

Value Based Health Care Delivery: Welcome and Introduction

Professor Michael E. Porter
Value Based Health Care Delivery Intensive Seminar
www.isc.hbs.edu

January 6, 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
- **Elizabeth Olmsted Teisberg**, Dartmouth Medical School
- **Robert. S. Kaplan**, Harvard Business School
- **Thomas H. Lee**, Press Ganey and Partners HealthCare
- **Jens Deerberg**, Harvard Business School and ICHOM
- **Kevin Bozic**, UCSF Department of Orthopaedic Surgery
- **Derek Haas**, Harvard Business School
- **Caleb Stowell**, Harvard Business School and ICHOM

Participants (94)

66 US Clinicians

- 4 Brigham & Women's Hospital
- 2 New England Baptist Hospital
- 1 Boston Children's Hospital
- 1 Boston Medical Center
- 1 Cleveland Clinic
- 1 Greater Hudson Valley Healthcare System
- 1 Lancaster General Hospital
- 1 Texas Children's Hospital
- 54 Others

24 Residents and Fellows

- 4 Brigham and Women's
- 3 HSPH
- 2 Harvard Medical School
- 2 Boston Children's
- 1 Boston Medical Center
- 12 Others

11 Current Students

- 4 MD/MBA
- 3 PhD
- 2 MD alone
- 1 MPH
- 1 MBA


45 International Participants

- 30 UK
- 2 Netherlands
- 2 Philippines
- 2 Sweden
- 2 Brazil
- 2 Japan
- 1 Australia
- 1 Canada
- 1 Germany
- 1 Portugal
- 1 Peru

17 Administrators

7 Educators

Value-Based Health Care Delivery Intensive Seminar Schedule

	 HARVARD BUSINESS SCHOOL	Value-Based Health Care Delivery Intensive Seminar, January 8-10, 2014				Professor Michael E. Porter Revised 1/5/2014
		Monday, January 8 Hawes Hall: Room 102	Tuesday, January 7 Hawes Hall: Room 102	Wednesday, January 8 Hawes Hall: Room 102	Thursday, January 9 Hawes Hall: Room 102	
8:00						
8:15						
8:30						
8:45						
9:00	Welcome: (9:00 am - 9:15 am)	Session 3: (9:00 am - 10:30 am)	Session 5: (9:00 am - 10:15 am)	Session 8: (9:00 am - 11:00 am)	Session 10: (9:00 am - 10:30 am)	
9:15	Session 1: (9:15 am - 10:45 am)	Case: Martini Klinik	Case: Boston Children's Hospital	Case: Michelin	Case: Cleveland Clinic: Growth Strategy 2012	
9:30	Case: MD Anderson Cancer Center	Michael Porter	Derek Haas	Elizabeth Teisberg	Michael Porter	
9:45	Michael Porter					
10:00			Break: (10:15 am - 10:30 am)			
10:15		Break: (10:30 am - 10:45 am)	Session 6: (10:30 am - 12:00 pm)		Break: (10:30 am - 10:45 am)	
10:30	Break: (10:45 am - 11:00 am)	Case Protagonist: (10:45 am - 11:30 am)	Case: Schön Klinik: Measuring Cost and Value	Break: (11:00 am - 11:15 am)	Case Protagonist: (10:45 - 11:30 am)	
10:45	Case Protagonist: (11:00 am - 11:45 am)	Professor Huland	Bob Kaplan	Topic Lecture: Employer/Payer Roles (11:15 am - 12:30 pm)	Marin Haris	
11:00	Tom Feeley	Topic Lecture: Outcomes Measurement (11:30 am - 12:15 pm)	Case Protagonist Video: (12:00 pm - 12:15 pm)	Elizabeth Teisberg	Topic Lecture: System Integration and Growth (11:30 am - 12:00 pm) Michael Porter	
11:15	Topic Lecture: Intro. to Value-Based Health Care Delivery (11:45 am - 12:30 pm)	Jens Deerberg	Topic Lecture: Cost Measurement (12:15 pm - 1:00 pm) Bob Kaplan, Derek Haas, and Sam Wertheimer	Group Photo: (12:30 pm - 12:45 pm)	Discussion and Wrap up: (12:00 pm - 1:00 pm) Michael Porter and Elizabeth Teisberg	
11:30	Michael Porter	Lunch and Preparation: (12:15 pm - 2:00 pm)	Lunch and Preparation: (1:00 pm - 2:00 pm)	Lunch and Preparation: (12:45 pm - 1:45 pm)		
11:45	Lunch and Preparation: (12:30 pm - 1:15 pm)					
12:00		Session 3: (2:00 pm - 3:30 pm)	Topic Lecture: Reimbursement (2:00 pm - 3:00 pm) Michael Porter and Bob Kaplan	Session 9: (1:45 pm - 3:15 pm)		
12:15	Session 2: (1:15 pm - 2:45 pm)	Case: Schön Klinik: Eating Disorders Care	Case: Reconfiguring Stroke Care in North Central London	Case: Children's Hospital of Philadelphia		
12:30	Case: CCA	Caleb Stowell	Tom Lee	Kevin Bozic		
12:45	Elizabeth Teisberg	Break: (3:30 pm - 3:45 pm)	Session 7: (3:00 pm - 4:00 pm)	Break: (3:15 pm - 3:30 pm)		
1:00		Protagonist Video: (3:45 pm - 4:15 pm)	Case: Putting the Value Framework into Practice (4:45 pm - 5:30 pm) (Tom Lee)	Protagonist: (3:30 pm - 4:15 pm)		
1:15	Break: (2:45 pm - 3:00 pm)	Schön Klinik Protagonist video	Break: (4:00 pm - 4:15 pm)	Steven M. Altschuler		
1:30	Case Protagonists: (3:00 pm - 3:45 pm)		Protagonist Video: (4:15 pm - 4:45 pm)	Faculty Session (optional): (4:15-5:00 pm)		
1:45	Bob Master, Lois Simon		Stroke Care in North Central London video	For participants interested in teaching our health care curriculum at their institutions		
2:00			Topic Lecture: Putting the Value Framework into Practice (4:45 pm - 5:30 pm) (Tom Lee)			
2:15	Topic Lecture: IPUs, Chronic care (3:45 pm - 4:30 pm)					
2:30	Elizabeth Teisberg					
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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**