

Reducing the Cost of Health Care Through Innovation

Population Health and Disease Management



“Anyone can hold the helm
when the sea is calm”

- Publilius Syrus



**Rough seas require
transformation leadership**



Leadership Challenges in Healthcare Today

The Challenges

- ∞ Containing Costs
- ∞ Expanding Access
- ∞ Improving Quality
- ∞ Surviving in the Marketplace

How Much Do We Spend on Healthcare?

2016 - \$3.35 Trillion

\$10,000 per person living in the United States

17.8 percent of the GDP ~ 20% by 2025

Another perspective:

U.S. healthcare system's economy is approximately as large as the economy of France.

Where Do We Spend Our Healthcare Dollars?

- ∞ 33% Hospital Care
- ∞ 22% Physician Payments
- ∞ 10% Pharmaceuticals –
- ∞ 10% Administrative Costs
- ∞ 10% Home Health and Nursing Cost
- ∞ 11% Dental

* About 5% of the population – those most frail and ill, account for nearly half of the spending in a given year.

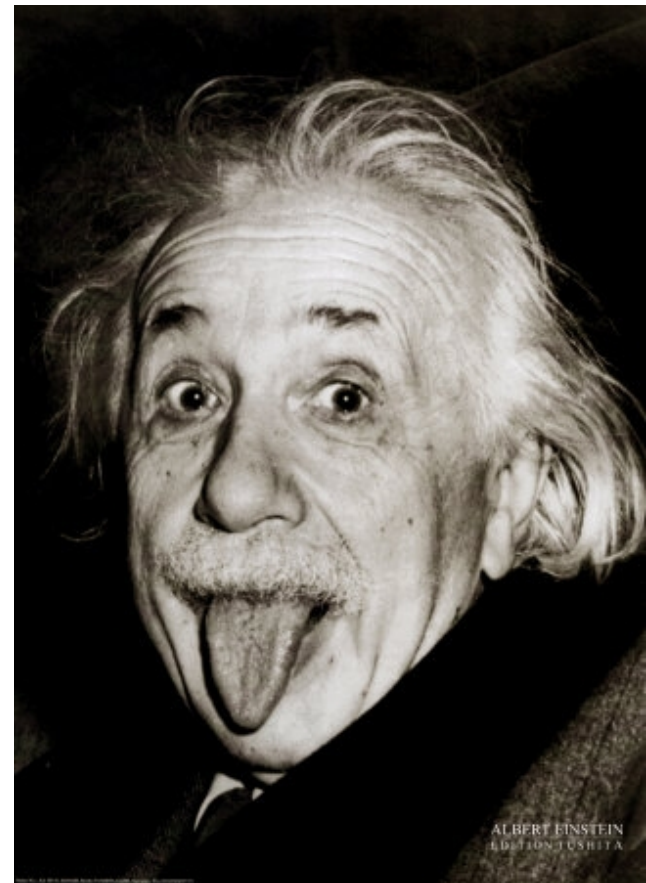
What Do We Get For Our Effort?

- ✎ US Life Expectancy (78.4 today up from 75.2 in 1990) ... Ranks 27th out of 34 industrialized countries
- ✎ Highest prevalence, or near highest prevalence of infant mortality, heart and lung disease, homicides and disabilities of 17 high income countries studied by NIH (2013)
- ✎ 2013 Bloomberg ranking of nations with most efficient healthcare systems, the US ranked 46th among the 48 countries included in the study.

So What Should We Do?

Einstein's Definition of Insanity

“... doing the same thing over and over again and expecting different results”



The Historic Model

One Encounter is ... One Encounter



Volume = Revenue

“The more you do ... the better you do”

Little Relationship Between Clinical and Financial Performance

The New Paradigm

- ⌘ Health Reform is inseparable from payment reform
- ⌘ Economic pressures will accelerate movement from “fee-for-service” (FFS) to “fee-for-value” (FFV)
- ⌘ FFV creates accountability for measured performance

The New Paradigm

- ⌘ Accountability for measured performance will be longitudinal across sites and episodes of care, and reinforced by at-risk payment mechanisms like “bundling” and “accountable care (organizations)”
- ⌘ Longitudinal accountability for healthcare spans traditional silos and requires clinical integration
- ⌘ Information is necessary for managing risk, providing “systems of care” and delivering performance

Where We Are Heading

Value – Based Healthcare:
Changing the Incentives For Quality

$$\text{Value} = \frac{\text{Quality}}{\text{Cost}}$$

- ∞ Value-Based Insurance Design & Purchasing
 - Employers buying outcomes, not just units of service, from preferred networks
 - Motivated consumers with co-pays and deductibles at risk

Where We Are Heading

- ✂ No reimbursement for serious preventable adverse events
- ✂ Performance-based reimbursement (Pay-for-Performance)
 - Reimbursement for successful outcomes or evidence-based process
- ✂ The New Provider Incentive

“The better you do.....the better I do”

Creating Value

*If creating VALUE
is the GOAL, then it
translates into
improving
OUTCOMES
for PATIENTS*



IMPROVING VALUE THROUGH OUTCOMES

Improving VALUE
requires improving
one or more clinical
OUTCOMES without
increasing COST

Or ...

