



High Value Health Care

*Hoag Hospital
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The problems?

Rising costs


Access to Care

Insurance Coverage

Highly variable quality

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

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

Align interests. Enable the win-win.





Biggest Unnecessary Cost Driver: Wrong Competition

Competing to shift costs.

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



Four key ideas to guide strategy

Michael E. Porter
Elizabeth Olmsted Teisberg

Redefining Health Care

*Creating
Value-Based Competition
on Results*



HARVARD BUSINESS SCHOOL PRESS

- Create unique **value** by creating **solutions** for 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

**Create unique 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



Medical Conditions

Includes the common co-occurring conditions

Diabetes is not just a disease of the pancreas;

Includes multiple diseases that often occur together

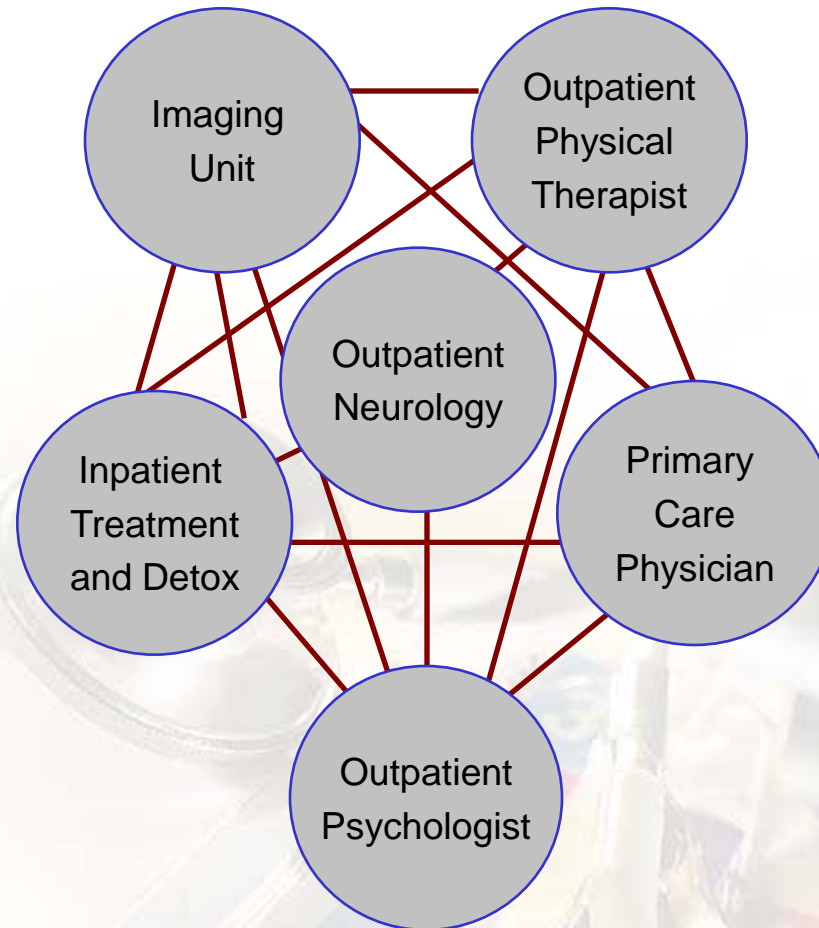
Extends through the full cycle of care

Breast cancer as a medical condition

Migraine Care in Germany

Old model

Organized by specialty in discrete, fragmented services

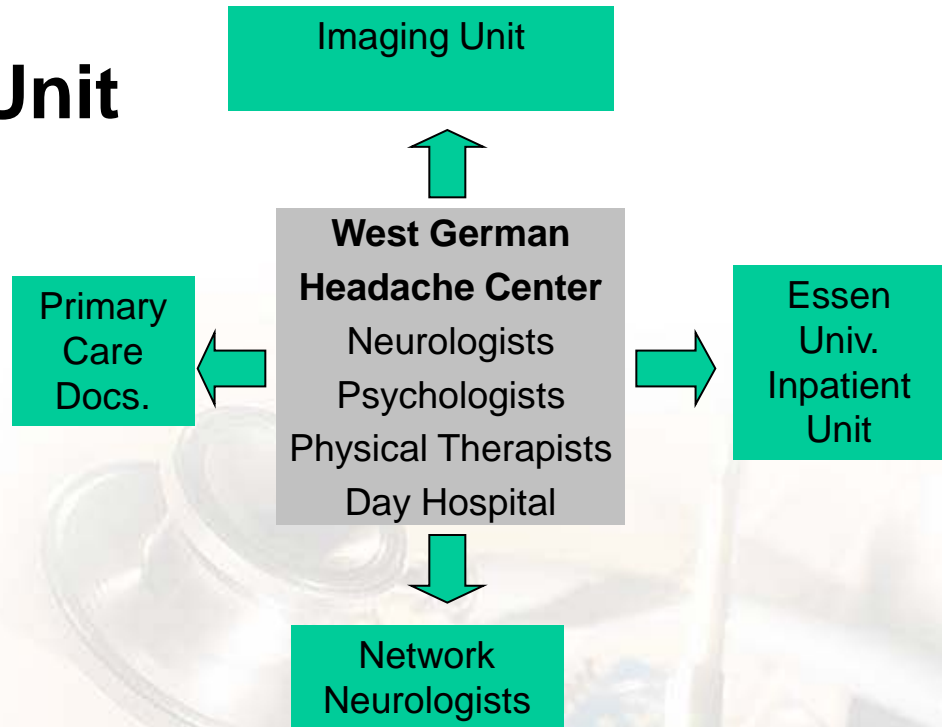


Source: KKH, Westdeutsches Kopfschmerzzentrum

West German Headache Center New model

Integrated Practice Unit

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



Source: KKH, Westdeutsches Kopfschmerzzentrum

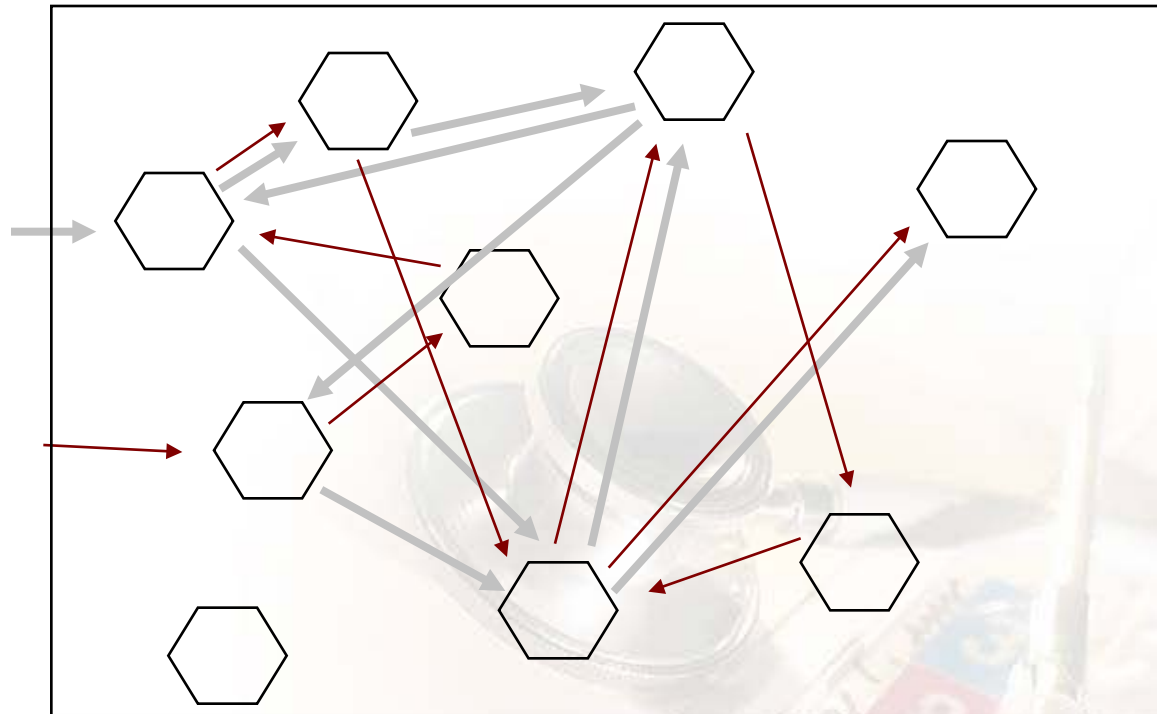


Opportunities for Value-Based Health Care Delivery

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



Clinically Integrated Care Team or Collection of Fragmented Services?





