

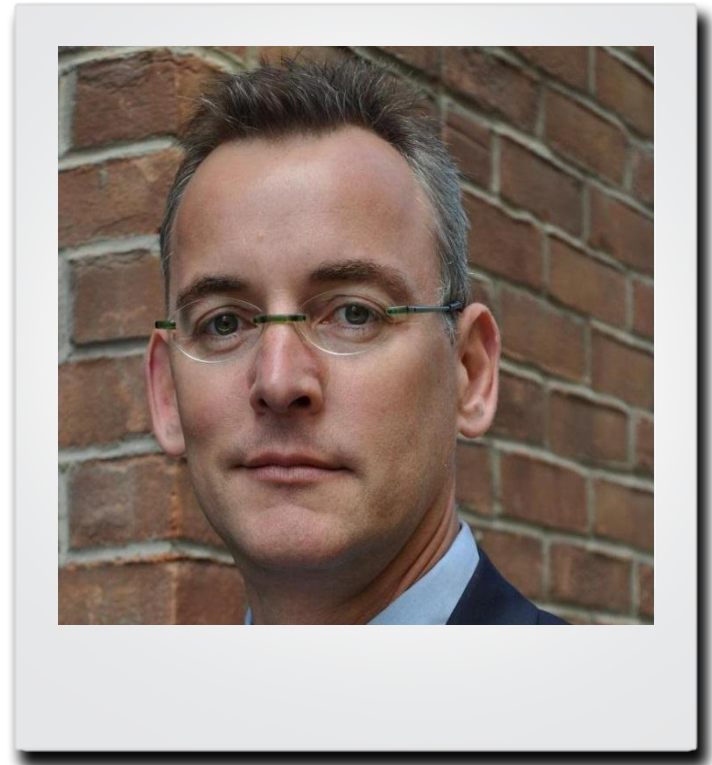
(Re)Aligning the Stars: Design Thinking for Health Systems

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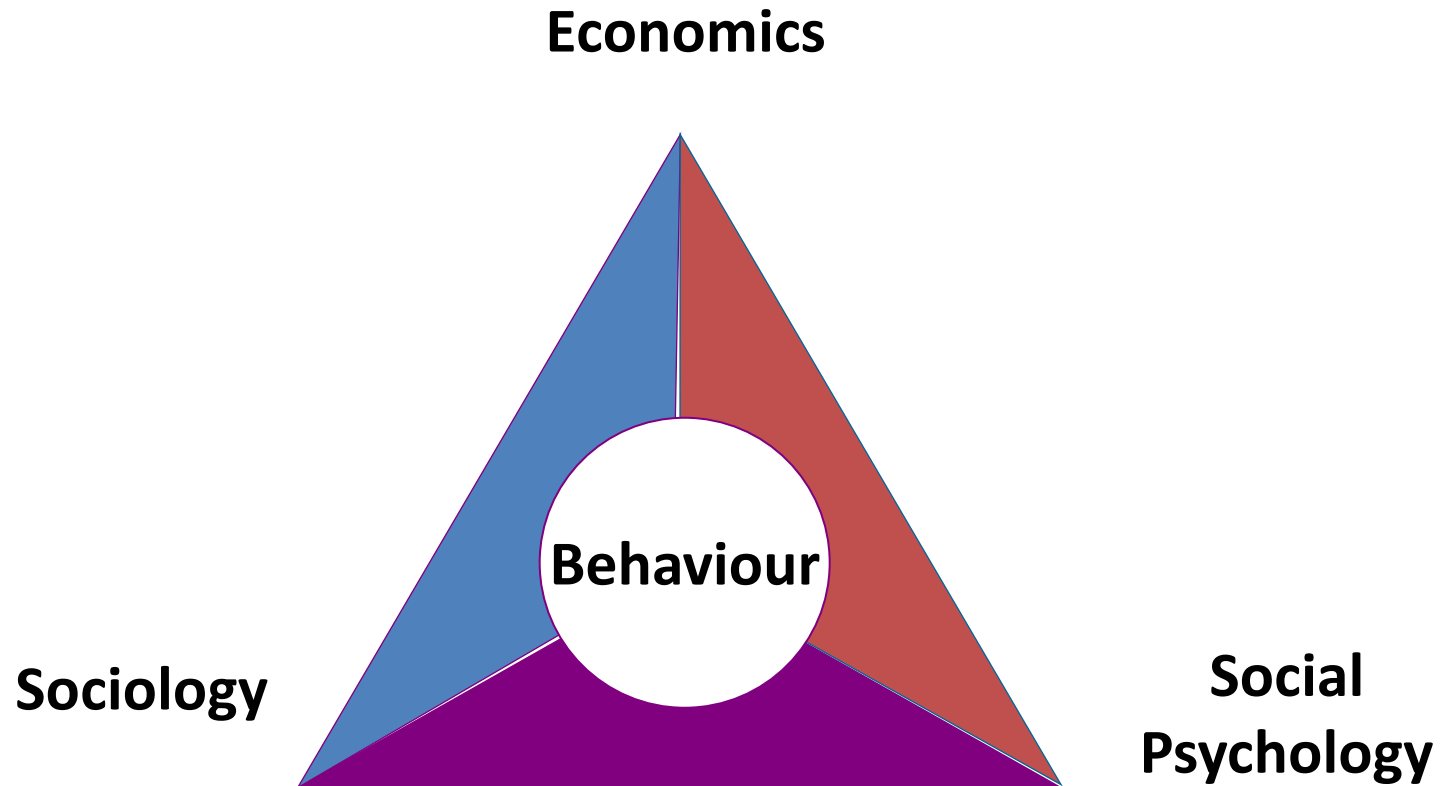


Dr. Brian Goldman
Mt. Sinai Emergency Physician
Host: CBC's *"White Coat, Black Art"*



"Dr" Brian Golden
University of Toronto

Systems Perspective



Plenty of Doom and Gloom

“Pride has led to a false sense of confidence in the system. The status quo is unsustainable. If the fiscal challenge continues to fester, the system will weaken further, even falter. Access and quality care are at risk.”



“The health care system achieves a reasonable balance of treatment quality, cost, and outcomes, but reforms are needed to contain expenditure pressures. Meeting the demographic and fiscal challenges requires bringing down trend growth in public health spending significantly, lest other public spending be squeezed and/ or taxes be forced to rise ”.



“Canada’s health system produces rates of growth in health spending that are not sustainable solely through redistributive public financing. Supplementary user-based, private financing would off-load public cost pressures, encourage economic efficiency, and offer a sustainable source of additional resources”.



“Should policy reforms be incredibly successful in improving the efficiency and effectiveness of the healthcare system, Canadians would still face rising healthcare costs and necessary choices as to how governments and individuals will finance these costs”.



C.D. Howe Institute
Institut C.D. Howe

Plenty of Doom and Gloom

“Sweden has one of the world’s best healthcare systems

“.....at least if we believe renowned North American researchers who have shown an interest in us.”

