

Realising the full potential of Innovative Solutions in Healthcare Delivery

THE NEED FOR ENGAGEMENT AND TANGIBLE ACTION FROM ALL STAKEHOLDERS

Around the world Regulators, Policy Makers and Decision Makers are grappling with a similar question – how do you improve access to quality care at affordable costs?

The requirement for collaboration across stakeholders including support of regulators, policy makers, decision makers and health system leaders is clear. There is a need for private sector actors to engage these players to demonstrate the health impact and not just the financial impact. Innovators face challenges when scaling, transferring and replicating private sector health innovations – creating dialogue and a mutual ground is essential.

As Bill Gates said in Davos 2008, “Government aid and philanthropy channels are caring for those who can't pay. To provide rapid improvement for the poor we need a system that draws in innovators and businesses in a far better way than we do today. Such a system would have a twin mission: making profits and also improving the lives of those who don't fully benefit from today's market forces.” The challenge is doing good whilst doing well.

THE CHALLENGE

Accelerating universal health coverage was the topic of the First Global Symposium on Health Systems Research¹; and is currently challenged by five overarching gaps that the World Economic Forum, through all its work – including the project on Innovation in Healthcare Delivery, aims to address:

- Lack of sufficient and/or adequate **infrastructure** in health systems include hospitals and care centres
- Inadequately trained medical **workforce** (i.e., doctors and nurses) and/or limited supply of trained workforce
- Improper and unsustainable **funding mechanisms** both in public and private systems to deliver the required care to patients

¹ We would like to thank the following for their contribution to the session that forms the basis of this paper: Dr. Victor Dzau (Duke University Health Systems), Nicolaus Henke (McKinsey), Dr. Gunther Faber (HealthStores Foundation), Dr. Andrew Sussman (MinuteClinic), Kim Longfield (Population Services International), Thulasiraj Ravilla (Aravind Eye Care), Gina Lagomarsino and Alice Garabrant (Results for Development), Prof. Dominic Montagu (UCSF Global Health Group), Pamela Rao (USAID), Prof. Rifat Atun (Global Fund) and Herb Riband (Medtronic)

- Mismatch in **quality** where either standards are lacking or higher costs is not leading necessarily to higher quality
- Inadequate level of incentives for **innovation** within health specifically in products, services and the effective use of technology

Within developing countries, access to basic healthcare services is seen to be extremely limited and many simply lack access to even the most basic services; the social impact on life expectancy is large with high mortality rates due to diseases where preventative measures and treatment exists. Within emerging economies; growth in healthcare is not keeping up with economic and demographic growth – leading to vast unmet needs where health care is only reaching a sub-set of the population. In the developed world, growth in healthcare costs out-strips GDP in various nations and an unsustainable burden is being created today that could cripple developed nations in the future.

THE OPPORTUNITY

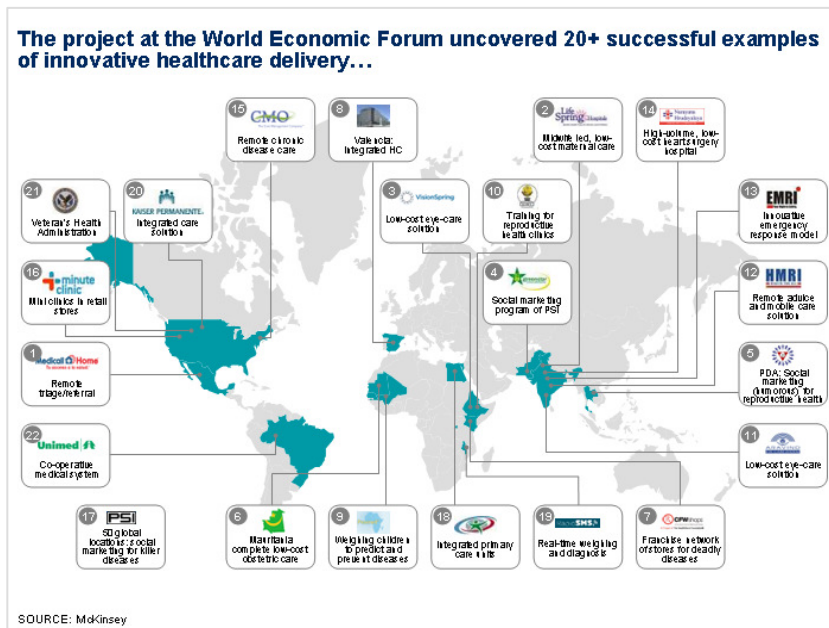
There is an opportunity to make a step-change impact on healthcare delivery around the world by looking to examples where a step-change impact, albeit usually in small pockets, has been achieved. There are examples, in resource-constrained settings, where innovative healthcare entrepreneurs are developing creative approaches to care delivery that **improves access to quality care at affordable costs**. Imagine the impact if these solutions could be scaled-up, transferred and replicated more broadly:

- Aravind Eye Care delivers quality eyecare in India at a fraction of the cost through the use of focussed ‘factories’ that eliminate any waste in the system, increase the productivity of expensive assets and trained work-force and focus on straight-forward standardized procedures including cataract surgery and spectacle fitting. They have reached ~12 million in India (10% of total blind) and, costs are only 1% of the equivalent service in the UK (albeit not adjusted for country specific factors) with surveys showing outcome quality is higher in India.
- HealthStores has created a network of franchised micro-clinics run by trained community healthcare workers providing essential, quality medicine for the most common and serious diseases in Africa. This scalable model brings quality care to the poor via strict protocols, standardized processes, central procurement and effective training. It also contributes to social and economic development by creating business opportunities for locals who run the stores. The network has 80+ clinics across Kenya, has penetrated Rwanda and serves over half a million customers a year with aspirations of growing across Sub-Saharan Africa
- MinuteClinic is focused on providing a more affordable option for customers in the USA where the cost of health is significantly higher than any other country in the world. By establishing clinics in pharmacies, right skilling the workforce through hiring nurse practitioners and setting very clear guidelines and protocols – MinuteClinic has built a low-cost model saving the average user 7% of typical total

health spend; through their services that are 40-80% less than other settings. There are over 550 clinics across 26 states with the aspiration of 1,000 clinics by 2015 and are currently focusing more heavily on prevention.

- Population Services International (PSI) began 15 years ago and is now the world's largest social franchisor of health services offering quality products at low prices. Interventions cover HIV counseling and testing; prevention of mother-to-child transmission; Ante-Natal Care; Vaccinations; and treatment for malaria, pneumonia, and TB. PSI's model delivers care where the patient goes (e.g., local stores), establishes simple and standardized operating processes and shifts tasks from doctors to nurses. PSI has more than 10,000 franchise sites in 19 countries in the developing and emerging world focusing on the bottom of the socio-economic pyramid.

Many examples are from resource-constrained countries where necessity breeds innovation; however innovation is taking place in the developed world. The project at the World Economic Forum², supported by McKinsey, identified examples around the world where innovation in delivery has led to step change efficiency improvements (Exhibit 1).

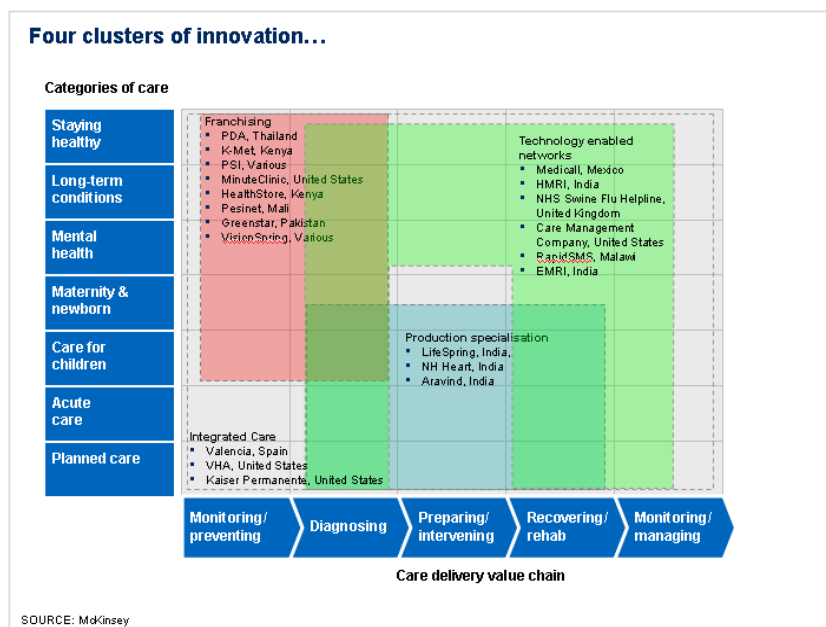


THE LESSONS

Successful innovators focus on four types of business models (Exhibit 2). Franchising standardises flows of information, products or services to lower distribution costs and

² We would like to thank the members of the World Economic Forum on the Steering Committee (Aetna, APAX Partners, AstraZeneca, Cisco Systems, Duke University Health Systems, Fortis Hospitals, Jubilant, Merck, Pfizer) and numerous health care innovators in the field for the time, perspectives and insights that they generously contributed.

improve adherence to protocols. Production specialisation introduces ‘lean principles’ standardizing processes and eliminating waste. Technology-enabled networks use proven technology to exploit infrastructure that exists, centralise talent and follow patient behaviour patterns. Finally, integrated care brings all of this together for the patient.



