



# Value-Based Health Care; Employer Health Strategy

*General Electric*  
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Harvard Business School



# The problems?

Rising costs

Access to Care

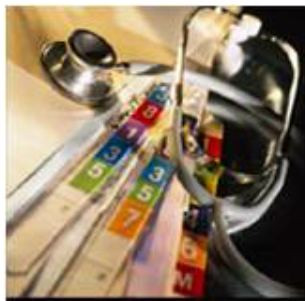
Insurance Coverage

Highly variable quality

National health outcomes

Skewed incentives

Fragmented care cycles

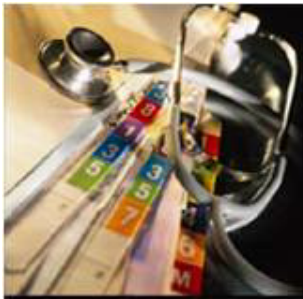


# What should be the goal of health care reform?

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



# 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

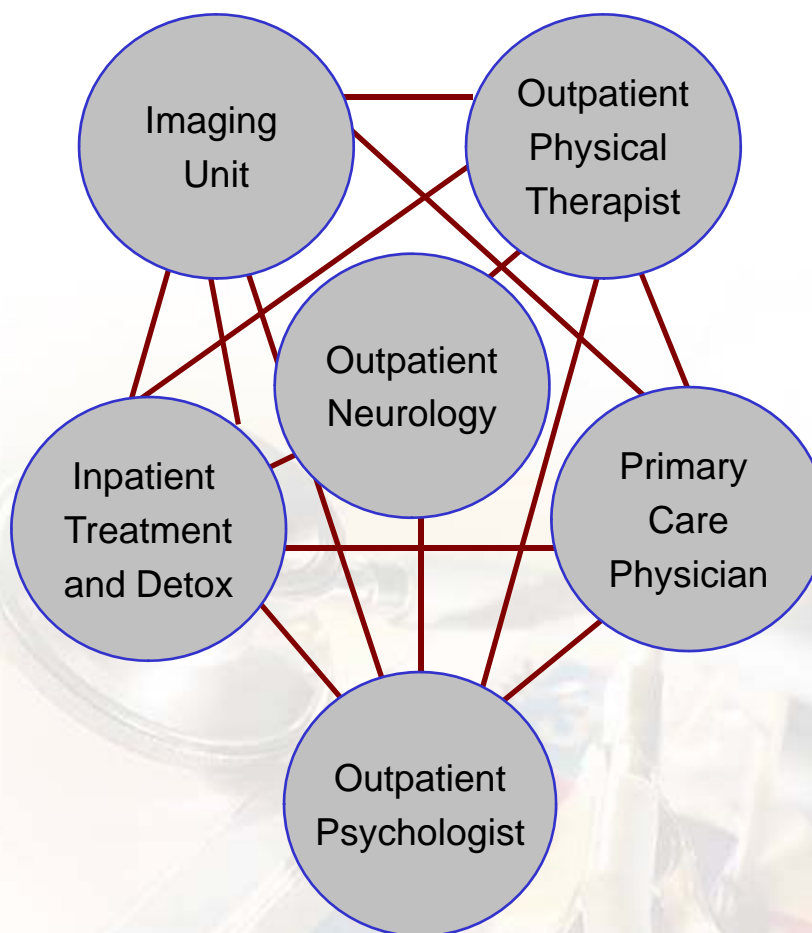
