REDEFINING THE HEALTHCARE DELIVERY SYSTEM – A VALUE BASED APPROACH

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INTRODUCTION

- Traditionally, from the payment perspective, the healthcare model has been fee for service, where payment is made on the basis of the number of services provided.

- This model results in a definite conflict of interest from a patient's perspective as the focus is on quantity rather than quality of service.

- However, this model is slowly being replaced by value-based care, where payment is outcome based and providers are rewarded according to the quality of the treatment received.

WHAT IS VBHS?

Value-based healthcare is a healthcare delivery model in which providers, including hospitals and physicians, are paid based on patient health outcomes. Under value-based care agreements, providers are rewarded for helping patients improve their health, reduce the effects and incidence of chronic disease, and live healthier lives in an evidence-based way.

Objectives = Low Cost + High Quality + Wide Accessibility

There are two major kinds of healthcare models (from a payment perspective): The traditional fee-for-service and the upcoming value-based care model

FEE FOR SERVICE

- Traditional healthcare model
- Quantity-based system in which fees are paid for every service provided
- Creates a conflict of interest
- Not done on a regular basis. Also, there are no defined metrics.

VALUE BASED

- New age healthcare model
- Quality-based system in which fees are paid based on the outcome of the treatment
- Patients are at the centre of care.
- Reimbursements are usually linked to meeting particular performance criteria.

RESEARCH PROBLEM

- Increase in Out-of-pocket expenditure.
- Inadequate distribution of health services.
- Focus on treating patients based on the number rather than quality.
- Unequal distribution of health services across different states.

AIM

The aim is to understand “Value-based” healthcare systems and to analyse the preparedness of India to implement VBHS model.

RESEARCH QUESTION

- What is the need for Value Based healthcare system?
- How can VBHS be implemented in India?
- What impact would VBHS model have on India?

RESEARCH OBJECTIVES

- To understand Value based healthcare, and their different models.
- To understand the need of VBS system.
- To assess the level of preparedness of India to implement the model.
- To analyse the impact of Value based healthcare in India.

METHODODLOGY (1/2)

STUDY DESIGN

Narrative Literature review

SOURCES OF DATA

- Consulting reports
- Industry experts' comments
- PubMed
- Google Scholar
- Government websites
- Government publication

METHODODLOGY (2/2)

DATA COLLECTION AND ANALYSIS

- The qualitative Data were assembled by organized and earmarked secondary research using ‘Advanced search’ on Google to gather proof that aid value based healthcare. Other platforms like PubMed, consulting reports, news articles were also referred to understand and gather more information.
- Narrative review method was used to derive data.
- The data of the results were gathered by PwC analysis report.
- The recommendations were then formulated with the help of the literature available.

RESULTS AND DISCUSSION

DIFFERENT VBHS MODELS (1/2)

MODEL	PRINCIPLE	DESCRIPTION	FINANCIAL RISK
BUNDLED PAYMENT	Single collaborated payment for all services	Provider benefits from the savings generated by efficiencies within the bundle and the payer would spend less.	Medium to high risk
CAPITATION MODEL	Provider or a group of organisations collects a set payment per patient for specified medical services from the payer	Single and comprehensive payment for the patient.	High risk
PAY FOR PERFORMANCE	Financial incentives / dis incentives are linked to performance	An example of an incentive linked to achieving the set goal: • A vaccination programme has a goal to vaccinate 70% of its patients by the age of 18 months in accordance with the national guidelines	Low to moderate risk

