

# Value-Based Mental Health Care Delivery

Professor Michael E. Porter  
Harvard Business School  
Institute for Strategy and Competitiveness  
[www.isc.hbs.edu](http://www.isc.hbs.edu)

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This presentation draws on Redefining Health Care: Creating Value-Based Competition on Results (with Elizabeth O. Teisberg), Harvard Business School Press, May 2006; “A Strategy for Health Care Reform—Toward a Value-Based System,” *New England Journal of Medicine*, June 3, 2009; “Value-Based Health Care Delivery,” *Annals of Surgery* 248: 4, October 2008; “Defining and Introducing Value in Healthcare,” *Institute of Medicine Annual Meeting*, 2007. Additional information about these ideas, as well as case studies, can be found the Institute for Strategy & Competitiveness Redefining Health Care website at <http://www.hbs.edu/rhc/index.html>. 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 O. Teisberg.

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# Redefining Health Care Delivery

- The overarching goal in health care is **value for patients**, not access, cost containment, convenience, or customer service
- Value is the only goal that can **unite the interests** of all system participants

$$\text{Value} = \frac{\text{Health outcomes}}{\text{Costs of delivering the outcomes}}$$

- Outcomes are the **health results that matter for a patient's condition** over the care cycle
- Costs are the **total costs of care for a patient's condition** over the care cycle



- How to design a health care delivery system that **dramatically improves patient value**

# Creating a Value-Based Health Care Delivery System

## The Strategic Agenda

1. Organise Care into **Integrated Practice Units (IPUs)** around Patient Medical Conditions
  - Organise primary and preventive care to serve **distinct patient segments**
2. Measure **Outcomes** and **Cost** for Every Patient
3. Reimburse through **Bundled Prices** for Care Cycles
4. Integrate Care Delivery Across **Separate Facilities**
5. Expand **Areas of Excellence** Across Geography
6. Build an Enabling **Information Technology Platform**

# Three Myths in Mental Health Care Delivery

1. Mental illness is **different than physical illness** and therefore should be cared for separately
2. Outcomes for mental health care are **too variable and subjective** to measure performance
3. Mental health care should be **reimbursed separately** to control costs

# Three Myths in Mental Health Care Delivery

1. Mental illness is different than physical illness and therefore should be cared for separately
  - Mental health and physical health are **inextricably linked**
  - Care for physical and mental illness should be organized around the patient's needs, with **integration of physical and mental health providers**

# Organizing and Integrating Mental and Physical Health

1. Create IPUs for care of **acute or complex mental health** conditions
2. Integrate **physical health care** into mental condition IPUs
3. Integrate **mental health care** into care for physical conditions
4. Integrate care of **common mental health conditions** into primary care

# Organizing Care for Acute or Complex Mental Health Conditions

- E.g., severe forms of depression, bipolar disorder, eating disorders, schizophrenia, etc.
- Care for patients with acute or complex mental health needs should be delivered in **condition-specific IPUs**
- Care should be delivered by a **dedicated, multidisciplinary team** led by specialized mental health providers
- Mental health IPUs should work with primary care providers to **coordinate patient referrals** and delineate responsibility for **long-term management**



- Aggregating acute or complex mental health care into high volume centres of excellence will dramatically **improve outcomes, increase efficiency**, and **reduce excess capacity**

# Care for Acute or Complex Mental Health Conditions

## Schön Klinik Roseneck: Eating Disorders Care

Dedicated to Eating Disorders	Shared with other Conditions
<p data-bbox="243 521 537 578"><b>MDs and PhDs</b></p> <ul data-bbox="264 591 653 769" style="list-style-type: none"><li>- 6 Chief Psychiatrists</li><li>- 6 Attending Psychiatrists</li><li>- 12 Staff Psychiatrists</li><li>- 24 Psychologists</li></ul> <p data-bbox="243 894 474 951"><b>Skilled Staff</b></p> <ul data-bbox="264 964 495 1094" style="list-style-type: none"><li>- 18 Nurses</li><li>- 2 Nutritionists</li><li>- 3 Dieticians</li></ul>	<p data-bbox="1083 521 1346 578"><b>Skilled Staff</b></p> <ul data-bbox="1104 607 1493 786" style="list-style-type: none"><li>- 4 Social Workers</li><li>- 4 Physical Therapists</li><li>- 9 Exercise Physiologists</li><li>- 7 Art therapists</li></ul>



