



Redefining Health Care to Improve Value

National Symposium on Quality Management
in Health Care

Professor Elizabeth Teisberg
Bern, Switzerland
29 April 2010

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>.



Surely, we can do better.





Health care

Patients and families want more health,
not more treatment.



The LAMaI calls for containing costs *and* mandates ensuring high quality.

- Cost containment is not the only goal.
- The goal of health care is **health**.
- **Quality = health care outcomes.**



Value in Health Care

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

Dramatic improvement in value requires redefining health care delivery.



Increase value by *improving* quality
in ways that reduce cost

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

Better outcomes often drive costs down.

- Diabetes
- Stroke
- Diagnosis



Better health outcomes contain costs many ways.

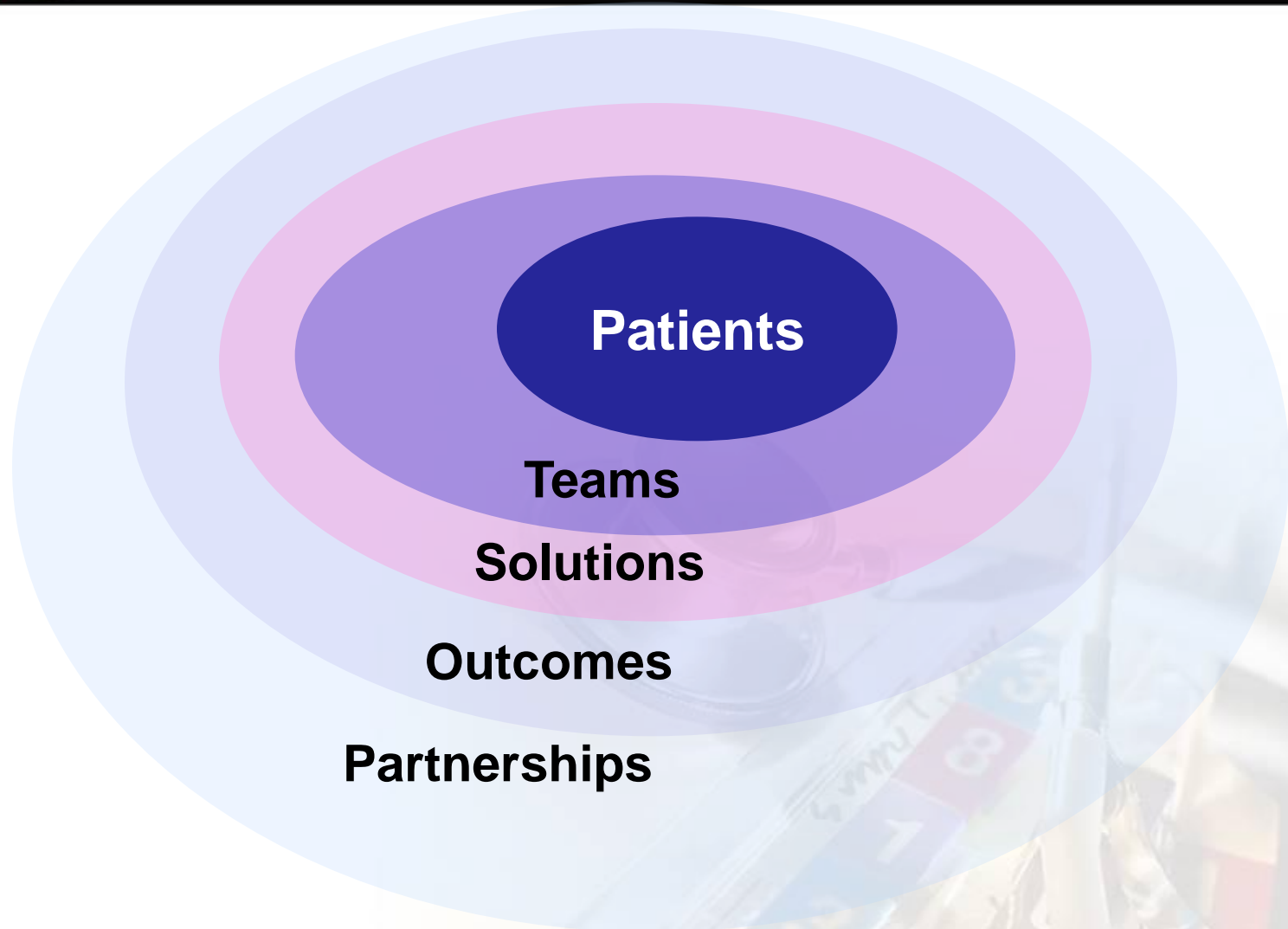
- Prevention
- Early detection
- Right diagnosis
- Early and timely treatment
- Treatment earlier in the causal chain of disease
- Right treatment to the right patients
- Rapid care delivery process
- Fewer delays
- Fewer complications
- Fewer mistakes and repeats
- Less invasive treatment methods
- Faster recovery
- More complete recovery
- Less disability
- Fewer relapses or acute episodes
- Slower disease progression
- Less need for long term care



Keys to accelerate dramatic improvement in value

- Define services from patients' perspectives.
- Organize care delivery around solutions.
- Create multidisciplinary teams.
- Measure results to accelerate learning.

