



# Creating a High-Value Health Care System: a conversation with Professor Elizabeth Teisberg

NEHI  
June 25, 2008

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>.

Michael E. Porter  
Elizabeth Olmsted Teisberg

# Redefining Health Care

*Creating  
Value-Based Competition  
on Results*



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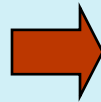
## Update on Implementation

Implementation Cases  
Executive Courses  
Workshops  
Strategy Advisory

Physician Leadership  
Defining Value  
Using Measurement  
Defining Integrated Care  
Bipartisan Policy  
International Examples  
Employer Initiatives

# Transition to a high value health system

- Cost-based
- Consumer-driven
- Organized by specialties
- Fragmented
- Poorly Coordinated
- Culture of Control
- More Treatment



- **Value-based**
- **Results-driven**
- **Patient-centered**
- **Full Cycle**
- **Team Based**
- **Culture of Quality**
- **More Health**

**What does this look like in practice? What insights emerge?**

**How do organizations align strategy with value?**

**How can financial success be aligned with patient success?**

## Guideposts for dramatic & ongoing improvements:

Redefine the goal as increasing value for patients that can be achieved by:

Redesigning delivery around full care cycles for medical conditions,

Measuring results at the level at which value is created for patients,

and

Aligning reimbursement with restructured delivery and value.

## Guideposts for dramatic & ongoing improvements:

1. Redefine the goal as increasing value for patients.

Patient- and Family-Centered Care

2. Redesign delivery around full care cycles for medical conditions

3. Measure results at the level at which value is created for patients,

4. Align reimbursement with restructured delivery and value

# Better health is the goal, not more treatment.

Even more than in other sectors,  
better quality inherently reduces costs.

- Fewer mistakes and repeats
- Faster recovery
- Less disability
- Less invasive treatment methods
- Less long-term care
- Disease management
- Prevention of disease or progression
- Right diagnoses
- Treatment earlier in causal chain
- Right treatment to the right patients

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

**Case studies show:**

**Successful organizations do more than reduce waste.**

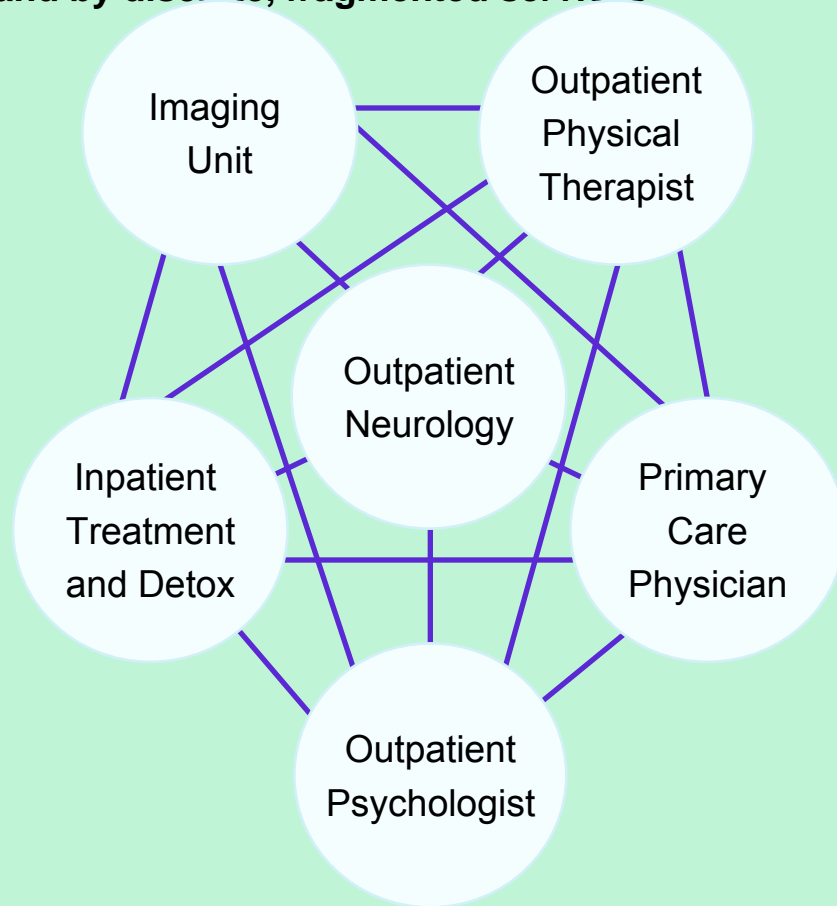
**They do more than streamline the parts of a fragmented system.**

