

The National Health Service in Wales

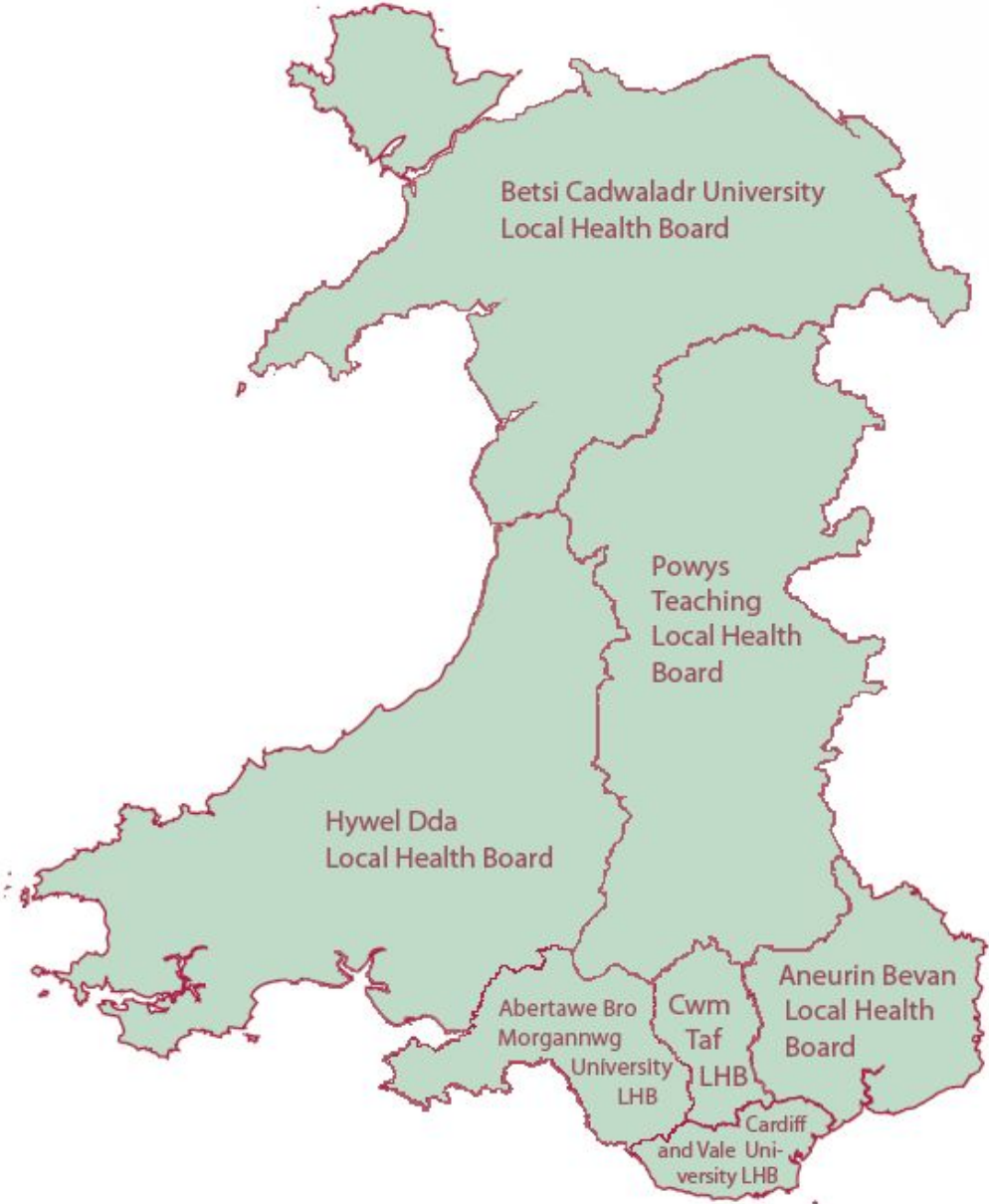
Alan Brace

Deputy Chief Executive , Director of
Finance and Procurement,

Aneurin Bevan University Health Board



Health Boards in Wales and Aneurin Bevan Health Board



Characteristics of NHS Wales..