Breast cancer as a medical condition



# Migraine Care in Germany

## Old model

Organized by  
specialty in discrete,  
fragmented services



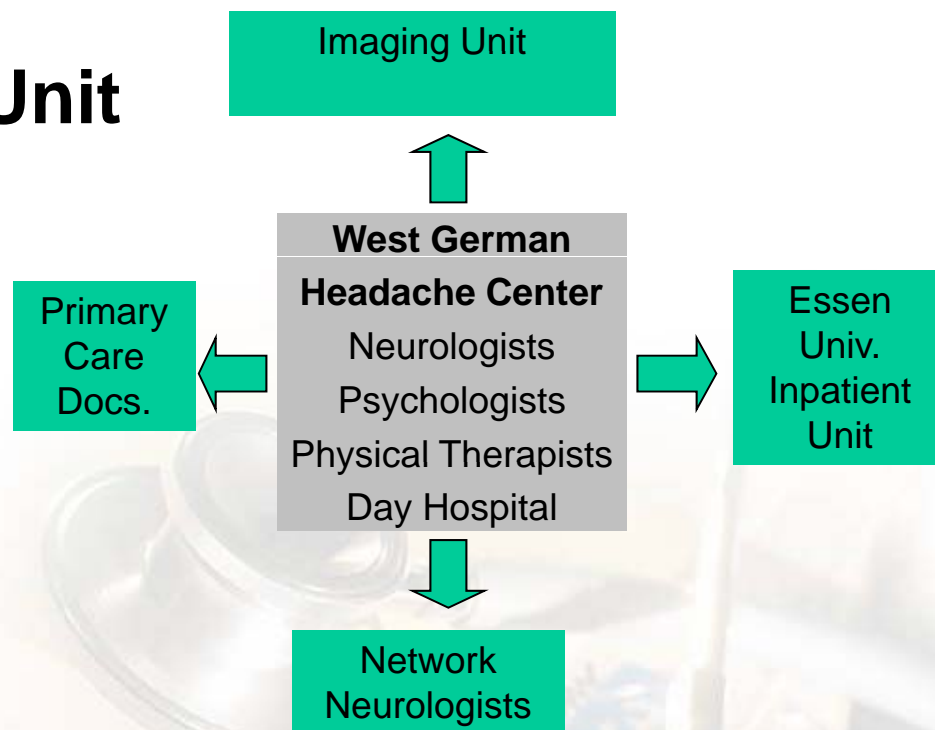
Source: KKH, Westdeutsches Kopfschmerzzentrum



# West German Headache Center New model

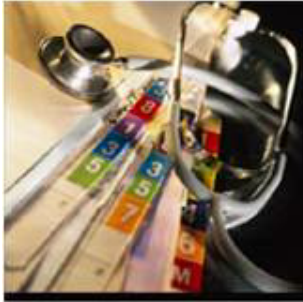
## Integrated Practice Unit

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



Source: KKH, Westdeutsches Kopfschmerzszentrum

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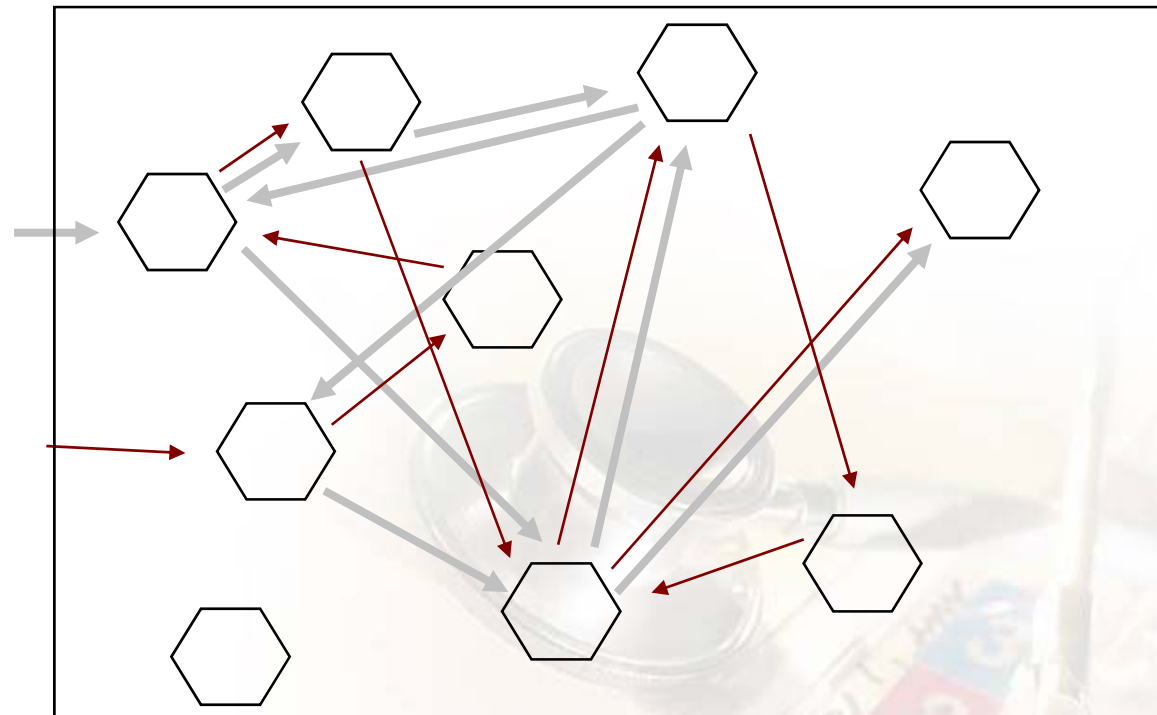