**They redefine across the care cycle**

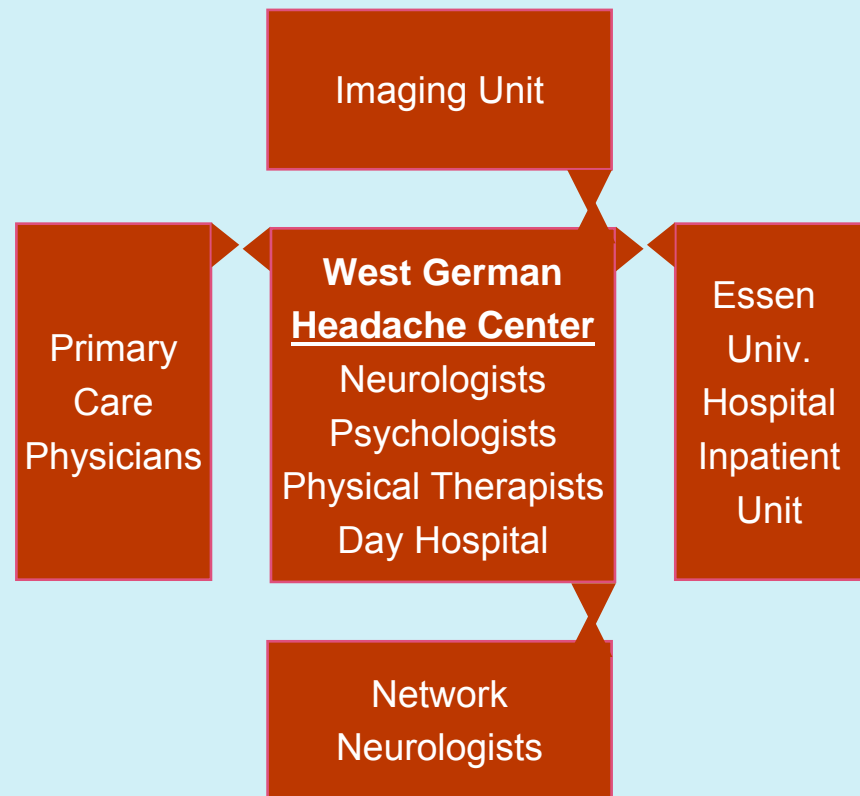
**and redesign from the patient's perspective.**

# Patient value needs to be the beacon of inspiration for organizational innovation.

**Old model: Organized by specialty and by discrete, fragmented services**



**New model: integrated practice unit**



**Migraine care in Germany:**

Integration of care simplifies coordination for patients and patients have far fewer days of disabling pain.

