

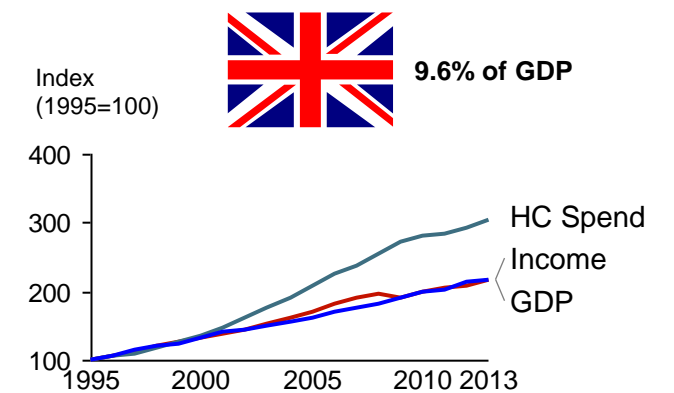
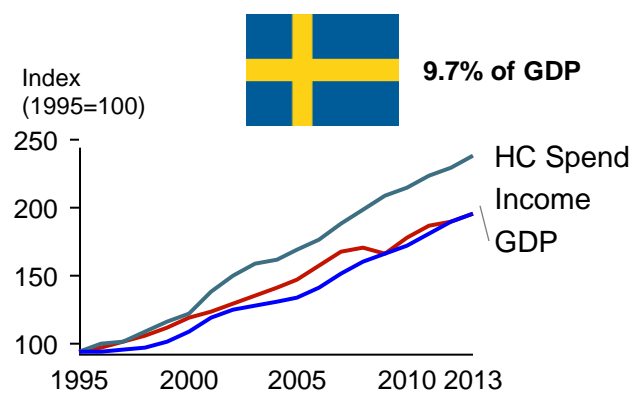
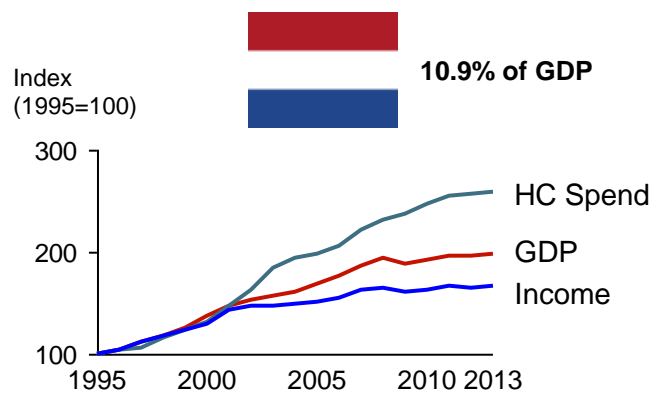
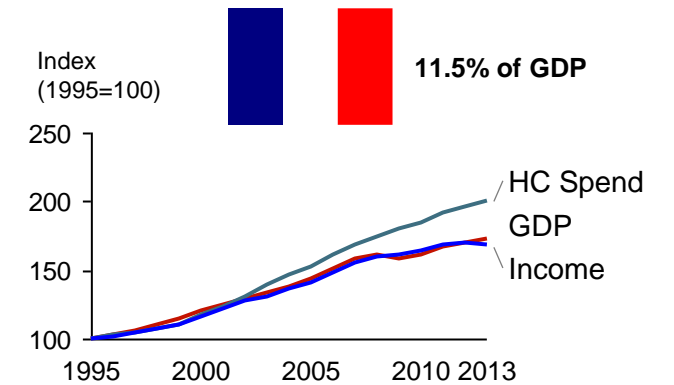
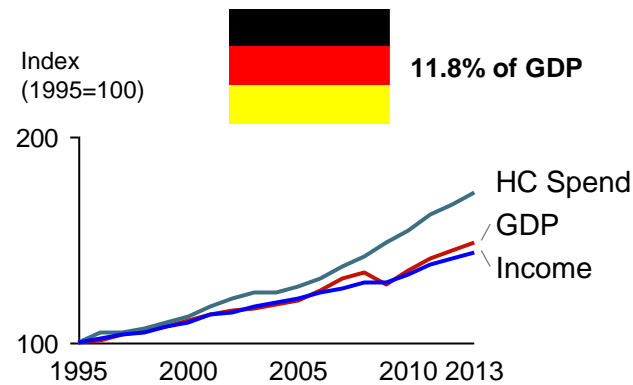
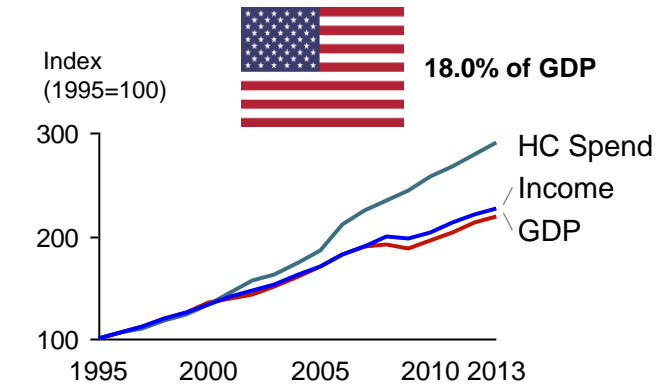


