
How the COVID-19 pandemic paved the way for value-based healthcare

Five steps to high-value care

Contacts

Dubai

Dr. Mark Khayat
Partner
+971-4-436-3000
mark.khayat
@strategyand.ae.pwc.com

Jan Schmitz-Hubsch
Partner
+971-4-436-3000
jan.schmitz-hubsch
@strategyand.ae.pwc.com

Dr. Walid Tohme
Partner
+971-4-436-3000
walid.tohme
@strategyand.ae.pwc.com

About the authors

Dr. Mark Khayat is a partner with Strategy& Middle East, part of the PwC network. Based in Dubai, he is a member of the health practice in the Middle East. He specializes in value-based healthcare, healthcare policy, and healthcare system financing. He has worked with ministries, government agencies, and leading private-sector organizations in North America and the Middle East across a range of healthcare topics focused on improving the quality, access, and sustainability of healthcare services.

Jan Schmitz-Hubsch is a partner with Strategy& Middle East. Based in Dubai, he is a member of the health practice in the Middle East. He has led diverse strategy assignments for governments, healthcare payors, providers, investors, and life science companies across a multitude of areas including healthcare strategy development and implementation support, public-sector strategies, and growth and investment strategies. He also has experience with operating model and market development in the Middle East and Europe.

Dr. Walid Tohme is a partner with Strategy& Middle East. Based in Dubai, he is the leader of the health practice in the Middle East. He works with major healthcare providers, healthcare payors, and ministries of health across the Gulf Cooperation Council (GCC). He specializes in strategic and operational transformations, healthcare investment strategies, postmerger integrations, and joint ventures. He is one of Strategy&'s experts on digitization and big data and leads these efforts in the Middle East.

Robert Wang is a manager with Strategy& Middle East. Based in Dubai, he is a member of the health practice in the Middle East. He has worked with major healthcare providers, wholesalers, life science companies, pharmacies, and governments in the GCC and North America. He has extensive experience in biotechnology strategy, healthcare operational transformation, and postmerger integration.

As we reflect on the impact of the COVID-19 pandemic, it is apparent that it created the conditions for healthcare systems to deliver better value to patients. Value-based healthcare aims to deliver the best possible outcomes for patients while being efficient in spending. In response to the pandemic, healthcare systems had to organize care differently. While the pandemic has been difficult for healthcare systems, and they have encountered challenges, they have worked hard to safeguard populations. As they reorganized, healthcare systems have made significant strides toward a value-based approach, establishing a patient-centered and data-driven model for delivering healthcare.

Many of the key features of value-based healthcare were validated during the pandemic. At the start, healthcare systems quickly defined centralized goals based on outcomes that mattered most to patients. This definition enabled unprecedented collaboration among stakeholders, including policymakers (such as regulators), providers, payors, and life science companies, to achieve these high-value patient outcomes holistically. Before the pandemic, healthcare systems had struggled to put value-based healthcare into practice. Segmenting the population, defining standardized outcome measures, setting up the technology to collect them, and exchanging leading practices at scale seemed too complex. However, these principles played a vital role in healthcare systems' response to the pandemic. As the pandemic has progressed, healthcare systems have improved how they manage the disease and have conducted successful vaccination programs. This targeted approach and focus on outcomes has meant the percentage of people being hospitalized and dying from COVID-19 has dramatically decreased, from one in 60 in earlier waves, to fewer than one in 1,000 in the most recent wave.¹

As a result, the pandemic has swept aside many doubts. No longer can stakeholders claim that delivering value-based healthcare is too abstract or challenging. Instead, the pandemic proved that when stakeholders align toward the common goal of achieving patient outcomes, it creates the conditions for value-based healthcare to start and quickly succeed. Each stakeholder contributed a vital piece of the puzzle to help deliver disruptive solutions that created an integrated value network.

To build on this momentum, healthcare system stakeholders need to exploit the lessons from the COVID-19 response and consider how they can apply those lessons to transform their organizations and healthcare models and achieve higher-value care in a strategic and comprehensive manner.