# Integrating Physical Health into Mental Health IPUs

- In severe or complex mental health conditions, **physical complications are common**
- Mental health IPUs **should incorporate the relevant physical health clinicians** who treat common complications of mental illness to build experience and expertise in those areas

# Integrating Physical Health into Mental Health IPUs

## Schön Klinik Roseneck: Eating Disorders Care

Dedicated to Eating Disorders	Shared with other Conditions
<p data-bbox="247 548 508 597"><b>MDs and PhDs</b></p> <ul data-bbox="262 613 651 857" style="list-style-type: none"><li>- 6 Chief Psychiatrists</li><li>- 6 Attending Psychiatrists</li><li>- 12 Staff Psychiatrists</li><li>- 24 Psychologists</li><li>- 1 Chief Internist</li></ul> <p data-bbox="247 922 474 971"><b>Skilled Staff</b></p> <ul data-bbox="262 995 495 1125" style="list-style-type: none"><li>- 18 Nurses</li><li>- 2 Nutritionists</li><li>- 3 Dieticians</li></ul>	<p data-bbox="1096 548 1348 597"><b>MDs – on call</b></p> <ul data-bbox="1113 621 1606 768" style="list-style-type: none"><li>- 1 Neurologist</li><li>- 2 Internists</li><li>- 1 Physical Medicine Specialist</li></ul> <p data-bbox="1096 824 1810 873"><b>MDs – rotate through one day per week</b></p> <ul data-bbox="1113 889 1606 1068" style="list-style-type: none"><li>- 1 Dermatologist</li><li>- 1 Orthopedist</li><li>- 1 Ear/nose/throat Specialist</li><li>- 1 Pain Specialist</li></ul> <p data-bbox="1096 1109 1348 1157"><b>Skilled Staff</b></p> <ul data-bbox="1113 1174 1497 1352" style="list-style-type: none"><li>- 4 Social Workers</li><li>- 4 Physical Therapists</li><li>- 9 Exercise Physiologists</li><li>- 7 Art therapists</li></ul>

# Integrating Mental Health into Physical Health IPU

- More than a quarter of adults with physical health problems **also suffer from mental illness**
  - E.g., depression is 2 to 3 times more common following a heart attack or stroke and leads to worse clinical outcomes
- The mental health challenges of acute or complex specialty care are often **related to the medical condition being treated**
  - E.g., head and neck cancer patients often develop depression due to facial disfigurement after surgery
- Physical health IPU should include **dedicated mental health providers** who understand the mental health needs of the patients they treat, detect developing mental illness, and intervene early
  - Social workers or other mid-level providers can occupy such roles, referring out complex cases to psychologists or psychiatrists

# Integrating Mental Health into Physical Health IPUs

## MD Anderson Head and Neck Center

Dedicated	Shared
<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Center Management Team</b></div> <ul style="list-style-type: none"> <li>- 1 Center Medical Director (MD)</li> <li>- 2 Associate Medical Directors (MD)</li> <li>- 1 Center Administrative Director (RN)</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Dedicated MDs</b></div> <ul style="list-style-type: none"> <li>- 8 Medical Oncologists</li> <li>- 12 Surgical Oncologists</li> <li>- 8 Radiation Oncologists</li> <li>- 5 Dentists</li> <li>- 1 Diagnostic Radiologist</li> <li>- 1 Pathologist</li> <li>- 4 Ophthalmologists</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Skilled Staff</b></div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <ul style="list-style-type: none"> <li>- 22 Nurses (including Triage Nurses)</li> <li>- 3 Social Workers</li> </ul> </div> <ul style="list-style-type: none"> <li>- 4 Speech Pathologists</li> <li>- 1 Nutritionist</li> <li>- 1 Patient Advocate</li> </ul>	<div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Shared MDs</b></div> <ul style="list-style-type: none"> <li>- Endocrinologists</li> <li>- Other specialists as needed (cardiologists, plastic surgeons, etc.)</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <ul style="list-style-type: none"> <li>- Psychiatrists</li> </ul> </div> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"><b>Skilled Staff</b></div> <ul style="list-style-type: none"> <li>- Dietician</li> <li>- Inpatient Nutritionists</li> <li>- Radiation Nutritionists</li> </ul> <div style="border: 1px solid black; padding: 5px; margin-bottom: 10px;"> <ul style="list-style-type: none"> <li>- Smoking Cessation Counselors</li> </ul> </div>