- **We are population health organisations**
we are responsible for improving our population and public health.
- **We are a planning system** – and have moved away from the dynamics of the internal market and competition.
- **We are University Health Boards** -so Research and Innovation is Important



Characteristics of NHS Wales..

We are an Integrated System ...

We are responsible for services right through from the General Practitioner, the community optician and pharmacy to the main Acute hospital services and also the very Specialist Services.



Welsh Healthcare... a familiar story

- **Increasing demand**
- **Rising costs**
- **Flat-lined budgets**
- **Demographic/population challenges**
- **Health Inequalities**
- **Wales has both shared and unique challenges**
- **Healthcare system with need/potential for change**



Welsh Health System

- Health was 42% of the Welsh Government's budget 5 years ago
- Next year it will form 48% of the budget
- Over £6.5billion will be spent on Health in 15/16
- NHS Wales supported over 72,000 jobs and is Wales' biggest employer

- Economic growth is a Cabinet priority
- Strong Life Sciences sector in Wales: Fund / Hub / Growth
- University Health Board designation / collaboration
- Significant potential to procure more in Wales
- Access to Ministers / CEOs
- System that is more agile and integrated



Welsh Health System Advantages....

- **Smaller, scalable, planned, integrated NHS**
- **Simpler funding structure**
- **Population health approach**
- **Prudent Healthcare movement**
- **Strong academic record**
- **Life Sciences Hub as focal point and platform**
- **Models such as WWIC**
- **Engaged Minister/Cabinet keen to work differently**
- **Cultural focus on collaboration**



Key Objectives of Collaboration

- **Improving Patient Outcome and Experience**
- **Improving the Resource Efficiency of the Welsh Health System**
- **Creating and Retaining Economic Value in Wales**



Welsh Approach and Capability in the international 'language' of value

We understand what outcome based healthcare is seeking - a way to measure value and to demonstrate impact on value

We have what is needed to achieve increased value - an integrated system, capable of data measurement and directed change

We are already heading in this direction - Prudent healthcare



Michael Porter –Value

- **Use of expensive physicians and skilled staff for less skilled activities**
- **Delivering care in over-resourced facilities**
- **–E.g. routine care delivered in expensive hospital settings**
- **Over-provision of low- or non-value adding services or tests**
- **–Sometimes to follow rigid protocols or justify billing**
- **Low utilization of expensive physicians, staff, clinical space and equipment, partly due to duplication and service fragmentation**
- **Process variation that reduces efficiency without improving outcomes**
- **Focus on minimizing the costs of discrete services rather than optimizing the total cost of the care cycle**
- **Lack of cost awareness in clinical teams**

There are numerous cost reduction opportunities that do not require outcome tradeoffs, but will actually improve outcomes

‘Value is defined as outcomes relative to costs, it encompasses efficiency.

Cost reduction without regard to the outcomes achieved is dangerous and self defeating, leading to false “savings” and potentially limiting effective care.’ –

Michael Porter

Value... some problems to solve.

- How do you measure value in healthcare?
- If you cant measure it why do you think you can manage or improve it?
- There is no real measure of outcomes that are owned and shared and agreed and fully understood.
- In particular there is no marrying up of technical outcomes(clinical) to functional outcomes for patients
- The focus is often on compliance with care processes and standards which are not outcomes !!
- Finally best practice i.e clinical guidelines can get in way of improvement as there is only good practice that can be constantly improved and “fixing” practice at a point in time can be a bad thing

Measuring the Cost of Care....

- For a field in which high cost is an overarching problem, the absence of accurate cost information in health care is nothing short of astounding.
- Few clinicians have any knowledge of what each component of care costs, much less how costs relate to the outcomes achieved.
- In most health care organizations there is virtually no accurate information on the cost of the full cycle of care for a patient with a particular medical condition.



