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Impact of Value Based Healthcare on the Medical Device Industry

Agenda



What is Value Based Healthcare?

- Why Change?
- Who Decides?
- What is Value

Case Studies

What is the impact?

What to do?

Future Disruptions and Trends

What is Value Based Healthcare?



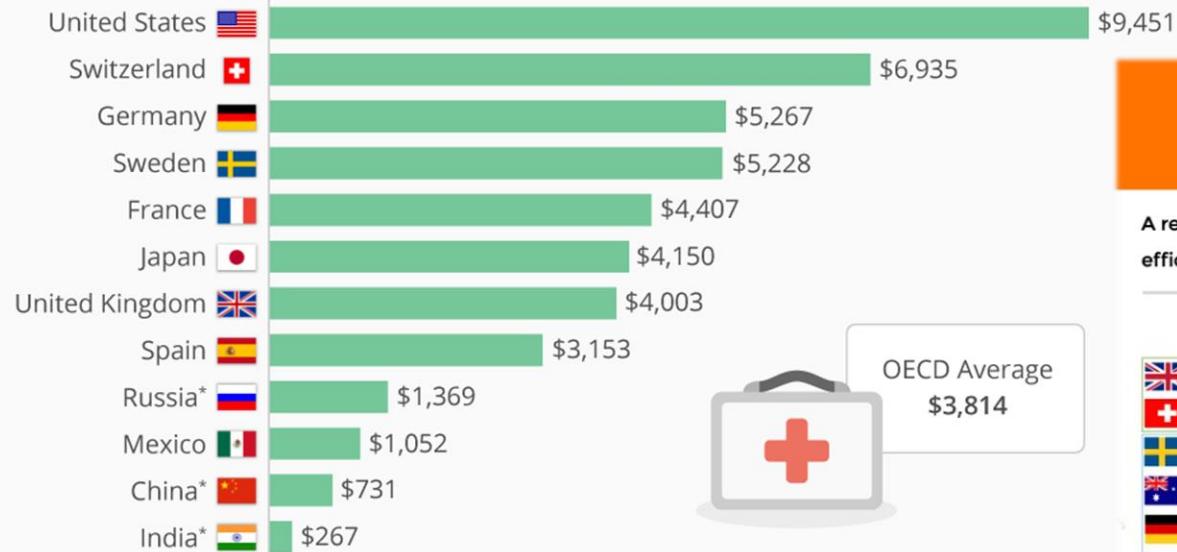
Value Based Healthcare

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Why Change?

The U.S. Has the Most Expensive Healthcare System

Per capita health expenditure in selected countries in 2015 (converted to US\$ using PPPs)



* 2014

Purchasing power parities (PPPs) are the rates of currency conversion that equalise the purchasing power of different currencies by eliminating the differences in price levels between countries.

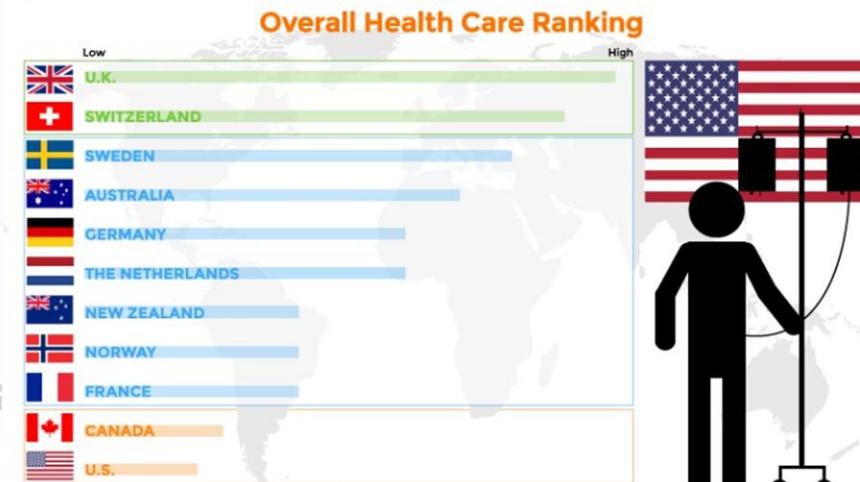
Source: OECD



statista

U.S. HEALTH CARE RANKS LAST AMONG WEALTHY COUNTRIES

A recent international study compared 11 nations on health care quality, access, efficiency, and equity, as well as indicators of healthy lives such as infant mortality.



Source: K. Davis, K. Stremikis, D. Squires, and C. Schoen, *Mirror, Mirror on the Wall: How the Performance of the U.S. Health Care System Compares Internationally, 2014 Update*, The Commonwealth Fund, June 2014.



