A NEW BLUEPRINT FOR VALUE: BUILDING A TECHNOLOGY ECOSYSTEM FOR BETTER CARE

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Collaborating to go at-risk in a value-based model to establish shared financial accountability for patient health outcomes that lower the total cost of care

A complex value equation for better healthcare
Health systems are increasingly looking to value-based healthcare (VBHC) as a model to improve patient outcomes and reduce healthcare cost, thus getting better return for their healthcare dollars. According to Advisory Board, 71% of providers are interested in risk-based deals with suppliers.

For a health system and medical technology company to partner on a value-based model — where there is shared financial accountability for patient outcomes and reduced healthcare costs — the conditions need to be just right. Medtronic has found that the complexity in building and adopting VBHC models necessitates strong collaboration between partners to build more connected, integrated models of care.

“There is a misconception that the higher the quality of care, the more expensive the care. The fact is, we’ve seen that quality care should cost less,” explains John Liddicoat, M.D., executive vice president and president of the Americas Region at Medtronic. “Risk-sharing, when done right in the right ecosystem, can help hospitals reduce clinical variability and reduce costs by aligning the right care to the right patient at the right time.”

New collaboration will foster an ecosystem for value
Medtronic and ChristianaCare announced a five-year VBHC collaboration designed to improve patient outcomes while reducing the cost of care for patients and the health system in Delaware, USA, and the surrounding region. Together, Medtronic and ChristianaCare plan to develop and deploy VBHC programs that help ChristianaCare apply the right medical technologies and therapies to the patients who may benefit most, with shared financial accountability for patient health outcomes tied to Medtronic technologies.
To start new VBHC initiatives in ChristianaCare’s care pathways, the two organizations will need to be fully aligned on three fronts:

1. **Appropriateness** – Clearly defined patient cohorts and intended outcomes for specific technologies, therapies, or solutions

2. **Predictability** – Adherence to the care pathway to achieve the intended outcome

3. **Accountability** – Measured processes that enable shared risk.

“Together with Medtronic, we are aligning expertise and incentives to exponentially increase our ability to achieve optimal health — not just better care delivery,” said Randall Gaboriault, M.S., chief digital and information officer and senior vice president, innovation and strategic development at ChristianaCare.

The healthcare collaboration plans to first focus on engineering an Advantaged Ecosystem™ that is designed to create the right conditions for this organizational alignment and for the value equation to be achieved. The ecosystem is intended to enable objective value exchange leveraging data transparency and aligned governance. Using platform engineering principles, Medtronic and ChristianaCare intended to use this ecosystem to:

- **Align technologies and solutions** with the needs of ChristianaCare, based on objective health system clinical and economic data
- **Analyze the value that can be achieved** by applying those technologies or solutions to the appropriate cohort of patients at the right time
- **Implement value-based programs** within clinical interventions in the care pathway to benefit patients and ChristianaCare
- **Measure outcomes and costs** in a way that allows for rapid program adjustments to further improve the process and automate financial remuneration between Medtronic and ChristianaCare

“An Advantaged Ecosystem takes a considerable amount of work, but it is the key to collaboration,” said Geoff Martha, president of Medtronic. “We need to put in the work upfront on our value-based models to help our partners deliver improved patient outcomes at a lower cost of care.”

**Developing and deploying VBHC programs**

After building the Advantaged Ecosystem™, Medtronic and ChristianaCare will begin developing and deploying VBHC programs through a structured clinical intervention process.

“Value-based healthcare models require a level of learning between Medtronic and a health system,” said Christian Howell, vice president of Value-Based Healthcare Partnerships at Medtronic. “It’s like using a blueprint to build the same house in New York and California. You know the blueprint is detailed and well-informed, but it also needs to account for regional climate, resource availability, or homeowner preferences. In value-based healthcare, we need to understand each stakeholder’s systems, processes, and people.”

ChristianaCare and Medtronic will test the collaborative healthcare ecosystem by first standardizing an Enhanced Respiratory
Monitoring program designed to identify patients receiving opioids for pain management who are at high risk of opioid-induced ventilatory impairment (OIVI). Continuous-monitoring technology will be used to track each patient’s breathing and alert the care team to abnormal trends. By starting with the Enhanced Respiratory Monitoring program, Medtronic and ChristianaCare can work together to understand each other’s systems, align resources, share data, and establish measurement tools. The framework established through this program is intended to serve as a blueprint to accelerate future VBHC programs within ChristianaCare with the aim to benefit patients in Delaware.

Medtronic and ChristianaCare firmly believe this thoughtful approach to collaboration will help create more scalable and repeatable VBHC models that can be adopted across the industry.

This work will build on the clinical and operational learnings from VBHC programs between Medtronic and Lehigh Valley Health Network, and between Medtronic and the Medical University of South Carolina. Each collaboration strengthens the ability to build and test new VBHC solutions that may contribute to better healthcare and positively impact health systems around the world.

“There’s general consensus that a fee-for-service system is not sustainable, and a value-based system is the way to go, but ‘how’ becomes a question. We want to take that on, but transformation can only happen through collaboration with others with aligned views and aligned reward mechanisms,” said Omar Ishrak, chairman and CEO of Medtronic. "ChristianaCare’s shared commitment to developing value-based healthcare initiatives makes them an ideal partner for Medtronic."

OPERATIONALIZING VALUE-BASED HEALTHCARE

Value defined: the health outcomes achieved that matter to patients relative to the cost of achieving these outcomes

Critical Elements for Value-Based Healthcare

OUTCOMES MUST BE CLEAR AND MEASURABLE TO STRUCTURE BUSINESS MODELS

COHORTS MUST BE SPECIFIC TO OPTIMIZE OUTCOMES AND COST

COMPLEXITY OF CARE PATH MUST BE ADDRESSED TO DELIVER VALUE-BASED HEALTHCARE

BUSINESS MODEL WHERE WE SHARE DIRECT FINANCIAL ACCOUNTABILITY FOR PATIENT OUTCOMES AND HEALTHCARE COSTS
REFERENCE
1 https://www.advisory.com/research/health-care-industry-committee/the-bridge/2019/10/risk-based-contract-interest