

Value-Based Decision Making

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Today's session...

- ✓ Introduction
 - ➔ Value-based decisions in context
 - ➔ Moving from cost to value

- ✓ Outlining the process
 - ➔ The Value Equation
 - ➔ Logic Modelling
 - ➔ Value Dashboard
 - ➔ Risk Dimensions

- ✓ Next steps and getting involved

Value based decisions in context

NHS England are implementing value based appraisal into NHSE Investment Committee decisions and have allocated transformation funds* for 2016-17 via a value-based assessment:

- **Open investments** e.g. Wave 1 Vanguard Funding
- **Restricted investments** e.g. MH IAPT and Cancer Diagnostics funding

This approach is expected be applied to further tranches of transformation funding

Value based decisions in context

NHS England are using an approach to decision making developed by Best Possible Value as part of the national Future-Focused Finance which is designed to build capability in the finance profession and sponsored by:



Department
of Health



Colleagues from all NHS organisations and ALBs are invited to train and use the tools for free.



Value based decisions in context

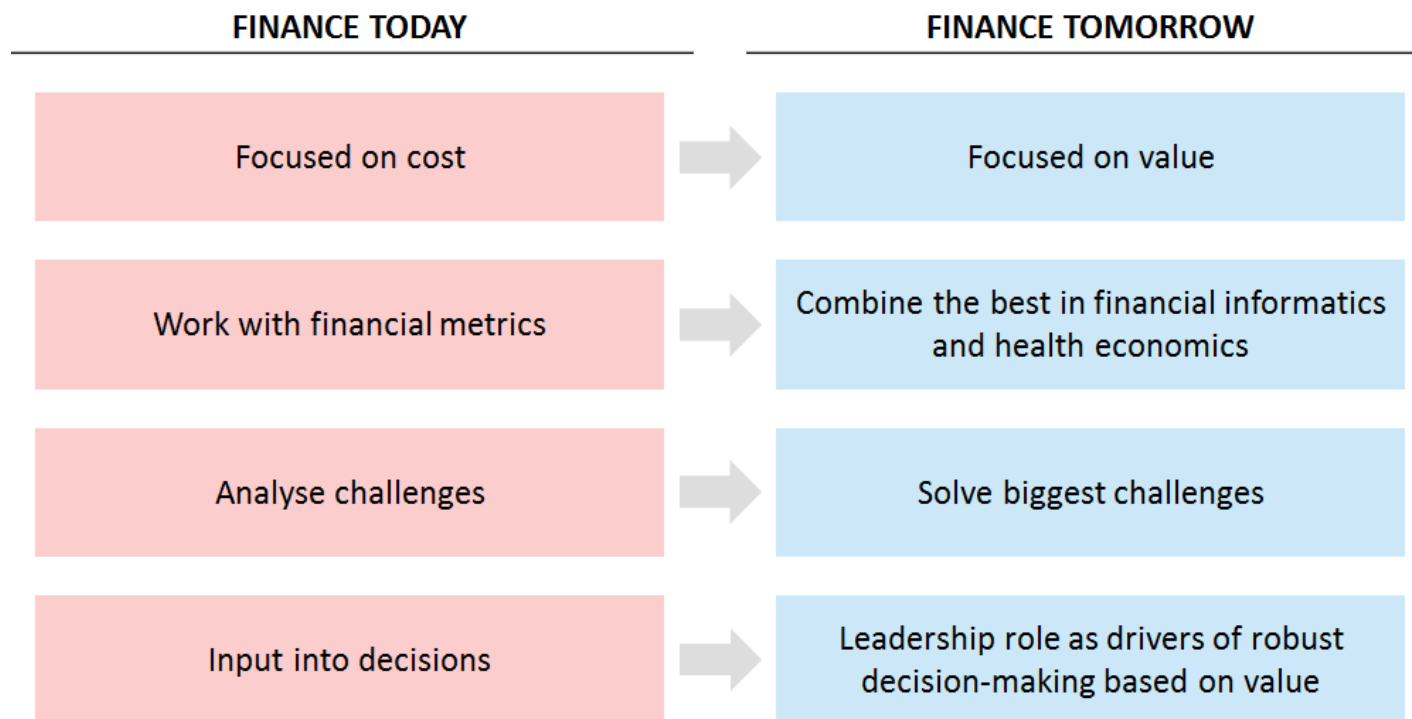
NHS England and NHS Improvement are seeking to:

- Place **value** at the heart of decision-making
- Provide an **evidence-based** approach to decision-making
- Ensure a clear **audit trail** to appraisal and decision-making

This kind of methodology can and should be used by all organisations to support and assure all key decisions, and in the development of STP footprints.