# Guideposts for dramatic & ongoing improvements:

1. Redefine the goal as increasing value for patients.

Patient- and Family-Centered Care

2. Redesign delivery around full care cycles for medical conditions.

Value-based Restructuring of Delivery

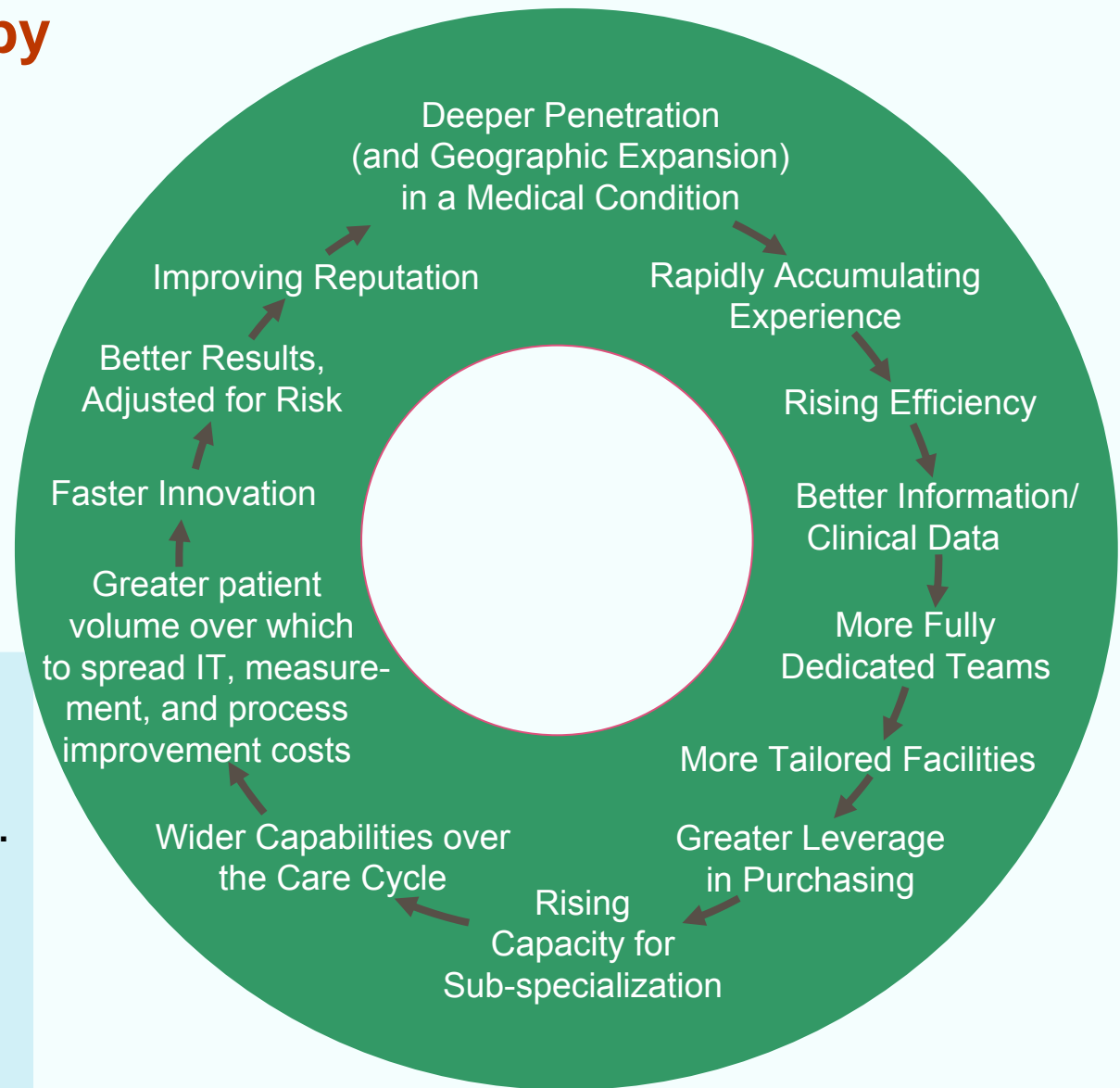
3. Measure results at the level at which value is created for patients.

4. Align reimbursement with restructured delivery and value.

**A “medical condition” is a set of interrelated medical circumstances that are best cared for in an integrated way.**

**(So, diabetes with hypertension IS a medical condition; four co-occurring chronic diseases may be “a medical condition.” CABG surgery is a procedure, NOT a condition.)**

# Integrated Practice Units drive improvement by driving learning at the medical condition level.



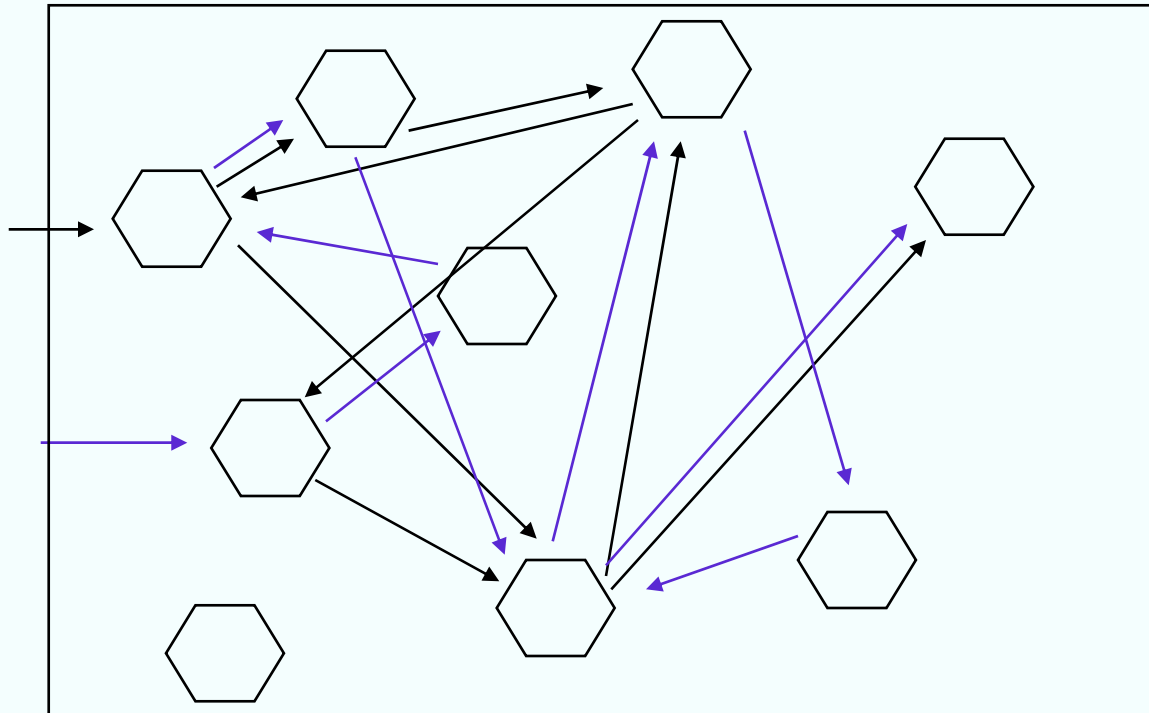
**This provides better coordination than today's "systems."**

