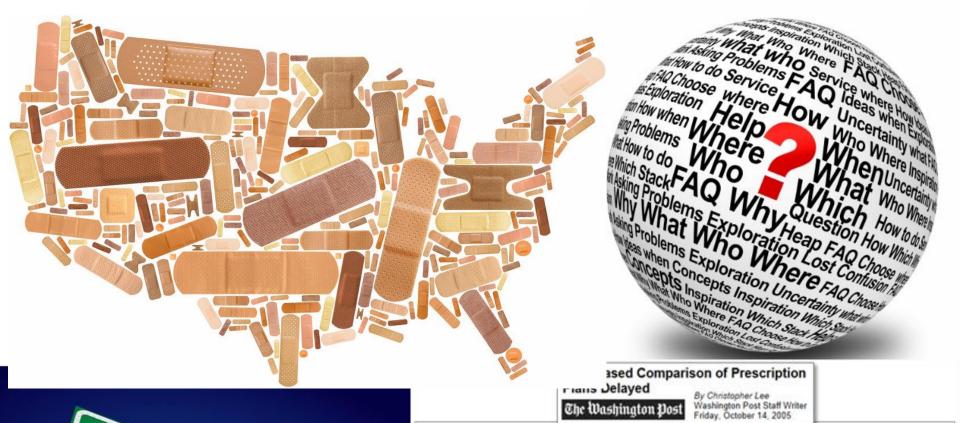


#### The Value Agenda

(Why we are doing what we are doing.)



Medicare prescription-drug plan stumps seniors

By Richard Wolf, USA TODAY Posted 10/3/2005 11:19 PM

**ELISA TODAY.** 

Glitches Mar Launch Of Medicare Drug Plan

Some Seniors Can't Get Prescriptions Filled; Pharmacies Blame National Verification System By JANET ADAMY

Medicare Drug Plan
Still Not Generating Much Enthusiasm

January 4, 2006

Majority of Americans say plan is not working

by Frank Newport January 26, 2006

Health Care Reform



The States Step In As Medicare Falters

By Ceci Connolly Saturday, January 14, 2006

The Washington Post

STREET JOURNAL

#### President Tells Insurers to Aid Ailing Medicare Drug Plan

By ROBERT PEAR January 16, 2006

The New york Times

Bipartisan Senate Group Seeks to Lift Late Fee on Medicare Drug Plan

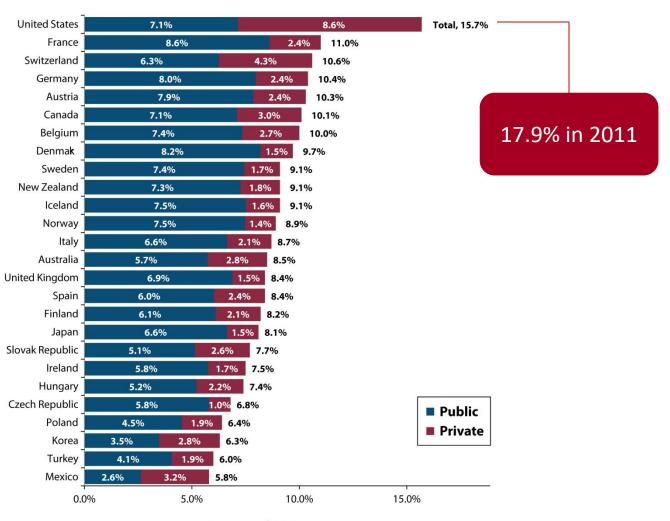
By ROBERT PEAR Published: May 17, 2006

The New Hork Times

#### United States spends more than any other country on health care



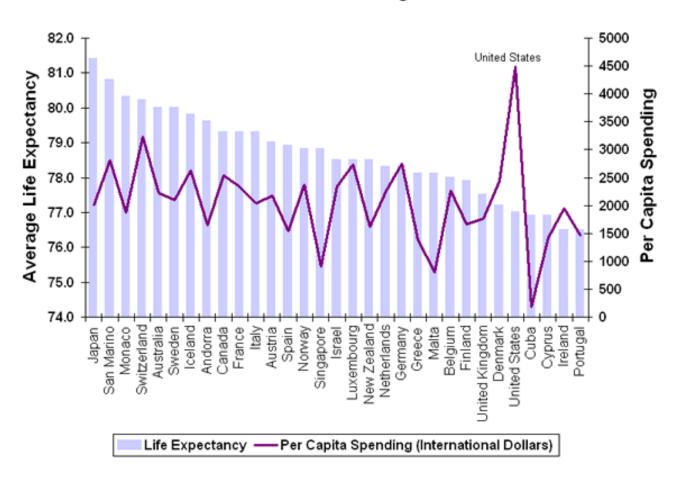
Public and private expenditures on health care spending (as percent of GDP), 2007\*

