



P. D. HINDUJA HOSPITAL
& MEDICAL RESEARCH CENTRE

Next generation care

**Helping create value-based
healthcare organisations**

Healthcare

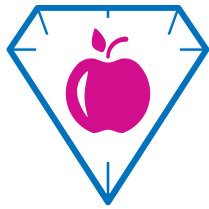
December 2015

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KPMG in India, released this background paper, titled, 'Next generation care- Helping create value-based healthcare organisations' at the 3rd Hinduja Hospital Healthcare Management Series, National Conference on 'Redefining Healthcare: Value Based Delivery', held on 4 to 5 December, 2015, at the P D Hinduja Hospital & Medical Research Center, Mumbai.





Redefining value in healthcare

Around the globe, the healthcare stakeholders are challenged by the dual issue of rising demand and keeping the medical cost within the reach of masses. At the core of these exertions, the search is on for the ideal 'value' of healthcare.

The term value, traditionally, is perceived by a healthcare provider or payer as a synonym to savings generated by cutting costs of healthcare delivery. But with the ever-changing times, the need to design a sustainable system that keeps a patient at the centre of the healthcare architecture, is becoming a point of paramount importance.

We propose the following three amendments in the current thinking, which could help transform the present state of affairs in healthcare - first, mapping the measures of outcomes of care that matter most to patients, rather than process outcomes, which is of importance to the providers; secondly, integrating quality measurement to proper cost measurement; and finally, leverage patient as data source and other forms of existing data, instead of capturing new information, to help design future strategy.

This paper aims to help our readers rethink the 'value' of healthcare and pave way for them to create a value-based healthcare organisation. This publication, draws references from our previous publications on value based care, to trace the progress made in the healthcare industry since then, these publications also form the basis of research for this publication.

**In the artless form,
we can define 'value'
in healthcare as the
optimum outcome
desired by a patient to
the cost incurred.⁰¹**

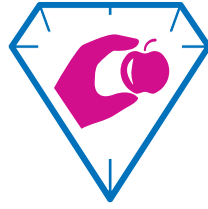
$$\text{Value} = \frac{\text{Outcome of care}}{\text{Cost of care}}$$



01. 'Value-Based Health Care Delivery', Slide 6, Michael E. Porter, Harvard Business School, Institute for Strategy and Competitiveness, March 2012

“Being a ‘values-driven organisation’ can sound like management-speak but it is actually key to high performance.”

Mark Britnell
Chairman and Partner
Global Health Practice



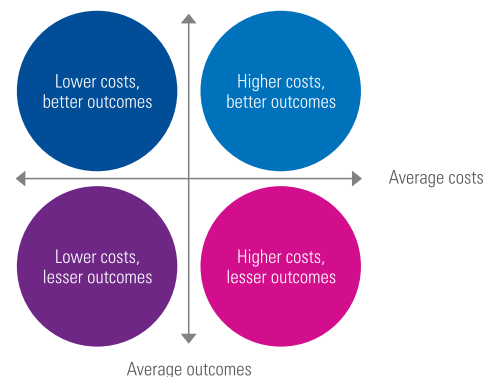
Leveraging true 'value'

Measuring value: Integrating two separate worlds

How to integrate outcomes and costs eloquently to arrive at a desirable value for all? This is the very question that challenges many healthcare stakeholders around the globe.

The quantifying value (the quality gained per dollar spent) entails looking at quality outcomes and costs at the same time. A value matrix that helps define where a firm is currently positioned and where it aspires to be, shall enable them to chalk out their winning strategy.

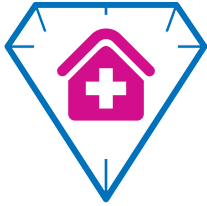
Value matrix



Source: Adopted from 'Measuring the Value of Healthcare Delivery: Cutting through complexity', KPMG International Cooperative 2013

With more and more organisations across geographies thriving to be 'value'-driven care providers, it is essential to overcome the challenges faced by them in their evolving journey. One of the critical challenges faced by organisations is to correctly measure the cost of care for its patients and articulate the outcome that reflects the patient's goals of care reasonably.