Redefining Health Care Delivery





Redefining Health Care Delivery: Patients



Patients

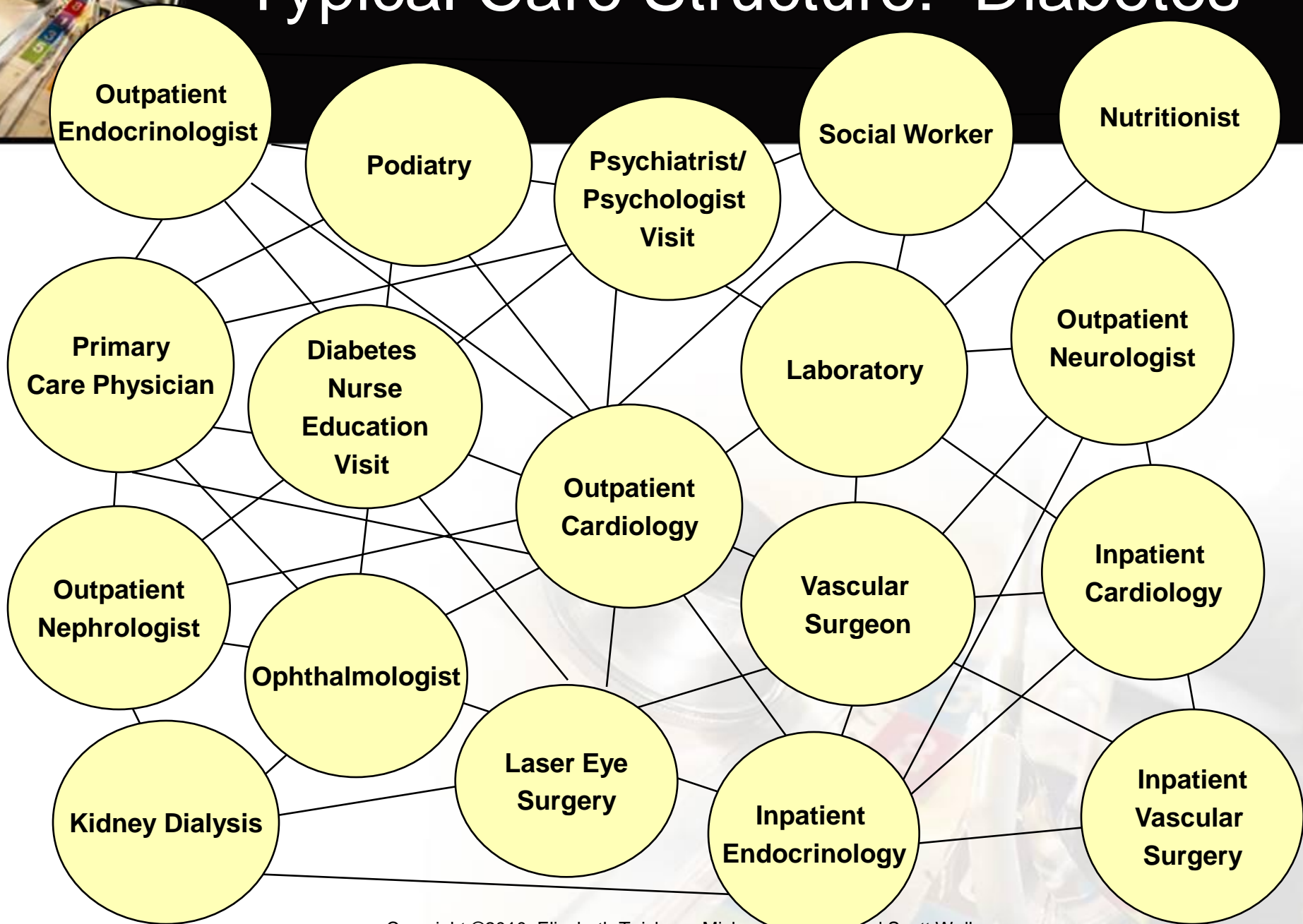




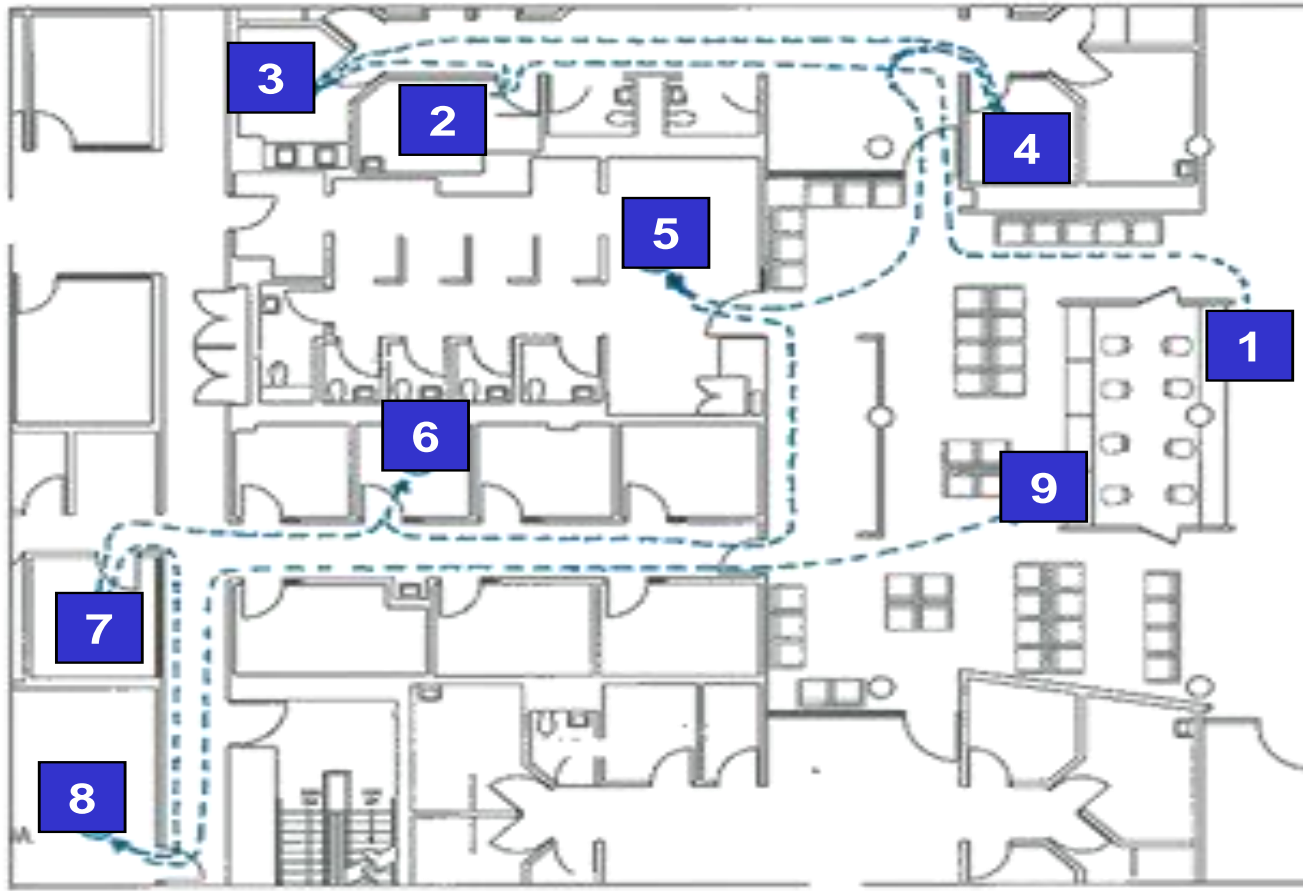
Design care from the patient perspective

- Define care by conditions
 - not procedures or medical specialties
 - Include common co-occurring conditions
- Extend through the full cycle of care
 - Shift attention and care earlier in the cycle
 - Late stage care is less effective and less efficient
 - U.S. drives costs **up** by limiting early stage care

