



Value-Based Health Care; Employer Health Strategy

General Electric
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The problems?

Rising costs

Access to Care


Insurance Coverage

Highly variable quality

National health outcomes

Skewed incentives

Fragmented care cycles



What should be the goal of health care reform?

More care?

Less care?



Cost reduction?



The goal of health care reform?



BETTER HEALTH





What happens with current health care reform?

Insurance reform.

Expanded access.

Health care transformation requires additional efforts.



Options With Expanded Coverage

What are the choices with expanded coverage?

Spend more

Ration more


Improve health
and value




Value in Health Care

$$\text{Value} = \frac{\text{Health Outcomes}}{\text{Money spent}}$$

Successful reform requires dramatic improvement in value.






Biggest Unnecessary Cost Driver: Wrong Competition

Competing to shift costs.

A better model:
Competing to ***create value.***



Four key ideas in Redefining Health Care

Michael E. Porter
Elizabeth Olmsted Teisberg

Redefining Health Care

*Creating
Value-Based Competition
on Results*



HARVARD BUSINESS SCHOOL PRESS

- Improve **value** by creating **solutions** for patients and families
- **Teams** treating medical **conditions** over the **full cycle** of care
- **Measuring outcomes** to accelerate improvement
- **Aligning financial** and medical success



Opportunities for Value-Based Health Care Delivery

Improve value by creating solutions for patients and families





Patients want more health,
not more treatment.

Health care





The best way to contain costs is to *improve* quality

Better health is **inherently less expensive**
than poor health

Quality is better **outcomes**

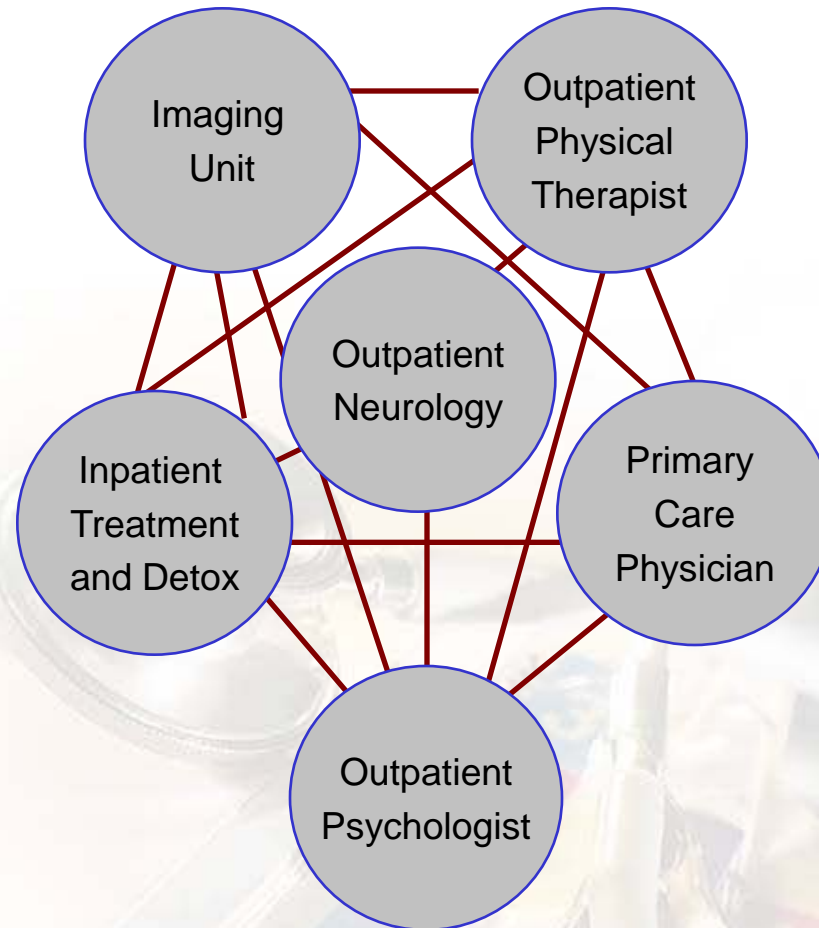
Quality drives efficiency in many ways:

