

Intensive Seminar: Value-Based Health Care Delivery

January 10-14, 2011

Professor Michael E. Porter
Information Session

Harvard Business School
September 8, 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>.

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 10 – 14, 2011**
- 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 Delivery

- 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 construct a **dynamic system** that keeps rapidly improving

Creating a Value-Based Health Care System

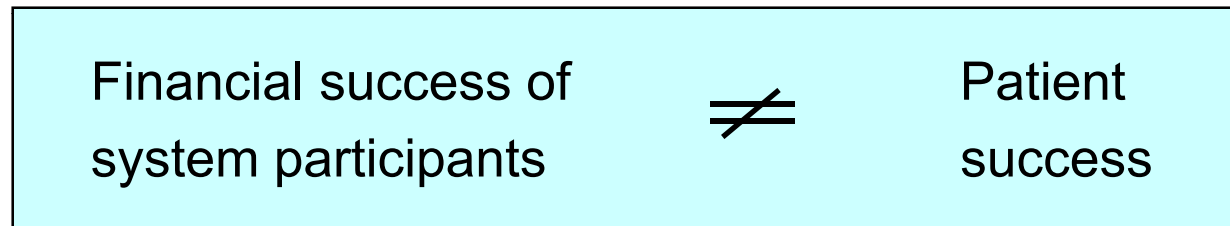
- Significant improvement in value will require **fundamental restructuring of health care delivery**, not incremental improvements

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, care pathways, disease management and other **overlays** to the current structure are beneficial, but not sufficient
- Consumers **cannot fix the dysfunctional structure** of the current system

Creating 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 in health care reform in every country

Principles of Value-Based Health Care Delivery

The central goal in health care must be **value for patients**, not access, volume, convenience, or cost containment

$$\text{Value} = \frac{\text{Health outcomes}}{\text{Costs of delivering the outcomes}}$$

- Outcomes are the **full set of patient health outcomes** over the care cycle
- Costs are the **total costs of care for the patient's condition** over the care cycle



How to design a health care system that **dramatically improves patient value**

Creating a Value-Based Health Care Delivery System

The Strategic Agenda

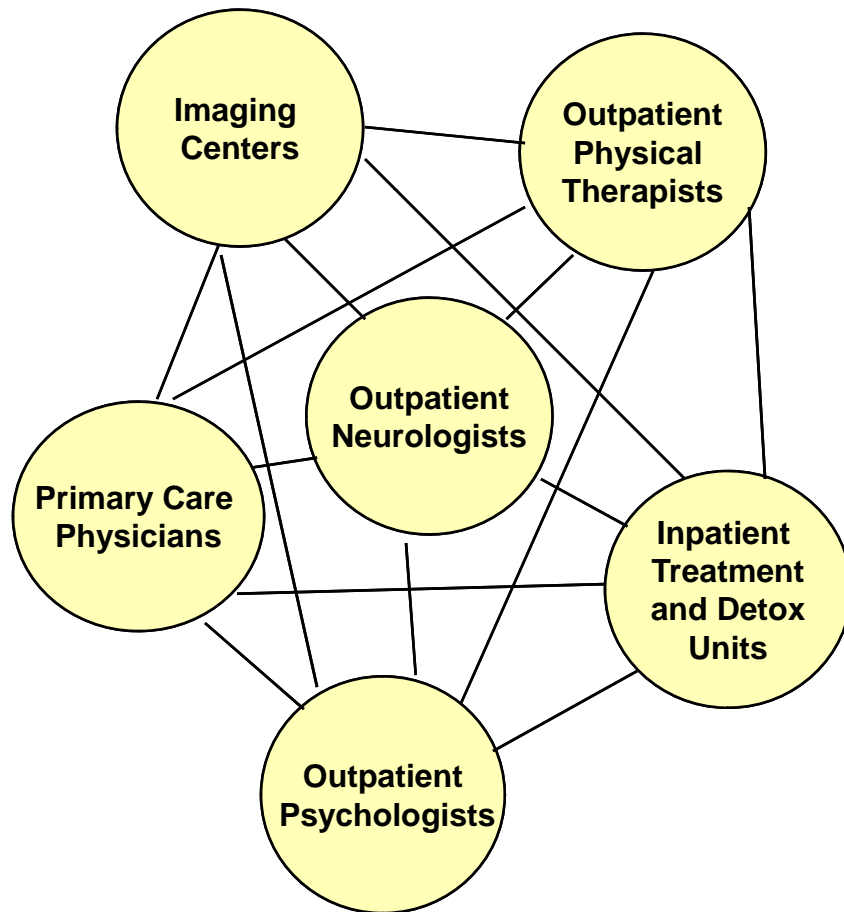
1. Organize into Integrated Practice Units (IPUs) Around Patient Medical Conditions
 - Including primary and preventive care for **distinct patient populations**
2. Establish Universal Measurement of Outcomes and Cost for Every Patient
3. Move to Bundled Prices for Care Cycles
4. Integrate Care Delivery Across Separate Facilities
5. Expand Excellent IPUs Across Geography
6. Create an Enabling Information Technology Platform

