

Radiology's Value Proposition

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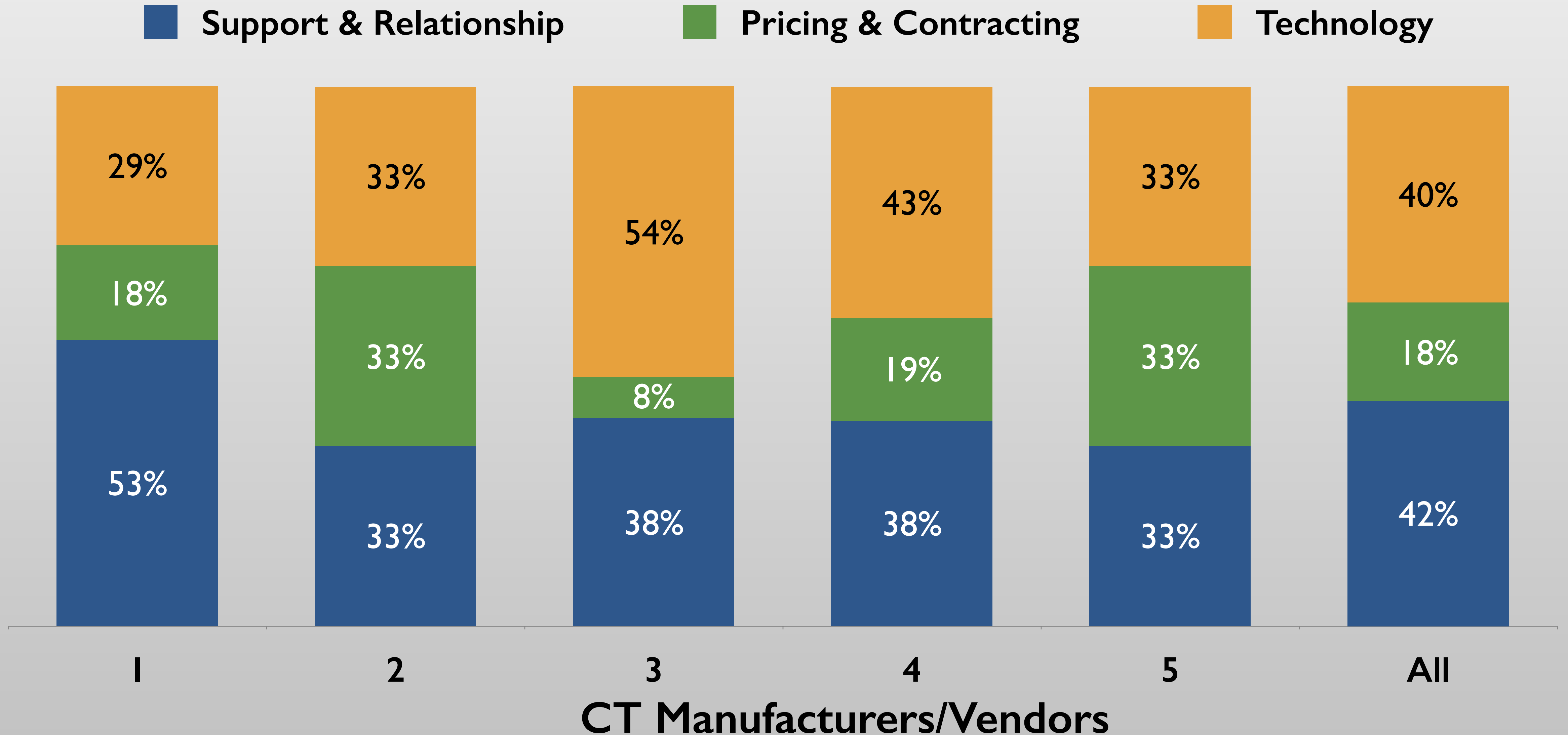
What is Value Proposition?