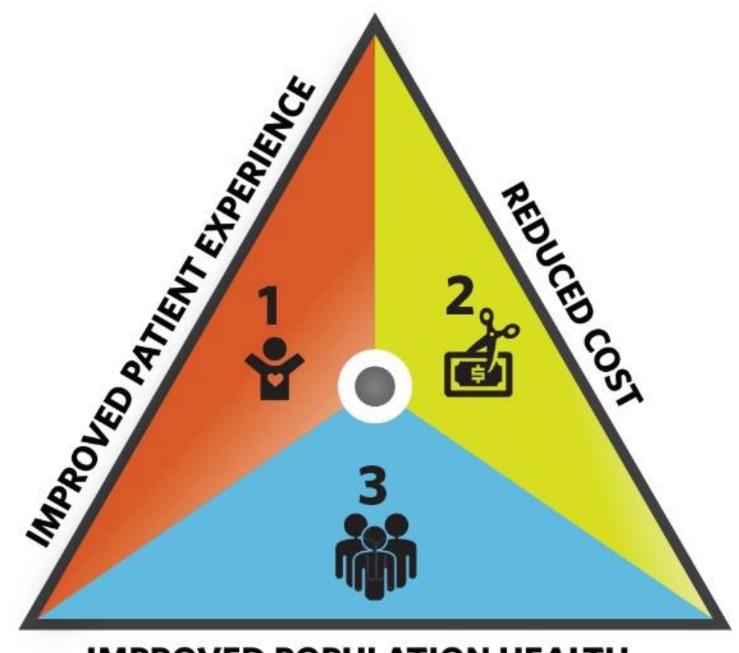


Percent of GDP

**Note:** Because of insufficient data, Chile, Greece, Luxembourg, Netherlands and Potrtugal not shown. **Source:** EPI analysis of Organization for Economic Cooperation and Development Health Data.

#### The Cost of a Long Life





**IMPROVED POPULATION HEALTH** 

## Behaviors incentivized in current system

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



#### What do we value?

- Health
- Prevention
- Outcomes / function

value = outcomes / costs

# Providers must lead the way in making value the overarching goal.



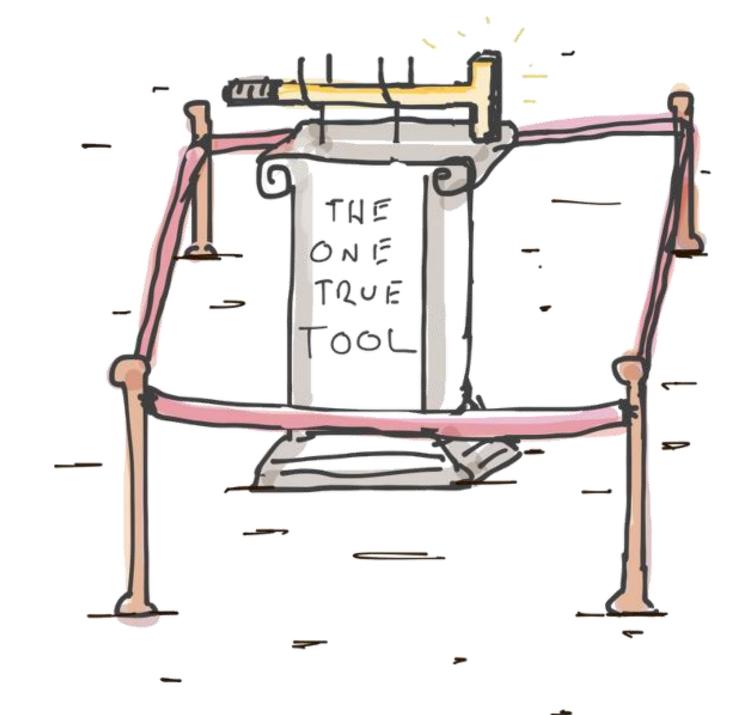
Michael Porter, Thomas Lee. "The Strategy That Will Fix Health Care." Harvard Business Review. October 2013.

