The Strategy to Transform Health Care and The Role of Outcomes

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OECD Policy Forum
People at the Center: The Future of Health
Paris, France
www.isc.hbs.edu
January 16, 2017
The Health Care Problem is a Global Issue
Health Care Spending vs GDP and Income

Notes: Indexes based on local currencies; Income = Personal Disposable Income; HC expenditures as % of GDP are OECD estimates
Source: Economist Intelligence Unit May 2014, BCG analysis
Variation in Quality Within and Across Countries

- **2x** Variation in 30-day mortality rate from heart attack in US hospitals
- **4x** Variation in bypass surgery mortality in the UK hospitals
- **5x** Variation of major obstetrical complications among US hospitals
- **9x** Variation in Dutch hospitals' complication rates from radical prostatectomies in the Dutch hospitals
- **18x** Variation in reoperation rates after hip surgery in German hospitals
- **20x** Variation in mortality after colon cancer surgery in Swedish hospitals

Variation is pervasive across conditions and all types of outcomes wherever systematic data is available
Incremental “Solutions” Have Had Limited Impact

- Prior authorization for expensive services
- Patient copayments and deductions
- Electronic medical records
- Evidence-based medicine
- Safety/eliminating errors
- Introducing “lean” process improvements
- Care coordinators
- Retail and urgent care clinics
- Programs to address generic high cost areas  
  (e.g. readmissions, post acute)
- Mergers and consolidation

- **Restructuring health care delivery** is necessary, not incremental improvements
Solving the Health Care Problem

• The fundamental **goal and purpose** of health care is to improve **value for patients**

\[
\text{Value} = \frac{\text{Health outcomes that matter to patients}}{\text{Costs of delivering these outcomes}}
\]

• Delivering high value health care is the **definition of success**

• Value is the only goal that can **unite the interests** of system participants

• Improving value is the **only real solution**

• The question is how to design health care delivery systems and organizations that **substantially improve patient value**
Principles of Value-Based Health Care Delivery

• Value **cannot be understood** at the level of a hospital, specialty, intervention, or for overall primary care

• Value is created in caring for a patient’s **medical condition** over the **full cycle of care**

\[
\text{Value} = \frac{\text{Set of outcomes that matter to patients for the condition}}{\text{Total costs of delivering them over the full care cycle}}
\]

• In **primary and preventive care**, value is created in serving **segments of patients** with similar primary and preventive needs

• The most powerful single lever for reducing cost and improving value is **improving outcomes**
Creating Value-Based Health Care Delivery

The Strategic Agenda

1. Re-organize Care around Patient Conditions, into **Integrated Practice Units**
   - For primary and preventive care, IPUs serve **distinct patient segments**

2. Measure **Outcomes** and **Costs** for Every Patient

3. Move to Value-Based Reimbursement Models, and Ultimately **Bundled Payments** for Conditions

4. Integrate Multi-Site Care Delivery **Systems**

5. Expand or Affiliate **Across Geography** to Drive Excellence

6. Build an Enabling **Information Technology Platform**
The Power of Outcome Measurement in Value-Based Health Care

• Outcomes are the most important information for patients

• Outcomes define success for every clinician and health care organization

• Outcomes drive multidisciplinary care and care innovation

• Outcomes are essential components of any value-based payment model

• Outcomes validate cost reduction that is truly value-enhancing

• Outcomes validate the areas for service line growth and affiliation
The Quality Measurement Landscape

- **Patient Initial Conditions, Risk Factors**
  - **Patient Experience, Engagement, and Adherence**
  - **Processes**
    - Protocols/Guidelines
  - **Structure**
    - E.g., Staff certification, facilities standards
  - **Indicators**
    - E.g. PSA, Gleason score, surgical margin
  - **Outcomes**
The Outcome Measures Hierarchy

Tier 1
Health Status
Achieved or Retained

Tier 2
Process of Recovery

Tier 3
Sustainability of Health

Survival

Degree of health/recovery

Time to recovery and return to normal activities

Disutility of the care or treatment process (e.g., diagnostic errors and ineffective care, treatment-related discomfort, complications, or adverse effects, treatment errors and their consequences in terms of additional treatment)

Sustainability of health/recovery and nature of recurrences

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

• Achieved clinical status
• Achieved functional status
• Time to diagnosis and treatment
• Time to return home
• Time to return to normal activities
• Care-related pain/discomfort
• Complications
• Re-intervention/readmission
• Long-term clinical status
• Long-term functional status

Source: NEJM Dec 2010
Measuring Multiple Outcomes
Prostate Cancer Care in Germany

5 year disease specific survival

- Average hospital: 94%
- Best hospital: 95%

Source: ICHOM
Measuring Multiple Outcomes
Prostate Cancer Care in Germany

- **5 year disease specific survival**
  - Average hospital: 94%
  - Best hospital: 95%

- **Severe erectile dysfunction after one year**
  - Average hospital: 75.5%
  - Best hospital: 17.4%

- **Incontinence after one year**
  - Average hospital: 43.3%
  - Best hospital: 9.2%

Source: ICHOM
Our mission:
Unlock the potential of value-based health care by defining global Standard Sets of outcome measures that really matter to patients for the most relevant medical conditions, and driving adoption and reporting of these measures worldwide.
# Standardizing Minimum Outcome Sets

## ICHOM Standard Sets

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* Published Thus Far in Peer-Reviewed Journals

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To learn more about ICHOM please visit us at [www.ichom.org](http://www.ichom.org)

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**Burden of Disease Covered**

- **18%**
- **35%**
- **45%**
- **59%**
Global Demand to Compare Outcomes is Accelerating
Transforming Health Care

• We **know the path** forward

• **Value for patients** is the True North

• **Value-based thinking** will revolutionize care delivery, payment, and strategy for health systems

• **Standardized outcome measurement** is the single most powerful driver

• **ICHOM is honored to partner with the OECD** to support health ministers in accelerating this agenda