

Realigning Care and Incentives

BRIAN R. GOLDEN, PhD

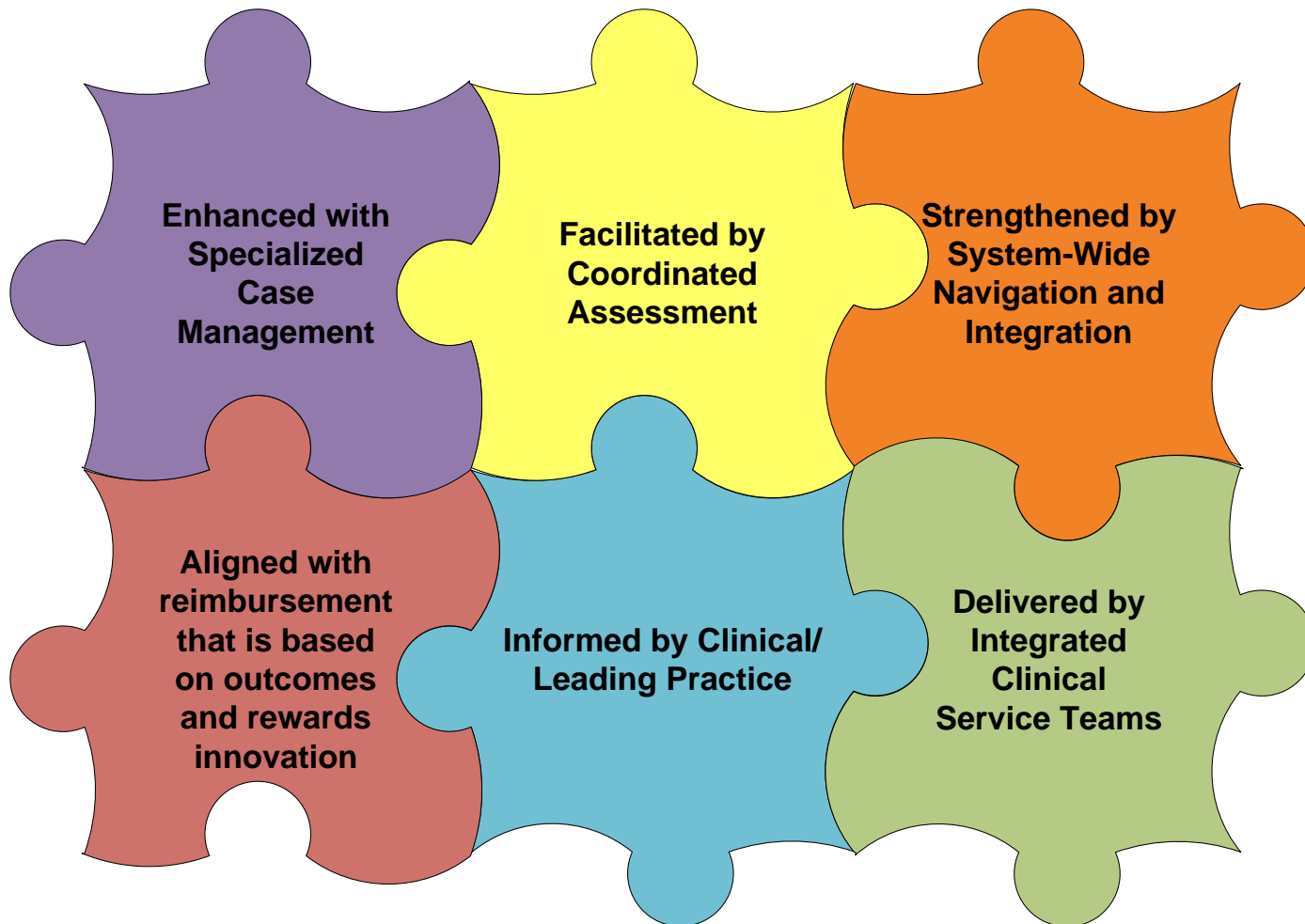
Sandra Rotman Chaired Professor in Health Sector Strategy at
The University of Toronto and The University Health Network
Executive Director, Collaborative for Health Sector Strategy
Joseph L. Rotman School of Management
University of Toronto
bgolden@rotman.utoronto.ca