#### OLD WAY OF THINKING

What do I have?

My skills?
My facilities?
My resources?

And how can I apply these to patients?







#### 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?



Across Facilities



Geography

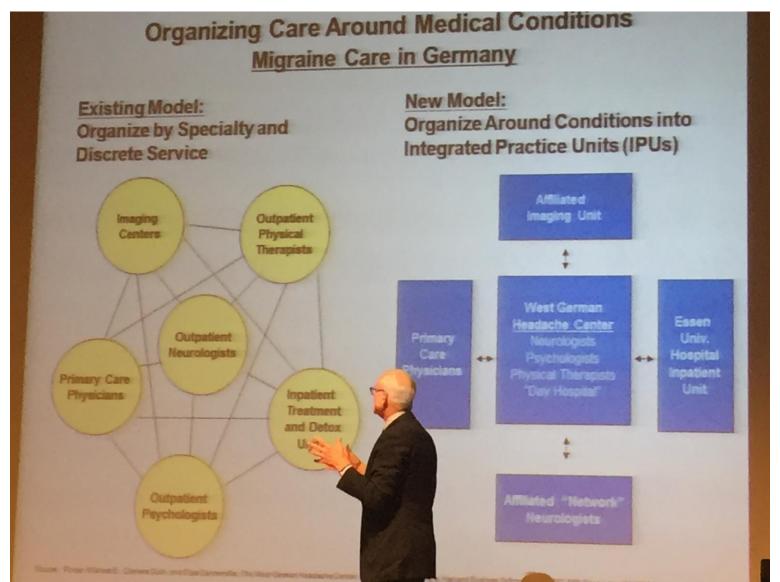
Michael Porter, Thomas Lee. "The Strategy That Will Fix Health Care." Harvard Business Review. October 2013.