Typical Care Structure: Diabetes



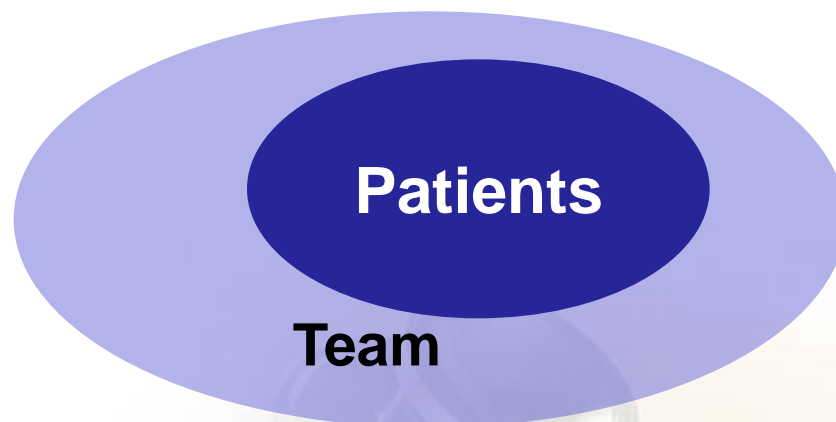
The Joslin Diabetes Center



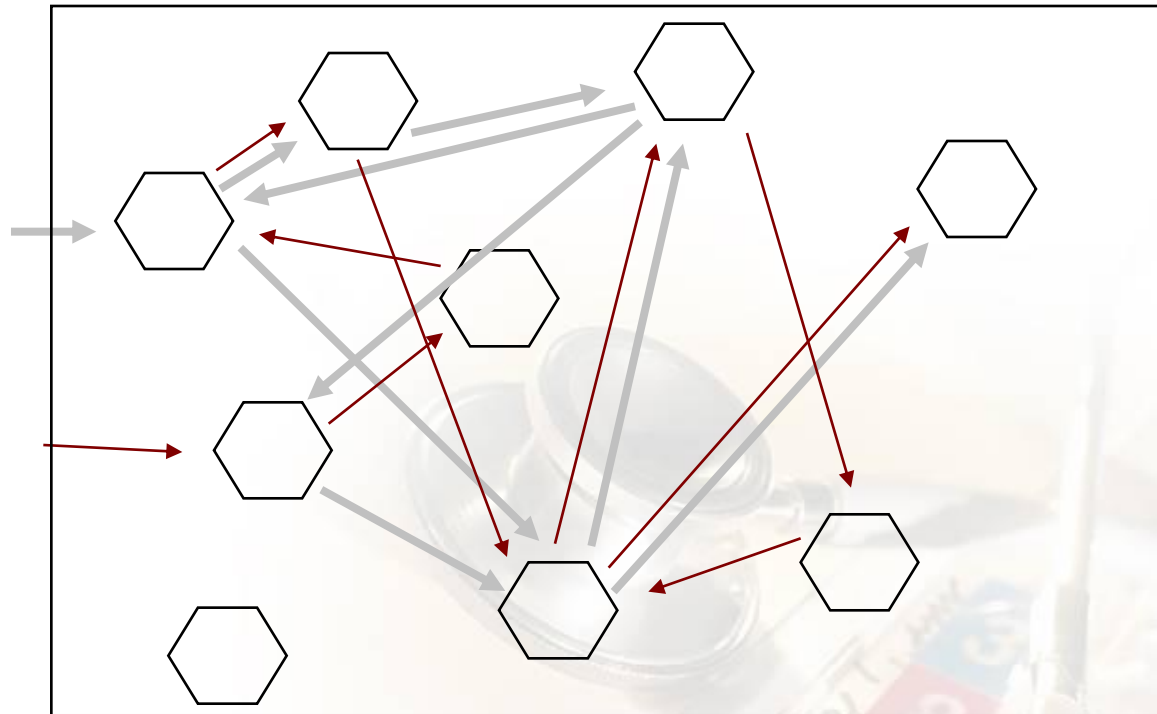
1. Check-in
2. Endocrinologist
3. Nurse Coordinator
4. Eye Exam
5. Laboratory –Blood, urine
6. Diabetes Education
7. Mental Health
8. Renal
9. Check-out

Source: Joslin company documents.

Redefining Health Care Delivery: Multidisciplinary teams



Clinically Integrated Care Team or Collection of Fragmented Services?

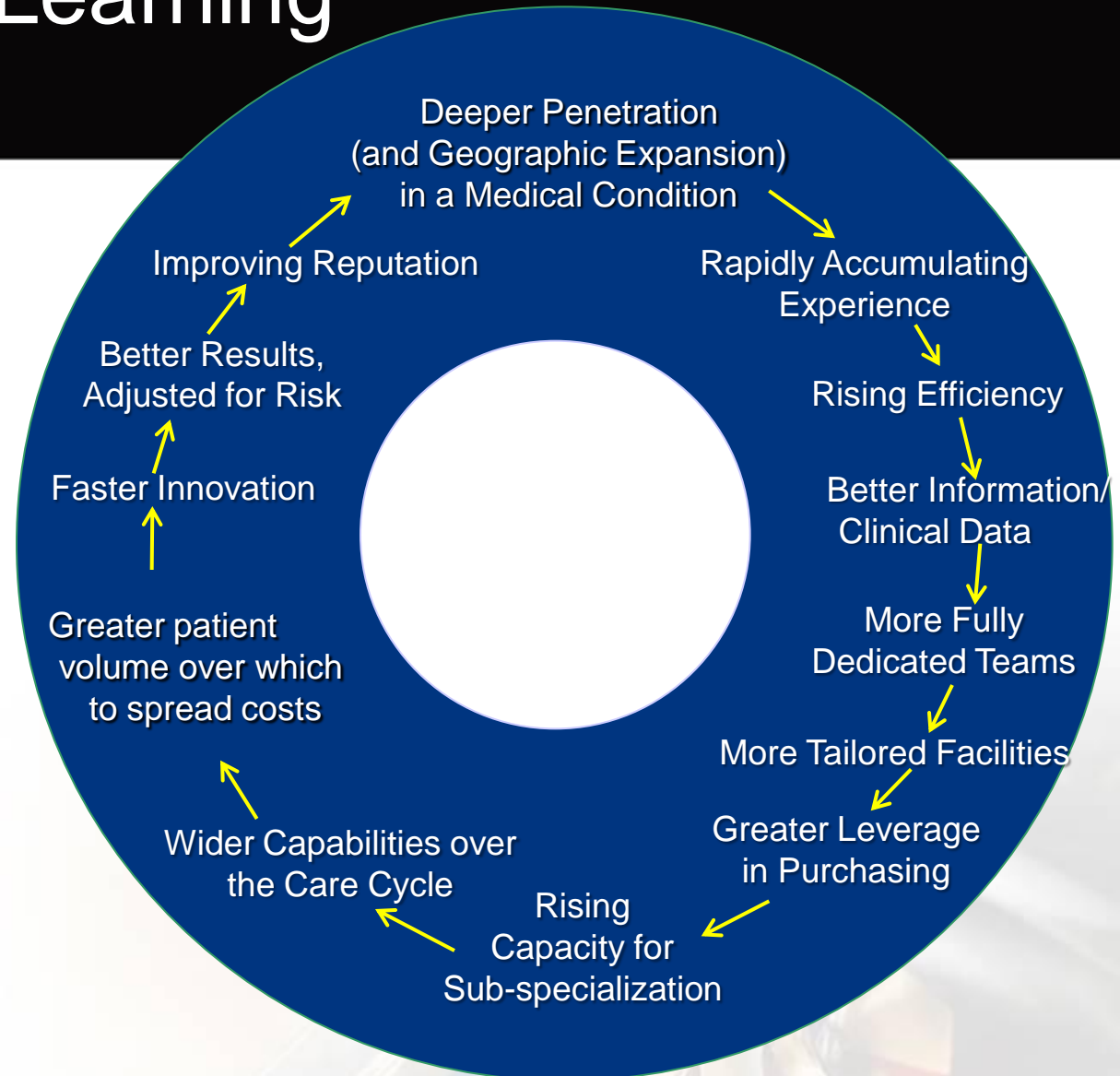




What is Different with Teams?