**Communication improves dramatically – with or without IT.**

**Broad expertise develops over the care cycle for the patient.**

**Care, practices and research improve rapidly.**

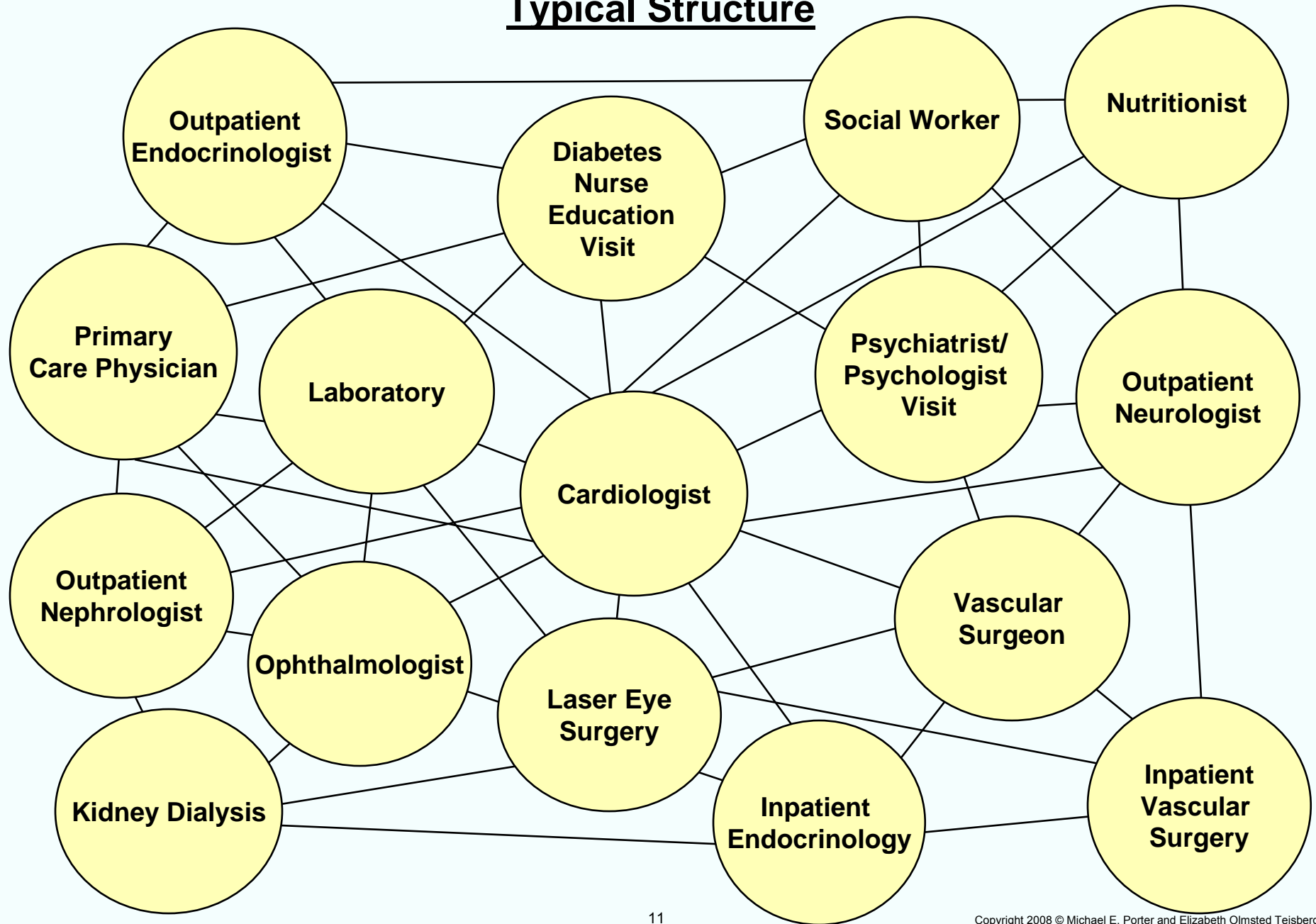
**Today, most “integrated” care is not a team, but a collection of fragmented services.**