- **A promise of value to be delivered.**
- **An innovation, service, or feature intended to make a company or product attractive to customers.**
- **A belief from the customer about how value (benefit) will be delivered, experienced and acquired**

Which is most Beautiful

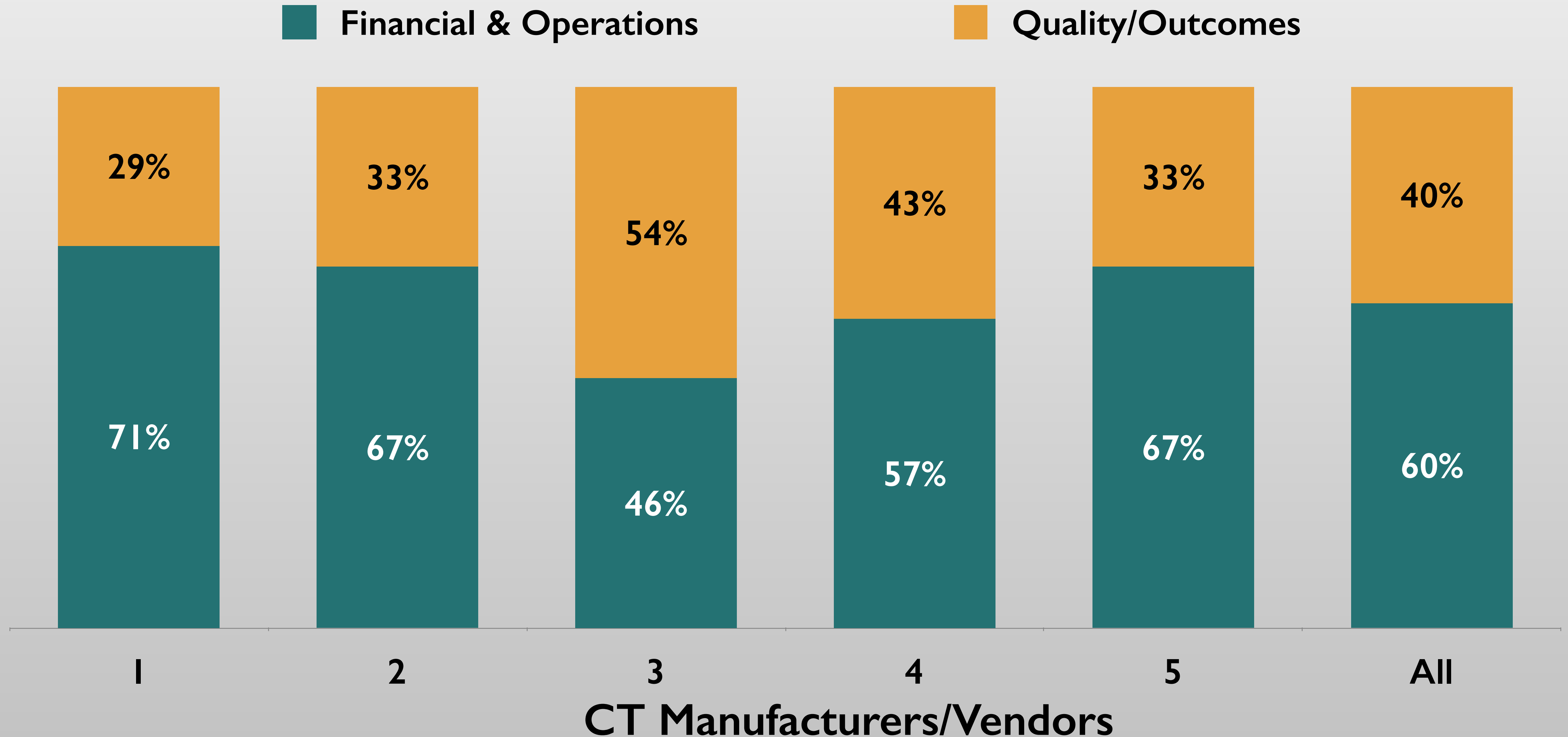


Reasons for Increasing Future Purchasing of CT



Adapted from KLAS, Jan 2017

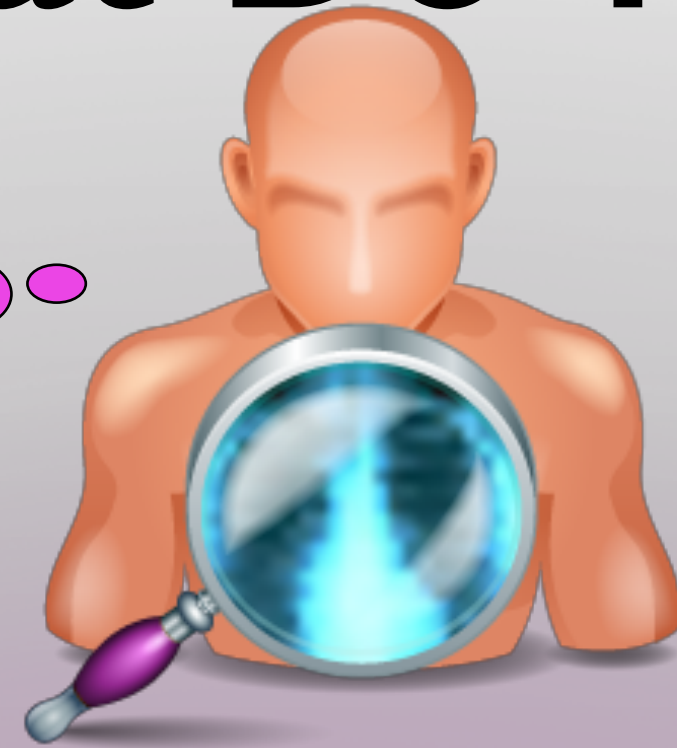
Reasons for Increasing Future Purchasing of CT



Adapted from KLAS, Jan 2017

What Do They All Want?