# Opportunities for Value-Based Health Care Delivery

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



# Clinically Integrated Care Team or Collection of Fragmented Services?

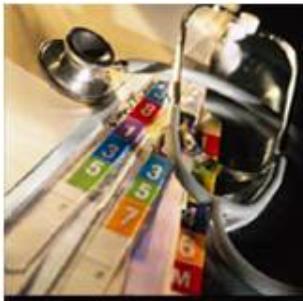




# What is Different with Teams?

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

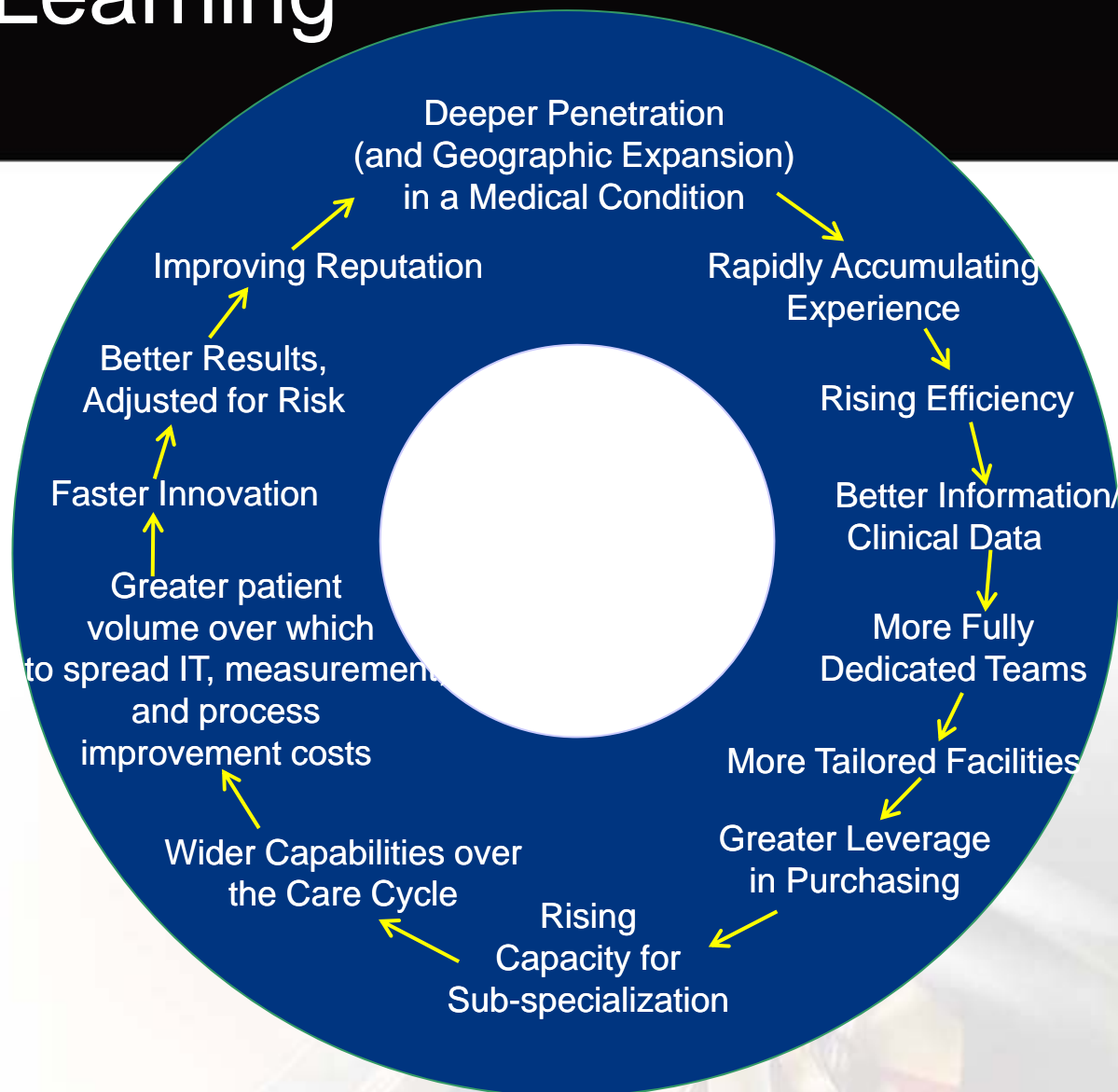
Why?