The Strategy to Transform Health Care and The Role of Outcomes

Professor Michael E. Porter
OECD Policy Forum
People at the Center: The Future of Health
Paris, France
www.isc.hbs.edu
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The Health Care Problem is a Global Issue

Health Care Spending vs GDP and Income



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

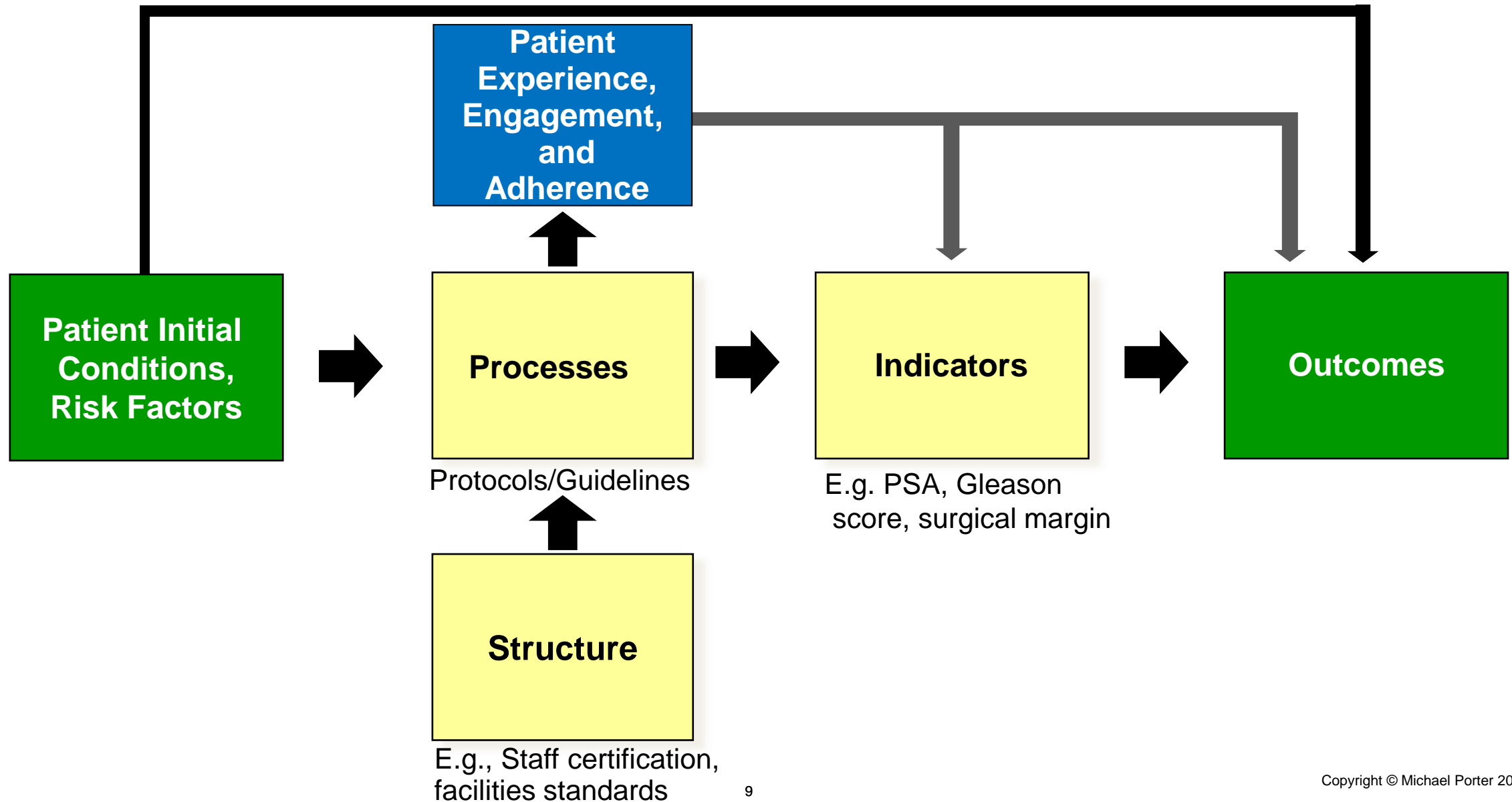
The Strategic Agenda

1. Re-organize Care around Patient Conditions, into **Integrated Practice Units**
 - For primary and preventive care, IPU's 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**

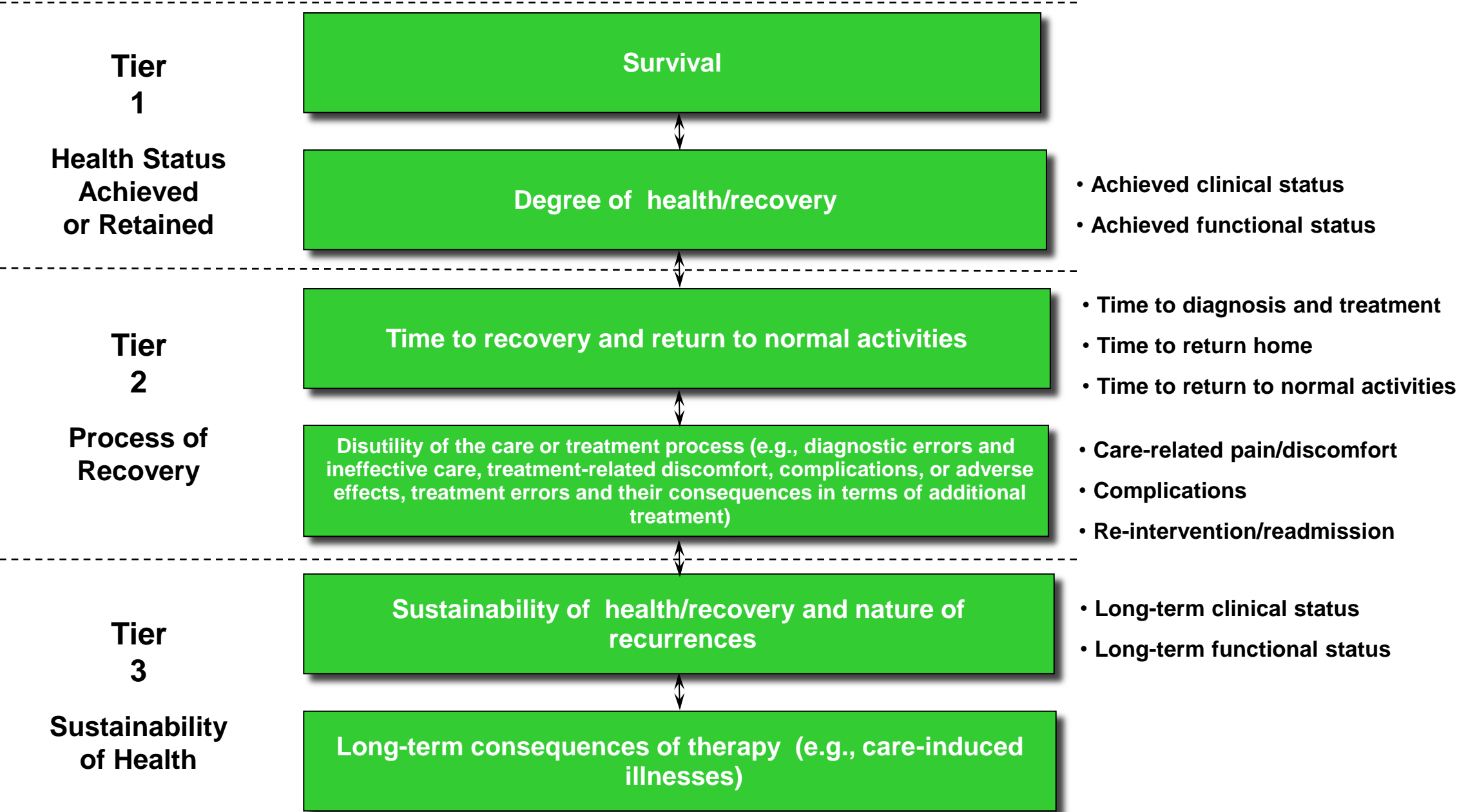
The Power of Outcome Measurement in Value-Based Health Care

