

# A Strategic Framework for Fixing Health Care

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# Learning Objectives

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At the end of this lecture, attendees should be able to:

1. Describe the rationale for using “value” from the perspective of patients as the overarching strategic goal for health care providers.
2. Describe the six components of Porter/Lee’s strategic framework for improvement of value of care.
3. Describe Max Weber’s four models for social action, and discuss how they are relevant to engagement of clinicians in improvement of care.
4. Describe the potential use of transparency as a driver of improvement in performance.

# A Moment of Discontinuity Has Arrived

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- The health care system is under duress – throughout the world
- Irresistible drivers of change include:
  - Medical progress
  - Aging population
  - Global economy
- Challenges for providers and patients:
  - Too many people involved, too much to do, no one with all the information, no one with full accountability
  - Result: Chaos → gaps in quality and safety, inefficiency

# Health Care Reform Unfolds in Three Phases

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1. Insurance reform – Who gets covered, where the money comes from
2. Payment reform – How that money is paid to providers
3. Delivery system reform – How the care is delivered

*The Affordable Care Act was Phase 1.*

*Phases 2 and 3 are now getting underway, creating turmoil and stress.*

*Boards, leadership, and front-line clinicians are stepping back to examine what they do, and how they do it.*

# The Strategy That Will Fix Health Care

HBR.ORG

# Harvard Business Review



OCTOBER 2013  
REPRINT R1310B

**THE BIG IDEA**

## The Strategy That Will Fix Health Care

**Providers must lead the way in making value  
the overarching goal** by *Michael E. Porter  
and Thomas H. Lee*

# Focus on Value Addresses Provider Success Factors

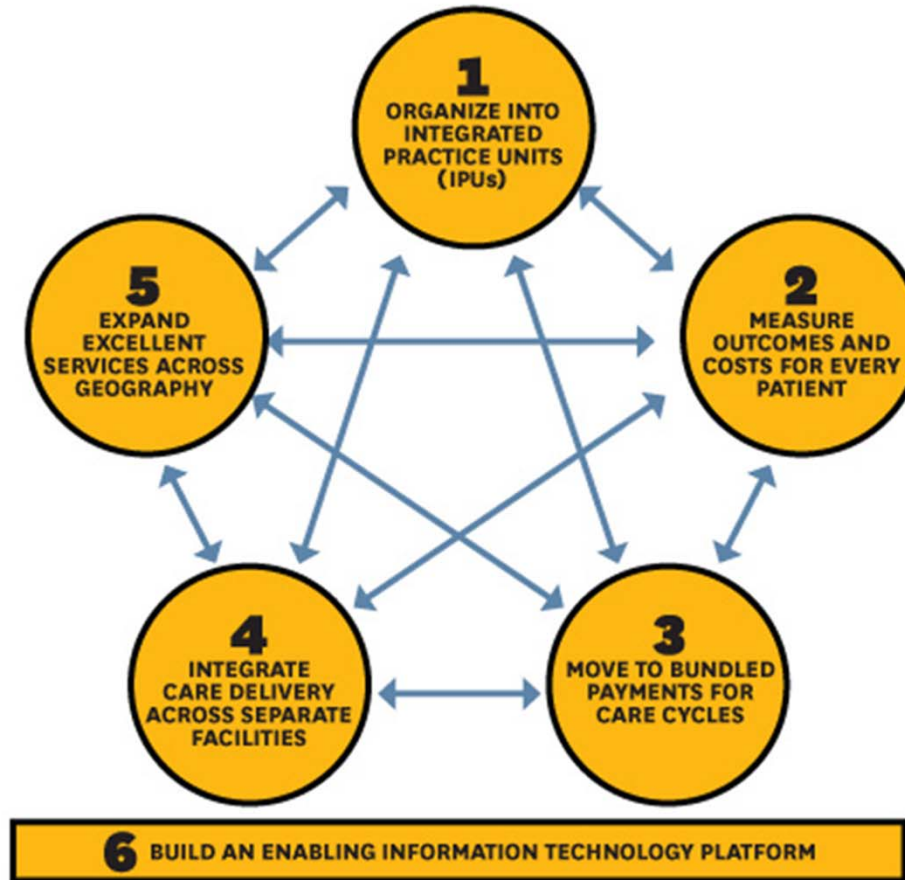
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- We will probably live with mixed payment models forever.
  - *We need strategies that transcend payment model*
- Improvement of value (outcomes/experience vs costs) is robust strategy for all four of the major provider levers for success
  1. What we get paid
  2. What it costs us
  3. Market share of patients
  4. Market share of personnel

# A Six Component Framework

## THE VALUE-BASED SYSTEM

The strategic agenda for moving to a high-value delivery system has six interdependent elements.