Who Decides?



Why is the payer more involved?



What is value?



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90% of patients had different combination of Value vs. Physicians

Patients	Physicians	Employer
Out of Pocket Costs are Affordable (45%)	I know and care about the patient (55%)	The cost to employee is affordable (59%)
I'm able to schedule a timely appointment (39%)	I order appropriate tests and exams (55%)	The cost to the company is affordable (57%)
I'm confident in my providers expertise (38%)	The patient's health improves or stabilizes (50%)	Our employees have access to high quality providers.
The provider knows and cares about me (36%)	I spend sufficient time with the patient (50%)	
My health improves (35%)	I include the patient in treatment options (49%)	

The State of Value in the US Survey, University of Utah, November, 2017

What is Value?



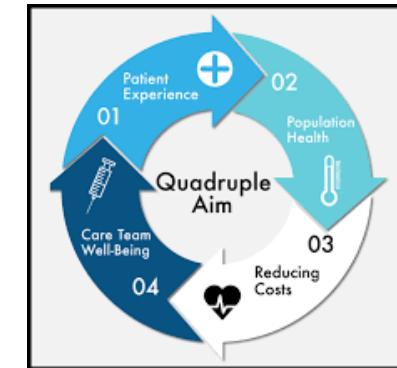
History of Medical Device



50 years ago

TCM Codes and Reimbursement		
Code	Description	Reimbursement
Chronic Care		
99490	Mgmt	\$42
Complex Care		
99487	Mgmt	\$88
Each Additional		
99489	30 min	\$44
Transition Care		

30 years - present



Future

???

