

# The Value of Care - a HITH Perspective

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# Objectives

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- What Better Value Care is all about.
- Are we there yet?
- How do we get there?
- Is this the magic pill?

Disclaimer: No conflicting interests to declare; personal views and interpretations

# The concept of Value



\$499



Thus Value is partially tangible but significantly variable!

# The Costs and Volume Scenario

- Simplistically businesses define value as the monetary worth of an product

$$Value = \frac{Output}{Costs}$$

- Output thus only captures process measures (census, length of stay) and costs only captures \$\$\$
- A costs-based planning focusses primarily on efficiency and not effectiveness – A Volume based approach

# Appendicectomy

LHD/SHN	Allied	Med	Nurse	Critical Care	Imag	OR	Path	Pharm	Pros	SPS	Ward&ED Supplies	Non Clinical	On Cost	Exclude	Avg Cost / Enct	Encounter Volume
	<b>47</b>	<b>920</b>	<b>1,170</b>	<b>58</b>	<b>86</b>	<b>2,726</b>	<b>144</b>	<b>73</b>	<b>61</b>	<b>1</b>	<b>276</b>	<b>550</b>	<b>376</b>	<b>115</b>	<b>6,603</b>	<b>8,599</b>
FW	153	693	3,006	0	68	6,154	173	65	34	0	993	1,599	784	280	14,002	33
SNSW	36	1,257	1,447	0	58	2,881	113	87	2	0	569	674	400	114	7,638	152
SVH	34	612	1,020	45	40	3,117	170	59	11	0	233	561	355	75	6,333	206
MUR	24	775	1,190	15	93	2,801	82	57	3	0	341	563	380	142	6,466	272
MNC	17	569	1,109	96	32	3,320	100	46	78	0	248	397	329	78	6,417	276
NBM	56	1,285	1,188	8	25	2,918	172	74	8	0	253	569	393	156	7,104	367
NNSW	15	951	1,260	80	59	2,630	46	52	32	0	241	448	342	108	6,264	396
WNSW	41	935	1,081	90	71	2,244	105	96	14	10	394	485	315	106	5,988	436
CC	24	675	1,157	29	53	3,090	133	101	113	0	166	590	440	131	6,704	458
SCHN	165	2,166	1,909	4	68	2,782	339	109	27	0	416	851	630	126	9,593	482
IS	19	900	1,260	48	22	2,712	75	75	89	0	228	605	391	122	6,546	516
SYD	58	574	985	64	27	2,539	135	21	162	0	223	421	316	85	5,610	610
SES	28	708	1,077	49	138	2,823	118	67	170	2	217	451	392	127	6,368	708
NS	69	640	1,063	166	194	2,068	144	241	70	0	243	623	346	95	5,962	852
WS	72	1,095	1,023	64	169	2,813	247	26	58	5	263	550	383	107	6,874	857
SWS	22	875	1,101	39	48	3,188	132	26	38	0	304	487	353	134	6,747	926
HNE	31	939	1,167	34	85	2,437	110	33	1	0	269	546	322	109	6,084	1,052

Selection Status:

NAP Pricing Flag: Y

Stream: Acute

ActivityYear: 2016-2017

WIP: No

Class: G07A - APPENDICECTOMY, MAJC, G07B - APPENDICECTOMY, MINC

# Volume scenario

- Let's take an example of: Appendicectomy

$$\textit{Site A} = \frac{33 / 3}{14000} \text{ versus } \textit{Site B} = \frac{610 / 2.5}{5610}$$