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

Driving Learning

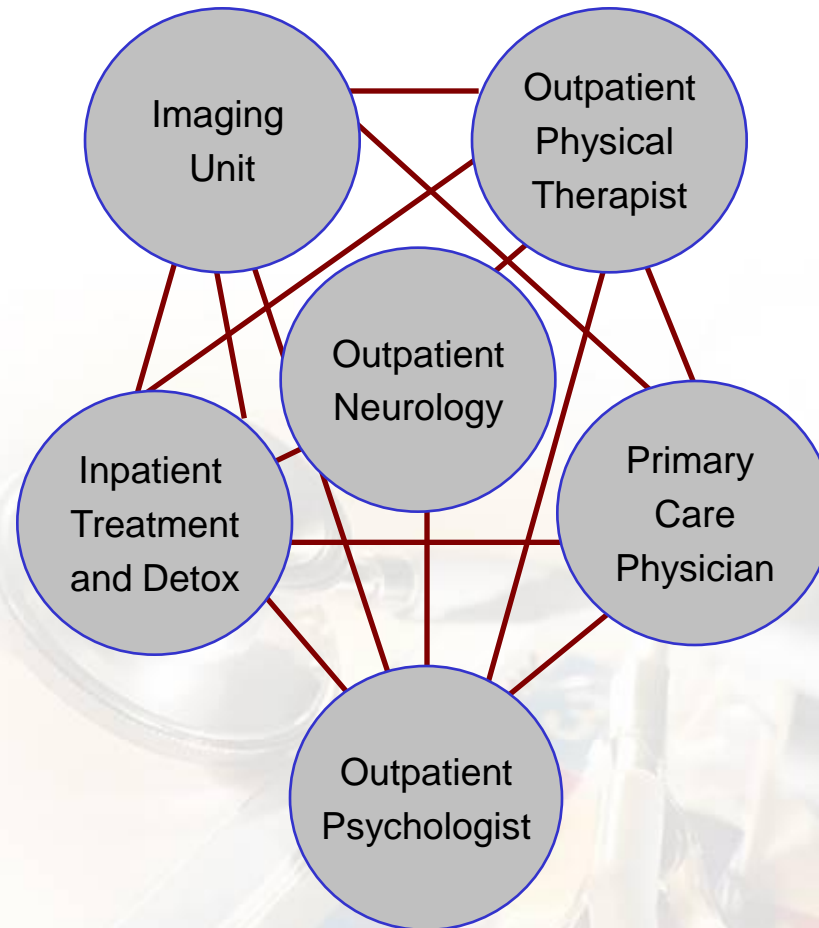


Broad expertise develops over the care cycle for the patient.

