

Value Based Health Care Delivery: Welcome and Introduction

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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.

Redefining Health Care Delivery

- The core issue in health care is the **value of health care delivered**

Value: Patient health outcomes per dollar spent

- Delivering high and improving value is the **fundamental purpose** of health care
- Value is the only goal that can **unite the interests** of all system participants



- How to design a health care delivery system that **dramatically improves patient value**
- How to construct a **dynamic system** that keeps rapidly improving

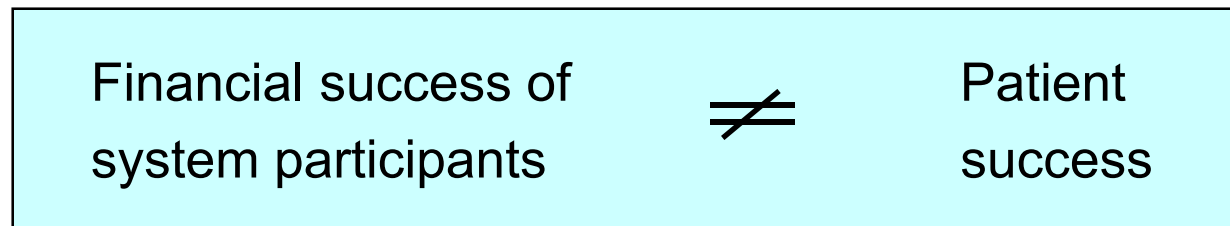
Creating a Value-Based Health Care System

- Significant improvement in value will require **fundamental restructuring of health care delivery**, not incremental improvements
- Today's delivery approaches reflect legacy organizational structures, management practices, and payment models that are inconsistent with modern management practices and today's medical science.

Care pathways, process improvements, safety initiatives, case managers, disease management and other **overlays** to the current structure are beneficial, but not sufficient

Creating The Right Kind of Competition

- Patient **choice** and **competition** for patients are powerful forces to encourage continuous improvement in value and restructuring of care
- But today's competition in health care **is not aligned with value**



- Creating positive-sum **competition on value** for patients is fundamental to health care reform in every country

Creating a Value-Based Health Care Delivery System

The Strategic Agenda

1. Organize Care into **Integrated Practice Units (IPUs)** around Patient Medical Conditions
 - Organize 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 Geographic Coverage by **Excellent Providers**
6. Build an Enabling **Information Technology Platform**

Strategy for Health Care Delivery Leadership Workshop Schedule

Monday, January 7	Tuesday, January 8	Wednesday, January 9
	Session 2: (9:00AM - 10:30AM) Case: Commonwealth Care Alliance: Elderly and Disabled Care <i>Elizabeth Teisberg</i>	Session 5: (9:00AM-10:30AM) Case: The Cleveland Clinic: Growth Strategy 2012 <i>Michael Porter</i>
	Break (10:30AM - 10:45AM)	Break (10:30AM - 10:45AM)
	Case Protagonists (10:45AM - 11:30AM) <i>Bob Master, CEO and Lois Simon, COO</i>	Case Protagonist (10:45AM-11:30AM) <i>Toby Cosgrove, CEO</i>
	Topic Lecture: (11:30AM - 12:15PM) IPUs, Integrated Chronic Care, and Employer Roles <i>Elizabeth Teisberg</i>	Topic Lecture: (11:30AM - 12:00PM) System Integration & Growth <i>Elizabeth Teisberg</i>
	Group Photo (12:15-12:30PM)	Wrap Up (12:00 - 12:15PM)
	Lunch (12:30-1:30PM)	
	Session 3: (1:30-2:45PM) Case: Schön Klinik: Measuring Cost and Value <i>Bob Kaplan</i>	
	Case Protagonist (2:45-3:30PM) <i>Mani Rafii</i>	
	Break (3:30PM-3:45PM)	
	Topic Lecture: Measuring and Paying for Value (3:45-5:15PM) <i>Michael Porter (Outcomes)</i> <i>Bob Kaplan (Cost and Reimbursement)</i>	
Welcome (5:00PM - 5:15PM)		
Session 1: (5:15PM - 6:30PM) Case: The University of Texas MD Anderson Cancer Center: Interdisciplinary Cancer Care <i>Michael Porter</i>	Session 4: (5:15PM - 6:45PM) Alumni in Action <i>Larry Higgins, JP Warner, Kathy Carberry, Charles Fraser, Michael Sherman</i>	
Case Protagonist (6:30PM - 7:15PM) <i>Tom Burke, EVP, Physician in Chief;</i> <i>Tom Feeley, Head, Institute for Cancer Care Innovation</i>	Break (6:45PM-7:00PM)	
Topic Lecture: (7:15PM - 8:00PM) Introduction to Value-Based Health Care Delivery (<i>Porter</i>) Introduction to TDABC in Health Care (<i>Kaplan</i>)	Reception and Dinner (7:00PM) Kresge Hall, Faculty Club and North Terrace	
Buffet Dinner (8:15PM) Kresge Hall, North Terrace		

Faculty

- **Michael E. Porter**, Harvard Business School, Course Head
- **Robert Kaplan**, Harvard Business School
- **Elizabeth Olmsted Teisberg**, Dartmouth School of Medicine

Participants (85)

85 Participants

- 33 Hospital/Provider CEOs and Top Executives
- 15 Chief Medical Officers and Senior Clinical Leaders
- 3 Health Plan/Health Benefits CEOs and Top Executives
- 2 Government Officials
- 4 Educators

Countries

- United States (61)
- Brazil (4)
- United Kingdom (5)
- Germany (3)
- Canada (2)
- The Netherlands (2)
- China (1)
- Ireland (1)
- Israel (1)
- Macedonia (1)
- Malaysia (1)
- Mexico (1)
- Sweden (1)
- Turkey (1)

The Case Method

- **Name cards** and assigned seating
- **Raise your hand** to participate
- Use **case facts only** during the discussion
- **No questions** to the instructor are appropriate **during the case discussion**
- There are **no “right” answers**