1. Organize Around Patient Medical Conditions

Migraine Care in Germany

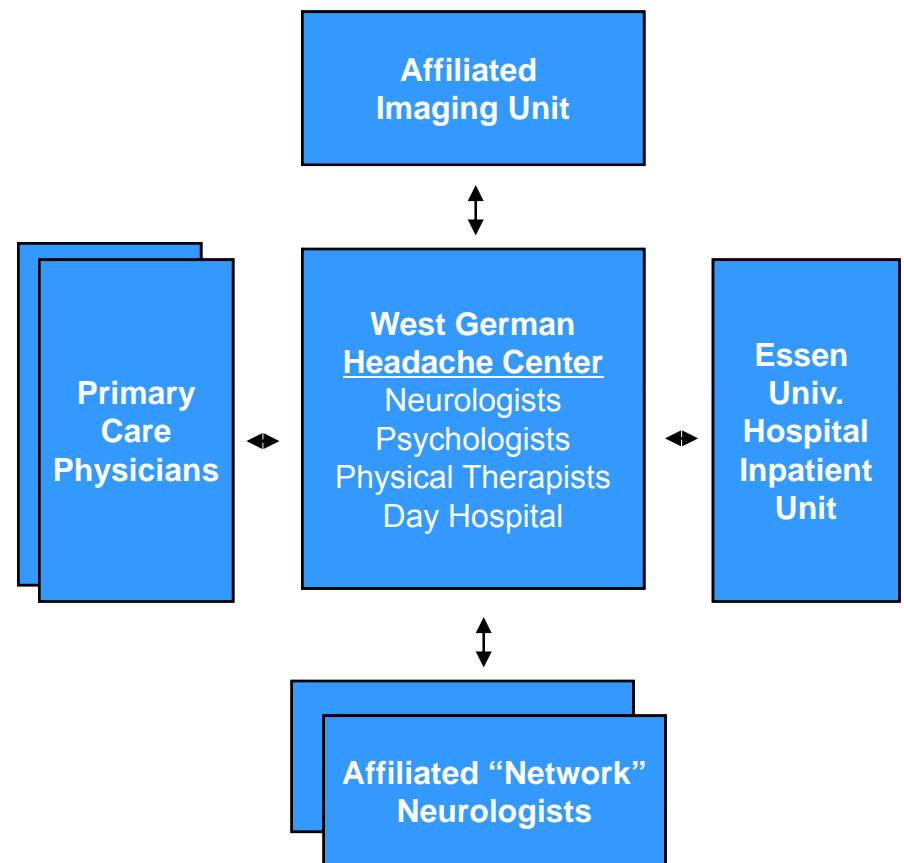
Existing Model:

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

Integration Across the Care Cycle

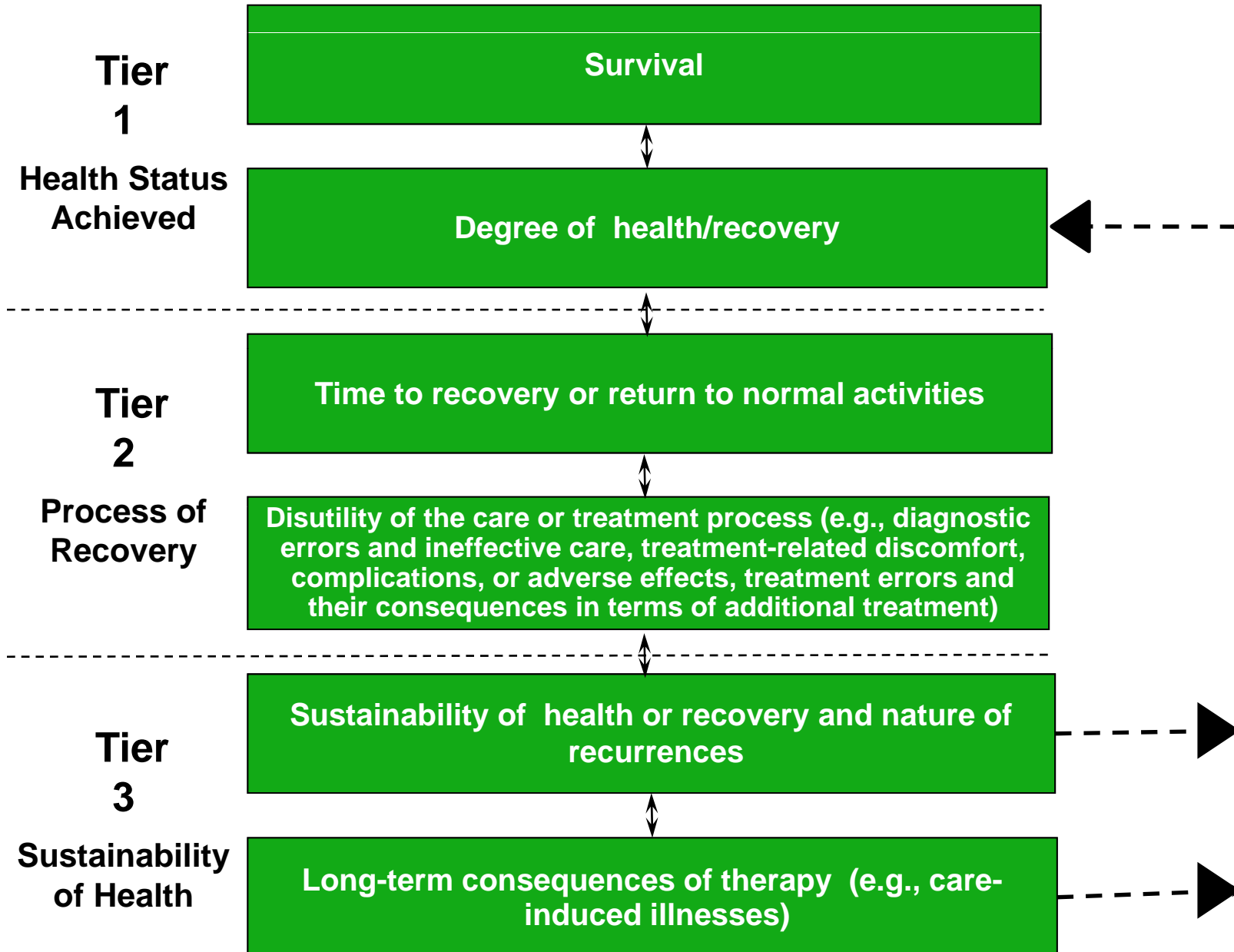
Breast Cancer Care Delivery Value Chain

INFORMING AND 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, lymphedema 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