What is Different with Teams?

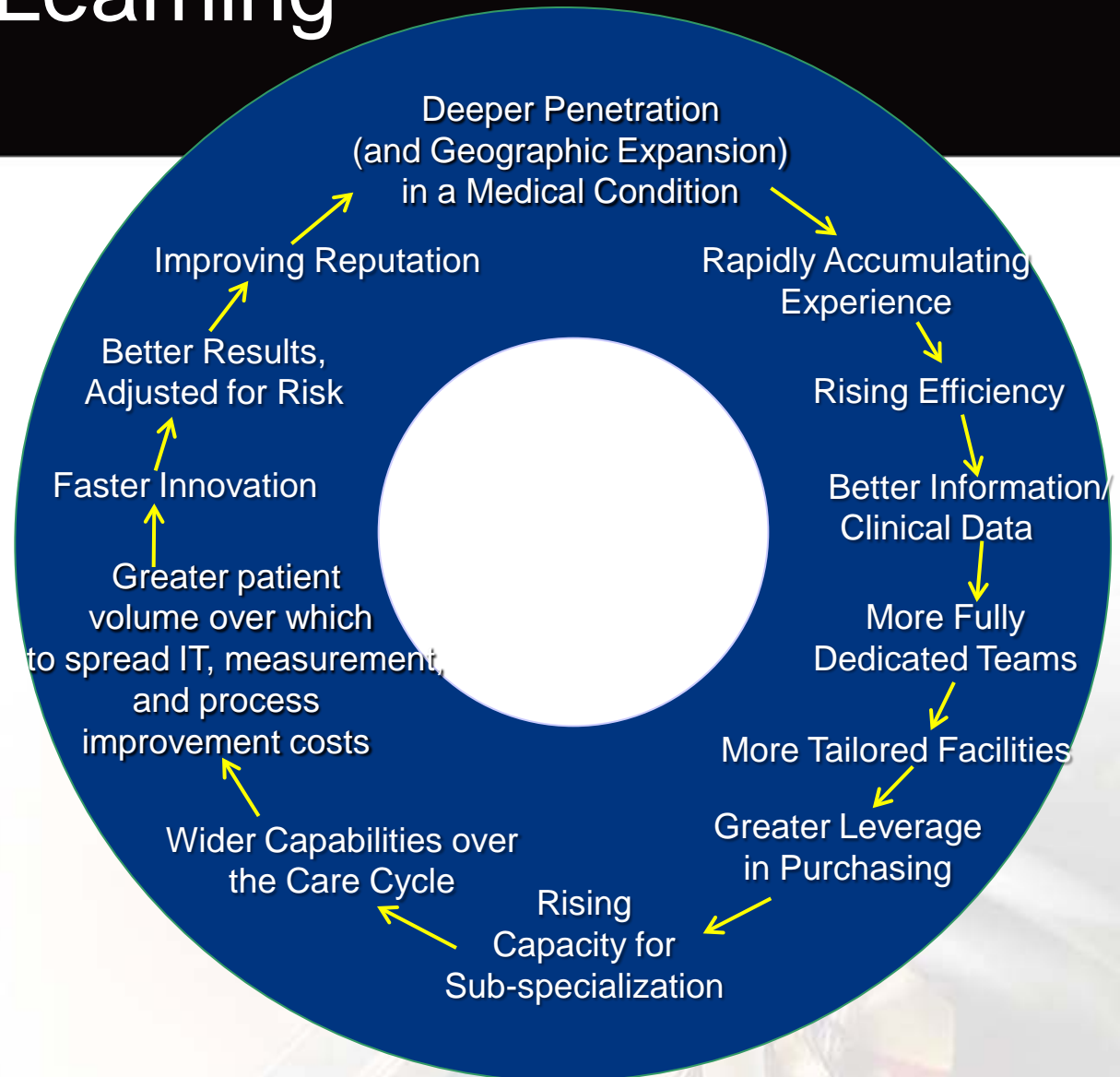
- Learning
- Health Outcomes
- Clinical Judgments
- Efficiency
- Coordination
- Research
- Satisfaction

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)



Measure results at the ***level at which value is created*** for patients



Outcome Measurement will Speed Learning and Enable Trust.