Three Frameworks

I. System Alignment

II. Value

III. Disruptive Innovations



H A R V A R D | B U S I N E S S | S C H O O L

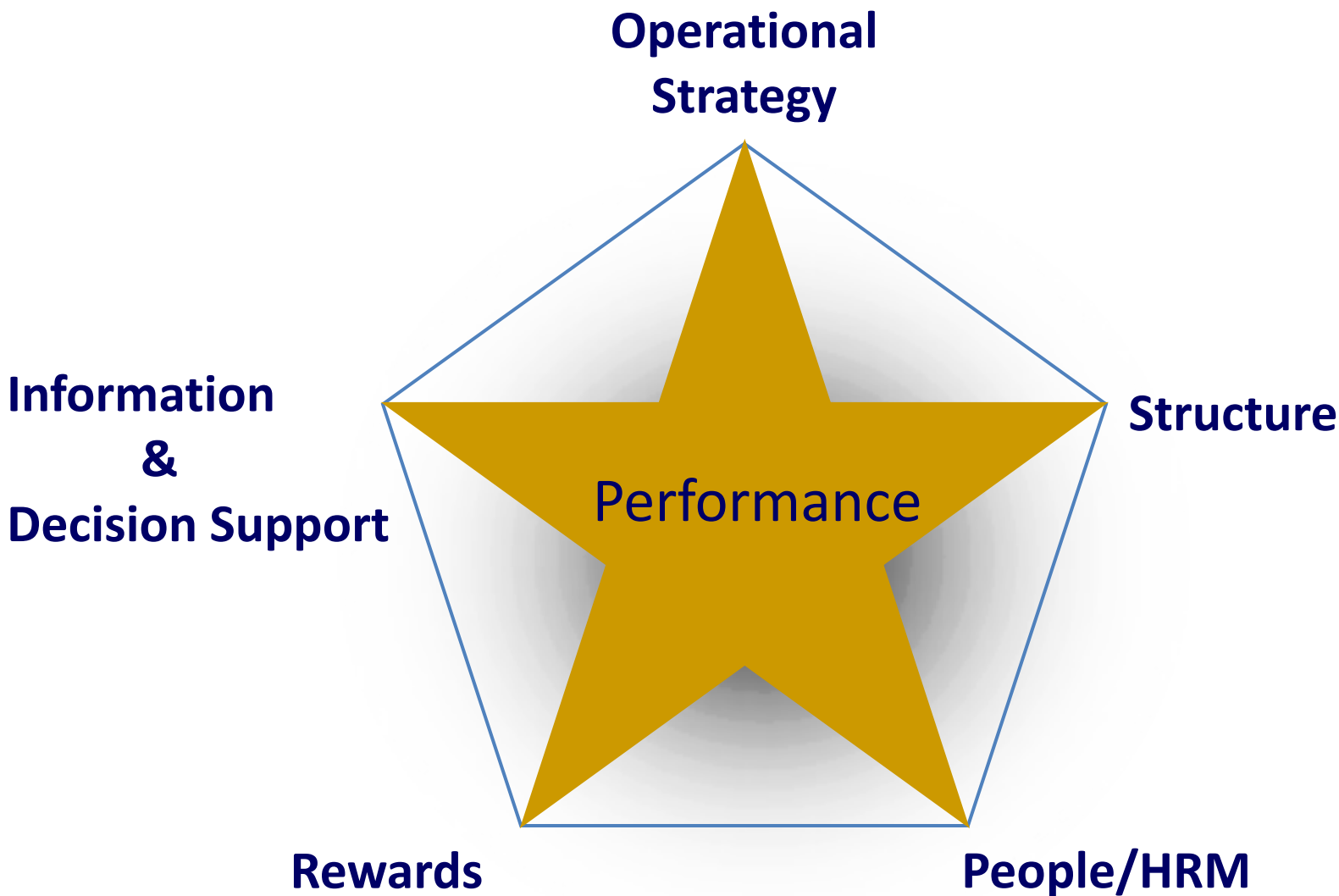
BRIAN R. GOLDEN
AMY C. EDMONDSON
GARY J. YOUNG

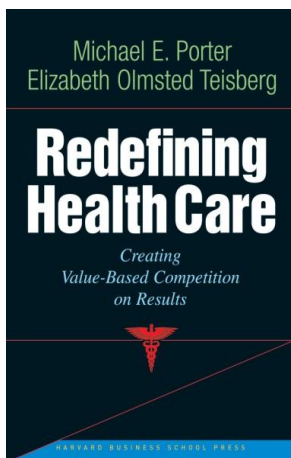
Turnaround at the Veterans Health Administration (A)

Nearing the end of his four-year term as Under Secretary for Health—a position in which he directed the United States Veterans Health Administration (VHA)—Dr. Kenneth W. Kizer, awaited news from the Senate about his reappointment. The veterans' health care system, administered by the VHA, was the largest integrated health care system in North America. When he took the helm in late 1994, Dr. Kizer inherited an antiquated post-World War II-era management system fraught with problems. He immediately made plans to re-engineer the VHA into a modern, responsive, efficient, and effective health care organization. By the end of his first term, he had made substantial headway, but in doing so he had shaken an entrenched bureaucracy to the core, seriously challenged numerous vested interests and taken on members of Congress. However, whether the changes implemented would be enough to take the VHA into the next century remained uncertain. As the Senate deliberated over his confirmation for a second term, Dr. Kizer reflected on the previous few years.

Realigning Systems

(Golden & Martin, *Healthcare Quarterly*, 2004)





Organize into Integrated Practice Units (IPUs) around the patient's / client's condition