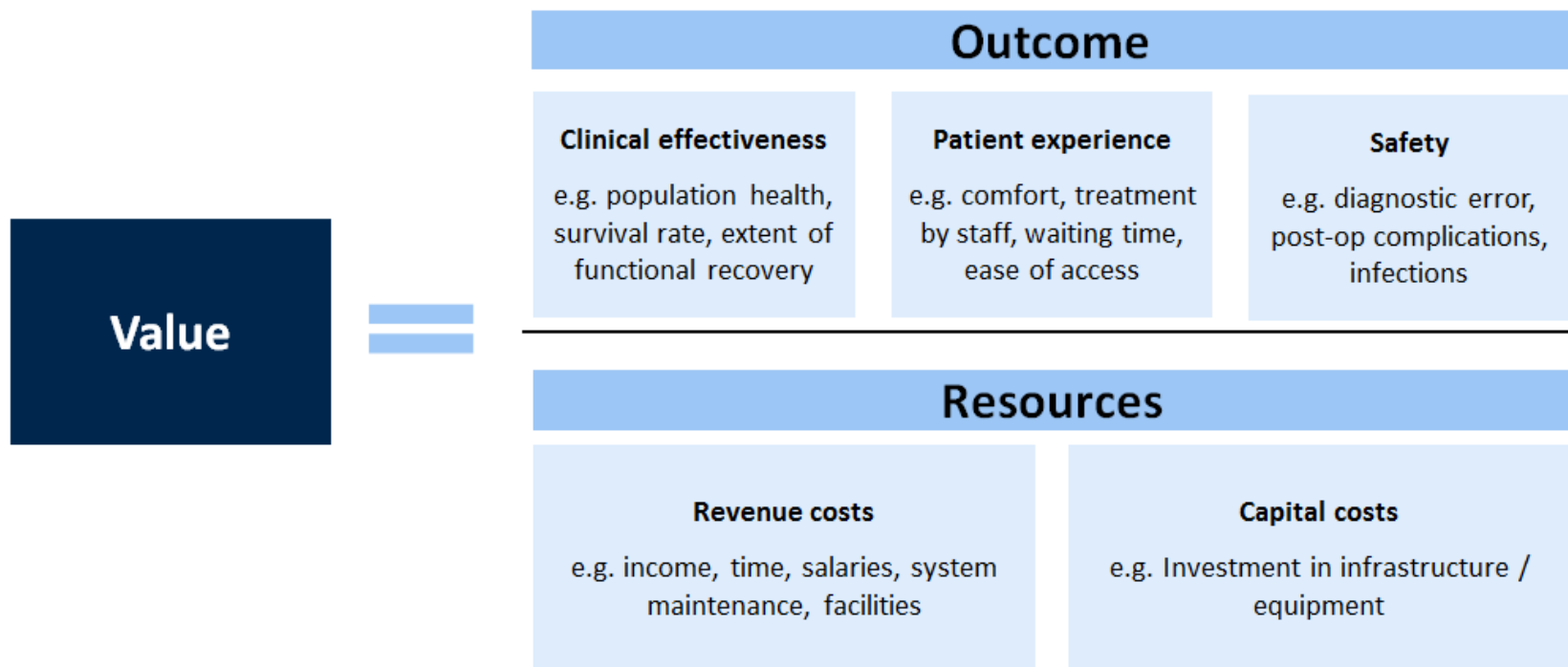
Moving from cost to value



Our ambition is to use a value-based approach at the heart of everything the NHS does, and finance are considered to be key drivers of change.