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

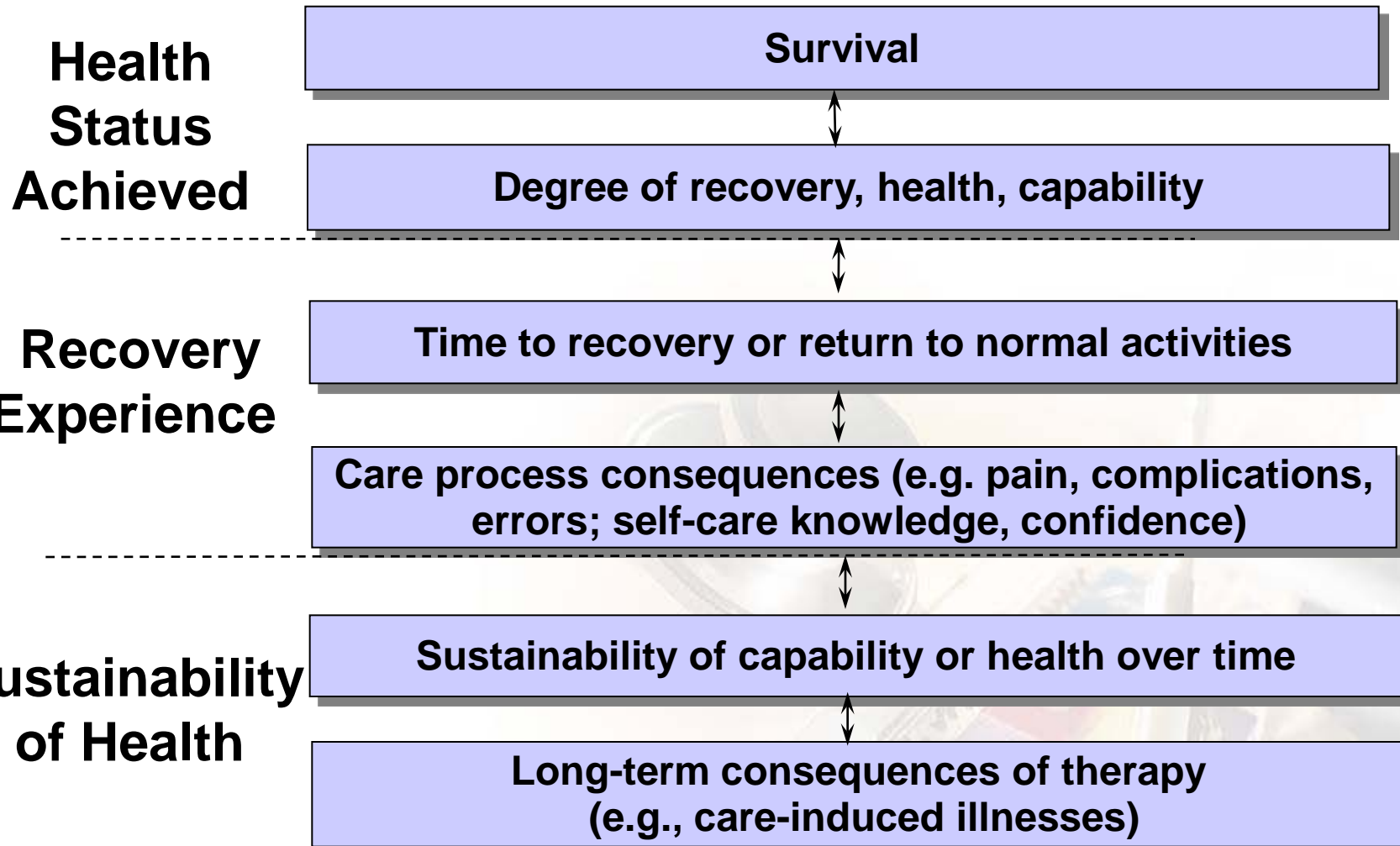
process compliance is not results

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.



Care delivery redefined

- *Patient centric:* Value-creating care solutions
- *Clinician led:* Teams treating medical conditions over the full cycle of care
- *Results driven:* Measuring patient outcomes to accelerate learning
- *Value based:* Paying teams for value



Integrated Practice Unit

Type 2 Diabetes





The evolving divide

Where is innovation most needed?

