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POLICY

Accelerating the pace of value-based transformation for more resilient and sustainable healthcare

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ABSTRACT

Value-based healthcare (VBHC; delivering the best possible health outcomes for patients in a cost-efficient manner) has been a strategic priority among healthcare stakeholders for years. Pioneering providers embrace VBHC principles (such as organising care delivery around medical conditions, monitoring health outcomes and costs per patient group along the clinical pathway, and using those metrics to drive organisational improvements). Still, widespread adoption has been slow due to multiple factors, one of which is the sheer complexity of such a transformation. However, because of the urgent need for infection control during the COVID-19 pandemic, providers made unprecedented strides towards VBHC and achieved VBHC goals that were unattainable before. This article considers the barriers to adopting VBHC and shares best practices from an extensive knowledge base to advise providers on capitalising on the pandemic's momentum to implement value improvement quickly and efficiently.

KEYWORDS: value-based healthcare, VBHC, value improvement, cost efficient, healthcare transformation

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Introduction

Value-based healthcare (VBHC; delivering the best possible health outcomes for patients in a cost-efficient manner) has been a strategic priority among healthcare stakeholders for years, as they are compelled to both improve the quality of care and curb excess healthcare spending.

The transition to VBHC is underway. Multiple health systems are experimenting and piloting various value-based payment models, replacing or amending traditional fee-for-service models that tie reimbursement to quality and cost. Pioneering providers embrace VBHC principles (such as organising care delivery around medical conditions, monitoring health outcomes and costs per patient group along the clinical pathway, and using those metrics to drive organisational improvements). In addition, fragmented delivery systems are becoming more integrated, focusing on delivering each service at the highest value.

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However, widespread adoption has been slow, and examples of system- or provider-wide deployments are few and far between. VBHC implementation has typically been piecemeal and often restricted to pilot programmes running in parallel to conventional approaches and limited to local or regional levels. Also, the term itself has taken different meanings for different stakeholders, often focusing more on the cost element of the equation rather than a holistic approach.

There are numerous barriers to adopting and scaling up value improvement including regulatory and policy challenges; misaligned incentives; limited trust between stakeholders along the value chain; lack of data standards, platforms, interoperability and transparency; lack of meaningful outcome measurements; and the sheer complexity of implementing these models.

COVID-19 forces faster adoption of value-based healthcare

With the considerable strain it puts on health systems and providers, the ongoing COVID-19 pandemic is forcing a more rapid adoption of VBHC going forward.

- It is **making the case for VBHC more vital and urgent**, exacerbating the ongoing funding, demand and supply squeeze in healthcare. Its unprecedented economic impact will further challenge health systems' funding, affordability and equity. At the same time, it intensifies the demographic factors increasing demand for health services and decreasing the supply of workforce capacity.
- It is **lowering the barriers to change**, as it forced healthcare players to make radical shifts in how care is delivered and used, challenging long-held assumptions and norms, accelerating policies and regulatory changes that have previously only made incremental progress, driving wider acceptance of next-generation care delivery models and demonstrating that system-level change is feasible.
- It is **unleashing an era of exponential improvement**, spurring innovations (such as digitally enabled, virtual care practices) that have the potential to deliver a more integrated patient experience, enhance the productivity of providers, engage a broader set of caregivers and improve outcomes while lowering costs.

Key tenets of value-based healthcare were implemented during the crisis

Although the prime catalyst for change has been the urgent need for infection control, health systems and providers made unprecedented strides towards VBHC during the pandemic;

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almost inadvertently achieving VBHC goals that were unattainable before. Stakeholders across the board have made fundamental shifts in their processes and systems alongside a new wave of investment in the wake of COVID-19. Table 1 illustrates some of the key tenets of VBHC applied in the COVID-19 response, referring to the VBHC agenda laid out by Porter and Lee.[1]

Providers must capitalise on this momentum but will need to consider the challenges

As we enter the post-crisis phase of the pandemic, healthcare system stakeholders must build on those innovative and value-based approaches adopted in response to COVID-19, protect the positive change momentum and develop comprehensive initiatives to reposition their organisations for the future to thrive in a value-based environment.

Providers able to progress rapidly in adopting and scaling the value agenda have the potential to reap huge benefits. The well-known examples of Martini Klinik, Cleveland Clinic and Hoag Institute illustrate how first movers, ahead in the improvement curve and able to demonstrate superior outcomes and cost performance, gained significant competitive advantages and benefit from increased differentiation, patient volumes and institutional growth.[2–4]

However, if the scale of disruption brought by the pandemic unlocked the speed of transition toward VBHC, then it also created specific challenges that providers need to consider while shaping their value-based transformation programme.