Migraine Care in Germany

Old model

Organized by
specialty in discrete,
fragmented services

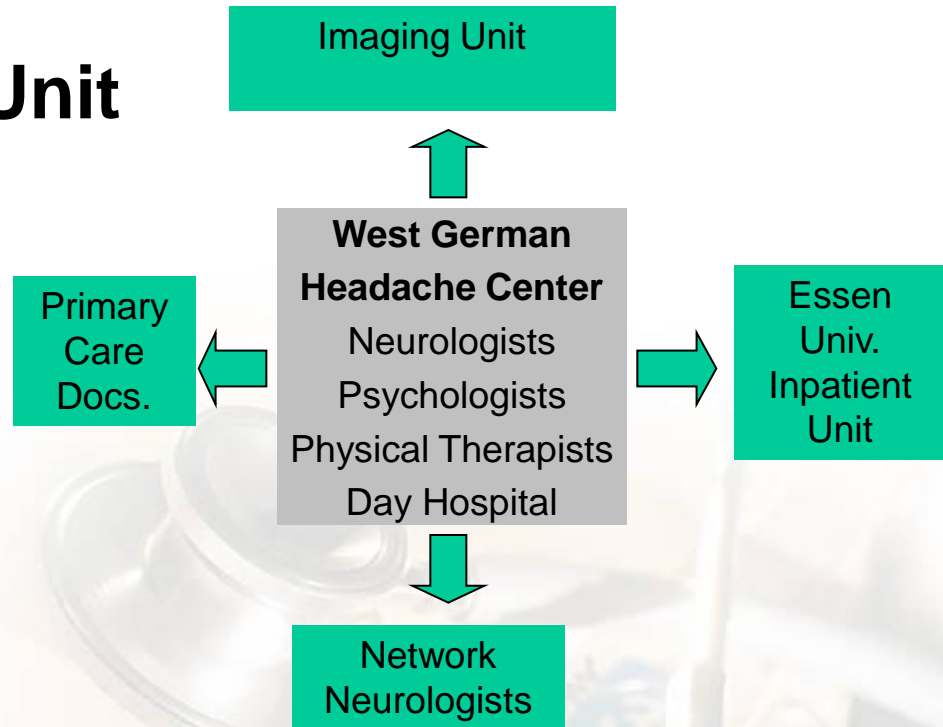


Source: KKH, Westdeutsches Kopfschmerzzentrum

West German Headache Center New model