Public health

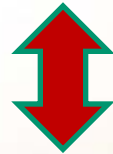
Improved treatments

Health strategy:
structure and organization



Strategic misalignment

Delivery organized for **acute** disease & injury



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

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



Toward a Health Strategy

Unique value creation

Fit and consistency

Feels like a cause





Care Solutions: IPU for Type 2 Diabetes

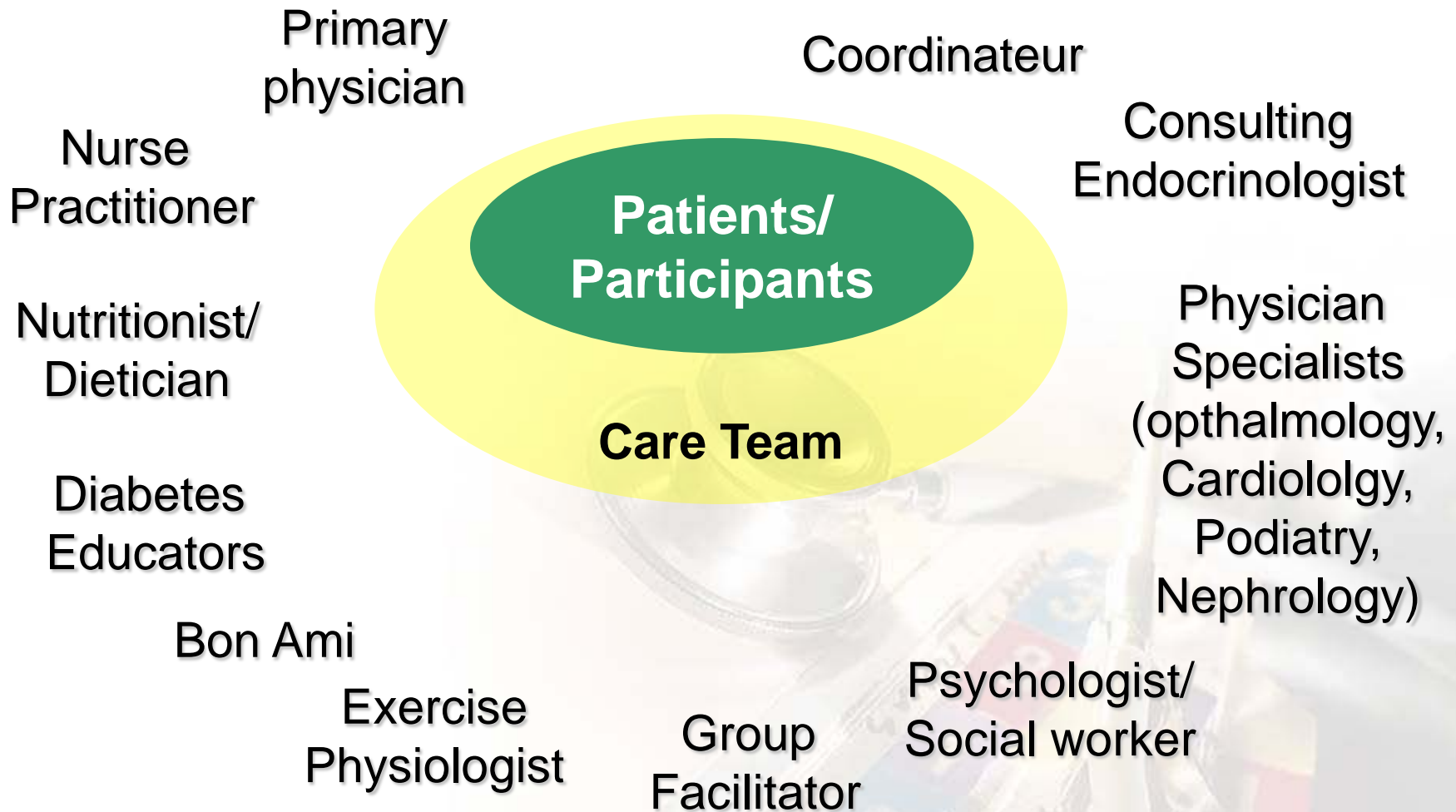
Type 2
Diabetes
And related
Health
circumstances