1. Nick Triggle, "Why it's time to think differently about Covid," BBC News, July 6, 2021, www.bbc.com/news/health-57678942.

What is value-based healthcare?

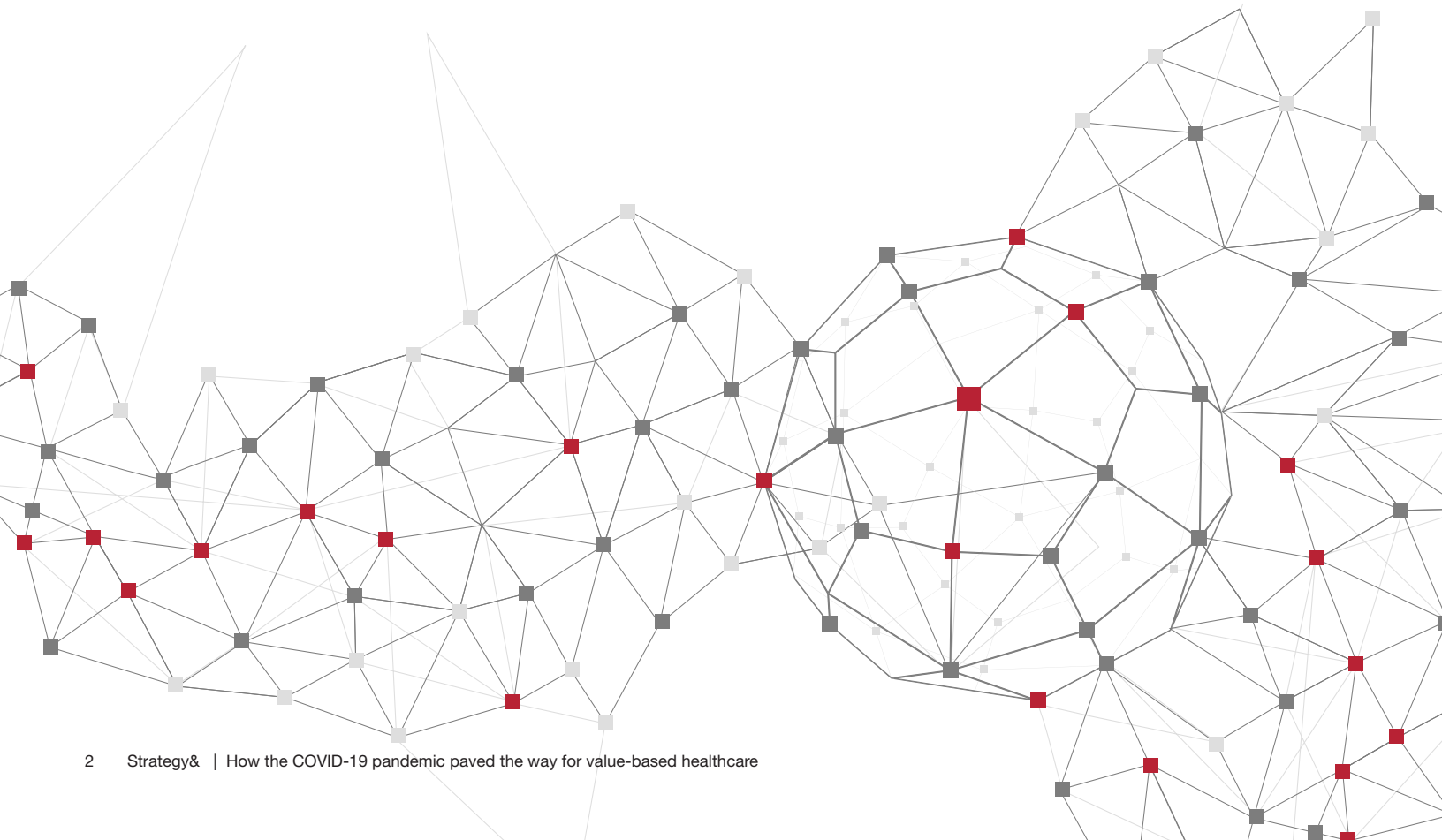
Value-based healthcare aims to deliver the best possible outcomes for patients while being efficient in spending.² This approach reduces the risk of spending time and money on care and treatments that do not contribute to positive outcomes.

