

## Taking the Value-Based Agenda Forward: The Five Essential Components of Value-Based Approaches to Health and Care

### Summary

Against a backdrop of financial pressures, growing demand for services and the quest for transformation of local services, the concept of value in the health and care system is one which has gained increasing prominence over recent years. This paper explores how we can spread the adoption of value-based healthcare across all parts of the system and ensure that we maximise the benefits for those who use NHS and wider services.

It explores five key characteristics/factors which we believe can support the wholesale adoption of value-based healthcare approaches. These are:

- Learning and adapting through the adoption of innovation
- Managing risk
- Making best use of data
- Thinking about pathways across the whole system
- Listening to patients.

It is hoped that this paper will support colleagues across the health and care system who are working to embed value-based approaches in their organisations and across their health and care systems.

### The Challenge

The notion that we should strive to maximise what is being delivered for each pound spent in the NHS and wider health and care system is now widely embraced and accepted by clinicians and wider colleagues across different parts of the system.

Value-based healthcare forms part of the wider, long-term planning of services and has the maximization of outcomes for those who use services as its primary goal.

While value-based healthcare is about NHS organisations delivering more within their current budget, it is important that it is not characterised as a means of simply cutting costs. Value-based healthcare is about improving care, experiences and outcomes for those who use health and care services, whilst maximising the return on investment on behalf of taxpayers.

The challenge now is to embed value-based approaches to health care across the whole health and care system.

## Kickstarting true value in the NHS

A principle goal of the NHS is to achieve the best value it can from the resources it has, whilst remaining free at the point of delivery. What we all want are the best possible health and care outcomes for patients and populations, for every NHS pound spent. In practice this can be challenging to deliver consistently across the whole system.

In order to meet these challenges, the health and care system needs to fully embrace the concept and understand the potential it offers: Value, when considered across organisations and whole systems and when properly implemented, can deliver improved patient and population level outcomes while optimising resource utilisation.

Achieving true value in the health and care system requires a **whole** system approach. **Decisions with Value** and the **NHS Confederation** recently brought together a range of senior leaders working across the NHS – **commissioners, providers, clinicians** and **finance leads** – for a roundtable discussion. The discussion explored current approaches to value-based healthcare and gained their insight on the barriers to the uptake and wholesale adoption of value-based decision making. It also examined what can be done to overcome these barriers to ensure the best possible outcomes for patients, populations and the NHS and wider health and care system.

Our expert panel identified five key characteristics which can strengthen the take-up of value-based approaches across the health and care system:

- Learning and adapting through adoption of innovation
- Managing risk
- Making best use of data
- Think about pathways across the system
- Listening to patients.



We now explore each of these in a little more detail:

### 1. Learning and adapting through adoption of innovation

We know that value-based change is happening in areas all over the NHS and wider system, but maximising value has yet to become the standard practice across the breadth of the system. One of the key issues we face is the lack of spread of good practice and innovation.

#### What do we mean by value?

The seminal work of Michael Porter, from the Harvard Business School, offers a skeleton definition of value as “*health outcomes achieved per dollar spent*”.<sup>1</sup>

However, in Porter’s model he didn’t address the universal care model hence the ‘triple value definition’ was developed for the UK and breaks value down in to three constituent parts: *Personal Value*, *Technical Value* and *Allocative Value*<sup>2</sup>

### What do we mean by innovation?

Often when we think of innovation, we think of new gadgets and technology. But a value-based innovation can also be something that has been happening successfully at a local level for years but hasn't yet been spread or adopted elsewhere.

There are many fantastic and impactful initiatives and innovations in practice across the health and care sector. But while there is no shortage of first adopters, the challenge comes in persuading second and third adopters to take and adapt what they see in their own services or areas. This means that important learning and considerable financial and resource investment is lost or under-utilised.

The context for innovation adoption is vital - expecting an idea to work in one locality based on the exact same specification as in another is likely to create failure; as is discarding sound ideas because their delivery has not been successfully

adapted. As approaches are adapted and implemented, finding out what works and what does not in a new context is essential if we hope to spread the learning.

#### Kickstarting value: The practical things you can do:

- Identify the initiatives that either affect many people or that cost a significant amount.
- Consider what is already happening, in your own locality or in others, that could be adapted for use elsewhere. What needs to change to make it work in a new context?
- Put measures in place to ensure that learning and adaptations are recorded and accessible.
- Promote what has worked in your locality and listen to what has worked elsewhere. Establish mechanisms to share learning and feedback.

