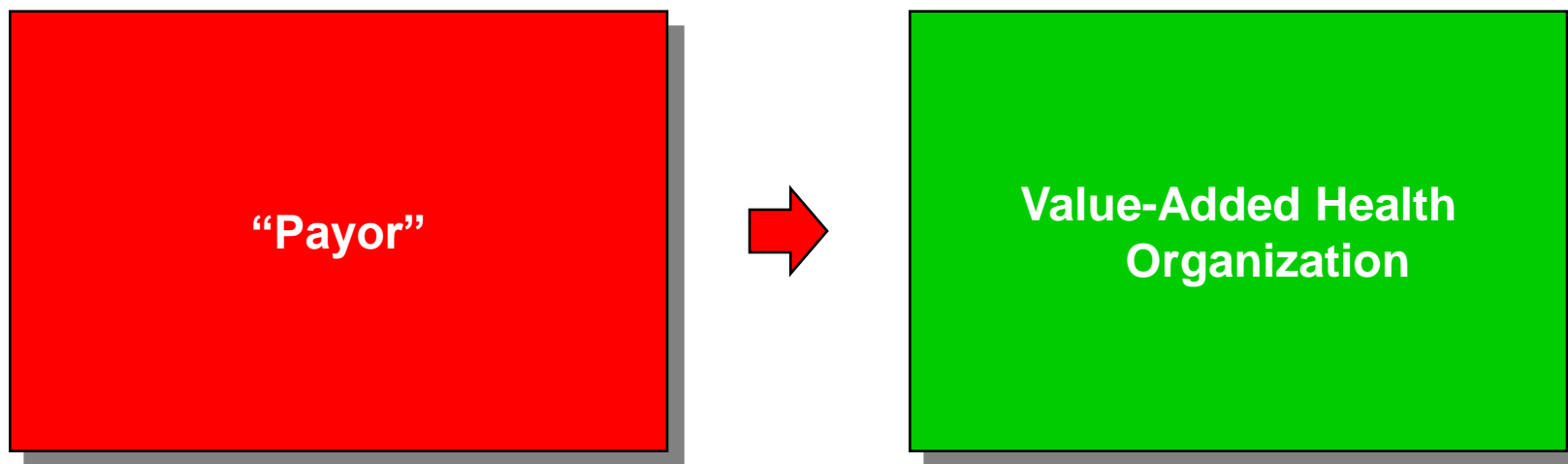
- Deliver services in the **appropriate** facility, not every facility
- Excellent providers can manage care delivery **across multiple geographies**

