The Business Model of Primary Care in Canada – What’s Next

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Physiotherapy Alberta
September 24, 2016
What will we be talking about today?

Participants will be able to:

1) Describe the evolving primary health care sector in Canada, the current primary health care structure in Ontario, and potential opportunities for physiotherapists in Alberta.

2) Identify various primary health care physiotherapy business models

3) Examine an approach to determine how a physiotherapist can create value in the primary care sector in Alberta

4) Apply their learning so that they will be in a better position to partner/integrate/provide service with primary care networks in Alberta.
Thought experiment...

• Wicked question
  – What would happen if....
  – All of the Physiotherapists in Alberta disappeared tomorrow?
  – Hospitals imploded simultaneously?
  – A cure for X was discovered tomorrow?
How can I possibly succeed in this environment?

One potential **supplemental** approach

Watch for Signals  Understand Your Value  Search for Levers  Experiment with your Business Model

**DISCLAIMER:** This approach is meant to **supplement** any formal (business coaching) or informal (school of hard knocks!) training.
First, let’s start with a little context
Definition of primary care

- Primary care
- “The provision of integrated, accessible health care services by clinicians who are accountable for addressing a large majority of personal health care needs, developing a sustained partnership with patients, and practicing in the context of family and community.”
- Four main features of primary care services:
  - first-contact access for each new need;
  - long-term person- (not disease) focused care;
  - comprehensive care for most health needs; and
  - coordinated care when it must be sought elsewhere

Evidence for primary care “at the centre”

Load of evidence to support a health system oriented towards primary care at the centre

Some examples of findings over the decades:

- Improved health outcomes for patients who report a PC physician as primary contact as opposed to a specialist
- Patients who had “better” primary care experiences reported “better” health outcomes
- Increased supply of specialists = no effect or adverse affect on health outcomes

Family Health Teams in Ontario
Primary Care Networks in Alberta

**Alberta**
- Primary Care Networks
- Family Care Clinics

**Ontario**
- Family Health Teams (FHT)
- Family Health Groups (FHG)
- Family Health Orgs (FHO)
- Family Health Networks (FHN)
- Community Health Centres (CHCs)
- Aboriginal Health Access Centres (AHACs)
- Rural and Northern Physician Group Agreements (RNPGA)
- Blended Salary Models (BSMs) and others.
Preliminary analysis of the transition in Ontario...

Some of the key findings:
• Similar trends in emergency department (ED) use.
• Few differences in hospital admissions or readmissions
• Few differences in specialist visits
• Higher rates of cancer screening and diabetes care

Source: Glazier RH, Hutchison B, Kopp A. *Comparison of Family Health Teams to Other Ontario Primary Care Models, 2004/05 to 2011/12*. Toronto: Institute for Clinical Evaluative Sciences; 2015.
Community Rehabilitation Framework: A future state model to support equitable access for evolving population needs

- Wellness and health promotion services
- General Wellness Needs
- Specific Rehabilitation Needs
- Effective transitions
- Population with Rehabilitation & Wellness Needs
- Active Rehabilitation Programs
  - Rehabilitation to address needs post acute hospitalization
  - Rehabilitation to address acute needs in the community
  - Rehabilitation to address episodic, chronic needs

Assessment and navigation tools for clients and providers

Outreach programs for hard to serve populations

System enablers
Definition of Primary Health Care
Alberta Health

- **Primary health care**
  - is the **first place** people go for health care or wellness advice and programs, treatment of a health issue or injury, or to diagnose and manage a health condition.
  - includes all of the **services** in your community that support the day to day health needs of you and your family through **every stage of life**.
  - may include a **visit** to your family doctor, a **consultation** from a nurse practitioner, **advice** from a pharmacist or an **appointment** with a dietitian or **therapist**.
  - draws on the **expertise of many different providers** working together to support people and their families and recognizes that our health, wellness and quality of life are influenced by our economic, cultural and physical situations, and our spiritual beliefs.
  - includes a **range of services**, including a focus on wellness, and **connecting people with social supports** that influence their health status, such as housing or parental support.