**The care differs, the judgments on which it is based differs, the outcomes differ... and the clinicians never really know the team’s results, or to what they should compare. They work hard, care a lot, and assume they’ve done very well.**

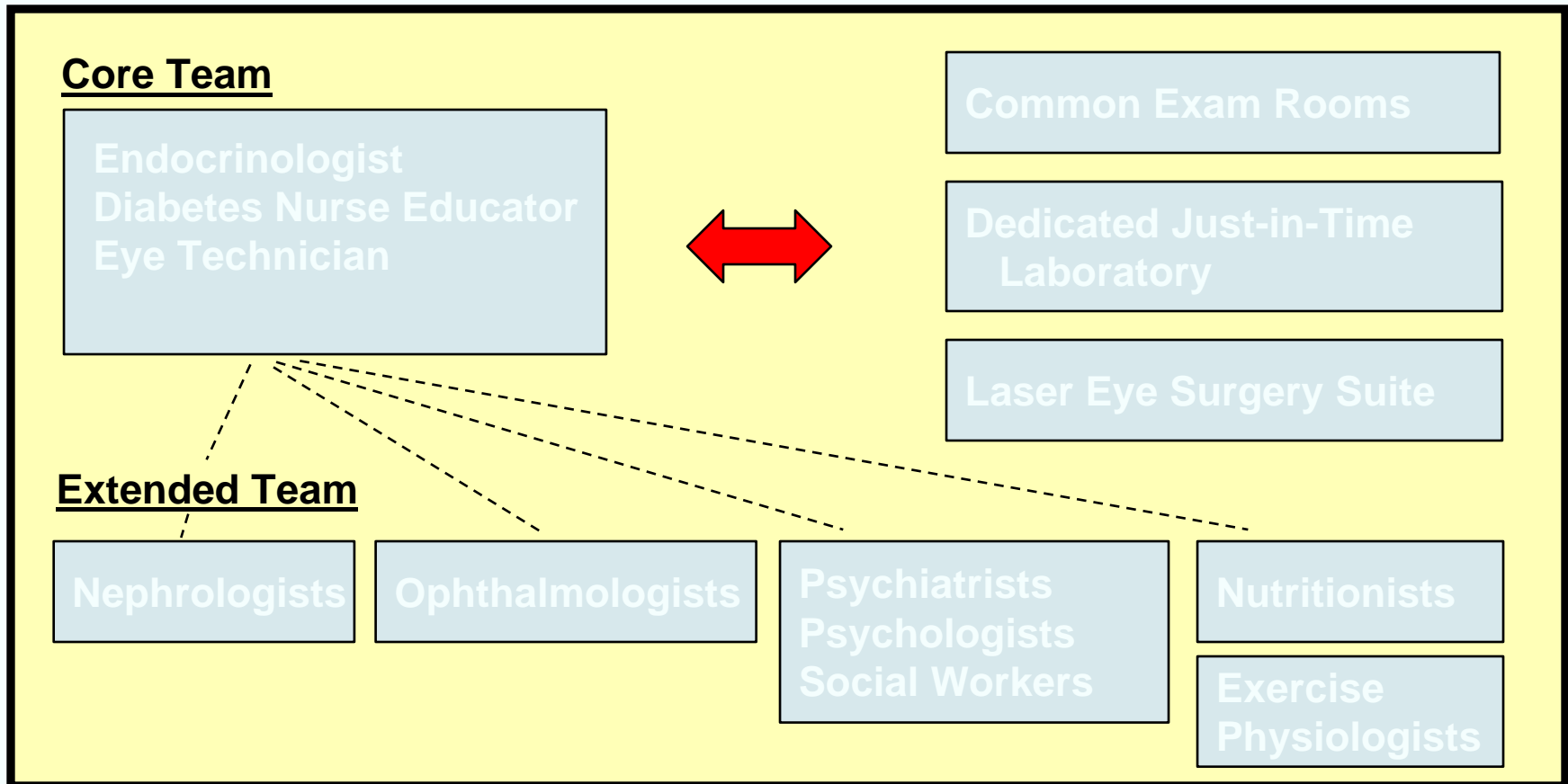
**But data show...most have not done “very well.”**