- Even if the crisis abates, they will continue to face unprecedented uncertainty and pace of change. Regulation, policies and payment models are in flux. The competitive landscape is rapidly evolving with the emergence of new models and players, and new partnerships and alliances are being forged across the care delivery landscape.
- The scope and complexity of change are increasing as the potential for more radical care shifts across pathways and modalities, including virtual health platforms, has been unlocked. As a result, more changes impacting wider-ranging facets of how providers operate must be executed simultaneously and tightly interrelated.
- The short-term recovery challenges make it difficult for healthcare leaders to dedicate much time to reimagination and reform as they grapple with pent-up demand from deferred care, workforce availability issues and the ever-present risk of COVID-19 surges.
- Value-based transformation relies on solid and sustained engagement, leadership and cooperation of the clinical community. It may also involve significant organisational changes and the realignment of multidisciplinary teams around disease areas. However, the pandemic is leaving this workforce exhausted and has exacerbated staff shortages, limiting the organisation's bandwidth to take on more change initiatives.

Table 1. Porter and Lee's strategic agenda for moving to a high-value healthcare delivery system

Value agenda	Examples of steps taken in response to the pandemic
Organise care around medical conditions	Populations were segmented based on risks associated with COVID-19 infection, allowing for tailored responses and prioritised resource allocation to maximise population-level outcomes
Measure outcomes and costs	Standardised results measurements were adopted and made transparent at the national and international level, enabling benchmarking and rapid adoption of new standards of care
Move to bundle payments for care cycles	Financial flexibility in provider payment was implemented, enabling fast service redesign and resource reallocation to improve COVID-19 care while meeting broader health and social needs
Integrate care across separate facilities	Greater collaboration happened across local health and care services, enabling fast service shifts affecting the whole care pathway
Expand services across geographies	New care models integrating acute, non-acute and digital care settings enabled fast expansion and continuity of care delivery through a broader range of delivery assets
Build enabling IT platforms	Health system data was consolidated, new health informatics systems were introduced and enhanced analytics were deployed that can support future development of value-based healthcare

Post-crisis imperatives

Providers need to develop a flexible plan with a diverse set of initiatives that:

- lock in the positive changes already made and secure clinicians' engagement
- deliver immediate impact and free up resources for subsequent transformations
- build VBHC capabilities and fulfil their long-term VBHC leadership aspiration
- remain agile to navigate uncertainty in the path to the 'next normal'.

Best practices for value-based transformation

A number of companies are partnering with healthcare providers across Europe to fast-track their recovery and transition to VBHC (Case study 1).

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Case study 1. Diabeter

Overview

Acquired in 2015 by Medtronic, Diabeter is a group of certified clinics that specialise in providing comprehensive and individualised care for children and young adults with type 1 diabetes. In 2019, Diabeter cared for more than 2,400 patients in five locations across the Netherlands.

Solution

The Diabeter integrated care model works on Porter and Lee's value agenda and offers a holistic diabetes management solution focused on patient outcomes and cost reduction. The value-based model includes customised care pathways for different patient cohorts, four clinic visits per year, virtual consultations, clinical and administrative staff services, a 24-hour medical hotline, lab costs, a data platform and sensor equipment.

Outcome

The recommended glycated haemoglobin (HbA_{1c}) target to avoid complications is 58 mmol/mol. At Diabeter, 55% of paediatric patients have HbA_{1c} levels below that target compared with only 28% of the Dutch paediatric population. Diabeter patients also have 3% hospitalisation rates versus an average of 8% in the Netherlands. These results were achieved without increasing costs. The single condition focus and the commitment to employee satisfaction (when teams are empowered to apply their expertise to improve results, stress and burnout at work decline while patient satisfaction rises) empower Diabeter clinicians to remain concentrated on the full spectrum of patient needs, leading the group to consistently outpace the national averages for outcome data.

In 2019, Diabeter also closed a ground-breaking 10-year value-based healthcare partnership with Zilveren Kruis, the largest insurance company in the Netherlands. This is the first value-based agreement worldwide that includes short- and long-term complications for type 1 diabetes. The partnership is based on a shared ambition of a complication-free life for type 1 patients now and in the future, and at a minimal cost.

Here are some of the best practices we ourselves consider priorities.

