Innovating to Improve Care and Manage Costs

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January 2012

The challenging economics of health care require today’s innovators to demonstrate value against a number of criteria, including access to care, the current standard of care, and the economic capacity of payers. One way innovators have sought to address the paradox of innovating to improve care and manage costs is through integration of care; another is the application of evidence-based practices and metrics.

One example is the newly formed Institute for Innovation and Integration in Health Care, an independently managed pharmaceutical company subsidiary in Germany that manages comprehensive care for schizophrenia patients in partnership with the country’s largest statutory health insurer. In this integrated care initiative, specialists work closely with nurses to deliver improved ambulatory care through programs that leverage clinical insights and process management in health care delivery. The initiative will evaluate metrics including improvements in severity of disease, level of social function, remission, quality of life and need for support, and reduction in hospital days and rehospitalization.

In a similar example, a payer and a medical device company joined forces to optimize patient-oriented quality improvement for total joint replacement. The medical device company collaborated with Kaiser Permanente to develop and use evidence-based practices to improve outcomes and decrease costs at participating hospitals. Length of stay decreased by 25 percent, from 3.4 to 2.5 days. In addition, quality of care was maintained and use of skilled nursing facilities was reduced by 50 percent.

At a time when Medicare and Medicaid face unprecedented cost pressures, it is important to pursue approaches that can both improve quality and reduce costs. These and other programs to facilitate integration of care and improve care pathways have promise and can be adopted throughout the health care system. Faster adoption of approaches like these will increase the value and coordination of care and reduce costs. To scale them up requires leadership from both the private and public sectors, committed health care providers, and the right incentives.

The Center for Medicare & Medicaid Innovation has a mandate to bring more private-sector innovation into Medicare, and with this mandate comes the opportunity to accelerate the adoption of collaborative approaches like these. Private health systems, providers, and companies stand ready to share their high-value programs and be catalysts for change. Public policy changes, both in the regulatory system and in reimbursement, should be considered if they can encourage a greater focus on areas of unmet need or opportunities to improve processes of care.

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Note: Authored commentaries in this IOM Series draw on the experience and expertise of field leaders to highlight health and health care innovations they feel have the potential, if engaged at scale, to foster transformative progress toward the continuously improving and learning health system envisioned by the IOM. Statements are personal, and are not those of the IOM or the National Academies.

In her commentary, Sheri McCoy’s discussion of the importance of innovation to improving care and managing costs touches on several issues and lessons central to the practical implementation of well-coordinated, patient-centered, continuously learning, higher-value care—including that:

- Continuous improvement is fundamentally a product of continuous innovation.
- Opportunities exist for creative partnerships between private and public stakeholders to accelerate progress.
- The pace of innovation will be a function, in part, of the extent to which the elements of care are well integrated.

Information on the IOM’s Learning Health System work may be found at www.iom.edu/learninghealthsystem.