



# Improving Value in Health Care Delivery

*Professor Elizabeth Teisberg*

*12 April 2010*

*Grand Rounds, University of Virginia*

---

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>. **Version 01022010**

---



# New Policy requires Health Insurance Reform and Expands Coverage

- **Insurance Reforms**

- **Revenue Provisions**

- **Health Care Delivery**



# With expanding coverage, what are the choices?

Spend more

Ration more

**Improve health  
care value**



# Value in Health Care

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

Aligns interests. Enables the win-win.





Patients want more health,  
not more treatment.

# Healthcare





The best way to increase value is to **improve** quality in ways that reduce cost.

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

Quality is better **outcomes**.

**Better outcomes often drive costs down.**

- Diabetes
- Stroke
- Diagnosis



# How do you set the compass for dramatic improvement in value?

- ***Patient centric:*** Value-creating care solutions
- ***Clinician led:*** Clinically integrated teams addressing medical circumstances over the full cycle of care
- ***Results driven:*** Measuring patient outcomes to accelerate learning and improvement
- ***Value based:*** Pay teams and align financial success with medical success



# Integrated Practice Units offer Solutions

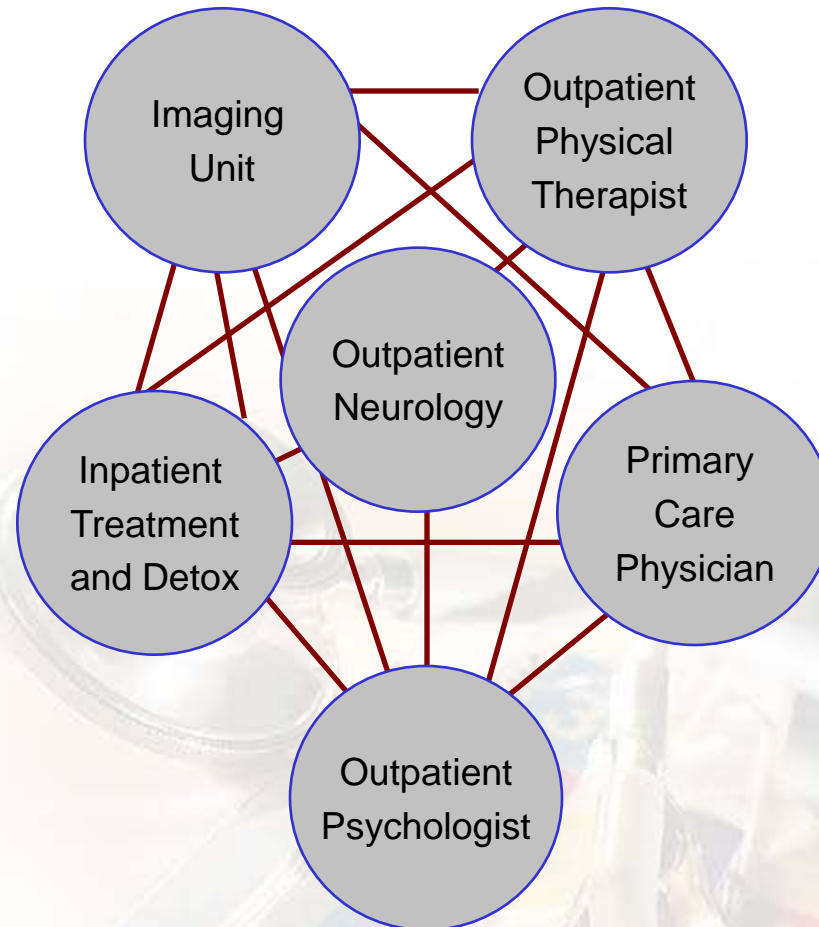
**Create unique value by creating  
solutions for patients and families**