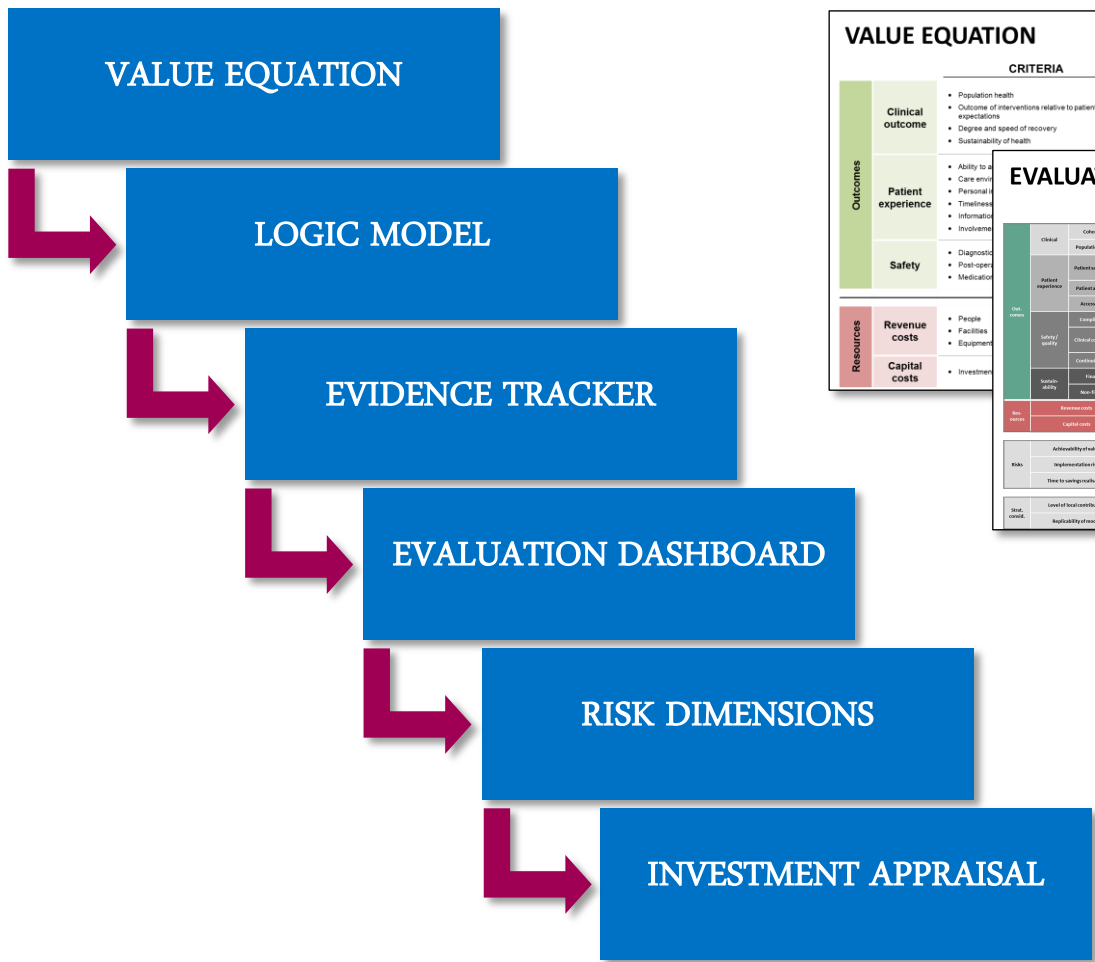


Moving from cost to value



Porter's Value Equation uses improving patient outcomes as the best method of reducing costs

Outlining the process



VALUE EQUATION

	CRITERIA	METRICS
Outcomes	Clinical outcome	<ul style="list-style-type: none"> Prevalence of conditions within population Hospital emergency admission rate Quality of recovery (e.g. visual ability post-Cataract op) Mortality rate Re-admittance rate
	Patient experience	
	Safety	
Resources	Revenue costs	<ul style="list-style-type: none"> People Facilities Equipment
	Capital costs	<ul style="list-style-type: none"> Investment

EVALUATION DASHBOARD

Site outcome: Low (Red), Medium (Yellow), High (Green) | Confidence: Low (White), Medium (Grey), High (Black) | Rate: High risk (Red), Low risk (Green)

Operat.	Site 1	Site 2	Site 3	Site 4	Site 5	Site 6	Site 7	Site 8	Site 9	Site 10	Site 11	Site 12	Site 13	Site 14	Site 15
Clinical	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Population health	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Patient satisfaction	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Access to care	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Continuity of care	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Financial	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Non financial	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Revenue costs	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Capital costs	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Operability value	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Implementation risk	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Ties to implementation	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Level of localisation	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High
Replicability of model	High	High	High	High	High	High	High	High	High	High	High	High	High	High	High

