Value-based healthcare: the ‘fix it’ strategy for the UK?

Integrated care - the NHS speaks out

sas

Introduction

With the UK's public healthcare system facing relentless pressure from increasing patient numbers and the complexity of their cases, one strategy is in the spotlight as a practical answer: **Value-based healthcare.**

Its goal is to improve the quality and outcomes for patients at reduced costs. Achieving it means embracing several new ways of working, including:

Making every decision a "decision of value" which requires a more effective way to analyse the status quo, model future possible scenarios and their outcomes, and ensure processes and treatments deliver optimal value.

Understanding and embracing integrated care models that put patients at the core.

A new way to reimburse care providers that rewards quality and patient outcomes, rather than the number of procedures.

While it's easy to see why most NHS leaders – from both the commissioning and the service provider sides – could see the benefits of value-based healthcare, just how well understood – and even implemented – is the concept?

SAS Research Reveals NHS Opinions

Our research sought the answers to these questions, by asking industry practitioners about:

- Their attitudes towards the idea of value-based healthcare.
- How increased value is being planned and delivered, via innovative models such as integrated care.
- How well placed their IT systems are to support value-based healthcare, and in particular, making 'decisions of value' an everyday occurrence.

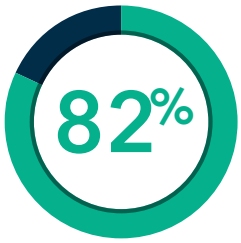
About the Research

Nearly 200 people from across the NHS, including those directly involved in delivering value-based healthcare at both administrative and clinical levels, freely participated in our online questionnaire. Acute Trusts, CCGs, Foundation Trusts, local health authorities, Mental Health Trusts and NHS England all participated. No incentive was offered to responders.

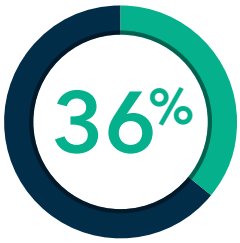
The Findings

Perceptions of value-based healthcare

Improving value across the NHS is already clearly on the leadership agenda.



Preparing for value-based healthcare



Understand the benefits

Say the benefits are not understood

With a massive 82% of responders reporting that they are looking to make changes in preparation for value-based healthcare, the concept looks set to be widely adopted, at some level at least, in the near future. However, while it may be well appreciated at the executive and senior clinician levels, our findings also show that there is marked polarisation in how well the benefits of integrated healthcare are understood. Of those that responded, 36% say their organisation understands the benefits very well, while almost double the number, 64%, say the benefits are not very well understood.

Those who are not currently looking to introduce value-based care typically said that it was because:

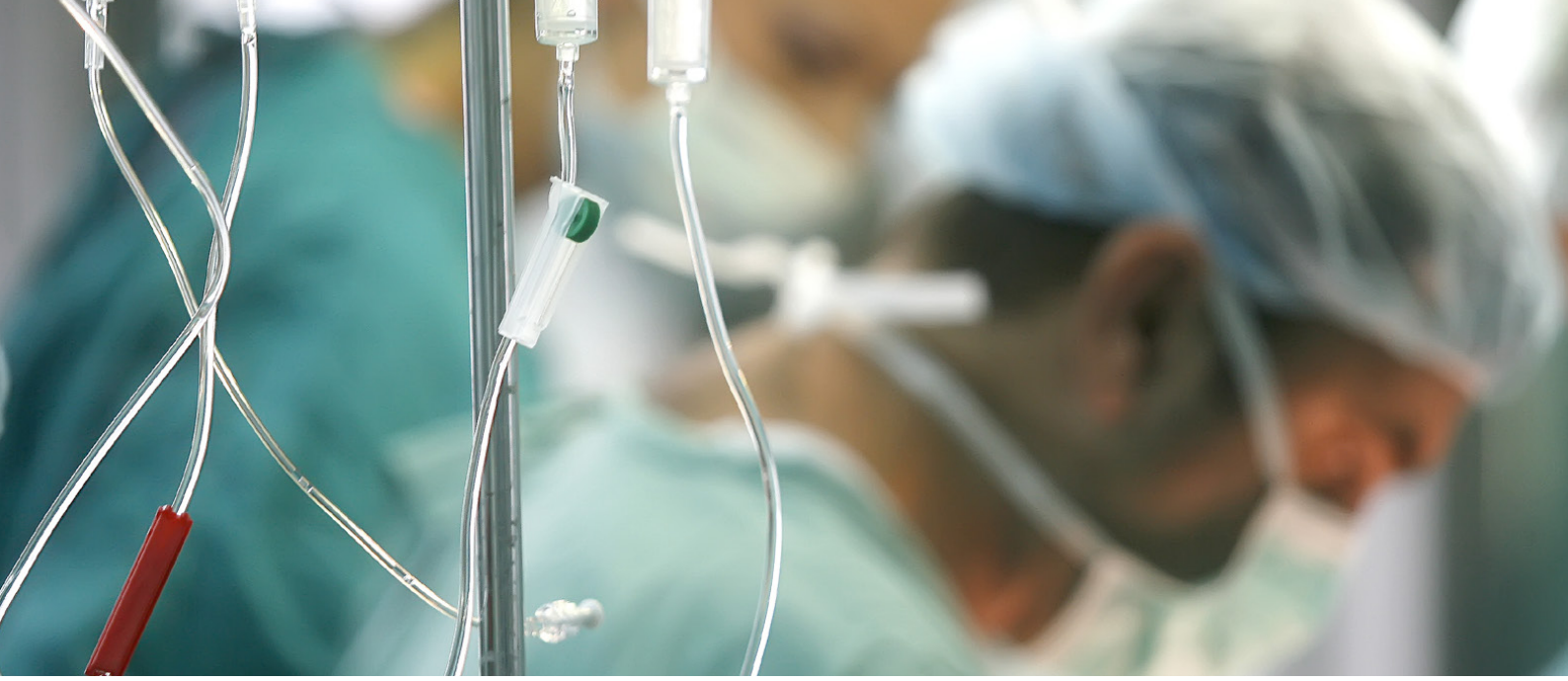
"There was no evidence of the concept working."

