

Measuring What Matters: The Cost vs. Values of Health Care

NOVEMBER 2012

Anne Snowdon, RN, PhD

Professor and Chair
International Centre for Health Innovation
Richard Ivey School of Business
Western University

Karin Schnarr, MBA, PhD Candidate, Senior Research Analyst

International Centre for Health Innovation
Richard Ivey School of Business
Western University

Abdul Hussein, PhD

Adjunct Faculty
International Centre for Health Innovation
Richard Ivey School of Business
Western University

Charles Alessi, GP, Chairman

National Association of Primary Care, UK
General Medical Practitioner, UK
Adjunct Faculty
International Centre for Health Innovation
Richard Ivey School of Business
Western University



International Centre
for Health Innovation



There is a clear misalignment between what Canadians value, and how health system performance is measured and funded. Canadian values have shifted substantially in recent years, towards a preference for greater autonomy and empowerment in managing one's own health care and management. Canadians' values reflect the desire for a more "personalized" health care system, one that engages every individual patient in a collaborative partnership with health providers, to make decisions that support health, wellness, and quality of life.

Yet, health systems are focused on performance management in terms of costs; operational inputs, such as services delivered; or quality measures, such as medication errors, readmissions to hospital, and mortality rates. Health system effectiveness is not evaluated in terms of delivering value to Canadians.

Canadians perceive health care as one of the most fundamentally important features of our society. There have been numerous studies of Canada's health care system, and in every work to date, the perspectives and views of Canadians have been an important frame of reference for health system renewal and reform.

This white paper builds upon the discussion of past work, and considers five main questions:

1. What are Canadians' core health values?
2. How do values differ among key stakeholders within the sector, and what do they value from their unique health perspectives?
3. Are those publicly articulated values aligned with what is funded or reimbursed?
4. Are those publicly articulated values measured and incented from a health system perspective?
5. How do Canada's health care values and performance outcomes compare over time to comparator OECD nations?

We examine the concept of "value" as a quality based on a person's principles or standards, one's judgment about what is valuable and important in life, and what a person deems important. We use the mission, vision, value statements from health sector organizations (i.e., hospitals, community

organizations, health providers, policy makers) as the proxy for Canadians' health care values, given the public representation on boards and governance structures. Findings of this analysis suggest that values vary widely across the continuum of care in health systems. A central value of hospitals is "excellent care that achieves quality of life", through collaborative partnerships with the health team. The values of community organizations focus on empowerment and engagement to strengthen population health and social determinants of health. The values of health professionals, as represented by their professional organizations, advocate support for professional practice, whereby quality health care is an outcome of this advocacy and leadership.

The values of Canadians are not currently captured in health system costing data or funding models. Health system costs are focused on the "inputs" of Canadian health systems (i.e., cost of drugs prescribed, cost of hospital services) and are not associated with outcomes of health systems that may reflect or align with Canadian values. There is no link between costs and outcomes of health care, such as quality of life, collaborative partnerships with providers, or community empowerment. Thus, there are no direct incentive models or performance measures to account for health system outcomes that align with the values of health, wellness, or quality of life for Canadians.

Current measures of health system performance focus primarily on access to care, and quality outcomes that identify hospital-related adverse events (e.g., hospital-acquired infections, mortality, falls, medication errors, and readmissions to hospital). There is very little evidence that Canadians' values are aligned with how performance is measured or evaluated in health systems. Canadians value health, wellness and quality of life. Health systems rely on performance measures in terms of safety, and risk associated with hospitalizations. This misalignment is further evidenced by the way in which CEO's are incentivized – which an analysis of executive compensation from the Quality Improvement Plans in Ontario demonstrates, prioritizes financial health, and adverse-events, namely hospital acquired infections.

Our analysis of the values of each of the comparator OECD countries found they varied widely from Canadian values. Values expressed in the comparator OECD countries tend to focus more directly on healthy, active living; patient choice, and health literacy. This is a stark contrast to Canadian values, which focus on excellent care, quality work environments, and community engagement.

Health system expenditures are growing in every country in the OECD comparator group, and Canada is no exception. Despite high health system costs, Canada falls behind in achieving population health and wellness outcomes compared to these other countries. Canadians value quality of life, health, and wellness; however, as a country we rely heavily on hospital based care, which may be a function of Canada's hospital-dominant system. As a country we have not focused on healthy, active living.

■ Next steps and recommendations

To achieve greater value for health system costs in Canada, we offer three recommendations to make a shift towards delivering value to Canadians in a cost effective, sustainable, and patient-centric model of health care.

RECOMMENDATION ONE: Align health system values with Canadians' values to move from a system focused on managing provider performance, to a system focused on strengthening health and quality of life for Canadians.

- a. Design integrated services across the continuum of care, supported by cooperative models of health system leadership, whereby organizations and their leaders are incentivized and held accountable for achieving quality of life outcomes for the populations they serve.
- b. Give patients and families the tools to manage their own health and wellness, including complete transparency and access to personal health information, to support health decisions that achieve quality of life.
- c. Re-design health care systems to focus on healthy, active living that mitigates risk of chronic illness and has the added benefit of achieving quality of life.

RECOMMENDATION TWO: Align health system performance metrics and funding models with Canadian values, focusing on health and wellness as a central mandate.

- a. Create metrics that evaluate and redefine health system performance to reflect Canadian values, including quality of life, engagement, and integrated care delivered by inter-professional health teams.
- b. Transform health system data structures, from the existing provider-centric structures, which capture health transactions in organizations, to interconnected consumer-centric data that capture each individual's care transactions across the continuum of health care services.
- c. Attach accountabilities to all stakeholders to achieve meaningful consumer engagement across the continuum of care. This includes incenting patient-provider-institution collaboration.
- d. Re-design performance measurement frameworks to focus on the positive, patient-centric outcomes of health and wellness, rather than the dominant focus on negative outcomes; such as mortality, errors, readmission rates, and adverse events.

RECOMMENDATION THREE: Re-examine health workforce values relative to the needs and values of Canadians, who strive for personalized and collaborative relationships with health providers to achieve health and wellness.

- a. Re-configure health professional practice models and approaches from single discipline to inter-professional models of practice that fully engage the unique scope of practice and expertise each professional brings to the health care team.
- b. Implement an inter-professional model to coach and mentor Canadians to achieve quality of life, across the continuum of care.
- c. Align reimbursement models for health professionals with Canadians' values, such that professionals are reimbursed based on achieving best-practice quality outcomes, rather than reimbursement focused on health service transactions.



About the Centre

The International Centre for Health Innovation, established in 2009, is situated within the Richard Ivey School of Business at Western University. As the only health centre in a business school focused on innovation adoption, we are dedicated to being a catalyst for a health system that is sustainable, productive and embraces innovation. The Centre:

1. Cultivates leadership capacity through educational and leadership development programs targeting current and future leaders in the health system;
2. Emphasizes education that equips students and program participants with the ability to identify, understand, embrace and implement innovation in real health sector environments;
3. Empowers and builds collaborative partnerships between government, industry, clinicians, health sector stakeholders, researchers and funders to drive innovation adoption;
4. Supports and disseminates knowledge and evidence that our leaders need to embrace innovation, drive change and improve the productivity of our health care system and of our economy.

For further information on the Centre and how it is changing the culture of innovation in Canada, visit: International Centre for Health Innovation www.ivey.ca/healthinnovation



International Centre
for Health Innovation