




Creating a shared
future through
**value-based
healthcare**

A person stands in a field at sunset, looking out over a landscape with hills and a cloudy sky. The sun is low on the horizon, creating a warm, golden glow. The person is silhouetted against the bright light of the setting sun. The sky is filled with soft, white clouds. The field is dark and textured with grass. The hills in the background are silhouetted against the sunset sky.

“The new focus on value in healthcare seeks to address **interlocking healthcare problems holistically**. It does so by taking a principle that has guided healthcare professionals throughout history – namely, **doing their best for patients given the resources available** – and making it the centerpiece of health system design and organization.”

WEF Insight report: **Value in Healthcare: Laying the Foundation for Health System Transformation**



Creating a shared future through **value-based healthcare**

Increasing the cost of healthcare is not sustainable, but we can **improve the outcomes for the money spent**. Over the past year, the World Economic Forum has made a number of key steps towards building a framework for value-based healthcare, yet it still proves to be difficult for the industry to implement value-based care at sufficient speed and on a global scale.

While it is not uncommon to see pockets of success where single organizations have institutionalized the value-based model, there are no significant examples of entire national health systems doing so. The real potential of the model will be realized only when the approach is applied successfully at scale i.e. system-wide, at the regional, national or international level.

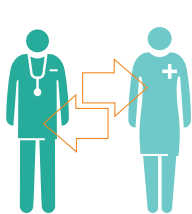
To that end, WEF provides us with a good place to start: **four key enablers** that need to be in place to shift towards this more patient-centric approach.

Data

and health informatics

A comprehensive informatics infrastructure for collecting, sharing and analyzing data information for each population segment, along the full cycle of care, is one of the most critical enablers of any value-based health system. The more that health informatics systems share common data standards and a common architecture, the easier it will be to share data across databases and organizations. However, development and uptake of these systems remains inconsistent in both developing and developed markets alike.


While there are still many discussions to be had about how to create more universally interoperable systems, there is also the key question of **how to harness willingness across the industry to share information and co-create better systems for better outcomes.**



75%

of healthcare professionals (HCPs) said they were willing to **share health information** about a patient with other HCPs