# Diabetes Care Typical Structure



# Integrated Diabetes Care

## Joslin Diabetes Center



### Acute Complications

Hyperglycemia  
Hypoglycemia

### Long-Term Complications

Cardiovascular Disease  
Cardiologist

Neuropathy  
Vascular Surgeon  
Neurologist

End Stage Renal Disease

# Guideposts for dramatic & ongoing improvements:

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Value-based Restructuring of Delivery

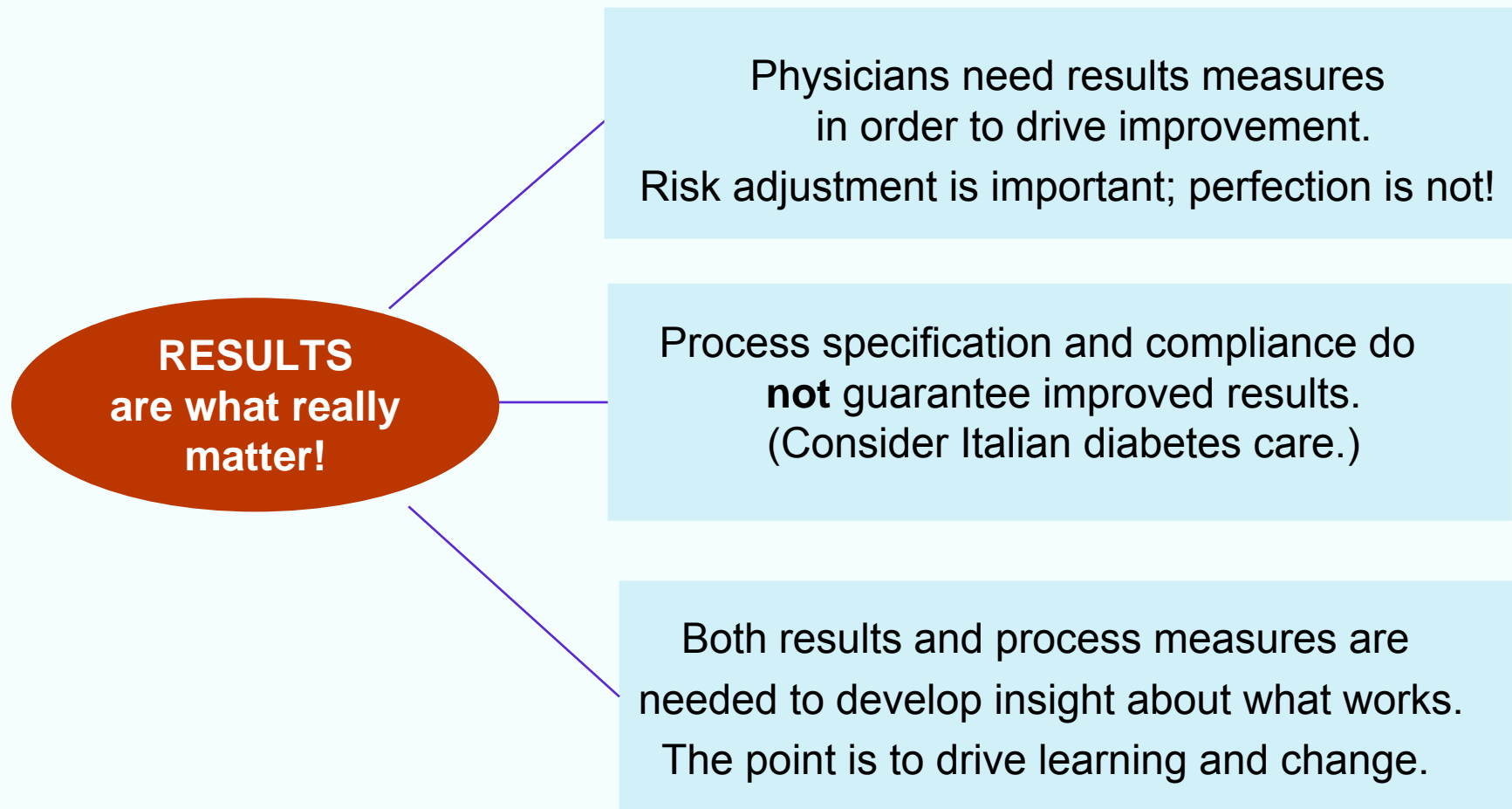
3. Measure results at the level at which value is created for patients.