- Prevention
- Early detection
- Right diagnosis
- Early, effective treatment
- Fewer mistakes and repeats
- Fewer complications
- Slower progression of chronic disease
- Less invasive treatment methods
- Fuller recovery of capabilities
- Faster recovery

Migraine Care in Germany

Old model

Organized by specialty in discrete, fragmented services

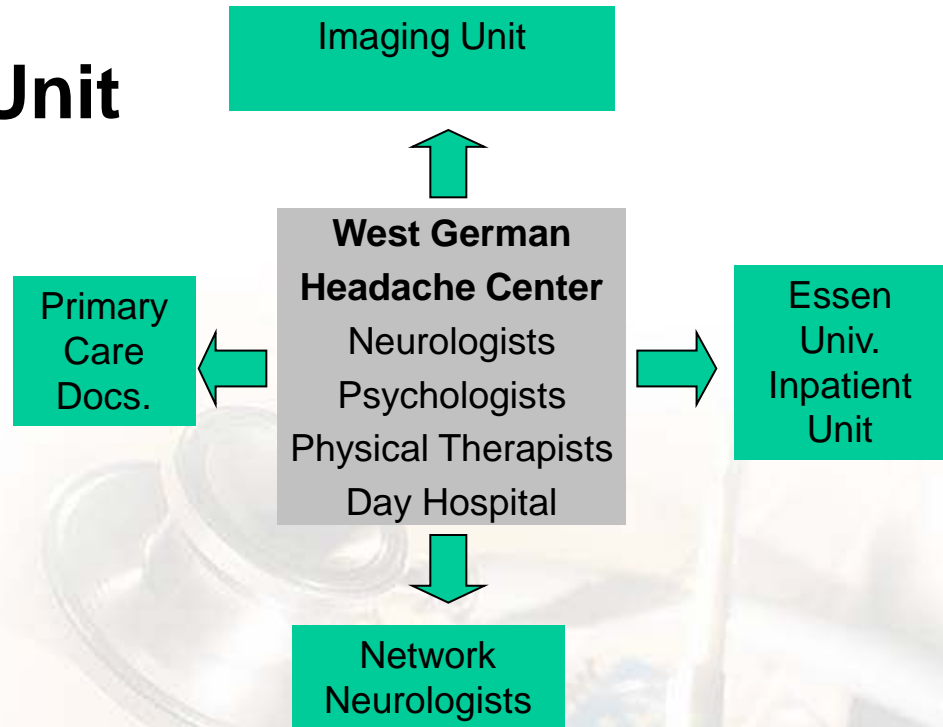


Source: KKH, Westdeutsches Kopfschmerzzentrum

West German Headache Center New model

Integrated Practice Unit

*Patient Value is
