



Transforming Health Care Business Models

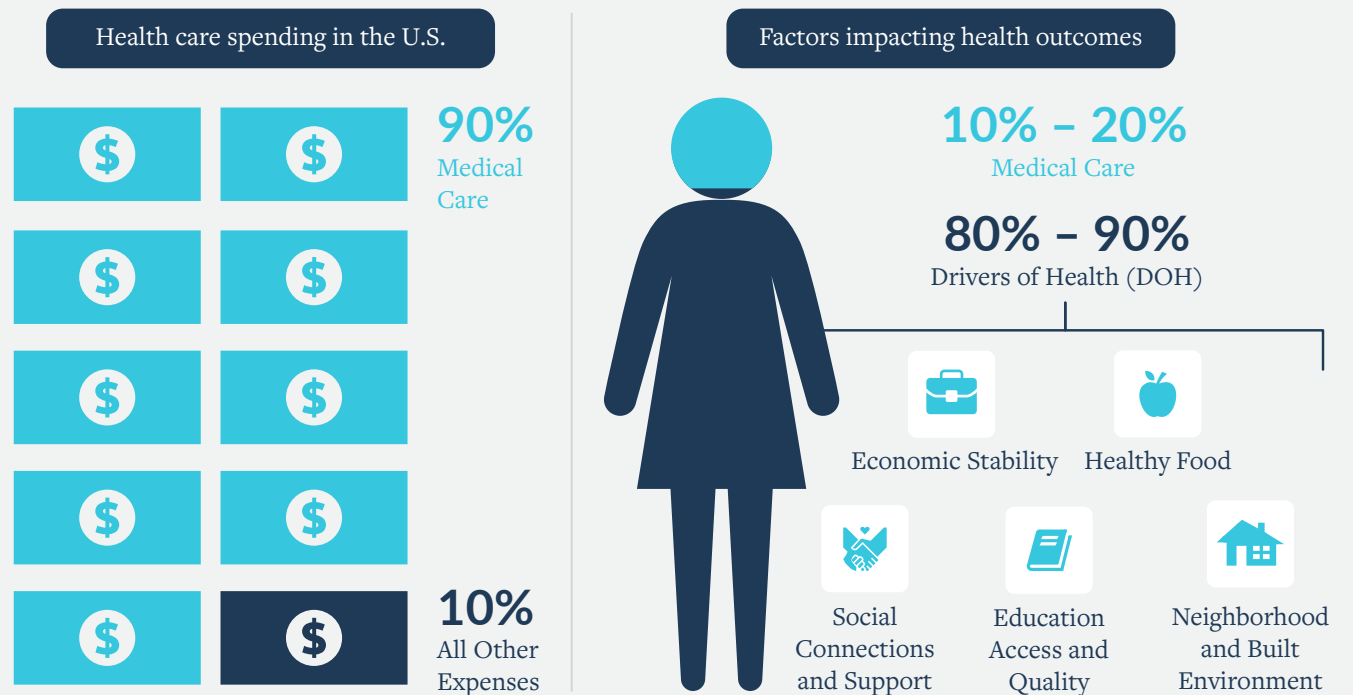
► The Need

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.