RISK DIMENSIONS

Value generated

Level of replicability: (1) Low, (2) Low-medium, (3) Medium, (4) High-medium, (5) High

% to be funded: 75% (Dark Grey), 50-75% (Medium Grey), <50% (Light Grey), GM Fund (White), Fund as PACS (Yellow)

MAKING PEOPLE COUNT



FUTURE FOCUSED FINANCE

Value criteria and metrics

VALUE EQUATION		EXAMPLE	
		CRITERIA	METRICS
Outcomes	Clinical outcome	<ul style="list-style-type: none"> Population health Outcome of interventions relative to patient expectations Degree and speed of recovery Sustainability of health 	<ul style="list-style-type: none"> Prevalence of conditions within population Hospital / emergency admission rate Quality of recovery (e.g. visual ability post-Cataract op) Mortality rate Re-admittance rate
	Patient experience	<ul style="list-style-type: none"> Ability to access care Care environment (e.g. facilities, comfort) Personal interactions (e.g. care and respect) Timeliness of interactions Information available Involvement in decision-making 	<ul style="list-style-type: none"> Distance to care facility Waiting time for first appointment Specialists per population Time between referrals and number of referrals Patient feedback on experience with interactions Patient Net Promoter Score
	Safety	<ul style="list-style-type: none"> Diagnostic errors Post-operative complications Medication errors 	<ul style="list-style-type: none"> Diagnostic error rate Complication rate Medication error rate
Resources	Revenue costs	<ul style="list-style-type: none"> People Facilities Equipment 	<ul style="list-style-type: none"> Income Salaries Time System running costs
	Capital costs	<ul style="list-style-type: none"> Investment in facilities / equipment 	<ul style="list-style-type: none"> Capital requirement and rate of return

The Value Equation helps a group agree their priorities and trade-offs for a decision.

Experts decide what to measure and identify suitable data sources to monitor.

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FOCUSED
FINANCE**

Logic Modelling

This model evaluates the value generation assertions that underpin each component of the value equation.

It demonstrates how the agreed outcomes will be delivered and what evidence base or logic they are based upon.

Evidence quality is taken into account alongside risk appetite.



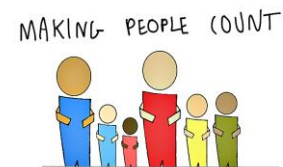
Comparing options

			EVALUATION DASHBOARD														
			Import.	Site 1	Site 2	Site 3	Site 4	Site 5	Site 6	Site 7	Site 8	Site 9	Site 10	Site 11	Site 12	Site 13	Site 14
Outcomes	Clinical	Cohort size		£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k	£10k
		Population health		●	●	●	●	●	●	●	●	●	●	●	●	●	●
	Patient experience	Patient satisfaction		●	●	●	●	●	●	●	●	●	●	●	●	●	●
		Patient activation		●	-	-	●	●	-	●	●	●	●	-	-	●	
		Access to care		-	●	-	●	-	●	-	-	●	●	-	●	●	
	Safety / quality	Complications		-	-	-	-	●	-	●	-	-	-	●	●	●	
		Clinical compliance		-	●	-	-	●	-	●	-	-	●	-	-	-	
		Continuity of care		●	-	●	●	●	●	●	-	-	●	●	-	●	
	Sustainability	Financial		●	●	●	●	●	●	●	●	●	●	●	●	●	
		Non-financial		-	-	●	●	●	●	-	-	●	-	●	-	●	
	Resources	Revenue costs		●	●	●	●	●	●	●	●	●	●	●	●	●	
		Capital costs		-	-	-	●	-	-	●	-	-	-	-	-	-	
Risks	Achievability of value		●	●	●	●	●	●	●	●	●	●	●	●	●		
	Implementation risk		●	●	●	●	●	●	●	●	●	●	●	●	●		
	Time to savings realisation		●	●	●	●	●	○	●	●	●	●	○	●	○		
Strat. consid.	Level of local contribution		●	●	-	○	-	●	○	○	-	●	●	-	●		
	Replicability of model		●	●	●	●	●	●	●	●	●	●	●	○	●		