Principles of Value in Healthcare*

1. Value can be achieved in publicly funded and administered healthcare systems.
2. The focus should be on value for patients and clients; improved efficiency results in more and better care for the dollars invested.
3. Rewards for providers are based on results.
4. Care and services should be organized around clinical conditions over the full cycle of care.
5. High-quality care should be less costly overall.
6. Value must be driven by provider experience, scale and learning at the clinical condition level.
7. The organization of care should be regional and national, not just local.
8. Results information to support value-based accountability must be widely available.
9. Innovations that increase value must be strongly rewarded.
10. Patient and clients share responsibility for their care with providers.

*Adapted and extended from "Redefining Health Care" by Michael E. Porter and Elizabeth O. Teisberg, Harvard Business School Press, 2006.

Improved value for the client will be:



Integrated Client Care Project

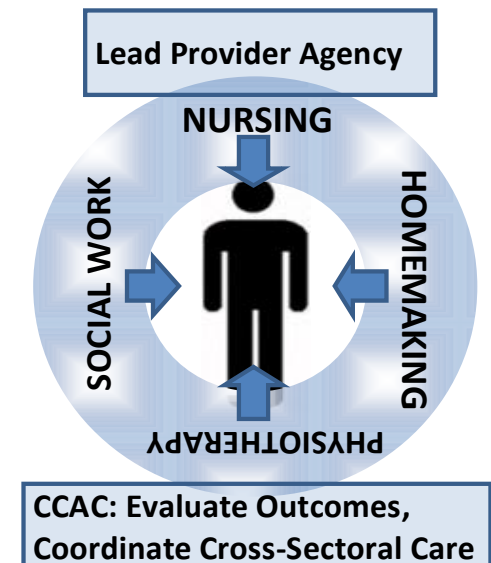
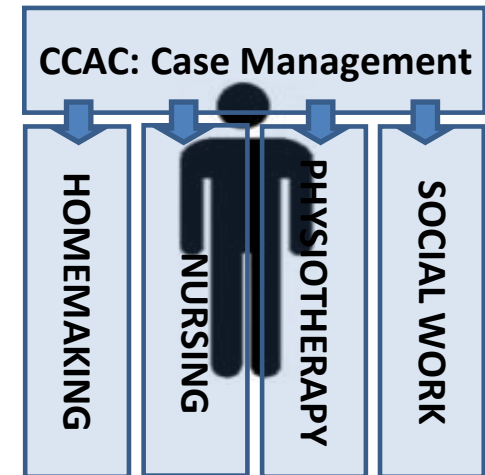
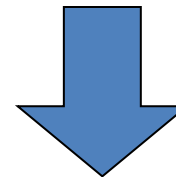
The fully realized Integrated Client Care model will see a change in the roles of CCACs and service providers

Current State:

- Separate contracts with multiple providers for various services for the same clients
- Providers do not generally coordinate with each other
- Payment per unit of service / visit
- Supplies and equipment purchased separately by CCAC
- CCAC plays case management / provider coordination role

Integrated Client Care:

- Single contract for multiple services, based on client needs
- Lead provider agency coordinates services around clients – may be multiple providers, but single ‘point of coordination’
- Payment based on client complexity and needs
- Providers responsible for costs of supplies and equipment
- CCAC evaluates client outcomes, coordinates with care providers in other sectors



The work of the working group was guided by a set of core principles for the new funding model:

1. Money follows the client

- > *Funding focused on the client, not units of service*
- > *High performing providers rewarded with additional clients*

2. Payment based in evidence

- > *Structure incentives around optimal treatment of condition*
- > *Use data on clients needs to inform payment*

3. Appropriate sharing of risk and reward

- > *CCACs and service providers own the right risks*
- > *Providers responsible for clinical coordination*

4. Payment for full episodes of care

- > *Payment for entire episode, from assessment to recovery / resolution*
- > *Include costs of all services, supplies and equipment*
- > *Consider client costs throughout continuum of care*

5. Reduce administrative burden

- > *Free resources for value-added work*
- > *Minimize disruption during transition*