2016 Future Health Index from Philips

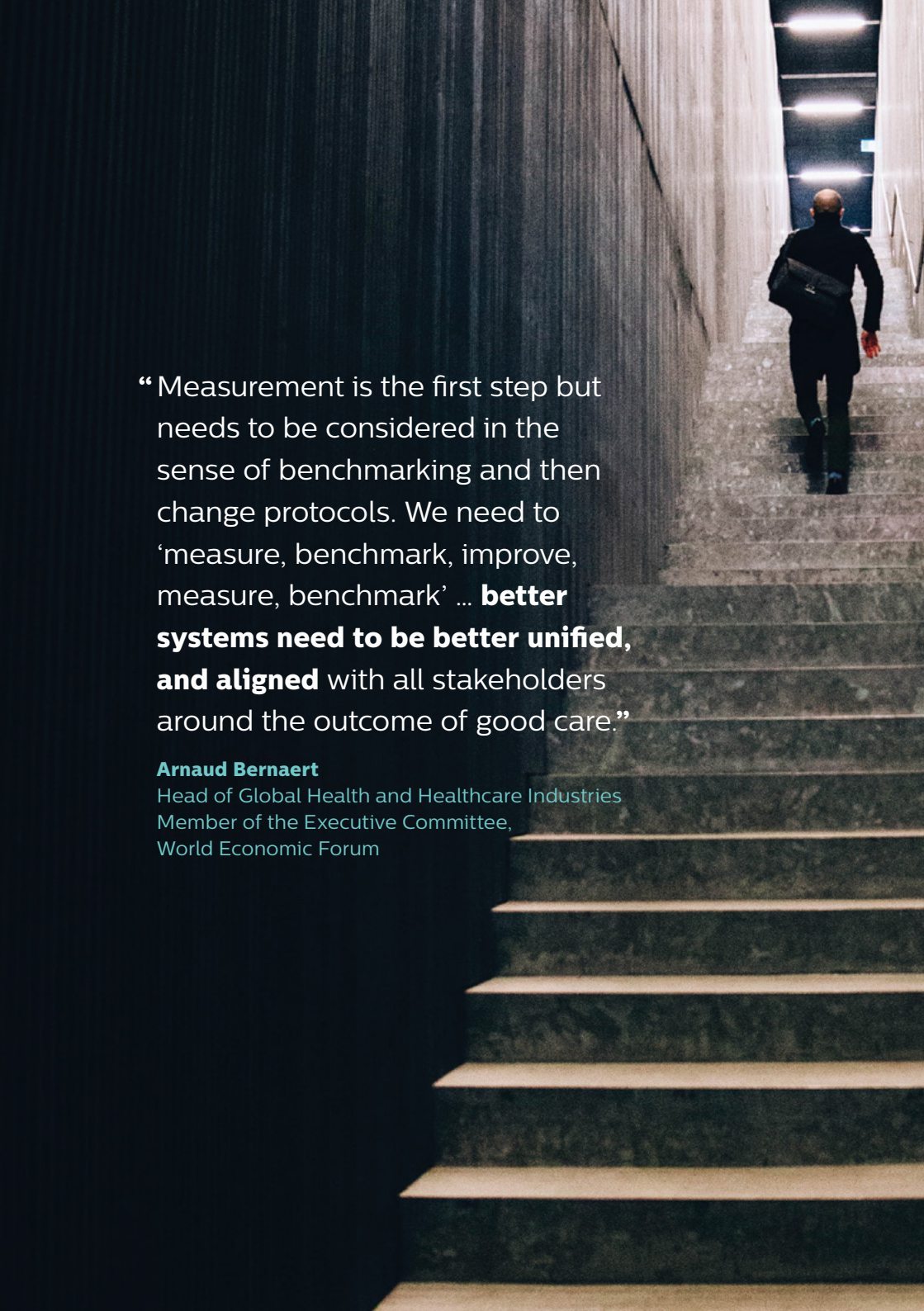


“It’s been a dream for a long time
to have a **shared medical file**
... to know the patient’s entire
medical history, to avoid a patient
from seeing 14 different people
only to have the same opinion,
to see which exams/scans have
been done and on which date ...
because in some cases, they don’t
give all the information ...”

Obstetrics-Gynecology professional

14 years’ experience, public health system

France



“Measurement is the first step but needs to be considered in the sense of benchmarking and then change protocols. We need to ‘measure, benchmark, improve, measure, benchmark’ ... **better systems need to be better unified, and aligned** with all stakeholders around the outcome of good care.”

Arnaud Bernaert

Head of Global Health and Healthcare Industries
Member of the Executive Committee,
World Economic Forum

Benchmarking,

research and tools

Once health systems begin to routinely and effectively track and share health outcomes data, that information can serve as a powerful asset for driving research and innovation. Highly granular levels of data about health outcomes can help identify best practice treatments more easily and dramatically reduce inefficiency. This level of detail can only be provided through systematic benchmarking, new types of research and the development of sophisticated decision-support tools.

The **2017 Future Health Index from Philips** showed that emerging markets tend to lead the way in terms of achieving positive outcomes relative to investment made into the health system. On the other hand, developed markets showed more excessive funding (as a percentage of GDP), without achieving similar or proportionate health outcomes.

