Background on the Transformation to Value Project

Shifting from traditional, volume-driven fee-for-service to value-based care is highly challenging, even for the most sophisticated businesses. Health care organizations committed to transforming to value-based payment and care delivery models must often make significant changes to their strategic direction and operating structures. How much work needs to be done to achieve value transformation, however, depends on many factors such as level of commitment, organizational complexity, cultural dexterity, level of change currently underway, and desired goals.

Transformation can be risky, even for those who are further along the transition to value continuum. Organizations must weigh a multitude of variables in their planning processes, and often use internal vetting practices that draw upon both internal and external shared learnings as well as return on investment (ROI) calculations to align transformational goals with current business models. In particular, shared learnings from businesses that have implemented value-based care programs are critically important to help other organizations successfully navigate opportunities and pitfalls.

The Task Force’s Path to Transformation Advisory Group created the Dimensions of Health Care Transformation Strategy Framework (Framework) to assist health care leaders as they design and implement their transition to value. The Framework is built on the
collective experience and wisdom from organizations that are at the vanguard of value-based payment and care delivery. It reflects introspective questions that change leaders should ask in building out a transformation strategy.

The Framework also provides the foundation for a series of interviews, and subsequent analysis, that the Task Force conducted to provide additional context on the path to transformation continuum and allow decision makers to benchmark themselves against similar organizations that are actively moving toward value-based care. The output from this analysis, including shared learnings and comparative processes, will be featured in four additional reports.

**The Dimensions of Health Care Transformation: A Strategy Framework**

The Framework helps organizations assess their transformational maturity across a set of business dimensions (vertical axis) in which they can expect to make transformative changes through three levels (horizontal axis): (1) concept; (2) execution; and (3) sustainability. This Framework charts a course for how organizations can be successful in culturally, structurally, and operationally transitioning to value-based care.

The Framework’s current business dimensions are intended as a core set, with additional dimensions added as appropriate. The example questions and categories provided represent activities that may or may not be happening simultaneously, rather than prerequisites that must be met before an organization may move to the next level. In sum, the Framework is intended to be a dynamic tool, with additional dimensions added over time.

The first level – **concept** – assesses the needs of the communities or markets to be served and how health care organizations can best tailor value-based care models to serve those needs. Due to the complexities of value-based care arrangements, the concept stage requires education of, and buy-in from, leadership groups and an organizational commitment to the culture change necessary to effectively implement value-based care models.

The second level – **execution** – involves delivering on an action plan for change, including setting a course and timeline for transitioning from fee-for-service to value-based payment models. The leadership education and buy-in from the concept stage is now shared more broadly with the organization. Cultural and operational plans are established to ensure alignment and to promote organizational accountability so that internal teams move toward achieving common goals on consistent timelines, with an established feedback loop to promote continual improvement. All dimensions from the concept stages are now operational and individual/team incentive plans – financial, cultural and/or operational – are in place to tie personal accountability to organizational commitment.

The final level – **sustainability** – envisions an ideal end state of organizational transformation that reflects aligned goals and objectives, as well as measurable progress toward lower costs and improved quality, outcomes and patient experience. Within the sustainability level, operational scale is achieved consistent with the desired organizational plan, but is not viewed as satisfactorily sustainable by itself.

For most organizations, “sustainability” is an aspirational destination that has not yet been fully achieved. Thus, the definition and specificity of what it means to sustain transformative efforts will likely...
## Dimensions of Health Care Transformation: A Strategy Framework

<table>
<thead>
<tr>
<th>Financial Modeling</th>
<th>Education and Training</th>
<th>Process and Outcomes</th>
<th>Performance Measurement</th>
</tr>
</thead>
<tbody>
<tr>
<td>Quality</td>
<td>Accountability</td>
<td>Operational</td>
<td></td>
</tr>
<tr>
<td>Financial Indicators</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

### Understanding and Strategy

- How do market, economic, and regulatory factors influence the transformation of health care organizations?
- How are existing organizational structures of health care organizations designed to support bundle models of care?
- How is the redesign of the care delivery model to support value-based care models and bundle models of care designed and managed?
- How do we evaluate and measure the performance of the transformation process?
- How do we ensure alignment with strategic objectives and goals?
- How do we measure and evaluate the overall impact of the transformation on patient outcomes and organizational performance?
- How do we align the transformation efforts with existing investments and resources?
- How do we integrate the transformation efforts with existing business processes and systems?
- How do we engage stakeholders and align expectations throughout the transformation process?
evolve over time and will be subject to continual advancement/refinement. One constant, however, is the need for continuous improvement to remain successful in providing high-quality, affordable person-centered care.

Health care organizations’ ability to move along the transformation continuum is often dependent on external factors over which the organization has little direct control. External factors may include state insurance regulations; federal policies and requirements; local health information infrastructure; and willingness from others to partner in value-based arrangements. The confluence of these factors will dictate the overall readiness of local markets to support value-based care and will play a large role in whether organizations are able to pursue value transformation.

At present, the Framework does not seek to identify specific external factors as prerequisites for, or potential impediments to transformation; rather, it recognizes that the speed and scope of transformation may be restricted by the current ecosystem in which individual health care organizations operate.

Conclusion

In a world of rapid change and increasing public pressure to provide higher quality, lower-cost health care, transformation to value has become an imperative for all segments of the industry. Yet many organizations still lack the substantive knowledge and tools to successfully make the leap. Through the Dimensions of Health Care Transformation Framework and related whitepapers outlining real-world transformational journeys and learnings of industry leaders, the Transformation to Value project aims to bridge this gap by serving as the groundwork of resourceful experiences for business leaders to reference when building and executing their own transformation blueprints.

Acknowledgments

This is a product of the Health Care Transformation Task Force under the leadership of the Path to Transformation Advisory Group. The Path to Transformation Advisory Group is co-chaired by Jason Dinger, Chief Incubation Officer, Ascension; and Brigitte Nettesheim, President, Transformative Markets, Aetna. The Path to Transformation Advisory Group is comprised of Task Force members who are dedicated to identifying issues and challenges that impact the path to value transformation. The Advisory Group addresses both internal operational challenges of moving toward broad adoption of value and external, atmospheric meta-issues that challenge transformation efforts for health care organizations.
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