The Value Agenda

(Why we are doing what we are doing.)
Health Care Reform
United States spends more than any other country on health care
Public and private expenditures on health care spending (as percent of GDP), 2007*

<table>
<thead>
<tr>
<th>Country</th>
<th>Public</th>
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Note: Because of insufficient data, Chile, Greece, Luxembourg, Netherlands and Portugal not shown.
Source: EPI analysis of Organization for Economic Cooperation and Development Health Data.
Behaviors incentivized in current system

• Highly reimbursed procedures
• Volume
• Not spending money until absolutely must

PERVERSE INCENTIVES!
What do we value?

• Health
• Prevention
• Outcomes / function
value = outcomes / costs
Providers must lead the way in making value the overarching goal.

What do I have?

My skills?
My facilities?
My resources?

And how can I apply these to patients?
THE ONE TRUE TOOL
NEW WAY OF THINKING

What does this patient and their family need and want?
- Or even -
  How can we support this patient and family in health creation?

What skills? What facilities? What resources?
THE VALUE AGENDA

- Organize into Integrated Practice Units
- Measure Outcomes & Costs for Every Patient
- Move to Bundled Payments for Care Cycles
- Integrate Care Delivery Across Facilities
- Expand Excellent Services Across Geography
- Build an Enabling Information Technology Platform

Organizing around conditions
Integrated Practice Units (IPUs)
THE VALUE AGENDA

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Cost Reduction

Improved Access to Care

Major Cost Reduction Opportunities in Health Care

- Utilize **physicians and skilled staff** at the top of their licenses
- Eliminate **low- or non-value added** services or tests
- Reduce **process variation** not justified by outcomes that increases complexity
- **Reduce cycle times** across the care cycle
- Move uncomplicated services **out of highly-resourced facilities**
- Reduce **service duplication and fragmentation** across sites
- Rationalize redundant **administrative and scheduling units**
- Invest to **lower the overall cost across the care cycles**
- Increase **cost awareness** in clinical teams

↓

- Our work reveals typical **cost reduction opportunities of 20-30%**
- Many cost reduction opportunities will actually **improve outcomes**
Organize into Integrated Practice Units

Build an Enabling Information Technology Platform

Measure Outcomes & Costs for Every Patient

Move to Bundled Payments for Care Cycles

Integrate Care Delivery Across Facilities

Expand Excellent Services Across Geography

THE VALUE AGENDA

**Capitation (Population-Based)**

- A single risk-adjusted payment for the overall care for a **life**
- Responsible for **all needed care** in the covered population
- Accountable for **population level quality metrics**
- At risk for sum of payments **versus overall spending**
- Accountable for **overall cost and population quality outcomes**

**Bundled Payment**

- A single risk adjusted payment for the care of a **condition**
  - contract for **integrated care**
- Covers the **full set** of services and facilities needed to treat the condition over the full care cycle
- Contingent on **condition-specific outcomes**
- At risk for price versus **cost of all included services for the condition**
  - limits of responsibility for unrelated care and outliers
- Accountable for outcomes and cost **condition by condition**
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Subcategorization / Stratification

Rule Out Emergent Conditions → Rule Out Internal Conditions → Screen for Psychosocial Obstacles → Diagnosis- (Symptom+) Based Decision Guide

Immediate referral

Disc derangement → Directional preference
Segmental / Joint Dysfunction → SMT
Clinical / Dynamic Instability → Stabilization exercises
Myofascial Pain → Soft tissue work
Radiculopathy / Neuro-dynamic signs → Nerve flossing / co-management
Movement Intolerance → Acupuncture / PMR

Psychosocial Factors
- Nociceptive System Sensitization / Central Sensitization / Neuropathic Pain

Oculomotor Dysfunction (s/p cervical spine trauma)
- Other Perpetuating Factors (e.g., Pro-inflammatory Diet and/or Lifestyle)