the beacon of
inspiration for
organizational
innovation.*



Source: KKH, Westdeutsches Kopfschmerzzentrum

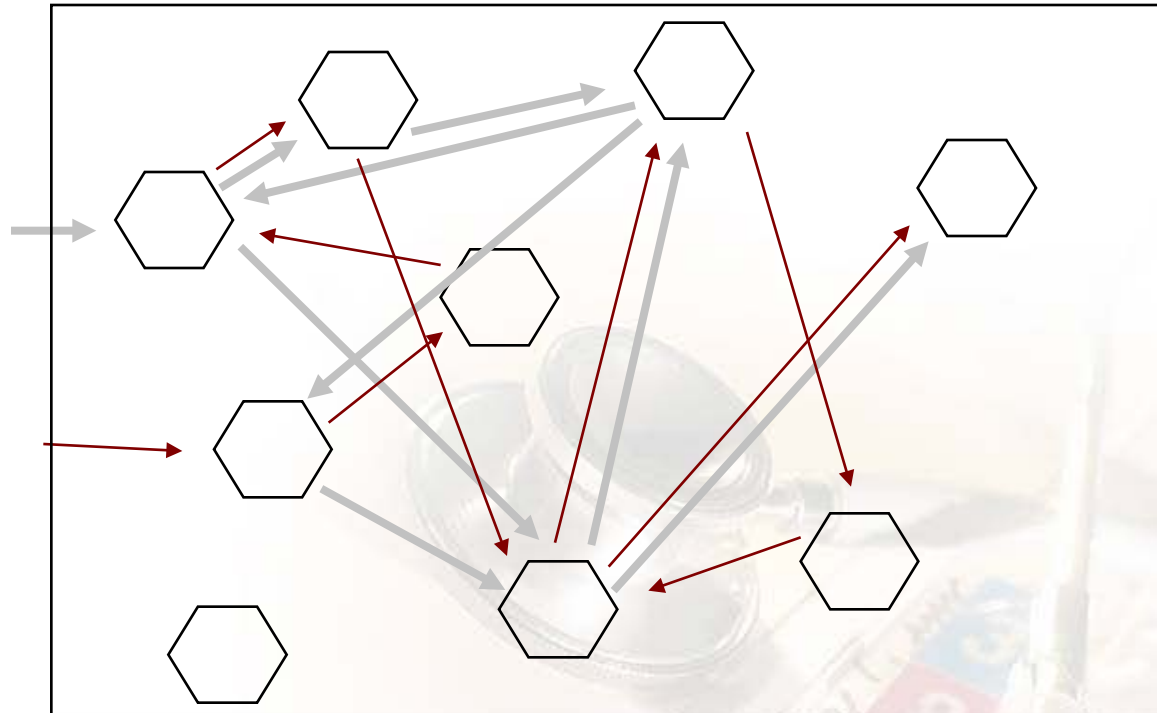


Opportunities for Value-Based Health Care Delivery

**Redesign teams for clinically
integrated full cycle care**



Clinically Integrated Care Team or Collection of Fragmented Services?





What is Different with Teams?

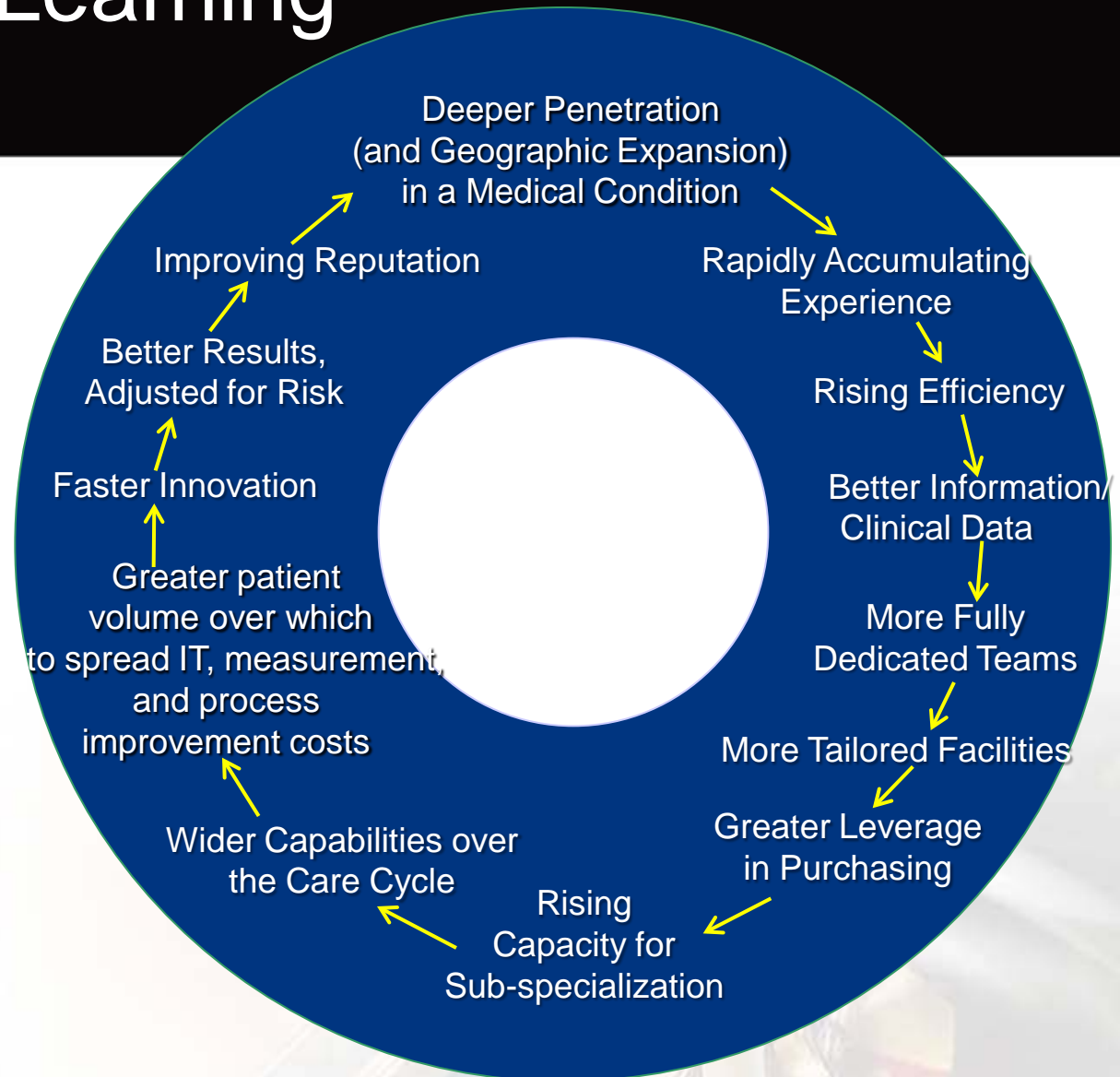
- Learning
- Health Outcomes
- Clinical Judgments
- Efficiency
- Coordination
- Research
- Satisfaction