Source: Jain, Sachin H. and Michael E. Porter, *The University of Texas MD Anderson Cancer Center: Interdisciplinary Cancer Care*, Harvard Business School Case 9-708-487, May 1, 2008

# Integrating Mental Health into Primary Care

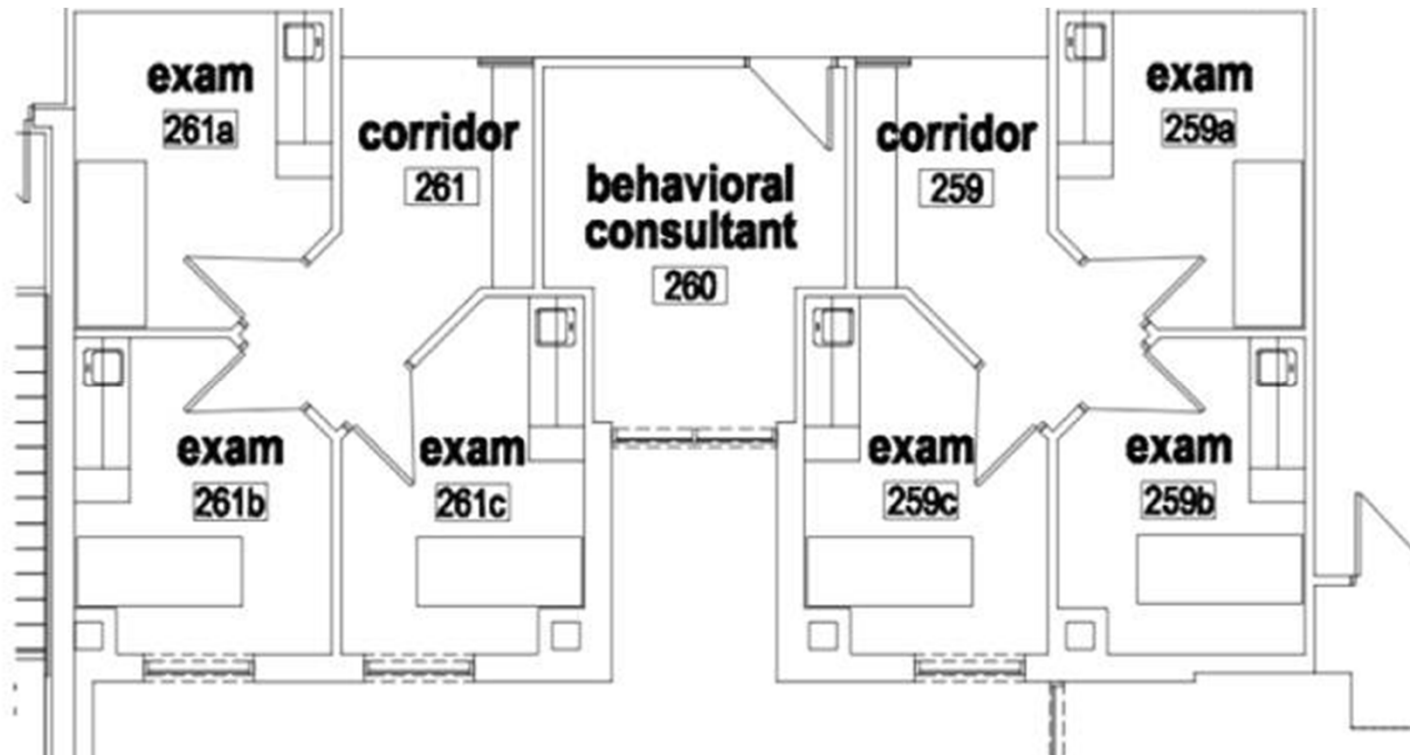
- Mental illness is common, yet **underrecognised** and **undertreated**
  - 25% of primary care patients have depression or anxiety
  - Primary care providers recognise only **half** of all mental illnesses
  - Among patients with recognised illness, only **half** are offered medication
- Patients with mental illness frequently present to primary care with **physical health symptoms** (e.g., fatigue, insomnia, palpitations)
- Primary care providers, focusing on physical ailments, can overlook **underlying psychological causes**



