

# ***Good-bye Volume; Hello Value***

*The Transition from Volume-Based, Fee for  
Service to Value-Based Healthcare*

*presented by*  
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# Agenda

- Understand the shift from “volume” to “value”
- Manage new relationships between and among hospitals (providers), governments & intermediaries
- Explore process to build strategic partnerships and cross continuum collaborations

# Volume to Value

- What is “Value”

$$\text{Value} = \frac{\text{Quality}^*}{\text{Payment}^\dagger}$$

\* A composite of patient outcomes, safety, and experiences

† The cost to all purchasers of purchasing care

# Why the change - Volume to Value

- Fee for Service is the “old way” of measurement, payment and control
- FFS assumes that the provider “knows best”
  - FFS gives providers control

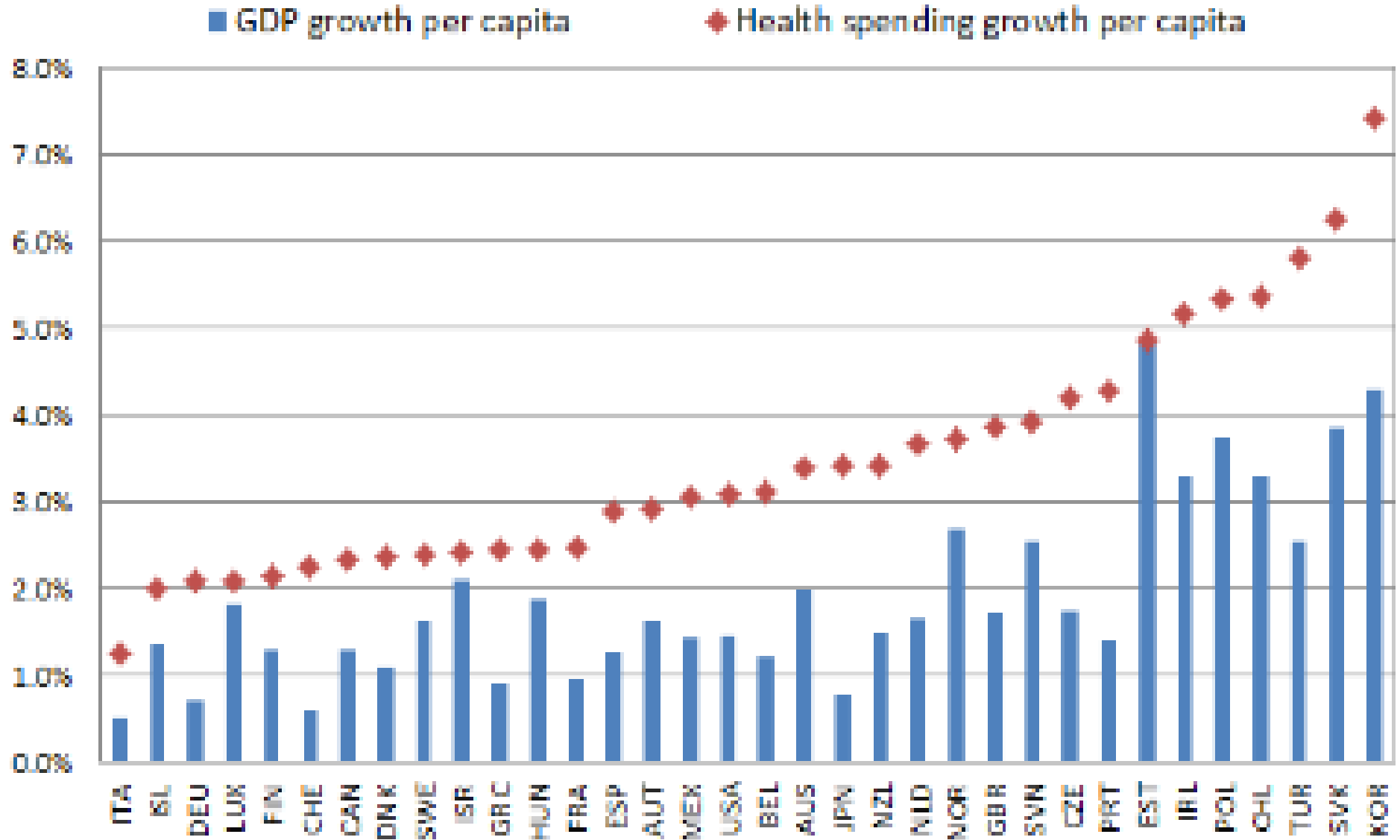
*AND THIS HAS LED TO...*

- Unsustainable growth in costs
- Consumers challenging status quo



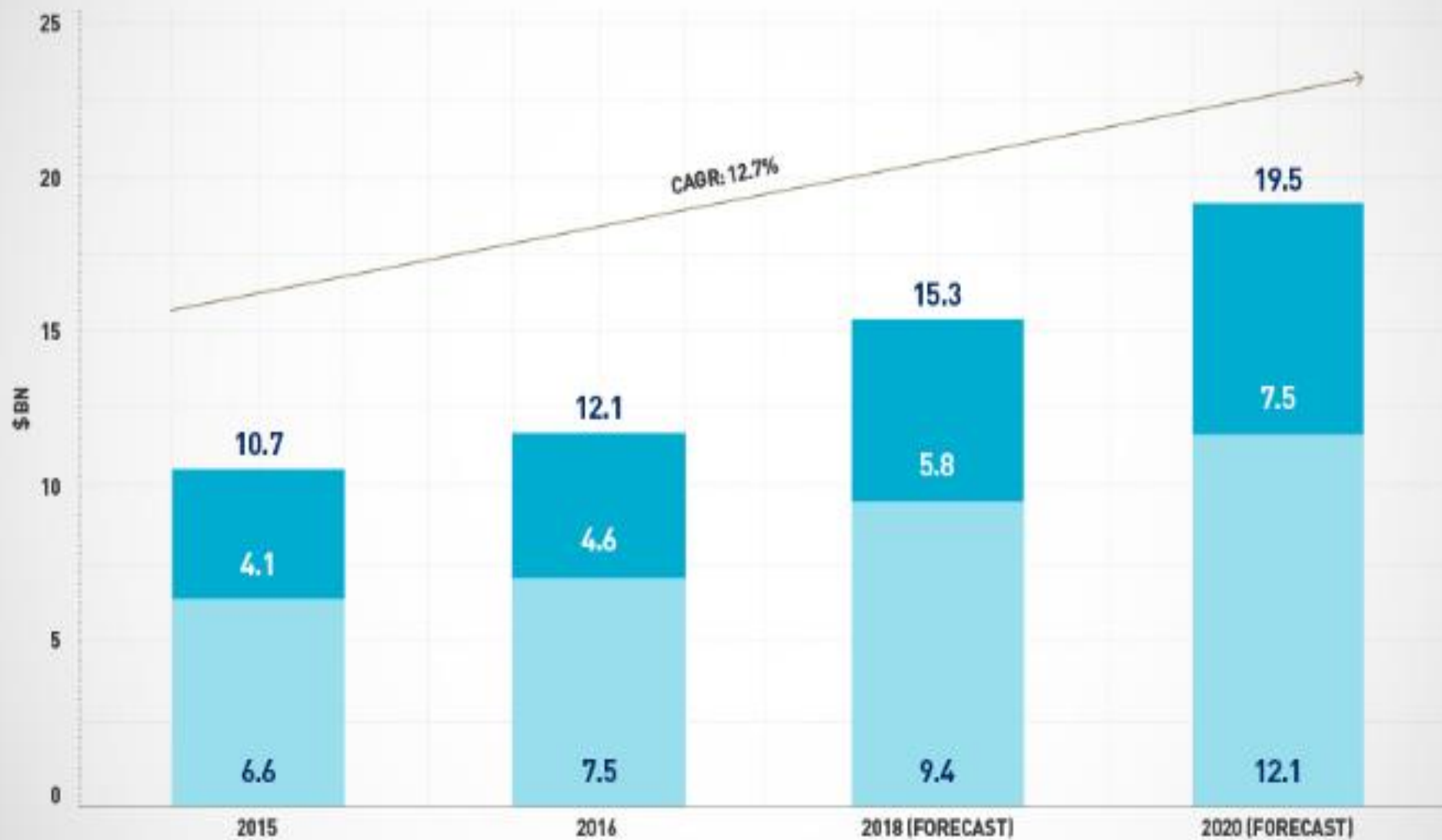
# Health spending has outpaced economic growth