Adoption of activity-based costing is emerging as a powerful medium for the providers to better understand the patient-trajectory based costs. Further, the evolution from a 'structure and process' measure to 'outcome' measure, reflects a patient's goals of care. This is helping pave the way to bring patients at the centre of the healthcare structural design.



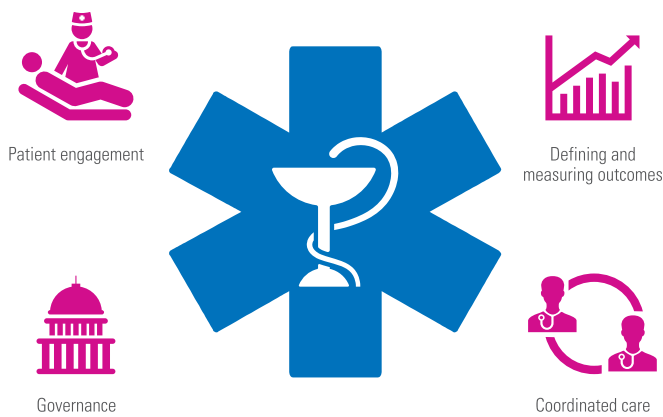
Building a value-based healthcare organisation

Taking the journey from valuing what we measure to measuring the real value

The changing healthcare needs around the globe, necessitate the change in the way we measure the value of healthcare. The alienation of patients from their caregivers (healthcare organisations) while designing a healthcare delivery model has led to the thought of development of an organisation that undermines this barrier in its existence.

A provider looking at redesigning the care delivered, needs to work across key characteristics: patient engagement, defining and measuring outcomes, coordinated care and governance.

Key characteristics of value-based organisations



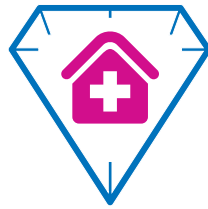
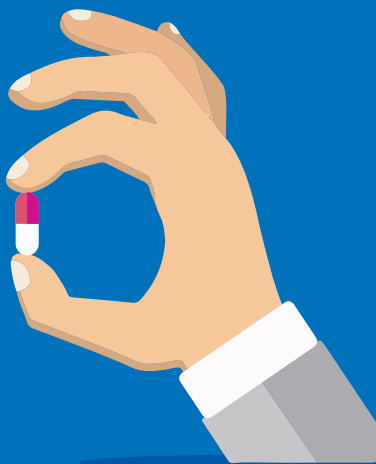
Source: As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015

Patients are the solution, not the problem.



Patients can no longer be seen as docile recipients of care, but as active participants that contribute to both the assessment of quality and, more frequently, to the actual design.

As strong as the weakest link:
Creating value-based healthcare organizations, KPMG International Cooperative, 2015



Patient engagement is a strategy, not a tool

How healthcare organisations could build true patient relationships that last a lifetime

Informed patients = better choices = improved outcomes⁰²

Patient engagement can be explained as the practice through which patients become invested in their own health.⁰³

A patient who participates in the decision making process regarding his/her own care is generally the one who would proficiently and meritoriously work on ways to improve his/her own outcomes. This level of patient engagement is vital for the creation of value-based care models. But the question still remains - how does the clinical care team best communicate with their patients to actively engage, and encourage them to participate? In our opinion, establishing a patient advisory group can help healthcare organisations know what patients want to know about their illness and, understand from them what could be a preferred way of sharing relevant information with the patient, depending on their initial interaction, with the service provider.

AIDA framework for patient engagement



Source: KPMG in India analysis for the AIDA model, 2015

Attention

For an effective decision and an action, attention should be paid to the outcome desired by majority of patients and other healthy habits. This also includes, recognising the decision that needs to be made for engaging patients and then identifying and collecting the information and other resources required to drive decisions.

Information

Without data/information, patients lack the necessary tools to arrive at cognisant choices. In an evolving healthcare industry players and patients would need data to manage risks, and thereby, take informed decisions. Conventionally, healthcare providers were the source for data on effectiveness and safety, and patient surveys helped measure the organisation's patient-centric approach. While driving decisions in an ideal value-based healthcare environment, all relevant information based on a patient's goals and evidence-based research should be provided for diligent assessment.