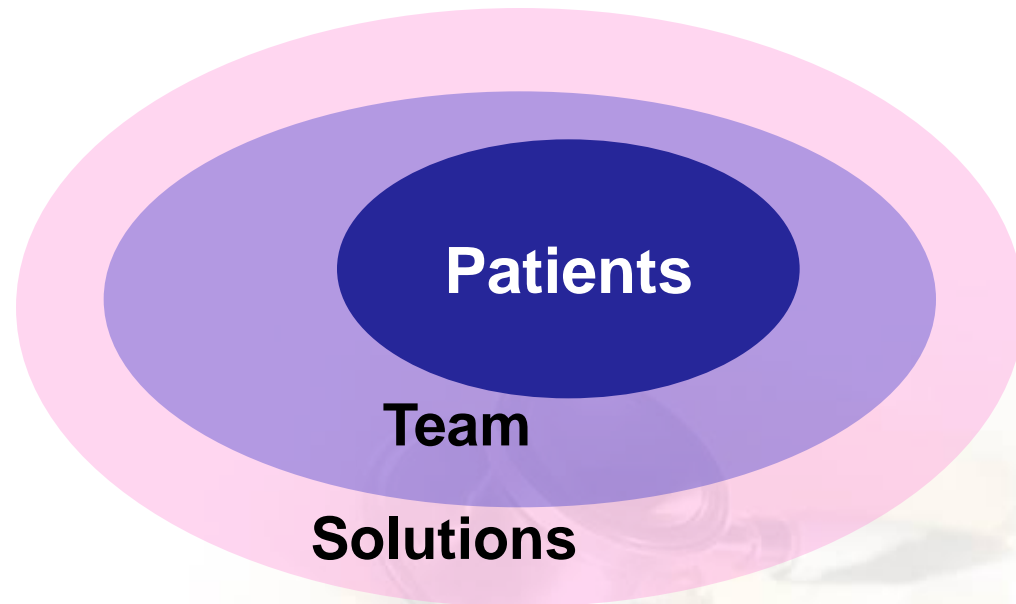
Integrated Practice Unit

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



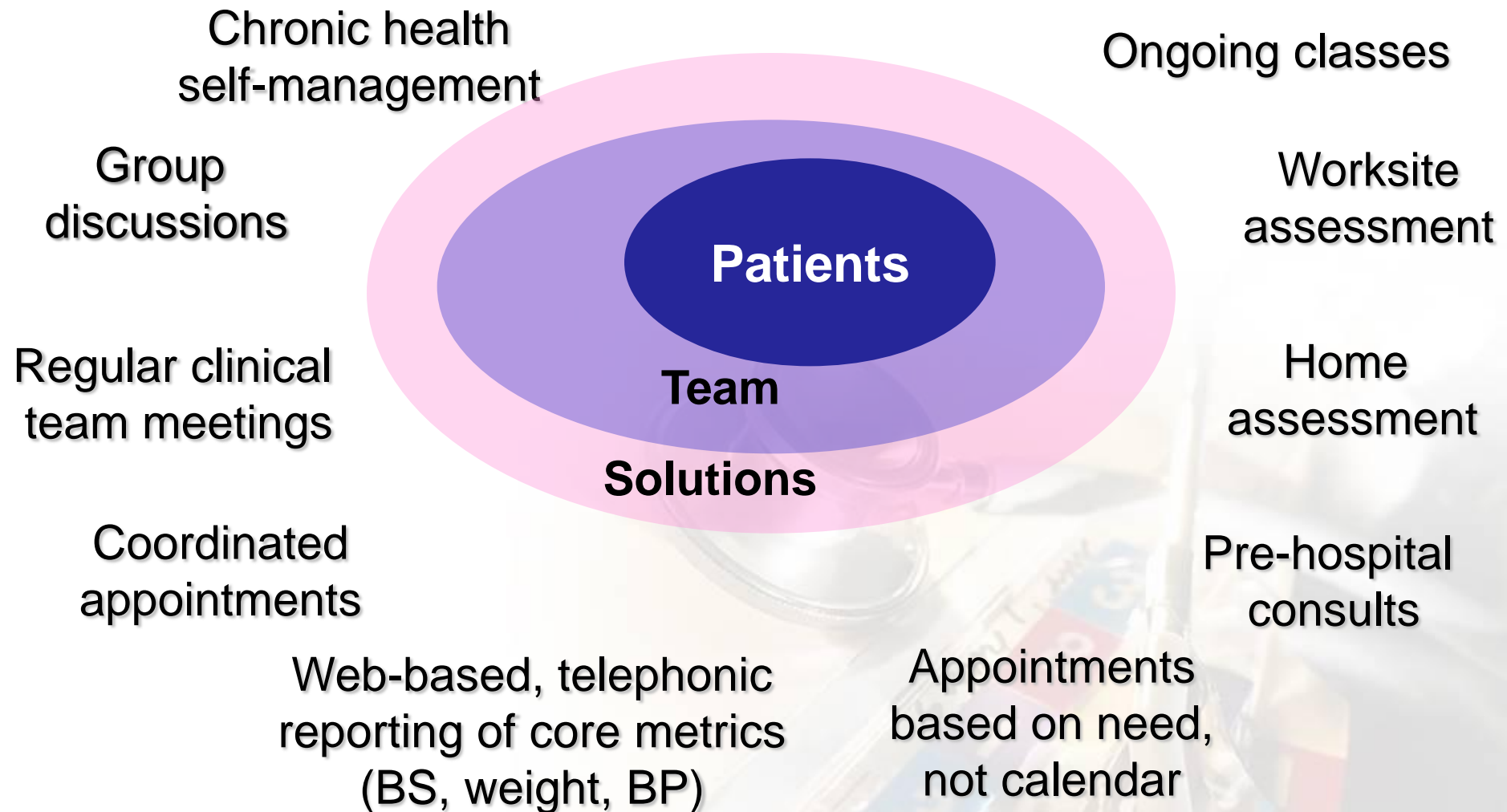
Source: KKH, Westdeutsches Kopfschmerzszentrum

