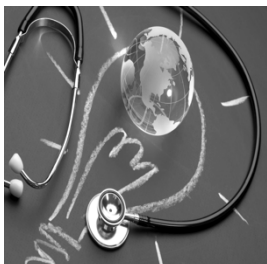


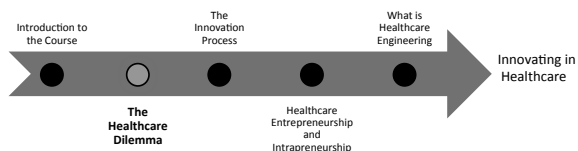
The Healthcare Dilemma, Part 4: Value Innovation in Action



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Week 1: Innovating in Healthcare



Value Innovation in Action: Consider this dilemma & opportunity . . .

Patients with a single chronic disease or multiple chronic conditions represent 20% of all patients and incur 80% of healthcare costs.

These chronic care patient populations, like other patient populations (health children, healthy adults, frail elderly people) each require different bundles of services delivered by different teams of providers.

‘Blue Ocean’ Response: The Integrated Team Approach

- INTEGRATED TEAM APPROACH –
 - Local providers at different sites who care for diabetes patient population – i.e. cardiologists, nephrologists, neurologists, dermatologists, podiatrists, nutritionists, social workers and perhaps mental health professionals – band together to create an economically feasible integrated team approach to diabetes care.
- PATIENT-DRIVEN VALUE --
 - Team-based approach makes it easier to track the actual health outcomes achieved relative to cumulative costs of care.
 - Recent initiatives such as the Patient Centered Medical Home show promise in improving outcomes through coordinated primary care and offer new opportunities for team-based chronic disease care.*

*Source: Parchman ML, Zaker JE, Romero RR, Pugh JA. Risk of coronary artery disease in type 2 diabetes and the delivery of care consistent with the chronic care model in primary care settings: a STARENet study. Med Care 2007; 45: 1129-1134.

Barriers & Signs of Disruption

Reimbursement structure is disincentive to providers wanting to offer disease management services to patients and only partially covers fragments of wellness care services.

Another dilemma/opportunity

Patients in the U.S. who are currently without a “medical home” (i.e. without a primary physician) often use emergency rooms or urgent care clinics to meet their primary or preventive care needs, incurring high costs and enduring long wait times for care.

‘Blue Ocean’ Response: Retail Clinics

- PHARMACY-BASED CLINICS (sometimes called “MinuteClinics”) offer patients convenient access, short waits and set prices for services offered.
 - Made possible now because of the development of cheap, reliable tests (for strep throat or chlamydia, for instance)
- TECHNOLOGY DRIVING ACCEPTANCE OF RETAIL CLINICS:
 - The electronic medical record (EMR) with computerized physician order entry and sometimes e-prescribing applications embedded in the EMR.
 - Prompts, alerts, and reminders using evidence-based decision support help nurse practitioners, who staff 80 percent of the clinics, to make sound medical decisions and extend their scope of practice.

Source: Glabman, Maureen. January 2009. Disruptive Innovations That Will Change Your Life in Health Care, Managed Care Online.

Barriers & Signs of Disruption

What we are seeing as Retail Clinics catch on in the U.S. marketplace:

- MEDICAL TRADE GROUPS
 - Already, doctors have expressed opposition to clinics through their trade groups. The academies of pediatrics and family physicians argue that clinics disrupt continuity of care, have no uniform quality standard, and do not support the concept of a medical home because they fragment care. And physicians are skeptical about whether NPs actually make referrals for chronic or seriously ill patients.
- SCOPE OF PRACTICE ISSUES
 - Continuous legislative scrutiny of NP scope of practice, supervision restrictions, and prescription-writing challenges.

More 'Blue Ocean' Opportunities . . .

- Single-organ hospitals, such as the 55-year-old Shouldice Hernia Centre in Ontario, Canada where hernia repair is about \$2,300 vs. \$7,000 at a general hospital in the United States.
- Additional opportunities for bringing an Amazon.com online approach to health care services, just as MEDCO/ Express Scripts did for prescription ordering and filling services.
- In-home technologies that monitor & prevent non-adherence
- Medical tourism: in 2009, more than 750,000 Americans left home for treatments and care elsewhere, mostly for elective procedures such as cosmetic surgery, dental work, and surgeries like heart valve, knee, and hip replacements in India, Thailand, and more than 30 other countries, according to Deloitte.
 - Will "medical immigration" (for patients requiring substantial support) become a business opportunity?

Recap: Patient-Driven Value

- Shifts the focus to the actual health outcomes of patients relative to cost of care.
- Requires **whole system thinking** along with better ways of tracing a patient's progress across multiple units and through **the full care cycle**.
- The best way to lower the cumulative cost of care for a patient may be to spend more on some high-value **preventive or other earlier-stage care** services.

Suggestions for Value Innovators

- First, learn the language of **whole systems thinking**
 - Focus on interdependencies. Visualize the moments where **x** influences **y**, and **y** influences **z**, etc.
- Practice life cycle analysis
 - Understand **the full cycle of care**
- Map the Stakeholders
 - Begin by identifying all the people that have a stake in patient-driven value creation, and map out their relationships to one another. Look at every decision through an outside-in perspective of stakeholder issues, interests, and frustrations.

Source: Lazlo & Zhevenbayeva, 2011

Helpful Questions As We Move Forward

- Whether you take a "Blue Ocean" or a more pragmatic approach to healthcare innovation & entrepreneurship, it's helpful to begin by asking yourself a few key questions:
 - Who are the stakeholders across my healthcare system – those people who have a stake in its future?
 - In my region, are public expectations for healthcare changing?
 - Who or what is fueling these changes in public expectations?

As always . . .
Thank you for listening!