High quality
Satisfied referrers
Excellent workplace
Income



Radiology

Engaged MDs
Full house, Short LoS
Strong public rankings
High bond rating



Hospital

Useful information
Quick decision
Healthier patients



Referrer



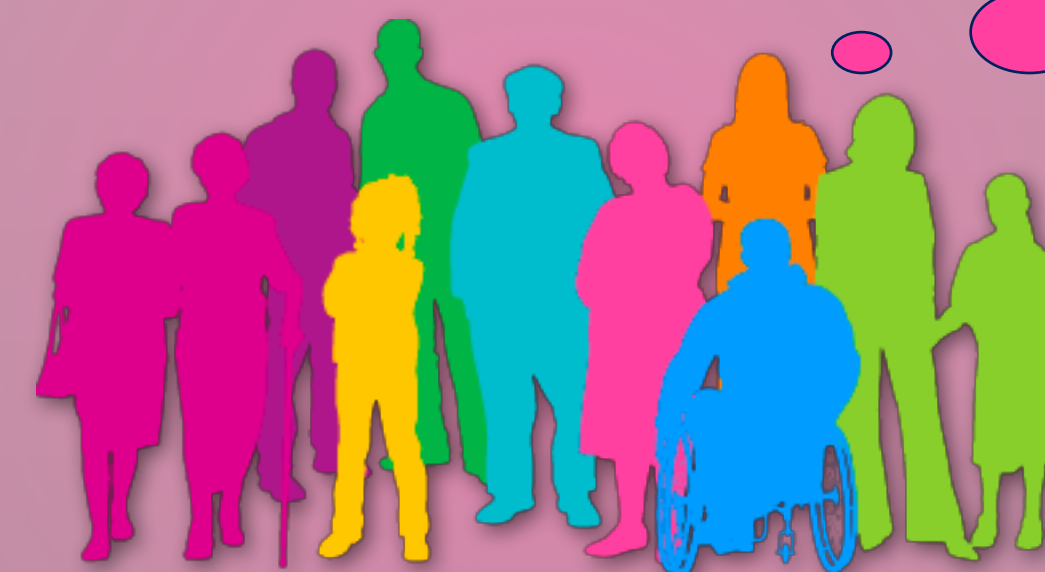
Patient

Get better
Doesn't hurt
Won't go broke



Payer

Cost effective care
Predictable expenses



Society

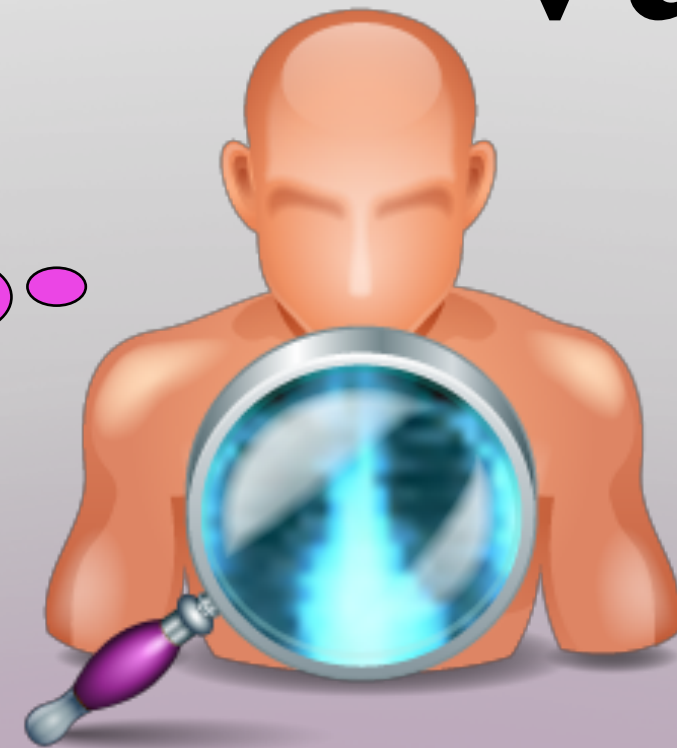
Lower Taxes
Appropriate
Coverage
???

Internal

Values

External

High quality
Satisfied referrers
Excellent workplace
Income



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Hospital

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Referrer



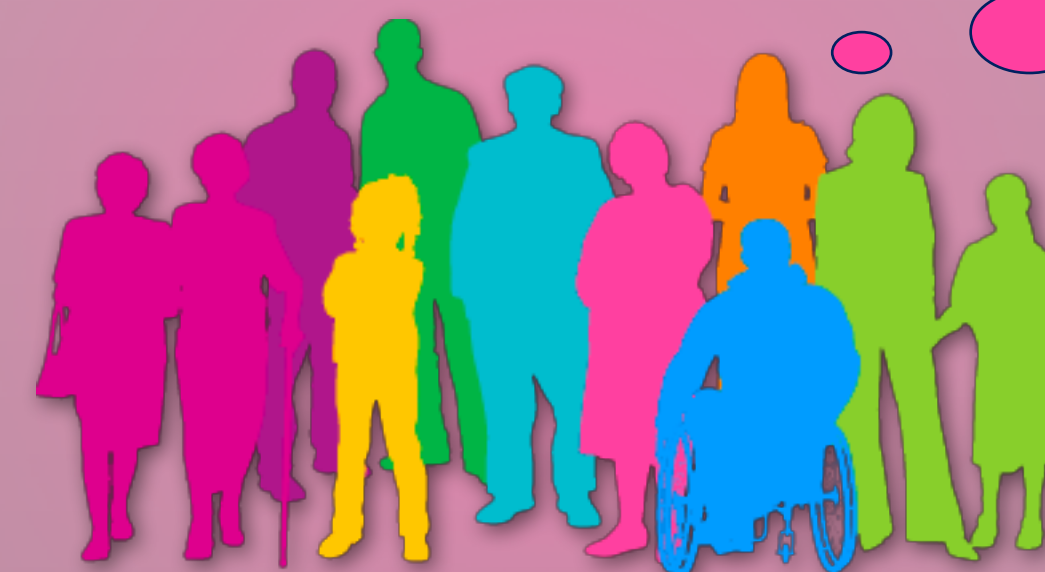
Patient

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Payer

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Society

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???

