Articulating Your Value Proposition

Value-Based Payment
Practice Transformation Academy
What We’ll Cover

- What is a value proposition?
- Understanding customer segments
- How to craft a value proposition
What is a Value Proposition?
What is a Value Proposition?

- A positioning statement explains what benefit you provide, who benefits, and how you do it uniquely well.

- It describes your target buyer, the problem you solve and why you are distinctly better than the alternative.

- Should show relevancy, quantified value and unique differentiation.
Your value proposition should answer the following questions:

- What population(s) is your organization serving?
- What is the benefit of your services to the community? To the Legislature? To HCA?
- What makes your services unique and different?
- How does this solve a problem for your payer?
What population is your organization serving?

- Analysis through risk stratification
- Development of care pathways
- The cost of your services
- Care management for your patient populations
What is the benefit of your services to the community?

- Identify the gaps in the system of care in your community
- Identify your partners in your community
- Assess for your primary referral sources
What makes your services unique and different?

- Benchmark progress toward improved clinical outcomes
- Benchmark progress toward driving down costs
- Incorporate a lean approach to operations
- Accessibility
- Responsiveness to social determinants of health
How does this solve a problem for your payer?

• Your value proposition should be in the language of your payer

• Assess your payer’s pain points

• Research instances where your target payer organization has implemented value-based contracts in the past

• Consider policy context including fully integrated managed care, Healthier Washington Medicaid Transformation, and value-based payment goals
Customer Segmentation
In behavioral health, there are 4 main types of customers we typically focus on:

- Consumers of services
- Payers of services (Apple Health: Amerigroup, Community Health Plan, Coordinated Care, Molina Healthcare, United Healthcare)
- Community partners in the delivery of services
- State purchaser, which in WA is the Health Care Authority
Customer Segment #1: Consumers

Consumers can be segmented by:
- Demographics (age, sex, income, education)
- Geography
- Health conditions/needs
- Sociocultural factors
- Combinations of the above
Customer Segment #2: Payers

Payers can be segmented by:

- State/local governments
- Foundations and other philanthropy
- Apple Health MCOs
- Commercial Insurance
Customer Segment #3: Community Partners

Community Partners can be segmented by:

- Geography/Proximity
- Service
- Population
- Size
- Resources
- Affinity Factors
- Competitive Factors
You can create value for a Customer Segment by better understanding that Customer Segment’s needs.

The value you deliver may be:
- Quantitative
- Price
- Speed of access to services
- Performance & clinical outcomes
- Qualitative
- Program/Service design
- Customer experience

...Or a combination of benefits
“Value” is Defined by Customers

• “Accessibility”, for example, may mean:
  • To Consumers:
    – Same-day access to onsite services
    – Evening/weekend
    – 24/7 access to virtual services via personal device
  • To Payers:
    – 7 day and 30 day Follow Up After Hospitalization (FUH) HEDIS measures
    – 24/7 access line
    – Mobile, in-home visit within 2 days following a hospitalization
  • To Community Partners:
    – Rapid response to referrals
    – On-demand tele-psych consultations to PCPs
    – Care coordination embedded in EDs
Other Ways to Create Value to Customers

- **Customization:** Tailoring products or services to specific customer segments or customer needs
- **Convenience:** Making services easier and more convenient to use
- **Risk Reduction:** Reducing risk of underperforming via accreditation, quality management, shared risk, and performance guarantees
- **Design:** Differentiating your service with design that better integrates the needs of people & the possibilities of technology
- **Newness:** Solving problems customers haven’t yet thought of
- **Price:** Similar value at reduced cost
Infrastructure Needs Required to Manage VBP Contracts Successfully

<table>
<thead>
<tr>
<th>Governance and Organization</th>
<th>Provider Engagement</th>
<th>Care Coordination/Management</th>
<th>Population Health Management</th>
<th>Links to Social Determinants of Health</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Leadership buy-in and organizational vision</td>
<td>- Provider network identification and engagement</td>
<td>- Coordination across specialties and sites of care</td>
<td>- Data aggregation</td>
<td>- Member social needs assessment</td>
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<td>- Workforce development</td>
<td>- Referral management</td>
<td>- Comprehensive care plans</td>
<td>- Ability to define patient sub-populations based on evidence-based methods</td>
<td>- Knowledge of available services and organizations</td>
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<td>- Effective practice management system</td>
<td>- Engagement with and links to non-physician staff/organizations</td>
<td>- Patient engagement</td>
<td>- Patient stratification</td>
<td>- Integration into clinical and care management protocols</td>
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<td>- Revenue cycle management</td>
<td>- Co-location (if applicable)</td>
<td>- Evidence-based case management</td>
<td>- Data exchange</td>
<td>- Social services referral staff/programs</td>
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<tr>
<td>- Performance management</td>
<td>- Performance feedback and management</td>
<td></td>
<td>- Performance monitoring</td>
<td></td>
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<tr>
<td>- Legal evaluation, contract management</td>
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<td></td>
<td>- Link to care coordination/management approaches</td>
<td></td>
</tr>
<tr>
<td>- Change management</td>
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How to Craft a Value Proposition
5 Steps to Crafting a Value Proposition