Extending Care Across Geography

The Cleveland Clinic Managed Practices



Value-Based Healthcare Delivery: Implications for Health Plans



Value-Based Health Care Delivery

2009 Schedule

	Monday, January 5	Tuesday, January 6	Wednesday, January 7	Thursday, January 8	Friday, January 9
8:30-9:00am	Welcome & Course Overview <i>Faculty: Michael Porter</i>				
9:00-10:30am	Session 1: Introduction to Value-Based Health Care Delivery Case: ThedaCare: System Strategy <i>Faculty: Michael Porter</i>	Session 3: Defining Medical Conditions and Integrated Care Models Case: The Joslin Diabetes Center <i>Faculty: Elizabeth Teisberg</i>	Session 5: Integrated Care and Health Outcomes Case: Global Health Partner: Obesity Care <i>Faculty: Elizabeth Teisberg</i>	Session 7: Role of Employers in Health Care Case: Pitney Bowes: Employer Health Strategy <i>Faculty: Elizabeth Teisberg</i>	Session 9: Achieving Care Integration Case: Brigham and Women's Hospital: Shapiro Cardiovascular Care <i>Faculty: Robert Huckman</i>
10:30-11:00am	Break	Break	Break	Break	Break
11:00am-12:30pm	Case Protagonist and Topic Lecture VIDEO: John Toussaint, former CEO, ThedaCare; President and Founder, ThedaCare Center for Healthcare Value	Case Protagonist and Topic Lecture GUEST: Ranch Kimball, President and CEO, Joslin Diabetes Center	Case Protagonist and Topic Lecture GUESTS: Per Batelson, CEO, and Robert Olbe, Operations Development Manager, Global Health Partner	Case Protagonist and Topic Lecture GUESTS: Michael Critelli, Executive Chairman, and Jack Mahoney, Director of Strategic Health Initiatives, Pitney Bowes	Case Protagonist and Topic Lecture GUESTS: Gary Gottlieb, President, Brigham and Women's Hospital
12:30-1:30pm	Lunch and Preparation	Lunch and Preparation	Lunch and Preparation	Lunch and Preparation	(12:30pm) Group Photo (12:40pm) Lunch and Preparation
1:30-3:00pm	Session 2: The Need for Integrated Care Delivery Case: The West German Headache Center: Integrated Migraine Care <i>Faculty: Elizabeth Teisberg</i>	Session 4: Integrated Practice Units: Structure, Process, Management, and Measurement Case: The Dartmouth-Hitchcock Medical Center: Spine Care <i>Faculty: Michael Porter</i>	Session 6: Value-Based Models of Primary Care Case: Commonwealth Care Alliance: Elderly and Disabled Care <i>Faculty: Gary Gottlieb</i>	Session 8: Hospital Structure, Organization, and Service Expansion Case: The U. of Texas MD Anderson Cancer Center: Interdisciplinary Cancer Care <i>Faculty: Michael Porter</i>	Session 10: Hospital Strategy and Growth Case: Cleveland Clinic: Growth Strategy 2008 <i>Faculty: Michael Porter</i>
3:00-3:15pm	Break	Break	Break	Break	Break
3:15-4:45pm	Case Protagonist and Topic Lecture VIDEO: Klaus Bottcher, Senior Manager, West German Headache Center, and Astrid Gendolla, Senior Physician, KKH	Case Protagonist and Topic Lecture GUESTS: Jim Weinstein, Chair, Dept. of Orthopedic Surgery, and Bill Abdu, Spine Center Medical Director, Dartmouth-Hitchcock Medical Center	Case Protagonist and Topic Lecture GUESTS: Lois Simon, COO, and Robert Fallon, CFO, Commonwealth Care Alliance	Case Protagonist and Topic Lecture GUESTS: Thomas Burke, Physician-in-Chief, and Randal Weber, Chair, Dept. of Head and Neck Surgery, MD Anderson Cancer Center	Case Protagonist and Summary Lecture VIDEO: Toby Cosgrove, CEO, Cleveland Clinic
4:45-5:00pm					Course Wrap-Up

For further information, see <http://www.hbs.edu/rhc/>

Course Format and Teaching Approach

- Case study preparation and discussion
- Guest protagonists
- Readings
- Concept lectures



- All sessions will be **videotaped**
 - Videotapes are designed to assist instructors at Harvard University and other schools
 - All registering students will be asked for prior agreement to permit videotaping of class sessions (included in the online application)

2009 Health Care Immersion Participants (76)

Graduate/Doctoral Students

- 12 MD students, including MD/MBA, MD/MPH
- 18 other MBA, MPH, PhD

Clinical Administration/ Policymakers (5)

Clinicians (41)

- 15 Brigham and Women's/ Faulkner Hospital
- 7 Children's Hospital
- 3 Mass General Hospital
- 5 Veterans Administration
- 1 Nurse, international
- 9 Other physicians

Selected Observers

- Senator Bill Frist, Professor, Vanderbilt University
- Dr. Tom Lee, *Partners Community Healthcare Inc.*; Professor, Harvard School of Public Health
- Professor Robert Burns, *The Wharton School*; Director, *The Wharton Center for Health Management Economics*
- Karen Weintraub and Rachel Zimmerman, Neiman Fellows, *Boston Globe and WSJ*

Application Process

- Admission is **based on an online application** that includes biographical information, work history, and academic degrees along with a brief personal statement discussing interest in the course and relevant academic or professional background
- The online application weblinks are currently open:
 - HBS applicants: <http://poll.hbs.edu/poll/taker/pollTaker.jsp?poll=125861>
 - Non-HBS applicants: <http://poll.hbs.edu/poll/open/pollTakerOpen.jsp?poll=125862>
- HBS applicants must complete the online application no later than **5pm** on **Wednesday, September 16, 2009**
 - HBS applicants will be notified of their acceptance via email by **5pm September 23, 2009**
- Non-HBS applicants will be accepted until **5pm** on **Friday, October 30.**
 - Admission will occur on a rolling basis
 - HBS students who did not require notification by September 23rd are free to apply in this pool