"It is not well established thinking amongst their leadership team."

"As a system it is not yet mature enough, so that while there is much talk about value-based healthcare from their CCG, there is no action as yet."

So what can we determine from this perception gauge?

While the concept of value-based healthcare is talked about and planning is being widely undertaken, meaningful rollout is very much in its infancy.



What kinds of transformation are taking place?

Our respondents talk about introducing changes that span clinical practice (introducing integrated care), financing (place-based or pooled budgeting) and administration (innovative contracting). These organisations are clearly more advanced in their thinking. For them, embracing value-based care will help them achieve considerable transformation across the board – in personal value, allocative value and technical value.

Deconstructing Value

The three main measures

Personal Value
Delivering services aligned to what is important to patients.

Technical Value
The quality of the outcome delivered versus the costs of doing so.

Allocative Value
How much resource should be allocated to different populations for different services.

The green shoots of change are sprouting

However, what our research also shows is that regardless of whether or not our respondents know their organisation is adopting a formal strategy to implement value-based healthcare, the signs of change are actually appearing everywhere. From the way in which the measurement of patient outcomes is evolving to the delivery of integrated care, or the adoption of strategies to reorganise resource utilisation, value is very obviously front of mind within NHS organisations of all kinds. Let's take a look at some of the most common green shoots of value-based change in more detail.

Patient value is taking off

We can see very clearly that our respondents are introducing innovative ways to drive up patient value. Interestingly, this is happening both at the operational and strategic levels.

For example, traditional measures that include very basic reporting on mortality rates, re-admission rates, patient safety and satisfaction are being phased out and replaced by those that capture the individual benefits, or value, patients gain from their treatment. These include results such as health status achieved, time to recover and sustainability of health.

Patient outcome reporting gets progressive

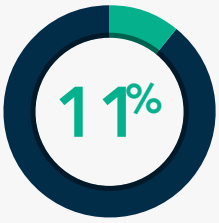
We also asked our responders how sophisticated they are at measuring patient outcomes. 10% said they can't measure patient outcomes at all. The vast majority, 66%, told us that they have a very limited ability to measure patient outcomes. However, it's not all gloomy news because the need to drive patient value is certainly taking off with 11% reporting that they are able to measure the outcome of every medical intervention across the treatment cycle and 14% replying that they can measure outcomes and dynamically change treatment plans to optimise health results.

Just what criteria are most popular when recording and evaluating outcomes? The most common measures run in this order:

1. Ensuring patients have a positive experience of care
2. Providing care in a safe environment
3. Protecting them from avoidable harm
4. Enhancing quality of life for people with long-term conditions
5. Identifying potentially avoidable complications
6. Preventing people from dying prematurely
7. Helping people to recover from periods of ill health following injury

Cannot measure outcomes

Have limited ability to measure outcomes



Can measure outcomes of every medical intervention across treatment cycles

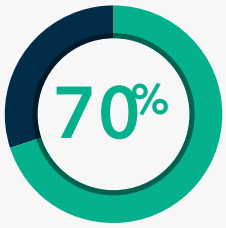
Measure outcomes and change treatment plans to optimise health results

Integrated care and more effective use of resources.