The mismatch between health care spending and health



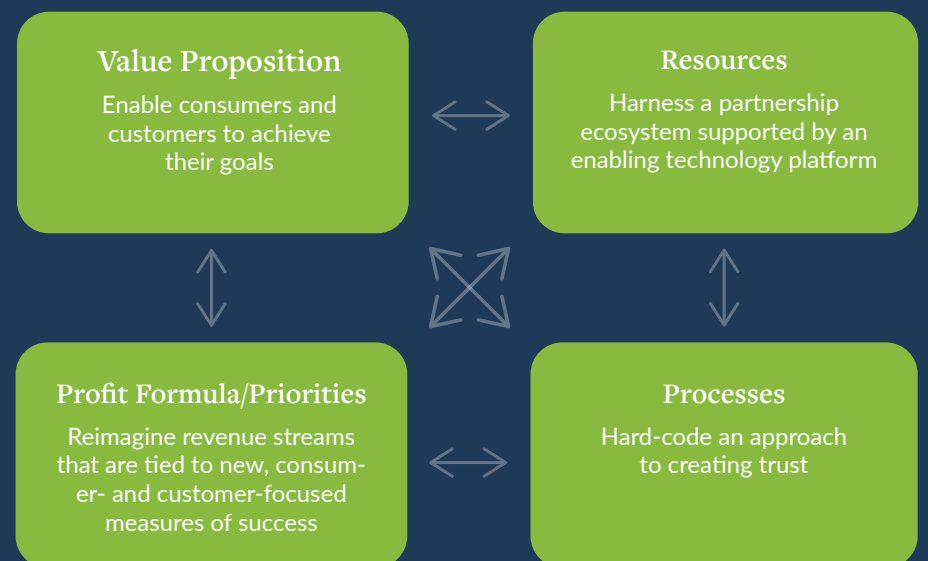
► Business Model Theory

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.

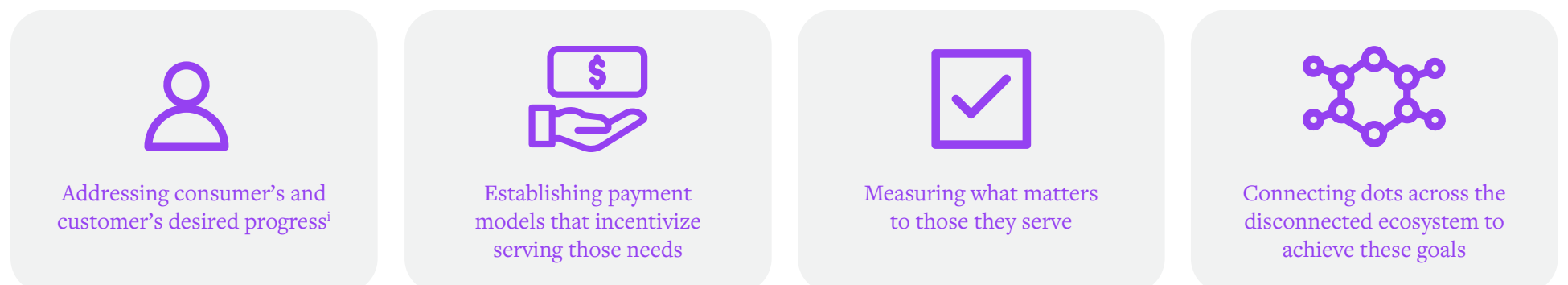
Our research revealed that innovative business models effectively addressing DOH differ greatly from those optimized for today's FFS environment.

Business model effectively addressing DOH



► What Sets Innovative Models Apart From Incumbents

Innovators are building new business models around four key components:



¹ The consumer is the patient or member, and the customer is a public or private insurer or an employer.

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

References:

1. "Why does healthcare cost so much?" (web page), BlueCross BlueShield, accessed April 19, 2022, <https://www.bcbs.com/issues-indepth/why-does-healthcare-cost-so-much>.
2. Sanne Magnan, "Social Determinants of Health 101 for Health Care: Five Plus Five," NAM Perspectives, National Academy of Medicine, <https://nam.edu/social-determinants-of-health-101-for-health-care-five-plus-five/>.
3. "Medicaid's Role in Addressing Social Determinants of Health," Robert Wood Johnson Foundation, accessed April 20, 2022, <https://www.rwjf.org/en/library/research/2019/02/medicaid-s-role-in-addressing-social-determinants-of-health.html>.
4. Matthew W. Kreuter et al., "Addressing Social Needs in Health Care Settings: Evidence, Challenges, and Opportunities for Public Health," Annual Review of Public Health 42, no.1 (2021), <https://www.annualreviews.org/doi/10.1146/annurev-publhealth-090419-102204>.