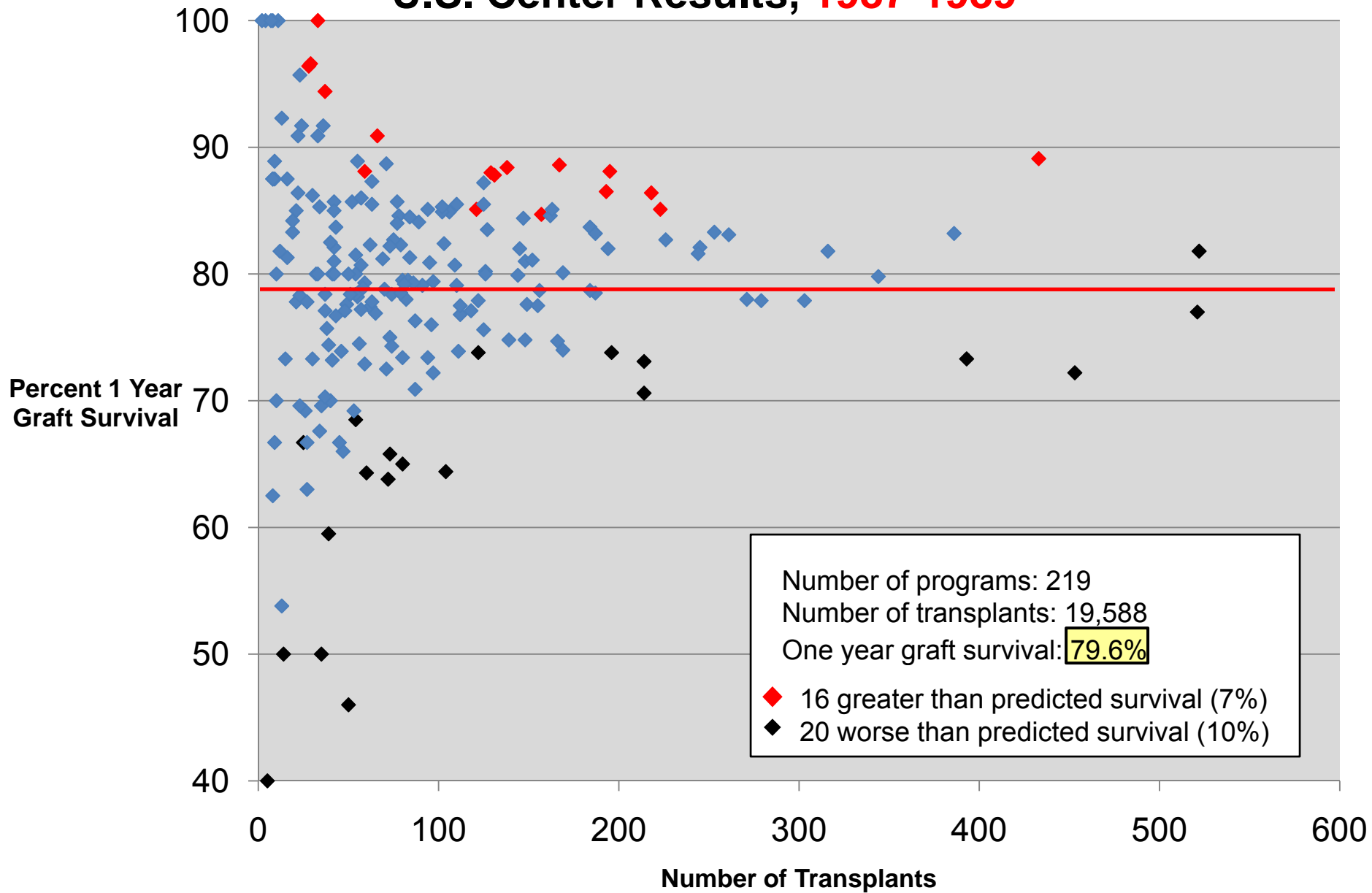
Breast Cancer Specialist
 Other Provider Entities