- **Leverage momentum to quickly launch a formal value-based transformation plan**. The recovery challenge is not a reason to delay a transformation. On the contrary, it should be used as a catalyst for change. It is vital, however, to focus on quick wins, start with pilots and prioritise initiatives that have the potential to simultaneously reduce the load on in-hospital resources and deliver fast and meaningful value improvement.[5]
- **Appoint a multifaceted, high-functioning team to steer the transformation** with the appropriate strategic, operational and clinical representation. The role of that team is to articulate aspirations; define the transformation journey for the organisation; identify, prioritise and coordinate the activities; and measure the success.
- **Take a pragmatic approach to transformation by breaking it down into bite-sized chunks** that are rapidly implemented and deliver fast results. This will minimise the toll on the organisation, tell a convincing story of change and build momentum while releasing gains that can be used to fund and sustain the transformation.
- **Immediately embrace and consistently apply a value-based approach to each improvement initiative**. The focus on outcomes and value creation is a powerful tool to engage clinicians in the transformation. It also provides a common language that allows the full range of staff to pursue common goals and increase collaboration to achieve those goals. A straightforward value-based improvement plan can be used to engage all stakeholders (Fig 1).
- **Understand what it takes to scale and institutionalise value-based improvement** across the institution and the broader care pathways, conducting a rigorous maturity assessment of the provider's value-based capabilities. Distinct capabilities and IT enablement, often unavailable, are needed to re-organise care delivery around medical conditions; measure and report health outcomes and costs across care cycles; leverage analytics and execute value improvement

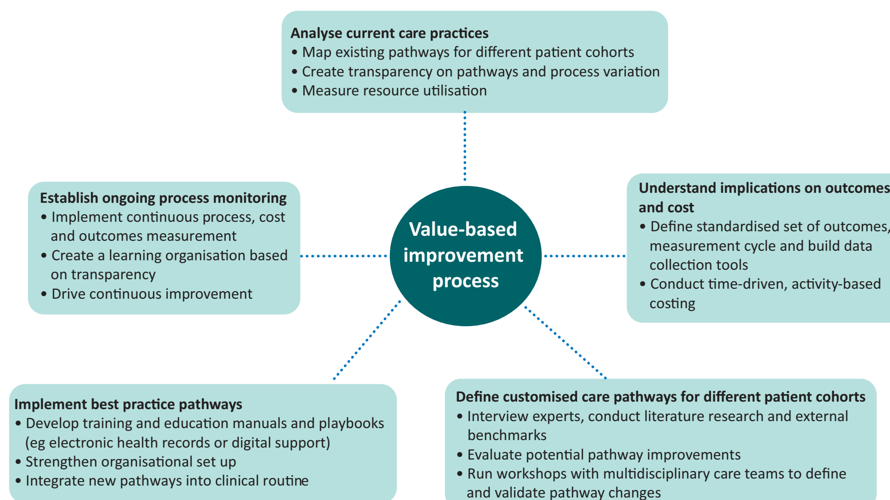

Fig 1. Five-step value improvement cycle.

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cycles; manage network partnerships; contract value-based arrangements; and more.

- **Be ready to utilise multiple transformation levers**. It is critical to build a multi-lever transformation plan to navigate the post-pandemic uncertainty and multiple sources of disruption. Based on local market and health system context, consider, for example, investing in new care settings or modalities, shifting where care is delivered, expanding along the continuum of care and/or deploying new value-based business models and innovative contracts.
- **Actively manage and continuously prioritise the portfolio of initiatives** using agile decision making, and adjusting plans and tactics based on progress against the value agenda and changing market conditions. Deprioritising some initiatives is particularly critical for organisations plagued by staff burnout and resource constraints.
- **Foster active collaboration with best-practice VBHC players and leverage proven models**. Establishing effective collaboration with peers and partners, and participating in VBHC forums, will accelerate the value-based learning curve and help discover innovative business models and best practices.[6] Considering the breadth of changes required and the limited organisation bandwidth to develop new care practices with the required evidence of value, providers need to fight the well-ingrained 'not invented here' syndrome and determinedly use externally developed assets to drive fast and cost-effective transformation.

Conclusion

As we consider the scale of change that the pandemic has engendered and will continue to create in the foreseeable future, we feel compelled to reflect not only on the urgency of embarking on the value-based agenda but also on the complexity of navigating to the next normal. We must capitalise on the momentum of change created by COVID-19 and continue implementing value-based initiatives without delay. As a large shift in healthcare delivery can be especially arduous, following already laid best practices or partnering with industry experts could enable a smoother and more rapid implementation. The key is to start now to benefit from this transformation and embrace the future of healthcare. ■

Commentary box

As part of our series of articles on 'Value and values', we invited Medtronic to contribute a paper on their experience of the transition to VBHC. I believe that industry is an important stakeholder in future healthcare delivery and, therefore, their views should be part of the debate in the *Future Healthcare Journal*. Many companies are involved in this work. I invited Medtronic because I have experience of their partnership with my own department at Imperial College Healthcare NHS Trust. The aim is for their article to be illustrative of the work happening across industry.

Kevin Fox, editor-in-chief

Conflicts of interest

Kevin Fox has previously (more than 5 years ago) given presentations about the partnership between IHS and Imperial and received expenses for doing so.

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