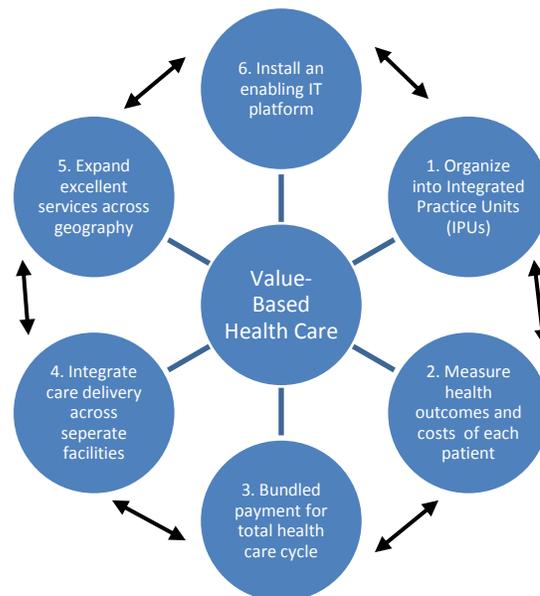


Transforming Value-Based Health Care: Six Drivers

Effective value delivery system is crucial for better health outcomes in healthcare

The fundamental goal of healthcare is to optimize health outcomes with the lowest cost. The present health care system is failed to optimize health outcomes due to faulty-orientation of patient in health care cycle. Value-based health care system reorients the strategic position of patient in the health care cycle to enhance health outcomes at low cost with the help of six drivers.

Value delivery system is a system made up of the value chains of a company and its suppliers, distributors, and ultimately its customers, who work together to deliver value to customers. Each firm has its own network for creating and delivering value. To minimize its cost structure, the firm tries to control indirect costs arising out of the value chains of the suppliers and distributors. For this purpose, it builds a relationship with other members of its network, to provide maximum benefits to the customers at a competitive price.



1. *Move away from department-oriented structure to Integrated Practice Unit (IPU) structure.* IPU is a dedicated team of doctors and support staff who take care of complete health care cycle of patient. Coordination among doctors save time and costs, eliminate duplication, and enhance productivity. Virginia Mason's Spine Clinic doubled patient volume.

2. *Measure health outcomes and costs from the patient-perspective.* Patient health status should be tracked after care is completed. In Vitro Fertilization success rate improved across all clinics in the US after standardization of health outcomes.
3. *Bundled payment for a medical condition based on full care cycle.* This encourages team work and increases efficiency and avoids duplication. UCLA Transplantation Center in the US does kidney transplantation on bundled payment.
4. *Integrate multisite care delivery facilities* based on scope of service, patient volume, and right location to optimize type of care delivered in each location. University College of London Hospital is able to treat more heart patients from 200 in 2008 to 1800 in 2011.
5. *Geographic reach* can be expanded through hub-and-spoke model or clinical-affiliation model. MD Anderson Cancer Center follows hub-and-spoke model where cancer treatment in which 22% of radiation services and 15% of chemotherapy services are performed at satellites hospitals (spoke).
6. *Common IT platform* enables effective collaboration for extraction, comparison, and reporting of outcomes and costs.

Topics Covered	Course
Value delivery system; Delivering customer values and satisfaction: Unit 2.5	Marketing management

Source: Porter M.E., and Lee, T.H, *The Strategy That Will Fix Health Care*, Harvard Business Review, October, 2013.