- Incorporating **mental health clinicians** into primary care will improve patient value

# Integrating Mental Health Care into Primary Care

## Cherokee Health Systems, Tennessee



Source: Center City Exam Pod Layout, 2010

# Three Myths in Mental Health Care Delivery

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  - Care for physical and mental illness should be organized around the patient's needs, with integration of physical and mental health providers
2. Outcomes for mental health care are too variable and subjective to measure performance
  - Outcomes measurement is **even more important** in mental health, where little is known about the effectiveness of certain care models and treatment approaches
  - Outcomes measurement is **essential** in shifting from paying for volume to **paying for value**

# Measuring Outcomes for Acute or Complex Mental Health Conditions

## Eating Disorders

**Survival**

- Survival

**Degree of recovery / health**

- Body Mass Index (weight-to-height ratio)
- Eating disorder severity (E.g., SIAB-S, EDI-2)
- Depression severity (E.g., PHQ-9, BDI)
- General mental health status (E.g., GSI-BSI)

**Time to recovery or return to normal activities**

- Time to diagnosis and treatment
- Length of stay (days)
- Time to symptom improvement, therapeutic success, and wellbeing
- Time to return to school/work

**Disutility of care or treatment process  
(e.g., treatment-related discomfort,  
complications, adverse effects,  
diagnostic errors, treatment errors)**

- Prevalence of refeeding syndrome
- Readmissions
- Prevalence of disengagement with therapy