Measure outcomes and cost for every patient / client

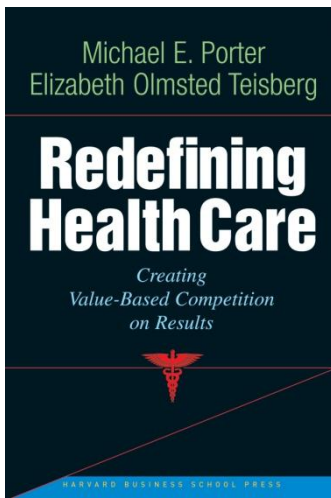
Reward providers based on results

Move to Bundled Prices for Care Cycles



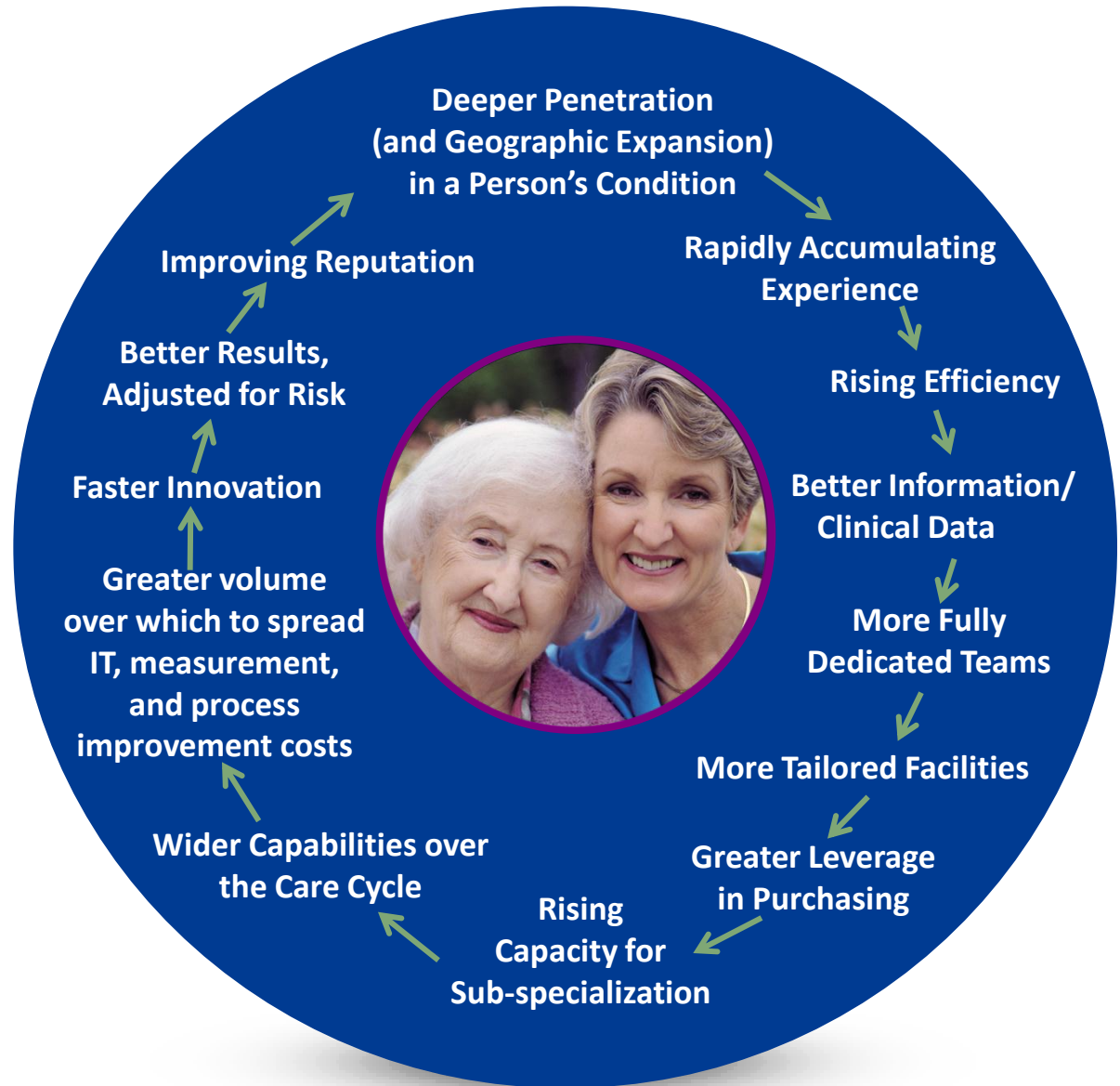
Create Enabling Information Technology

**Realize value through learning and scale economies;
Grow by expanding excellent IPUs**



**Broad expertise
develops over
the care cycle
for the patient.**

**Attention to
results enables
and encourages
improvement.**





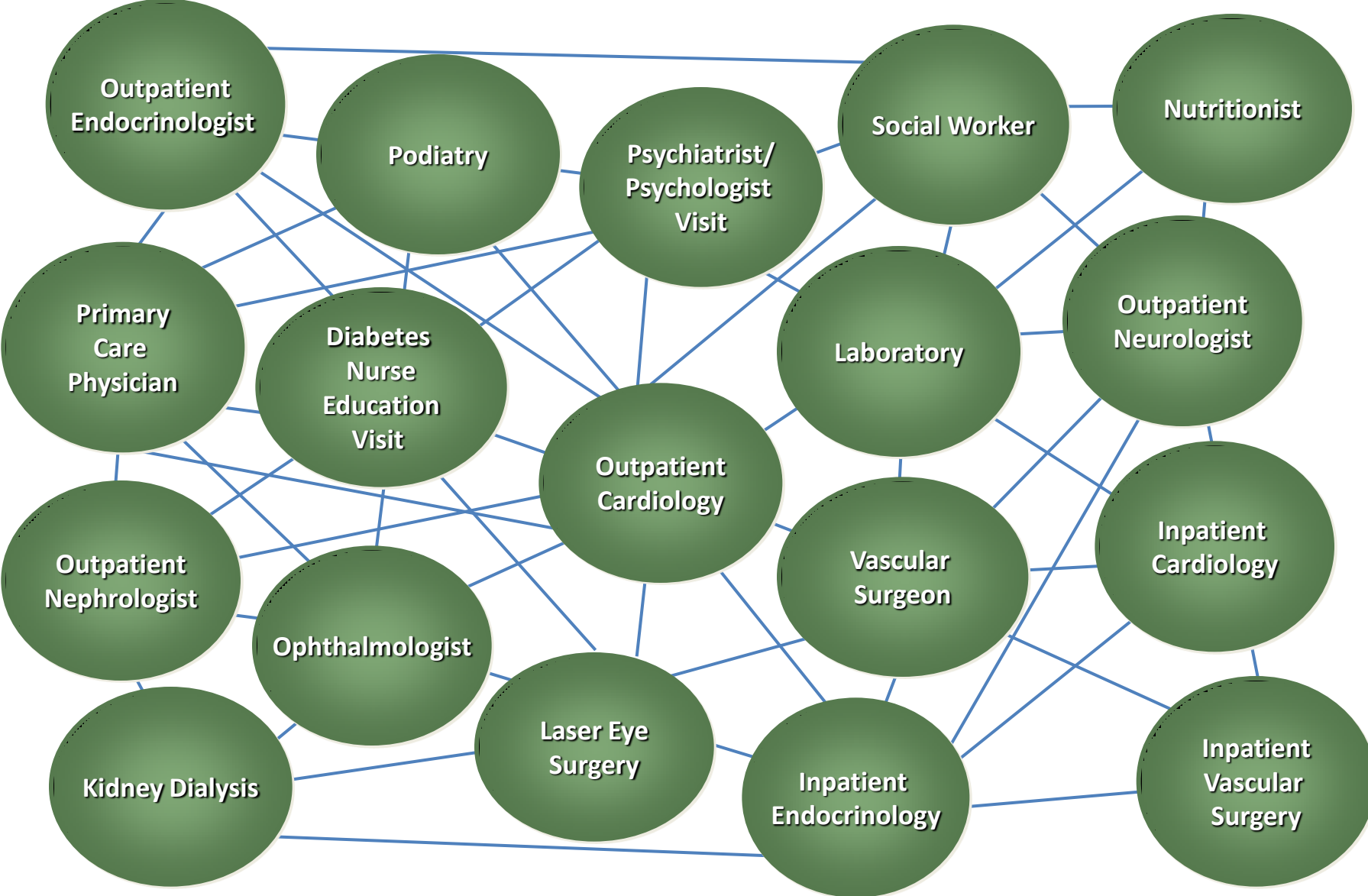
The Sun Yat-Sen Cancer Center (SYS)