Value for patients encompasses clinical outcomes and the quality of outcomes. For example, for patients living with diabetes, psychological

well-being is just as valuable as maintaining glycemic control.

Healthcare systems must discover which outcomes give patients the most value and then ensure that all stakeholders are focused and incentivized to deliver these outcomes in the most financially efficient manner.

2. Porter, Michael E., and Elizabeth O. Teisberg. *Redefining Health Care: Creating Value-Based Competition on Results*. Boston: Harvard Business School Press, 2006.



A VALUE-BASED RESPONSE TO THE COVID-19 PANDEMIC

Healthcare systems have responded to the COVID-19 pandemic by applying some of the key tenets of value-based healthcare to their efforts.

First, healthcare systems identified people at risk of experiencing worse outcomes than the rest of the population if they caught COVID-19. This segmentation helped healthcare systems develop policy and plan their response to prioritize fixed resources in line with maximizing the health outcomes of their population. Early in the pandemic, member states of the Gulf Cooperation Council (GCC)³ asked people over 65 and living with comorbidities such as hypertension, diabetes, cardiovascular disease, and respiratory diseases to avoid public spaces.

Second, countries adopted globally standardized outcome measures for COVID-19 early in the pandemic. This standardization provided healthcare systems with the ability to focus and measure all stakeholders' delivery efforts regarding the outcomes that mattered the most to patients. In Saudi Arabia, the Ministry of Health led a multisectoral crisis management team to standardize the collection and reporting of outcomes. Other countries in the GCC regions set up similar task forces to define these priority outcomes. A side benefit of standardizing outcome measures was that healthcare systems were enabled to make like-for-like comparisons with other countries.

Third, healthcare systems collected COVID-19 outcome data in innovative ways. Countries used screening centers and test-and-trace systems that enabled unprecedented collection of health outcome data. The government of the United Arab Emirates (UAE) launched Alhosn, an app that combines data from multiple sources to give users their latest COVID-19 status, past test results, and the ability to make vaccination appointments. The government has also combined this information with UAE immigration data to enable easier travel within the region. It developed Alhosn iteratively, adding more data sources as the pandemic progressed. The app is now a one-stop shop that allows citizens to access key COVID-19-related information and take informed and proactive steps in managing their health.

Fourth, healthcare systems made this outcome data transparent at the national and international levels. Healthcare systems regularly published data on the number of recent cases, hospitalizations, ICU admissions, and mortality rates. This rich data source allowed healthcare systems to benchmark outcomes and identify epidemiological patterns. This in turn informed their decisions on allocating resources so they could deliver the highest-value outcomes possible and adopt new standards of care at an unprecedented pace.

3. The GCC countries are Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, and the United Arab Emirates.

Increased transparency of outcome data helped speed up the approval, manufacture, and deployment of COVID-19 vaccines. Abu Dhabi's G42 and China's Sinopharm CNBG formed a partnership to produce the Hayat-Vax, which accelerated the GCC region's clinical trial process and government approval of the vaccine. Governments continue to inform constituents by using publicly available data on vaccination rates, vaccine efficacy, and vaccine safety.

Fifth, benchmarking enabled an agile approach to reorganizing care around citizens' priority needs to improve outcomes continually. For example, healthcare systems expanded their telemedicine services to maintain access and continuity of care and preserve inpatient resources. In Saudi Arabia, the Council of Cooperative Health Insurance, the regulator of the country's private health insurance scheme, adopted regulations to ensure that all health plans reimbursed telehealth services. Providers also shifted resources from low-value care, such as elective procedures, to higher-value outcomes, such as treating COVID-19 patients. Daman, a health insurance provider in Abu Dhabi, reported a reduction in elective procedures of 25 to 30 percent. Although many of these elective procedures will happen at a later date, the delay allowed providers and patients to reassess the long-term value of these services.