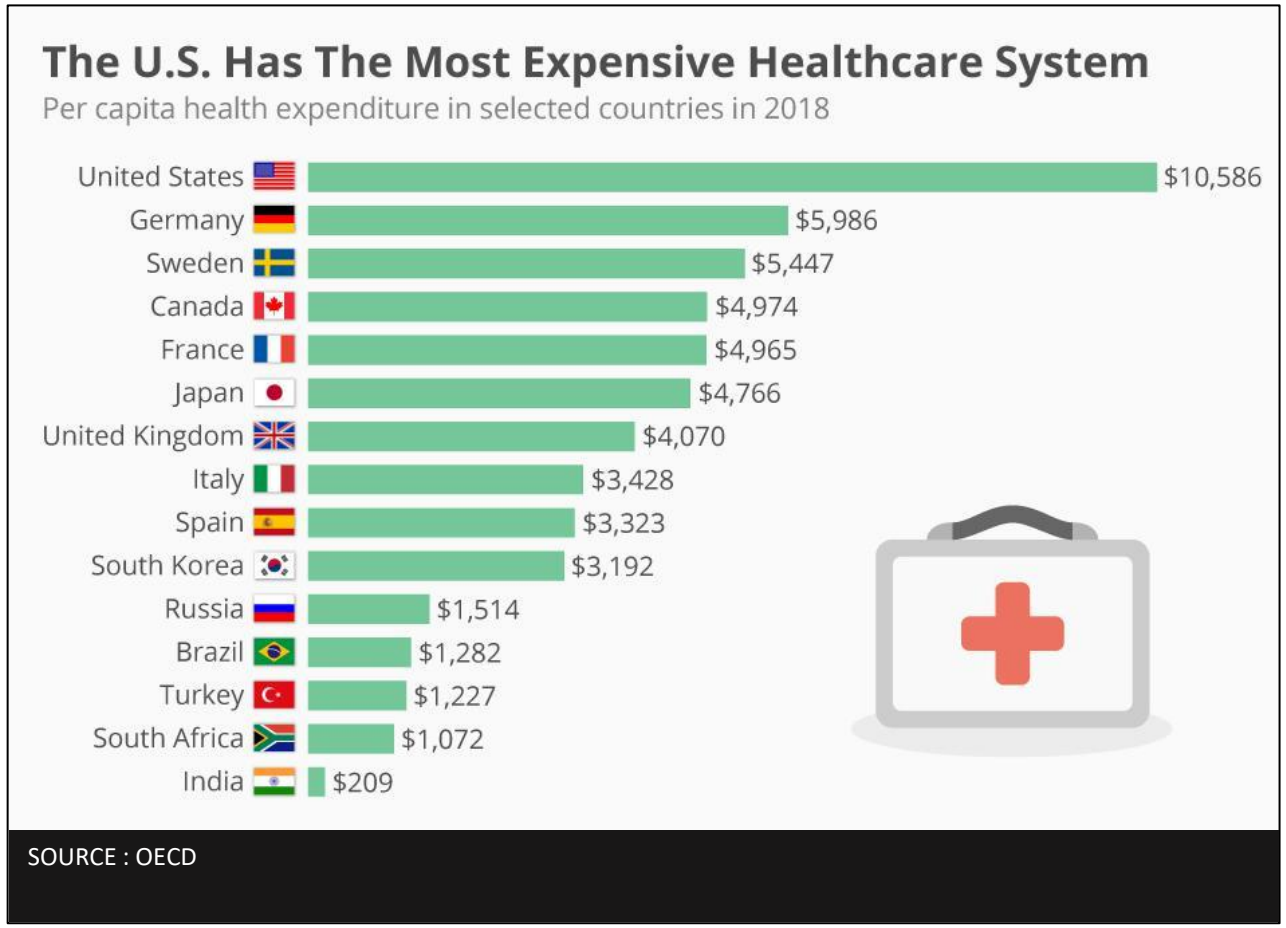
Source: https://www.healthaffairs.org/doi/10.1377/hlthaff.28.5.1418

DIFFERENT VBHS MODELS (2/2)