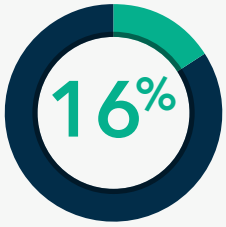
When we take personal value a step further to a strategic level, it's impressive to see that 70% are already moving towards delivering integrated care and 16% have already done so. Perhaps in some part this is because it is a core objective of the NHS Vanguards who are responsible for pioneering new models of care. And in terms of how that integrated care should be organised, 62% believe providing everything that patients need closer to their homes, rather than increasing the volume of treatments delivered at fewer sites, will increase patient value. So it seems that providing integrated care to patients within their own communities is seen as a better way to increase personal value.

However, from a resource utilisation perspective the picture looks very different. Almost twice the number of responders believe that increasing the volume of patients at centres of excellence will increase the utilisation of the NHS's most expensive and skilled professionals. This seems to contradict what responders are saying about how best to deliver integrated, patient-centric care.

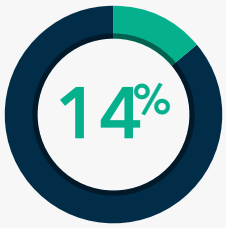
Clearly the challenge of finding smart and efficient ways to better utilise resources while also driving patient value is largely unsolved.



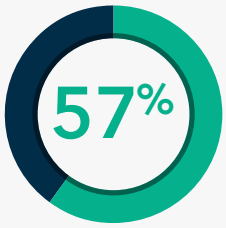
Moving towards integrated care



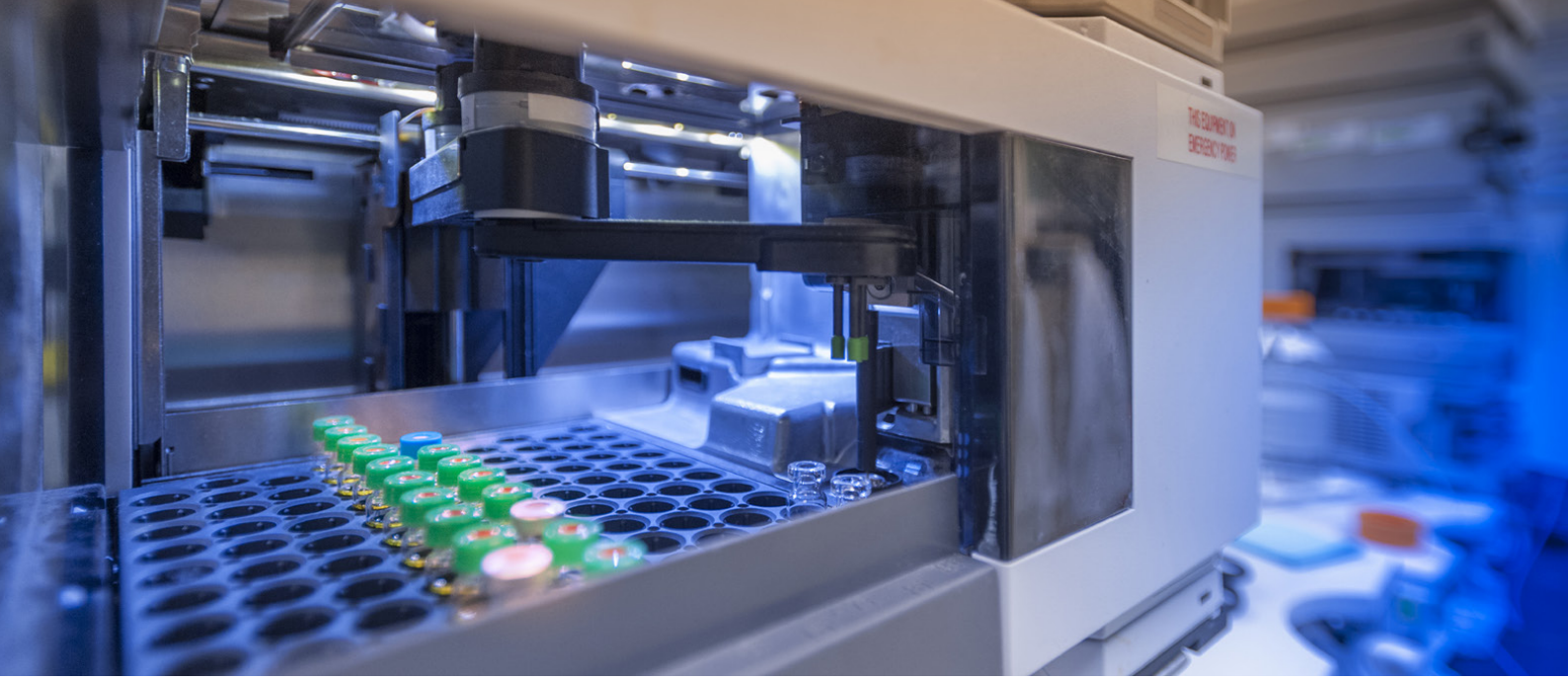
Say they have already done so



Say no steps have been taken



Say that are pooling some budget with their local authority



Budgeting and cost allocation

Given that a key component of driving value is to reduce costs, it's vital that the NHS begins to use more sophisticated ways to measure expenditure. There is good news here too. Our research shows that we're beginning to see a transition in the way costs are evaluated. When asked how they were measuring costs, these two responses were most common:

44% at the macro level - monitoring overall budgets.

46% measuring costs by department – aggregated costs at the department or specialist level.

When asked about their ability to track patient outcomes, the use of advanced methods came to light – but only in a minimal way:

22% at the medical condition level – recording the costs of treating a single ailment.

26% true costs of episodes of care – the complete cost of treating a patient from first interaction all the way through the care cycle.

27% time-driven activity-based costing – which estimates costs directly from clinical and administrative processes used in patient care, which provides invaluable insights into how to drive efficiencies.

Measuring costs using criteria such as episodes of care makes it easier for commissioners and providers to understand how, where and why budget is being spent the way it is. Having that insight helps to ensure that finances and resources are directed with maximum effectiveness both for individuals and populations – a key component of delivering increased value.

Pooling budgets and collaborative commissioning

Another way of driving value is through allocative value. This is the way in which budgets and resources are apportioned to different patient populations requiring different services – and doing so in a way that is fair and maximises value for the whole population.

While most of our responders are unable to measure costs in a way that will drive up operational, clinical and patient value, some creative thinking is being deployed. How?