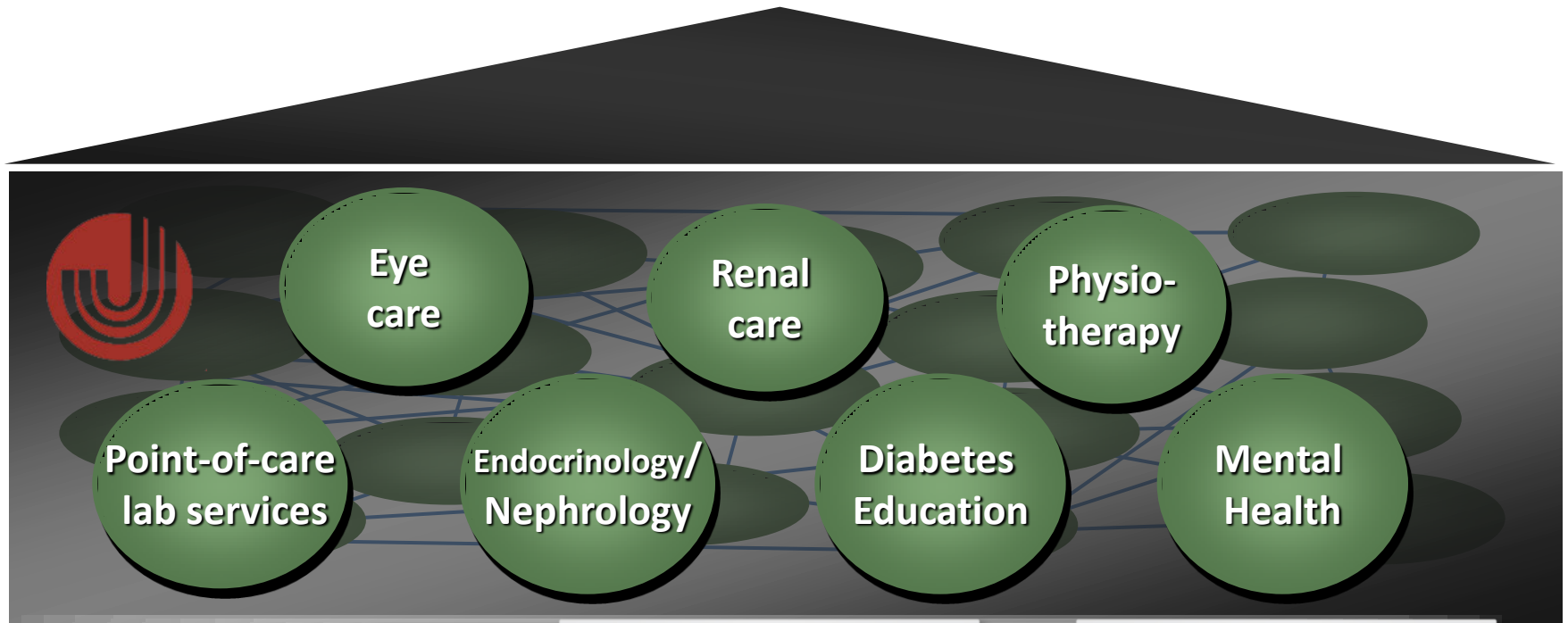
SYS vs. Taiwan Breast Cancer Patient Survival Trend Over Time, 1990-2006

	Stage I	Stage II	Stage III
SYS, '90-'97	93.0%	88.7%	60.8%
SYS, '98-'02	97.0%	90.6%	69.4%
SYS, '03-'05	96.9%	95.5%	80.5%
All Taiwan, '02-'06	93.4%	86.7%	61.9%