**Sustainability of recovery or health over time**

- Maintenance of BMI

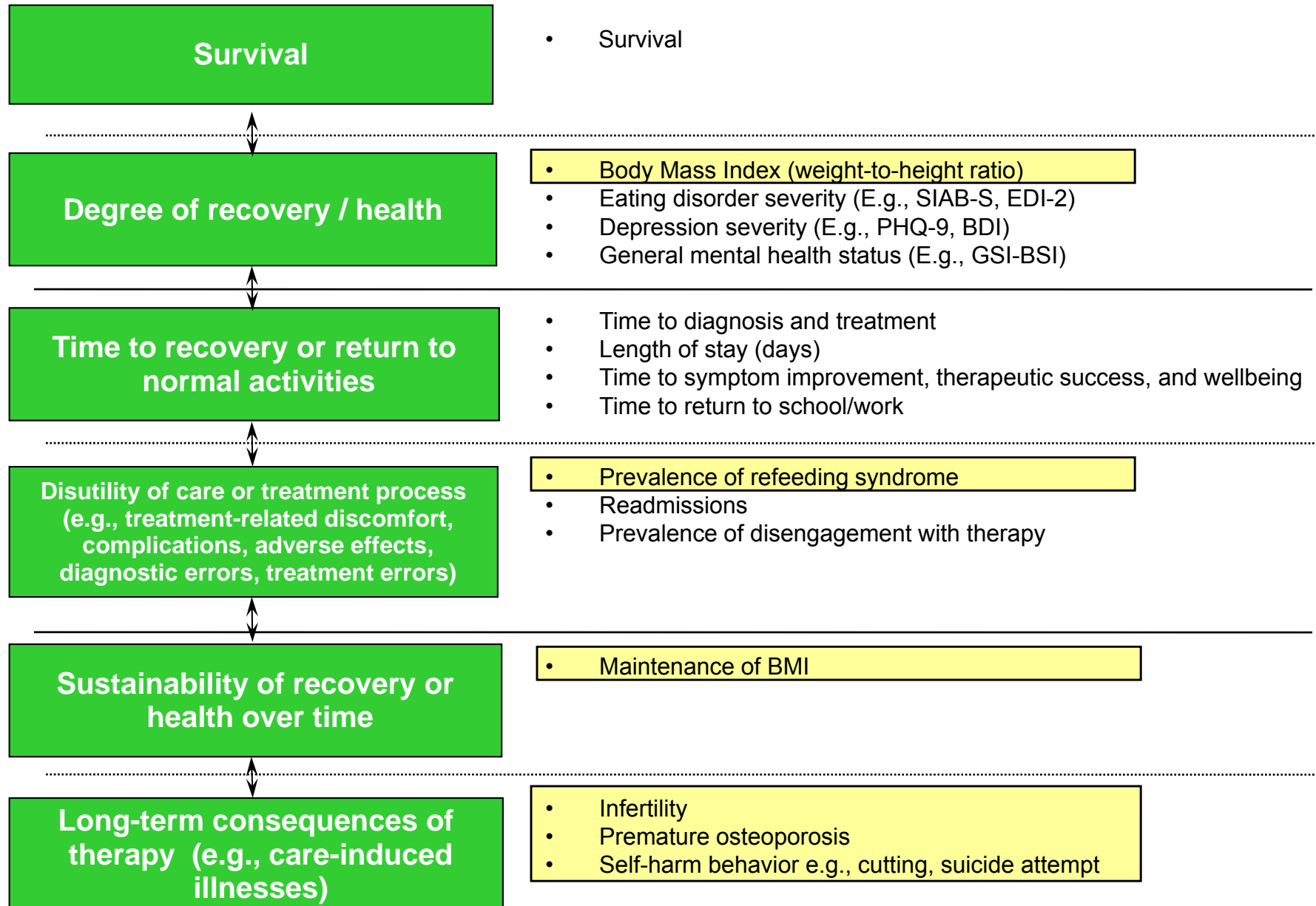
**Long-term consequences of therapy  
(e.g., care-induced illnesses)**

- Infertility
- Premature osteoporosis
- Self-harm behavior e.g., cutting, suicide attempt