Internal Values All Want External



Our Values

<https://corporate.dukehealth.org/who-we-are/mission-vision>

Duke Health

Excellence	Integrity	Teamwork	Respect	Innovation
				
Duke University Health System	School of Medicine	School of Nursing	Duke-NUS Medical School	
Caring for our patients, their loved ones and each other.	Excellence in education, research and patient care	Excellence	Passion for a Cause	
Excellence	Respect for and inclusion of people from all backgrounds	Integrity	Collaboration & Teamwork	
Safety	Commitment to service, solving real world problems	Collaboration	Innovation & Creativity	
Integrity	Sense of urgency in transforming discoveries into improved human health	Respect	Diversity & Respect	
Diversity		Innovation	Professional Conduct	
Teamwork		Diversity & Inclusiveness		

Referrer

Society

High quality
Satisfied refe
Excellent wor
Income

Engaged M
Full house, Sho
Strong public ra
High bond ra

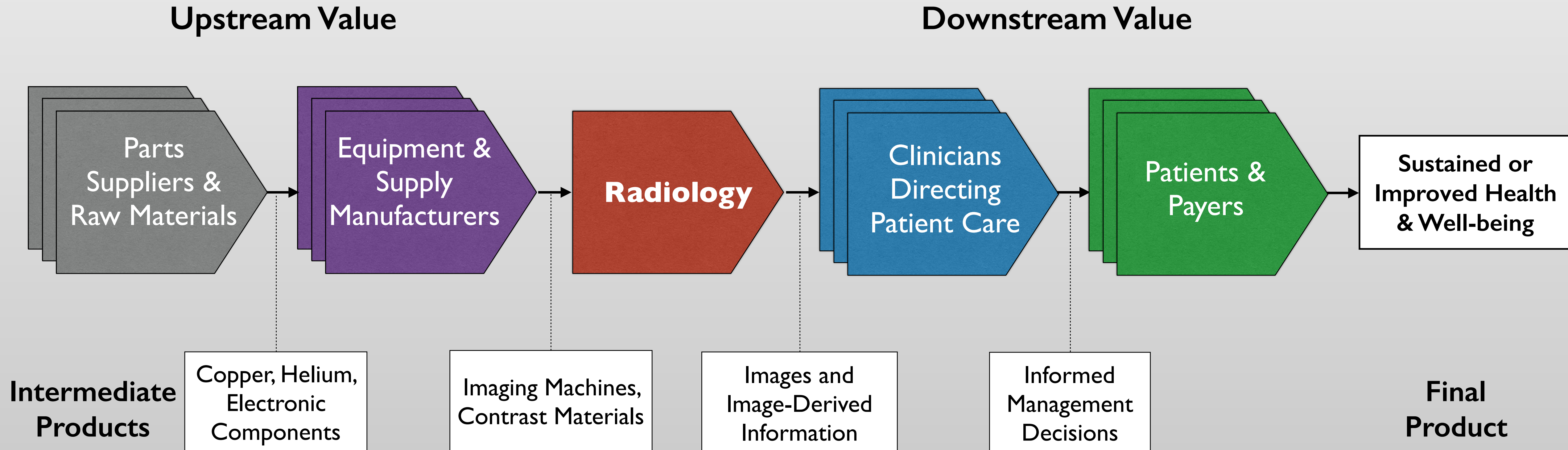
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effective care
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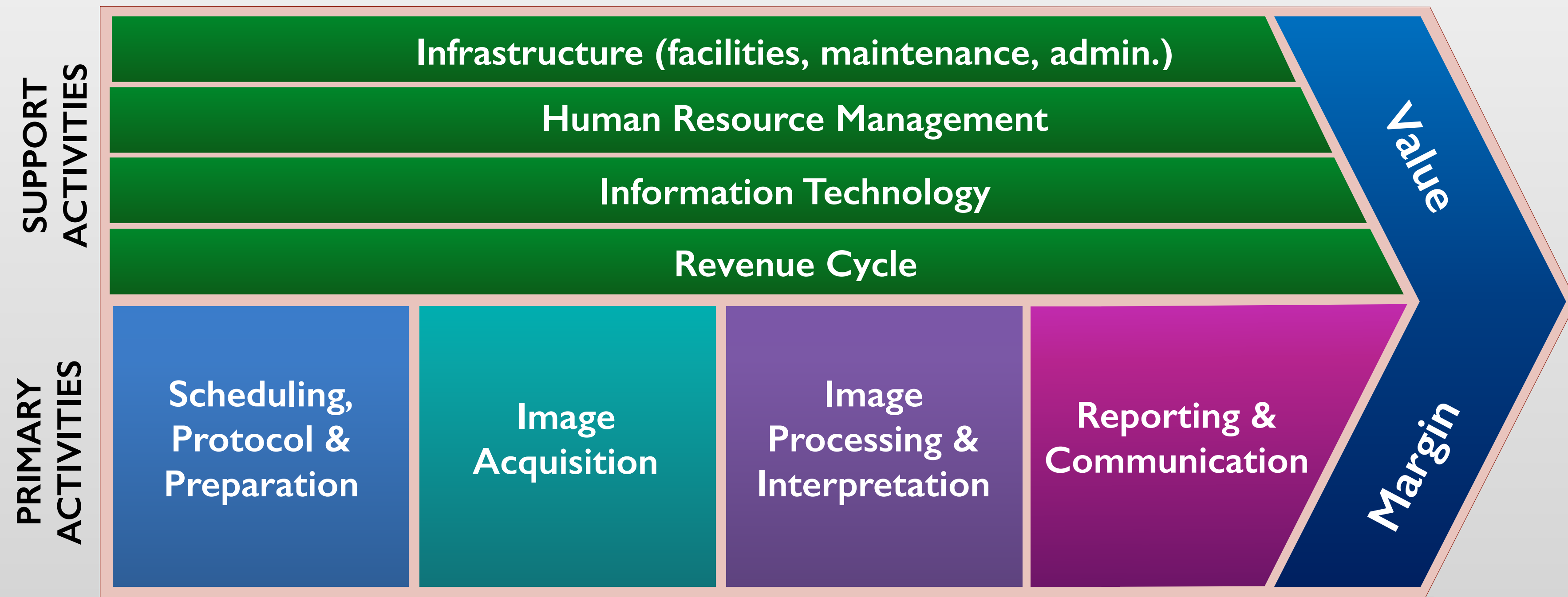
Lower Taxes
Appropriate
Coverage
???

