Transformation to Value:
A Leadership Guide

**INTRODUCTION TO THE DIMENSIONS OF
HEALTH CARE TRANSFORMATION**

Who We Are

The **Health Care Transformation Task Force** (Task Force) is an industry consortium that brings together patients, payers, providers, and purchasers to align private and public sector efforts to clear the way for a sweeping transformation of the U.S. health care system. We are committed to rapid, measurable change from volume of services to value of care, both for ourselves and our industry. To achieve this, we commit to have 75 percent of our respective businesses operating under value-based payment arrangements by 2020.

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

Dimensions		Concept / Execution / Sustainability
Strategy and Culture	Organization	What is the formal organizational structure, and what are the roles of organizational participants? What partners are needed? Are there benefits to using a separate corporate structure or entering into joint ventures?
	Governance	How does governance define the value-based care proposition, and how does governance establish the organization's commitment to "cultural reengineering" around person-centered care? How are consumer priorities identified and achieved? How are performance metrics defined?
	Executive and Clinical Leadership	How does executive and clinical leadership plan, execute, and evaluate the cultural reengineering plan? What other strategic priorities are necessary for execution? What performance metrics are established to review progress?
Structure and Investments	Business Focus Areas	How are initial payment models or care delivery models identified? How are distinct payment models/care delivery models integrated? How is consumer engagement planned and achieved?
	Workforce	What skills, competencies, and roles are needed to support the new models of care delivery? How are staff recruited or re-trained to incorporate new staff roles and functions? What are the performance metrics?
	Infrastructure	What infrastructure is needed to support the value-based model of care? How is infrastructure assessed, built, and maximized? What are the capital needs and available financing resources?
Operations and Accountability	Operational Alignment	How are the objectives of value-based care managed across multiple operational service lines? Who is responsible for operational alignment planning and its execution? What training activities are necessary for success?
	Financial Incentives	How are operational and clinical managers incentivized to ensure movement towards value-based care goals and objectives? Who is responsible for reviewing performance of the operational and clinical managers?
	Quality Measurement	How does the organization evaluate and measure progress on quality improvement? Who is responsible for collecting, reviewing and acting upon quality measures?
Performance Measurement	Process and Outcomes Evaluation	What mechanisms are in place to evaluate the implementation, progress, and outcome of value-based care programs? What types of feedback loops are in place to make adjustments based on evaluation results?
	Financial Modeling	What information does the organization review to perform financial modeling and determine predicted returns on investment? Who is responsible for reviewing financial performance and making refinements?

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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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