MODEL	PRINCIPLE	DESCRIPTION	FINANCIAL RISK
PATIENT-CENTRED MEDICAL HOME	Driven by primary care focusing on building a team of professionals	Mostly for patients with chronic conditions in order to reduce readmissions and emergency department visits	Moderate risk
SHARED RISK	In this model, providers have the incentive of sharing cost savings and the disincentive of sharing the excess costs of care deliver	This system is based on a pre-decided budget with a payer, and calls for the provider to cover a portion of costs if savings targets are not achieved.	High risk
SHARED SAVINGS	The payer and provider enter into an agreement that includes patient attribution, service provision and estimated medical costs.	Bills are submitted as under the FFS model, post which analysis and review would be done by the payer and provider to identify the savings generated, if any	Moderate risk

Source: https://www.healthaffairs.org/doi/10.1377/hlthaff.28.5.1418

NEED FOR VALUE BASED HEALTHCARE



It is evident that United States has the highest public healthcare spending making it the most expensive healthcare system. India is far behind the mark of health spending.

Source: OECD

In 2009 United States had the most wasting of healthcare costs. The aggregate amount of unnecessary healthcare costs was “USD 750-765 Bn” (Around one third of the total healthcare spent).

27%	**Unnecessary services**
	Prevention opportunity missed
7%	**Fraud**
10%	**Inefficient services**
17%	**Exorbitant pricing**
14%	**Fraud**

Source: https://www.oecd.org/india/

HEALTHCARE OUTCOME

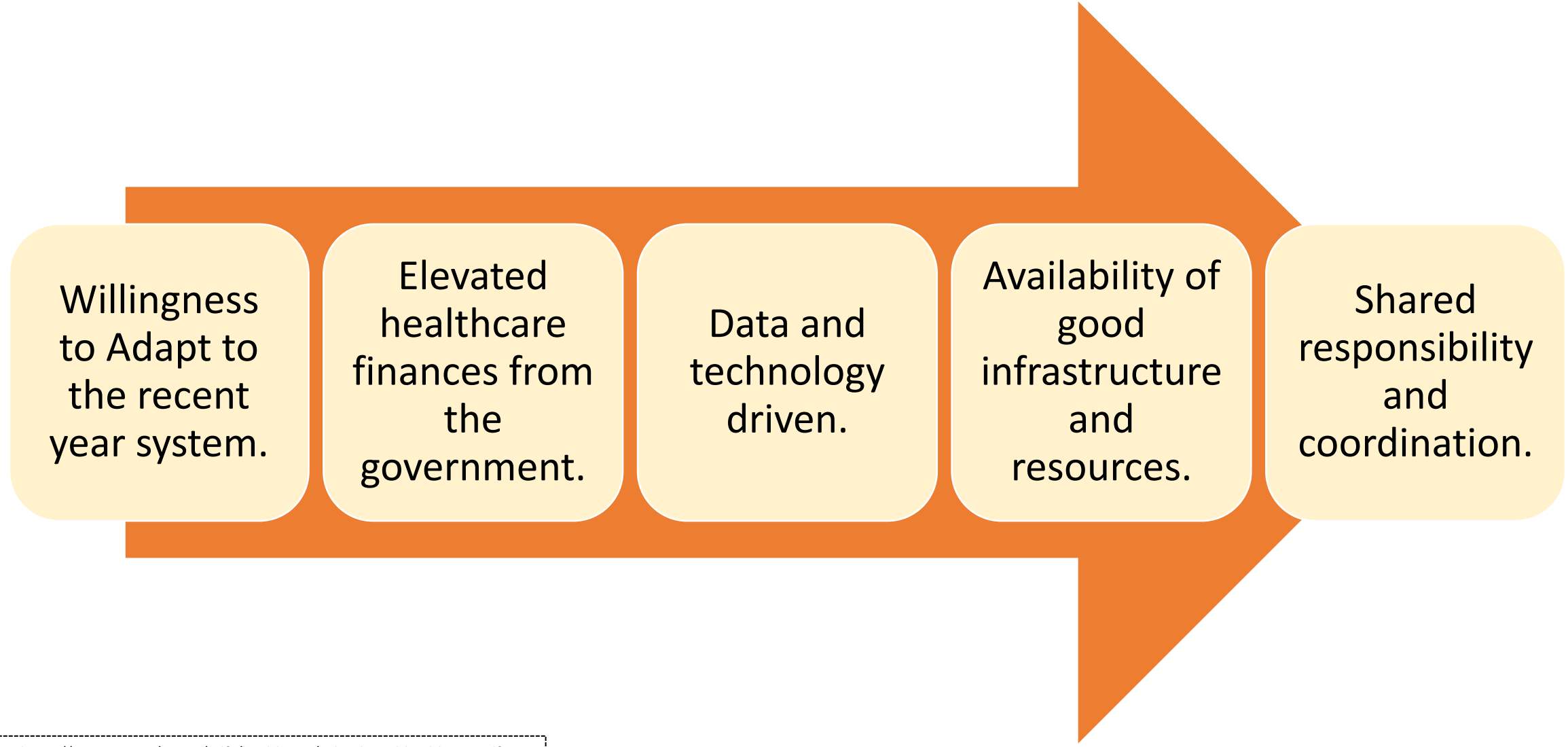
Healthcare expenditure is not directly proportional to the health outcome. The outcome might differ depending on the resource allocation and utilization of the resources in delivering services.