We can see that 57% are either already pooling or somewhat pooling budgets with their local authority. What this means is that health and social care can be more easily integrated, delivering services in a way that suits patients. We know this already happens in real world situations. One example is the case of elderly care, where patients move in and out of hospital, social care and housing services quite frequently. Pooling budgets increases care flexibility and
can help to deliver economies of scale for increased cost effectiveness.

How can we move forward?

Whatever your individual interpretation of value-based healthcare, and whatever facet(s) your organisation is focusing on today, what's very clear is that organisations from across the NHS require much deeper insights in order to make informed, de-risked decisions about how to increase value. And this leads us into the issue of how well data can enable value-based healthcare.

The good news is that 88% regard their information technology systems as a key enabler of change. But as yet, these systems seem largely incapable of delivering the required analyses – with 79% saying that their current IT system is unable to support integrated, multi-disciplinary care.

Largely, this seems to come down to the fact that while marginally more responders feel their IT system can deliver value by being patient-focused, most feel theirs is unable to add value by integrating a broad set of patient data (including notes, images etc.) Neither can their IT help them to make evidence-based decisions, accurately forecast demand, collaborate on improvements to clinical pathways or any other capabilities that would help to improve personal, technical and allocative value.

So how can healthcare organisations across the commissioning / provider spectrum rapidly integrate their data silos and begin to make decisions of real value, every day of the week? What we do know is that key organisations, such as NHS England, are using advanced analytics to drive value at a strategic level. With our help, the organisation is recording variations in patient outcomes for certain medical conditions and modelling and testing more value-generating clinical pathways that can be rolled out nationally.

Conclusion

Research from the Economist Intelligence Unit notes that "the NHS is still a long way from understanding how to implement value-based healthcare, but we're more advanced than others in Europe". What must happen next is that technology, and particularly data analytics, served by clean, current, accurate big data, should be used to create a system-wide platform for decisions of value – both at the strategic and operational levels. When dovetailed into the NHS Confederation's ideas about how to create a culture of value-base decisions, we believe the NHS will be well placed to drive value-based healthcare throughout the system.

Our research shows that there is a great appetite to increase value across the board. We recommend NHS leaders act now to build on the progress already made both in understanding costs and delivering patient-centric, integrated care in time to meet the rapidly changing and highly complex needs of the UK population.

For more information about how we are driving value in healthcare or to learn more about our advanced data analytic capabilities call:

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