HealthCast:
Global Best Practices in Bending the Cost Curve

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Introduction

The almost unanimous refrain these days in countries all over the world is that healthcare is ‘in crisis’. Driven by the tsunami of ageing and chronic illness in developed economies and the skyrocketing demand for more services in rising middle classes accompanied by ‘diseases of prosperity’ (such as obesity and diabetes) in developing economies, almost no one feels that this industry is under control.

Many exciting and innovative practices are evolving to address these common challenges, but leaders lack the opportunities to share their successes and failures. So in February of 2011, PwC decided to create a new global forum in the form of an ongoing symposium series called Bending the Cost Curve: Global Best Practices.

Over 100 leaders, including renowned healthcare experts and industry CEOs, attended one of four symposia on four different continents to date. This HealthCast publication is devoted to distilling the lessons learned from the series and the verdant ideas that emerged from the discourse among leaders. The result is a preview of what the future looks like—the trends that are shaping healthcare systems of tomorrow—and the emerging practices that will bend costs to make that future sustainable.
About the case studies

No one is smarter than everyone, so Bending the Cost Curve provides a platform for some of the best minds in global healthcare to vet solutions among peers in an off-the-record, roundtable setting. PwC’s case study approach focuses conversations around highly practical applications.

Twenty case studies (shown in the Appendix) were chosen to highlight methods for cutting costs, increasing quality of care and improving access:

1. Narayana Hrudayalaya (India): Reverse innovation in an Indian hospital system dramatically lowered the cost of open heart surgery, while maintaining world-class quality standards at high volume.

2. The Valencia Concessional Model (Spain): A public-private partnership (PPP) in Spain delivered an end-to-end healthcare solution, achieving higher satisfaction at 25% lower cost.

3. Headspace (Australia): A mental health program incorporates technology and accessibility to break the mould in primary care and wellness.


5. Dutch National Healthcare Authority (Netherlands): The successes and unintended consequences of using privatisation to tame healthcare costs.


8. The National Committee for Quality Assurance (NCQA) (US): Pioneering the measurement of healthcare quality through voluntary incentives.


10. Singapore Ministry of Health Holdings (Singapore): The National Electronic Health Records Project promises “one patient, one record” to coordinate care among health systems and create efficiencies.

11. Queen ‘Mamohato Memorial Hospital (Lesotho): A PPP model drastically improved quality of care in one of the world’s poorest countries.


14. MediC (US): Trialling six models of geriatric care to test approaches that integrate and improve quality of care for the elderly.

15. Apollo Hospitals (India): Using mobile phones to increase access to healthcare for millions of Indians.

16. Orange (France): Fighting drug counterfeiting with SMS technology.


18. Damai (United Arab Emirates): A partnership between the UAE government and Munich Health achieves near universal healthcare access for citizens and expatriates.

19. Lesotho Ministry of Health (Lesotho): The importance of political will in building a PPP.


The twenty cases are not meant to be a definitive list of solutions. Rather, the goal of this series is to shrink the world, ask better questions and traverse geographies to learn and apply the lessons at home more quickly.
What did we hear? Demystifying the cost curve

The case studies demonstrate that there is real potential to inject change into healthcare and that bending costs is possible. By learning from these leading global examples we can move our own policy and finance discussions from theory to implementation.

Across the case studies, we saw the following nine themes emerge:

1. Leadership
   Leadership was a critical factor in the successful implementation of every case study, and a basic ingredient for each of the themes below. If health systems are to meet twenty-first century demands, they must embrace change as the new normal and, like many other industries, adopt new and evolving business models. This calls for strong, agile leadership to navigate complex political and economic environments.

2. Public-private partnerships (PPPs)
   Neither the public nor the private sector alone can afford the entire financial burden of providing healthcare. One way to transform health systems is through a shared-risk approach of public-private partnerships. PPPs that move ‘beyond the build’ of infrastructure to include clinical service delivery are likely to bring more value. By leveraging the efficiencies and innovations of the private sector, governments can meet their promise of access and quality and move towards more effective integrated care models.

3. Integrated care
   Health systems around the world suffer from some degree of fragmented care delivery, along with payment systems that drive up costs. Integrated care is a promising and proven way to counter these challenges; by aligning incentives between payers and providers, integrated, coordinated systems reduce costs and improve outcomes. But this transformation has to be carefully managed to win clinician and public acceptance. True integration requires a holistic approach supported by greater use of IT and information to improve measurement.

4. ‘Care anywhere’—the enabling power of technology
   Whether in the hands of individuals or institutions, technology frees patients to be treated anywhere, at any time, by a much broader array of providers. Consequently business leaders are embracing new models, such as mobile health (mHealth) and mobile applications, to offer high-value, low-cost chronic care to even the poorest and most remote populations. Although this revolution is powered by economic necessity, it will certainly migrate to wealthier nations facing a tidal wave of ageing and chronic disease.

5. Data analytics and measurement
   Healthcare is joining other industries in embracing digital technologies, with the worlds’ public sectors promoting electronic medical records. As the healthcare value chain ‘wires up,’ the next challenge is managing the deluge of data. Digitisation, makes new information suddenly available—from patient preferences to clinical outcomes. The potential for cost efficiencies and quality improvement is great, but to cope with the sheer volume of data, health systems and their leaders must urgently ask the right questions and measure the things that matter.

6. Process improvement in hospitals
   Although in their infancy, hospital process improvement methodologies can significantly increase productivity. Aggressive adoption of such approaches not only cuts operating costs substantially; it also creates new capacity within existing infrastructure. Those leaders able to transform hospital care from expensive and fragmented to efficient and patient-centric will be at the forefront of tomorrow’s health systems.