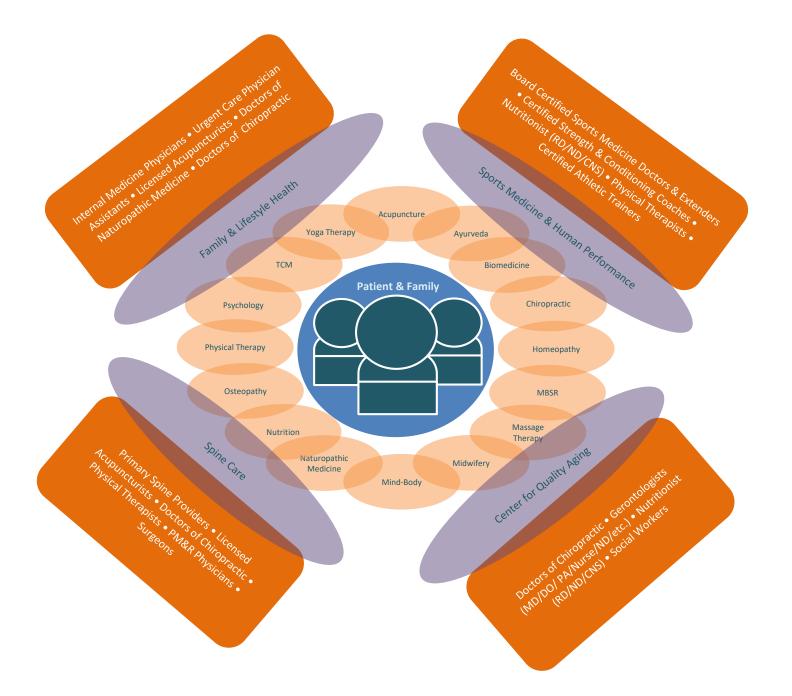
Integrate

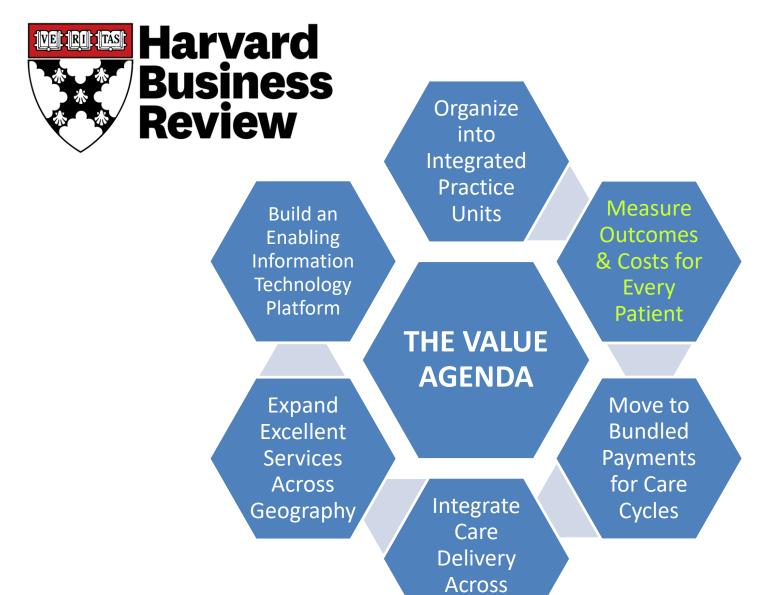
Care

Delivery Across Facilities Cycles

### Organizing around conditions Integrated Practice Units (IPUs)







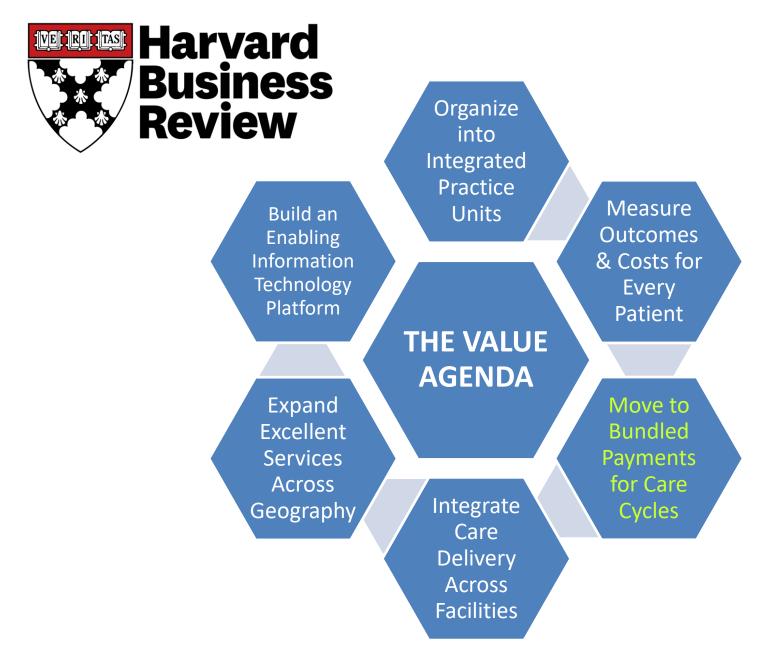
**Facilities** 

## 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



## 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**

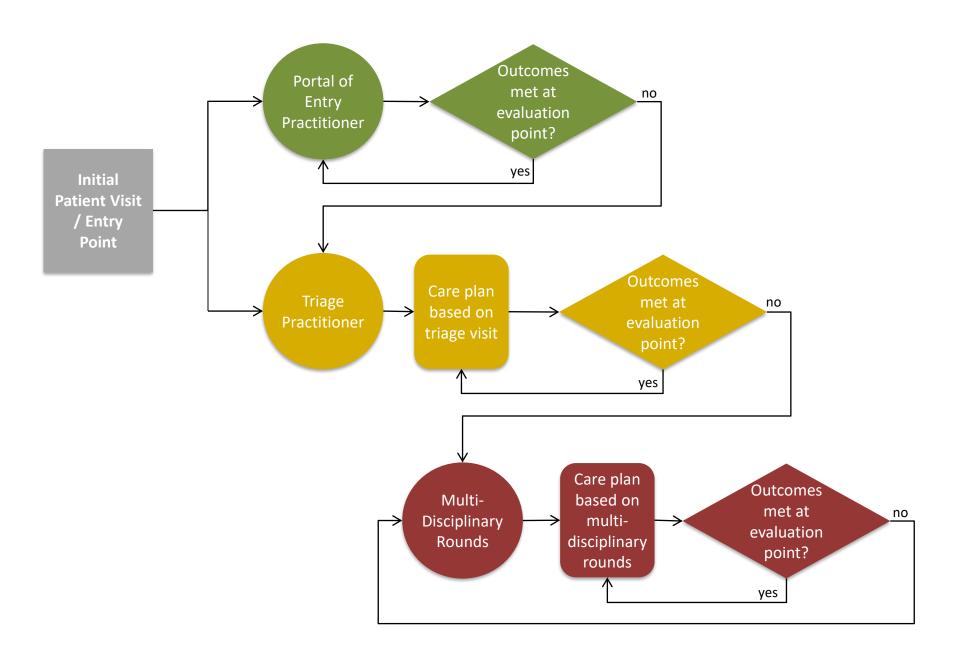
- A single risk adjusted payment for the care of a condition
  - contract for integrated care
- Covers the full set of services and facilities needed to treat the condition over the full care cycle
- Contingent on condition-specific outcomes