These cases are not successful by chance or good fortune (although this does help). Each model reinvents the logic of delivery and changes the underlying economics. Six factors characterise these solutions, with each doing some or all of the following:

- *Get close to the patient and follow established behaviour patterns:* E.g., Aravind has engaged in out-reach strategies – taking care straight to the villages
- *Reinvent the delivery model by using proven technologies disruptively:* E.g., MinuteClinic’s IT platforms under-pinning clinical procedures and decision making
- *Confront professional assumptions and right skill the workforce:* E.g., The use of community health workers at HealthStores reduces expenditure
- *Standardise operating procedures wherever possible:* E.g., Aravind, HealthStores, MinuteClinic and PSI have all standardised their procedures
- *Borrow someone else’s assets:* E.g., HealthStores relies on already established sites to base their micro-clinics
- *Open new revenue streams across sectors:* E.g., PSI has shown its possible to cross sector boundaries to create new market opportunities in franchising

To replicate successful examples of innovation around the world, companies should look at two things. Firstly, the extent to which underlying processes such as clinical protocols can

be standardised to facilitate knowledge transfer and secondly, the acceptance of the business models in the receiving geographies/ societies including the regulatory environment which determines who can do what, payment mechanisms which determine who gets paid for what, and the legacy care infrastructure which determines what gets done where.

Moving forward, the project supporters of the World Economic Forum have identified a need for a new Partnership to provide mentoring and support to innovators as they seek to scale up their business or enter new markets; convene an annual investor-innovator conference; shape the regulatory environment; and share experiences, practices, and new opportunities between innovators themselves.

THE DIALOGUE REQUIRED

As this Partnership launches following Davos; three challenges will be at the forefront, which all stakeholders are grappling with today:

- How can we assess the success of innovative solutions?
- How can regulators, policy makers and decision makers create the required environment for successful innovative solutions to scale and replicate?
- What can the private sector do to support the scale-up and replication of innovative solutions in healthcare delivery?

All these challenges require collaboration and long term engagement of stakeholders and rely on a change in the status quo and establishment of common ground. The first step is engagement of the various players.

How can we demonstrate to the public sector that an innovative solution is successful? What can the private sector do to engage more fully than CSR initiatives? Why does efficiency tend to be lower in the public sector? What is the impact on health outcomes of these innovative delivery models?

By convening health care experts, regulators and researchers – dialogue was established to begin uncovering the direction required. Below is a summary of these initial conversations.

1) IDENTIFYING SUCCESSFUL SOLUTIONS

The first question often asked about innovative delivery solutions is how to measure their impact – how can we tell whether they're successful. For Centre for Health Market Innovations (Results for Development), the challenge of assessing the impact of ~600 solutions is huge; similarly being able to assess the success of solutions identified by the McKinsey report is a challenge.

How can we tell if a solution is successful or having an impact? What do we mean by success and impact? There are various lenses that can be applied to these questions as well as varying levels of depth it can be tackled at.

From a business lens, the ability to demonstrate efficiency and sustainability is measured in terms of financial and organizational-sustainability is important. There is a need for the solution to have the potential to scale-up and/or replicate to have impact within the population (be that community, regional, national or international). Essentially, having a solid, scalable plan is a necessity from implementation.

From the public health perspective, the solution should improve access and expand the existing coverage as well as create equity within the population. It is not just about the cost at the patient level; but at the community level. Fundamentally what we're talking about here is the ability to create positive impact on specific health outcomes and health status.

Clearly defined metrics will be necessary; both across innovations (e.g., measures of cost and health status) as well as specific for the innovation. Data underpins this requirement and needs to be compared to a benchmark. To convince policy makers, the data should show a positive impact on national healthcare systems.

2) ROLE OF REGULATORS, POLICY AND DECISION MAKERS

Innovative delivery solutions can't achieve scale purely through reliance on private sector players – the need for the government and other public sector players to engage was evident from the report by McKinsey, and has been highlighted as a key. Understanding some of the challenges that regulators, policy and decision makers are facing can help frame the debate and initiate the dialogue for action. Firstly, engagement of the Ministry of Health is crucial – but not enough; other Ministries (e.g., Ministry of Finance) must be engaged. For private sector innovators looking to gain support – the ability to position their solution within health system reform creates easier dialogue.