- 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



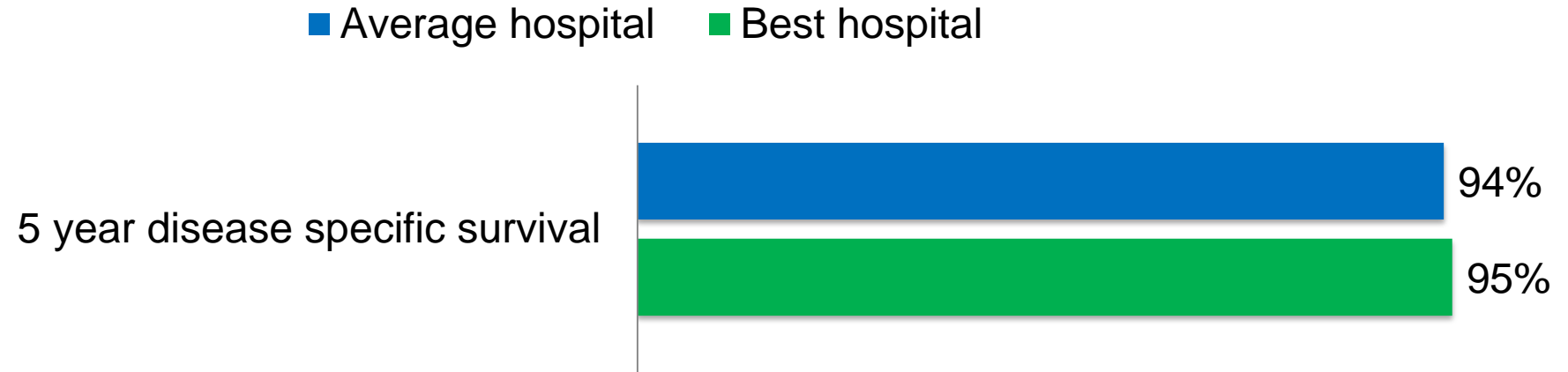
The Outcome Measures Hierarchy



Source: NEJM Dec 2010

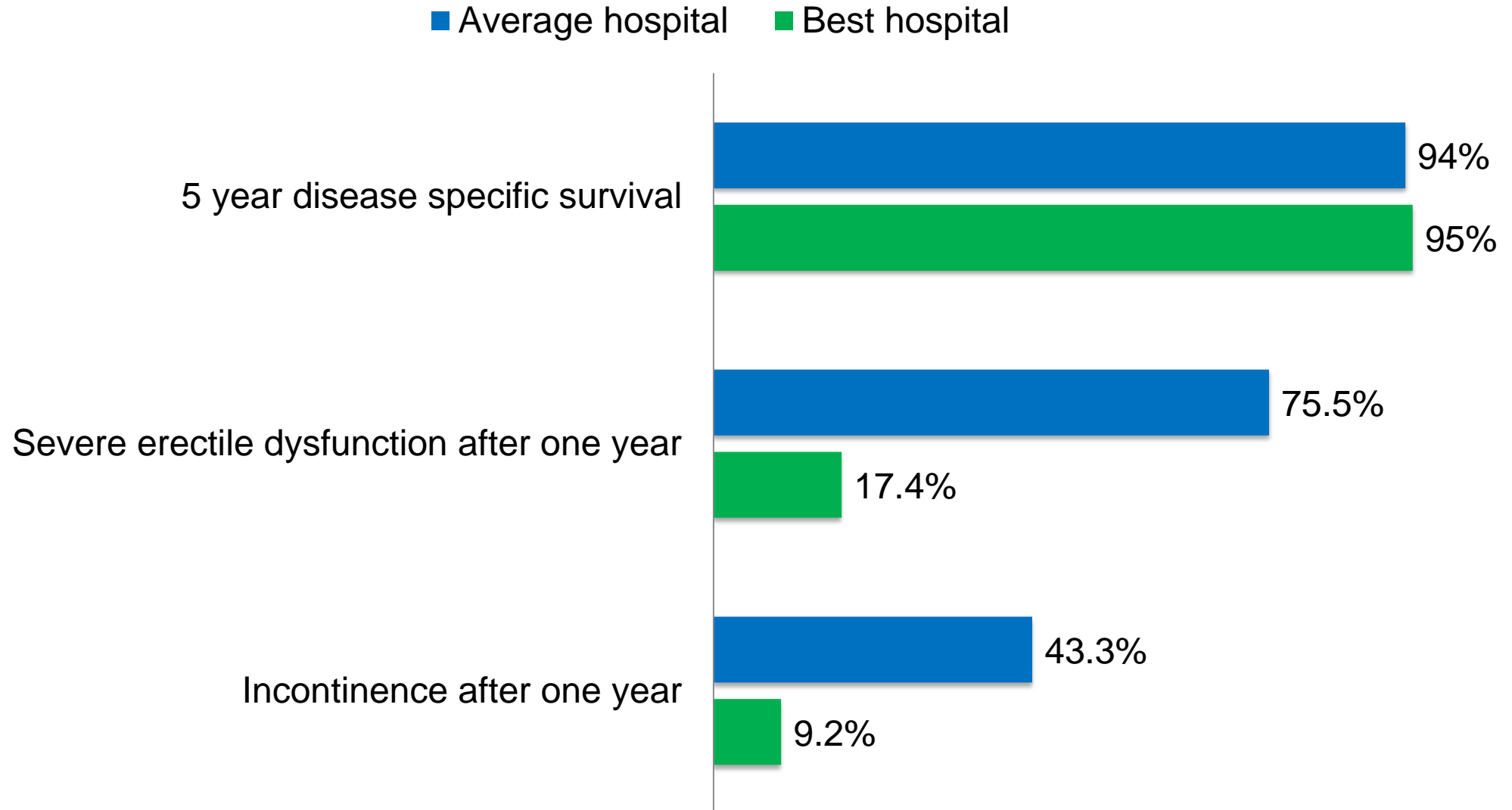
Measuring Multiple Outcomes

Prostate Cancer Care in Germany



Measuring Multiple Outcomes

Prostate Cancer Care in Germany



Source: ICHOM

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The International Consortium for Health Outcomes Measurement



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

Standard Sets Complete (2013)	Standard Sets Complete (2014)	Standard Sets Complete (2015-16)	Committed/ In Process
<ol style="list-style-type: none"> 1. Localized Prostate Cancer * 2. Lower Back Pain * 3. Coronary Artery Disease * 4. Cataracts * 	<ol style="list-style-type: none"> 5. Parkinson's Disease 6. Cleft Lip and Palate* 7. Stroke * 8. Hip and Knee Osteoarthritis* 9. Macular Degeneration* 10. Lung Cancer* 11. Depression and Anxiety 12. Advanced Prostate Cancer * 	<ol style="list-style-type: none"> 13. Breast Cancer* 14. Dementia 15. Frail Elderly 16. Heart Failure 17. Pregnancy and Childbirth 18. Colorectal Cancer 19. Overactive Bladder 20. Craniofacial Microsomia 21. Inflammatory Bowel Disease 	<ol style="list-style-type: none"> 22. Chronic Kidney Disease 23. Oral Health 24. Inflammatory Arthritis 25. Congenital Hand and Upper Limb Malformations 26. Facial Palsy 27. Hypertension* 28. Diabetes 29. Atrial Fibrillation 30. Mental Health

* Published Thus Far in Peer-Reviewed Journals

Burden of Disease Covered

18%

35%

45%


59%

To learn more about **ICHOM** please visit us at www.ichom.org

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