CLAYTON CHRISTENSEN AND SINGAPORE'S HEALTHCARE SYSTEM

By Dr Jeremy Lim, Editorial Board Member

Why should we care about another business school guru writing about reforming healthcare? Because this professor is Clayton Christensen, the author of 'The Innovator's Prescription: A Disruptive Solution for Health Care' which Minister for Health Khaw Boon Wan has called one of the most insightful and practical books he has ever read. Hospital leaders are furiously buying up copies of the book for their staff to read and one key concept in the book of paying for outcomes is already being negotiated with the public hospitals for certain diseases. Finally, Professor Christensen is also a member of the Research, Innovation and Enterprise Council in Singapore (chaired by PM Lee Hsien Loong) which sets the national agenda for innovation.

If one is not particularly inclined to plough through Christensen's book which he co-authored with a physician and a hospital CEO, permit me to share the main thesis in a much simplified and admittedly somewhat simplistic fashion.

Building on concepts from his previous work on "Market understanding that mirrors how customers experience life", Christensen describes the notion of a 'job' which customers hire products or services for. Hence the milkshake which in the morning serves to alleviate the boredom of a long drive to work without messing up the car is also the milkshake which in the afternoon is the balm to soothe the guilty father's conscience when he purchases one for his children. In the first instance, the job the milkshake is hired for needs a thicker milkshake punctuated by bits of fruit or nuts to increase the excitement quotient. In the second, the milkshake is a convenient penance and the milkshake should be less viscid so that the gleeful child can gulp it down as quickly as possible and spare the father an agonising wait. Making the job easier or simpler to do, Christensen says, can increase 'success' by as much as 30-70 per cent.

3 'Jobs' for the Healthcare System

Bringing this insight into healthcare, Christensen argues that the job that patients hire the health system for can be conceptualised in three main categories: To find out what is wrong (Diagnosis), to get fixed (Treatment) and to live as normally as possible with a chronic disease (Disease Management). He further stresses the point that hospitals and healthcare providers today try to do all three simultaneously in the same structure and this is responsible for much of the inefficiencies and consequent high costs.

Photo credit: Prof Clayton Christensen

Christensen then goes further to encourage healthcare providers to disaggregate their resources and re-assemble them into three groupings to do the three jobs separately that patients hire health systems for. Finding out what is wrong is a 'Solution Shop' conceptually not dissimilar to a management consultancy and requires the best and most innovative minds from multiple disciplines working together. Fixing the identified problem (usually surgically) is then a role that 'Value Adding' providers should embrace using modern management tools such as Lean and Six Sigma to drive out inefficiencies and minimise expensive variance. Finally, Disease Management is best done by a 'Network' of providers, actively involving the patients themselves and Christensen holds up Kaiser Permanente California as the closest real-life example of his ideal provider.

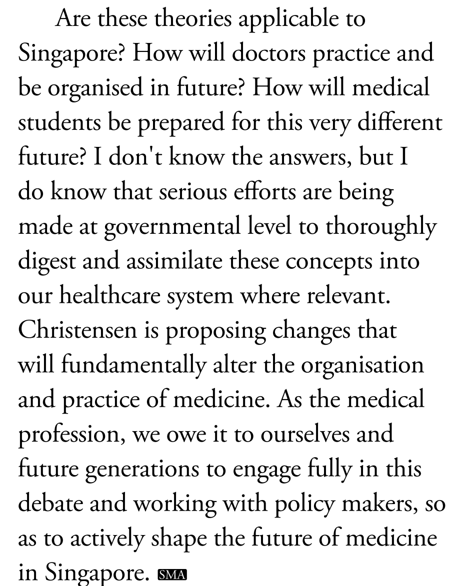
However, re-organisation of the health system in this manner would be short-lived without reform of healthcare financing and Christensen urges different models for the three. The 'Solution Shop' should be reimbursed on a 'fee-for-service' model, the 'Value Adding' provider funded on a 'fee-for-outcome' and the 'Network' reimbursed on a capitated model (fixed payment per enrollee into the practice).

Christensen argues that when the diagnosis is unclear, a 'fee-for-service' model, while expensive upfront, will encourage multiple specialists to work together to pinpoint the correct diagnosis and identify the appropriate

treatment. A precise diagnosis will allow targeted therapy and obviate a trial and error approach, ultimately saving many dollars in the long run. A 'fee-for-outcome' system on the other hand, once the diagnosis is certain with providers absorbing the costs of complications, forces careful selection, pre-operative optimisation and meticulous post-operative care. Finally, in a 'Network' funded on a capitation model, providers are paid regardless of whether patients consume healthcare resources. They hence will be incentivised to keep costs low, to innovate with physician extenders, tele-medicine initiatives and so on to keep patients healthy and out of expensive outpatient clinics and away from even more expensive hospital beds.

SOME OF CHRISTENSEN'S KEY IDEAS

'Job' the Health System is Hired For	Delivery of Care Organisation	Financing Model
Diagnosis	'Solution Shop'	Fee-for-Service
Treatment (Usually procedural)	'Value Adding'	Fee-for-Outcome
Chronic Disease Management	'Network'	Capitation



Are these theories applicable to Singapore? How will doctors practice and be organised in future? How will medical students be prepared for this very different future? I don't know the answers, but I do know that serious efforts are being made at governmental level to thoroughly digest and assimilate these concepts into our healthcare system where relevant. Christensen is proposing changes that will fundamentally alter the organisation and practice of medicine. As the medical profession, we owe it to ourselves and future generations to engage fully in this debate and working with policy makers, so as to actively shape the future of medicine in Singapore. SMA

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Dr Jeremy Lim is Director, Research and Education in the Singapore Health Services and leads the health services research programme for the cluster. This commentary is contributed in his personal capacity.