



A Prescription for Change Through Ten Years of Value- Based Health Care

To BCG's network around the world,

Did you know if you have a heart attack in Los Angeles, you could wind up at a hospital with a 6% death rate for treating this emergency or one with a 22% death rate? Vastly disparate outcomes, even after adjusting for epidemiological, demographic, and socioeconomic factors, are common for many medical conditions, a phenomenon that occurs across countries and states and within the same cities, despite the incredible efforts of experienced health providers and substantial levels of investment.

BCG's Stefan Larsson, aware of these disparities, was inspired by the story of a group of orthopedic surgeons in Sweden from the late 1970s who collaborated over a couple years until they could align on what determines a successful hip replacement surgery from the point of view of the patient. Once they agreed, they could measure the procedure's results and publish those results every year. And because of that transparency and collaboration, Swedish hip surgeons' procedures were the most successful in the world.

The Value-Based Health Care Story

Stefan, along with Harvard Business School's Michael Porter, began to focus on how this model could be applied to address health outcome disparities more broadly. About a dozen years ago, working separately at first, and then together, they progressed the concept of making [value-based health care](#) the organizing principle for health systems, aiming to reorient care around patient outcomes and success rather than inputs such as standard procedures and investments.

As Christoph wrote back in 2014, when he was the global leader of our Health Care practice, we were changing the game to [compete on patient outcomes](#). Value-based health care could deliver overall population health more consistently, identify and disseminate best-practice diagnostics and treatments, control costs, and rebuild the trust and motivation of health professionals by aligning system performance goals with professional purpose.

To create change at a system level, however, it was going to be critical to identify the right metrics for each condition, track those metrics, and share back to the community transparently. Last week, I had the privilege of joining the tenth anniversary meeting of the International Consortium for Health Outcomes Measurement ([ICHOM](#)), whose mission is to do just that.

Over the past ten years since its founding by Stefan, Michael, and Martin Ingvar from Sweden's Karolinska Institute, ICHOM has mobilized more than 1,000 clinical leaders and patient representatives from over 60 nations, who jointly have created standard metrics for about 60% of the world's global disease burden. These metrics are currently in use at more than 700 hospitals and clinical sites around the world and endorsed by the OECD. That progress is substantial and a testament to persistence, but the road ahead, as we continue to push for broad-scale adoption, is even more important.

The Patient Priority

The power of this work is captured in a [new book](#) by Stefan and two of his BCG colleagues, Jennifer Clawson and Josh Kellar, called *The Patient Priority: Solve Health Care's Value Crisis by Measuring and Delivering Outcomes That Matter to Patients*, which was launched during last week's ICHOM conference. It's a compelling read, and it comes at a critical time for the \$10 trillion global health sector. Traditional models will not be able to deliver superior care as populations age, demand grows, and budgets are more constrained. It's time to put the patient at the center.

The book spells out what leaders will need to do to guide health systems toward a value-based model, and it turns out that these are the same elements of leadership that are required of so many of today's biggest challenges, including climate action. We need strategic leadership to push for greater transparency and set the right targets. Transformational leadership serves to bring the organization along on the journey. And system leadership is more important today than ever, with organizations offering rich collaboration across boundaries and centered around a

common set of outcome-focused goals and metrics.

Congratulations to Stefan and the ICHOM team for their insight and energy to push for patient-centered value-based health care and to the thousands of health care professionals and organizations that have embraced and advanced this agenda. Please see more on this and related topics below.

Until next time,



Rich Lesser
Global Chair

Further Reading



Value-Based Health Care

BCG's value-based health care consultants help develop cutting-edge strategies to improve patient outcomes while maintaining or lowering total costs.

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Five Lessons from the Pandemic for Health Care Systems

Organizations must build on the momentum from their response to the crisis, delivering better care at lower overall cost and becoming more resilient to future disruptions.

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