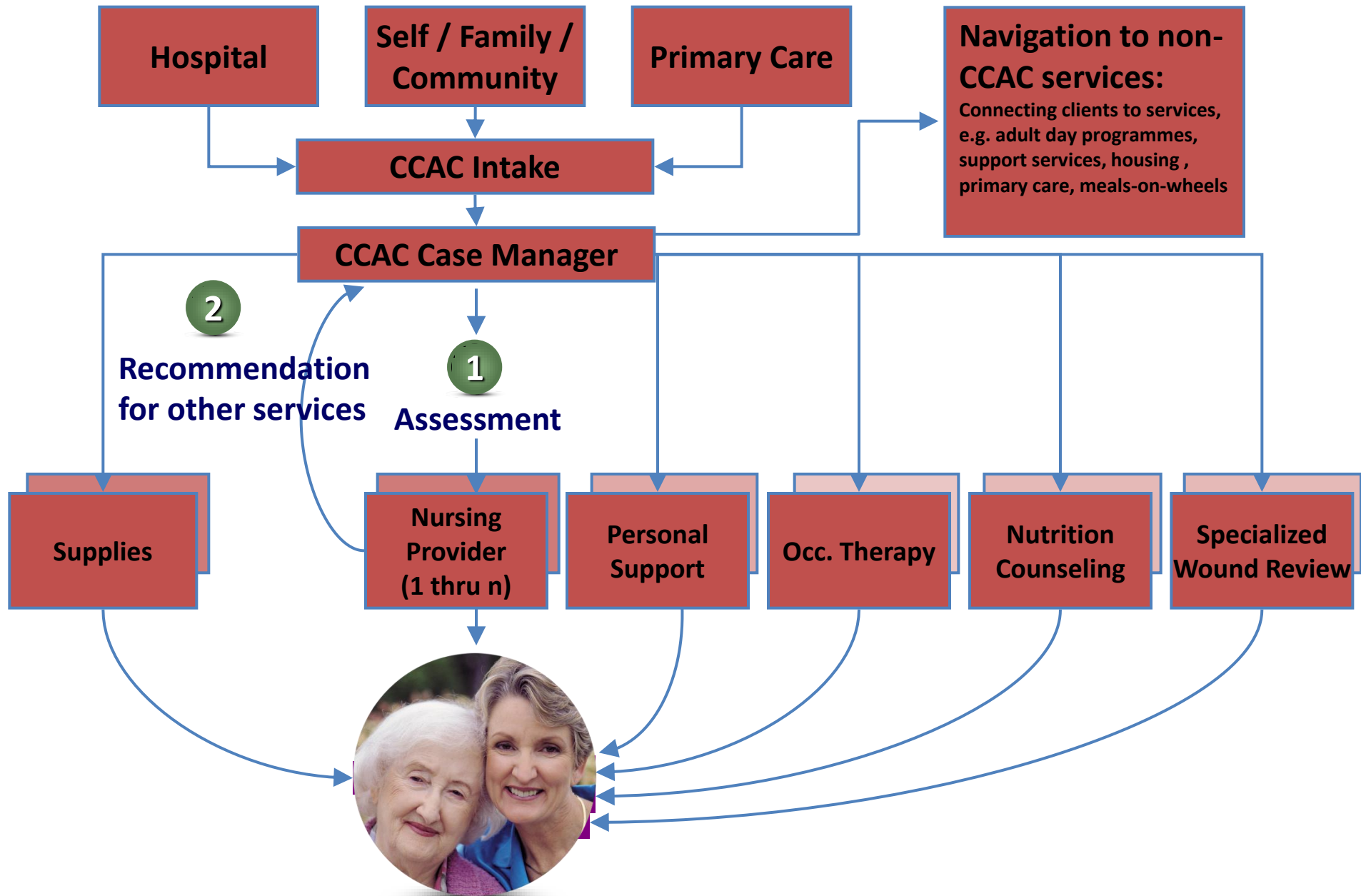
Typical Care Structure: Diabetes



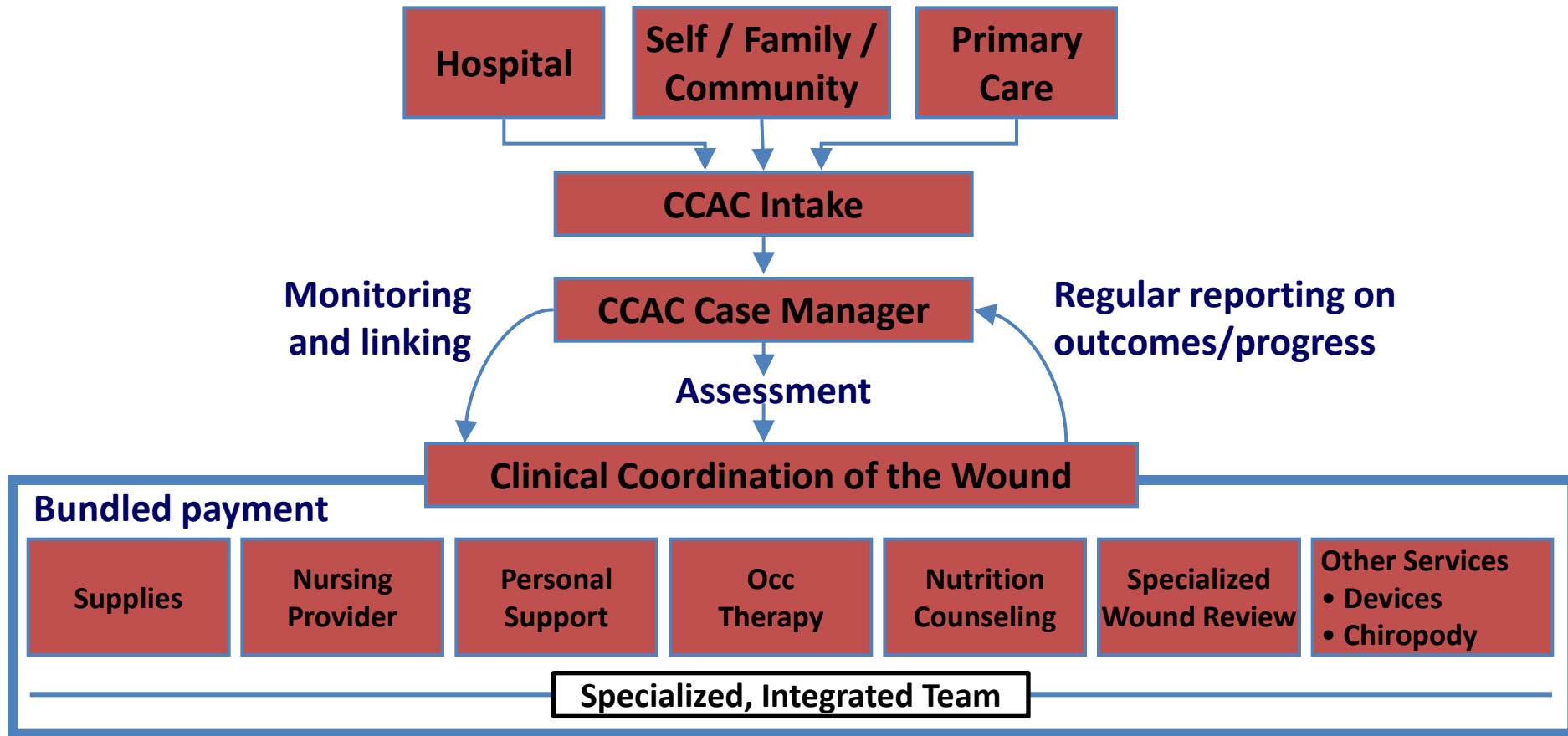
The Joslin Diabetes Center



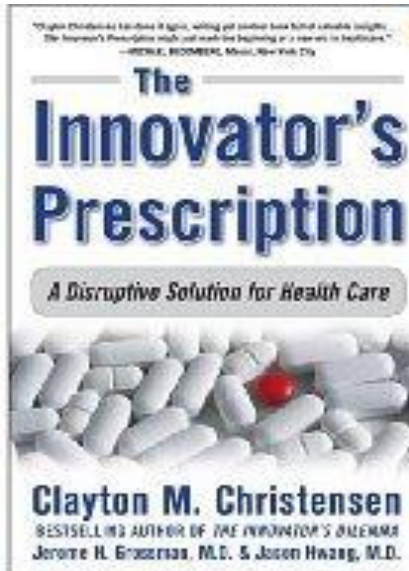
Current State for Diabetic Foot Ulcer Clients