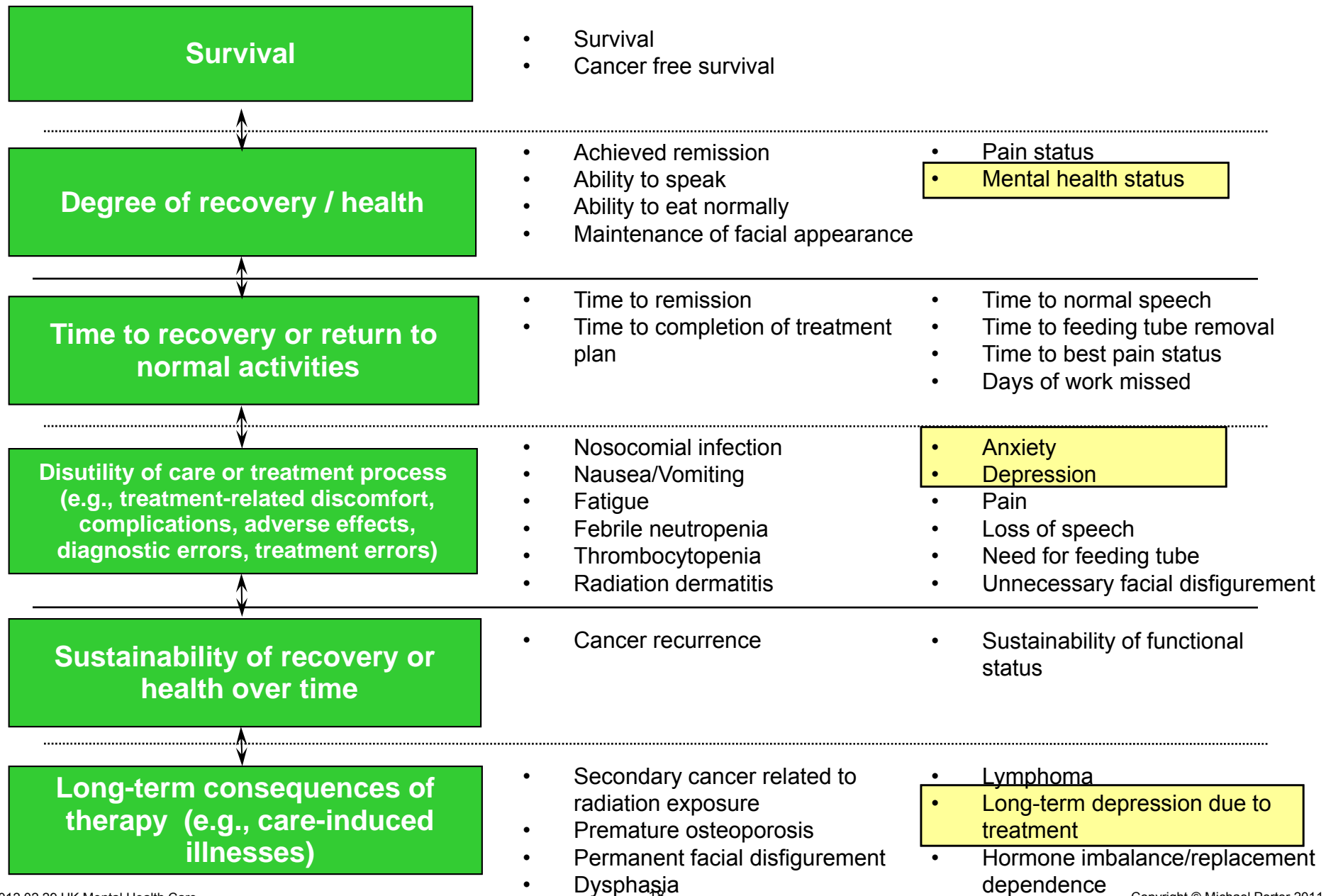
# Measuring Outcomes for Acute or Complex Mental Health Conditions

## Eating Disorders



# Measuring Outcomes for Acute or Complex Physical Conditions

## Head and Neck Cancer



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  - Outcomes measurement is even more important in mental health, where little is known about the effectiveness of certain care models and treatment approaches
  - Outcomes measurement is essential in shifting from paying for volume to paying for value
3. Mental health care should be reimbursed separately to control costs
  - **Bundling payments around medical conditions or primary care patient segments will encourage integration of physical and mental health providers and hasten the adoption of outcomes reporting**

# Bundled Reimbursement for Mental Health Care

## Depression Care at Schön Klinik

- In 2009, Schön Klinik negotiated a bundled price for **inpatient depression care**
  - Payment depended solely on the outcomes achieved, not the length of stay or services provided
  - Early results showed improved outcomes and shorter lengths of stay

	Patients under bundled payment	All Schön Klinik depression patients
Number of patients	60	8834
PHQ depression effect size	1.57	1.18
BDI-II effect size	1.53	1.2
BSI-GSI effect size	1.5	0.98
<b>Average length of stay (days)</b>	<b>40.8</b>	<b>49.8</b>

- In 2011, Schön extended the bundle to cover **pre- and post-admission outpatient care**
- Schön became the **single point of contact for newly-diagnosed depression patients**, coordinating a network of hospitals, step-down units, and outpatient psychotherapists

## **Three Myths in Mental Health Care Delivery: Opportunities for London and the U.K.**

1. Organize Care into Integrated Practice Units (IPUs) Around Patient Medical Conditions
  - **Move to physical and mental health care integration**
2. Measure Outcomes and Cost for Every Patient
  - **Develop multidimensional, patient-centered outcome measures specific for each condition or patient segment**
  - **Create a framework of mental health outcome registries**
  - **Tie reimbursement to universal outcome measurement and reporting**
3. Reimburse through Bundled Prices for Care Cycles
  - **Develop new packaged reimbursement options for mental illnesses, promoting the integration of physical and mental health care**