Why?

Driving Learning

Broad expertise develops over the care cycle for the patient.

Attention to results enables and inspires improvement.






Value-Based Health Care Delivery

**Measure results
to accelerate learning**





Outcomes should 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



Outcome Measurement will Speed Learning.

Patient outcomes

- providers should measure results of teams
- forget report cards, drive learning
- improve measures and improve measured results.

You can't pay for results before measuring them.

quality = outcomes

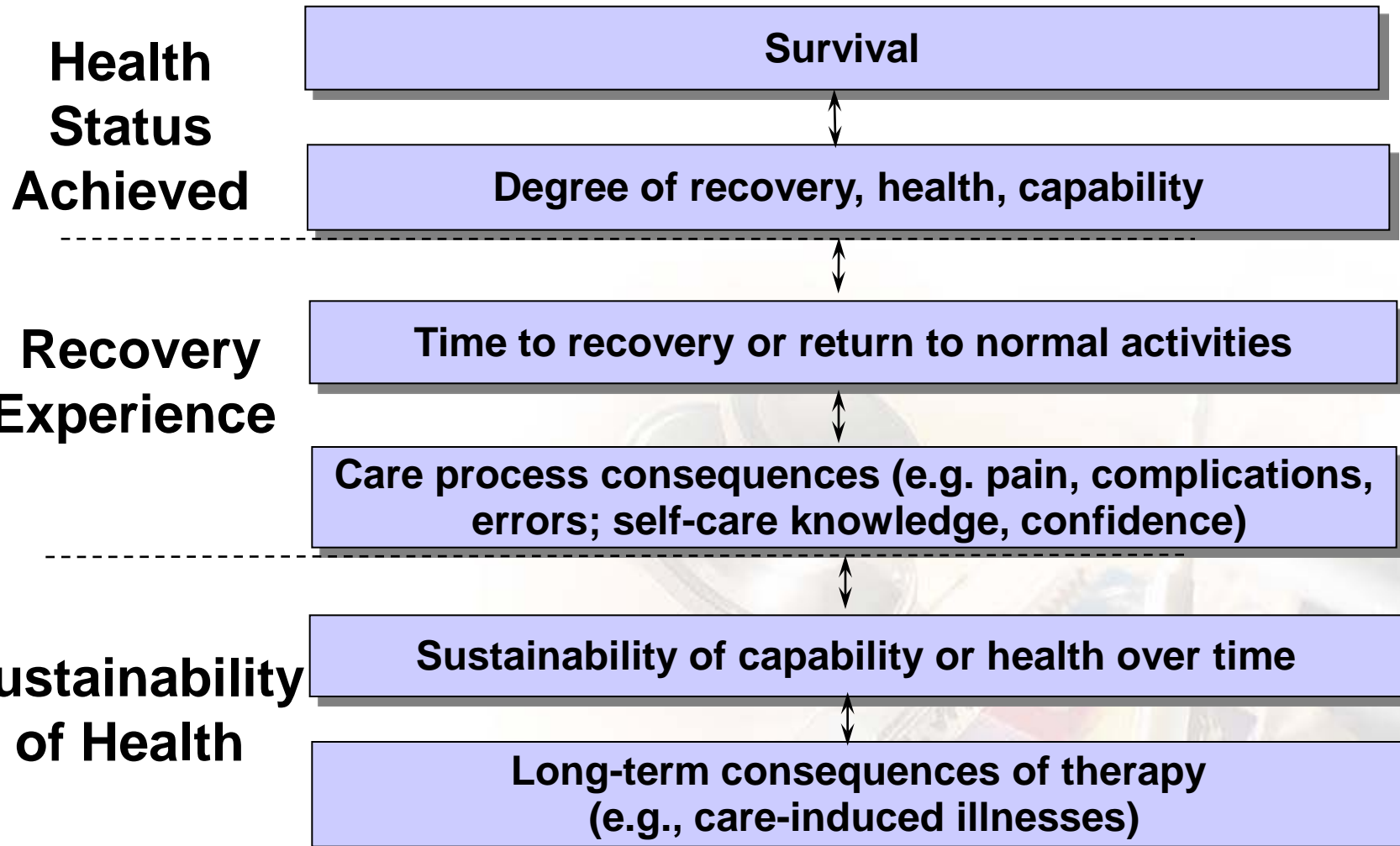
process compliance is not results

The government could jumpstart results measurement.

The feasibility of meaningful outcome measurement
has been conclusively demonstrated.



Outcome Measures have multiple dimensions






Opportunities for Value-Based Health Care Delivery

**Align medical success and
financial success**





Reimbursement should be aligned with **value.**

Today...

Financial success of system participants \neq Patient success

Shift reimbursement to...

Bundled prices for cycles of care,
not global budgets or payment for discrete services.



The evolving divide

Where is innovation most needed?

Public health

Improved treatments

Health strategy:
structure and organization



If the Goal is Health . . .

Employees/Citizens

More productive

Less health care costs

Leaders must engage

Major determinant of quality of life

Competitive advantage

Partnership, not replication

Avoid more disconnected clinics (more care isn't the answer)

Reduce disorganized care



Toward a Health Strategy

Unique value creation

Fit and consistency