# Migraine Care in Germany

## Old model

Organized by specialty in discrete, fragmented services

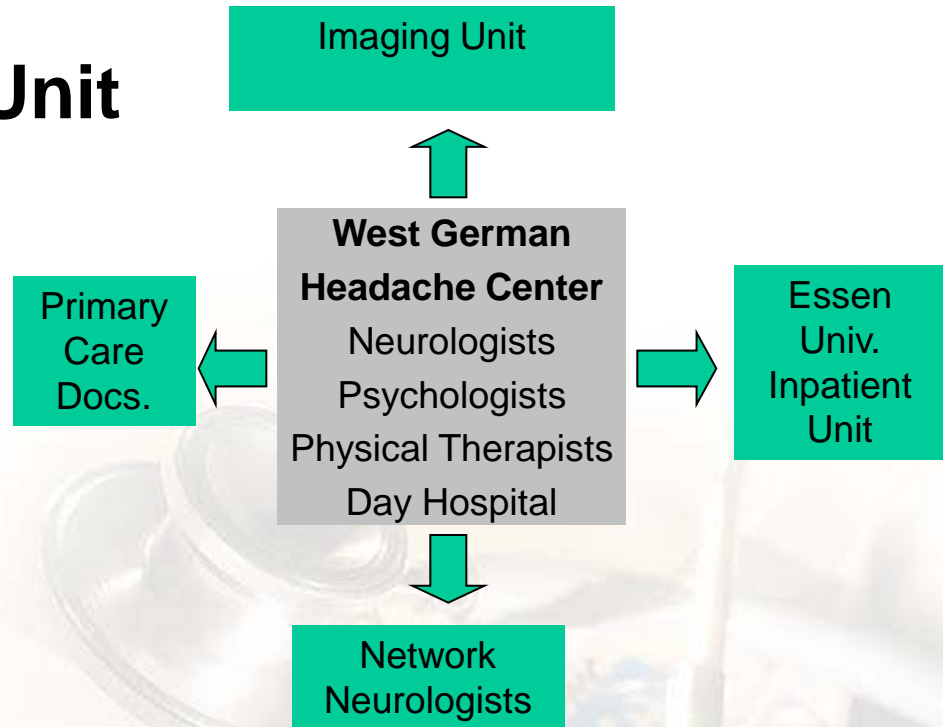


Source: KKH, Westdeutsches Kopfschmerzzentrum

# West German Headache Center New model

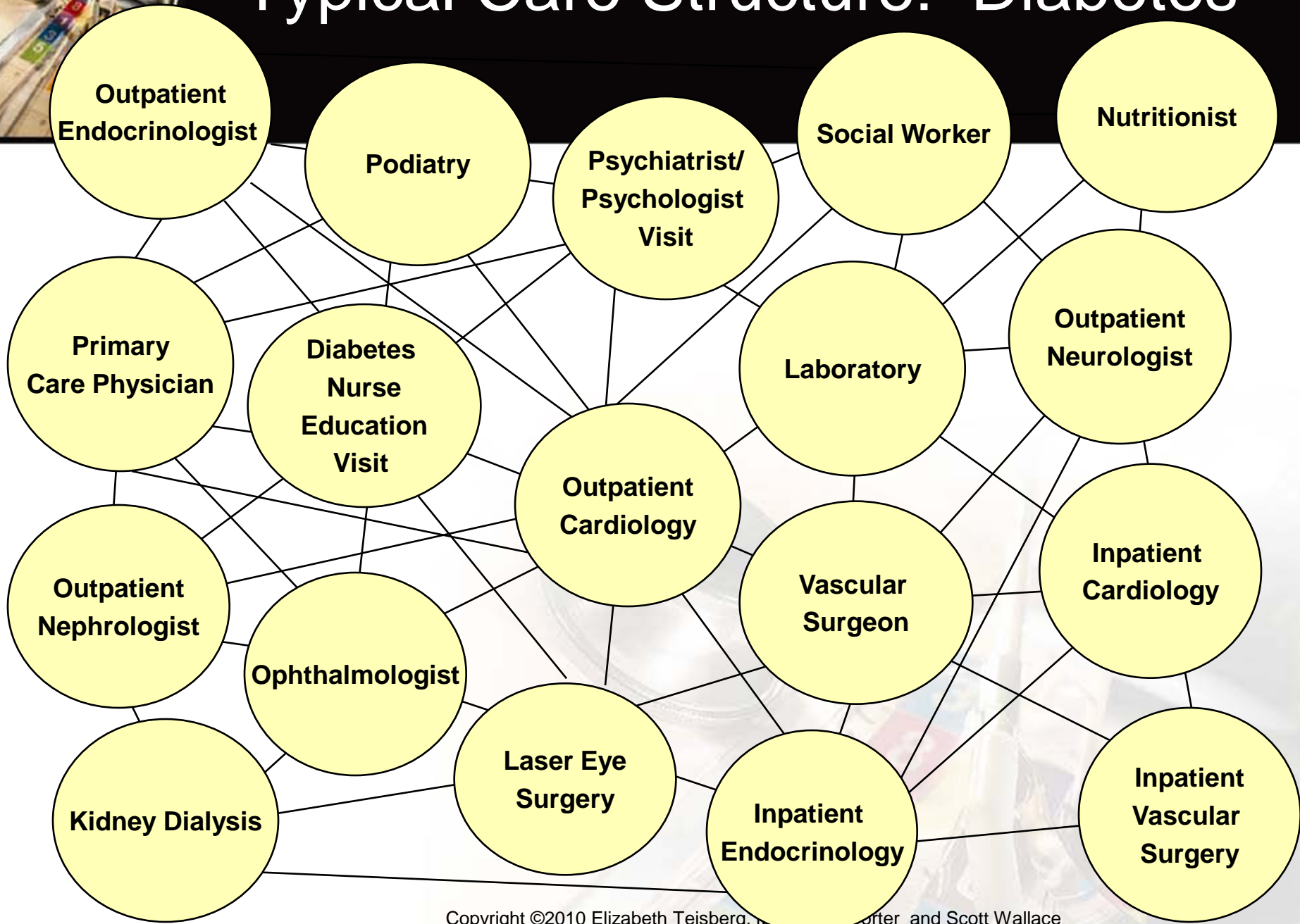
## Integrated Practice Unit

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

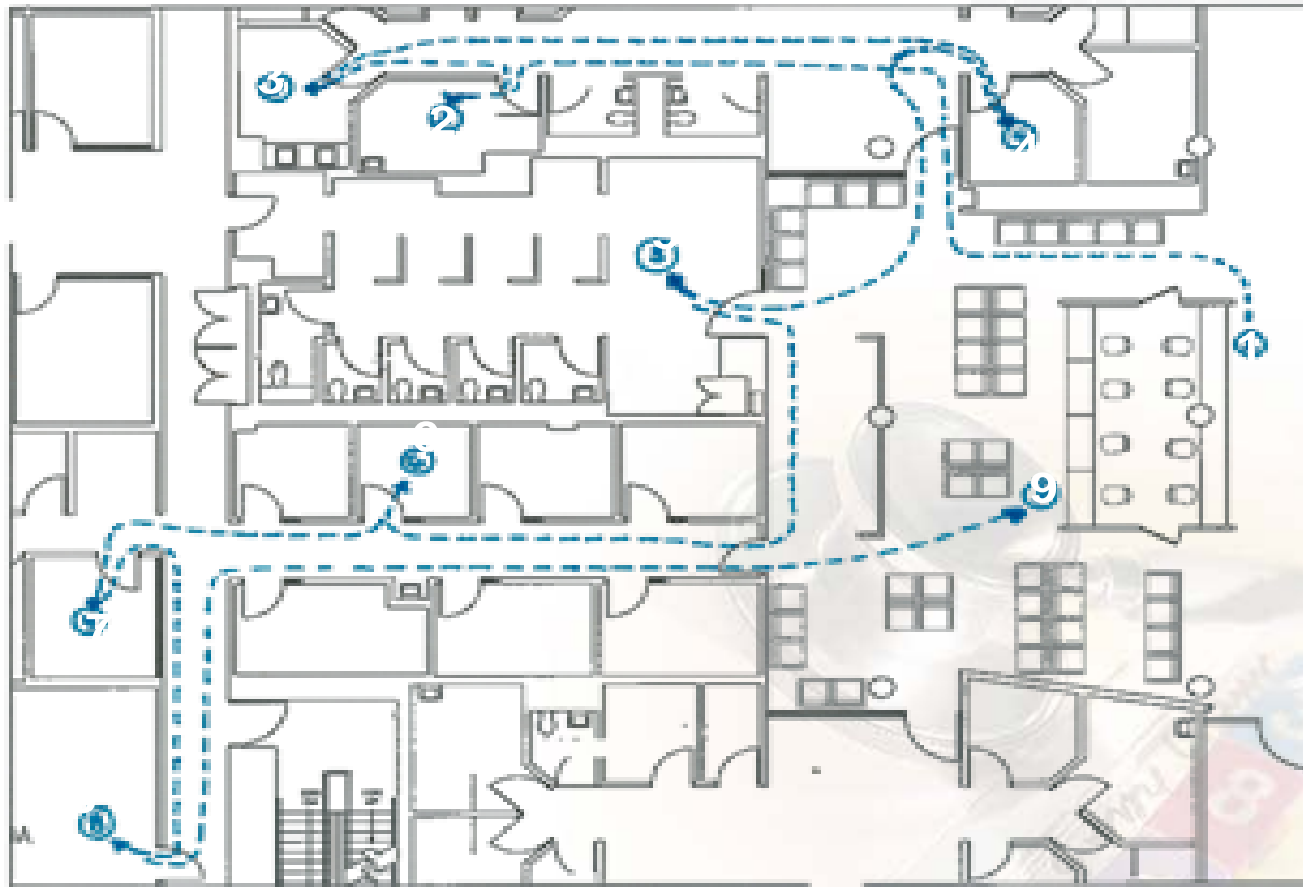


Source: KKH, Westdeutsches Kopfschmerzzentrum

# Typical Care Structure: Diabetes



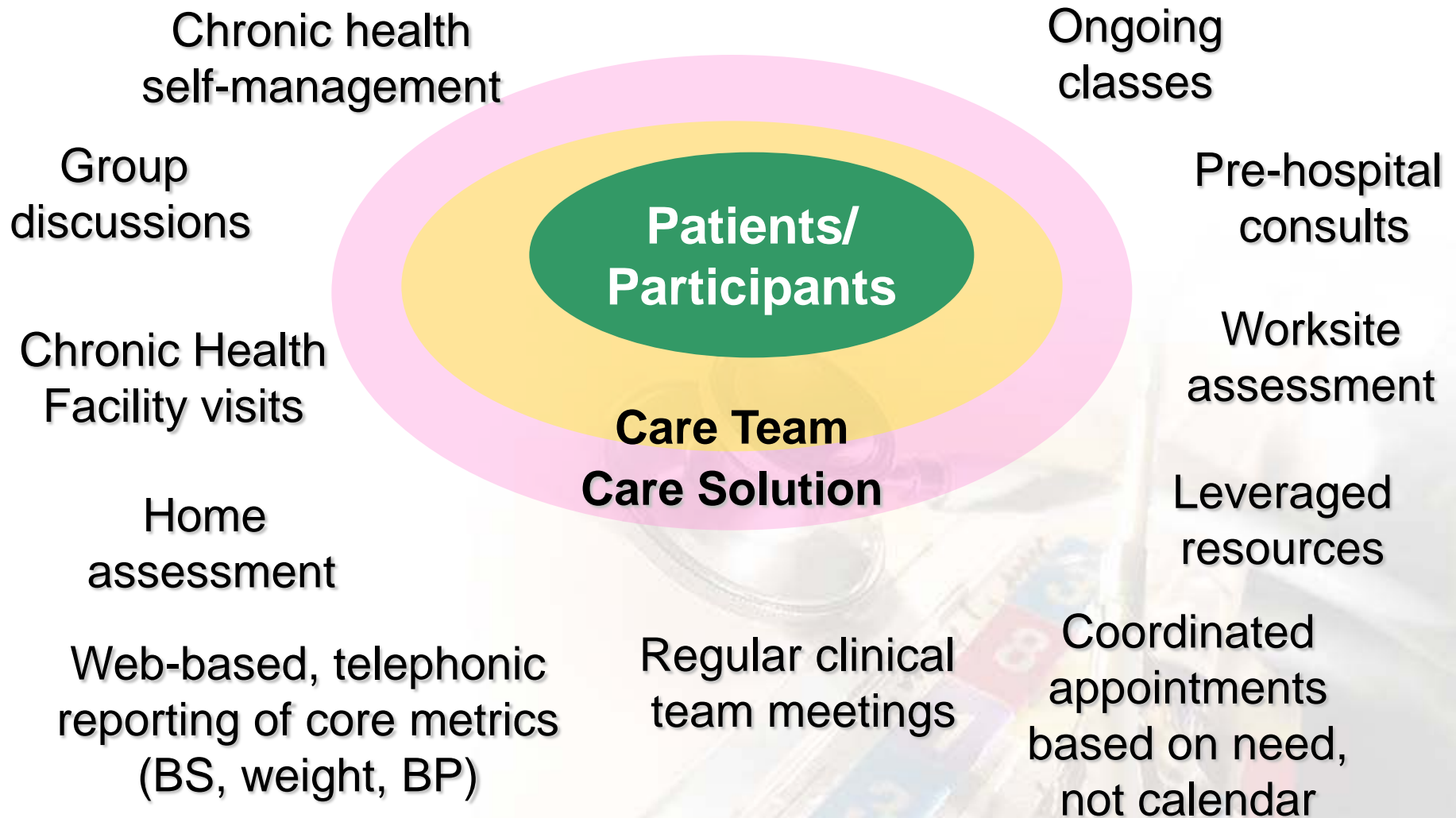