⁰². As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015

⁰³. KPMG in India analysis, 2015

One of the major challenge that arises is the issue of collecting the right set of information from the patients. To minimise manual data collection and conserve resources, organisations should focus on metrics with readily available data or innovative methods to collect data. Information technology can prove to be a powerful tool for enabling value-based care. An effective information technology platform that is centred on patients' needs, can be the foundation of this evolution.

Decision

Post information availability, strategy and behavioural economics are required to understand how to drive decisions based on the understanding of patient-desired outcomes.

Action

Organisation shall continue to evolve, it is required to have a consistent feedback loop to comprehend what is working favourably, and to further minimise risks. Additionally, an evolving science of engagement needs to be established to continuously test assumptions. This can help lead organisations on the road to learning healthcare system.

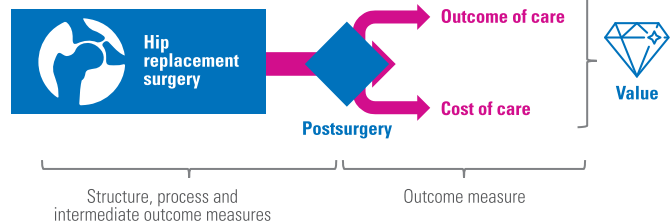


Need to shift from structure and process measures to outcome measures

Identifying what matters to a patient

At present, the healthcare providers make use of wide range of outcome measures that are process-oriented; from absence of complications after interventions to longer-term rehabilitation of functions and total recovery of patients.⁰⁴ As organisations seek to create value-based delivery models, higher emphasis needs to be given to what patients view as outcome, goals relating to quality of life, general wellness and emotional well-being. These form a gamut of outcomes, which begins with as basic as resolution of a condition and ends with a longer-term goals such as resuming a normal life and living without pain. This approach to measure patient outcome could help health professionals make better decisions that are more likely to improve a patient's overall quality of life.

Shift from structural and process measures to outcome measures



Less focus on:

- Per cent adequate venous thromboembolism prophylaxis
- Per cent adequate antibiotic prophylaxis
- Per cent adequate physiotherapist treatment
- Throughput time between first contact with specialist and therapeutic intervention
- Cost of physiotherapy services
- Medical specialist fees.

More focus on:

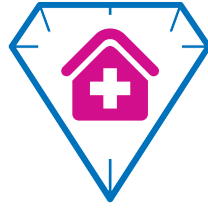
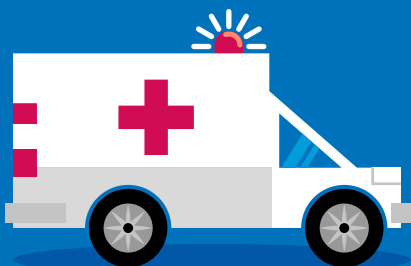
- Per cent adequate scores on patient-reported outcome measures, such as health status, recovery process and post-operative pain/infection
- Per cent of patients requiring revision surgery
- Total cost of hip-arthrosis related care.

Source: Adopted from 'Measuring the Value of Healthcare Delivery: Cutting through complexity', KPMG International Cooperative 2013

04. As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015

Healthcare professionals cannot be content with simply completing their treatment; there must be an improvement in the long-term outcome, which becomes the responsibility of all providers. This notion of a continuum of care is particularly relevant to the increasingly complex management of care for chronic conditions.

As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015



Creating uniform outcome measures

Every patient is expected to weigh outcomes differently. So, how do we create a uniform outcome measure that is not only acceptable by masses, but also helps healthcare professionals in delivering value care? Looking at groups of patients who share similar diagnosis, individual variations average out. Here, the guidelines become powerful descriptors of optimal care, and what counts as the most relevant outcomes become relatively apparent.

