HealthManagement.org
The Journal
LEADERSHIP • CROSS-COLLABORATION • WINNING PRACTICES

VOLUME 19 • ISSUE 6 • 2019 • € 22
ISSN = 1377-7629

Cash Cow

- EDITORIAL, *C. MAROLT*
- MEASURING HEALTHCARE OUTCOMES TO DELIVER VALUE AND LOWER COSTS, *R. S. KAPLAN & M. E. PORTER*
- REVENUE CYCLE MANAGEMENT, *B. STEWART*
- USE PATIENT SAFETY TO IMPROVE YOUR BOTTOM LINE, *D. B. MAYER*
- DELIVERING HIGH-VALUE IMAGING: A PARADIGM SHIFT FROM EFFICIENCY TO EFFECTIVENESS, *Y. ANZAI*
- PUBLIC-PRIVATE PARTNERSHIPS: A WIN-WIN FOR DANISH HEALTHCARE AND FOR THE INDUSTRY, *H. E. HENRIKSEN*
- DISRUPTION IS COMING TO HEALTHCARE, *R. PEARL*
- HEALTHCARE DATA: CREATING A LEARNING HEALTHCARE ECOSYSTEM, *E. STUPKA*
- DIGITAL TRANSFORMATION FOR MORE EFFECTIVE HEALTHCARE: INSPIRING VBHC INITIATIVES, *F.V. EENENNAAM ET. AL.*

NEW HEALTHMANAGEMENT.ORG EXEC EDITOR-IN-CHIEF, *A. LOURENÇO*

LEADING BREAST RADIOLOGIST WINS 2019 RSNA ACCOLADE, *F. GILBERT*

THE FUTURE OF CARDIOVASCULAR MEDICINE – TECHNOLOGY, GENDER BIAS AND TREATMENT STRATEGIES, *M. A. MAMAS*

2020: ANOTHER YEAR OF RADICAL CHANGE IN HEALTHCARE, *L. DONOSO-BACH ET AL.*

CREATING THE DREAM TEAM IN RADIOLOGY, *L. MARTÍ-BONMATÍ*

HOW TO INTEGRATE AI INTO RADIOLOGY WORKFLOW, *B. V. GINNEKEN*

BRIDGING THE RADIOLOGIST STAFFING GAP WITH NEW TRAINING INITIATIVE, *C. RUBIN*

CULTIVATING INNOVATION CULTURES IN HEALTHCARE, *D. MICHAELIDES*

THE IMPORTANCE OF BODY LANGUAGE, A. NOOTEBOOM

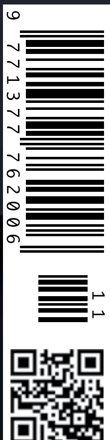
MEASURING THE NATION'S HEALTH, *H. DUNSFORD & C. NORRIS*

RESILIENCE: THE AIRBAG FOR NURSES AND OTHER HEALTHCARE PROFESSIONS, *I. MEYENBURG-ALTWARG*

MEDICAL IMAGE EXCHANGE IN THE CLOUD: A MORE EFFICIENT WAY, *M. CABRER*

THE ROLE OF EIT HEALTH IN TRAINING THE EUROPEAN FUTURE WORKFORCE, *A. DUCHER & U. MÜHLE*

THE ABC OF PATIENT ENGAGEMENT: TIME TO BREATHE NEW LIFE INTO OLD STORIES, *E. SUTCLIFFE*



©For personal and private use only. Reproduction must be permitted by the copyright holder. Email to copyright@mindbyte.eu.

Measuring Healthcare Outcomes to Deliver Value and Lower Costs

Summary: A new initiative, called ACS THRIVE (Transforming Healthcare Resources to Increase Value and Efficiency), was launched this summer to help hospitals and surgical practices improve patient outcomes while lowering the cost of delivering care. A collaboration between the American College of Surgeons (ACS) and Harvard Business School's (HBS) Institute for Strategy and Competitiveness aims to improve healthcare value. ACS THRIVE expects to conduct pilot projects for three conditions at five sites per condition. HBS professors and leading Value-Based Care proponents, Robert Kaplan and Michael Porter, spoke to HealthManagement.org about the value of the project for managing costs in healthcare.

Robert S. Kaplan
Senior Fellow
Marvin Bower
Professor of Leadership
Development, Emeritus
Harvard Business School
Boston, USA

rkaplan@hbs.edu

hbs.edu

Michael E. Porter
Bishop William Lawrence
University Professor
Harvard Business School
Boston, USA

mporter@hbs.edu

hbs.edu

@MichaelEPorter

©For personal and private use only. Reproduction must be permitted by the copyright holder. Email to copyright@mindbyte.eu.

On both a micro and macro level, why is the practice of measuring outcomes so beneficial to healthcare?

Outcomes measurement enables healthcare organisations to perform five essential functions:

Learn and Improve

Measuring patient outcomes is the single most important driver for learning how to improve the care we deliver to patients. For example, Martini Klinik in Hamburg, the highest volume provider for prostate cancer in the world, has been measuring clinical and patient-reported outcomes for every patient since the clinic's founding in 1992 (Porter et al. 2014). The clinic holds semi-annual meetings to analyse risk-adjusted and physician-specific outcomes, and to identify the best practices, as well as opportunities for specialised coaching and training. The continual focus on how to improve outcomes has enabled Martini Klinik to achieve urinary, bowel, and potency complication rates that are 75% below the German average. This is just one example of the power and benefits from measuring outcomes important to patients.