2. Measuring Value

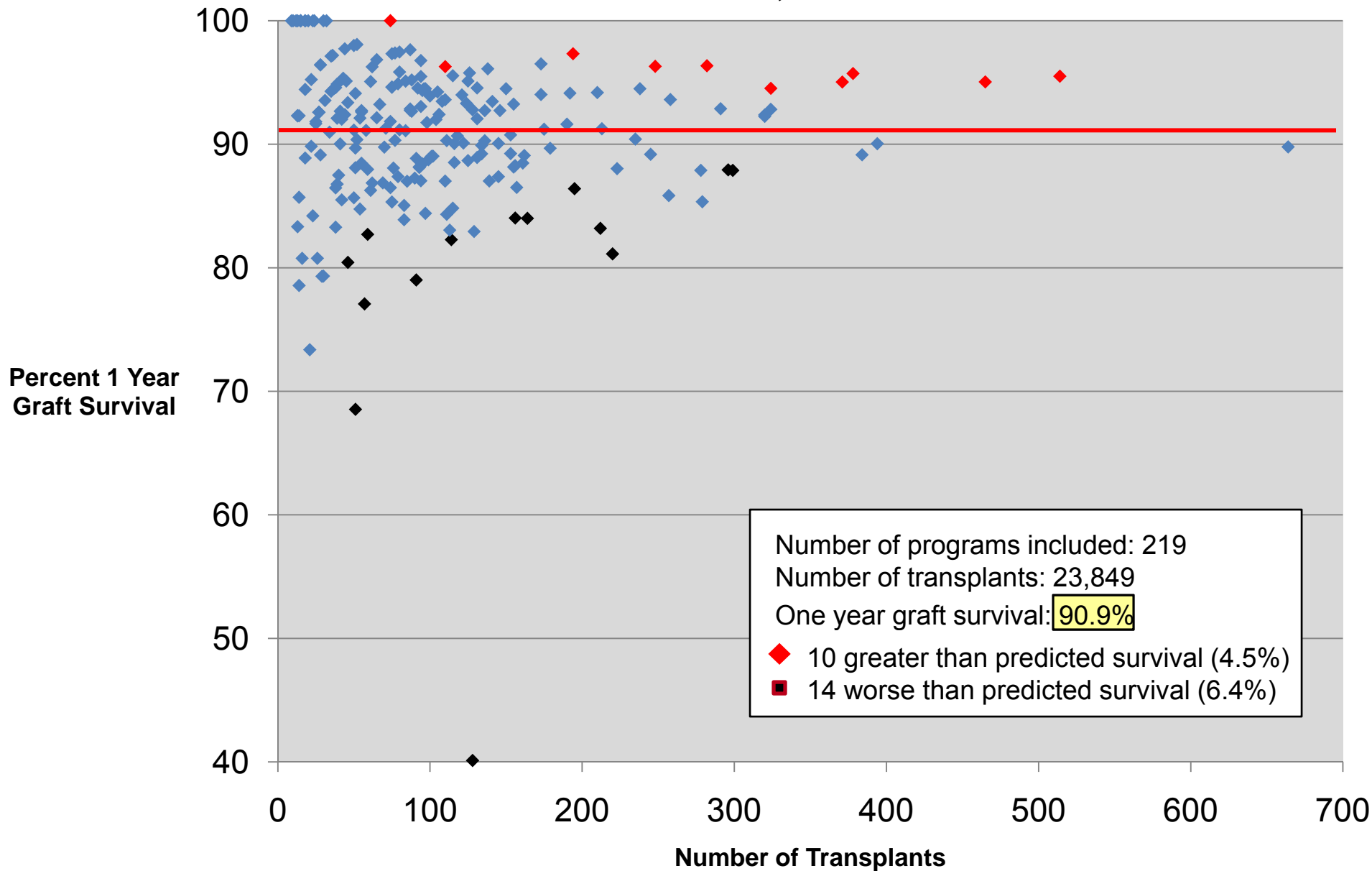
The Outcome Measures Hierarchy



Adult Kidney Transplant Outcomes, U.S. Center Results, 1987-1989

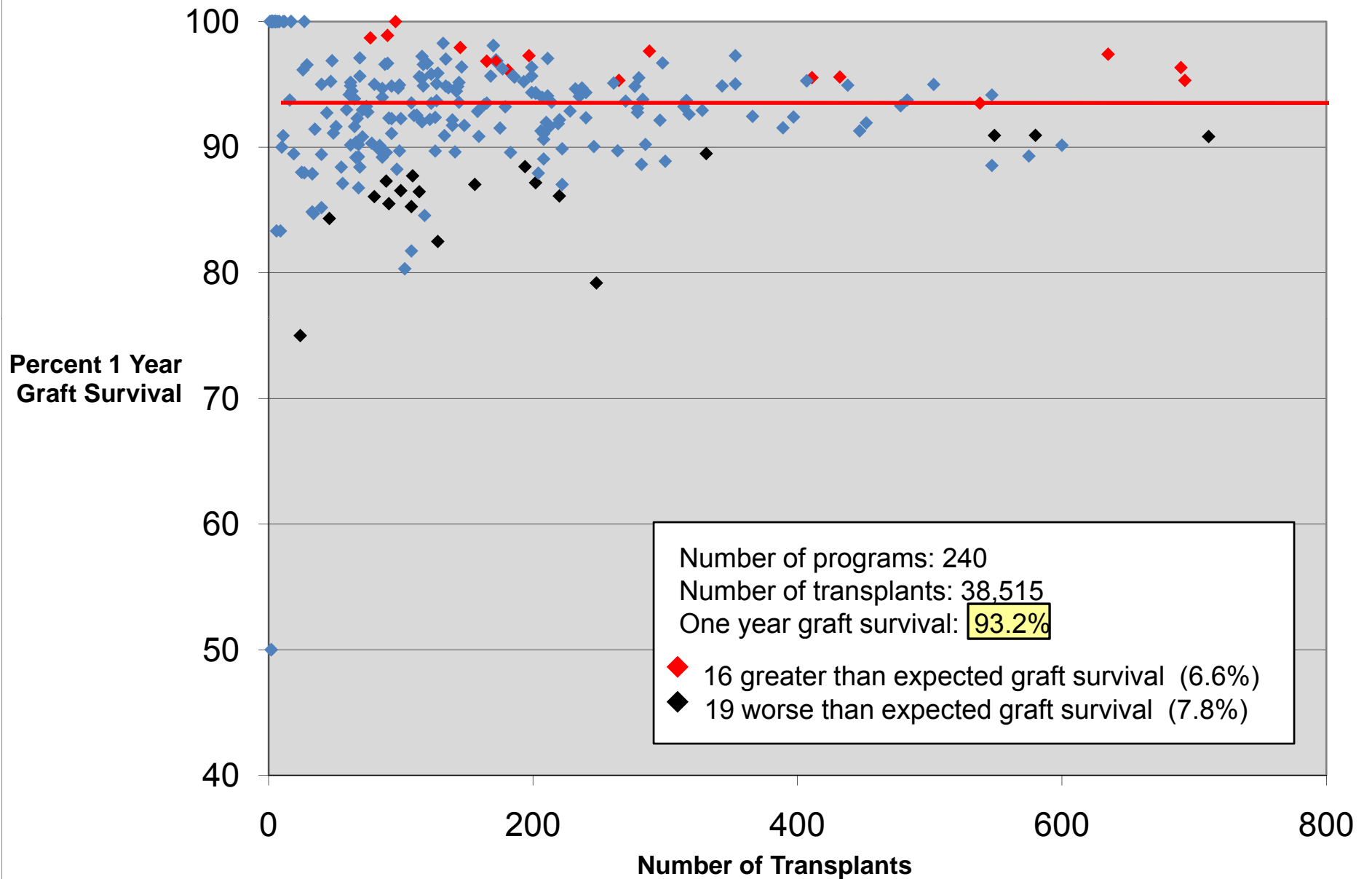


Adult Kidney Transplant Outcomes, U.S. Center Results, 1998-2000

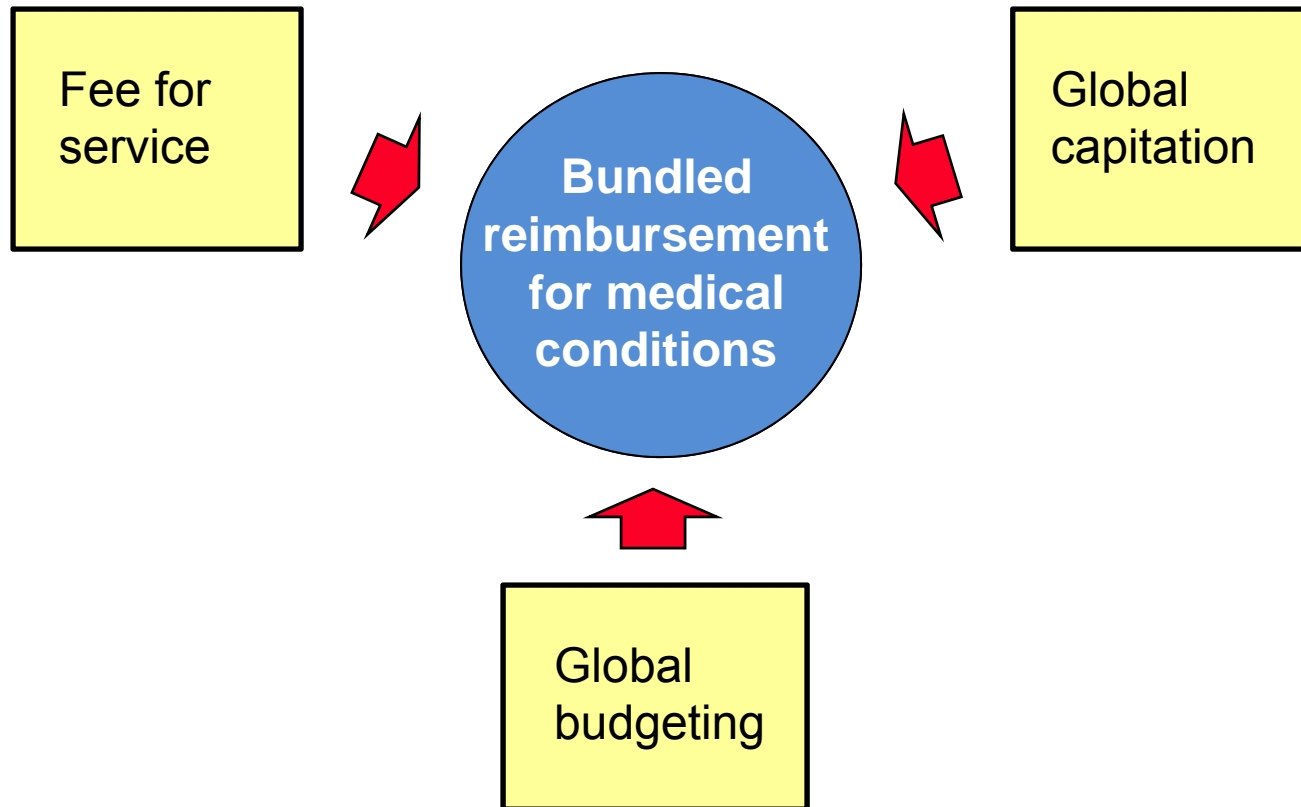


Adult Kidney Transplant Outcomes

U.S. Center Results, 2005-2007



3. Move to Bundled Prices for Care Cycles