Future State for Diabetic Foot Ulcer Clients

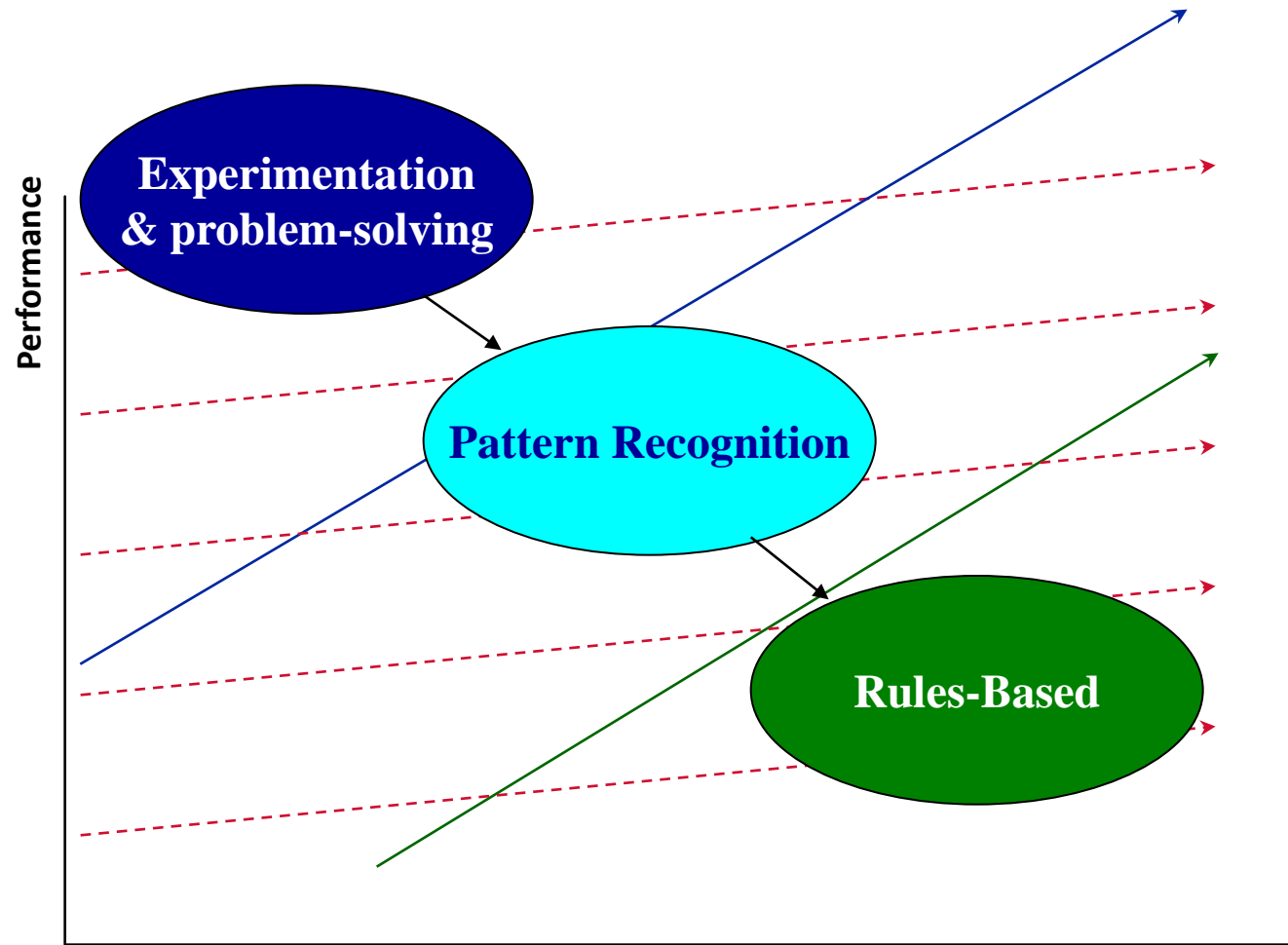


The Three Enablers of Disruption

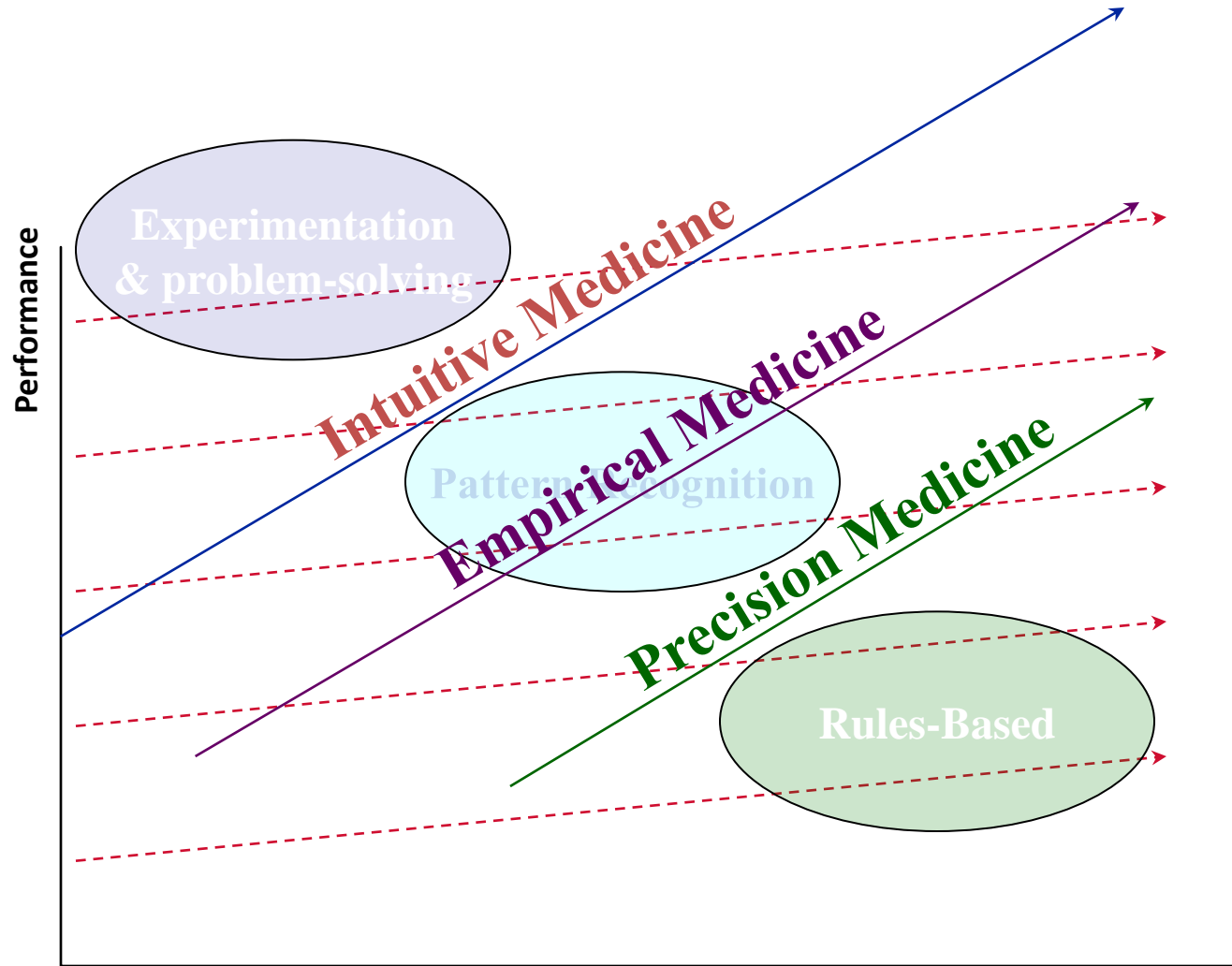


- Technological
- Business Model
- Commercial System

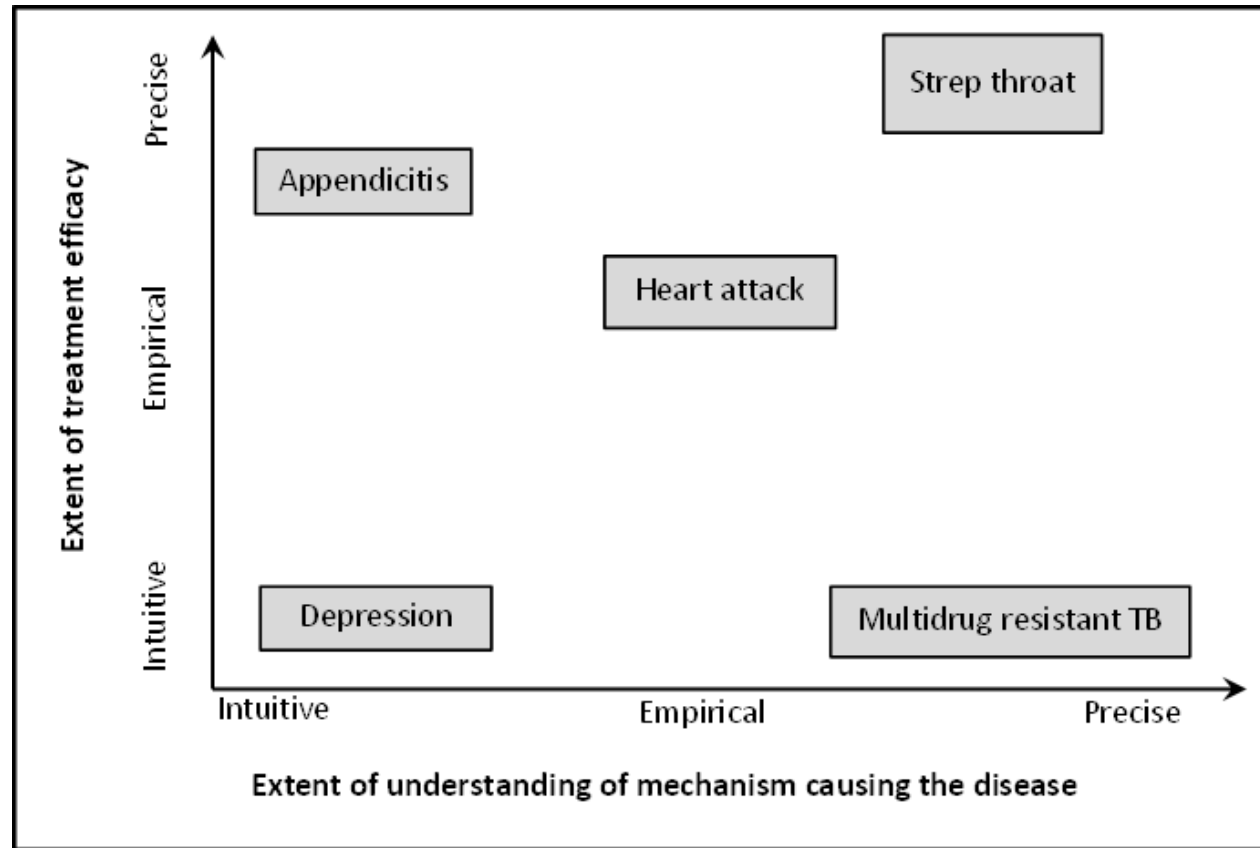
Disruption is facilitated when historically valuable (and expensive) expertise becomes commoditized