COST PER OUTCOME POINT = Health outcome index/Total healthcare spending.

HEALTH OUTCOME INDEX - composite outcome of disability-adjusted life years (DALYs), health-adjusted life expectancy (HALE), average life expectancy at age 60 and adult mortality rates.

Source: https://www.eiu.com/public/topical_report.aspx?campaignid

BUILDING BLOCKS OF VBHS CARE



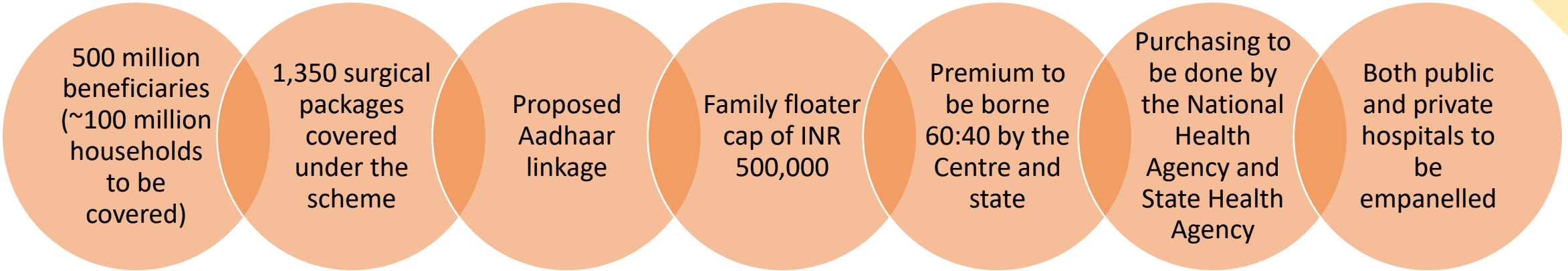
Source: https://www.pwc.in/assets/pdfs/healthcare/value-based-healthcare.pdf

The Indian healthcare system, which largely operates on the FFS model, has high OOPE expenditure and inadequate infrastructure and technology support.

- The FFS payment system rewards doctors based on the number of procedures performed, without 1 much focus on the clinical outcome.
- Out-of-pocket expenditure (OOPE) as a percentage of overall health expenses in India is significantly higher compared to the global average.
- Absence of essential healthcare infrastructure and inadequate resources are some of the major 3 challenges in the overall healthcare scenario.
- Lack of IT integration and limited accessibility of electronic medical records (EMRs). The central data repository for predictive analytics and treatment planning has a long way to go.
- Different stakeholders are working in silos with minimal coordination.

