

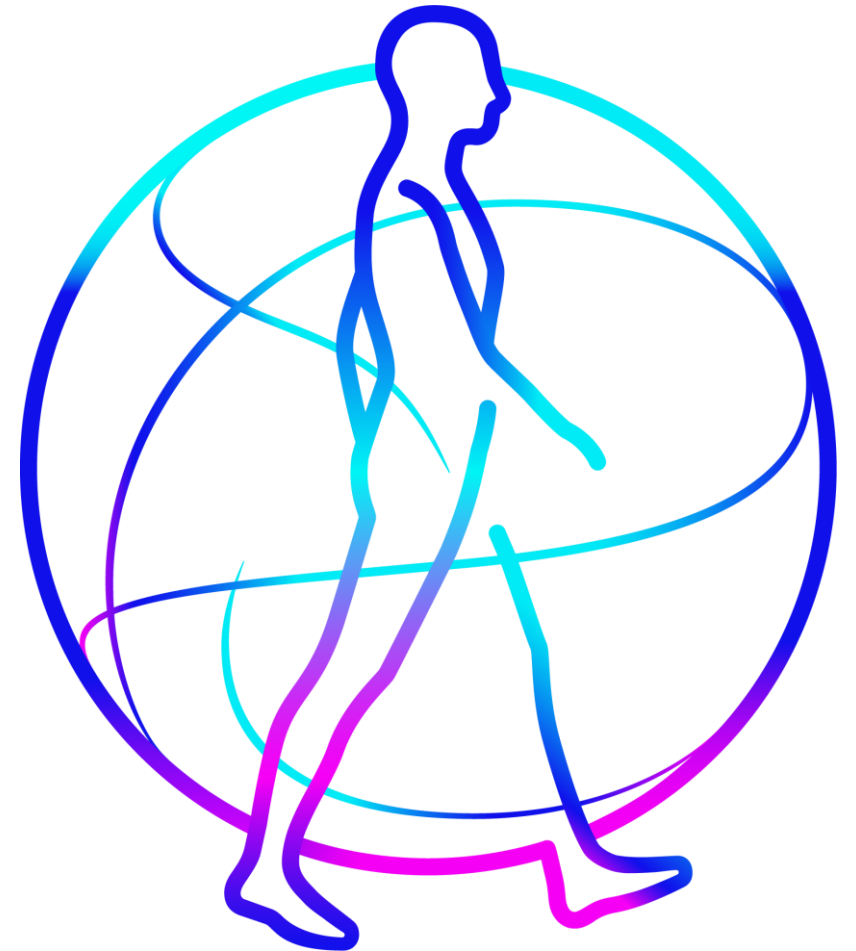
Medtronic

Engineering the extraordinary

Outcomes-based experiences lessons learned and future developments

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VALUE IN HEALTHCARE

MEDTRONIC & VBHC

VBHC AS ECOSYSTEM

Value-based Healthcare as the evolution of the healthcare system towards an ecosystem built around the patient with the aim of generating value: offering the best care, at the same or lower costs.

VBHC AS BUSINESS MODEL

Value-based Healthcare as a new business model in which the company shares direct responsibility for costs and outcomes with the payer / provider.

MEDTRONIC JOURNEY THROUGH VBHC and VBP

Acquisition of
Dutch clinics
on diabetes
and obesity
management
(2015)

Outcome/performance-
based agreements with
hospitals and first
innovative procurement
experiences with
purchasing bodies
(San Pau 2016)

Generation of chronic
care/episodic care
management models.
Digital inclusion as an
enabling element for
the evolution of the
system

Value in Healthcare

What can we offer in a value-based space??