From Intuitive to Precision Medicine



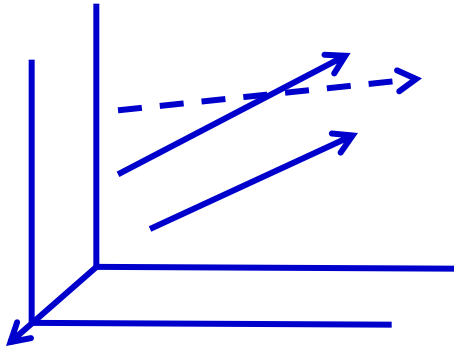
Intuitive, Empirical, and Precision Treatment Efficacy vs. Understanding of Mechanisms Five examples (simplified)



(Adapted from Christensen et al , 2009)

Three Types of Business Models

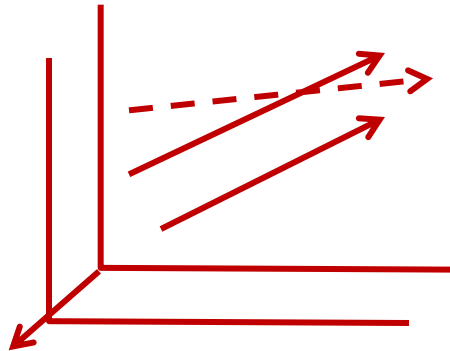
SOLUTION SHOPS



- Consulting firms
- High-end law firms
- R&D organizations
- Diagnostic activities of hospitals

Fee for service

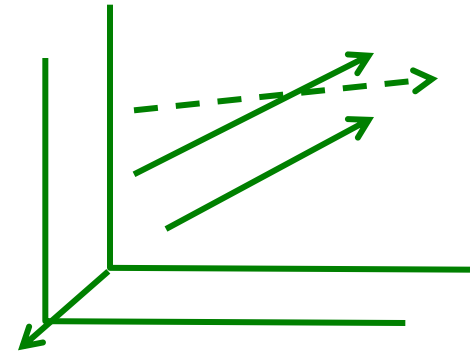
VALUE-ADDING PROCESS BUSINESSES



- Manufacturing
- Food services
- Retailing
- Medical procedures

Fee for outcome

FACILITATED USER NETWORKS



- Telecommunications
- Insurance
- EBay
- D-Life (for diabetes patients & families)