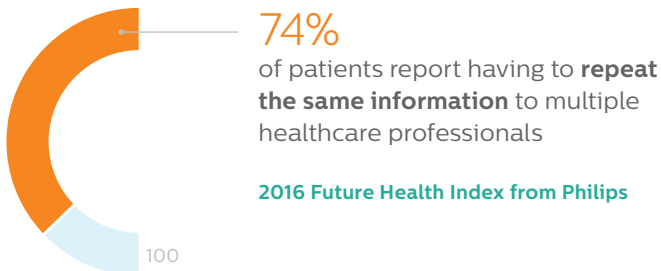
Developed market health systems have a wealth of experience and learning to draw from when it comes to developing treatment and research methodologies. What is equally compelling to consider is **what these older, ‘legacy’ systems can learn from the emerging markets when it comes to achieving better parity between healthcare spending and outcomes.**

Country	Input Healthcare spend as a % of GDP	Outcomes Overall outcome score	Efficiency ratio (Outcomes/input on healthcare)
Singapore (SG)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
China (CN)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
South Korea (KR)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
UK (UK)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
France (FR)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>
United States (US)	<div><div></div></div>	<div><div></div></div>	<div><div></div></div>

Delivery organizations and change management

The way most provider networks are currently organized – primarily around function at each stage of the care chain – often makes it difficult to achieve transparency and effective coordination. In theory, this structure allows patients to find the most appropriate treatment setting based on their condition – be it primary care as needed for basic population health and disease prevention; or more specialized care for more severe or unique conditions. In practice, however, each link in the chain of care is usually managed separately and, as a result, incentives for clinicians at the various levels often conflict.

How can global healthcare systems **increase their levels of integration and collaboration** in a way that drives better outcomes for all parties?





“[The healthcare system] works rather well, because we have a hierarchic healthcare and not based on demand. It is rather **governed by needs**, because all patients, no matter their background and status, proceed further through the system and eventually come to a place where they receive the right diagnosis and hopefully, treatment too. So here we are really good, thanks to the structure of our healthcare.”

Pulmonologist

34 years' experience, public health system
Sweden



“Some incentive programs are based on such **complicated formulas** that providers can’t figure out what to do.”

Don Berwick

MD, president emeritus and senior fellow at the Institute for Healthcare Improvement (IHI)

Incentives and payments

Across both public and private sector models, the methodology behind incentives has remained largely unchanged for decades, despite large scale changes in need, resources and patient expectations.

While common wisdom dictates that the role of a healthcare system is to provide better outcomes and minimize complications during the care process, many remuneration models in the private sector seemingly ‘reward’ providers on volumes of treatment they provide – meaning that it is essentially in the commercial interest of the organization to prolong illness rather than treat it. Nor is the picture rosier in the public sector, where fragmentation of priorities and objectives across different government agencies leads to compartmentalized spending – and care – rather than a holistic approach across the chain of care.

For the global healthcare industry, the challenge on the table is one of driving the cultural change that will shift the way incentives are devised and delivered. **Could an overall shift to incentivizing prevention be more valuable in the long term than focusing on treatment in the here and now?**

Cleveland Clinic (CC) strives to keep all its patients – including its own employees – healthy. Employees and their spouses who are enrolled in the employee health insurance plan can earn up to 30% off their insurance premiums. To attain the incentives, those with a range of chronic conditions can enroll in programs that help them meet personalized medical or nutritional goals. These programs have helped CC keep premiums down and encourage patients to get or stay healthy and be in control of their wellbeing. In 2016, CC managed to reverse annual healthcare cost increases and saw a decline in spending at a rate of about 2%.

Conclusion

There's no shortage of ways to speculate on the journey towards **universal value-based healthcare** – and there are no easy answers to the questions we will encounter on the way. There are a multitude of factors to consider, stakeholders to contribute and partners to collaborate with.

But, as we build a foundation for healthcare transformation to value-based care, **areas for accelerated progress** include:

Data standards – creating accepted international protocols for collecting, anonymizing and sharing health data between care providers and ecosystem stakeholders.