Imaging Value Chain



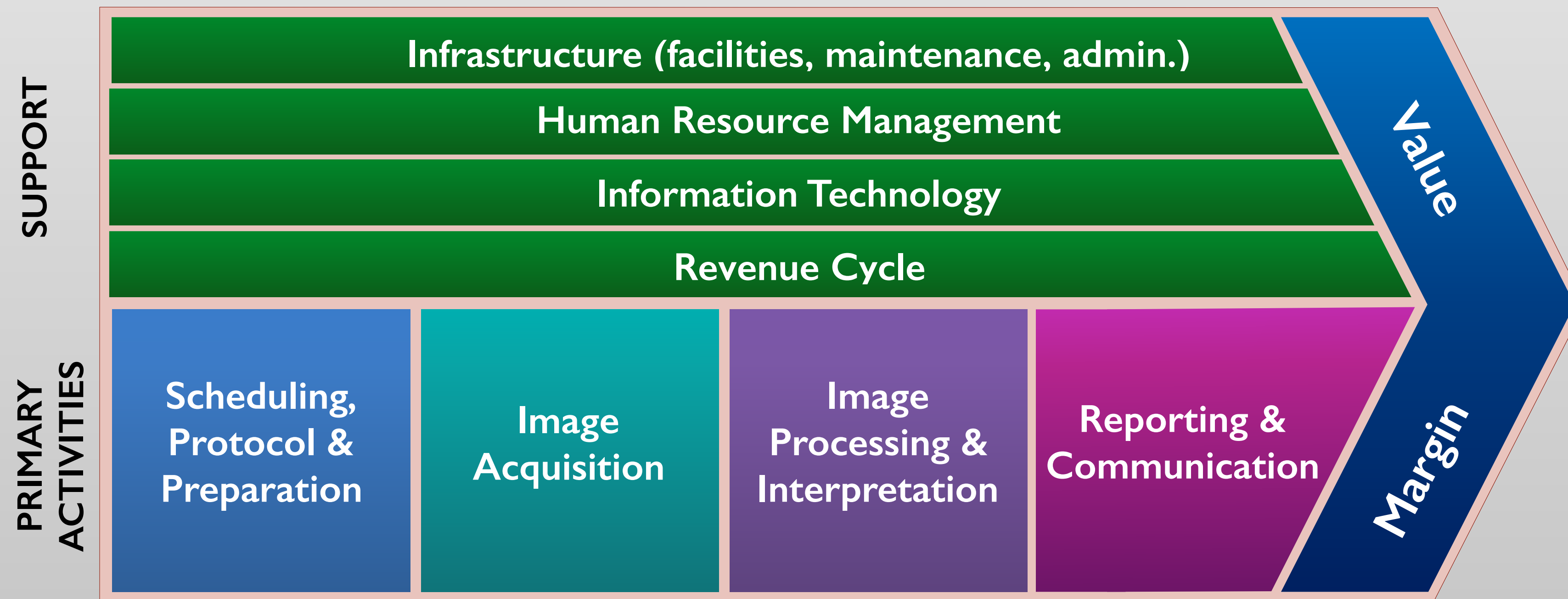
Linear map of transactional activity

Radiology Value Chain *(With apologies to IR)*