ICHOM

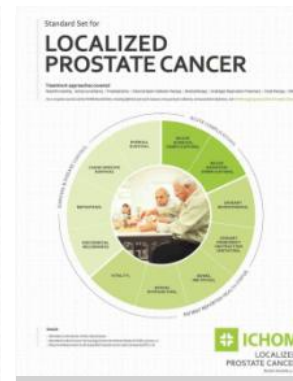
STRATEGIC
PARTNER

International Consortium for Health Outcomes Measurement

Mission.....

ICHOM's mission is to unlock the potential of value-based health care by defining global Standard Sets of outcome measures that really matter to patients for the most relevant medical conditions and by driving adoption and reporting of these measures worldwide.

Outcome Measurement Sets...



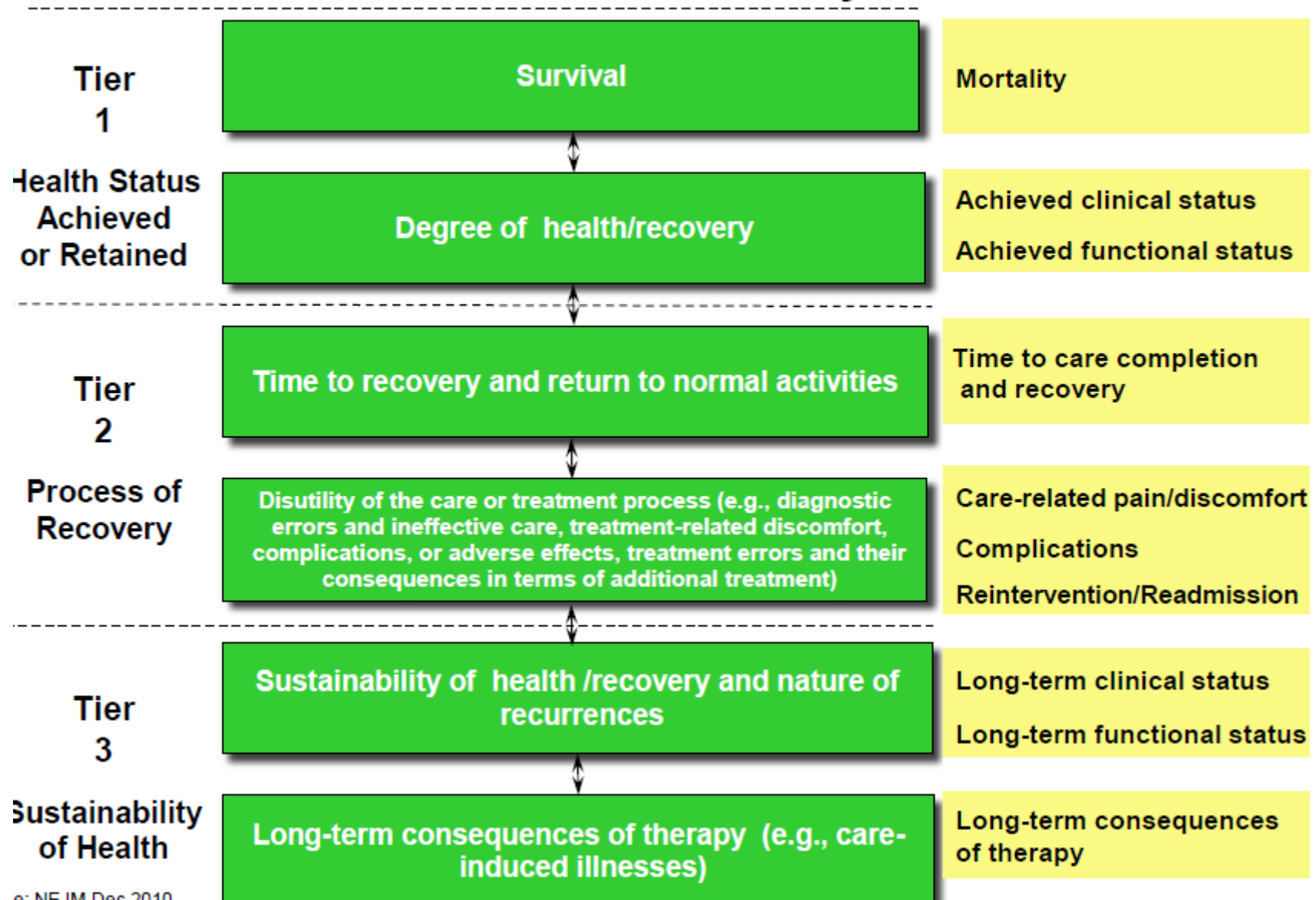
Harvard Business Review

What Health Care Leaders Need to Do to Improve Value for Patients



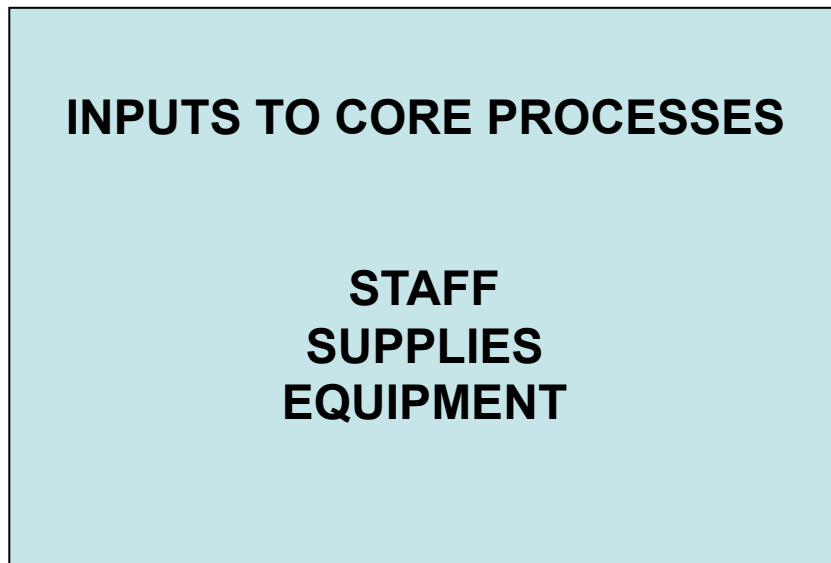
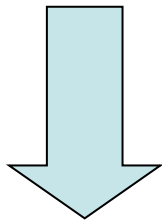
Sahlgrenska University Hospital in
Gothenburg

The Outcome Measures Hierarchy: Dimensions

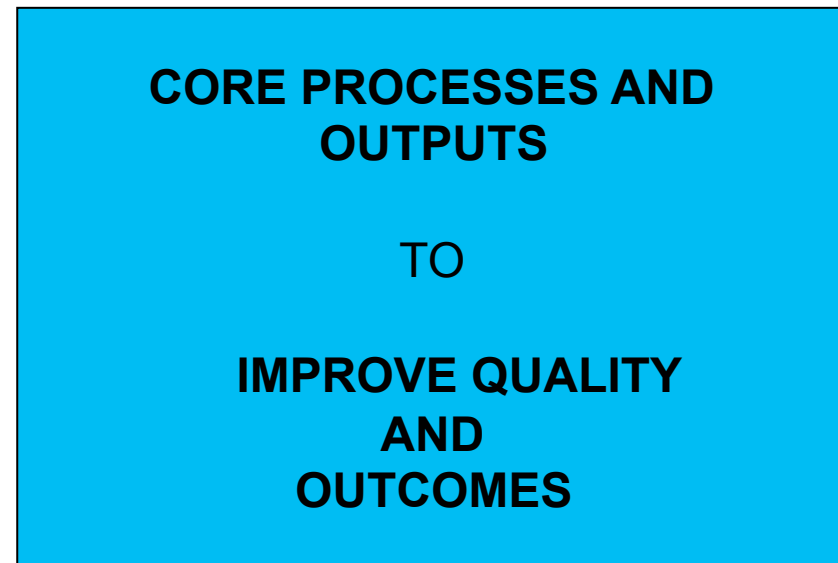
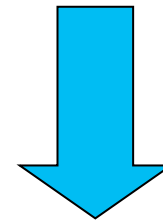


Some International Research...