Source: [http://www.health.alberta.ca/services/primary-health-care.html](http://www.health.alberta.ca/services/primary-health-care.html)
Start to understand the signals in your system
Start to understand the signals in your system

• Signal #1 – The Evolving Client/Clinician Relationship
• Signal #2 – Changing Accountability Structures/Payment Models
• Signal #3 – The Competitive “Red Zone”
Signal #1
The Evolving Client/Clinician Relationship
Client/Health Professional Relationship

Traditional Paradigm

Paradigm “Disruptors”
Signal #2
Changing Accountability Structures/Payment Models
Evolving Primary Health Care in Alberta

Letter from the Minister of Health

Good quality primary health care is the foundation for a healthier Alberta. It’s not as easy to point to as a new hospital or a research centre. Make no mistake, though: improving our primary health care system so that everyone has a home in the health system is critical. Unless we take action now, an Alberta where everyone is as healthy as they can be will remain an unattainable vision.

Why? Because we have over four million people living in the province now and within the next 20 years, another million is expected. The face of care is changing, too, away from treatment in hospitals to helping people manage chronic diseases in their daily lives. To improve how care is delivered and received, we have to organize our services better and harness the capacity of providers and of those in need of care.
Evolving Funding Models in Ontario

• **Patient Assignment**
  - Groupings of Ontarians will be formed based on geography, akin to the assignment of students within the public school system.

• **Funding**
  - Determined on a per capita basis, reflecting the demographics, geographic rurality of the population, socio-economic status, and projected health needs of its catchment population.

• **Accountability and Governance**
  - Each PCG holds an accountability agreement with the LHIN, renewed annually.
Signal #3
The Competitive “Red Zone”
What will the new competitive landscape look like?
Bring them all together

• Could some sort of combination of virtual and brick and mortar “medical home”/neighbourhood hub driven by client choice where they co-create value for each other cut down on ED visits?
An interesting supplemental read...

The State of the Union:

Trends and Drivers of Change in Physiotherapy in Ontario in 2014

Authors:
Janet Jones, M. Des
Kathleen Norman, PT, PhD
Spencer Saunders, M. Des
Understand your value
Value Creation and Value Capture
Providing value within the evolving client/health professional relationship

**Creating Value:** People come to you with a “job to be done” that they cannot do themselves. Helping them accomplish that job is the way that you create value.

"People don't want to buy a quarter-inch drill. They want a quarter-inch hole!“
Theodore Levitt, Harvard Business School

Source for “Job to be done”: Christensen, C. The Innovator’s Prescription.
What do clients/families want?
What jobs does she/he want done?

• I want to stay healthy.
• Once I’m unhealthy/don’t feel well, I want to know why.
• Once I know why, I want to know how to get back to being healthy.
• Once I’m healthy again, I want to know how I can stay healthy

And most importantly, I need all of these jobs done effectively, affordably, and conveniently.
## Value in the health care setting

Understanding the **cost of your service**, and your client’s **health outcomes**, will be absolute requirements for success today and tomorrow.

<table>
<thead>
<tr>
<th></th>
<th>Program A</th>
<th>Program B</th>
<th>Program C</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Client Satisfaction</strong></td>
<td>90%</td>
<td>90%</td>
<td>95%</td>
</tr>
<tr>
<td><strong>Key Health Outcome</strong></td>
<td>50% improvement</td>
<td>2% improvement</td>
<td>50% Improvement</td>
</tr>
<tr>
<td><strong>Cost of the Activity</strong></td>
<td>$5000</td>
<td>$5000</td>
<td>$8500</td>
</tr>
</tbody>
</table>
The Value Proposition Canvas

Source: Osterwalder et al. (2014). Value proposition design.
Search for Levers
Definition of a lever in our context

- A means of pressurizing someone into doing something (OED)
- So... you’ve started to read the signals, you’ve started to understand your value and decided on a course of action...
- So... what/who is out there in your complex environment that will help you achieve your purpose/objective?
- And.... what could be used to “lever” them, and what “levers” do they have at their disposal?
<table>
<thead>
<tr>
<th>SIMPLE</th>
<th>COMPLICATED</th>
<th>COMPLEX</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Baking a Cake</strong></td>
<td><strong>Sending a Rocket to the Moon</strong></td>
<td><strong>Raising a Child</strong></td>
</tr>
<tr>
<td>The recipe is essential.</td>
<td>Rigid protocols or formulas are needed.</td>
<td>Rigid protocols have a limited application or are counter-productive.</td>
</tr>
<tr>
<td>Recipes are tested to assure easy replication.</td>
<td>Sending one rocket increases the like lihood that the next will also be a success.</td>
<td>Raising one child provides experience but is no guarantee of success with the next.</td>
</tr>
<tr>
<td>No particular expertise is required, but experience increases success rate.</td>
<td>High levels of expertise and training in a variety of fields are necessary for success.</td>
<td>Expertise helps but only when balanced with responsiveness to the particular child.</td>
</tr>
<tr>
<td>A good recipe produces nearly the same cake every time.</td>
<td>Key elements of each rocket must be identical to succeed.</td>
<td>Every child is unique and must be understood as an individual.</td>
</tr>
<tr>
<td>The best recipes give good results every time.</td>
<td>There is a high degree of certainty of outcome.</td>
<td>Uncertainty of outcome remains.</td>
</tr>
<tr>
<td>A good recipe notes the quantity and nature of the &quot;parts&quot; needed and specifies the order in which to combine them, but there is room for experimentation.</td>
<td>Success depends on a blueprint that directs both the development of separate parts and specifies the exact relationship in which to assemble them.</td>
<td>Can’t separate the parts from the whole; essence exists in the relationship between different people, different experiences, different moments in time.</td>
</tr>
</tbody>
</table>