# The Joslin Diabetes Center



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.

# Integrated Practice Unit: Type 2 Diabetes





# IPU solutions are customer-centric

- **IPUs** create convenience; remove obstacles for patients
  - Today's delivery is consumer-coordinated,  
not customer-centric
- **IPUs** dramatically improve patient engagement
  - Focus, resources, sustained contact and accountability
  - Education and support services
- Simply forcing consumers to pay more is a **false solution**
  - Consumers can't change the structure of care or accelerate learning by teams



IPU teams enable better patient experiences and outcomes

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





# Medical Conditions defined from the patient's perspective

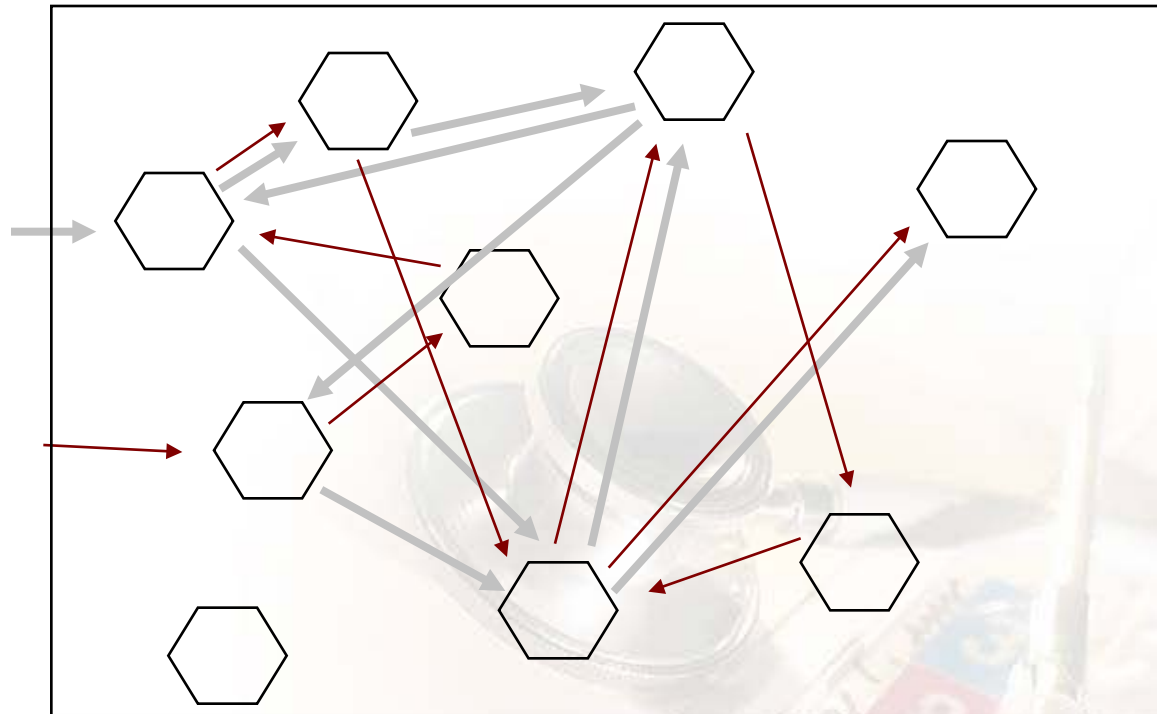
Includes common co-occurring conditions

Diabetes is not just a disease of the pancreas;  
it includes multiple diseases that often occur together.