Linear map of transactional activity

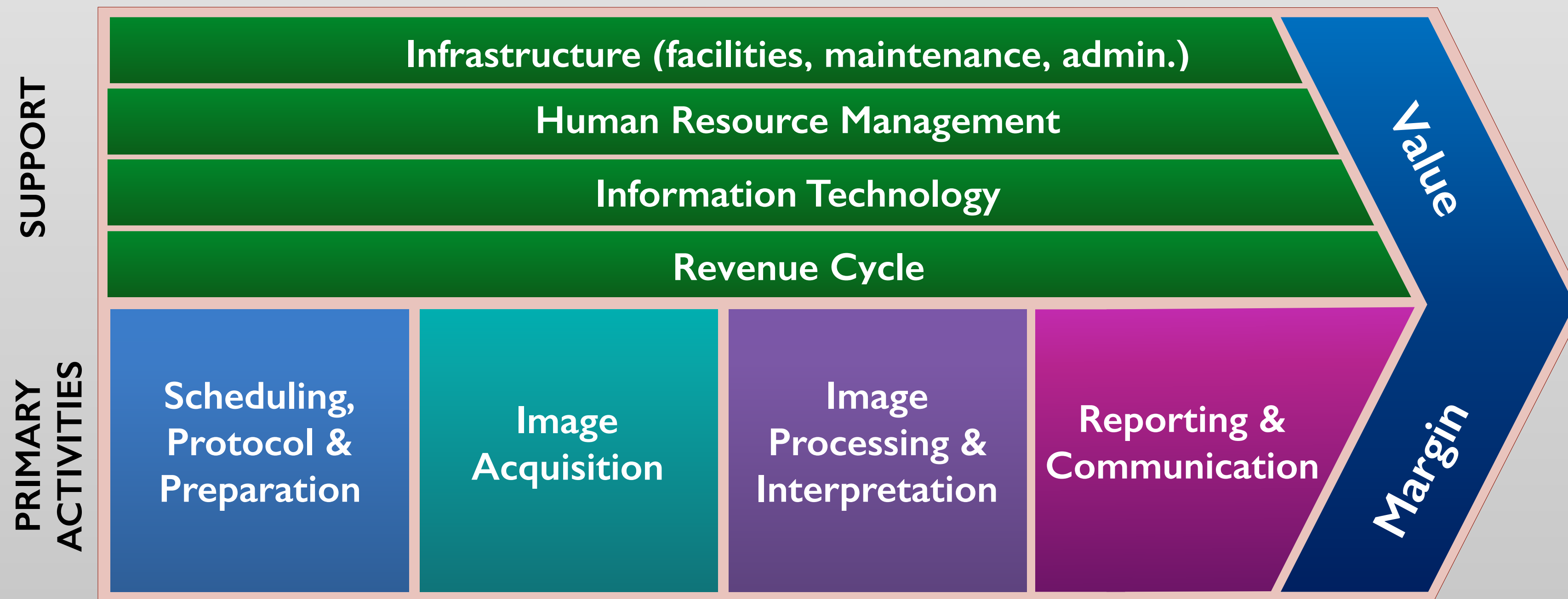
Radiology Value Chain *(With apologies to IR)*