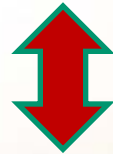
Feels like a cause





Would you allow this strategic misalignment in YOUR business?

Delivery organized for **acute** disease & injury



Expenditures on **chronic** care: **65%-80%**

Employers spend 3x more on poor health than on health benefits.



Culture and Community

Do you have a culture of health?

(Really????)

Lifestyle diseases are communicable





Essential Elements

Health is co-produced

Acute vs. chronic care

Enable *capability*

Health is too vague

Compliance is obnoxious (and ineffective)

Capability obviates incentives



Essential Elements

Measure health outcomes

Accelerate learning and improvement by teams

Capability outcomes matter to patients

Convenience and fun

Convenience matters – to everyone

Pedometers, Big Losers, Musical Stairs



Employee results: what you measure will improve.

- Unambiguous improvement in value
- Total costs
 - acute, non-acute, preventive
 - IRRs later
- Change in Health Risk profiles (for fixed group)
- Days of work lost (...productivity...mindfulness)
- Indicators (bmi, blood pressure, HbA1c, smoking)
- Change in capability



Essential Elements

Recognize needs for care

New roles – with patients at the center

Patients helping patients (and it's nearly free)

Partner with providers (coordination not volume)

Care delivery focused on expanding value



How do you design or recognize a high-value health strategy?

- Value creating **solutions** for employees and families
- **Teams** treating medical **conditions** over the **full cycle** of care
- **Measuring outcomes** to accelerate improvement
- **Aligning financial** and medical success