Defining outcome indicators

1. Define parameters that the patients can use to measure the outcome of services
2. Adopt an instrument for measuring the outcome
3. Set the outcome measure, the inclusion and exclusion criteria and, if relevant, the impact on patients with different combination of medical conditions.

The quality of an outcome indicator is determined by its relevance to the patient group, the quality of the measuring instrument and the reliability of the data measured. When outcome measurements are plotted over time, a pattern of patient value begins to emerge.

If the measurement is more standardised, it is easier to compare the outcomes between patients, clinicians, institutions and the entire health system. Broad and global benchmarks challenge an organisation to improve the quality of its care. By setting tough targets, and making results freely available, providers could encourage a culture of excellence, knowing that patients would choose doctors, clinics and hospitals with the best track records. This would, eventually, lead to survival of those people and organisations that are able to adapt in the best manner. Such a 'health darwinism' might appear brutal, or even one-sided, but this could play an essential part in raising the standards of healthcare system in India.





Coordinated care: Delivering greater value

Due to increased incidences of multiple health conditions, there is a visible paradigm shift in patient's healthcare needs. This is due to uncertainty of getting lost in the healthcare system while accessing care for individual ailment. It has become alarmingly threatening to the success of the system. As we aim to move towards value-based care, coordination becomes considerably vital. In the absence of synchronisation between all the components of healthcare architecture, the value could 'leak' out of the system.

The 'value' in its true sense is attained over a longer duration. Patients suffering from multiple chronic conditions like heart diseases, diabetes and cancer, could be cared for at or close to home embracing self-care and encouraging more independent lives.

Where such a set-up cannot be built, it becomes imperative to create an integrated unit for complete care. These units consist of clinical and non-clinical workforce that work in collaboration towards a common goal to maximise value of care delivered.

Adapting the degree of integration to the situation at hand

The approach to care needs to be customised according to the patient, his or her social support, the disease segment and, to some extent, the geographical location.

The coordinated care becomes a vital requirement in treating patients, where there is a hurdle with continuity of care, as well as with groups such as long-term care patients and the elderly, who need continuous long-term care.

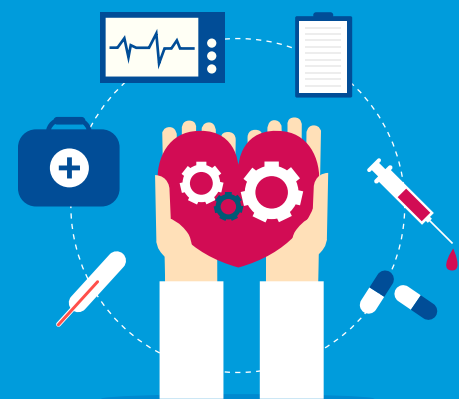
KPMG International has recognised three levels of integration:

- 1. Focus clinics** - patients with a single ailment condition and in need for a focussed treatment approach.
- 2. Embedded structures** - local care providers partner with preferred care providers to coordinate care for specific types of health conditions.
- 3. Coordinated care** - works in a close knit manner helping patients suffering from multiple health conditions and chronic diseases.



To deliver value in real terms, healthcare services should be restructured around the patient's need throughout the care cycle.

As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015



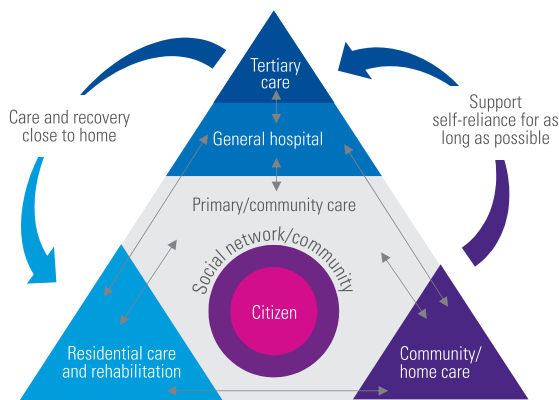
Integration: Robust approach for value-based care

The need for a comprehensive and integrated approach to service delivery has never been more acute. Hence, the solutions to overcome the challenge of fragmented delivery system would prove to be instrumental in achieving the aspiration of universal coverage. 'Integrated' is repeatedly referred to as a compendium of preventive and curative health interventions, designed for a section of population⁰⁵. This section is distinguished by its stage in the life cycle.