PAYER

PAYMENT MODEL EVOLUTION

- CONNECTION OF CARE
- BUNDLE PAYMENT
- OUTCOMES/PERFORMANCE-BASED REIMBURSEMENT

PROVIDER

PROCUREMENT MODEL EVOLUTION

- RISK SHARING
- OUTCOMES BASED AGREEMENTS
 - PAY FOR PERFORMANCE: Go at risk on one chosen outcome (payout as money back or free good on event)
 - BUDGET: Define a fixed total cost for a variable consumption.
 - PRICE BANDS: Adjust the price based on overall performance
 - SURVIVAL: Subscription payments that stop when the specified event occurs

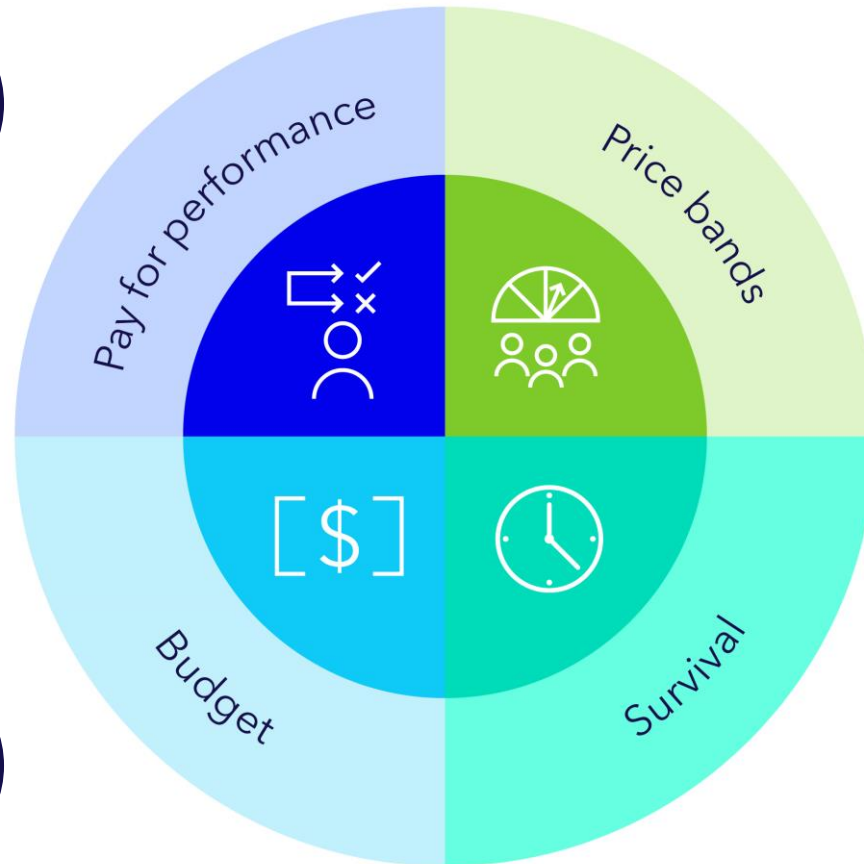
More about risk-sharing agreements on the [FRM website](#)

Outcome-based business models

4 types

Go at risk on one chosen outcome.
Money back or free good on event

Principle



Principle

Adjust the price based on overall performance

Define a fixed total cost for a variable consumption.

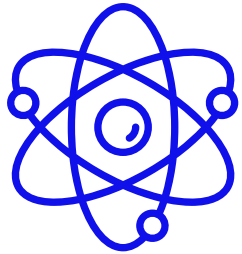
Principle

Principle

Subscription payments that stops when specified event occurs

More about risk-sharing agreements on the [FRM website](#)

Experiences in WE accounts



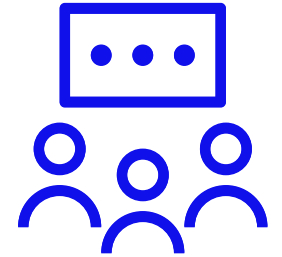
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Agreements signed and/or in discussion