Challenges obviously will still exist; for example areas of the private sector find themselves over-regulated whilst others are under-regulated. The private sector is seen to be fragmented or lacking a 'single collective voice'. There are tangible things to be done here. Government can start by increasing capacity to embrace private sector innovation further or specifically establishing 'change-agents'. Some 'give and take' from the private sector in building this capacity would go a long way. The public sector can work with private sector innovators to enable low-cost solutions to reach the under-privileged in society be it through subsidisation or other financing solutions (e.g., vouchers).

A collective voice from the private sector, the ability to build political support and the demonstration of efficacy through starting small, thinking big and moving fast are required for these solutions to realise their full potential of accelerating universal health coverage.

3) ROLE OF THE PRIVATE SECTOR

Two messages were clear; a collaborative model between the public and private sector is important and the private sector should be defined broadly including cross-sector industry players and commercial investors to smaller entrepreneurs, foundations and niche financiers.

The role for the private sector should be considered at two levels. Firstly, the way that the private sector engages with the public sector and secondly, the role that private sector can play in implementation of cost effective, outcome based solutions more broadly in health.

Better engagement can be enabled through a unified voice from the private sector and a movement away from current silos to more joined-up action when it comes to working with the public sector. In addition, sharing research, data and technical knowledge would aid dialogue and create more of a sense of trust and transparency – which is important.

The private sector can use their knowledge of financing models and forms of subsidization as a means for demonstrating their role and engaging. Similarly ability in managerial capacity when thinking through health systems strengthening would help position the discussion around innovative delivery in the broader system reform debate.

There is an obvious role for the private sector in implementation given the sector typically excels here. There are some obvious roles around financing and resources; though the core capabilities and capacity of the private sector is where true value can be unlocked. This could be through mobilizing partnerships at a country-level; or providing support building capacity in the public sector through enhancing existing infrastructure or sharing expertise.

The message is clearly to leverage the private sector for what it does best and work towards a common language between the public and private sectors.

THE ROAD AHEAD

To move forward, there is a need for mutual understanding and movement towards action. Clearly, the private and public sector need to align on what success of private sector interventions looks like both in terms of overall impact on public health fostering low cost models in a sustainable manner. A joint effort is required to identify synergies to aid the implementation of innovative delivery models.

Governments can look to addressing capacity constraints by identifying ‘change-agents’ to improve efficiency of the public sector. Within the private sector; creating a ‘common or collective voice’ then fundamentally building trust and transparency through activities will make leveraging attributes inherent in private sector organizations more viable and feasible.

THE NEED FOR A PARTNERSHIP

There is a clear need to bring together the various stakeholders involved in this dialogue to work together towards action in the future; whilst engaging the private sector more broadly and engaging the third sector. To this end, the ‘International Partnership for Innovative Healthcare Delivery (IPIHD)’ which has been proposed by the project supports at the World Economic Forum, will provide the action-oriented type of platform that is required.

“International Partnership for Innovative Healthcare Delivery (IPIHD)”

<p>Aims and objectives</p>	<ul style="list-style-type: none"> ▪ Convening of various stakeholders (i.e., innovators, investors, industry and public sector) to: <ul style="list-style-type: none"> – Network and share knowledge and best practice – Approach industry directly for support and mentoring through advisory panel – Establish annual innovator-investor conferences to source capital funding – Develop regulatory solutions and standard to enable innovative delivery scale-up
<p>Rationale</p>	<ul style="list-style-type: none"> ▪ Provides complete support for targeted innovators ▪ Has a clear value proposition for all stakeholders; and specifically compelling for industry ▪ Leverages WEF and its partners size and networks ▪ Creates simple self-sustainability
<p>Unique attributes</p>	<ul style="list-style-type: none"> ▪ Creates platform within areas where Association would collaborate not compete with others ▪ Places onus to build on innovators ▪ Covers major gaps in innovative delivery
<p>Sustainable model</p>	<ul style="list-style-type: none"> ▪ Revenue contributions: <ul style="list-style-type: none"> – Small fees from innovators – Financial support from industry – Conferences funded by industry and investors – Listing and advertising



SOURCE: Team

Amongst innovators and the public sector – there was a clear steer this is required. With industry already engaged and supportive of this venture through ‘doing well whilst doing good’, the opportunity now exists following the official launch at the Annual Meeting of the World Economic Forum in Davos 2011 to turn this dialogue into action. Following this dialogue, there is the need to engage in Partnership for action. IPIHD should create just the opportunity for players in the public and private sector to come together towards action.

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