

## Taking the value-based agenda forward

### The five essential components of value-based approaches to health and care

#### Who should read this briefing

- This briefing is for operational managers and senior leadership within the health and social care community.

#### What this briefing is for

- To provide greater definition of what value-based healthcare and cross-organisational boundary decision making means in practice by introducing some of the key challenges that exist in implementation. This briefing aims to stimulate local strategic discussions on how they can be addressed in individual health economies.

#### Key points

- Value-based healthcare is about delivering better outcomes within existing budgets. This means putting in place an environment where decision making can prove a greater return on investment for patients and taxpayers – this is sharply distinct from cost cutting and involves strategic decision making.
- Learning from what has worked elsewhere and taking time to measure outcomes from innovative approaches are a vital part of giving decision makers the information they need to lower risk of changing services. This means high quality data sharing across organisational boundaries.
- Risk of trying new things and perceptions of risk associated with change is a challenge within the health and care sector. Taking specific measures to reflect on the balances of risk and creating shared accountability in planning processes is a requirement for success.

## 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 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 its primary goal is to maximize 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.

### What is value in healthcare?



Value is securing the **greatest** improvement in health outcomes possible within the fixed budget of the NHS

It is **NOT...**



**minimising costs by** cutting resource or budget, often at the expense of health outcomes

# 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, while 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.

“Value...can deliver improved patient and population level outcomes while optimising resource utilisation.”

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**
- **thinking about pathways across the system**
- **listening to patients.**

## 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 his model Porter didn’t address the universal care model, hence the ‘triple value definition’ was developed for the UK which breaks value down in to three constituent parts: personal value, technical value and allocative value.<sup>2</sup>

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 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.

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

- PLICS
- Model hospital
- GIRFT
- RightCare

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.

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. Thinking about pathways across the system

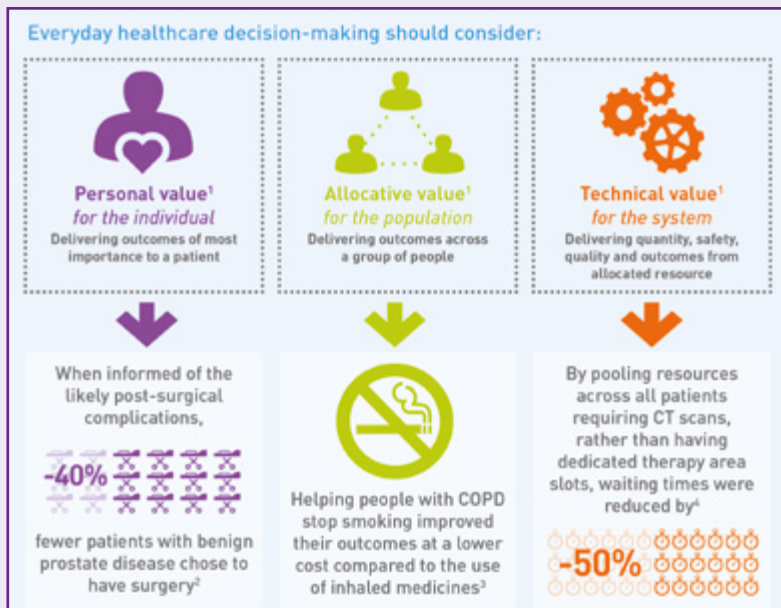
We know that disease and poor health outcomes are the result of many different, interconnected factors. That is why a whole system approach to improving outcomes for the benefit of the patient, the population and the system is needed.

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 arterial 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.

**“A whole system approach to improving outcomes for the benefit of the patient, the population and the system is needed.”**



**Kickstarting value – The practical things you can do:**

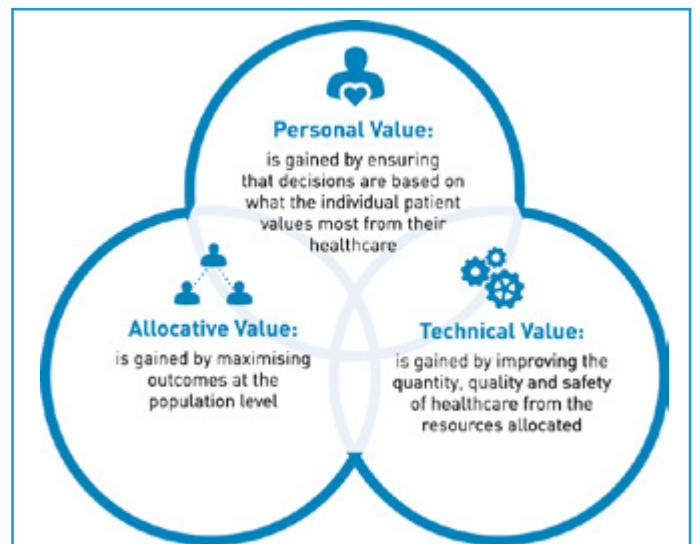
- Ensure that healthcare interventions are designed across the full disease pathway including before the point at which NHS services would be required – looking at environment, behaviour, symptoms and treatment.
- Join up and plan a pathway across the whole system and plan together across silos at every 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 into account patient outcomes as well as costs.

If planning is producer-led (ie “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.

DwV 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 three separate components – personal, technical and allocative. All resources can be found on the [DwV](#) Decisions with Value website.

## Roundtable event

We extend our thanks to the participants of the Decisions with Value and NHS Confederation 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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## The NHS Confederation

The NHS Confederation is an independent membership body for all organisations that commission and provide NHS services; the only body that brings together and speaks on behalf of the whole of the NHS.

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