It’s all about matching!

So what are the key levers in your system?

- A tool that you can use is a Stakeholder Analysis Framework
- In order to identify levers in a “complex” environment, ask yourself some “out of the box questions”

**Step 1** - Frame the Problem/Opportunity
For example: I want to build the pre-eminent sports science facility in the country

**Step 2** - Identify your Key Stakeholders

**Step 3** – Ask yourself some thought provoking questions

**Step 4** – Answer your questions!
Sample Stakeholder Analysis

• Some potential key questions for each stakeholder
  – Opening a new sports complex means...
    • In other words, what is their viewpoint of the problem/opportunity
  – What is their unspoken belief?
  – What do they value?
  – What is their definition of success?
  – What is their source of power/influence
  – What are their levers?
## Sample Stakeholder Analysis

<table>
<thead>
<tr>
<th></th>
<th>Physicians</th>
<th>Federal Government</th>
<th>Google</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Improving health vs. curing disease means....</strong></td>
<td>- Challenging the way I think about health</td>
<td>- Potentially re-orienting the health system away from a “fix it” mentality towards a “prevent it” framework</td>
<td>- Making information more accessible to the public so people can make independent health decisions</td>
</tr>
<tr>
<td><strong>Values</strong></td>
<td>- Want what is best for the patient</td>
<td>- Re-election</td>
<td>- Generate profits for shareholders</td>
</tr>
<tr>
<td></td>
<td>- Provide equitable access to all my patients</td>
<td>- Fair and equitable allocation of health resources</td>
<td>- Attempting to connect people around the world</td>
</tr>
<tr>
<td></td>
<td>- Strive to stay up to date of the latest medical innovations</td>
<td>- Adherence to the Canada Health Act</td>
<td>- Creative innovative platforms to facilitate information gathering and communication in many different formats</td>
</tr>
<tr>
<td><strong>Definition of success</strong></td>
<td>- All my patients live long and healthy lives</td>
<td>- Re-election</td>
<td>- Healthy profit margins</td>
</tr>
<tr>
<td></td>
<td>- Providing high quality patient care</td>
<td>- Healthy populations in all socio demographic groups</td>
<td>- Providing communication solutions in a variety of settings</td>
</tr>
<tr>
<td></td>
<td></td>
<td>- High quality, cost efficient care being provided across the nation</td>
<td></td>
</tr>
<tr>
<td><strong>Viewpoint of the a Problem</strong></td>
<td>- I know I need to help prevent disease, but I don’t really know how</td>
<td>- I know we should help prevent disease, but health is a provincial jurisdiction</td>
<td>- People tell me preventing disease is a good idea, so we can help link the key stakeholders along the care continuum</td>
</tr>
<tr>
<td><strong>Source of power/influence</strong></td>
<td>- Knowledge power,</td>
<td>- Holder of the funds through transfer payments to the provinces</td>
<td>- Technical expertise in providing platforms for integrated communication solutions</td>
</tr>
<tr>
<td></td>
<td>- Perceived as health experts</td>
<td>- Can mandate changes to the health system through legislation and/or fund allocation</td>
<td></td>
</tr>
<tr>
<td><strong>Levers</strong></td>
<td>- Health decision influencer</td>
<td>- Transfer payments to provinces</td>
<td>- Largest information gatherer</td>
</tr>
<tr>
<td></td>
<td>- Political power</td>
<td>- Tax system, including potential decreases and/or incentives</td>
<td>- Reputation an innovative company</td>
</tr>
<tr>
<td></td>
<td>- Can use influence, power, and numbers to collectively bargain</td>
<td>- “Fast tracking” drug approval</td>
<td>- Deep understanding the “ne information channels and pathways”</td>
</tr>
</tbody>
</table>
Experiment with your Business Model
Definition of a Business Model

• A business model describes the *rationale* of how an organization creates, delivers, and captures value

• **Rationale**: A set of reasons or a logical basis for a course of action.