Redefining Health Care Delivery: Solutions



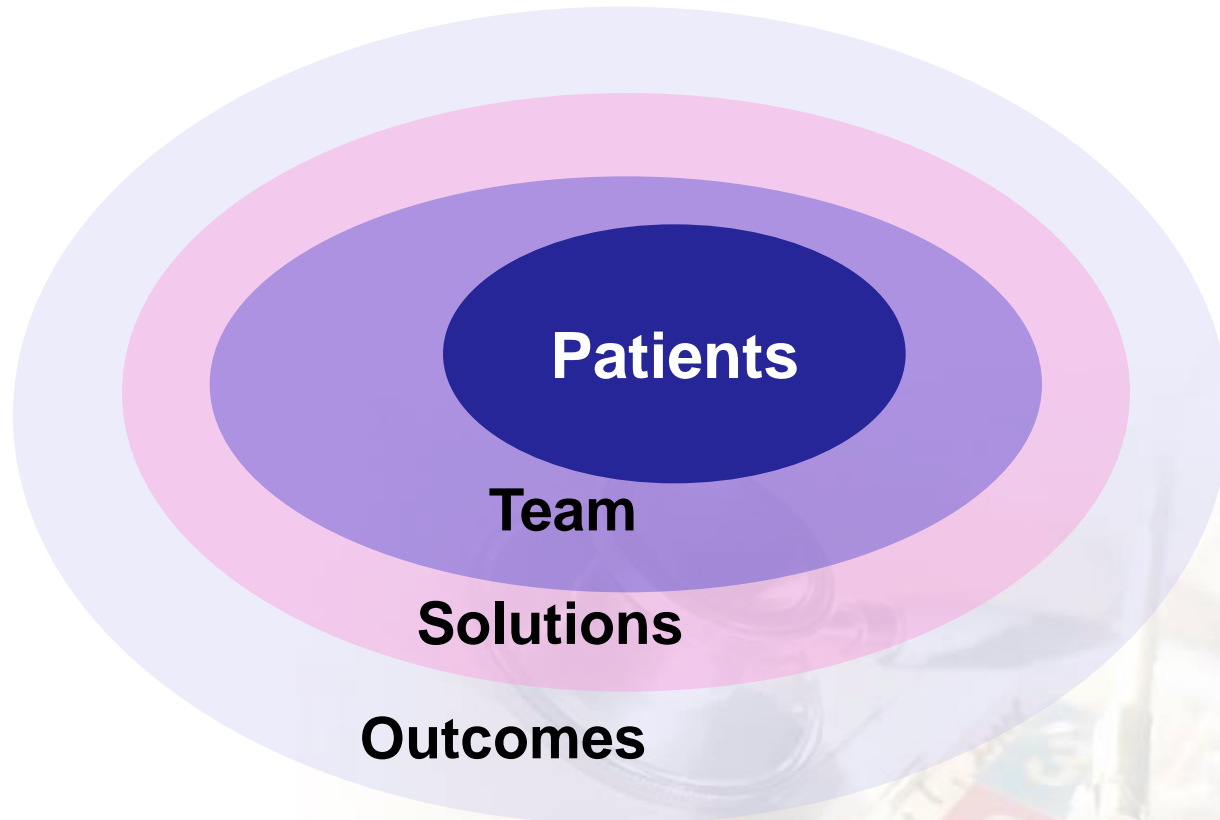
A solution conveniently, effectively
and efficiently enables better health

Solutions for Type 2 Diabetes by a European company in the U.S.





Redefining Health Care Delivery: Outcomes



**What you measure will improve,
so measure outcomes and costs!**



Quality is better health care outcomes.

- Good process is important, and
- Measuring and improving **inputs** is not sufficient.
- “Best process” may or may not improve outcomes.