SOURCE MICHAEL E. PORTER

HBR.ORG

# 1. IPU — Real Teams v. Pick-up Teams

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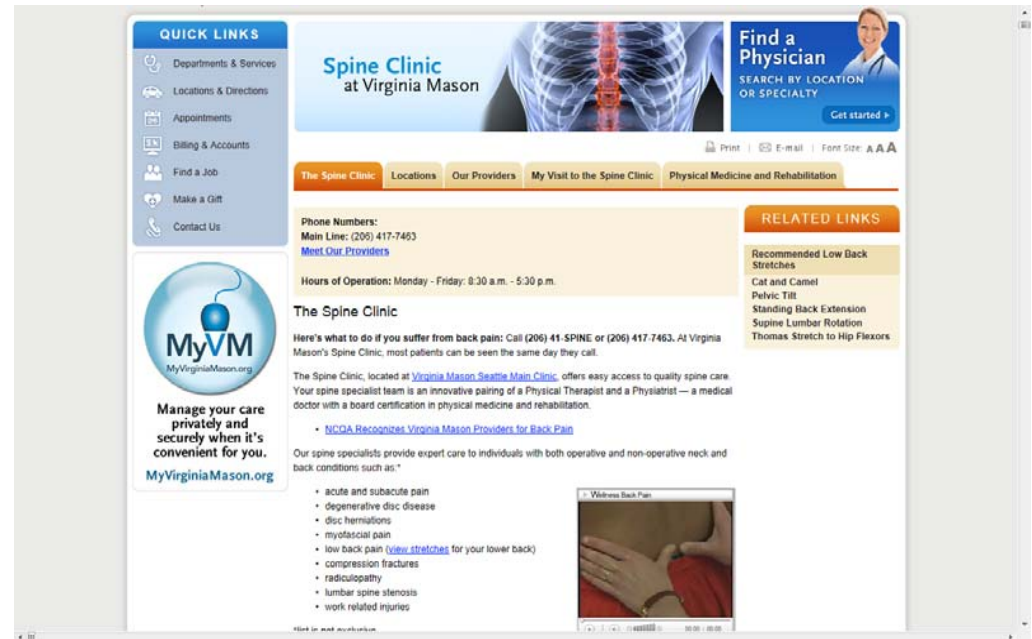
- Traditional management structure aimed at optimizing efficiency of use of resources (e.g., Hospital beds, MD time)
- Need: *Real* teams focused on improvement of outcomes/efficiency for segments of patients
  - Actionable: Patients with similar shared needs, so that teams can meet most of them
  - Holistic care for patient segments with shared needs
    - Not focused factories
  - Focus: Full cycle of care
  - Personnel: Multidisciplinary, meet regularly, co-located
  - Data: Outcomes and costs



# IPU Example: Virginia Mason Spine Clinic

## Key features

1. One phone number
2. Same-day visits
3. MD physiatrist and physical therapist see patient as team
4. PT often started first day
5. Lower costs, radiology testing, time lost from work
6. More patients seen in same physical space



# Outcomes – Where the Puck Is Going...

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- Outcomes that matter to patients
  - Patient Reported Outcomes Measurement (PROMs) for clinically-defined subsets (e.g., prostate cancer, total knee replacement, etc.)
  - “Peace of mind”
    - *“Likelihood to recommend” is not driven by food or parking, but by **confidence in clinicians, coordination of care, and demonstration of concern** for patients’ worries.*
- Much more data obtained through E-surveys
  - So patient experience/outcomes become like a vital sign
  - Data obtained throughout episode of care, not just at the end
  - Data used for improvement (note Campbell’s Law)

