

The Healthcare Dilemma, Part 3B: Creating Value in Healthcare



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Two Approaches to Innovation

In this course, you'll encounter **two different approaches** toward innovation in the delivery of patient relief:

1. **"Blue Ocean" Innovation = Radical policy-level innovations that reconfigure the whole system by which value is created and delivered to the consumer.**
2. Focused, Pragmatic Innovation = incremental value-added changes (in processes, products, or services) undertaken by small, entrepreneurial teams of innovators

Create uncontested market space.

Make the competition irrelevant

Create and capture new demand

Provide high **VALUE** at low cost

Blue Ocean Strategy

Turning the vast array of pressures and needs into a new unexplored and uncontested market territory.

Example: The first commercial massive open online education providers

What is Value in Healthcare?

In the healthcare market, we can define **VALUE** as **"patient health outcomes achieved relative to cost of care."**

"In a well-functioning healthcare system, the creation of value for the patients will determine rewards for all system actors."

Source: Porter, M. E. 2010. Value in Health Care. Supplementary Appendix 1 to "What is value in health care?" *N Engl J Med* 363:2477-81 (10.1056/NEJMp1011024).

Value Innovation From the 'Blue Ocean' Perspective

"Only by combining innovation and value will we generate new products, processes, or services that gain market acceptance."

-- Source: Laszlo & Zhexembayeva, 2011, p. 83

Value Without Innovation

Tends to encourage the type of changes that are not sufficient to make a company or organization stand out in the marketplace.

- Example: A primary care practice pilots a new intake process for reducing patient wait time (an small change inside the existing paradigm), when the real challenge may be to move beyond the entire primary care practice paradigm altogether.

Innovation Without Value

Tends to be technology-driven, going beyond the patient's comfort zone.

- Example: A group practice overcomes its concerns about confidentiality breaches and fear of litigation stemming from misuse, and decides to use monitoring devices to increase treatment compliance in elderly patients, only to learn that patients find them difficult to use.

Thank you for listening!

Please be sure to watch the fourth and final segment of the "Healthcare Dilemma" which focuses on "Value Innovation in Action"