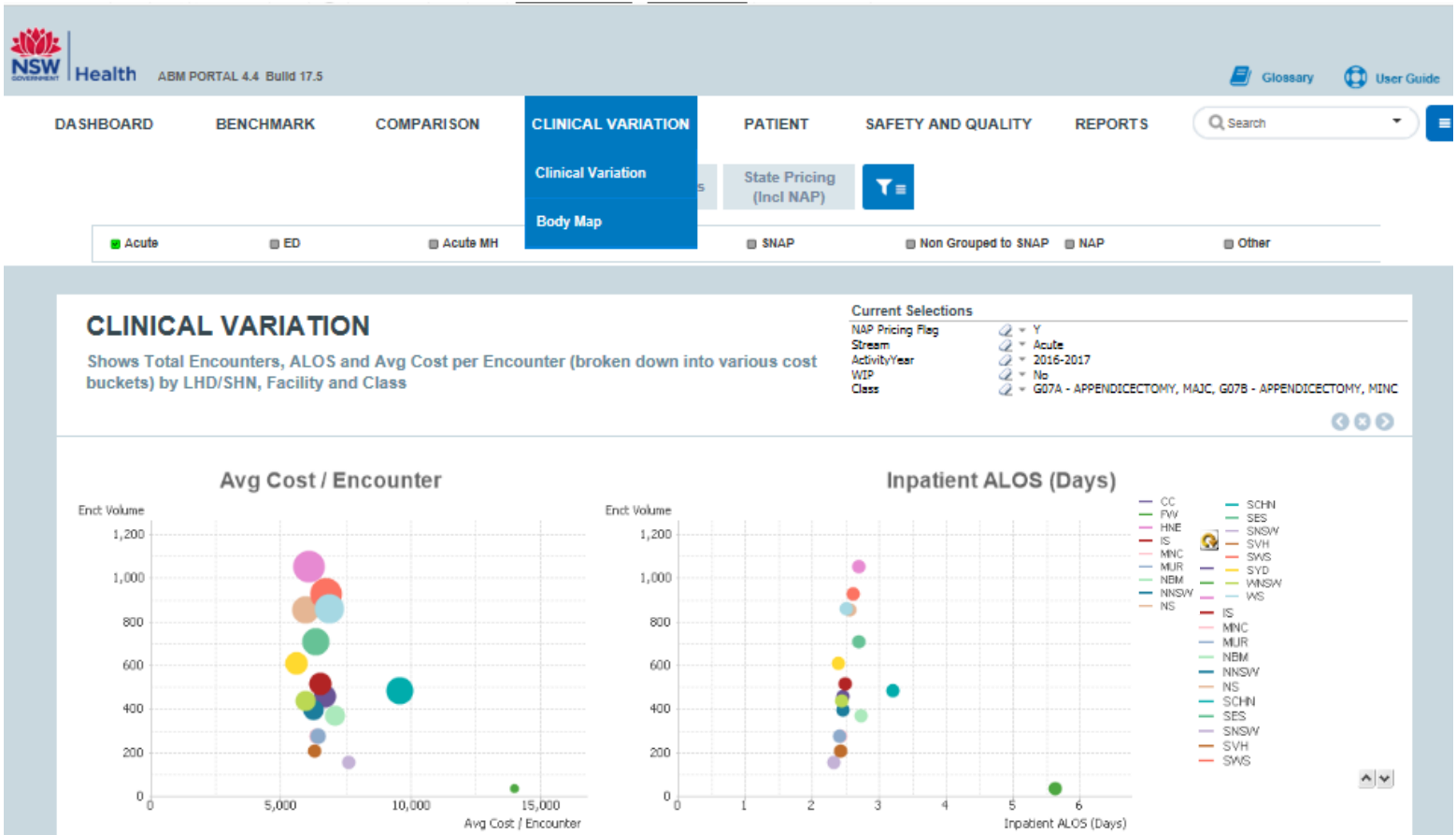
- Conclusion – if we reduce the length of stay and increase the number of procedures, we may be able to bring about efficiency?

# Volume Scenario

Costs	Site A	Site B
Medical	693	574
OR	6154	2539
Non-clinical	1599	421
Nursing	3006	985

- Clearly, there are more factors at play
- Procurements cost, variations in practice and other factors?
- Does this mean site B is better than site A?
- Costs comparisons are useful in understanding variations and **possibly** fixing them.