Christensen’s Health Care
Business Models

Solution Shops

Value-Adding Process Businesses

Facilitated User Networks
# Business Model – Solution Shop

## Solution Shop

### Description
Solution shops are institutions built to diagnose and solve unstructured problems.
Examples: Consulting firms, law firms, academic tertiary level hospitals

## Domain

<table>
<thead>
<tr>
<th></th>
<th>Oncology Clinic in a Tertiary Level Hospital (Solution Shop Example)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Value Proposition</strong></td>
<td>Helping the client/family understand what the problem is, what is causing it, and what I can do to correct it.</td>
</tr>
<tr>
<td><strong>Processes</strong></td>
<td>Individualized assessment procedures dependent on client and circumstances, clearly outlined multidisciplinary roles and responsibilities</td>
</tr>
<tr>
<td><strong>Resources</strong></td>
<td>Highly trained medical oncologist, specialized nurses, medical imaging equipment and specialized staff, administrative staff, clinic space</td>
</tr>
<tr>
<td><strong>Profit/Break Even Formula</strong></td>
<td>Balancing LHIN funding, OHIP coverage, and demand for services</td>
</tr>
</tbody>
</table>

Business Model – Value-Adding Process Businesses

Value-Adding Process Businesses

Description
Transform inputs of resources, such as people, equipment, raw materials, energy, and capital, into outputs of greater value. Examples: Restaurants, specialized surgical centres (Shouldice clinic)

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<tr>
<th>Domain</th>
<th>Oncology Clinic in a Tertiary Level Hospital (Solution Shop Example)</th>
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<tr>
<td>Value Proposition</td>
<td>Helping the client/family fix his/her problem effectively, affordably, and conveniently once the problem has been diagnosed.</td>
</tr>
<tr>
<td>Processes</td>
<td>Specific attention to building repeatable processes to optimize quality, safety and predictable outcomes.</td>
</tr>
<tr>
<td>Resources</td>
<td>Combination of highly trained staff and technicians, identically designed clinical spaces, standard intake and discharge procedures</td>
</tr>
<tr>
<td>Profit/Break Even Formula</td>
<td>Focus on operational excellence and execution, low cost materials where possible, etc</td>
</tr>
</tbody>
</table>

## Business Model – Facilitated User Networks

<table>
<thead>
<tr>
<th>Facilitated User Networks</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Description</strong></td>
</tr>
<tr>
<td>User networks are enterprises in which the same people buy and sell and deliver and receive things to and from each other. Examples: Ebay, Weight Watchers</td>
</tr>
</tbody>
</table>

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<tr>
<th>Domain</th>
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<tr>
<td>Value Proposition</td>
<td>A system of users established to help the client/family understand what is wrong and what needs to be done to fix his/her problem effectively, affordably, and conveniently.</td>
</tr>
<tr>
<td>Processes</td>
<td>Process built around the ability to facilitate the effective operation of the network and its user transactions.</td>
</tr>
<tr>
<td>Resources</td>
<td>Network infrastructure, significant IT infrastructure,</td>
</tr>
<tr>
<td>Profit/Break Even Formula</td>
<td>Revenue generation from facilitating connections balanced against the cost of operating the network</td>
</tr>
</tbody>
</table>

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What does this mean for me?

- Essentially, what Christensen argues is that within these business model categories, the value one creates comes from its resources, its processes, or the platform itself.
- It raises some interesting questions... what, if any, part(s) of our businesses create value from its processes/platforms rather than its resources?
- Has our almost exclusive focus on creating value through resources blinded us from creating value from our processes and platforms?
- What are the implications for organizations who do not have their eyes on “the job to be done”, but rather structures their organizations around its resources?
Perhaps more precision could be useful....