7. Caring for an ageing population
   There is great potential for enhancing care for the elderly within both hospitals and the wider community. The traditional model of high-cost tertiary care can be radically overturned, to improve care quality for geriatric populations— even when patients are institutionalised. These advances can reduce the cost of care and free up institutions to become more productive in other service lines.
8. **Precision medicine**
Healthcare is moving from a population-based to a precision-based industry. Thanks to progress in genetic mapping, the sector is heading towards an era of customisation, disrupting traditional models of care to deliver “the right treatment to the right person at the right time.” Although empiric, population-based studies will remain important, measurement is now becoming smarter and faster, cutting waste and raising quality. Precision medicine is playing a big part in the ‘industrialisation’ of healthcare.

9. **Creating sustainable health economies through bioclusters**
With the right vision and leadership, bioclusters can revitalise entire cities and regions through the growth of vibrant healthcare economies. They create jobs and innovation by providing specialty services, professional education, science and clinical research. These advances show that healthcare needn’t always be viewed as a cost ‘problem’. Instead, bioclusters often generate value and stand out as shining examples of public-private cooperation.
The nine themes that arose from the case studies and symposia validate what PwC sees as three key trends that signal a turning point in the rapid transformation of the healthcare industry, as it seeks to provide faster, better, and cheaper service for all its stakeholders.

As the industry adapts to new demands, businesses and governments will have to change the way they deliver and pay for care. The following three key trends are to some degree common to almost all healthcare economies and will usher in a new era of productivity:

1. **There is a rebalance of the public and private sectors in the financing and delivery of care.**

   In a global economy where costs are climbing ever higher, health secretaries and ministers around the globe have repeatedly said that the public sector can’t assume full responsibility for healthcare. Consequently there’s a growing tendency to embrace private sector efficiencies and innovations, to enable governments to meet their social obligations of access and quality. The private sector in turn benefits from governmental regulatory frameworks that create an even playing field, allowing businesses to flourish.

   **How to thrive in this environment:**
   - Treat healthcare as an investment rather than a cost problem. New and innovative PPPs are emerging that go beyond buildings and operating structures, including the transfer of critical assets such as capital and knowledge. In places like Alzira, Spain, this exchange includes guarantees of access, quality and significant cost reduction. A similar approach in Lesotho in Africa has quickly revolutionised performance and produced a functioning clinical care centre, in a country that previously suffered some of the highest maternal mortality rates in the world.
   - Extend partnerships beyond the walls of individual hospitals to create sustainable health economies. Bioclusters can open the floodgates of economic expansion, revitalising entire cities such as Pittsburgh in the US.

2. **The healthcare sector is industrialising**

   The healthcare industry has a long history of tolerating waste and inferior quality. For decades, stakeholders resistant to change have maintained high prices for their services. Healthcare has been late to the game but is now catching up on both fronts and being reconfigured around the patient experience. The industry is learning to do things more efficiently at enterprise levels and transforming through the disruptive changes being wrought by personal technologies.

   **How to thrive in this environment:**
   - Adopt new methodologies that significantly increase hospitals’ productivity, cut operating costs, and create additional capacity within existing infrastructure. Prominent among these new approaches are enterprise-wide information technology systems, to manage the clinical processes that are central to progressive hospitals and delivery systems.
   - Transform care through disruptive technologies like mHealth and telemedicine. These advancements are empowering stakeholders through personal technologies and shaking up the traditional care paradigm between doctors and patients. Undoubtedly, emerging economies, where necessity is the mother of invention, are leading the way in these transformations. In India, for example, Apollo Hospitals Group is granting access to millions of people in that country, who otherwise couldn’t afford healthcare, through their mobile phone.
3. Healthcare is becoming a precision-based industry

Like any industry, healthcare will enjoy lower costs as it utilises science and technology to become more precise. Genomics is leading healthcare towards precision medicine and ultimately to mass customisation; its effects are also enlarging the traditional healthcare ecosystem. In the past, the healthcare system was defensive, and not offensive, treating patients once symptoms occurred. However, rapid advances are helping to understand (sometimes as early as conception) individuals’ disease vulnerabilities and recognise the smallest physiological changes before symptoms arise.

How to thrive in this environment:

- Invest in data analytics to yield the best returns. In the UK NICE incorporates social and economic factors when analysing medical treatments. This type of evidence based medicine can improve the quality and efficiency of healthcare systems around the world and lead to major breakthroughs.

- Invest in wellness and prevention, creating long-term cost savings and profitable new businesses. Through a better understanding of the human genome, precision diagnostics will take the guess work out of care delivery, allowing for a more efficient scope of practice and earlier identification of those susceptible to disease.

Conclusion

A combination of new public-private models, industrialisation and personalisation will help healthcare systems resolve the challenges of cost, quality, and access. Such cures will become commonplace as the industry focuses on productivity and outcomes.

Healthcare is at the dawn of a new era, belatedly joining other sectors to undergo a major transformation, in order to serve all patients more efficiently. In the face of ageing populations and exploding new technologies, it may be impossible to cut overall healthcare spending, but it’s within our grasp to bend the cost curve to achieve faster, cheaper and better healthcare.

Innovative projects from many unlikely sources show it’s possible to break down barriers to effective care. However, Bending the Cost Curve is not about mere replication; its main goal is to improve upon innovative ideas by discussing common problems and solutions. No two local healthcare systems are alike, but the challenges are similar from one region to the next and stakeholders around the world can learn from each other.

Leadership is the bedrock for these revolutionary changes. Visionary leaders recognise that current crises are a catalyst for positive action and one of their most important tasks is to convince all stakeholders to welcome the new epoch in healthcare.
Bending the Cost Curve Faculty Board

Bending the Cost Curve is supported by a distinguished Faculty Board, whose members help guide the curriculum and participate in the meetings.

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