# 3. Bundled Payments

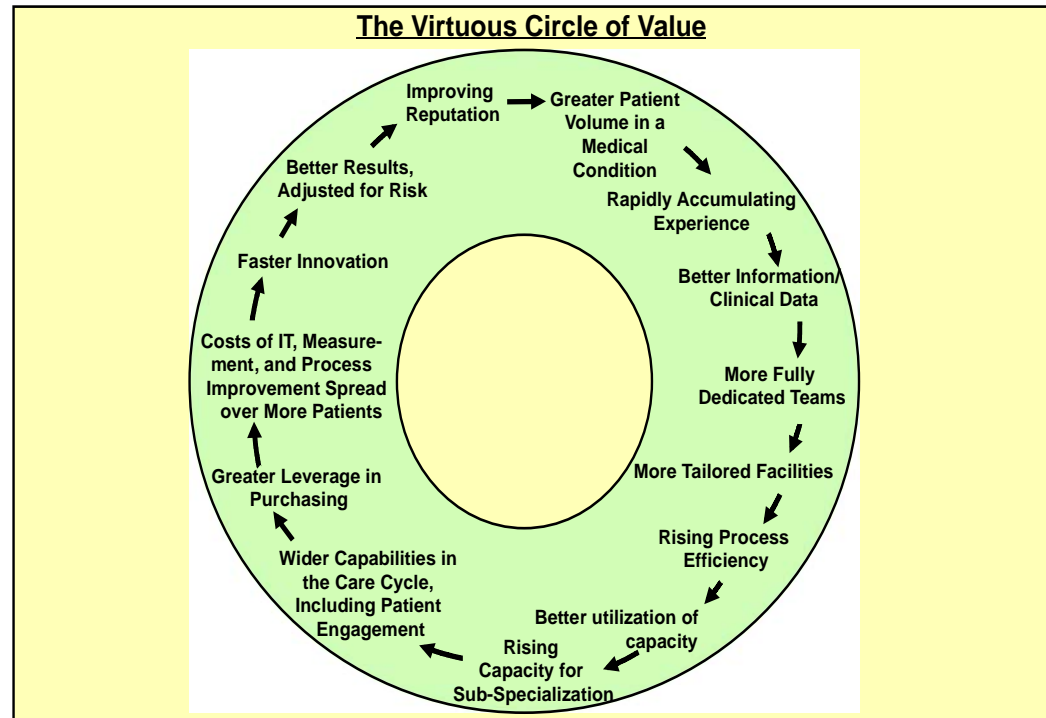
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- Neither fee-for-service nor capitation directly drive improvement of value (which is the only robust strategy across payment models)
- Bundled Payments seem complex – but it is actually the provider organization that is complicated
- Bundled payments are spreading, and early adopters have been rewarded with market share.
  - Examples:
    - Transplant programs
    - Walmart cardiac and spine surgery programs

# Virtuous Cycle Driven by Increased Volume

- Bundled payments combined with excellent outcomes and positive patient experience leads to more market share, which leads to ability to cultivate more effective teams, which leads to better outcomes and efficiency, etc.

## Volume in a Medical Condition Enables Value



- Volume and experience will have an even greater impact on value **in an IPU structure** than in the current system

2012.03.26 VBHCD Core Concepts

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Porter/Teisberg, Redesigning Healthcare (HBS Press, 2006)



# An Example of What Is Possible

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## ■ **London Stroke Initiative**

- 2006 data demonstrated higher than expected stroke mortality
- 2008 report recommended reducing number of hospitals delivering acute stroke care from 34 to 8
- Mortality fell 30%
- Costs fell 6%
- Volume increased at stroke centers
- Full time teams in place delivered terrific care
- Physicians and others gave up turf in the interest of patients

# Strategic Components 4-6

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## 4. Integrate care across system

- Consolidate care where it can be done at highest value
- Be willing to stop delivering care at sites if it can be done at higher value elsewhere