**WHERE HEALTHCARE DOF'S
GO TO REDUCE COSTS**



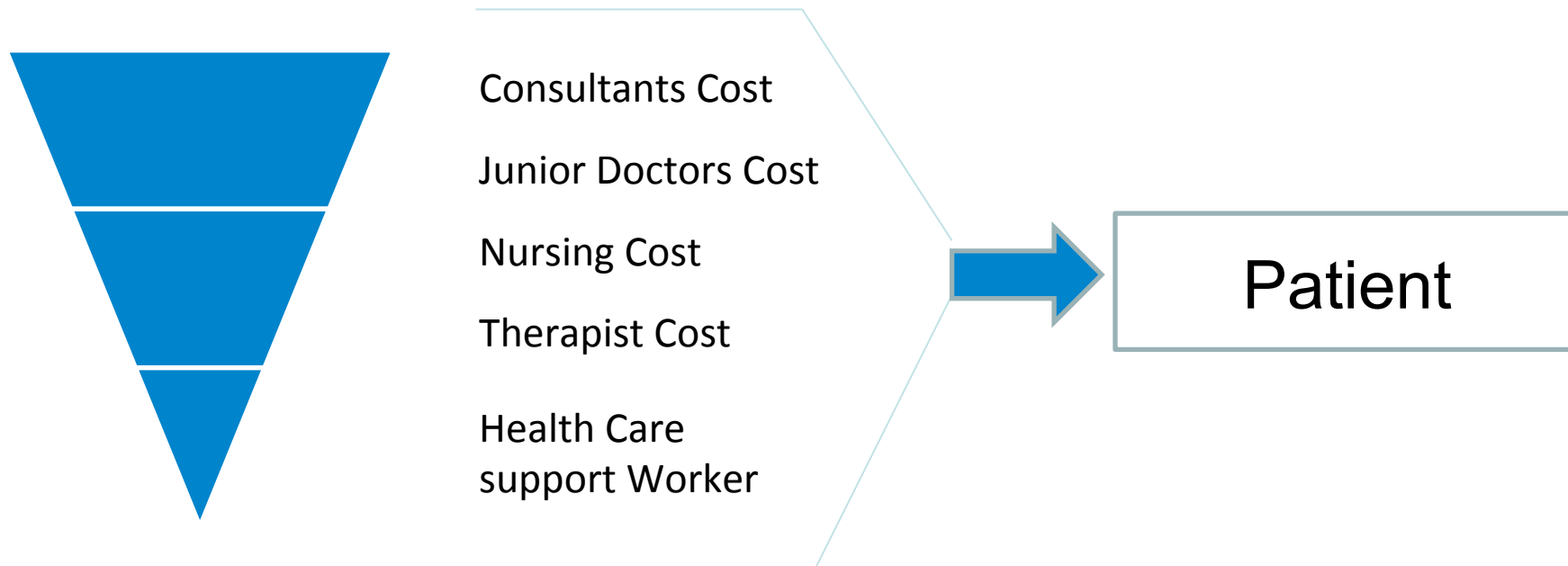
**WHERE OTHER INDUSTRY
DOF'S GO TO REDUCE COSTS**



The Relationship of Cost to Outcome in Health

Significant Variation in Input Cost

Output / Outcome



This wide variation in input costs to outputs is not seen in any other industry or sector anywhere in the world which is why its easy to destroy value in Health by reducing input costs in isolation

Bringing it all together....

Meaningful Cost
Measurement

Clinical
Outcomes

Improved Value

Care Processes
and Standards

Wales is small
enough to do this

Patient
Outcomes

Pulling these ingredients together...

- **Health context - the case for change**
- **Health / economic opportunities**
- **Wales' unique advantages**
- **Value/Outcomes based healthcare**



Collaboration provides us with unique opportunities

- Provides the opportunity to deliver shared value... based on the delivery of outcomes
- Allows us to apply new thinking to meet our current healthcare challenges
- Thinking differently about new relationships joint risk / reward share
- External partners bring additional perspective, knowledge and resources
- The NHS has a significant offering – knowledge, experience, real data, skilled workforce