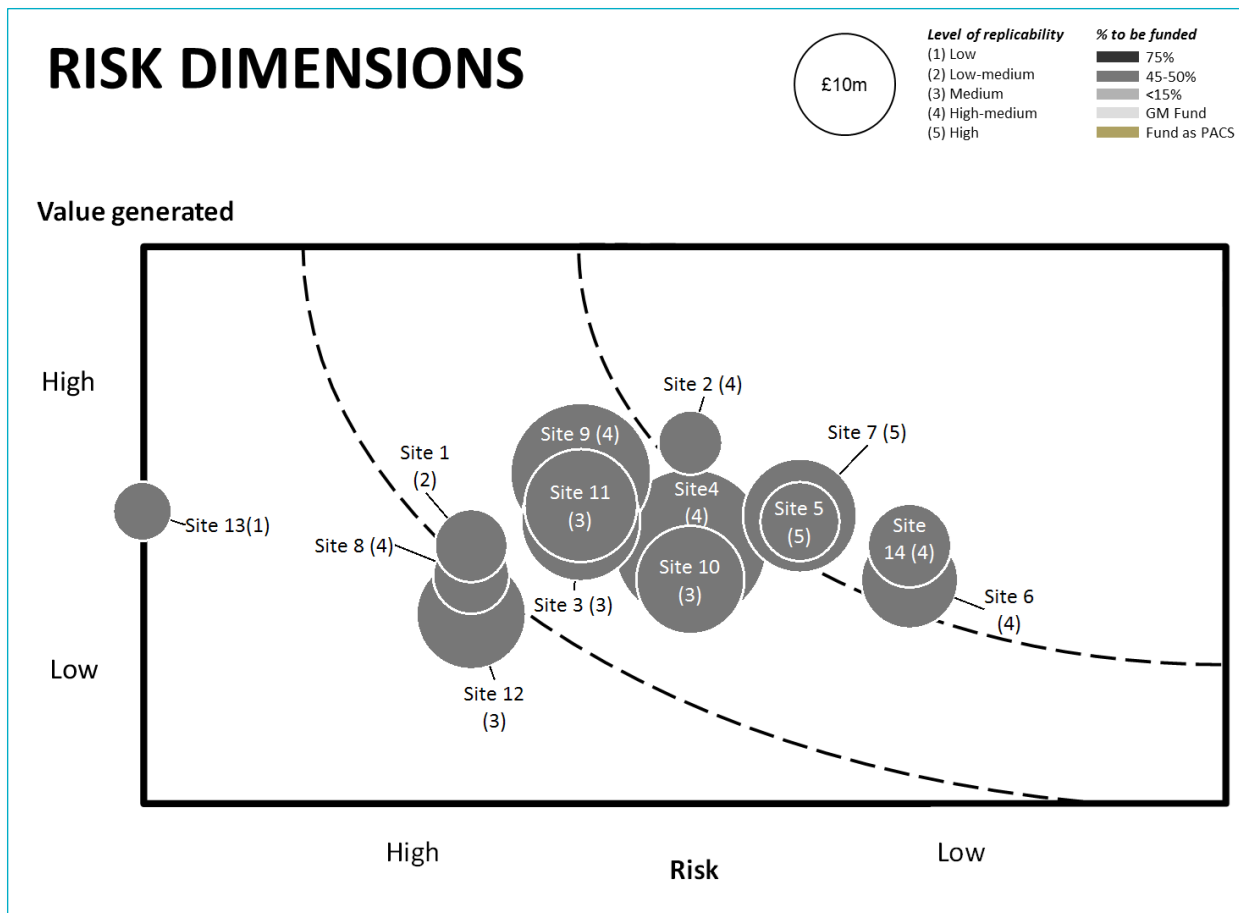
EXAMPLE

The Dashboard uses the Value equation to directly compare between projects.

An Evidence Tracker can be used to rank confidence in each outcome's likelihood of realisation.



Investment appraisal using risk



The Evaluation Dashboard is used to calculate the relative risk of alternative projects.

The risk appetite is decided in advance, allowing investment 'cut-offs' to be set.

e.g. low value / high risk = do not accept

EXAMPLE

Next steps

➔ STPs expected to adopt the process within their governance



➔ Planning guidance released next week



bpv.futurefocusedfinance.nhs.uk

- ➔ Our website features:
 - ✓ Value Guidebooks
 - ✓ Case Studies
 - ✓ Database of data sources and value networks
 - ✓ e-learning module for decision effectiveness
 - ✓ Forum and community of practice
- ➔ All materials available free to anyone registered with Future-Focused Finance
- ➔ Ask the BPV team for local support or discuss experiences with a Vanguard site



Questions and feedback

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