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

4. Integrate Care Delivery Across Separate Facilities

Levels of System Integration

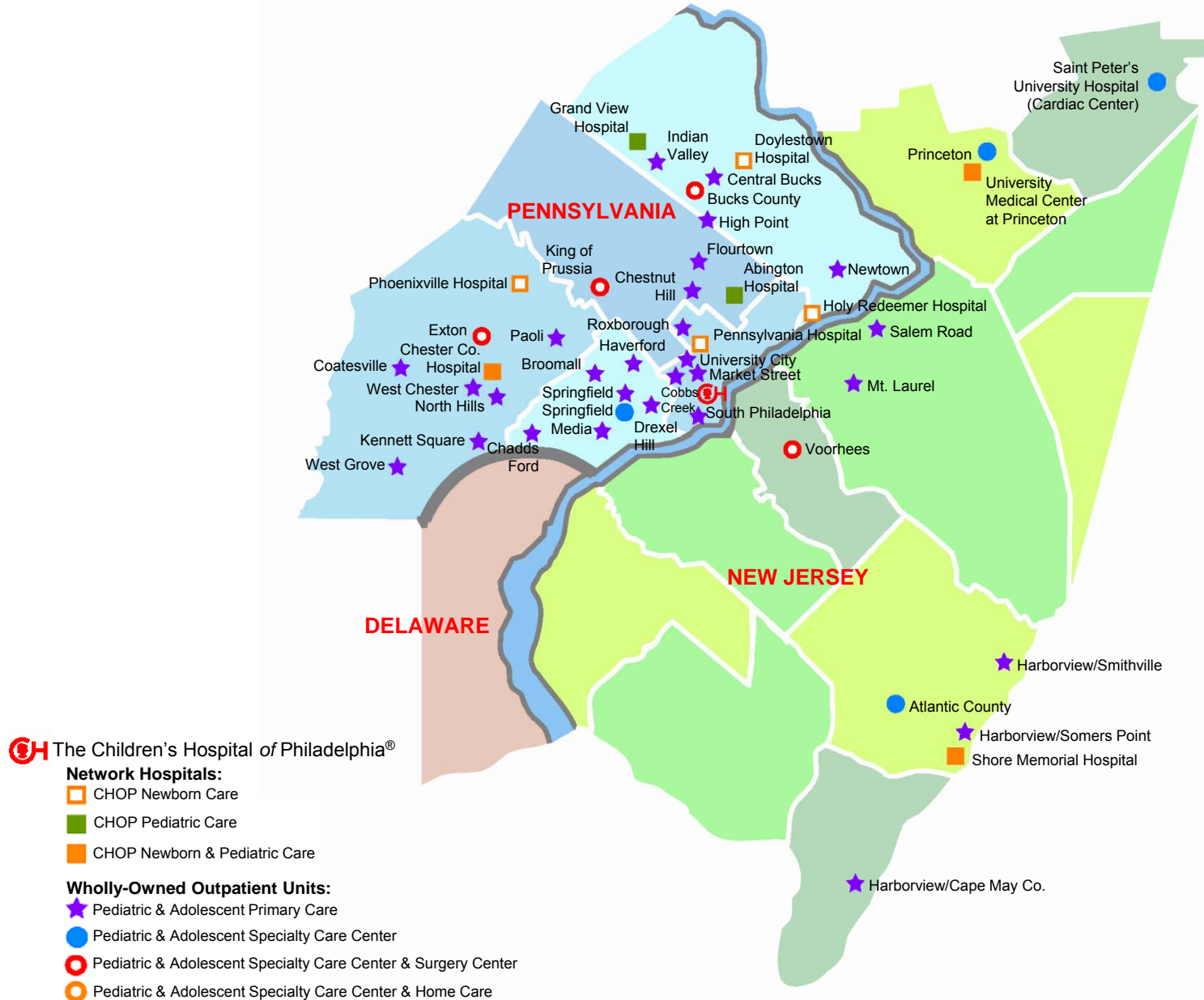
- Determine the **scope of service lines**
- **Rationalize service lines/ IPU**s across facilities to improve volume, avoid duplication, and concentrate excellence
- **Offer specific services** at the **appropriate facility**
 - E.g. acuity level, cost level, need for convenience
 - Patient referrals across units
- **Clinically integrate care across facilities**, within an IPU structure
 - **Expand** and **integrate** the care cycle
 - Better connect **preventive/primary care** units to specialty IPUs



- There is a major opportunity to improve value through **moving care out** of heavily resourced, tertiary and quaternary facilities