The COVID-19 pandemic has also highlighted how some population segments are underserved by healthcare systems. For example, people from minority backgrounds have experienced worse outcomes during the pandemic in some developed countries. Being more rigorous in collecting outcome data has helped healthcare systems identify where to focus and continuously improve public health efforts to reduce variations in outcomes both during the pandemic and in the long term.

“

Benchmarking enabled an agile approach to reorganizing care around citizens' priority needs to improve outcomes continually.

FIVE LESSONS FROM THE COVID-19 PANDEMIC FOR VALUE-BASED HEALTHCARE

All stakeholders have a role to play in delivering value-based healthcare. Here are five lessons stakeholders can learn from the COVID-19 pandemic to transform other parts of their health system.



1. Segment the population and set unifying goals for defined patient groups

Healthcare systems that have performed well during the pandemic focused on achieving outcomes by segmenting the population and using tailored approaches for identified patient groups. All stakeholders—policymakers, providers, payors, and life science companies—must take a similar approach in order for value-based healthcare to work. These stakeholders must define a target segment of the population, create the appropriate healthcare products and services for this demographic, and deliver them to provide value to the patients and the system.

2. Standardize outcomes to define measures of success

For healthcare system stakeholders to collaborate and deliver outcomes for patients, they need to align their efforts toward achieving a common set of outcomes. Policymakers should ensure that healthcare system stakeholders apply these standards consistently, setting the foundation for stakeholders to collaborate and enabling like-for-like comparison of outcomes later on.

For example, the International Consortium for Health Outcomes Measurement (ICHOM) has published global standards on the outcomes that matter most to patients. This nonprofit organization convenes experts and patients worldwide to define patient-reported outcome measures (PROMs) for patients for various conditions, including breast cancer, prostate cancer, diabetes, heart failure, and depression and anxiety.

3. Collect and measure standardized outcomes

Regulators and the public sector should define data standards and establish incentives to collect and report outcomes. They must also ensure that the technological means are available to collect data in a centralized, standardized, and independent manner. In particular, that means using innovative ways to help citizens self-report outcome data and give them access to information on their health status.

Stakeholders can analyze outcome data to identify variations in care and outcomes, enabling them to find the causes of variation, and learn and share leading practices to enhance services.

4. Benchmark and share outcome data

All stakeholders within a value-based healthcare system need to be transparent with their outcome data. By creating a culture of openness, all contributors can share their progress on meeting PROMs and use other stakeholder data to improve their respective services. Regulators and the public sector can play an essential role in establishing outcome registries that support this shared learning and innovation.

Benchmarking outcome data can also help payors inform providers about who their costliest patients are. Such data can help governments focus resources on the socioeconomic determinants of poor health.

As outcome reporting matures, publishing outcomes on a national and global level can help providers and suppliers gain a competitive advantage from the outcomes they are able to achieve. Patients and payors will make more informed decisions based on the outcomes and value they are expected to experience.

5. Implement improvements and keep learning

Value-based healthcare is an ongoing process. Therefore, it is crucial to repeat the cycle of measuring, learning, and improving. Continually, stakeholders need to analyze outcome data, learn from leading practices, implement service improvements, and measure how they contribute to achieving value for patients and the healthcare system.

As part of the learning process, providers should set up forums within their organization to share progress on delivering priority outcomes for patients. By pooling information, providers create accountability and a starting point to reduce variation in care and make care financially efficient. Other specialties and teams can learn from these experiences. They may provide input on how to make services more patient-centered. Providers should join global forums to learn and share leading practices on delivering patient-centered outcomes more effectively.

Payors can use outcome data to work with regulators, introducing value-based payment policies that incentivize providers to deliver high-value patient outcomes and ensure more use of risk-adjusted reimbursement. Life science companies can harness outcome data to assess the efficacy of their products on different patient segments. With these insights, they can develop more effective and personalized treatments, increasing their value to their customers.