Average growth rate of health spending and GDP per capita, 1990-2012



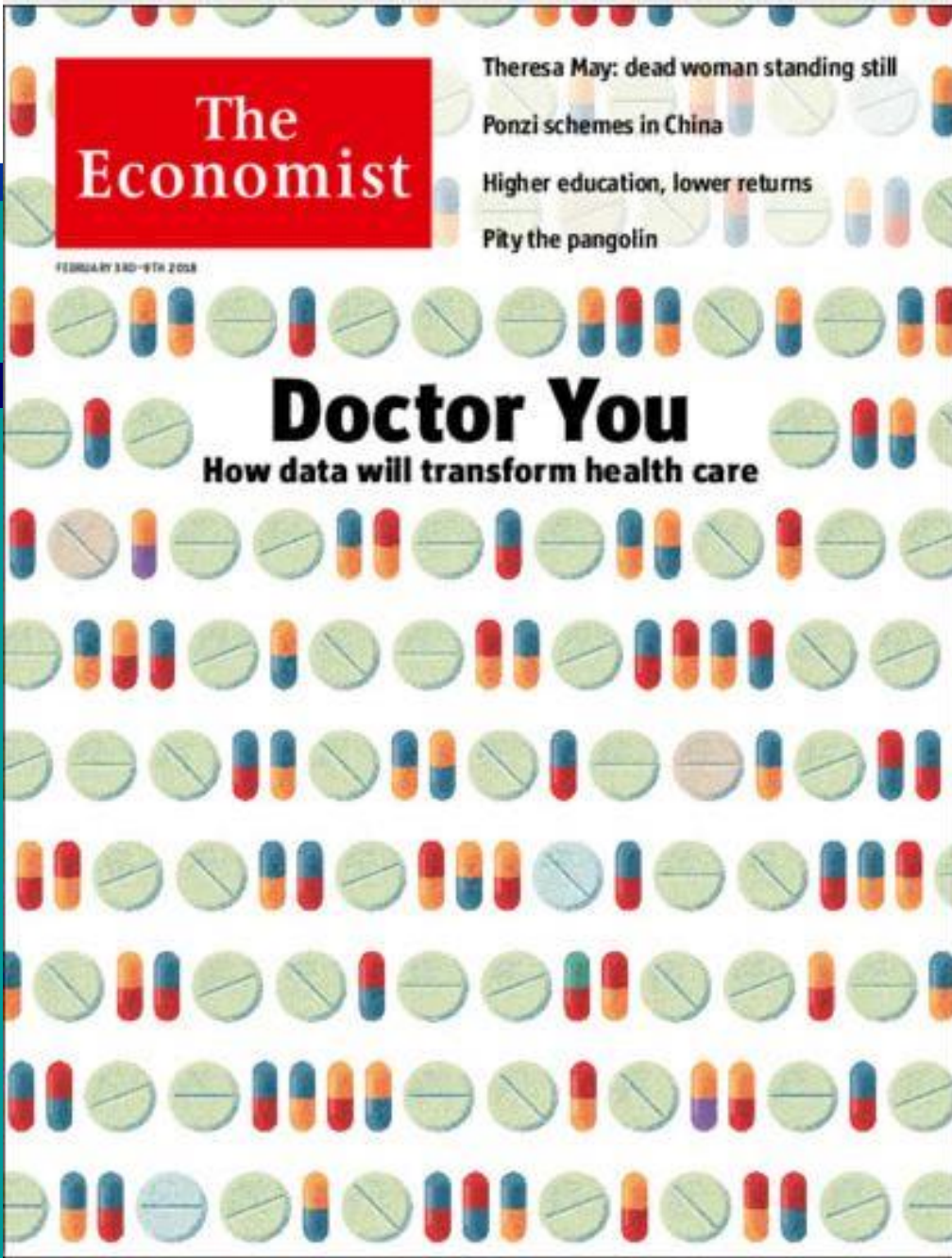
## DEMAND ON THE RISE

### UAE HEALTHCARE MARKET SIZE FORECAST



SOURCE: ALPEN CAPITAL, WHO, IMF, MOH AND STATISTICAL ORGANISATIONS IN THE GCC

◆ OUTPATIENT MARKET SIZE ◆ INPATIENT MARKET SIZE



*The rise of the Consumer*

*Consumers are better informed*

*“Big data” create new models*

# Re-Imagining Healthcare 3 Principles

## ■ *First Principle*

- *Decrease variance & ↑ efficiency*

## ■ *Second Principle*

- *Align incentives for best outcomes*

## ■ *Third Principle*

- *Simplify, integrated care & ↓ complexity*
- *Create “packages”*



# *New Rules*

1. *Manage for Loyalty*
  2. *Increase Efficiency*
  3. *Innovate*
  4. *Differentiate*
- *The Theme - prove value*

# What reduces value?

## ■ **Fragmentation**

- *Services are delivered across an increasing array of distinct and often competing providers and entities, each with different objectives, obligations, and capabilities (Cebul et al., 2008).*
- *Providers practicing within the same geographic area, sometimes caring for the same patients, often work independently from and not communicating with one another (Bodenheimer, 2008; Shih et al., 2008).*
- *As a fragmented health care delivery system we are not equipped to manage the continuum of health care for a population with complex needs.*

## Technical, Productive, Allocative

### – Technical

- Maximum improvement from resources

### – Productive

- Best health outcome for given costs or reduction in cost for the same outcome

### – Allocative

- Best outcomes for society



*Drive Value*

*– How can we respond?*

# *Leadership*

## ■ *Leadership*

- *Visibility*
  - *Support*
  - *Focus*
  - *Alliances / Relationships*
  - *Endurance*
- MEASURES**

## *Short Cut – New Rules*

- *Manage for Loyalty*
- *Increase Efficiency*
- *Innovate*
- *Differentiate*
- ***Engage & COLLABORATION***



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