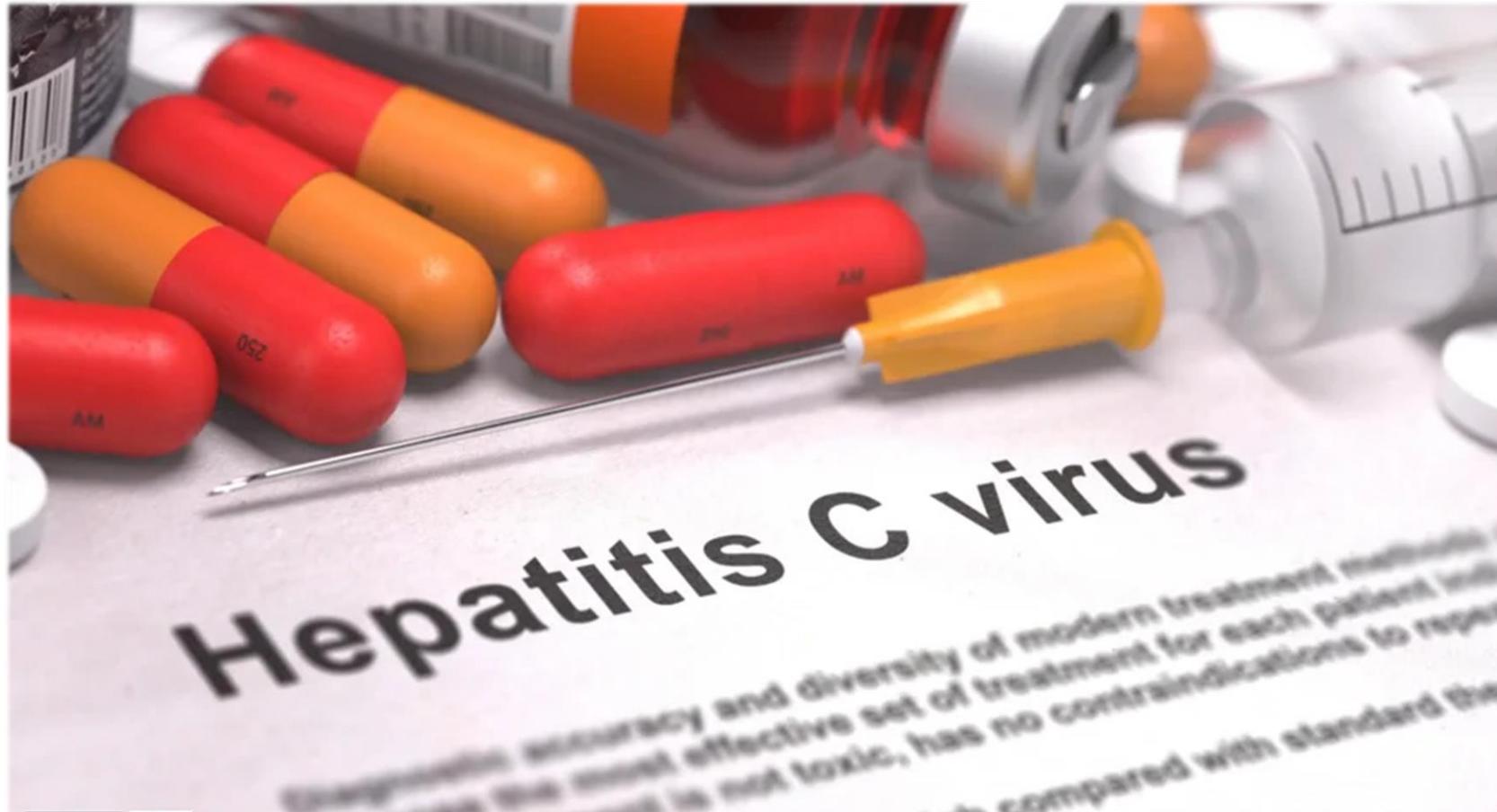
17

2

4-6

The answer is 17 years, what is the question: understanding time lags in translational research. [*J R Soc Med.* 2011](#)

Case Study #2



1. **EARLY PARTNERSHIPS**

Gilead's CEO Admits To 'Failures' In Setting Price of \$1,000-A-Pill Breakthrough, *Forbes*, Dec 8, 2016

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Case #3



- Identified specific patients
- Free for MDT implanted device
- Risk Share: If infection, reimbursed \$10,000

1. **TARGETED**
2. **RISK SHARE**
3. **ADOPTION**
4. **CLINICAL DATA**

Case #8



BLUE OCEAN

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Case #5



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- UHG and MDT joint study
- 27% less hospitalizations
- UHG adopts MDT pump of choice

1. BLOCKING 2. DATA POOLING

Medtronic insulin pumps show promise for reducing hospitalizations, Star Tribune, July 10, 2018

What is the Impact?



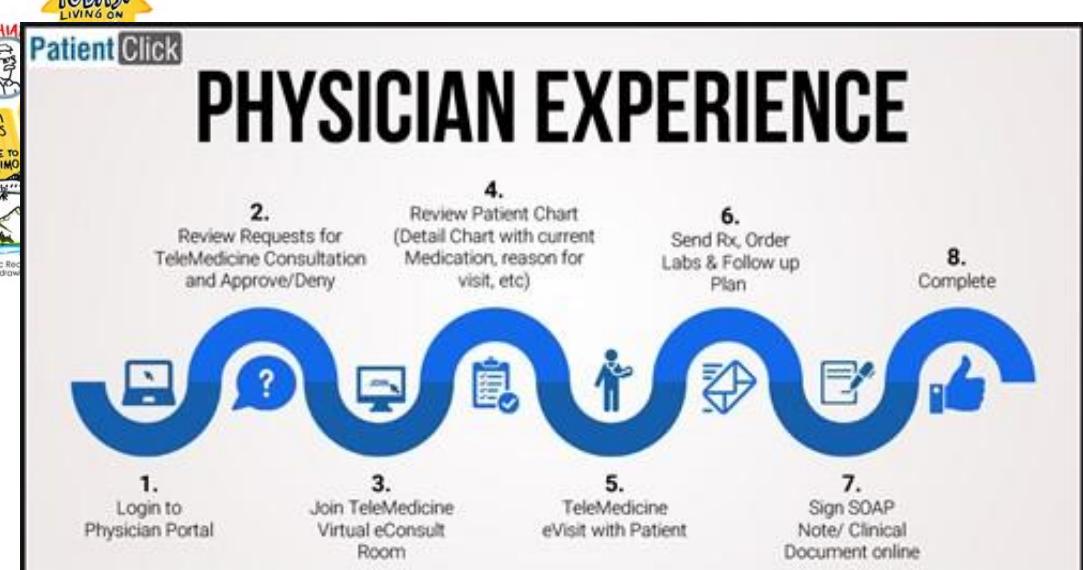
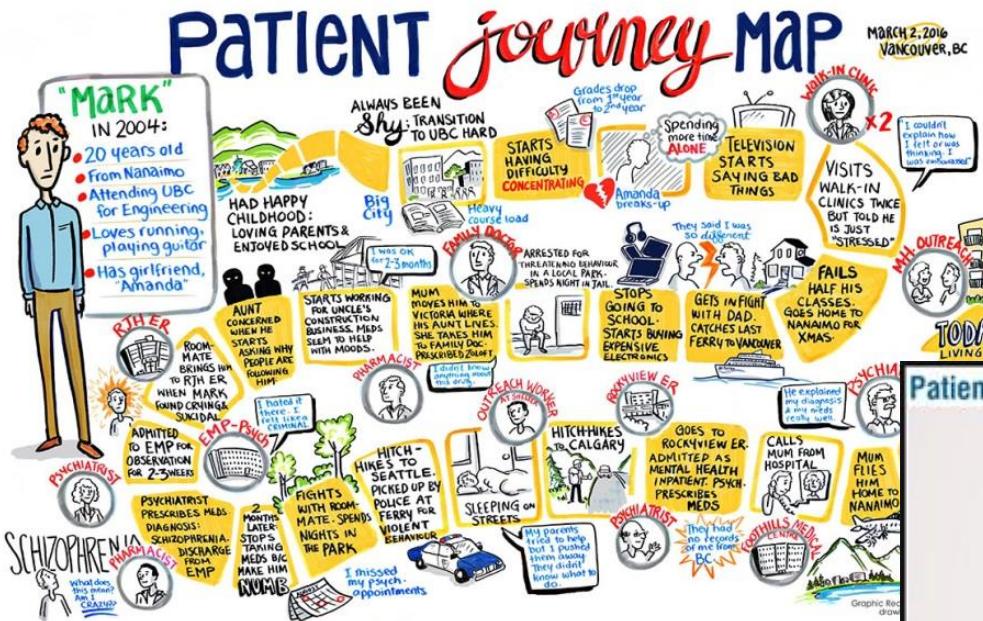
CMS_SSP Fast Facts 2018