- At risk for price versus cost of included services for the cond
  - limits of responsibility for unread care and outliers



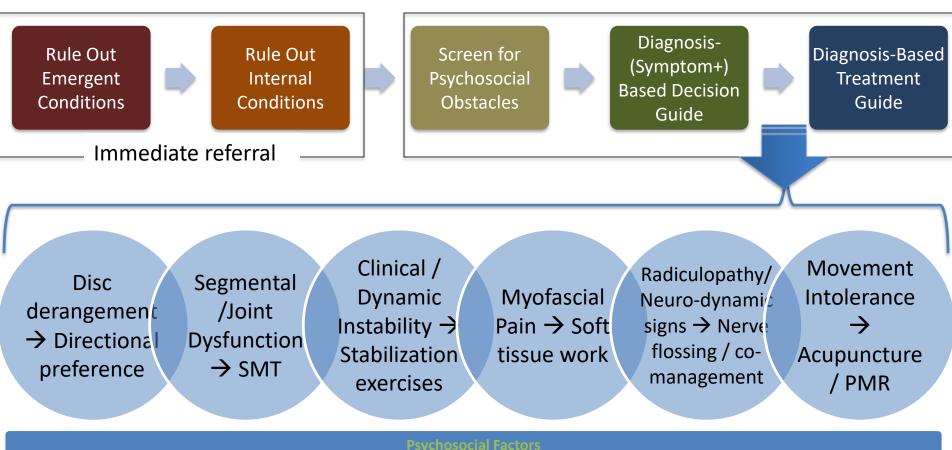
Accountable for outcomes and cost condition by condition



**Facilities** 



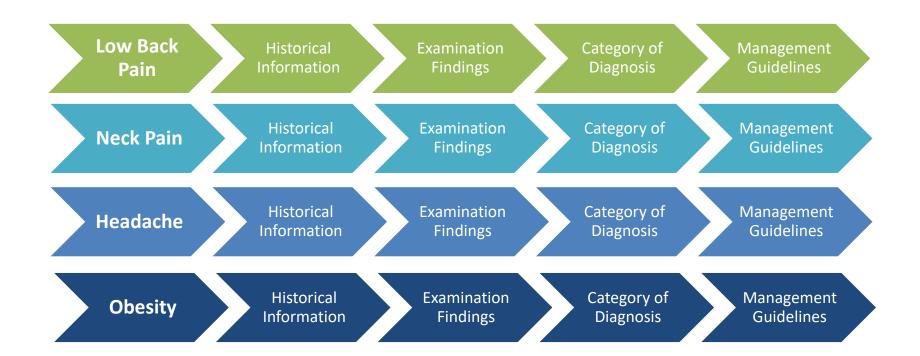
#### Subcategorization / Stratification



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)





Build an Enabling Information Technology Platform

Excellent
Services
Across
Geography

**Expand** 

Organize into Integrated Practice Units

THE VALUE AGENDA

Integrate
Care
Delivery
Across
Facilities

Measure
Outcomes
& Costs for
Every
Patient

Move to Bundled Payments for Care Cycles



## SCU HEALTH SYSTEM