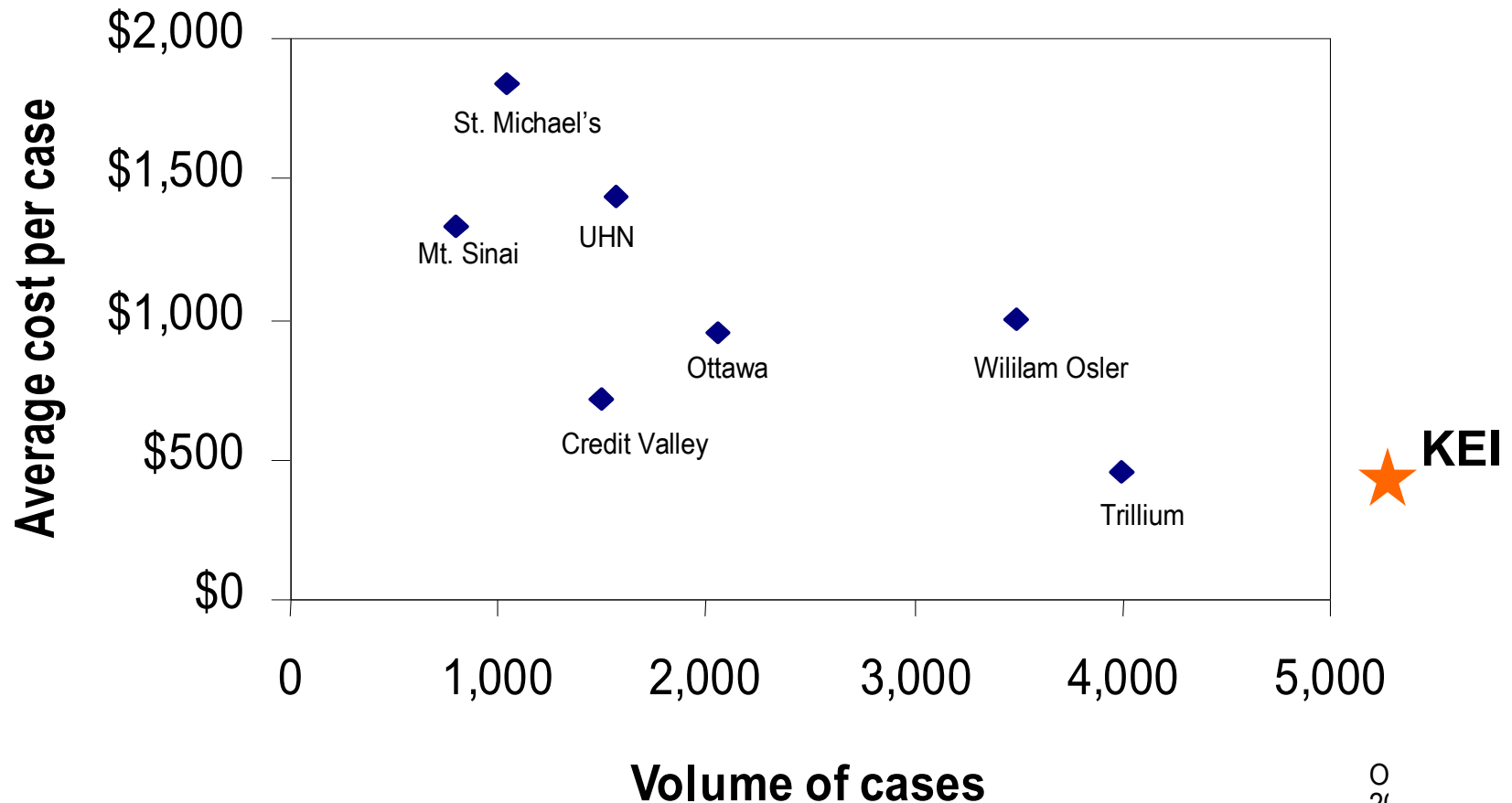
Mixed fees

Kensington Eye Institute

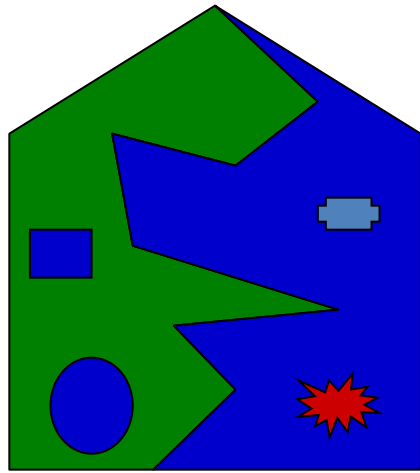
- A non-profit independent health facility that specializes in cataract surgery
- Performs 6700 cataract surgeries a year
- “...efficiency so great that most surgeons are finishing their slate by one or two o’clock in the afternoon’ (Report from the Kensington Eye Institute External Review Committee, 2007).
- Able to perform cataract at **\$580 per case**, well below “Wait-Time” prices

Kensington Eye Institute

Cataract Removal 2007-08



Business Model Disruption in Health Care

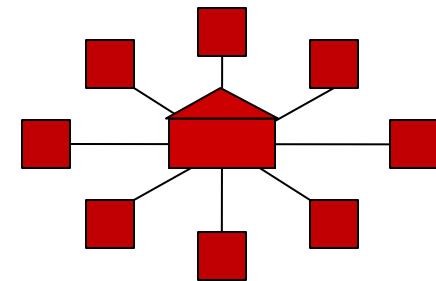
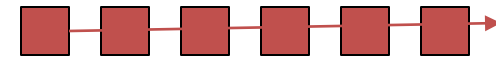
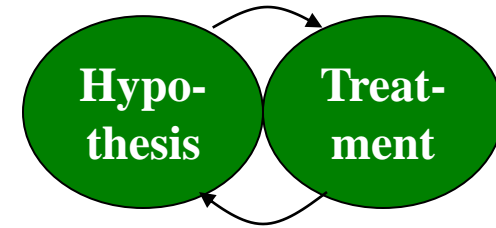


Today's hospitals and specialist physician practices are agglomerations of solution shop, value-adding process, and (a few) facilitated network activities

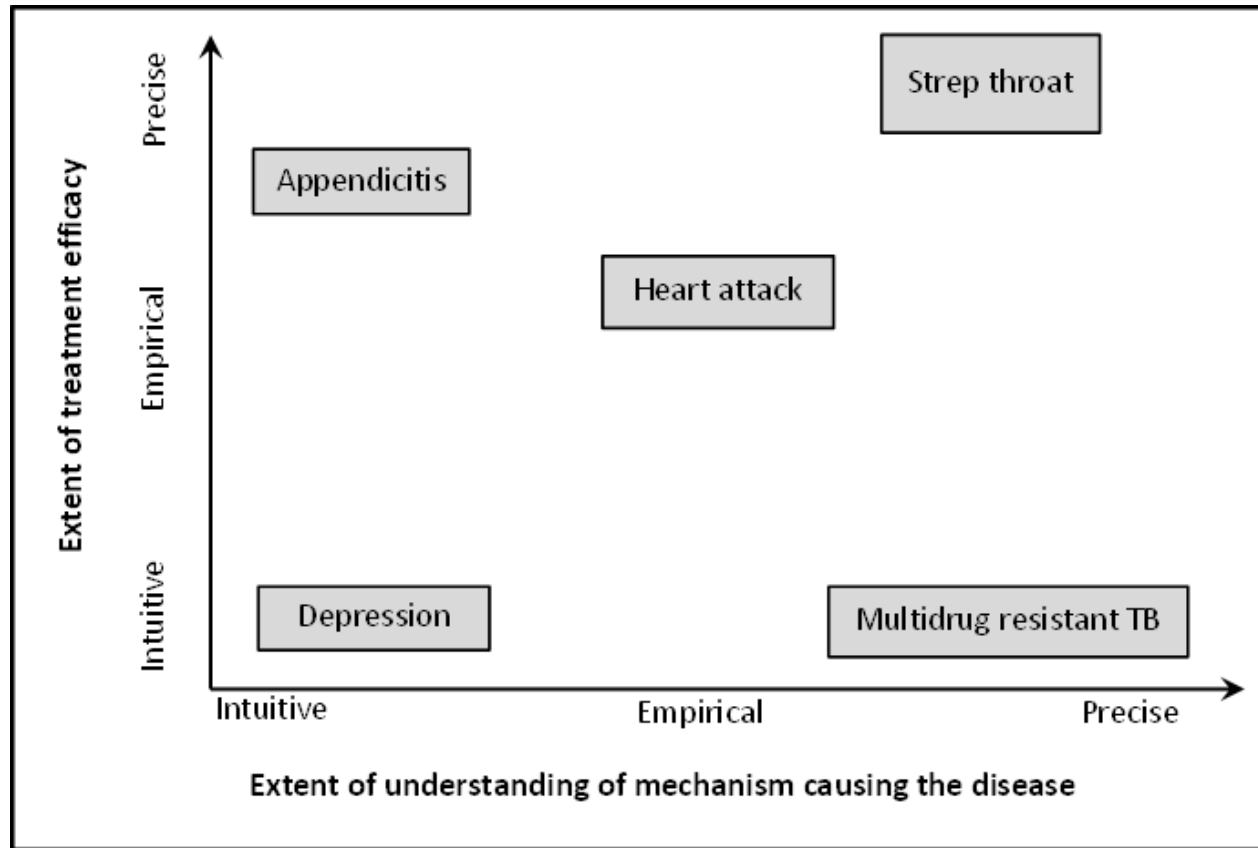
Hospitals become focused solution shops, practicing intuitive medicine

Focused value-adding process hospitals & clinics provide procedures after definitive diagnosis

Facilitated networks take dominant role in the care of many chronic diseases



Opportunity: From Bottom Left to Top Right



(Adapted from Christensen et al , 2009)

(Re)aligning the Stars: Some Implications and Directions





LightSpeed VCT
Ex: 1321
SCOUT
Se: 1/7
Im: 1
Sag: L0.0

Mag: 0.7x
(BSpline)

P

120.0 kV
20.0 mA
310.1thk
Tilt: 0.0
3.2 s

W: 520 L: 50

S



BRIAN GOLDEN
Acc: 5334184
2010 July 23
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STANDARD



A





Collaborative for
Health Sector Strategy



Rotman School of Management
UNIVERSITY OF TORONTO

Thank you