# 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

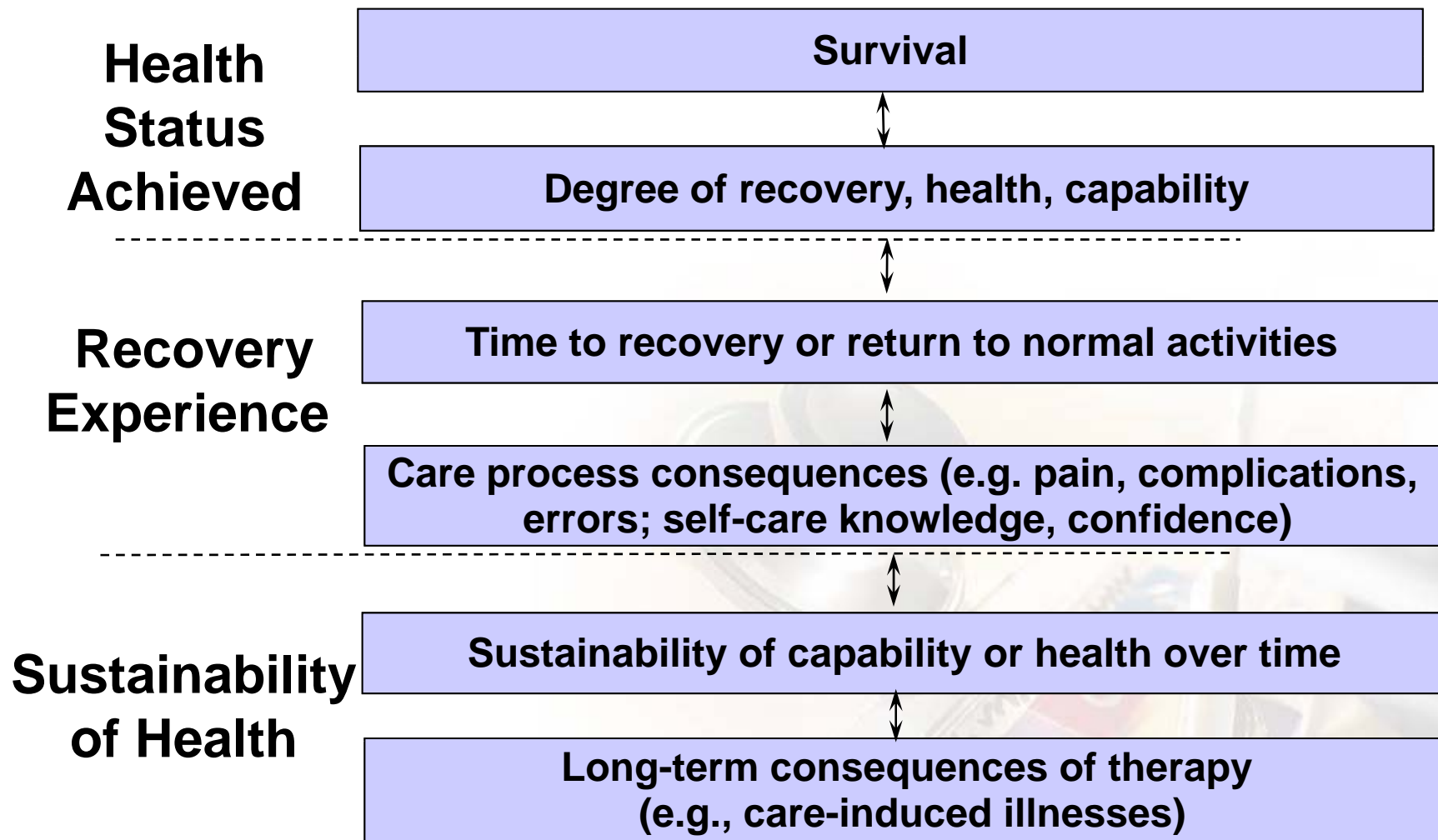
process compliance is not results

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...

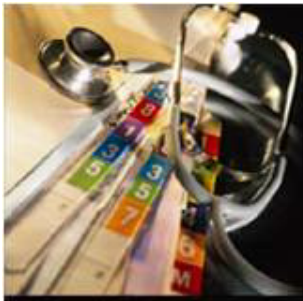
Financial success of system participants  $\neq$  Patient success

Shift reimbursement to...  
**Bundled prices for cycles of care,**  
not global budgets or payment for discrete services.



**Effective, sustainable changes in incentives require changes in structure and organization.**

- Bundle reimbursement for ***team*** around ***care cycles***.
- Pay for ***prevention, screening and diagnosis***, not just treatment.
- Pay for ***overall management of chronic conditions***.
- Adjust for ***patient complexity***.



