VALUE-BASED HEALTH CARE
WHAT IS IT AND HOW CAN WE MOVE IT FORWARD?
DRUG PRICING POLICY SUMMIT 2018

SCOTT WALLACE, ASSOC. PROF.
THE PROBLEM IN HEALTH CARE?

IT DOESN’T IMPROVE HEALTH ENOUGH
POOR HEALTH DRIVES SPENDING

LIVING IN GOOD HEALTH IS INHERENTLY LESS EXPENSIVE THAN LIVING IN POOR HEALTH
SPEND MORE OR RATION MORE

FALSE DICHOTOMY

THIRD CHOICE:
IMPROVE HEALTH CARE VALUE
△ HEALTH OUTCOMES THAT MATTER MOST TO PATIENTS

\[
\text{VALUE} = \frac{\text{COST REDUCTION}}{\text{COST OF FULL CYCLE OF CARE}}
\]

COST REDUCTION IS NECESSARY AND NOT SUFFICIENT
PAYING LESS FOR INEFFECTIVE CARE IS NOT A SOLUTION

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WHAT WILL IMPROVE HEALTH CARE VALUE IN CANADA?

ORGANIZE AROUND PATIENT SEGMENTS

MEASURE OUTCOMES THAT MATTER MOST TO PATIENTS
Redefining Care Delivery

- People with shared health needs
- Design solutions
- Measure outcomes and costs
- Integrate learning teams
- Align payments & partnerships
- Integrate & rationalize systems
- Value-to-volume
OPTIMAL STRUCTURE

ORGANIZE SERVICES AROUND HOW VALUE IS CREATED FOR CUSTOMERS
STRUCTURE OF CARE DELIVERY

ORGANIZED AROUND HOW DOCTORS TRAIN OR CARE IS COMPENSATED
USUAL DIABETES CARE PATH

OUTPATIENT ENDOCRINOLOGIST

PODIATRY

PSYCHIATRIST/PSYCHOLOGIST

SOCIAL WORKER

NUTRITIONIST

PRIMARY CARE PHYSICIAN

NURSE EDUCATION

LABORATORY

OUTPATIENT NEUROLOGIST

OUTPATIENT CARDIOLOGY

VASCULAR SURGEON

INPATIENT CARDIOLOGY

OUTPATIENT NEPHROLOGIST

OPHTHALMOLOGIST

LASER EYE SURGERY

INPATIENT ENDOCRINOLOGY

INPATIENT VASCULAR SURGERY

KIDNEY DIALYSIS

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SEGMENTS FIT CARE TO INDIVIDUALS

HOW CAN WE POSSIBLY MEET EACH INDIVIDUAL’S NEEDS?
ORGANIZING AROUND SEGMENTS

STRUCTURE CARE AROUND SHARED MEDICAL CIRCUMSTANCES AND SHARED NEEDS
SERVICE LINE DISTINCTION

SERVICE LINE: PROCEDURES AND SERVICES AGGREGATED WITHIN A SPECIALTY AREA.

SEGMENT STRUCTURE: CO-LOCATED SERVICES ADDRESSING COMPREHENSIVE NEEDS OF PATIENTS.
OUTCOME MEASUREMENT
INTERMEDIATE GOODS
PATIENT EXPERIENCE

RESPECT, DIGNITY AND SAFETY ARE THE FLOOR, NOT THE ASPIRATION

FOCUS ON THE PURPOSE OF HEALTH CARE
HOW WERE WE?

HOW ARE YOU?
WHAT DO YOU KNOW ABOUT YOUR DOCTORS’ OUTCOMES?

EVIDENCE, NOT EMINENCE ON THE OUTCOMES THAT MATTER MOST
WHAT IS QUALITY?
“Quality” is too generic requires the context of a specific set of medical circumstances.

Quality is better health outcomes given those circumstances.
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<table>
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<tr>
<td><strong>WHAT OUTCOMES MATTER?</strong></td>
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<td><strong>FIVE STAR HOTEL?</strong></td>
<td><strong>LASTING MEMORIES</strong></td>
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<td><strong>SIX FLAGS?</strong></td>
<td><strong>A WILD RIDE!</strong></td>
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<td><strong>FAVORITE PUB?</strong></td>
<td><strong>A PLACE TO HANG OUT</strong></td>
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<td><strong>YOUR HEALTH CARE?</strong></td>
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THE OUTCOMES THAT MATTER

QUALITY OF LIFE AND DIGNITY OF DEATH
HEALTH

CAPABILITY

COMFORT

CALM
CAPABILITY
Comfort
CALM
MEASURE WHAT IS RELEVANT

IS MORTALITY A RELEVANT MEASURE?

(FOR A DENTAL EXAM?)

MEASURES MUST BE SPECIFIC TO THE PATIENT’S MEDICAL CIRCUMSTANCES.
MORTALITY IN PROSTATE CANCER

<table>
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<th>Average hospital</th>
<th>Best hospital</th>
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<td>5 year disease specific survival</td>
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<td>94%</td>
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<td>95%</td>
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FUNCTIONAL OUTCOMES IN PROSTATE CANCER CARE AT MARTINI KLINIK

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

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

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

Source: ICHOM

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MEASURE AROUND MEDICALLY DEFINED PATIENT SEGMENTS

MEASURE AT INDIVIDUAL PATIENT LEVEL DURING AND AFTER CARE

RESULT IS LIMITED SET OF MEASURES
HOW DO YOU KNOW WHAT MATTERS?

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EXPERIENCE GROUP INSIGHTS

CLARIFY PATIENT SEGMENTS

DEVELOP INSIGHT ON (INVISIBLE) UNMET NEEDS

IDENTIFY MEANINGFUL METRICS

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GUIDING A NATIONAL EFFORT TO IMPROVE VALUE

REORGANIZE AROUND MEDICALLY-DEFINED PATIENT SEGMENTS

LEARN WHAT OUTCOMES MATTER MOST TO PATIENTS

MEASURE WHAT IS MEANINGFUL

SET THE DIRECTION AND FOSTER LOCAL INITIATIVE
Upcoming Executive Education Programs

Implementing High-Value Health Care
March 20 – 21, 2019, Austin, TX

Measuring What Matters
May 6 – 7, 2019, Austin, TX

Value to Volume: Transforming Health Care at Scale
June 20 – 21, 2019, Austin, TX

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- Interdisciplinary curriculum with faculty from across UT
MORE THAN ANYTHING ELSE — MORE THAN FAME OR WEALTH OR EVEN HAPPINESS — I JUST WANTED TO BE GREAT.

-BRUCE SPRINGSTEEN

THANK YOU

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VALUE INSTITUTE FOR HEALTH AND CARE
DELL MEDICAL SCHOOL AND MCCOMBS SCHOOL OF BUSINESS
UNIVERSITY OF TEXAS AT AUSTIN
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