Building an Integrated Care System

Children's Hospital of Philadelphia Care Network

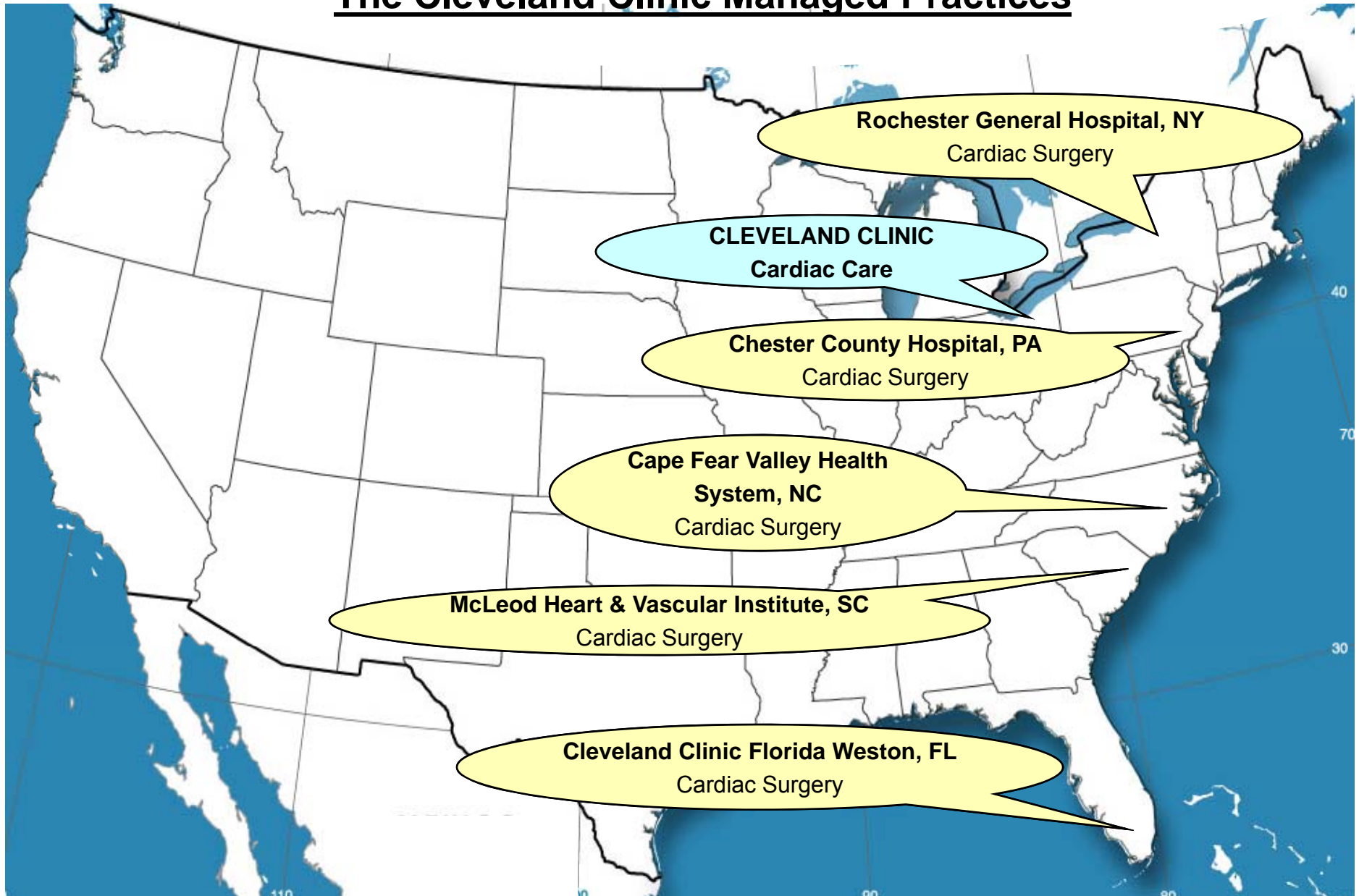


5. Expand Excellent IPUs Across Geography

- Grow **areas of excellence** and **leverage across locations**, rather than adding broad line, stand-alone units
- **Affiliations with excellent providers** in medical conditions where there is insufficient volume or expertise to achieve superior value

Expand Excellent IPUs Across Geography

The Cleveland Clinic Managed Practices

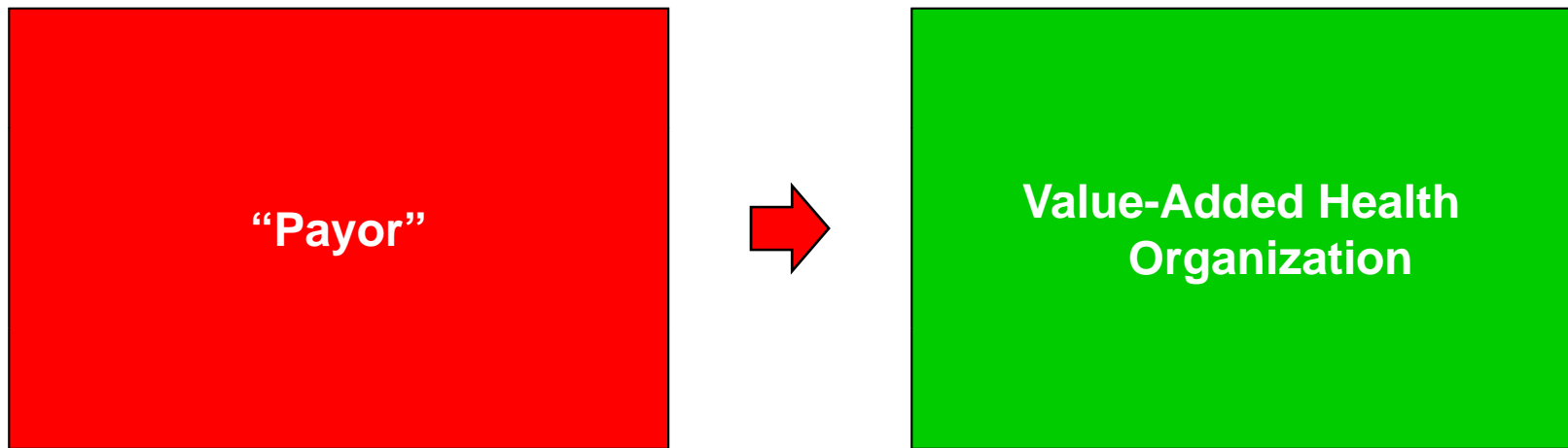


6. Create an Enabling Information Technology Platform

Utilize information technology to enable **restructuring of care delivery** and **measuring results**, rather than treating it as a solution itself