Extends through the full cycle of care

Breast cancer is a medical condition; surgery is not.

# Clinically Integrated Care Team or Collection of Fragmented Services?





# What is Different with Teams?

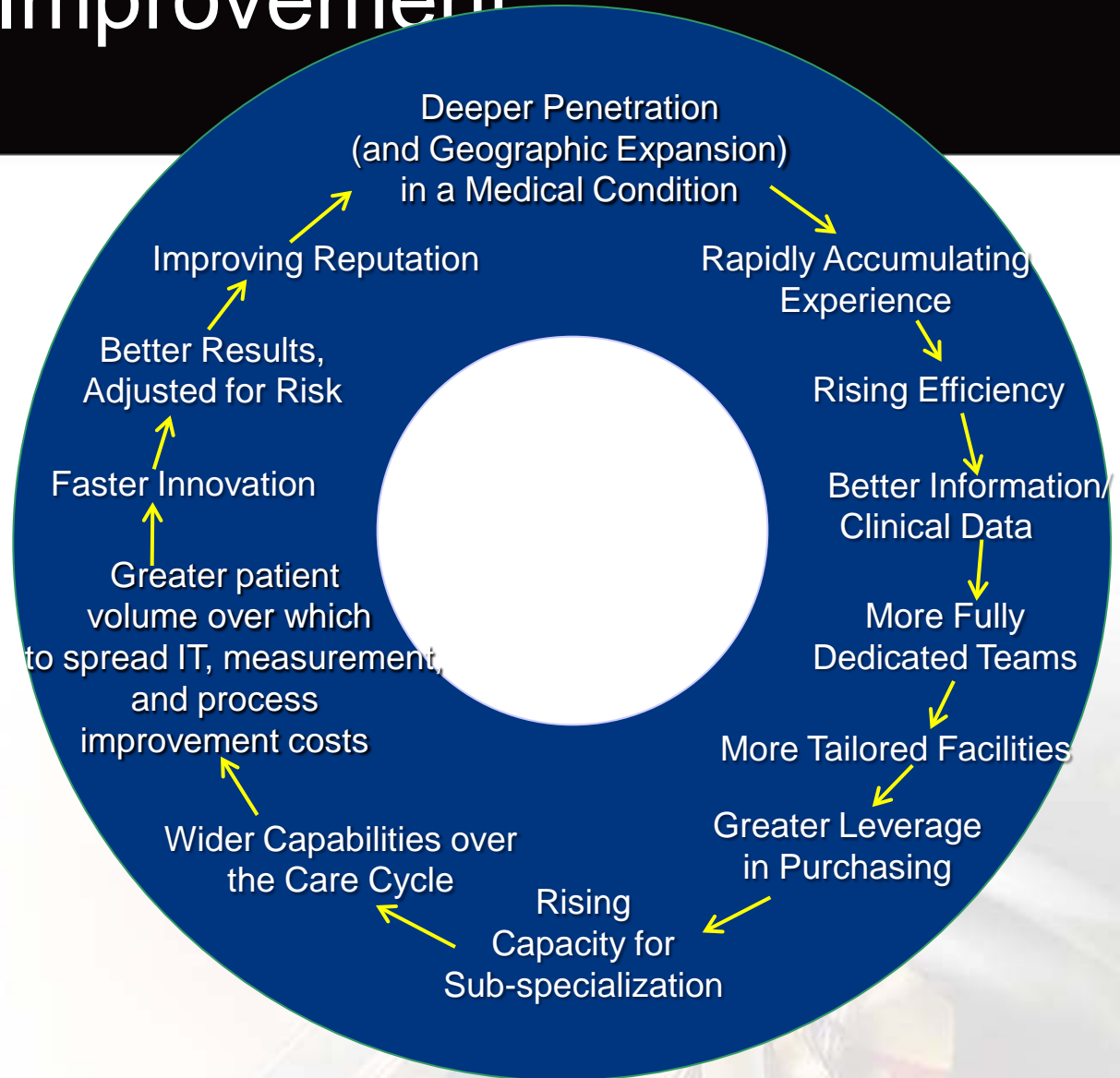
- Learning
- Health Outcomes
- Clinical Judgments
- Efficiency
- Coordination
- Research
- Satisfaction

Why?