**Patients/
Participants**

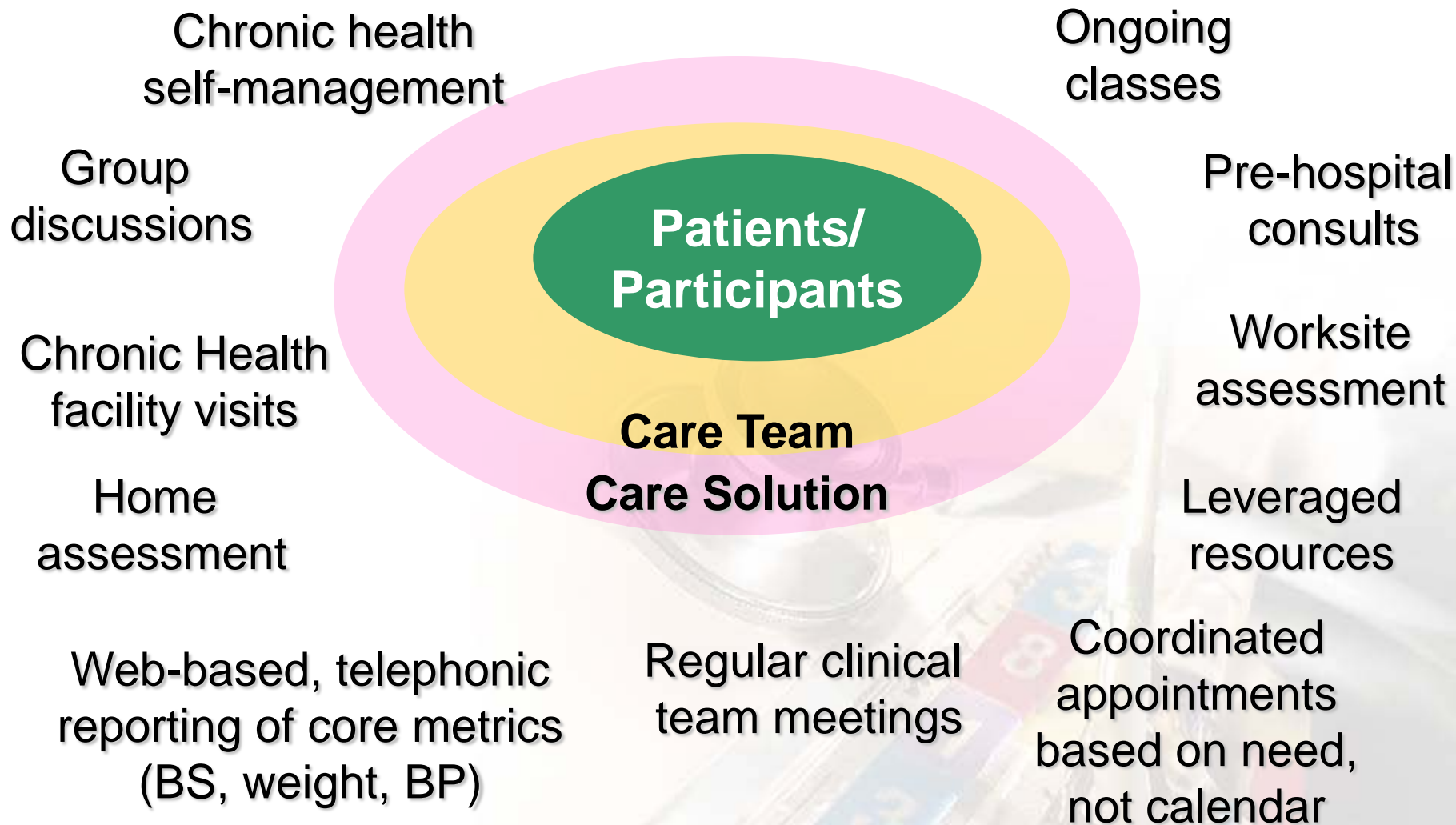
Employees and families
of Hospital

Employees and families
of Employer

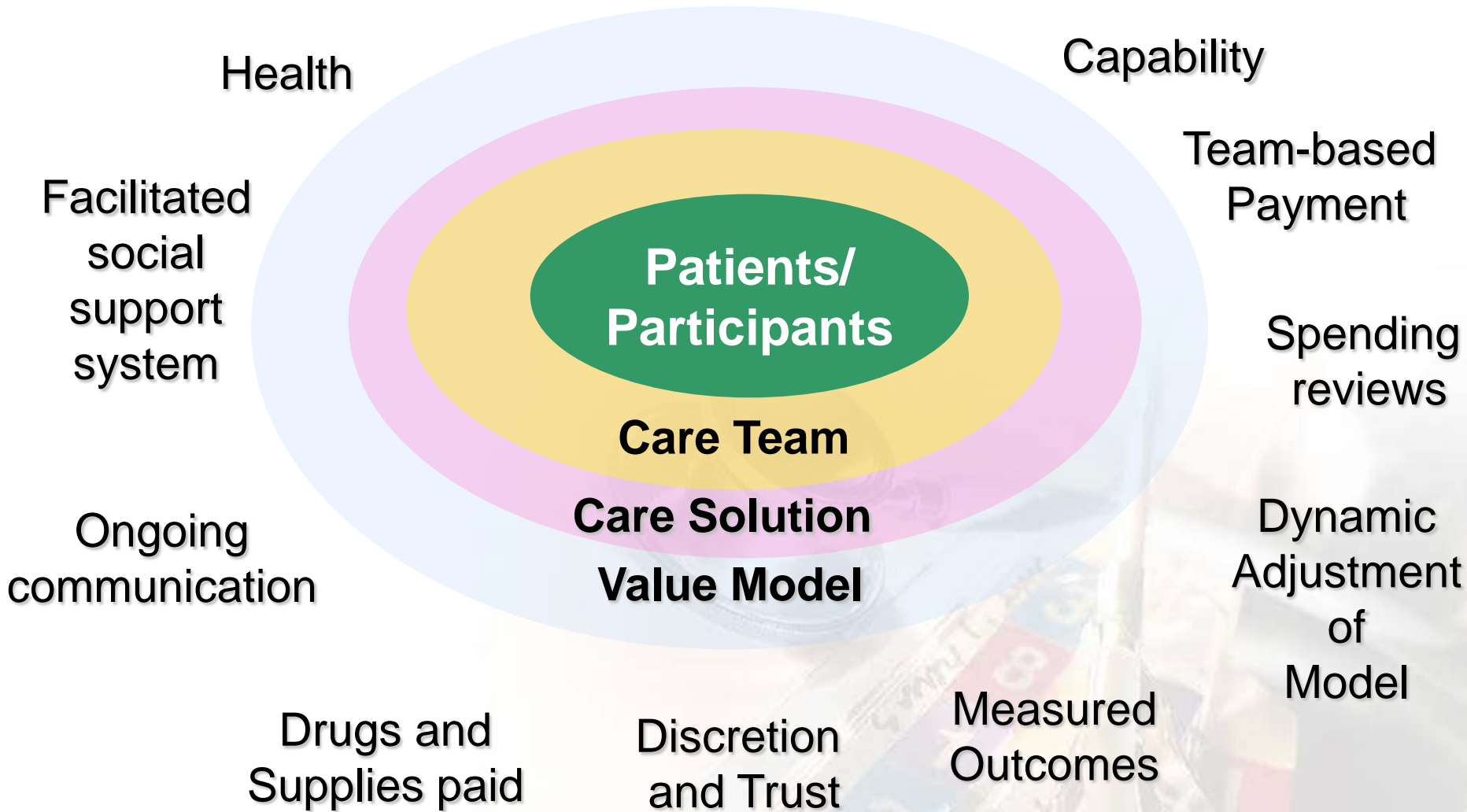
Care Solutions: IPU for Type 2 Diabetes



Care Solutions: IPU for Type 2 Diabetes (connection to the community)



Care Solutions: IPU for Type 2 Diabetes





How do you design 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



Begin Early steps

- ❖ **Define the medical circumstances** from a patient view.
 - why are patients coming to you? what are your service lines?
 - what solutions do they need?
 - with whom do you succeed most?
- ❖ **Measure something meaningful now**
 - enable dynamic development of measures
 - measure outcomes by clinical team and by solution.
 - what does the team want to achieve?
 - compare with others and develop insight
- ❖ **Redesign care cycles** to improve outcomes for patients.
 - redesign rather than patch the cracks
 - teams that demonstrate value can change payment models



Slides and information posted on:
<http://www.hbs.edu/rhc>