STAKEHOLDER ACTIONS FOR VALUE-BASED HEALTHCARE

As the response to the COVID-19 pandemic has shown, value-based healthcare works best when stakeholders align innovative solutions to deliver shared outcomes. Healthcare system stakeholders must capitalize on the momentum from the pandemic to scale up the lessons and apply them to other population segments, including healthy people and those living with specific conditions.

Here are some concrete actions the four main healthcare system stakeholders can implement to establish the foundations of value-based healthcare.

Policymakers

- Establish outcome standards and charge all healthcare system stakeholders with working together to measure and deliver them.
- Mandate the publishing of outcome data so that stakeholders can benchmark and compare outcomes on a regional and global level.
- Invest in the tools and technologies to collect data consistently.
- Set policy that will reward and encourage competition to deliver high-value outcomes.

Providers

- Decide the services to deliver that will provide the highest value for patients in the most financially efficient manner. Providers could aim for areas in which they already perform well or those in which they have an opportunity to provide better outcomes for specific patient segments than their competitors do.
- Measure outcomes in a standardized manner and start a cycle of continuous improvement to increase value.

Payors

- Use standardized outcome measures to establish reimbursement criteria based on value.
- Push large numbers of patients toward providers that deliver the highest value outcomes for priority population segments.
- Actively support providers in seeking areas for innovation and value creation by sharing insights, particularly to improve the management of the costliest patient segments.

Life science companies

- Use outcome data to increase understanding of the impact of products on different patient segments, and use data to personalize treatments further.
- Share outcome data on different patient segments with providers to help them understand how to get the most value from their products.
- Work with regulators to implement pricing reforms based on the outcomes that their products achieve for different patient segments.

CONCLUSION

As we look ahead, we must utilize and build on the successes health systems have achieved during the COVID-19 pandemic in creating better value for patients. Despite the challenges, healthcare systems worked hard during the pandemic to safeguard populations, and in so doing paved the way for value-based healthcare. In the future, focus and collaboration among all healthcare stakeholders will be critical to transforming care for other conditions and diseases. When stakeholders align on delivering the same high-value outcomes, potent and disruptive change will follow, generating exceptional outcomes for patients and the wider population.

Strategy&

Strategy& is a global strategy consulting business uniquely positioned to help deliver your best future: one that is built on differentiation from the inside out and tailored exactly to you. As part of PwC, every day we're building the winning systems that are at the heart of growth. We combine our powerful foresight with this tangible know-how, technology, and scale to help you create a better, more transformative strategy from day one.

As the only at-scale strategy business that's part of a global professional services network, we embed our strategy capabilities with frontline teams across PwC to show you where you need to go, the choices you'll need to make to get there, and how to get it right.

The result is an authentic strategy process powerful enough to capture possibility, while pragmatic enough to ensure effective delivery. It's the strategy that gets an organization through the changes of today and drives results that redefine tomorrow. It's the strategy that turns vision into reality. It's strategy, made real.

Read the latest Ideation Center insights



ideationcenter.com

Connect with Strategy& Middle East



twitter.com/strategyandme



linkedin.com/company/strategyandme



strategyand.pwc.com/me

Connect with Strategy&



twitter.com/strategyand



linkedin.com/company/strategyand



youtube.com/user/strategyand

strategy&

Part of the PwC network

www.strategyand.pwc.com/me

© 2021 PwC. All rights reserved. PwC refers to the PwC network and/or one or more of its member firms, each of which is a separate legal entity. Please see www.pwc.com/structure for further details. Mentions of Strategy& refer to the global team of practical strategists that is integrated within the PwC network of firms. For more about Strategy&, see www.strategyand.pwc.com. No reproduction is permitted in whole or part without written permission of PwC. Disclaimer: This content is for general purposes only, and should not be used as a substitute for consultation with professional advisors.