# Driving Improvement

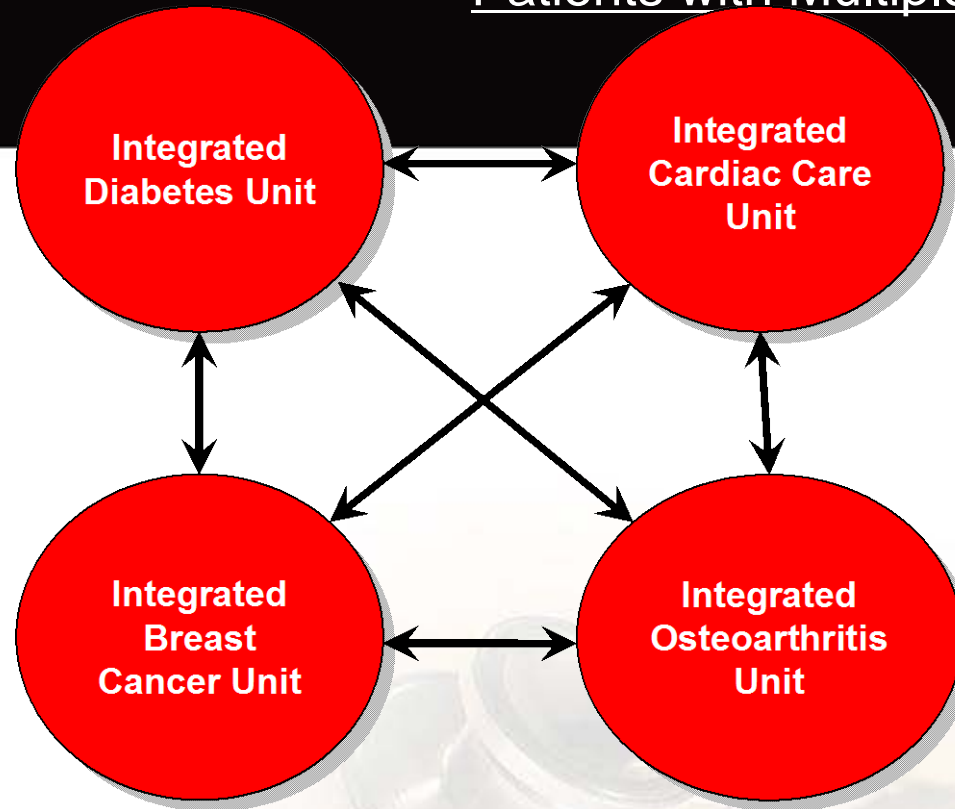
Broad expertise develops over the care cycle for the patient.

Attention to results enables and inspires improvement.



# Coordinating Care Across IPUs

## Patients with Multiple Medical Conditions



- The primary organizational structure for care delivery should be around the forms of integration required for **every patient**
  - The current system is organized around the **exception**, not the rule
- **Overlay mechanisms** are then utilized to manage coordination across IPUS
- The IPU model will **greatly simplify** coordination of care for patients with multiple medical conditions



# Measuring outcomes in IPU teams supports Professional Satisfaction

**Measure results  
to accelerate learning**





# Outcome Measures 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)



# Outcome Measurement will Speed Learning and Enable Trust.

**Measuring outcomes accelerates improvement.**

- 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


**Failure to use meaningful outcome measurement is physicians greatest self-inflicted wound.**



# Strategic misalignment

**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.**

**Shift is easier with IPUs.**



Employers benefit from the productivity of healthy employees and from reduced costs

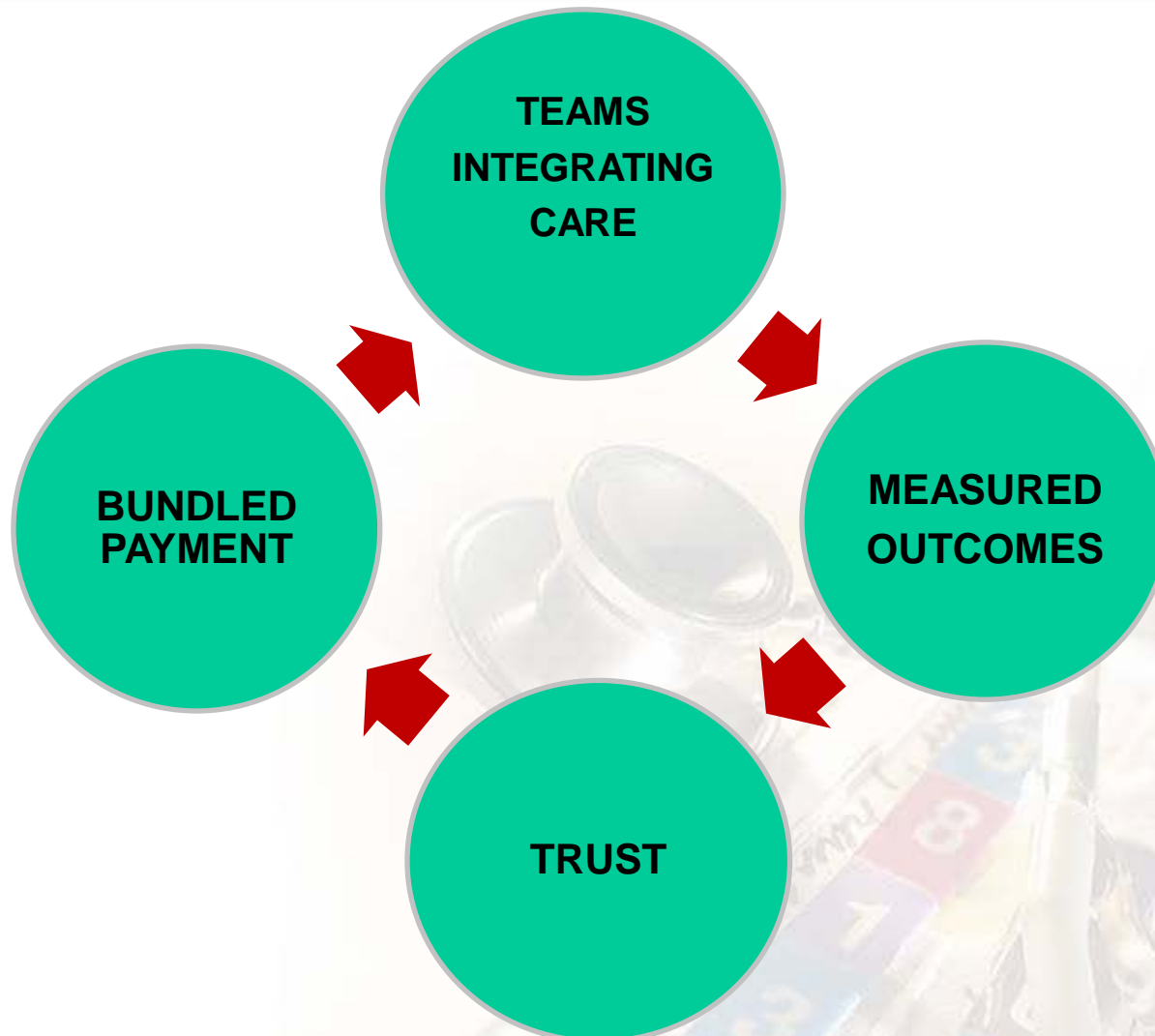
Delivery organized for **acute** disease & injury