- Common **data definitions**
- Combine **all types of data** (e.g. notes, images) for each patient over time
- Data encompasses the **full care cycle**, including referring entities
- Allowing access and communication among **all involved parties**, including patients
- **“Structured”** data vs. free text
- **Templates** for medical conditions to enhance the user interface
- Architecture that allows **easy extraction of outcome, process, and cost measures**
- Interoperability standards enabling communication among **different provider systems**

Value-Based Healthcare Delivery: Implications for Health Plans



Value-Based Health Care Delivery

2010 Schedule

	Monday, January 11	Tuesday, January 12	Wednesday, January 13	Thursday, January 14	Friday, January 15
8:30-9:00am	Session 1: Introduction to Value-Based Health Care Delivery				
9:00-10:00am	Case: Ledina Lushko: Navigating Health Care Delivery	Session 4: Integrated Practice Units: Structure, Process, Management, and Measurement Case: The Dartmouth-Hitchcock Medical Center: Spine Care	Session 6: Value-Based Models of Primary Care Case: Commonwealth Care Alliance: Elderly and Disabled Care	Session 8: Hospital Structure, Organization, and Service Expansion Case: The U. of Texas MD Anderson Cancer Center: Interdisciplinary Cancer Care	Session 10: Hospital Strategy and Growth Case: Cleveland Clinic: Growth Strategy 2008
	Case Protagonist Guest: Ledina Lushko				
10:00 - 10:30am	Break				
10:30-11:00am	Topic Lecture: Intro. to Value-Based Health Care Delivery	Break	Break	Break	Break
11:00am-12:00pm	Session 2: The Need for Integrated Care Delivery Case: ThedaCare: System Strategy	Case Protagonist Video: Jim Weinstein, Chair, Dept. of Orthopedic Surgery, and Bill Abdu, Spine Center Medical Director, DHMC	Case Protagonist Guests: Bob Master, CEO, Lois Simon, COO, and Bob Fallon, CFO, Commonwealth Care Alliance	Case Protagonist Guests: John Mendelsohn, President, and Ehab Hanna, Professor, Dept. of Head & Neck Surgery, MD Anderson Cancer Center	Case Protagonist Video: Toby Cosgrove, CEO, Cleveland Clinic
12:00-12:30pm		Topic Lecture: Outcomes Measurement	Q&A		
12:30 - 12:45pm	Case Protagonist Video: John Toussaint, former CEO, ThedaCare	Lunch and Preparation	Group Photo	Lunch and Preparation	Course Wrap-Up
12:45 - 1:30pm	Lunch and Preparation		Lunch and Preparation		
1:30 - 3:00pm	Session 3: Defining Medical Conditions and Integrated Care Models Case: The West German Headache Center: Integrated Migraine Care	Session 5: Integrated Care and Reimbursement Case: Koo Foundation Sun Yat-Sen Cancer Center: Breast Cancer Care in Taiwan	Session 7: Role of Employers in Health Care Case: Pitney Bowes: Employer Health Strategy	Session 9: System Integration and Network Strategy Case: Children's Hospital of Philadelphia: Network Strategy	
3:00-3:15pm	Break	Break	Break	Break	
3:15-3:30pm	Case Protagonist Video: Klaus Bottcher, Sr. Mgr, KKH, & Astrid Gendolla, Sr. Physician, West German Headache Center	Case Protagonist Guest: Andrew Huang, President & CEO, Sun Yat-Sen Cancer Center	Case Protagonist Video: Michael Critelli, former Executive Chairman, and Jack Mahoney, Director of Strategic Initiatives, Pitney Bowes	Case Protagonist Guests Dr. Steven Altschuler, CEO, and Dr. James Steven, Attending Anesthesiologist, Children's Hospital of Philadelphia	
3:30 - 4:00pm	Topic Lecture: Integrated Practice Units				
4:00 - 4:45pm	Q&A	Topic Lecture: Reimbursement	Topic Lecture: Integrated Chronic Care and Employer Roles in Health Care		

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)

January 2010 Participants (81)

41 Current Students

- 27 HBS Students
 - 11 MBA
 - 14 MD/MBAs
 - 1 MBA/MPP
 - 1 MD/PhD
- 12 HSPH students
 - 11 MD/MPHs
 - 1 MPH
- 2 HKS students

28 Clinicians

- 9 Brigham and Women's/Faulkner
- 4 Boston Medical Center
- 4 Children's Hospital Boston
- 3 Beth Israel Deaconess
- 2 Massachusetts General Hospital
- 2 International Providers
- 4 Other Providers

7 Hospital Managers and Administrators

4 University Faculty

1 Medical Journalist

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 weblink is currently open:
 - https://www.surveymonkey.com/s/2011_VBHCD_Intensive_Seminar_Application
 - Additional program information and application link are also posted on the “Health Care Curriculum” page of the ISC website: <http://www.isc.hbs.edu/>
- Round 1 applications will be accepted until **5pm on Friday, September 24, 2010**
 - Round 1 applicants will be notified of their acceptance via email by **5pm October 1, 2010**
- Round 2 applications will be accepted until **5pm on Friday, October 26, 2010**
 - Round 2 applicants will be notified of their acceptance via email by **5pm November 10, 2010**
- Late applications cannot be considered