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What to do?



The Customer Experience



Partnerships

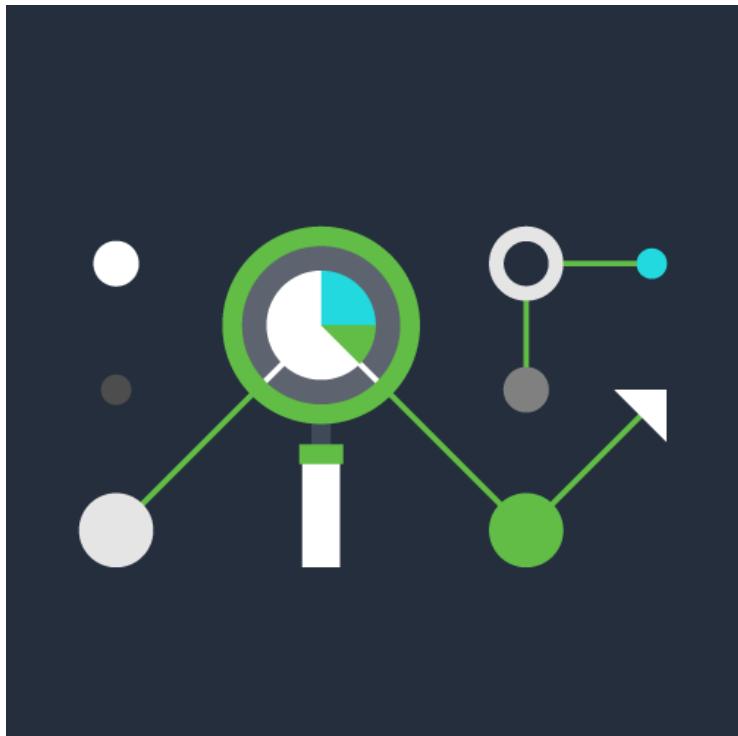


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Internally



- Early Driven Partnership and Collaboration
- More targeted (Minimally Viable Product)
- Connected outcomes
- Payer, Health Systems, and Regulatory partnerships in a different way
- Can't be me too, has to be novel and less expensive
- Speed to market
- Organization changes



Peripheral Artery Disease

@tropicalsmoothieguy



Products



- Personalized
- Workflow
- Cost/Margins
- Integrated

Sales and Marketing



- Orphan
- If not, why buy?
- Partnerships can be blocking
- Who is buying

- Bundling
- Risk Share
- Minimize distributors

Summary



- Patient is central
- Data is key
- Early partnerships are critical
- Longer outcome horizons and end points
- Clinical trials design
- Big data and machine learning
- New sales models
- Eliminate middle men (distributors...)

Future Disruptions and Trends



Future Disruptions and Trends



bright
HEALTHSM

bind

H A V E N



Differentiate

Value Based Healthcare Strategy & Execution

- Value and Market Evaluations
- Patient Journey and Physician Landscapes
- Economic Assessments
- Tying it together: Strategy and Execution

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