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

Worldwide issue: Employers spend more on poor health than on health benefits.

# Teams measuring outcomes enable a win-win dynamic





# First Steps

How do we start the journey

to improve value for patients  
and increase professional satisfaction for teams?

**Take incremental steps  
toward significant change...**



# Begin Choose Where to Start

## ❖ Identify low hanging fruit .

-where is the pain obvious?

-where is the opportunity to improve value?

-with whom do you succeed most? and most easily?





# Think like a patient.

## ❖ **View medical circumstances as a patient does.**

- why are patients coming to you?
- what are your service lines?
- what solutions do they need?



# View Partnerships Broadly

## ❖ Collaborate.

- who is the champion?
- who are logical partners for value to patients?
- who are the resource providers?



# Begin **Design to Create Value**

- ❖ **Redesign care cycles to improve outcomes.**
  - redefine rather than patch the cracks
  - redesign chronic care for patients' convenience
  - teams demonstrating value can change payment models



# Begin Measure Outcomes to Improve

## ❖ **Measure something meaningful now.**

- what does the team want to achieve?
- enable dynamic development of measures
- measure outcomes by clinical team and by solution
- compare with others and develop insight

**Outcome measurement soon will be required by law.  
You can define it ...or be defined by it.**



# Consider the benefits of physician leadership

If you haven't started, now is the time.



# Integrated Practice Unit

## Type 2 Diabetes





# Care Solutions: IPU for Type 2 Diabetes

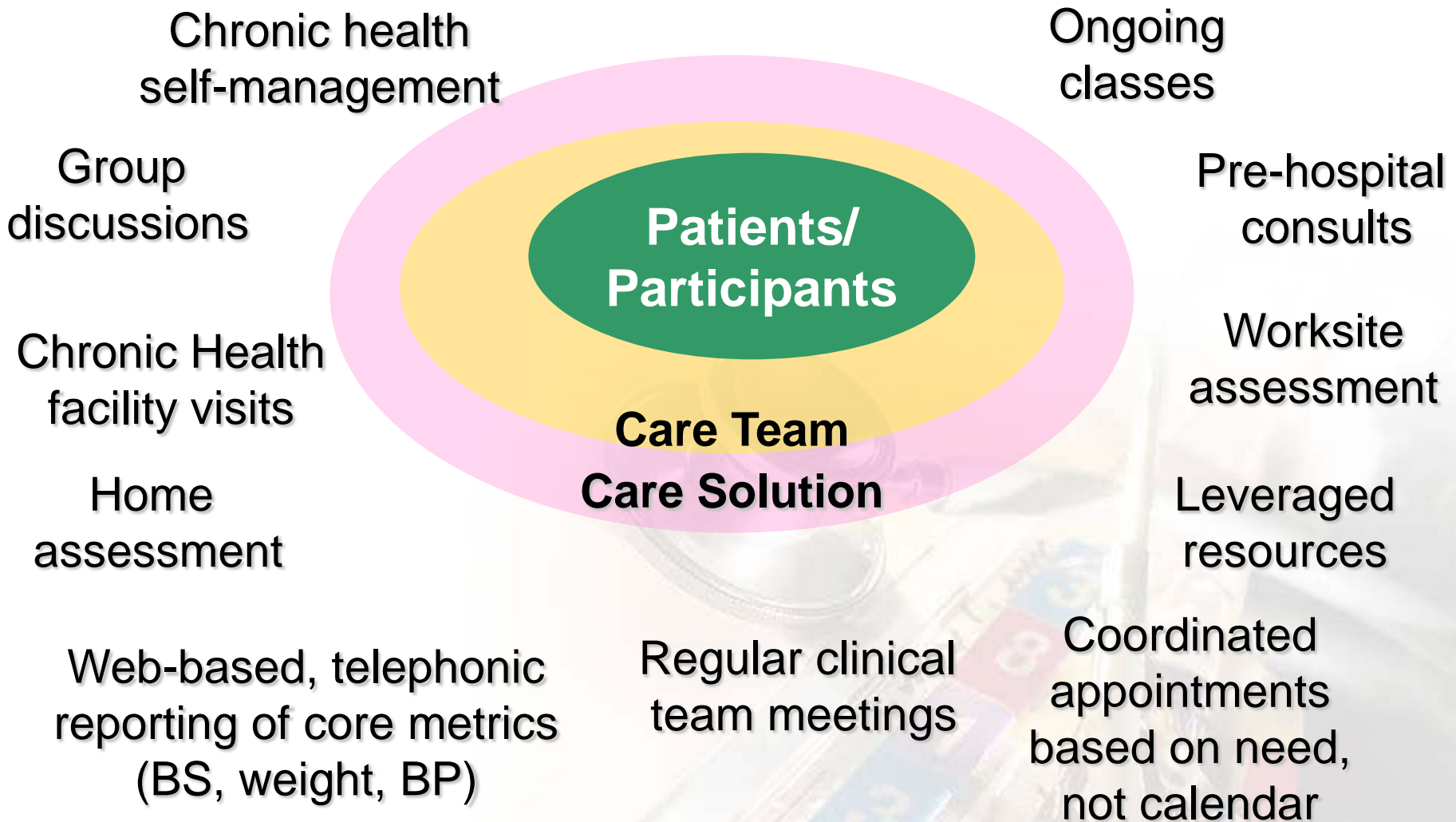
Type 2  
Diabetes  
And related  
Health  
circumstances

