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### Value-Based Healthcare Revolution Ahead



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Tremendous progress has been made over the last forty years due to the second healthcare revolution, with the first healthcare revolution having been the public health revolution of the nineteenth century.

Hip replacement, transplantation and chemotherapy are examples of the second, high-tech revolution funded by increased investment and, in the last twenty years, optimized by improvements in quality, safety and evidence-based decision making. However, there are still three outstanding problems which are found in every health service no matter how they are structured and funded. One of these problems is huge and unwarranted variation in access, quality, cost and outcome, and this reveals the other two: overuse which leads to waste—that is anything that does not add value to the outcome for patients or uses resources that could give greater value if used for another group of patients and patient harm, even when the quality of care is high. The third is underuse, which leads to failure to prevent the diseases that healthcare can prevent, stroke in atrial fibrillation for example and inequity.

These problems need to be tackled, together with the challenge of the steady increase in need and demand which is estimated to create a 15 percent gap, between need and demand on the one hand and resources on the other by 2021. What is emerging is a new paradigm, the paradigm of value-based healthcare focused not on quality but on the following triple value:

- **Allocative:** determined by how well the assets are distributed to different sub-groups in the population between programmes, between systems in each programme and within each system, from prevention to long-term care
- **Technical:** determined by how well the allocated resources are used to achieve valid outcomes for all the people in need in the population
- **Personalised value:** determined by how well the outcome relates to the values of each individual

See Also: [Achieving Optimum Value-Driven Outcomes with Real Cost Knowledge](#)

### The Road Ahead

For the last twenty years hospitals have made tremendous progress improving quality, safety and productivity, and this work is to continue. For the next twenty years, however, there will be expectations of hospitals that require a new set of concepts and skills. Firstly hospitals will be expected to use their knowledge, authority and frequent contacts with the population they serve to be more active in disease prevention.

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Secondly, hospitals will also be expected to focus more on their variation and use for conditions for which referral is discretionary, because the huge unwarranted variations and the use of hospital services indicates both overuse and underuse. For this reason population-based hospital care focused on value will be a key theme in the decades to come.

Four activities have dominated our attention in the last twenty years, in addition to improving the effectiveness of service management:

1. Preventing disease, disability, dementia and frailty to reduce need
2. Improving outcome by providing effective, evidence based interventions
3. Improving outcome by increasing quality and safety of process
4. Increasing productivity by reducing cost

These are all of vital importance but are not sufficient and have taken place during an era in which overuse and underuse has remained largely unnoticed and unchanged.

What is needed is a new set of activities and these are described below:

- Ensuring that every individual achieves high personal value by providing people with full information about the risks and benefits of the intervention being offered and relating that to the problem that bothers them most, their values and preferences
- Shifting resources from budgets where there is evidence from unwarranted variation of overuse and low value to budgets for populations in which there is evidence of underuse and inequity
- Ensuring that those people in the population who will derive most value from a service reach that service
- Faster implementation of high-value innovation to improve outcome-funded care by reduced spending on lower value interventions for that population
- Increased rates of higher-value intervention within a single system (eg, helping a higher proportion of people die well at home funded by reduced spending on lower value care in hospital in that population)

Each of these of course requires training, for example training to design and develop population-based systems of care and training to become familiar with the new language to be able to answer questions such as: what do you understand by the term complexity? What is meant by the term system and how does it differ from a network? What is meant by population-based healthcare rather than bureaucracy based care and what are the three meanings of the term value in 21st century healthcare (not 'values' as in 'we value diversity' but the economic meanings)? What is the relationship between value and efficiency and what is meant by the optimal use of resources? What is meant by the term quality and how does it relate to value? What is a system and a standard? How would you assess the culture of an organization and, finally, how would you decide if an organization had a strong culture of stewardship?

Better Value Healthcare has a set of resources to help people acquire these skills and concepts and to help the leadership of the hospital service change the culture to one in which everyone feels responsible for optimising value.

## Further Reading

Better Value Healthcare website  
[bettervaluehealthcare.net](http://bettervaluehealthcare.net)

Gray JAM (2014) Essential books for understanding value and efficiency in healthcare. Oxford: Better Value Healthcare.

Gray JAM (2014) Essential glossary for understanding value and efficiency in health and healthcare. 3rd ed. Oxford: Better Value Healthcare.

Gray JAM (2011) How to get better value healthcare. 2nd ed. Oxford: Ofoff Press. (3rd edition due in 2017).

## Key Points

- Progress has been made in second healthcare revolution of last 20 years
- Huge problems remain in variations of care quality, overuse leading to waste and underuse leading to failure
- A 15 percent gap between need and demand and resources is projected by 2021
- Paradigm of value-based healthcare is emerging based on principles of allocative, technical and personalised value
- A new set of practices is needed to reach valuebased healthcare goal
- Training to deal with new healthcare questions is critical
- Better Value Healthcare has tools to assist in skills acquirement and change of hospital culture

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