## 2. Managing risk

The NHS has real strengths in its approach to risk management and mitigation, but risk aversion can remain a barrier to the uptake and diffusion of innovation. Doing something new in the NHS carries risk – financial, organisational, professional and personal. This often means there is a tendency for individuals, organisations and systems to favour doing what they already know, even if known to be suboptimal, because it is unable to quantify and manage risk well. The stakes are high in the NHS and staff and leaders at all levels fear a sense of exposure if innovation fails – wrong decisions can cost millions of pounds and, potentially, patient lives.

Metrics and evaluation are essential for accountability - both who we are accountable *to* and what we are accountable *for*. Through risk management and leadership principles, which are firmly embedded and established in the NHS, we can use metrics to assess what is an acceptable and safe level of risk to foster an environment for innovation.

#### Kickstarting value: The practical things you can do:

- Foster a “safe space” for innovation by putting in place risk management and mitigation principles – utilise those that you are already familiar with.
- As a leader, celebrate and promote success while also creating an environment where “it’s okay to fail.”
- Accurately and honestly assess the risk profile of a potential innovative approach and balance this against the value it could bring.

### 3. Making the best use of data

Data is a growing NHS strength and is being used more and more to help redesign services and improve patient outcomes. In some areas, the NHS has world-leading data, but it is often unconnected to other areas and remains in silos. This means we are not getting the full value from one of the NHS's richest resources.

To get the full picture on patient and service pathways, the system needs to look at ways to improve information governance and sharing. Better collaborative working and sharing of information between finance and clinical teams would provide insights on where value can be achieved across the patient pathway and activity across the system.

If we are to achieve the best value from the data that we have, it is essential that enough staff are trained to analyse data. Research has shown that there is a significant shortage of staff who can analyse data across the NHS<sup>3</sup> and support the push towards better value healthcare.

#### Collaborative use of data across silos can inform value-based decisions

- PLICS
- Model Hospital
- GIRFT
- RightCare
- Trust level costing data

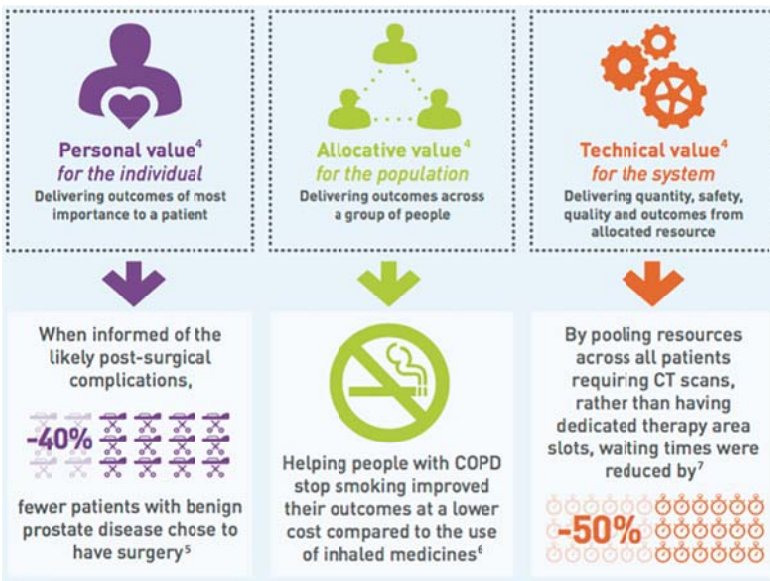
Similarly, it is essential that clinicians have access to information like costing data to help inform value-based choices in patient care.

#### Kickstarting value: The practical things you can do:

- Implement data governance and sharing practices that take account of the value that could be realised across the system through collaboration
- Establish training to ensure that staff across the NHS have the skills needed to get the full value from the data in the system
- Train clinicians in finance skills and give them access to the costing data that matters to their decision-making.

### 4. Think about pathways across the system

We know that disease and poor health outcomes are the result of many different, interconnected factors. That is why a whole system approach to improving outcomes for the benefit of the patient, the population and the system is needed.



We heard about examples that highlighted how early intervention at the beginning of a patient's pathway, even before disease progression, can have a huge impact on patient health outcomes, as well as providing service efficiencies and cost savings.