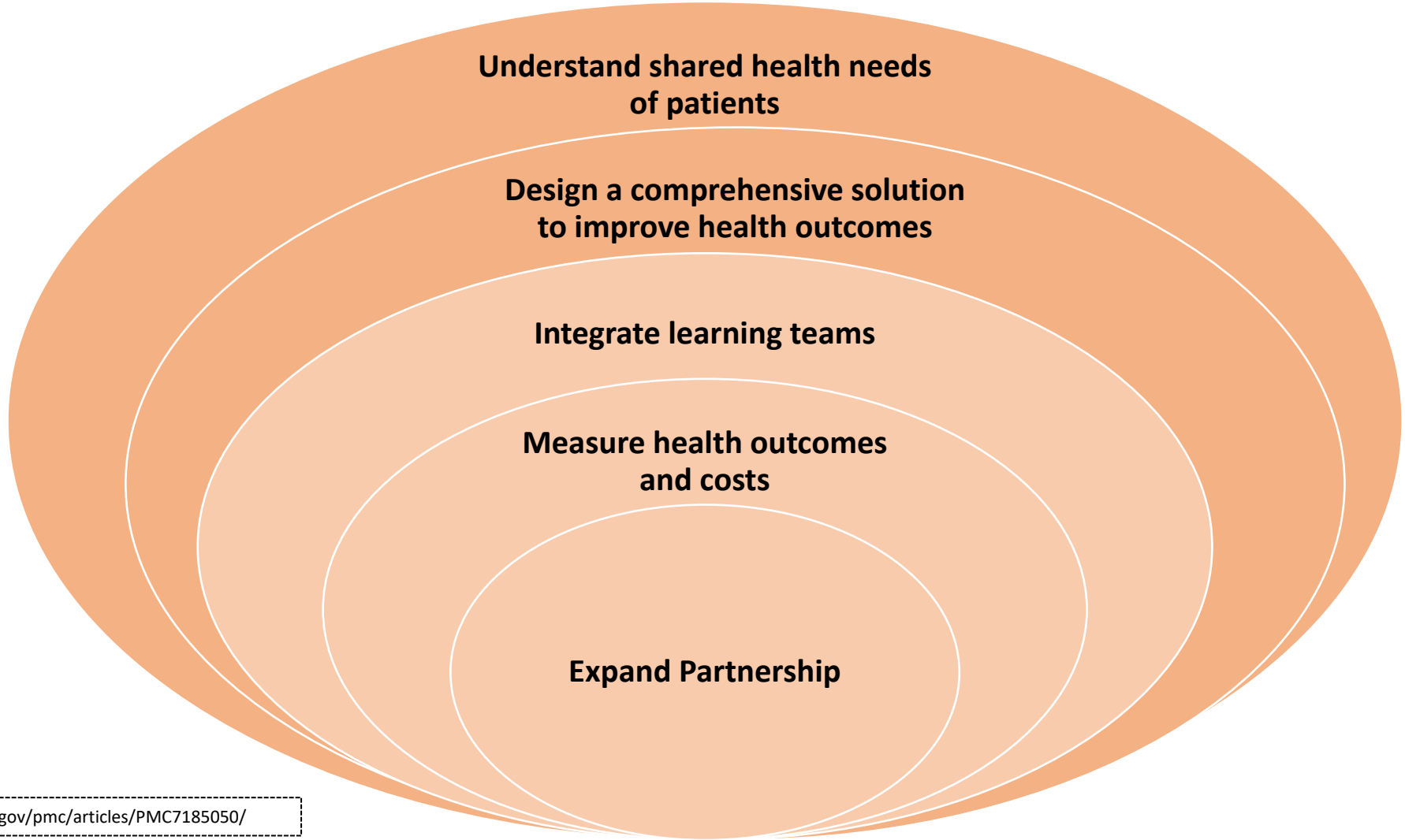
Source: World Bank data (2016)

Ayushman Bharat, with its focus on Government funding and preventive as well as curative care, will lay the foundation for value-based care implementation in India