**Patients/  
Participants**

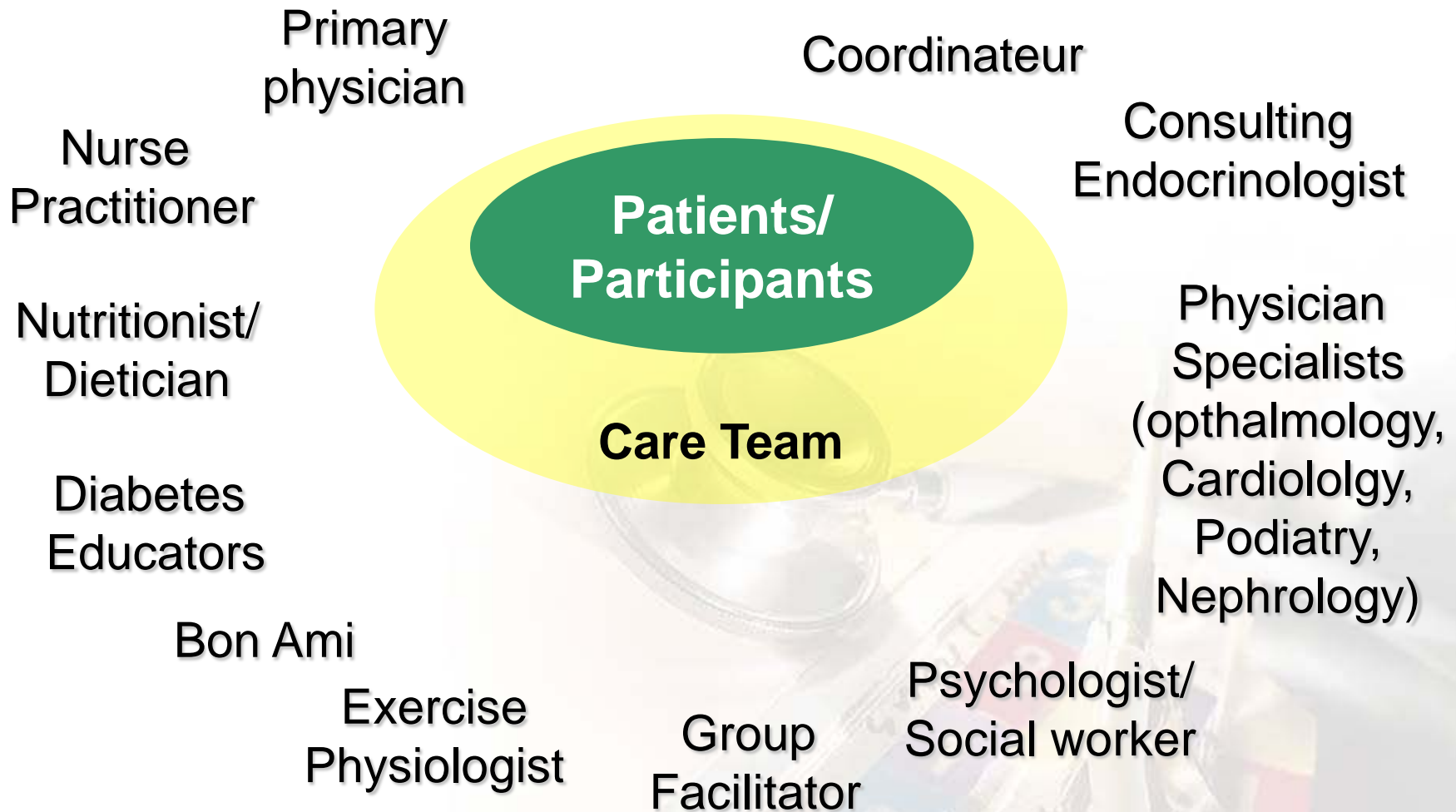
Employees and families  
of Hospital

Employees and families  
of Employer

# Care Solutions: IPU for Type 2 Diabetes



# Care Solutions: IPU for Type 2 Diabetes



# Care Solutions: IPU for Type 2 Diabetes