'Integration' as defined by the WHO is: 'The organisation and management of health services so that people get the care they need, when they need it, in ways that are user-friendly, achieve the desired results and provide value for money.'⁰⁶

In horizontal integration, coordinations/mergers between organisations at the same level of care (e.g. between hospitals) takes place. The vertical integration, on other hand, is developing collaboration network between healthcare providers across the patient value chain that take accountability for a different level in the care pathway.

KPMG's integrated care model



Source: As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015

The experience with the integrated systems has been mixed so far. In our opinion, the main reason for this has been non-uniform quality of care between different participating healthcare providers.

What it takes to create a successful integrated model

According to KPMG International, there are five critical factors while designing integrated care model which are expected to work in order to help provide value-based health care model. Integrating these five critical factors increases the chance that the healthcare model could contribute to an increased access to quality and affordable care.

Success factors for cooperation between providers in the field of integrated care

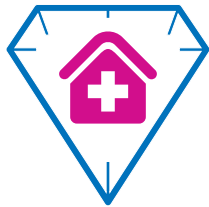
Success factors	
Singular responsibility for patient's care	A care coordinator is appointed to monitor effective collaboration between different care providers. It could be a GP, nursing home doctor, geriatric specialist or a specific coordinator.
Integration of care knowledge and support services	Multidisciplinary teams and shared services: <ul style="list-style-type: none"> • Diagnostics (e.g. labs and equipment) • Specialist knowledge (doctor and nurses) • Properties (e.g. treatment rooms).
Seamless exchange of information between healthcare providers and patients	<ul style="list-style-type: none"> • Electronic patient records • Standardised systems • Telephone/digital care to monitoring patient at home.
Clear and measurable quality standards	<ul style="list-style-type: none"> • Customised care to meet the needs of patients • Integrated care pathways standard protocols • Welfare (and outcomes) oriented quality framework.
Financial incentives aligned with desired health outcomes	Population-based funding for selected group of (vulnerable) patients.

Source: Adopted from: Integrated care: Towards new coalitions in healthcare, KPMG International Cooperative, May 2014.



05. KPMG in India analysis, 2015

06. Integrated Health Services - What and Why?, Page 5, WHO, 2008.



Governance: Maintaining focus on value

With a complex network of stakeholders coming together to build an integrated care, the need for a strong governance to deliver value-based care becomes acute. Entities with unmatched leadership, methodical and performance-management know-how could drive the much-needed strong 'governance' in organisations. These leaders should provide not only suitable organisational governance but also strong clinical governance.

The intent is to help ensure successful governance that would involve the mantra: 'centralise authority and decentralise decision-making'. This plan is expected to help ensure the most vital decisions related to an individual patient group to lie with the appropriate caregiver, while keeping a check to deliver and monitor value care with central authority.

A strong leadership works with a unified vision, and at the same time, for maintaining a clear accountability for the quality and efficiency achieved. This kind of strong governance could:⁰⁷

- Articulate the organisation's approach and course
- Align physicians and hospitals toward a common goal and objective for delivering a value-based care
- Launch a cohesive culture among effective multidisciplinary teams.

There is burgeoning indication that strong value-based governance at hospitals and other healthcare organisations is interconnected to better financial and organisational performance. Answerability is not limited to traditional and emerging stakeholders, but it also constitutes promoting transparency about one's performance. An imperative step while achieving the desirable governance system is changing the mindset of people. A strong leadership is thus central to this theme.

Care pathways span the entire journey of a patient, as he or she accesses the system from multiple points, starting from a prevention and wellness centred care to treatment of ailments. This requires presence of well-coordinated and integrated teams, which are responsible not only for their individual areas of expertise in care, but also for the ultimate outcomes.

Perpetual enhancement and accountability become a vital part of an organisation pushing for a value-based culture. Quantifying and monitoring the outcome emerge as the second part to increase coordination among different stakeholders working toward clear outcome targets.

