Transforming Health Care Business Models

The mismatch between health care spending and health outcomes in the U.S.

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<thead>
<tr>
<th>Health care spending in the U.S.</th>
<th>Factors impacting health outcomes</th>
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<tbody>
<tr>
<td>Medical Care 90%</td>
<td>Drivers of Health (DOH) 10% – 20%</td>
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<tr>
<td>All Other Expenses 10%</td>
<td>Economic Stability 80% – 90%</td>
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<td>Healthy Food 10% – 20%</td>
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The Need
Pressure is mounting to create health, not just treat sickness. And businesses that work in today’s fee-for-service (FFS) environment won’t remain viable in the future’s value-based care environment.

The Challenge
Many health care leaders are trying to address drivers of health (DOH) to improve health outcomes and lower costs. But they aren’t succeeding. That’s because old business models can’t deliver on a new value proposition. Traditional business models impede progress toward a healthier future for people and a financially sustainable one for organizations.

Business Model Theory
A business model contains four interlocking elements that, when taken together, create and deliver value: value proposition, resources, processes, and profit formula/priorities.

Over time, these components become increasingly interdependent and resistant to change. This interdependence makes the business model more challenging to alter the longer it exists.

Our research revealed that innovative business models effectively addressing DOH differ greatly from those optimized for today’s FFS environment.

What Sets Innovative Models Apart From Incumbents
Innovators are building new business models around four key components:

1. Addressing consumer’s and customer’s desired progress
2. Establishing payment models that incentivize serving those needs
3. Measuring what matters to those they serve
4. Connecting dots across the disconnected ecosystem to achieve these goals

Learn more in the full report: www.christenseninstitute.org/publications/doh-business-models/