Outcomes have multiple dimensions

**Health
Status
Achieved**

Survival

Degree of recovery, health, capability

**Recovery
Experience**

Time to recovery or return to normal activities

Care process consequences (e.g. pain, complications, errors; self-care knowledge, confidence)

**Sustainability
of Health**

Sustainability of capability or health over time

Long-term consequences of therapy
(e.g., care-induced illnesses)



Measuring Value: Essential Principles

- Clinicians need to measure results.
- **Drive value improvement and learning.**
- Adjust outcomes for initial patient conditions.
- Don't wait for perfection: When used, measures and risk adjustment methods **improve rapidly.**



**Failure to measure outcomes
slows improvement and
invites costly micromanagement**



Increased incidence of chronic disease requires a redefined perspective:

Current Perspective

The goal is treatment

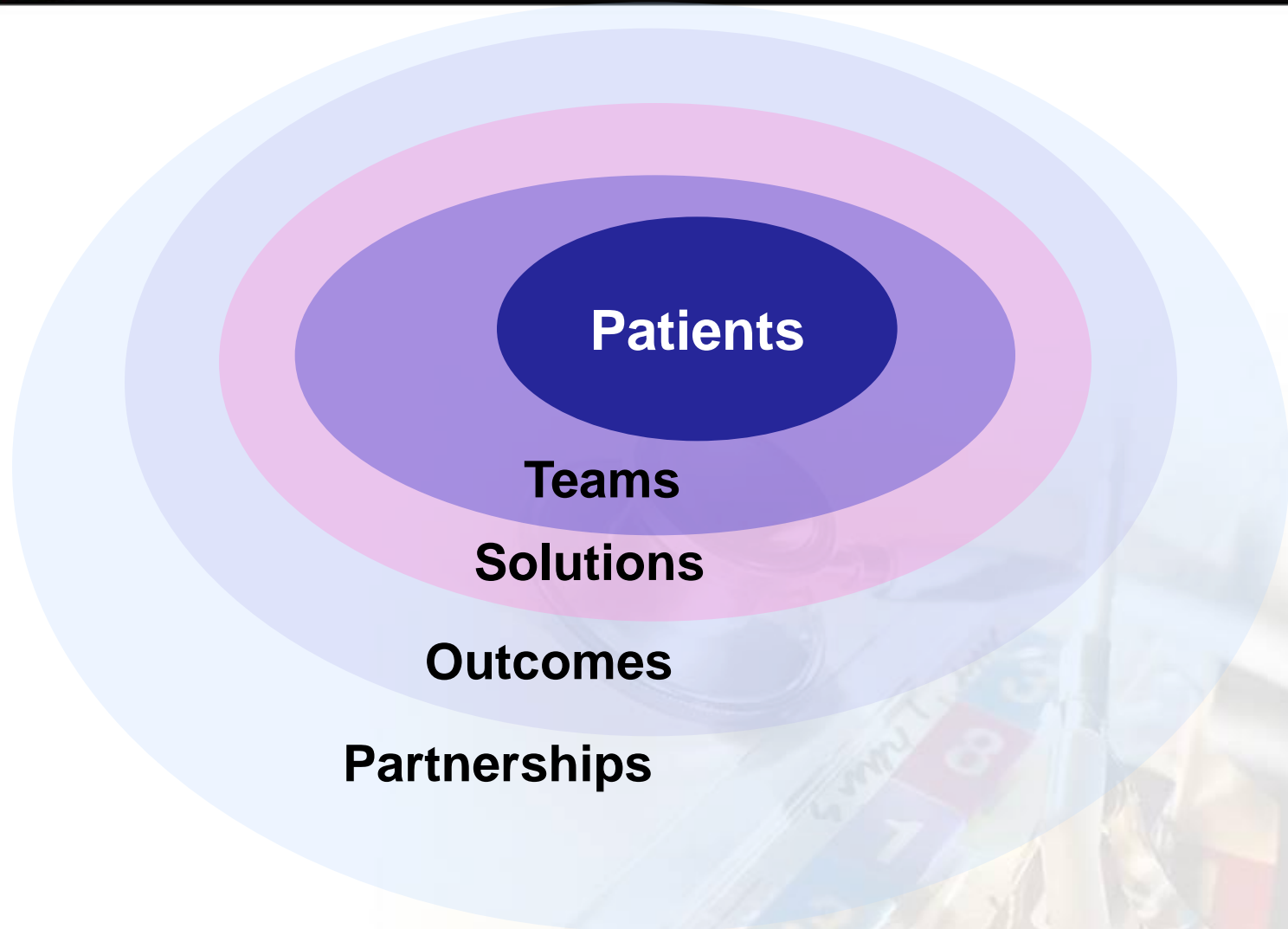
(and *more* treatment
costs more)

Redefined

→ The goal is **health**

(and *more* health
often costs less.)

Redefining Health Care Delivery





Designed around facilities, locations and physicians

→ Designed for **patients** with common co-occurrences

Organized by specialties or types of practitioners

→ **Teams** coordinating and integrating care delivery

Treat diseases/incidents

→ Create **solutions** for patients and families

Measure volume of services (tests, treatments)

→ **Measure** value of services (health outcomes/costs)

Cost shifting

→ **Partnerships** linking payment and value

Redefinition and design for health enables a win-win dynamic