154

signed

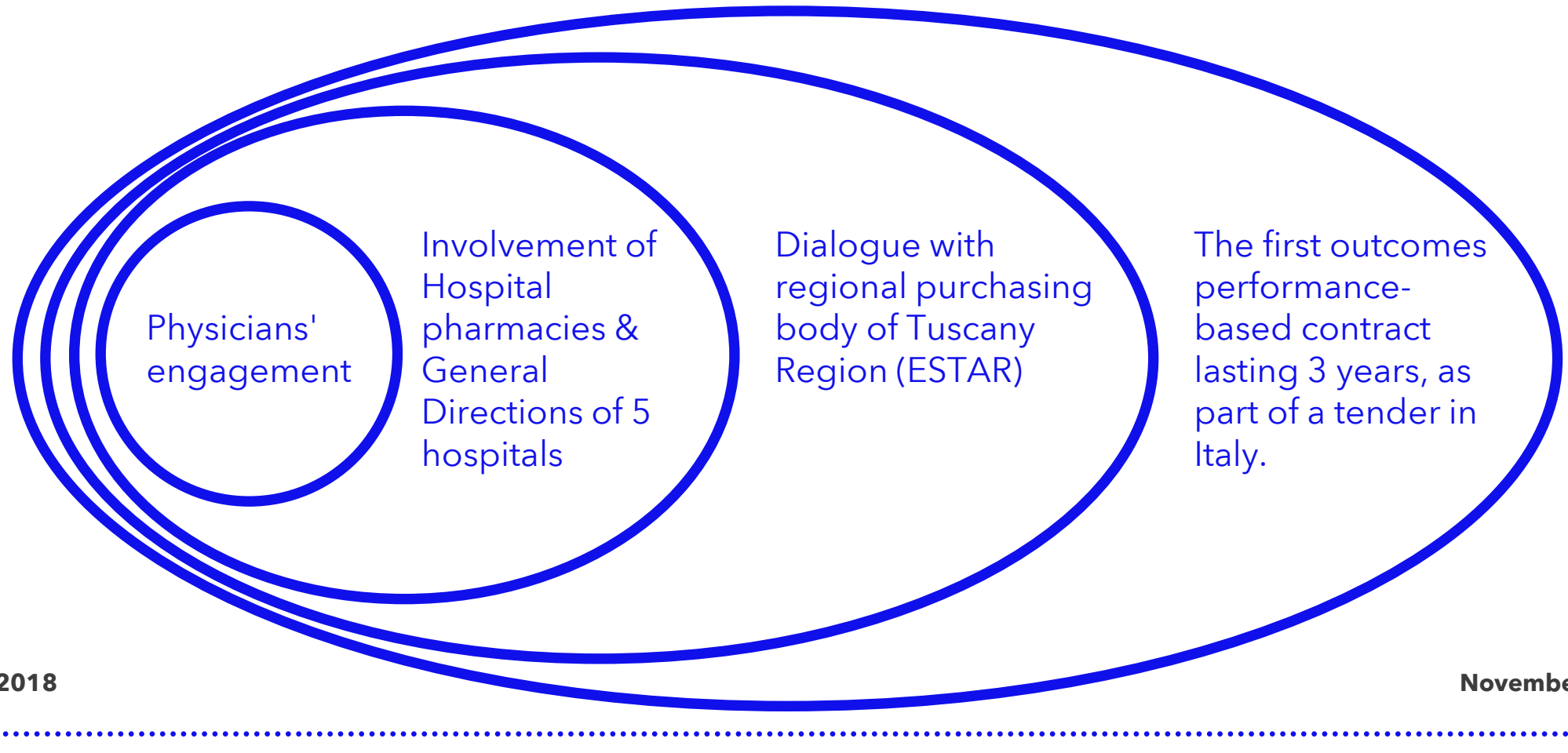


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In dialogue

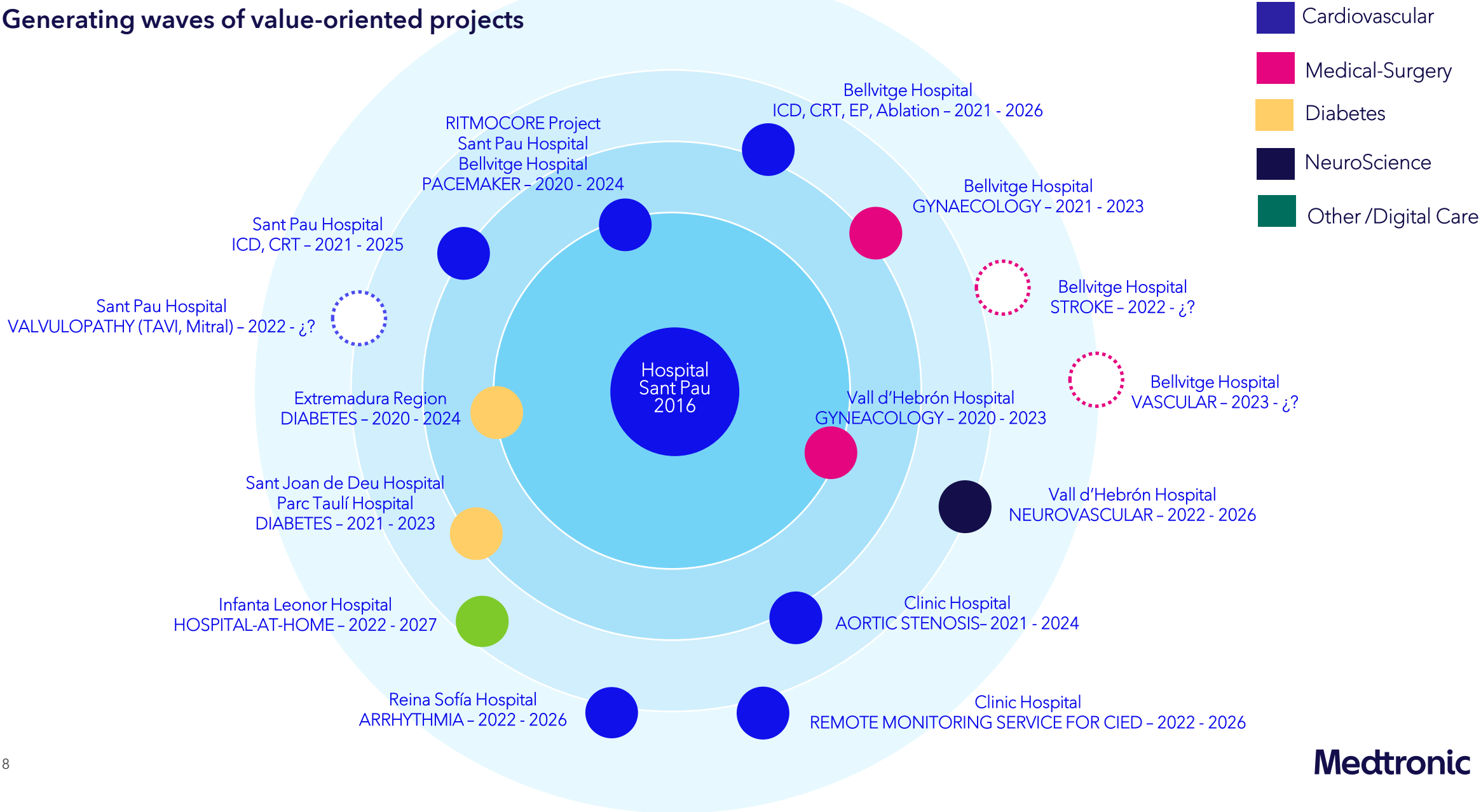
DEVELOPING TOGETHER: A LONG JOURNEY

Tuscany Region example



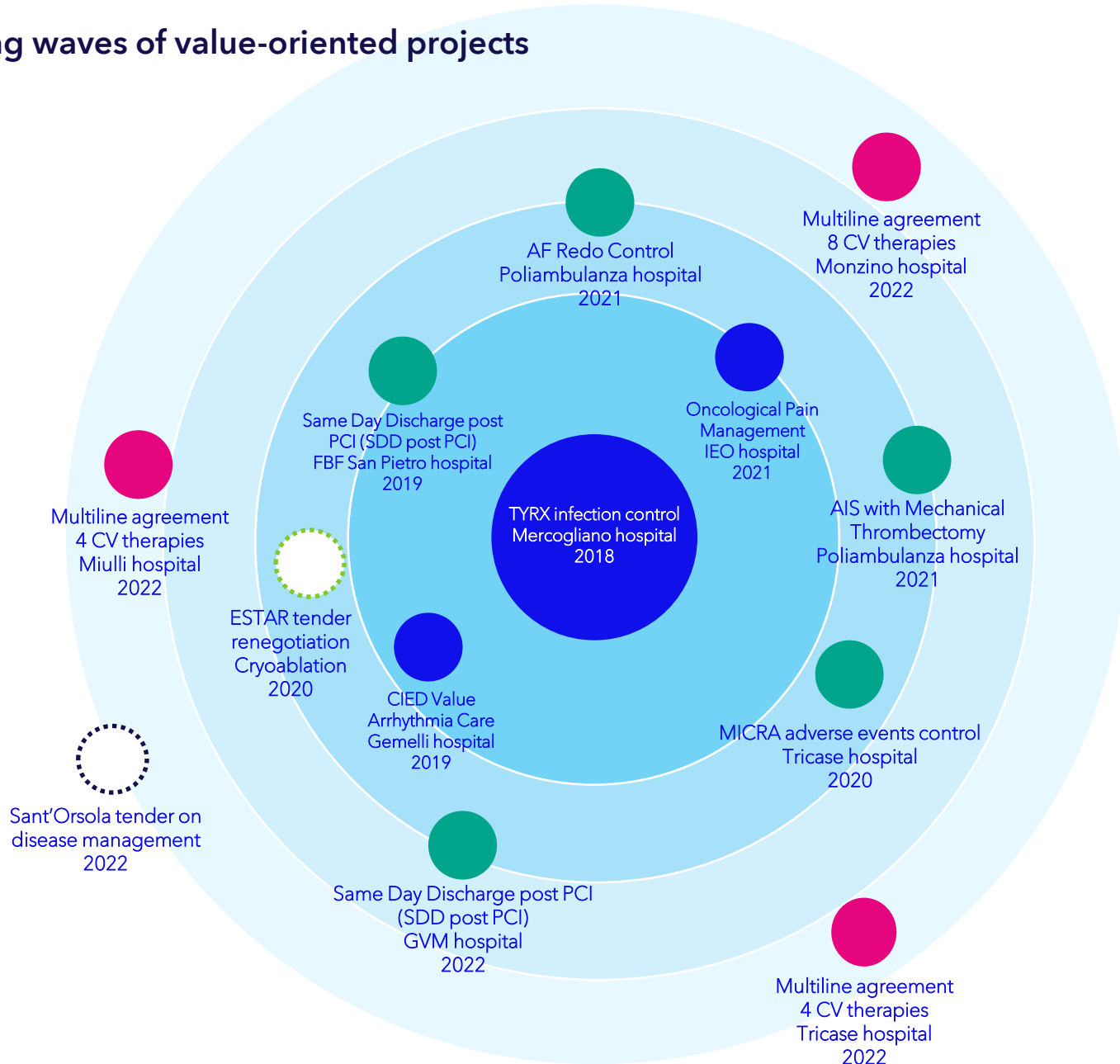
Value-oriented tender: Spain example

Generating waves of value-oriented projects



PROJECT RESULTS

ITALY: Generating waves of value-oriented projects



- Pay for performance agreements in a private hospital (focus: single MD performance)
- Pay for performance agreements in a private hospital (focus: single MD + digital tools performance)
- Pay for performance agreements in a private hospital (focus: multiline therapies + several digital tools performance)
- Outcome-based regional tenders (focus: single MD + digital tools performance)
- Regional tender on disease management (focus: comprehensive offer of MD, services and solutions)

CHALLENGES AND LEARNINGS

Subtitle goes here

CHALLENGES

- Procurement practices
 - T&E & Capacity
 - Change management
 - Country specific
 - Transparency in KPI selection
- Strong clinical leadership needed
- Internal change resistance
- Service offering creation and robustness
- Clinical data tracking
- Customer engagement a long the duration of the contract
- Information systems play

KEY LEARNINGS

- The way the contract is worded and architected is fundamental:
 - Open object
 - Value model
 - Economic model
 - KPI definition
- Resilience (very long contract life cycle)
- long time pre-cooking
- Capabilities needed beyond traditional organizational roles
- Information system is complex and requires focused capabilities.

Future development:
where VBP can generate additional value?

HCP
burnout

Sustainability

Digital
and
remote care