# G07 - APPENDICECTOMY

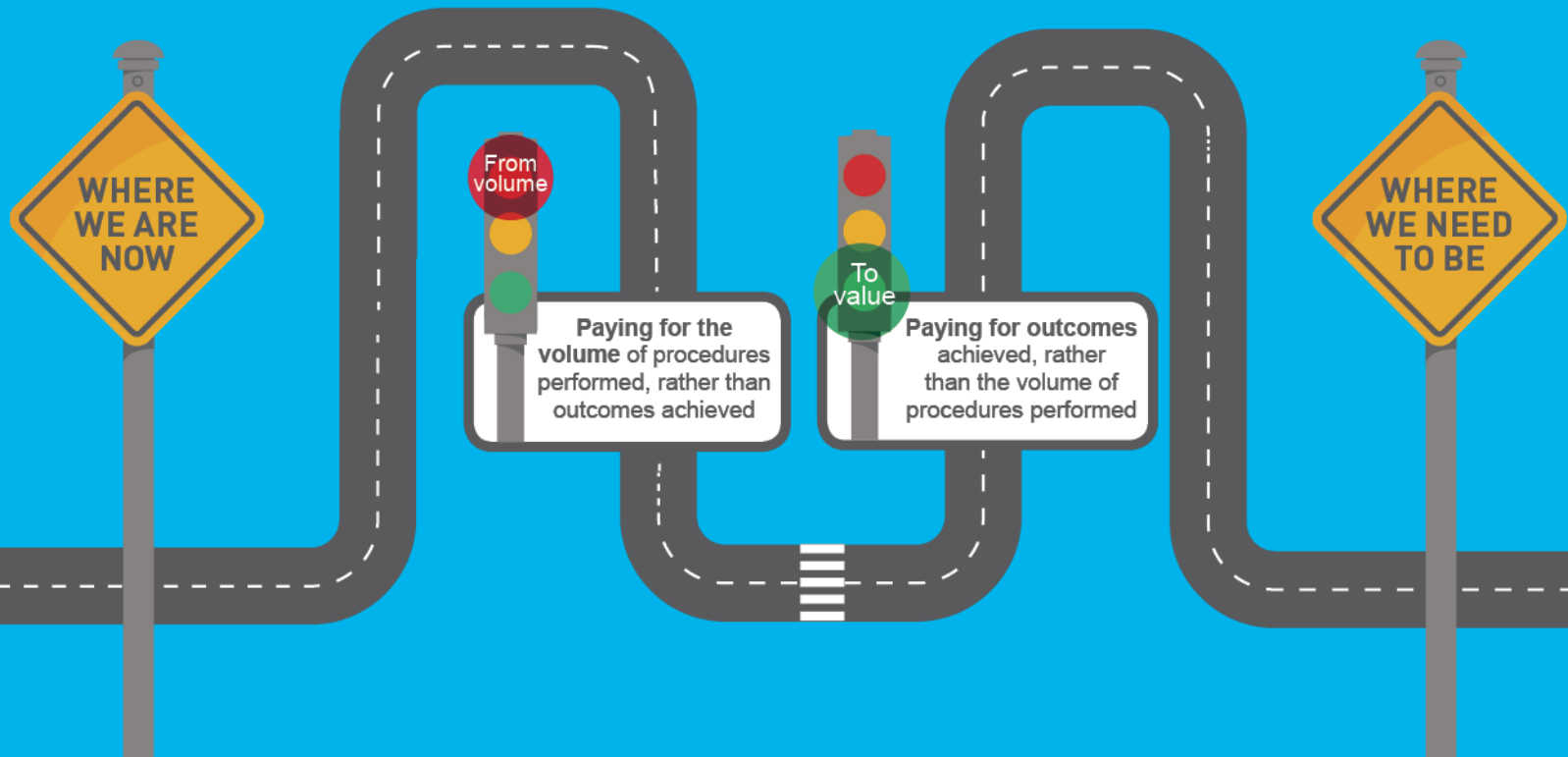




# SHIFTING THE PARADIGM FROM VOLUME TO VALUE DRIVEN CARE – THE NEXT STEP IN OUR REFORM JOURNEY

*“Achieving high value for patients must become the overarching goal of health care delivery, with value defined as the health outcomes achieved per dollar spent. ...If value improves, patients, payers, providers, ...all benefit while the economic sustainability of the health care system increases”*

M Porter, What is value in health care? NEJM, 2010



# Better Value

$$Value = \frac{Outcomes}{Investment} = \frac{Volume\ measures\ \left(\frac{quality\ metrics}{Safety\ metrics}\right)}{Costs\ \left(\frac{staff\ satisfaction}{Turnover}\right)}$$

- Outcomes
  - ❖ Census, length of stay, Complication rates
  - ❖ Patient related experience measures – QoLs, pain etc
  - ❖ Patient related outcome measures – patient feedback
- Investment
  - ❖ Costs + staff satisfaction + retention rates

# Value – are we there yet?

In some instances

- Costs and census data to patient level is available
- Hospital acquired complications data is available
- Patient and staff satisfaction surveys to facility level are available
- Retention/ attrition rates easily available, sick days and absence rates

Derivation of a value multiplier encompassing outcomes and investment (agreed distribution curve) – value based payments

# What's needed then?

- True HITH relative value unit calculations (2018)
- HITH patient level Quality/ Safety dashboard
- Agreed set of indicators, process measures – pathway specific
  - Clinicians, Managers, Patients and Financers
  - Dataset definitions and uniform reporting standards

# Pitfalls

- Balancing costs and outcomes – relative value and funding implications
  - Patient-/clinician-/ System- centeredness or deviance
- Ineffective versus inappropriate care
- It is wrong to suppose that if you can't measure it, you can't manage it!
- All levels of engagement key to deriving true value of care

# Acknowledgements

- ABM taskforce
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- HITH working group and services

**THANKS**