## 5. Grow excellent IPUs

- Regional spread of satellites
- Deep affiliations

## 6. Enabling information technology

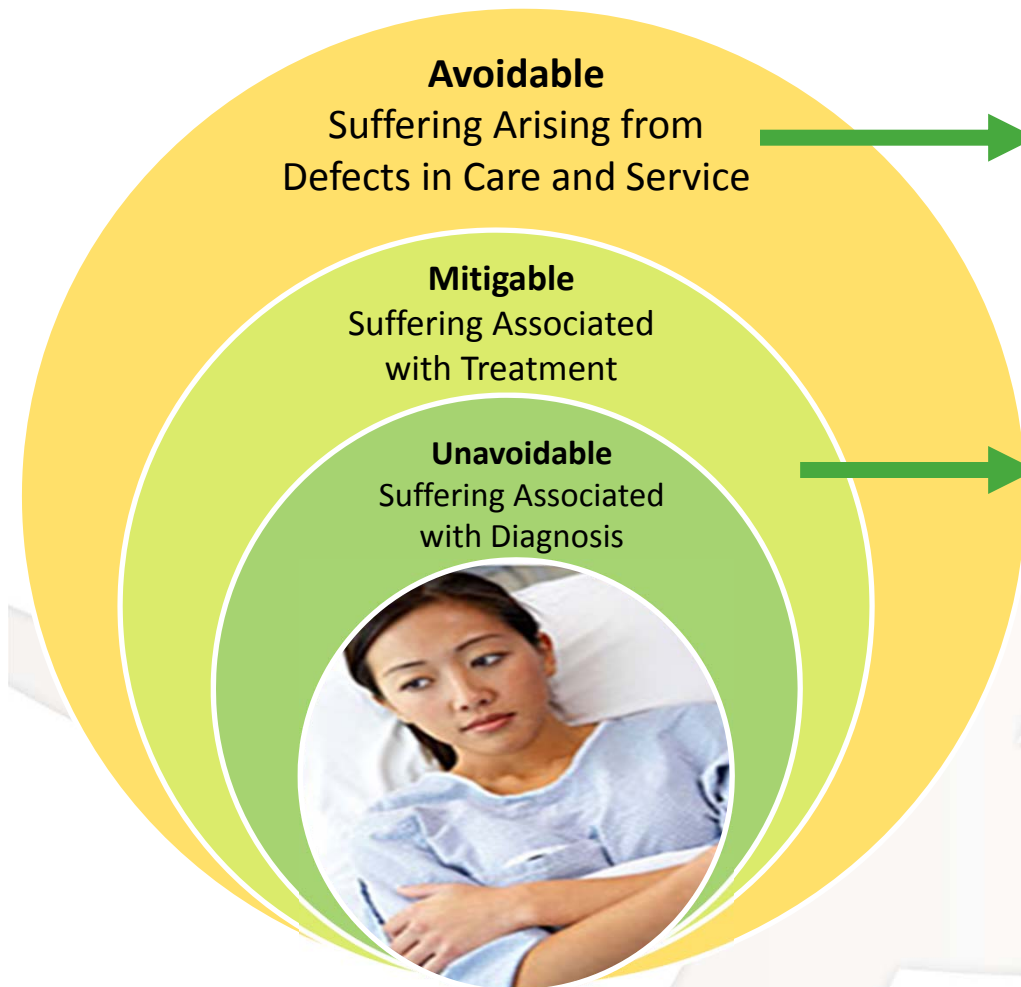
# Max Weber's Four Models for Social Action

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1. Tradition – e.g., Mayo Dress Code
2. Self-interest – e.g., Performance bonuses
3. Affection – e.g., Peer pressure
4. Shared purpose – e.g., Reducing suffering

- ***We need to press all four levers.***
- ***But the first lever that must be pressed is creation of Shared Purpose.***
- ***In isolation, any of the other three levers is ineffective or potentially perverse.***
- ***But in pursuit of a shared purpose, all three other levers can be embraced.***

# Suffering as a Focus



## OUR GOAL: **DO NOT create** this suffering for patients.

- Provide evidence-based care.
- Prevent complications and errors.
- Reduce wait, show respect and value for the individual, ensure coordinated communication, demonstrate cooperation among staff.

## OUR GOAL: **Mitigate** this suffering.

- Address symptoms, improve functioning, seek to cure, reduce pain and discomfort.
- Reduce anxiety and fear, educate and inform.
- Minimize the extent to which medical care disrupts normal life to the greatest extent possible.
- Provide distractions from the medical setting that provide respite to the anxious patient.



# Transparency: Screen Shot From University of Utah Find-a-Doctor Site

Gastrointestinal Tract  
Surgery



Languages

- English

Responses are measured on a scale of 1 to 5 with 5 being the best score.

Likelihood of recommending doctor 4.9 ★★★★★	Doctor spoke using clear language 4.8 ★★★★★	Doctor's explanation of condition/problem 4.8 ★★★★★
My confidence in doctor 4.9 ★★★★★	Doctor's effort to include me in decisions 4.8 ★★★★★	Wait time at clinic 4.4 ★★★★★☆
Time doctor spent with me 4.8 ★★★★★	Doctor's concern for questions & worries 4.8 ★★★★★	Doctor's friendliness and courtesy 4.9 ★★★★★

## Patient Comments

Patient comments are gathered from our Press Ganey Patient Satisfaction Survey and displayed in their entirety. Patients are de-identified for confidentiality and patient privacy.