Optimise Care

As clinical teams experiment with different treatment methods, care pathways, personnel teams, diagnostic tests, drugs, and devices, their success must be measured by their results on outcomes that matter to patients, such as erectile and urinary functioning after prostate surgery. Clearly defined outcome metrics enable providers to assess the consequences from their treatments on the most important issues to their patients. Evidence-based care can be built on a patient-centred premise of outcomes, not just on results easiest to measure.

Shared Decision-Making

Measuring and reporting of patient outcomes is an essential underpinning of truly informed and shared decision-making. Without accurate information on the outcomes and risks associated with a treatment, patients are ill-informed and less able to fully understand the consequences of their decisions. The consequences include not only the range of possible adverse events associated with their treatments but also information about the likelihood of alleviating their pain and discomfort and ability to resume activities of normal life, dimensions that truly matter to them.

Public Accountability

Patients, their families, employers, policy makers, regulators, and society are entitled to information on the specific outcomes that each healthcare provider achieves. Currently, large variations in patient outcomes are invisible not only to the treating clinicians but also to those receiving and paying for the treatment.

Contracting

Migrating to value-based payment models, such as bundled payments, requires that payments be linked to

outcomes achieved. Fee-for-service (FFS) payments, in contrast, are made independently of outcomes achieved. In fact, FFS rewards poor outcomes as hospitals get paid more for certain types of readmissions and both physicians and hospitals can get "paid again" for revision treatments.

What are the surgical conditions in focus during the trial?

The current leading contenders are colon cancer, breast cancer, and morbid obesity/bariatric surgery. Once we finalise the sites and conditions, we hope to begin reporting results within six months, and, certainly, one year.

At present, where do you think the most inefficiency and waste lie in the surgical 'care continuum'?

A big source of improvement comes from each site gaining better knowledge of its outcomes and costs. This enables the site to eliminate duplicative or non-value-added tasks, downshift some tasks to lower-skilled employees when medically appropriate, and optimise care across the entire treatment cycle, rather than optimising each individual isolated step in the care cycle. Part of the optimisation is having multi-disciplinary teams treat the condition so that patients can benefit from the team's use of behavioural and social service experts to address the social determinants of health, such as housing, at-home support, and financial security, that have been shown to affect a patient's health and recovery. We are confident that, despite having more personnel involved in the treatment, we will enjoy lower total costs, when properly measured, as well as better outcomes for patients.

Additional opportunities will arise from identifying and transferring best practices among the sites. We don't have a particular cost-cutting target in mind, but my personal belief is that we can lower per-treatment costs by at least 10% and likely 20% while also improving patient outcomes. This is a personal, not an ACS THRIVE target for success at this point. It's important to note I'm referring to costs of the resources (eg personnel, equipment, space, supplies and devices) used to treat the patient, measured via time-driven activity-based costing as opposed to the charges or prices paid for the treatment.

How will the project address any current inefficiency?

Today, hospitals and clinicians do not know the actual costs for treating patients across the care cycle. This leads to lots of inefficiencies, such as using overly-skilled personnel to perform routine tasks, performing duplicative or redundant tasks, and not thinking about the opportunities to spend somewhat more by engaging better with patients prior to and after surgery, including behavioural and social service support, that will lead to high cost avoidance downstream from the surgery. Time-driven ABC will make such cost-saving opportunities highly visible, leading to order-of-magnitude reductions in complications, patient non-compliance, readmissions, and rehabilitation costs.

Can you explain a little about the features of THRIVE which will make it scalable across a wide array of healthcare facilities?

ACS has demonstrated, with its verification programmes and ACS NSQIP® (National Surgery Quality Improvement Programmes) surgical outcomes measurement programme, that it can scale measurement innovations across the hundreds and thousands of hospitals where its membership practices. ACS THRIVE plans to leverage this great capability to disseminate capabilities for best practice measurement of cost and outcomes.

Do you think some of the pilot findings could be applied to healthcare areas outside surgery or is it tailored to the surgical space?

We will, given the partnership between ACS and HBS, naturally be focused on conditions requiring surgical intervention. But what we learn about how to measure costs accurately across entire care cycles and how to measure condition-specific outcomes that matter to patients will be highly transferable to conditions that do not involve surgery.

What will be the legacy of THRIVE?

Around the world, healthcare costs are rising, patients aren't achieving the outcomes they desire, and providers are frustrated with increasing administrative burdens and shrinking reimbursements. We believe we can achieve a health system that is more efficient, more patient-centric and delivers better care at a lower cost to society. Simply cutting salaries, reducing headcount, limiting access to innovative drugs and devices, or reducing reimbursements is not the answer. Instead, we need to rethink the care cycle, establish clear processes to track costs and measure both clinically important outcomes and those outcomes important to the patient. This is the only optimistic path we have for reforming the healthcare system in ways that make every stakeholder better off. ■

REFERENCES

Porter M et al. (2014) Martini Klinik: Prostate Cancer Care. Available from hbs.edu/faculty/pages/item.aspx?num=46332

©For personal and private use only. Reproduction must be permitted by the copyright holder. Email to copyright@mindbyte.eu.