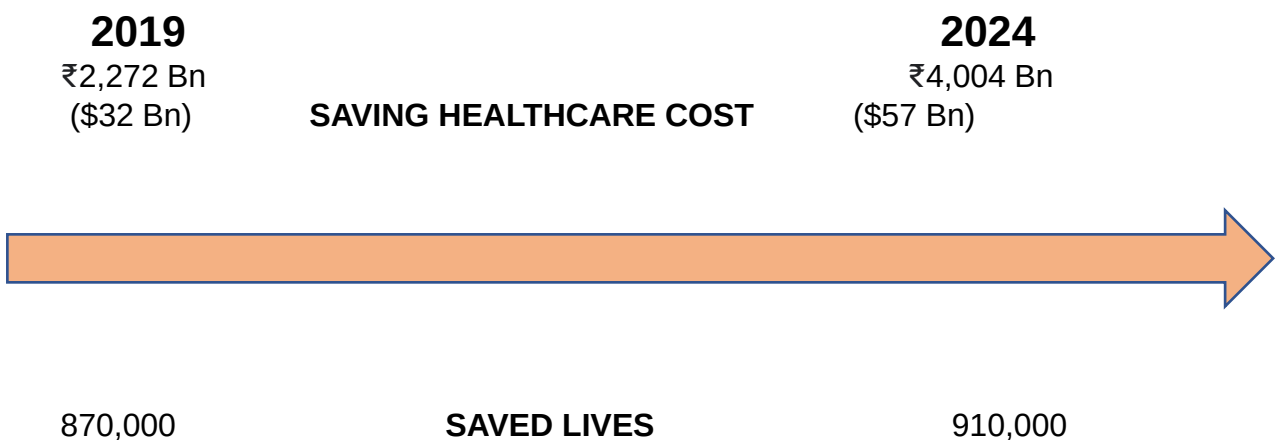
Source: m https://www.indiatoday.in/india/story/all-aboutpmjay-ayushman-bharat