# 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

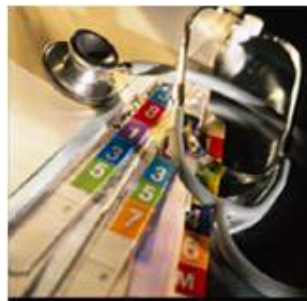
Major determinant of quality of life

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

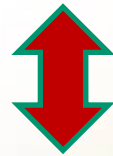
Fit and consistency

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.

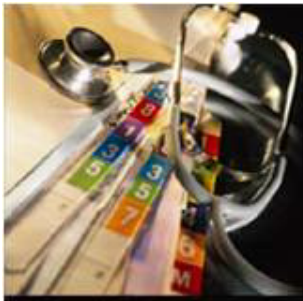


# Culture and Community

Do you have a culture of health?

(Really????)

Lifestyle diseases are communicable



# Essential Elements

Health is co-produced

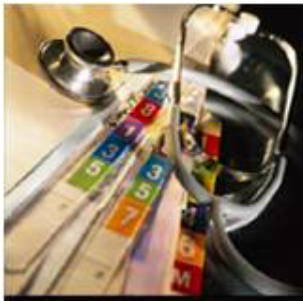
Acute vs. chronic care

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

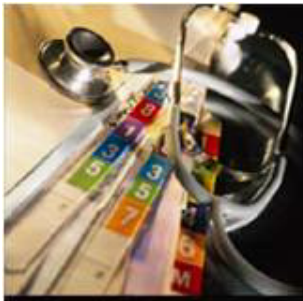
Convenience matters – to everyone

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