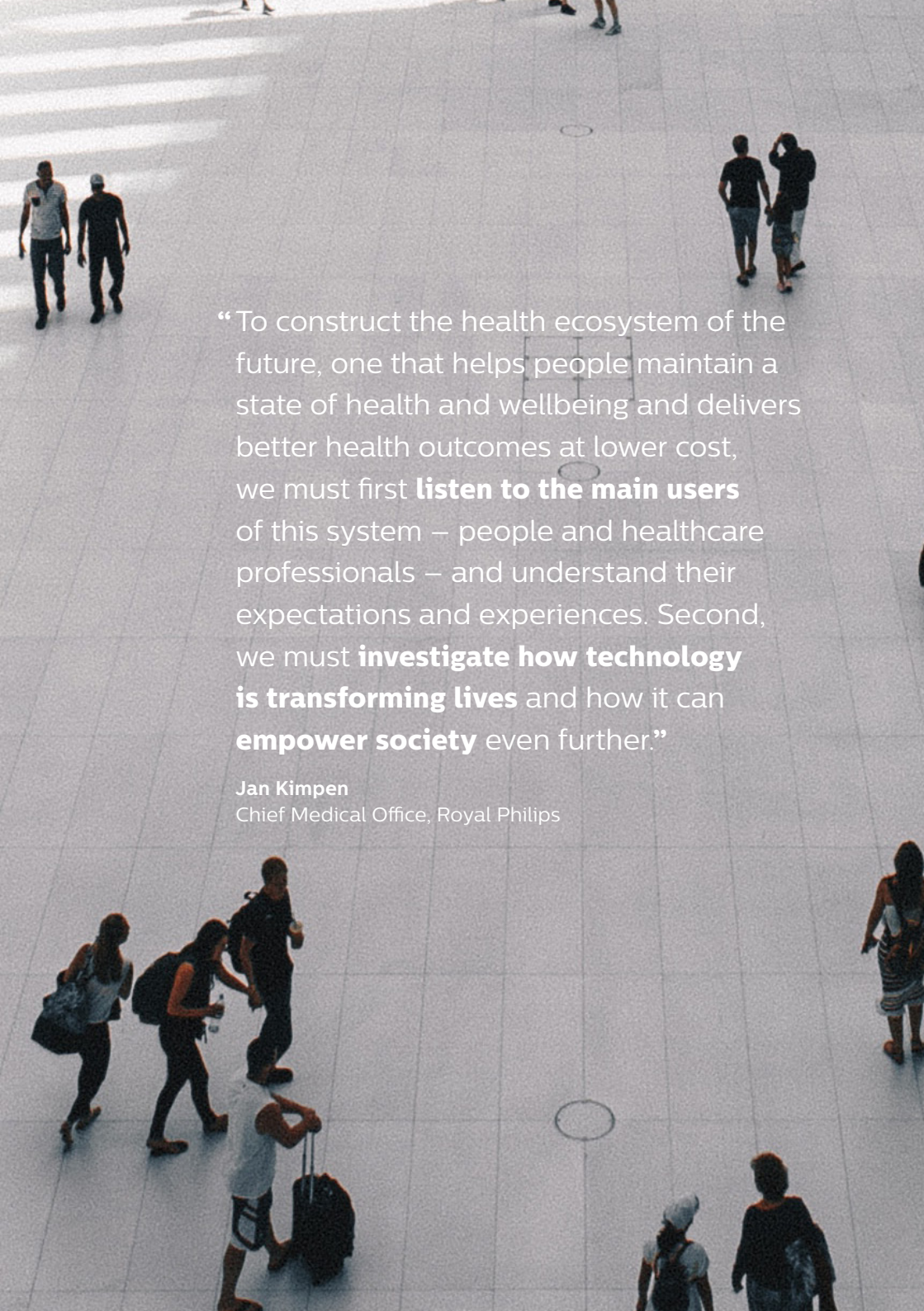
Standardized measurement – for benchmarking and performance management.

New payments and incentives – that shift rewards for volume to rewards for value.

Change management – to map and support new roles and organizational healthcare structures.







“To construct the health ecosystem of the future, one that helps people maintain a state of health and wellbeing and delivers better health outcomes at lower cost, we must first **listen to the main users** of this system – people and healthcare professionals – and understand their expectations and experiences. Second, we must **investigate how technology is transforming lives** and how it can **empower society** even further.”

Jan Kimpen

Chief Medical Office, Royal Philips





The Future Health Index is commissioned by Philips