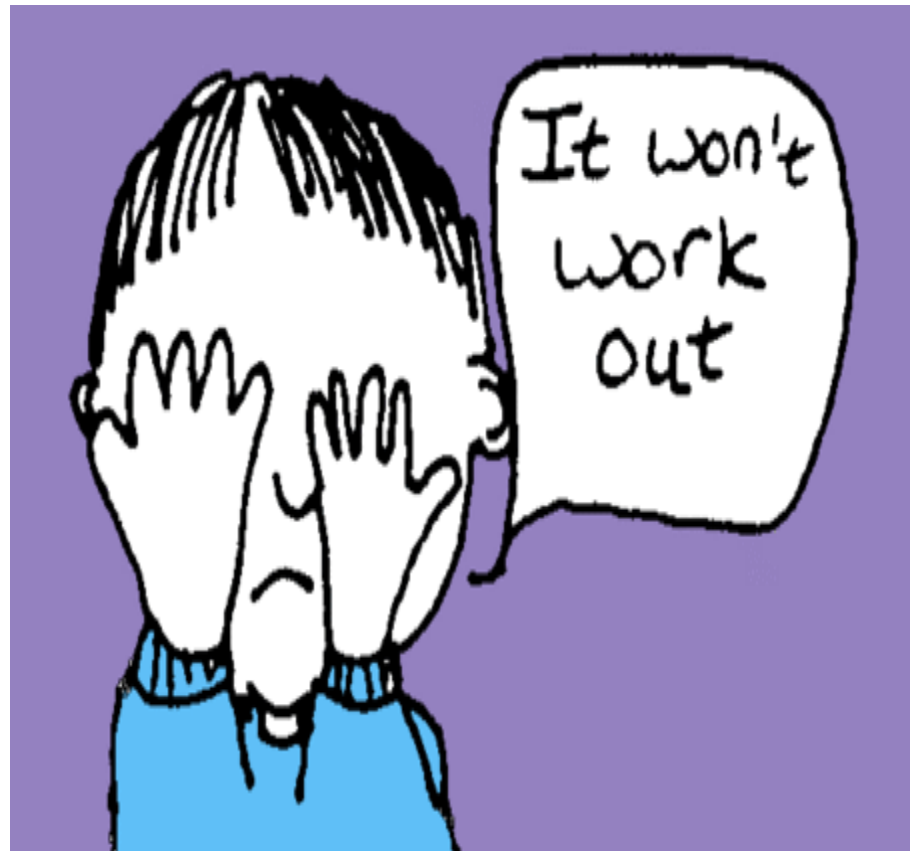
Lowering COST
without
compromising
OUTCOMES



Put Another Way

*Failure to
improve
VALUE is ...*

FAILURE !!!



VALUE TRANSFORMATION

At the core of

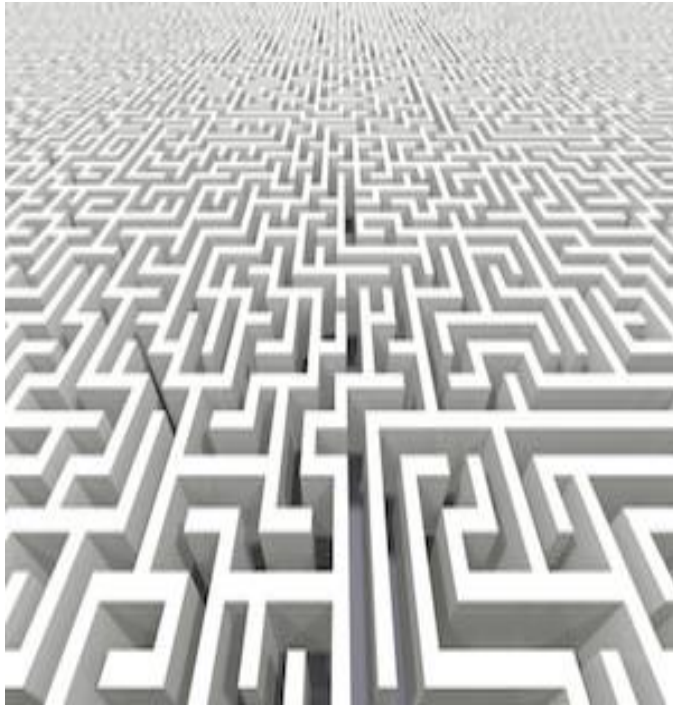
VALUE
TRANSFORMATION

is changing the way
we are organized to
deliver care.



VALUE TRANSFORMATION

Move from a “Complexity of Care Delivery” Model
to a Value (Outcomes) Driven Model of Care



Population Health

A data-driven integrated healthcare delivery model that provides care plans to populations based on health risks and conditions

Population Health - A Value Proposition

- ∞ Provide high quality care at lower cost
- ∞ Segment populations into health risk groups
- ∞ Direct appropriate clinical and other resources
- ∞ Develop individual care plans matched to risk groups
- ∞ Patient outreach to address gaps in care
- ∞ Apply specific tools to promote patient engagement

Harris Health System

The Building Blocks
For Population Health

A Longitudinal Model of Care

- ∞ Wellness
- ∞ Prevention
- ∞ Disease Management
- ∞ Acute Care Intervention

So Now You Know the
“What”

Now Define the
“HOW”