

Value Based Health Care Delivery: Welcome and Introduction

Professor Michael E. Porter
Harvard Business School & Partners Healthcare
Value Based Health Care Seminar
www.isc.hbs.edu

January 15, 2014

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.

Creating A High Value Delivery Organization

- 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



- Improving value is the only real **solution** to reforming health care versus **cost shifting to patients, restricting services, or reducing provider compensation**

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 a **legacy** of medical science, organizational structures, management practices, and payment models that are obsolete.

Care pathways, process improvements, safety initiatives, care coordinators, disease management and other **overlays** to the current structure can be beneficial, but not sufficient

Principles of Value-Based Health Care Delivery

$$\text{Value} = \frac{\text{Health outcomes that matter to patients}}{\text{Costs of delivering the outcomes}}$$

- Value is measured for the **care of a patient's medical condition** over the full cycle of care
 - Outcomes are the **full set of health results 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

Creating a Value-Based Health Care Delivery System


The Strategic Agenda

1. Organize Care into **Integrated Practice Units (IPUs)** around Patient Medical Conditions
 - For primary and preventive care, organize to serve **distinct patient segments**
2. Measure **Outcomes** and **Costs** for Every Patient
3. Move to **Bundled Payments** for Care Cycles
4. Integrate Care Delivery **Systems**
5. Expand **Geographic Reach**
6. Build an Enabling **Information Technology Platform**

Faculty

- **Michael E. Porter**, Harvard Business School, Course Head
- **Robert. S. Kaplan**, Harvard Business School
- **Tom Lee**, Press Ganey
- **Jens Deerberg**, Harvard Business School and ICHOM
- **Gary Gottlieb**, Partners Healthcare
- **Liz Mort**, Partners Healthcare
- **Caleb Stowell**, ICHOM
- **Derek Haas**, Harvard Business School
- **Deb Weinstein**, Partners GME

Partners Healthcare Value Based Health Care Seminar

 HARVARD BUSINESS SCHOOL		Professor Michael E. Porter Rev. 1/9/2014	
Partners Healthcare Value Based Health Care Seminar January 15-17, 2014			
Time	Wednesday, January 15th Hawes 102	Thursday, January 16th Hawes 102	Friday, January 17th Hawes 102
9:00 AM	Welcome (9:00AM-9:15 AM)	Session 3: (9:00AM- 10:30AM)	Session 6: (9:00AM-10:00AM)
9:15 AM	Session 1: (9:15AM-10:45AM)	Case: Schön Eating Disorders	Case: UK minicase: Reconfiguring Stroke Care In North Central London
9:30 AM	Case: MD Anderson	Faculty: Caleb Stowell	Faculty: Liz Mort
9:45 AM	Faculty: Michael Porter		Case Protagonist Video (10:00-10:15AM)
10:00 AM			Break (10:15 AM- 10:30 AM)
10:15 AM			Session 7: (10:30 AM-11:45 AM)
10:30 AM		Break (10:30AM- 10:45AM)	Case: Cleveland Clinic
10:45 AM	Break (10:45AM-11:00AM)	Case Protagonist Video (10:45AM - 11:15AM)	Faculty: Jens Deerberg
11:00 AM	Case Protagonist Video (11:00AM-11:30AM)		Case Protagonist Video (11:45 PM - 12:15 PM)
11:15 AM		Topic Lecture: (11:15AM- 12:00PM)	
11:30 AM	Topic Lecture: (11:30AM-12:15PM)	Outcomes Measurement	Topic Lecture: (12:15 PM-1:00 PM)
11:45 AM	Intro. to Value-Based Health Care Delivery/IPU	Faculty: Caleb Stowell	Applying a Value Framework Within a Delivery System
12:00 PM	Michael Porter	Lunch: 12:00PM-1:00PM	Faculty: Tom Lee
12:15 PM	Lunch: 12:15PM-1:15PM		Take Aways and Wrap Up (1:00-1:15) Tom Lee
12:30 PM		Session 4: (1:00PM-2:30PM)	
12:45 PM		Case: Boston Children's Hospital	
1:00 PM		Faculty: Derek Haas	
1:15 PM	Session 2: (1:15PM - 2:45PM)	Case Protagonist (2:30 PM- 2:45 PM)	
1:30 PM	Case: CCA	BCH Protagonist Video	
1:45 PM	Faculty: Tom Lee	Break (2:45 PM - 3:00 PM)	
2:00 PM		Session 5: (3:00PM-4:15PM)	
2:15 PM		Case: UCLA	
2:30 PM		Faculty: Tom Lee	
2:45 PM	Break (2:45PM-3:00PM)		
3:00 PM	Case Protagonist Video (3:00PM-3:15PM)	Case Protagonist Video (4:15 PM- 4:45 PM)	
3:15 PM	Topic Lecture: (3:15PM-4:00PM)	Tom Rosenthal Protagonist	
3:30 PM	Value-Based Primary and Chronic Care	Topic Lecture: (4:45 PM- 5:45 PM)	
3:45 PM	Faculty: Tom Lee	TOABC and Reimbursement	
4:00 PM	Topic Lecture: (4:00-4:30) Connecting Physical and	Bob Kaplan	
4:15 PM	Mental Health. Faculty: Gary Gottlieb		
4:30 PM	Discussion groups (4:30-5:30)		
4:45 PM	Prepare for Children's Hospital Boston case		
5:00 PM	Derek Haas		
5:15 PM			
5:30 PM			

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**