

A sentinel work on healthcare reform

Michael Porter and Elizabeth Teisberg have presented a sentinel work in the field of healthcare management. American healthcare is capable of providing the very best skill, professional expertise, and technology the world has ever seen. What is failing in our healthcare system is the management and business organization required deliver value to the recipients of this expertise-- patients.

In every other dynamic and robust business sector, delivery of value is a key concept. The brilliance of the work of Porter and Teisberg is that they have taken the same value concepts so critical to other businesses and translated them to the business of medicine. And make no mistake, medicine is a business, one that needs intensive redefinition. Many both in and out of healthcare rebel at the thought of medicine as business. In fact, medical schools have long taught students (either explicitly or implicitly) that it is not right to think of medicine in business terms. The strength of Porter and Teisberg's work is that it rationally and powerfully makes the case that only by redefining healthcare in business terms can the true function of healthcare providers--delivering value to all patients--be realized.

Some have suggested that the problems in the current system prevent substantial reform. This is circular reasoning at its best. Redefining Healthcare presents a imminently practical strategy for departing from the failed system we currently exist in. Rather than reciting what can't be done, one only has to look around to see that the concepts of redefining healthcare on value-based competition are not only possible, but are being actualized as this is written. As a physician with twenty years of practice, I can without question state that this is the most optimistic, exciting work I have seen in my career. This book may well mark the true starting point for national healthcare reform.

A Flawed Solution to a Real Problem

Porter's analysis of the health care system and its problems is right on yet his solutions could not be farther from the direction that the health care system must move to become a real system that serves all Americans. There are so many flaws in the logic of the book and it is so impractical in its recommendations that I am not concerned that anyone will see it as a route to solving the ills of the US healthcare system. Here are some of the main flaws.

- 1) Most people have very limited choice of providers - specifically the uninsured, people in rural areas, people in managed care plans, people whose employers offer only a limited selection of plans/doctors/hospital. In order for "results" to drive increases in market share - one of Porter's main theses, people have to be able to choose where they will go for care.
- 2) Competition related to outcomes will slow down progress in medical care dramatically. Hospitals and doctors, rather than rushing to share their newly discovered procedures with others - or share "best practices" for improving surgical outcomes will be incentivized to keep this "results" producing findings to themselves so they can publish better outcome statistics and attract more business. Is this what we want? Don't we want physicians and institutions to openly share best practices to help everyone achieve better outcomes?

3) Porter believes that people should get care from the "best" specialists - even if this means travelling to another city or state for that care. Ridiculous! Once again this will increase the disparities in health outcomes between the rich and poor, the insured and the uninsured, people who have lots of medical knowledge and those who have little medical knowledge. People better equipped, educationally or financially or through insurance coverage may travel to places to get better outcomes while the others get inferior care. Is that what we want from our new health care system?

Porter's logic is seriously flawed. It is the result of a profit-oriented mind trying to create solutions for a system that cannot be driven by profit but one which must be driven by concern for all Americans - a desire to achieve excellence wherever people go for care - and a need to raise the level of performance of all doctors and all health care institutions. Porter's solutions create an elitist model where care will improve for a very small number of people at the expense of the general population. It is a non-solution to a complex problem.

If any proof is needed concerning how wrong Porter's model can be one must look at the data concerning the degree to which the poor and the uninsured go to hospitals doing low volumes of procedures and therefore, by implication, have worse outcomes. These are the very places where the uninsured, people of color and others of limited means get a majority of their care in urban areas. Just ask how Porter's solutions purport to help these underresourced institutions "compete" and as they loose resources to others, how they will maintain and improve the standard of services they now provide.

A vision for what health care could be...

I don't think it's news to anyone that health care in the United States is a broken process. There are a multitude of players and entities, and each one doesn't necessarily have goals and motivations that serve the greater good. Redefining Health Care: Creating Value-Based Competition on Results by Michael E. Porter and Elizabeth Olmsted Teisberg offer their take on how to overhaul the process and bring sanity back to healthcare.

Contents: Introduction; Scoping the Problem; Identifying the Root Causes; How Reform Went Wrong; Principles of Value-Based Competition; Strategic Implications for Health Care Providers; Strategic Implications for Health Plans; Implications for Suppliers, Consumers, and Employers; Health Care Policy and Value-Based Competition - Implications for Government; Conclusion; Appendix A - Making Results Public - The Cleveland Clinic; Appendix B - The Care Delivery Value Chain; Notes; Bibliography; Index; About the Authors

The basic premise here is that the health care delivery system needs to shift to a value-based competition model. The effectiveness of providers over the entire cycle of care for an incident needs to be transparent, so that the best treatments and protocols can be determined. This would also allow those who get the best results to get more business, and those who can't make the grade will eventually be weeded out. The entire care cycle for an incident needs to be integrated, so that you're not getting treatment (and bills) from various providers over the life of your condition. For instance, a knee replacement currently involves separate groups (and billings) from hospitals, doctors, auxillary care, and various other entities. Since there's no real integration, it's far too easy to make mistakes or optimize a single process that

suboptimizes the whole. The lack of transparency also means there is little hope to know pricing and make decisions based on the value received for the dollars paid. All the reforms over the years have led us to this point we're currently at, and the norm is making sure the care cycle is optimized for provider reimbursement, not for the best interests of the patient.

I really liked the fact that the authors didn't rush down the conventional paths to reform, like single-payer systems. They make very good cases that, while solving a few problems, a single payor like the government would spawn a whole new set of complexities and inefficiencies. The proposed solution to shift the focus to delivering value over the care cycle, making results information transparent and available, and setting "single cost" pricing for care makes sense, but I can see how many of the current players would object. The mystique of the doctor knowing everything would be eliminated, and ineffectiveness could not be covered up. Bits and pieces of their proposed plan are starting to emerge in the market (like publishing hospital results for a set of particular conditions), but it's still largely voluntary and not necessarily standard across the board. To make this work well, you would need to plan on an implementation of a significant portion of the ideas at the same time, so that you don't end up spending time tweaking a partial implementation and straying from the overall destination.

This book may not be the perfect answer to fixing the system, but it presents a compelling vision of how it could be changed to deliver on the demands made these days. It's not exactly an easy read, as there is a lot of detail that becomes a bit numbing at times. But if you're part of the overall health care system in America, you really do need to check out the ideas and determine if you can play a part in the solution.