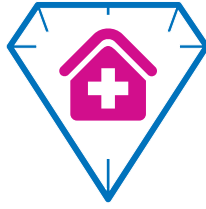


07. As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015

In a value-based organisation, excellence is planned, rather than accidental, thanks to a strong culture of measuring outcomes, and a commitment to quality at every level, not just among individual clinicians or quality managers.

As strong as the weakest link: Creating value-based healthcare organizations, KPMG International Cooperative, 2015





“The best organisations collect data about processes and outcomes, which can be used to drive improvement. Data enables them to test improvement ideas, develop their knowledge about what works and change their practice.”

Mark Britnell
Chairman and Partner
Global Health Practice



IT: Paving way for value-based care

Although IT enactment is still considered to be at an embryonic stage in healthcare, as compared to other industries, but hospitals are exploring ways to leverage IT to their maximum potential. With the healthcare industry constantly evolving, with new treatment options, and new type of delivery models arriving on its landscape frequently, technological revolutions could help organisations in achieving the true value of care delivered.

Healthcare organisations have begun to deploy technology to placate both internal and external stakeholders by successively improving diverse quality parameters. Quality improvement is a multipart and multidimensional task. With different quality management tools deployed regularly to identify quality issues in healthcare delivery, there is a need for an integrated approach, which not only identifies and analyses issues, but also suggests solutions for resolving those issues. It could be achieved by developing a management framework to implement and evaluate those solutions.

Data generated by the organisation's IT system and related to specific performance metrics could be regularly scrutinised by the leadership team, and measures need to be taken to further improve the system.

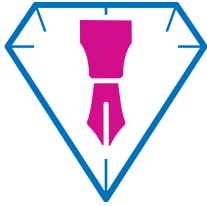
This way, measurement and feedback would strengthen the culture of perfection. The end point is to navigate the organisation by outcomes as desired by patient groups.

Case study⁰⁸

A leading eye care clinic chain

A leading eye care chain in India is a celebrated example of process redesign. Its mission is to eradicate preventable blindness from India, which is plagued by one-fifth of global blindness.

The organisation leveraged the power of data to improve its labour force output. The system developed by the organisation empowers doctors to be as productive as possible by focussing on their core competency of performing surgeries, and limiting their accountability to diagnoses and authenticating test results. The quality of care delivered is monitored regularly and extensively, and reported transparently. The clinics follow a 'no-secret' rule, under which each doctor and individual clinic are required to present the complication rates on a monthly basis. This behaviour allows the leaders of the organisation to drive perfections. The clinics also optimise the flow of patients by ensuing quicker throughput time and a fewer patient visits. Its doctors have already achieved world-class outcomes while performing an average of 2,000 operations every year, compared to 400 by other Indian doctors.



Conclusion

As healthcare systems around the globe march on the path to evolve into a value-based organisations, they are faced with multiple challenges. KPMG International's maturity matrix in the following section presents achievable targets towards becoming more value-oriented organisations.

Several components in the matrix are codependent; making progress in one area has to be supported by advances in another one. Following this matrix, healthcare systems could achieve a higher level of maturity and establish integrated care. The buy-in of community could accelerate the transformation and aid wider strategies for public health.

A blueprint for change: Evolution, not revolution

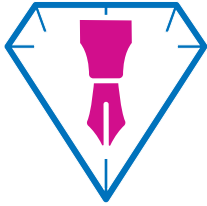
1. The elements of KPMG International's value maturity matrix should evolve concurrently
2. The unified objectives of all stakeholders payers, providers and patients would allow a common understanding of value to flourish, and an inclination toward working together
3. Providers need to be provided with funds to bridge the transition, which could take time, and also lead to interim fall in income.