• Osterwalder – Business Model Canvas
• Nine basic building blocks that show the logic of how a company intends to create value
• Covers the four main areas of a business:
  – Clients, products/services, infrastructure, and financial viability

### Business Model Canvas – Osterwalder and Pigneur (2010)

<table>
<thead>
<tr>
<th>Key Partners</th>
<th>Key Activities</th>
<th>Value Proposition</th>
<th>Customer Relationships</th>
<th>Customer Segments</th>
</tr>
</thead>
<tbody>
<tr>
<td>8</td>
<td>7</td>
<td>2</td>
<td>4</td>
<td>1</td>
</tr>
<tr>
<td>Network of suppliers and partners that make the business model work</td>
<td>Most important things a company must do to make its business model work</td>
<td>Bundle of services that create value for a specific CS</td>
<td>Types of relationships an enterprise establishes with specific CS’s</td>
<td>Different groups of people an enterprise aims to reach and serve</td>
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<table>
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<tr>
<th>Key Resources</th>
<th>Channels</th>
<th>Revenue Streams</th>
</tr>
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<tbody>
<tr>
<td>6</td>
<td>3</td>
<td>5</td>
</tr>
<tr>
<td>Most important assets required to make the business model work</td>
<td>How an enterprise communicates with and reaches its CS to deliver its VP</td>
<td>Cash an enterprise generates from each CS</td>
</tr>
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<table>
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<tr>
<th>Cost Structure</th>
<th>9</th>
</tr>
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<tbody>
<tr>
<td>All costs incurred to operate the business model</td>
<td></td>
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</table>
Let’s try this on...

• Who are your “customer segments”/clients?
  – For whom are you creating value?
  – Who are your most important customers?

• What value to you create for/with your customers/clients?
  – Which one problem/issue are you helping to solve?
## Application to the Physiotherapy World

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INJURED INDIVIDUALS

PHYSIOTHERAPY SERVICES

TRANSACTIONAL FEES PAID BY INJURED INDIVIDUALS

PHYSICIANS AND SURGEONS

PROBLEM SOLVING PROFESSIONAL DEVELOPMENT, MARKETING,

HEALTH HUMAN RESOURCES, EQUIPMENT, SPACE

BRICK AND MORTAR CLINIC

STAFFING, EQUIPMENT, LEASE, MARKETING COSTS

FEES PAID BY INJURED INDIVIDUALS

“Next Door Neighbour” Clinic
Helping You Stay Healthy Inc.

**Key Partners**

**SPECIALISTS**

**VITAL NETWORK EXPERTS**

**Key Activities**

RELATIONSHIP MANAGEMENT, CONTENT CREATION, COMMUNITY ENGAGEMENT

**Value Proposition**

HELP KEEP PEOPLE HEALTHY

CONTRIBUTE TO EMPLOYEE ENGAGEMENT

**Customer Relationships**

LIFELONG RELATIONSHIP

**Channels**

BRICK AND MORTAR CLINICS

“VIRTUAL VISITS”

**Cost Structure**

CONTENT CREATION, NETWORK UPKEEP/UPGRADES, CONTRACT/RELATIONSHIP MGMT

**Revenue Streams**

MEMBERSHIP FEES

EMPLOYER CONTRACTS

HEALTH CONSCIOUS WAGE EARNERS

SOCIALEY AWARE EMPLOYERS
Helping You Stay Healthy Inc.

Key Partners
SPECIALISTS
VITAL NETWORK EXPERTS

Key Activities
RELATIONSHIP MANAGEMENT, CONTENT CREATION, COMMUNITY ENGAGEMENT

Key Resources
HHR, CONTENT AND AGREEMENTS, VIRTUAL VISIT PLATFORM

Value Proposition
HELP KEEP PEOPLE HEALTHY

Customer Relationships
LIFELONG RELATIONSHIP

Customer Segments
HEALTH CONSCIOUS WAGE EARNERS

Helping You Stay Healthy Inc.

MEMBERSHIP FEES
EMPLOYER CONTRACTS

CONTENT CREATION, NETWORK UPKEEP/UPGRADES, CONTRACT/RELATIONSHIP MGMT

Cost Structure

Revenue Streams

LIFELONG RELATIONSHIP

VIRTUAL VISITS

“VIRTUAL VISITS”

BRICK AND MORTAR CLINICS

WORKSHOPS

SPECIALLY AWARE EMPLOYERS
Possible Alternatives for PTs in the Primary Care Space

Freelance
Value adding process

Partner
Solution Shop

Embed
Integrate with one PCN
So now what??!!??

Step 1: Consider if this supplemental approach could help your practice/clinic/organization.

Step 2: Think deeply about your clients’/customers’ jobs to be done, the value you are contributing to your neighbourhood, and the levers that exist in your community.

Step 3: Sketch out your customer segments and the value proposition you are currently offering them.

Step 4: Experiment with your business model – what unmet needs are currently out there?
Any questions... would be great to chat

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