STRATEGIC FRAMEWORK FOR VBHC IMPLEMENTATION



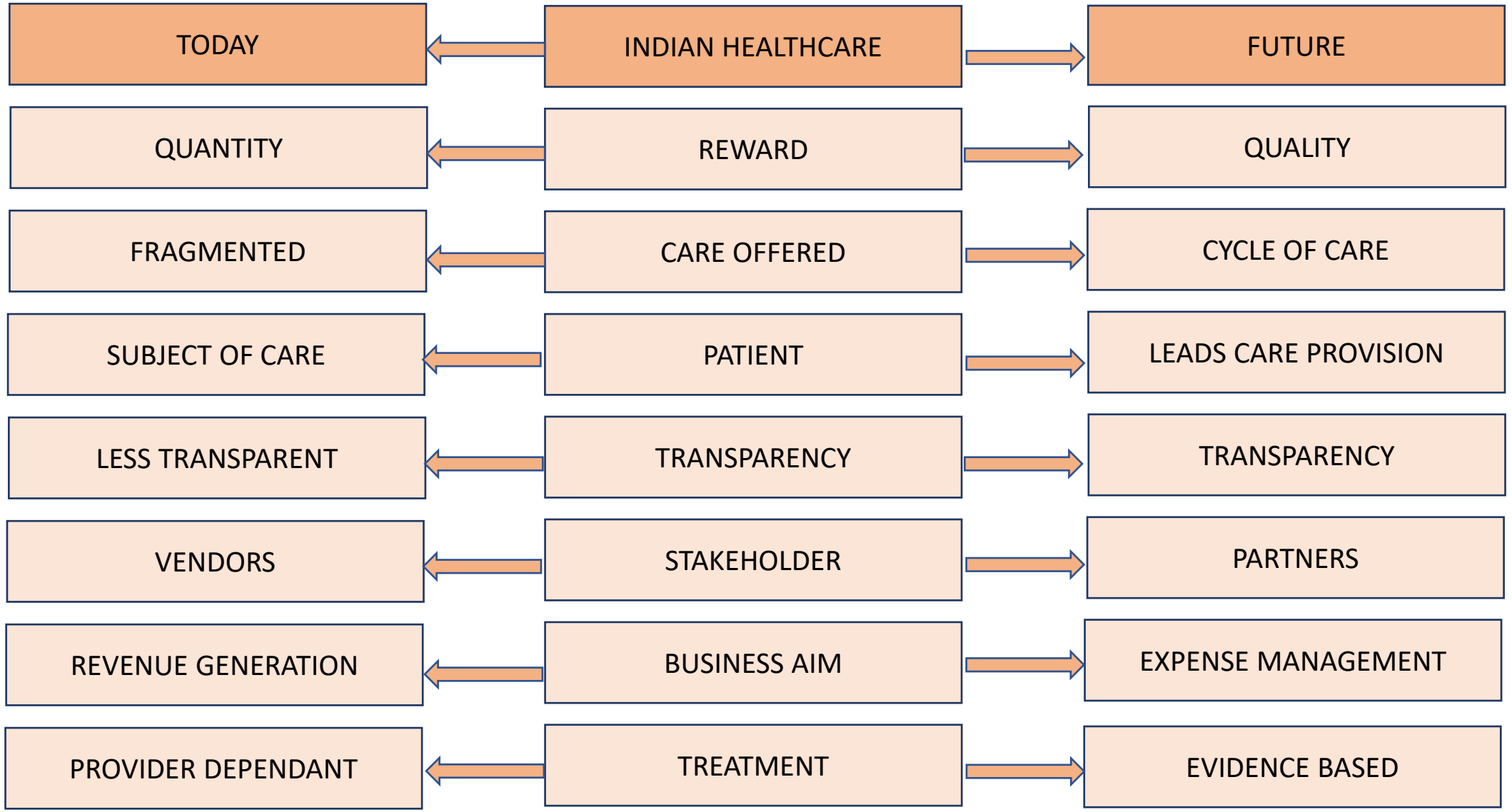
Source: https://www.ncbi.nlm.nih.gov/pmc/articles/PMC7185050/

When the right implementation of healthcare would happen in India, it would significantly reduce the costs and improve the clinical outcomes.