One such example focused on reducing costs and improving outcomes in stroke and atrial fibrillation services in London. After success at working together across organisations improving acute stroke services, the focus changed to trying to find more opportunities for patients to avoid ever needing this care. A number of points along

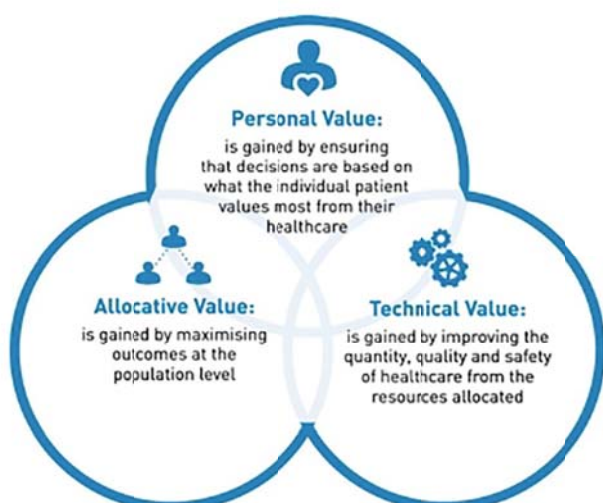
the pathway were identified for early intervention in avoiding strokes through better utilisation of population health data, screening, awareness raising and anticoagulant prescribing. These short-medium term interventions had a huge long-term impact on services, as well as outcomes and patient experience<sup>8</sup> and strengthened the value that was delivered.

#### Kickstarting Value: The practical things you can do:

- Ensure that healthcare interventions are designed across the full disease pathway including before the point at which NHS services would be required – looking at environment, behaviour, symptoms and treatment.
- Join up and plan a pathway across the whole system and plan together across silos at every stage.
- Investigate what interactions and information could trigger early intervention to prevent disease progression and worsening outcomes for the patient, population and system.

## 5. Listening to patients

Value can mean different things to different parts of the health system. But we can only achieve true value if all three parts of the triple value framework are balanced – and this means taking account patient outcomes as well as costs.



If planning is producer-led (i.e. “we’ve determined what’s best for you and will carry it out”) the risk is that it does not deliver for the individual. What is considered a good outcome for the system (technical value) might be the lowest possible cost for a particular intervention. Whereas, for a patient (personal value), the most important and valuable outcome is likely to be their overall quality of life which might include getting back to work or being able to play with their grandchildren.

Understanding and achievement of *personal* value is essential to the achievement of overall value, and we will only know what matters to patients if we listen to them.

#### Kickstarting value: The practical things you can do:

- Remember that a pathway is a life course, not just the mapping of a medical model. Explore who you can collaborate with to better understand the pathway, what ultimately matters to patients and can we ensure we use the right interventions at the right time?
- Ensure that the public and patients are truly part of the discussion, with measures in place to evaluate their personal goals and the patient outcomes that really matter to *them* – people have choices.
- Ensure staff at all levels truly understand what patients and taxpayers value as an outcome and design and deliver services accordingly.



## Decisions with Value

Decisions with Value (DwV) is a non-promotional initiative guided by an independent Steering Committee comprised of experts from academia, healthcare policy and the NHS, funded by AbbVie. DwV aims help those working within the NHS achieve the greatest improvement in health outcomes possible, within the fixed budget or resources available.

Decisions with Value has developed three practical guides for Providers, Commissioners and Clinicians. These guides provide tools and case studies to support NHS staff in the implementation of value-based decisions in everyday practice. Each of the guides uses a 'Triple Value Definition' that breaks down value into 3 separate components – Personal, Technical and Allocative. **All resources can be found at [www.abbvie.co.uk/decisionswithvalue](http://www.abbvie.co.uk/decisionswithvalue)**

## Decisions with Value and NHS Confederation Roundtable Event

We extend our thanks to the participants of the roundtable discussion for their insight and valuable contributions that have informed this paper. The roundtable was hosted by the NHS Confederation in partnership with AbbVie and was attended by senior leaders from the following organisations:

- AbbVie
- Bromley Healthcare
- Healthcare Costing for Value Institute ( Healthcare Financial Management Association)
- King's Health Partners
- NHS Clinical Commissioners
- NHS Confederation
- NHS Innovation Accelerator
- Northumberland, Tyne and Wear NHS Foundation Trust
- Value Based Healthcare Programme, Nuffield Department of Primary Care Health Sciences, University of Oxford
- Royal Brompton and Harefield NHS Foundation Trust
- UCLPartners

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