Building Value-Based Systems of Care: An Imperative for Clinical and Financial Leaders

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The new reality in health care requires accountability for outcomes and synergy among strategy, clinical care, operations, and financial performance.

Today’s healthcare providers face many of the same challenges they have struggled with for years—improving the patient experience, increasing quality, and reducing costs. Now they must contend with these same issues amidst new industry dynamics that are truly changing their business.

> The movement from volume-based to value-based care is real and it is here to stay.

> The rise of the health consumer is changing their relationship with providers.

> Advances in data analytics and information technology are enabling providers to deliver care and achieve outcomes that were beyond reach just a few years ago.

The implications of these disruptions can be summarized simply: The most successful organizations will be those that transform their systems of care to effectively manage accountability for outcomes and create value.

Imperatives for Clinical and Financial Leaders

Clinical care delivery drives performance on all dimensions—almost 70 percent of cost, 82 percent of experience, and 100 percent of quality outcomes are directly impacted by clinical care, according to research conducted by The Chartis Group. Thus, improving care delivery is essential. There are several imperatives clinical and financial leaders should keep in mind as they move forward.

Approaches to performance improvement and cost reduction must change. More and more, financial success will depend on an organization’s ability to directly address the largest portion of its costs—those embedded in clinical care. Over the past decade, many providers have “gotten by” chipping away at costs and narrowly targeting quality and patient experience efforts. To achieve next level performance, providers will have to rethink their approach to performance improvement and cost...
reduction to center around the heart of their clinical enterprise—the people, processes, and tools that directly impact clinical care delivery.

Leadership collaboration is essential. The emergence of new value-based arrangements stresses the need for collaboration between clinical and financial organizational leaders. It is critical that the two stakeholders communicate a common message about the pursuit of value with a clear sense for its definition and measures of success. Clinicians must leverage their clinical experience while being strong business leaders. Similarly, financial leaders must be able to understand and quantify the value created by new clinical models that ensure high-quality care while promoting consumer engagement through shared decision-making.

Clinical systems of care must evolve in lockstep with payment models. The Centers for Medicare & Medicaid Services (CMS) is steadily driving value-based arrangements in an effort to move all those who linger in the fee-for-service mindset. CMS has launched penalty-based programs in value-based purchasing, readmission reduction, and hospital acquired conditions. The recent passage of the Medicare Access and CHIP Reauthorization Act (MACRA), which strongly encourages providers to move into alternative payment programs, and the Merit-based Incentive Payment System (MIPS) provides considerable incentives for clinical and financial leaders to assess and optimize their systems of care.

The hope is that physicians and health systems will enhance quality improvement and clinical variation management programs to create high performing systems that facilitate a deeper understanding of their patient populations; dynamically redesign their care models; and more meaningfully engage with their clinicians.

Advanced data management and analytics are required. Strong data management and analytics set the foundation to support clinical and financial objectives, and they enable organizations to accomplish the following:

- Identify variations in care that diminish quality and increase costs.
- Assess cost profiles for providers and treatment options.
- Understand and manage clinical and financial patient risk profiles.
- Understand the key drivers of utilization and medical expense.
- Provide actionable insight for performance improvement.

A Framework for Building Value-Based Systems of Care

Ensuring the organization is able to address these imperatives requires a comprehensive approach with a strong commitment to clinical quality and reduced clinical variation, and a sense for how to develop synergies between strategy, clinical care, operations, and financial performance. This approach can be achieved by focusing on each dimension of the system of care.

**Segmentation.** Organizing population cohorts to deliver purposeful care to meet needs and preferences.

**Clinical decision making.** Determining optimal clinical interventions, utilizing...
evidence-based medicine, and leading practices to deliver highly reliable care.

**Patient engagement and access.** Engaging with individuals in their health, providing timely and convenient access to services and information, and helping patients navigate to the right modality.

**Care model.** Developing and deploying leading-practice care models—people, process, and tools—to address the clinical needs of specific patient populations.

**Care coordination.** Embedding disciplined care planning and patient progression to ensure a seamless care process for each individual across space and time.

**Data analytics and technology.** Harnessing the power of data, analytics, and technology to drive care transformation solutions and improve clinical care delivery.

The most successful organizations will advance competencies across each of these dimensions. Doing so requires a purposeful approach to performance improvement and measurement that is based on a clear understanding of overall performance requirements, knowledge of what success looks like, and purposeful and iterative work to enhance the systems of care. Clinical and financial leaders must present a unified front with a clear vision and aligned goals for the pursuit of value, and the organization must create the incentives and payment mechanisms to synchronize clinical and economic models and capture value. Finally, clinicians must be highly involved in defining organizational goals and empowered to advance systems of care to ensure delivery of the best clinical care possible.

**Forging a Path Forward**
Given the magnitude of change and level of collaboration required, organizations can begin by engaging clinical, operational, and administrative leaders in the development of a single philosophy of care that defines and reflects the organization’s culture, priorities, and fundamental beliefs regarding delivery of patient care across the continuum. The single philosophy of care can guide the development of a performance improvement roadmap, bringing a clinical lens to complement the financial perspective that identifies and prioritizes opportunities. The roadmap should reflect an aggressive yet achievable pace that takes into consideration the time required to manage change and enhance organizational competencies to permit an iterative advancement of the systems of care.

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