Success factors for cooperation between providers in the field of integrated care

Success factors	5	4	3
Patient engagement	Patient as co-creator <ul style="list-style-type: none"> Has integrated shared decision-making systems for individual patients during their care cycle Patients co-design care in the care cycle and for specific segments, using resources to add value in the local health system. 	Patient as partner <ul style="list-style-type: none"> Patients are empowered with self-care Patient experiences and reported outcomes are part of performance management and subsequent payments. 	Patient as valuable source <ul style="list-style-type: none"> Patient representative organisations co-design care pathways Patient-preferred outcomes are used for design of care pathways.
Defining and measuring outcomes	Population health based <ul style="list-style-type: none"> Population health outcomes are based on aggregated data from all providers, communities and patients Outcomes are made public Indicators are based on latest priorities. 	Long-term outcome based <ul style="list-style-type: none"> Focus on prevention and wellness across the value chain Has risk-adjusted outcome goals Results are made public; internal performance monitoring and ongoing improvement programmes are adhered to. 	Outcome based <ul style="list-style-type: none"> Outcome indicators are comparable and transferable to other providers in the care continuum Indicators are aligned with global best practices Real-time measurement are undertaken Results are shared with payers, clinicians and other providers in the care continuum.
Defining and measuring outcomes	Community-based coordinated care <ul style="list-style-type: none"> Integrated care plans with links to the wider community, are aimed at prevention and wellness. Have strong role for patients in co-designing individual care pathways. Recognises that value is created by a strong care chain. 	Segment-based coordinated care <ul style="list-style-type: none"> Has integrated care plans for specific groups and segments Managed coordination and integrated interventions are aimed at 'end-of-care-cycle' outcomes and prevention Recognises that value is created by coordinating care. 	Segment-based multidisciplinary care <ul style="list-style-type: none"> Has formalised multidisciplinary meetings for specific groups and segments Adjusted interventions between different providers to improve outcomes Recognises that failure to 'link up' causes loss of value.
Governance	Vertically integrated governance <p>Process</p> <ul style="list-style-type: none"> Appropriate governance structures Formalised system for continuous outcome measurement and improvement. <p>Coordination</p> <ul style="list-style-type: none"> Integrated care pathways based on prevention and wellness. 	Coordinated governance <p>Process</p> <ul style="list-style-type: none"> Coordinated governance between providers within the care system, jointly focussed on outcomes and results. <p>Coordination</p> <ul style="list-style-type: none"> Coordinated care pathways. 	Single provider: Coordinated governance <p>Process</p> <ul style="list-style-type: none"> Single provider-based governance structures Formalised outcome monitoring and improvement processes. <p>Coordination</p> <ul style="list-style-type: none"> Some coordination over the way that outcomes are defined, measured and improved within the care system.

Source: Adopted from 'As strong as the weakest link: Creating value-based healthcare organizations', KPMG International Cooperative, 2015



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Patient as soundboard

- Patient-representative organisations provide input for outcome indicators
- Patient-reported outcomes are used as quality indicators.

Patient as client

- Patient opinions are expressed by traditional representative organisation
- Quality indicators are based on some patient data.

No patient involvement

- Patients are not involved in care design.

Partly outcome based

- Patient experiences (patient reported outcome measures – PROMS) are incorporated into targets
- Clinical indicators are partly based on outcomes.

Process/structure measure based

- Basic clinical outcomes are agreed upon in single provider organisations
- Clinical indicators are based on processes and structural measures.

Input based

- No outcome targets; just measurement of inputs are carried out
- No metrics for outcomes are available
- No scope for learning.

Provider-based multidisciplinary care

- Ensures regular multi-disciplinary meetings
- Allows some care coordination on specific groups or segments, and recognises that value is jointly created by several organisations.

Fragmented care with basic data sharing

- Basic data is shared
- Individual providers focus on quality of care.

Fragmented care

- Care provision is organised across the needs of different organisations.

Single provider: quality-based governance

Process

- Single provider-based governance structures
- Formalised quality monitoring and improvement processes.

Single provider: ad hoc quality-based governance

Process

- Single provider-based governance structures
- Emergence of processes to monitor and improve quality.

Single provider: no clinical governance

Process

- Single provider governance structures covering each aspect of fragmented care
- Traditional management principles.

Coordination

- No coordination with other parties.

Glossary

GP General Physician

IT Information Technology

WHO World Health Organization



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