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Where's the Value in Healthcare?

*John Morrow**, for *HealthLeaders Media*, January 23, 2009

There is plenty of discussion among the consumer-driven health crowd about where one's "medical home" resides these days. Is it part of an integrated delivery system or an institutional entity, such as a mission-driven community hospital? Is it a local doc in the box or urgent care center? Some even think a health information Web site, like WebMD, or an extended social network of family, friends, and experienced patients, could function as a medical home.

So what makes us, as consumers, seek out and want to have different solutions to meet our healthcare needs and provide that medical home? It could be our level of experience, lack of standards, or belief—based on the variability in the delivery of care—that there is no system in healthcare.

Or it could be that the current leaders in healthcare are not who you think. The "real" health leaders are not C-suite executives at your local hospital or physicians and caregivers—they are empowered consumers.

Today's health leaders are the moms and dads who are struggling to navigate the healthcare system. These consumers are doing their best to lead their family through crisis, chronic condition, and routine cold and flu without the benefit of a healthcare provider taking the lead to coordinate their family's care.

But is it really about coordination of care, or is about the lack of confidence that we as consumers have in the system? As consumers, we understand convenience, service levels, quality, price, and satisfaction of experience. We call this "value for money", and it's ingrained in everyone who makes purchases. The new C-suite—healthcare consumers—is searching for *value* in the care that they buy.

In the book, *Redefining Health Care*, authors Michael E. Porter and Elizabeth Olmsted Teisberg define healthcare value as "outcomes per dollar." Even though people can debate whether an outcome is experience, satisfaction, death, or a safety event, we can all agree that the "per dollar" part is really clear.

Everyday consumers make value judgments based upon what matters most to them. They do this with calling plans, travel destinations, and service ratings that help them make decisions. These new empowered consumers are the ones creating value by defining value. Today, absent anyone noticing, consumers will draw their own conclusions and vote with their feet and wallet.

Institutional healthcare leaders should get off the "quality is king" bandwagon and realize that enormous volumes of care are given daily that have minimal impact on quality or outcomes. It's not just about quality; it's about convenience, experience, satisfaction, preference, perception, and yes, it's about the out-of-pocket price consumers pay. When healthcare leaders get on the track and begin to follow the warnings from the Centers for Medicare & Medicaid Services that value-based purchasing is just around the corner, we'll finally start to hear how they are helping consumers find value. That is a community benefit that you can sink your teeth into.

So, how can institutional healthcare leaders better serve the new C-Suite (or consumers)?

- **Transparency:** Develop a philosophy of transparency for performance reporting.
- **Value:** Understand your value equation (outcomes per dollar) and publish it!
- **Metrics:** Measure differences in price, convenience, perception, satisfaction, and outcomes. Adjust your service offerings based on what works.
- **Communication:** Formulate a communication strategy that helps consumers understand the complexity of your offerings; then, streamline the message and publish it.
- **Be a Consumer:** Spend a day as a consumer in your own facility—take public transportation to get there; walk into the emergency room and ask for care; ask the admissions department about the cost of basic services; analyze how helpful your employees really are, and poll other patients in the waiting room about their wait time and levels of confusion.

Delivering value is about the big picture—not just quality or good food or friendly staff. And if you don't think the current economy will put new pressures on your facility's value equation, think again.



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