**UofU Patient** February 24, 2014

Dr. Glasgow and his nurse were very thorough in their explanations of the surgical procedure and follow-up care. They both made sure that I understood everything very clearly. I placed a phone call to the nurse a few days ago and she responded within 15 minutes to answer a few more questions. All in all, I have very, very comfortable with my decision to proceed with the surgery.

**UofU Patient** February 07, 2014

one of the best Dr. and staff I have worked with as a patient

**UofU Patient** January 30, 2014

I felt fortunate that Dr. Glasgow was recommended and would recommend him to anyone who needed a surgeon

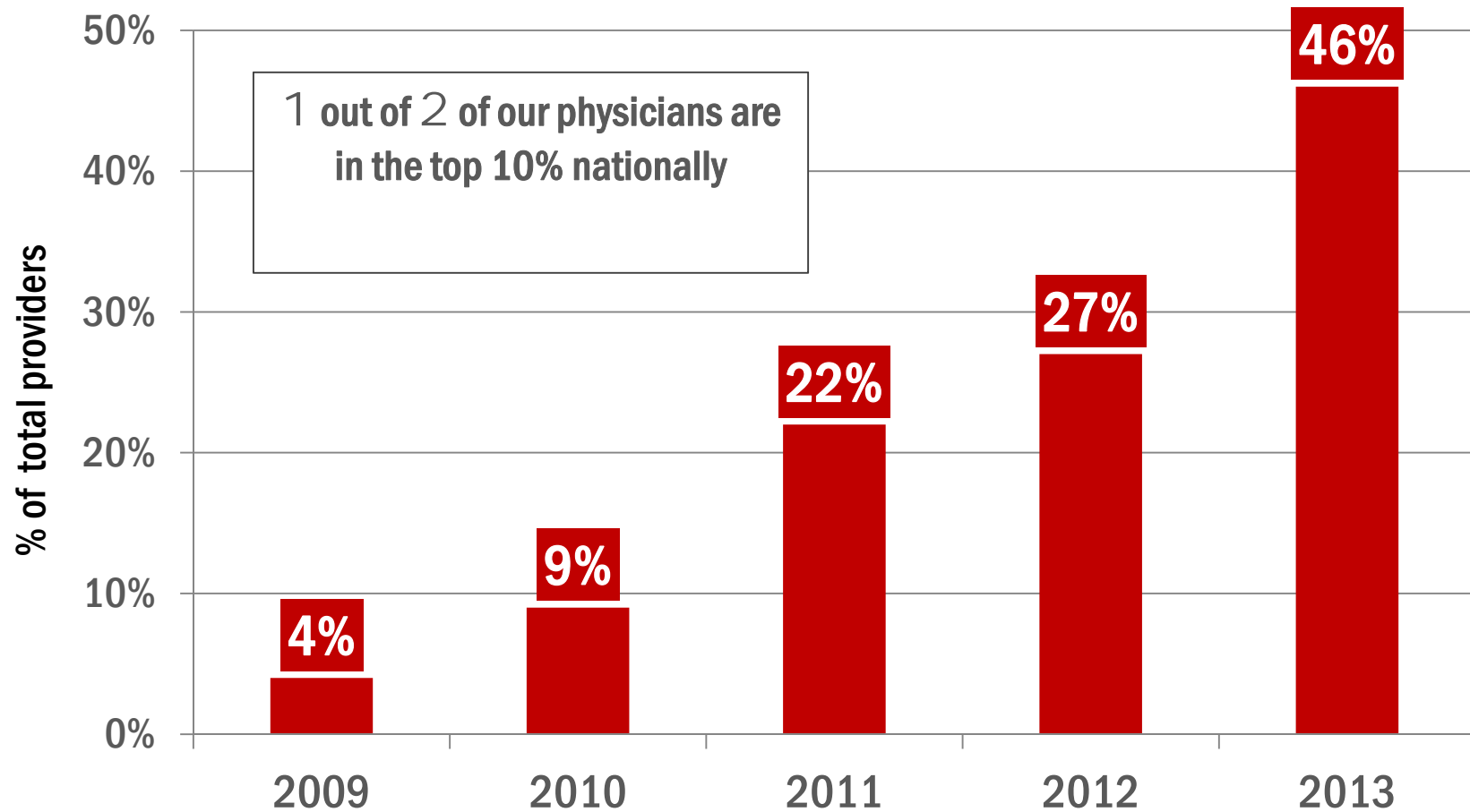
**UofU Patient** January 05, 2014

Rob Glasgow is a fine surgeon and has a great bedside manner.