1. Understand your organization
2. Understand your customers
3. Prioritize customer segments
4. Draft value propositions by target customer segment
5. Develop go-to-market strategies, with clear value propositions designed for target customers
Step 1: Understand Your Organization

There are 2 key components to an internal strategic analysis—the starting point to crafting a Value Proposition:

- Organizational Capabilities Review
- Organizational Strategy Review
Organizational Capabilities Review: Key Questions

An internal analysis of strengths asks:

- What do we do really well?
- What are we most known for?
- What can we do that others can’t?
- What can we leverage to do something new?
- How can we deliver exceptional customer experience?
Organizational Strategy Review

To start, it’s important to revisit your...
- Service line offerings
- Payer mix
- Target populations

...and make any necessary adjustments for today’s market needs
An internal strategic analysis explores:

• Where do we play?
• How do we win?
• What’s our potential?
• What are our risks?
• How will we move forward?
Step 2: Understand Your Customers

A Customer Analysis Asks:

- What does the overall BH Market look like?
- What does the BH Market in our state/region look like?
- Who are our potential target customers & what are their key characteristics?
- What do they value?
- What are their needs, requirements & preferences?
- Can we help solve a problem, or help them compete?
Step 3: Prioritize Customer Segments

- Identify the most attractive customer segments
- Understand their needs
- Design a better value proposition than the competition
How to Prioritize Customers

- First, add each customer group as a column in a spreadsheet
- Assign each group a value of 1-3 (1 = low, 3 = high) for the following criteria:
  - Market Size
  - Strategic Fit
  - Service Fit
  - Financial Opportunity
  - Capabilities
  - Accessibility
- Multiply the scores together and sort them from highest score to lowest
- Start testing hypotheses with the highest scoring segment, and work your way down until you’ve found your focus
### Prioritizing Customer Segments Example

<table>
<thead>
<tr>
<th>Criteria</th>
<th>Customer A</th>
<th>Customer B</th>
<th>Customer C</th>
</tr>
</thead>
<tbody>
<tr>
<td>Market Size</td>
<td>3</td>
<td>3</td>
<td>2</td>
</tr>
<tr>
<td>Strategic Fit</td>
<td>3</td>
<td>3</td>
<td>3</td>
</tr>
<tr>
<td>Service Fit</td>
<td>3</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Financial Opportunity</td>
<td>1</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Capabilities</td>
<td>2</td>
<td>2</td>
<td>1</td>
</tr>
<tr>
<td>Accessability</td>
<td>3</td>
<td>3</td>
<td>1</td>
</tr>
<tr>
<td><strong>Total Score (multiplied)</strong></td>
<td><strong>162</strong></td>
<td><strong>216</strong></td>
<td><strong>24</strong></td>
</tr>
</tbody>
</table>

#### Highest to Lowest

- Customer B
- Customer A
- Customer C
Step 4: Craft Value Propositions by Segment

Crafting your Value Propositions:

- Identify attractive target customers
- Design value propositions tailored to those target customers & your organization’s strengths
Value Proposition Template: Example 1

- For (target customers)...
- Who are dissatisfied with (the current alternative)
- Our service is a (new model)
- That provides a (key problem-solving capability)
- Unlike (the current alternatives)
Customer: ________ (who your customer is).

Problem: ________ (what problem you’re solving for the customer).

Solution: ________ (what is your solution for the problem).
Step 5: Develop Your Go-to-Market Strategy

Customer & Market Intelligence

Value Proposition Definition

“Offering”
As leaders, our primary job is to discover our value proposition and devise an optimal go-to-market strategy that delivers our products/services (our solutions) to people (the market).

A Go-to-Market Strategy is the process of getting market feedback, refining our design, prioritizing, communicating, pricing and delivering a unique value proposition to target markets.
Be sure that your Value Proposition…

- Is based on what the customer perceives will add value
- Aligns with your organizational strategy
- Is something that your organization can really deliver to the customer
- Clearly & persuasively describes your approach and benefits
- Differentiates you from alternatives
Next Steps

• Use the guidance to begin articulating your value proposition for your target customers

• Next Webinar:
  – Understanding What Payers Want: The Health Plan Perspective on Value-Based Payments
    • Tuesday, May 15, 2018
    • 11:30-12:30pm PT
Thank you!

Questions? Contact Joan Miller
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