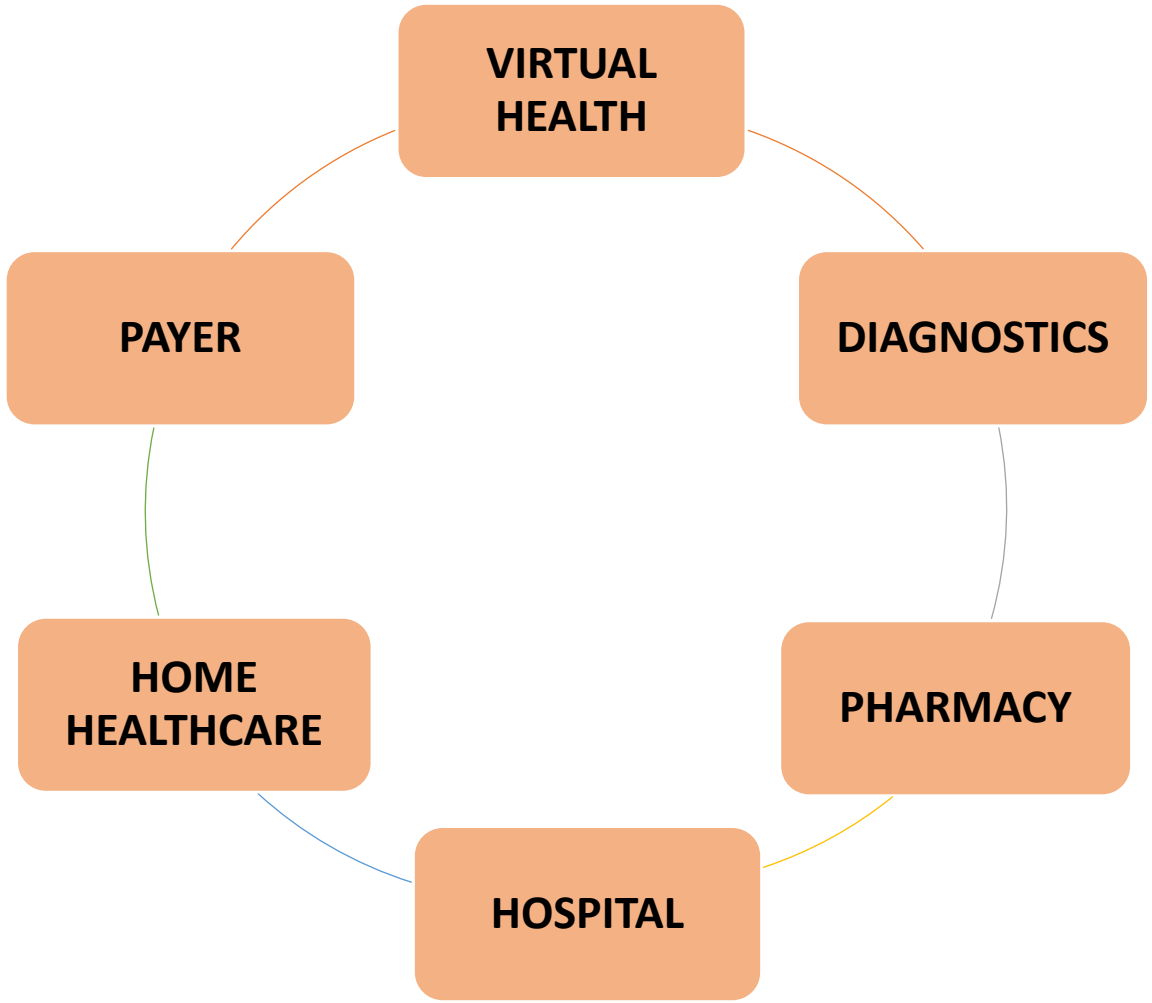


Source: https://www.pwc.in/assets/pdfs/healthcare/value-based-healthcare.pdf

Once implemented, value-based care will likely result in today's fragmented care delivery evolving into tomorrow's circle of care.



FUTURE CIRCLE OF CARE



Source: https://www.ecgmc.com/ thought-leadership/whitepapers/transformation

The success of value-based healthcare can be evaluated at all levels using measurable indicators for assessing quality of care outcomes and cost parameters

Monitoring the KPIs below would help in analysing the adoption rate by healthcare providers.

- Clinical Quality Indicators
- Percentages population with health coverage
- Out-of-pocket expenditure
- Cost per outcome point per head
- Healthcare spending – percentage of GDP
- Existence of integrated EMR
- Compliance with evidence based clinical guidelines
- Accessibility of clinical outcomes

Source: https://www.pwc.in/assets/pdfs/healthcare/value-based-healthcare.pdf

CONCLUSION

- Healthcare organizations implementing VBHC will benefit from emphasizing value for patients, in line with the intrinsic Drive-in healthcare, as well as managing the process of implementation on the basis of understanding the complexities of healthcare.

- Paying attention to the patient’s voice is a most important concern and is also a key towards increased engagement from physicians and care providers for improvement work.

RECOMMENDATIONS

- Increase financing by the government (public finance). Ayushman Bharat would lay the foundation of Value based healthcare in India.
- Create a System based healthcare network wherein all the different sectors of healthcare work in a coordinated manner.
- Proper Allocation of resources and proper distribution of resources.
- Form a committee to supervise the above process.
- Create a strong IT technology and penetrate it to the rural areas for better access of healthcare facilities.
- Focus on the outcome rather than just the number of patients getting treated.

THANK YOU