**UofU Patient** December 27, 2013

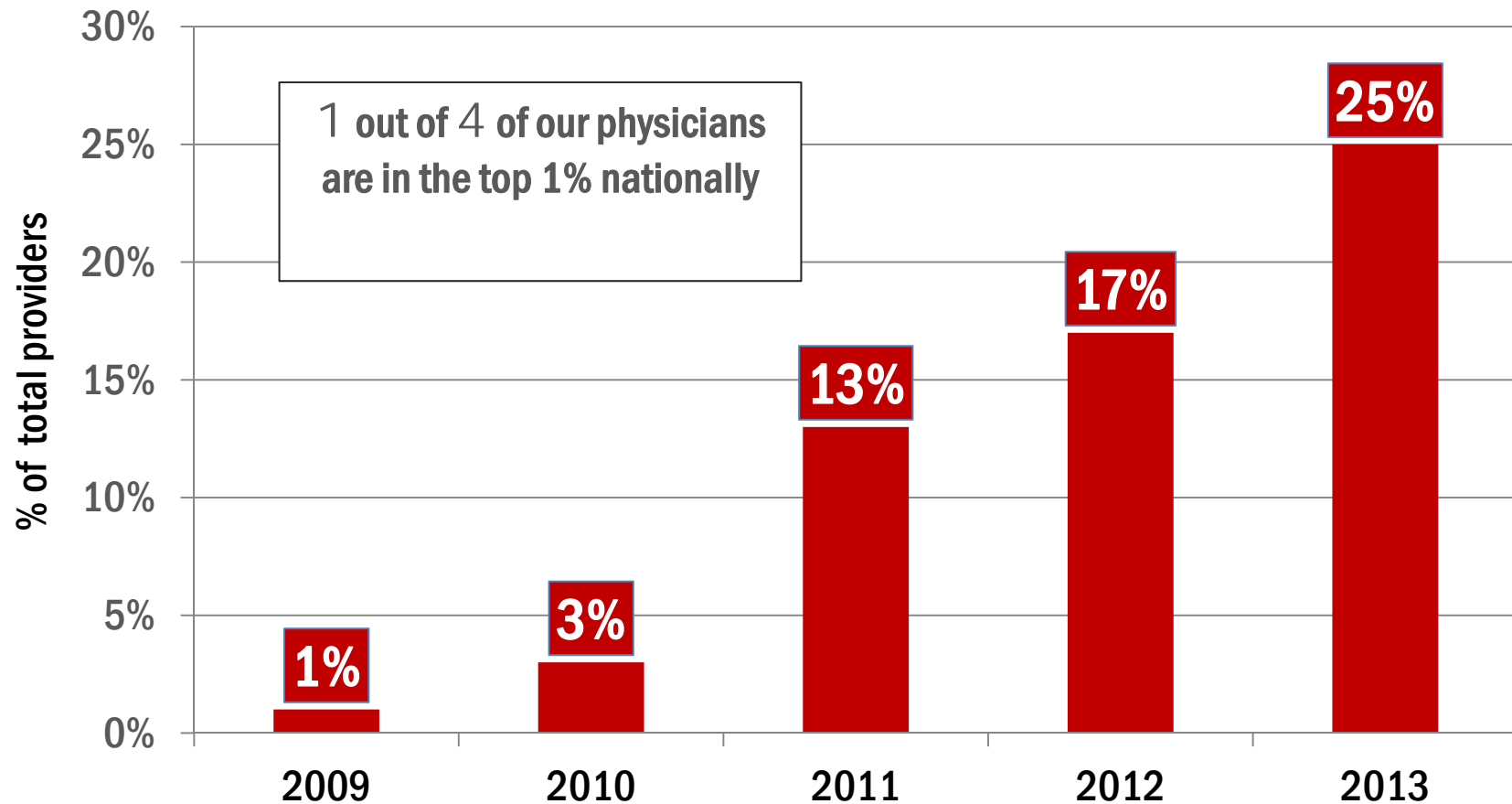
Dr Glasgow is great!

# Exceptional Patient Experience



Medical Practice Survey – providers must have n=30 returned in calendar year  
National Rank – compared against the Press Ganey National Database: 128,705 physicians

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# Conclusions

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- We are headed toward a better healthcare system
- One organized around meeting the needs of patients
- We actually know what to do
- It will take real leadership
- Organizations that move forward sooner will be rewarded with market share and pride in their care.