Results-driven Improvement

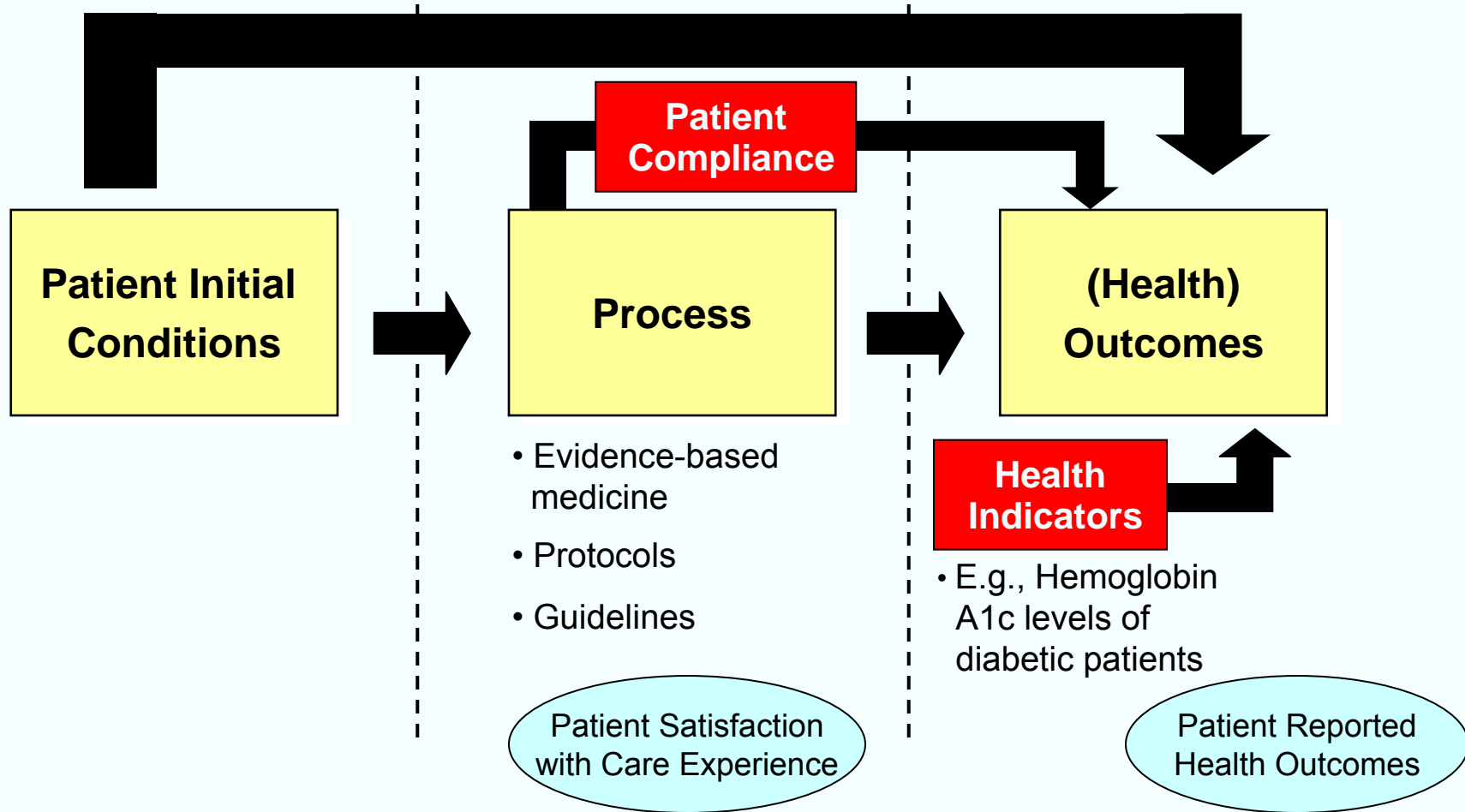
*Drive learning!*

4. Align reimbursement with restructured delivery and value.

# Widely available information on results drives improvement in outcomes for patients.

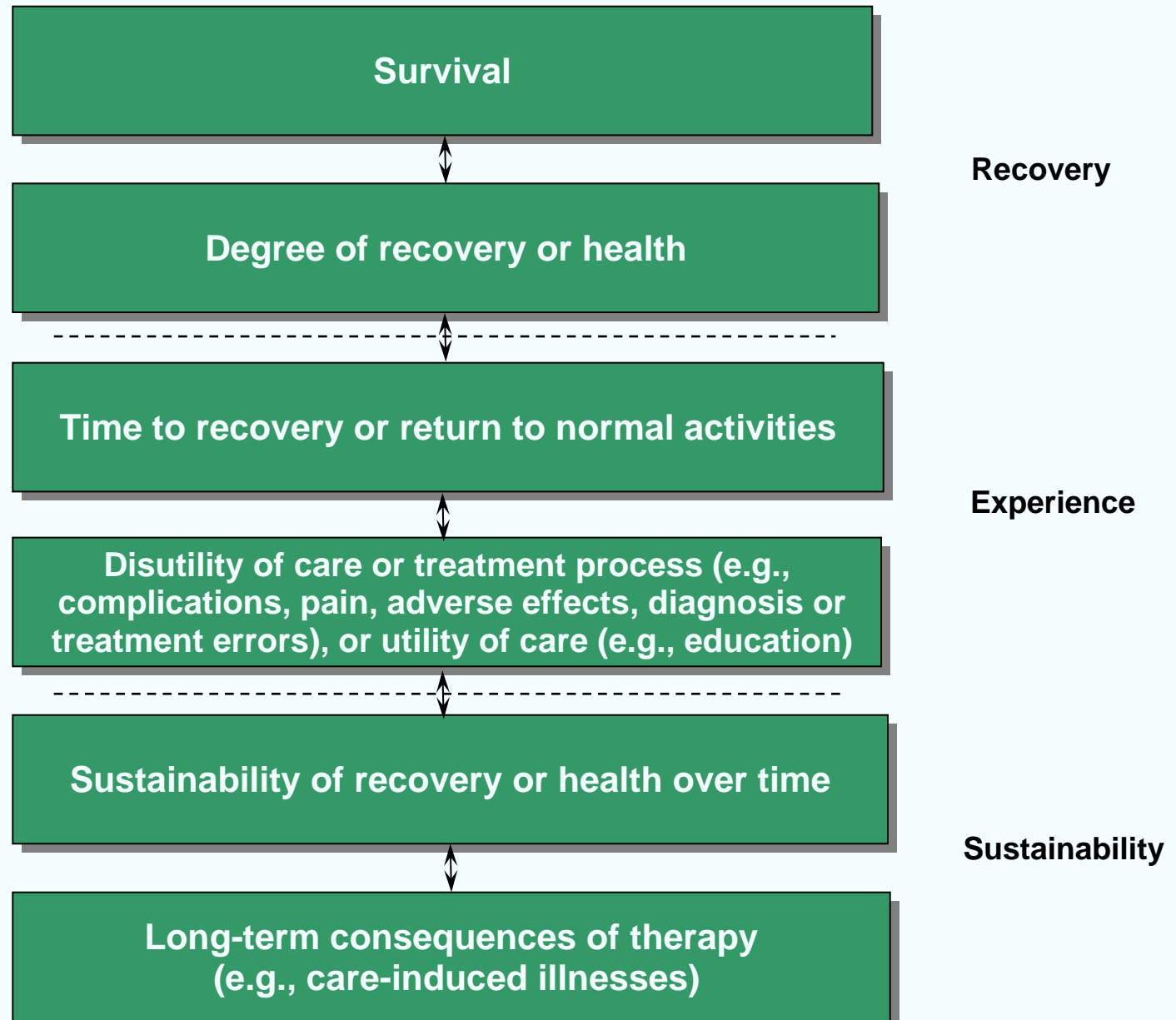


# Measuring Value



# Measuring Results

There are Multiple Outcome Measures for every condition.



# Guideposts for dramatic & ongoing improvements:

1. Redefine the goal as increasing value for patients.
  - Patient- and Family-Centered Care
  
2. Redesign delivery around full care cycles for medical conditions.
  - Value-based Restructuring of Delivery
  
3. Measure results at the level at which value is created for patients.
  - Results-driven Improvement
  - Drive learning!*
  
4. Align reimbursement with restructured delivery and value.
  - Team-Based Reimbursement

# Health plans, employers and clinicians will benefit by changing to team reimbursement.

**Reimbursement** should be aligned with **value** and reward **innovation**.

- Reimbursement for **care cycles**, not discrete treatments or services
- Reimbursement for **prevention and screening**, not just treatment
- Reimbursement for **overall management of chronic condition**
- Most DRG systems are **too narrow**

## Share the gains of value improvement.

## Guidance for dramatic & ongoing improvements:

1. D

F

*We don't do it that way!*

2. F

V

*Me First?*

3. M

F

L

*What!? Measures?*

4. A

T

*Show me the ROI!*

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## **New cases and workshops to enable transformation in care delivery organizations, health plans and employers:**

- Improving value in a community hospital system
- Developing integrated care for cancer
- Coordinating and integrating chronic care for diabetes
- Integrating care for multiple chronic diseases in elderly patients
- Defining a “medical condition”
- Developing integrated practice units
- Developing outcome measurements
- Improving HIV care in a developing economy
- Defining strategy to drive improved value
- Geographic expansion
- Health plan initiatives
- Employer initiatives

**This requires a shift at the Strategic level.**