For Profit

- Strategic Investment R&D, PP&EE
- Remainder to shareholders equity

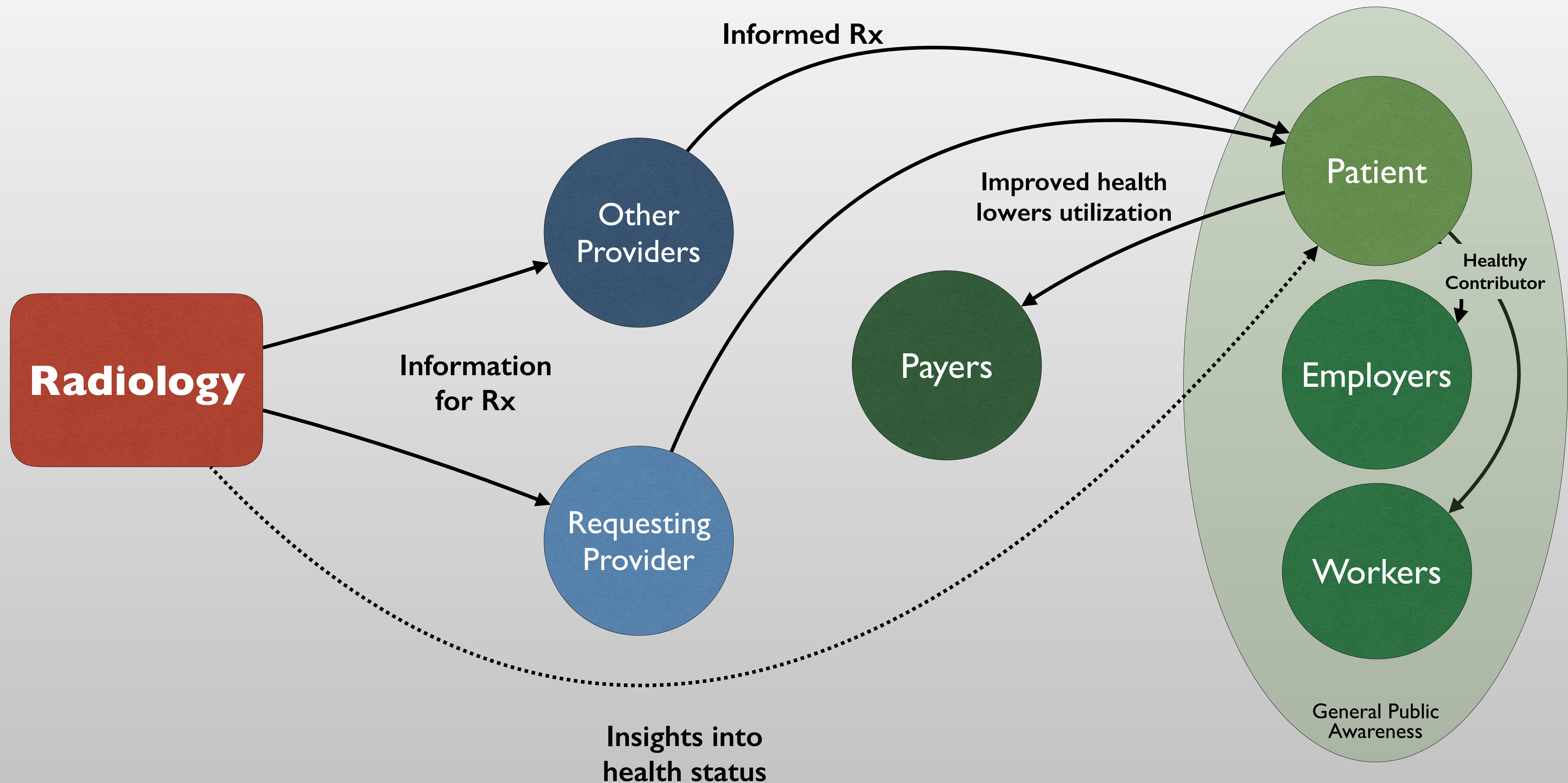
Radiology Value Chain *(With apologies to IR)*



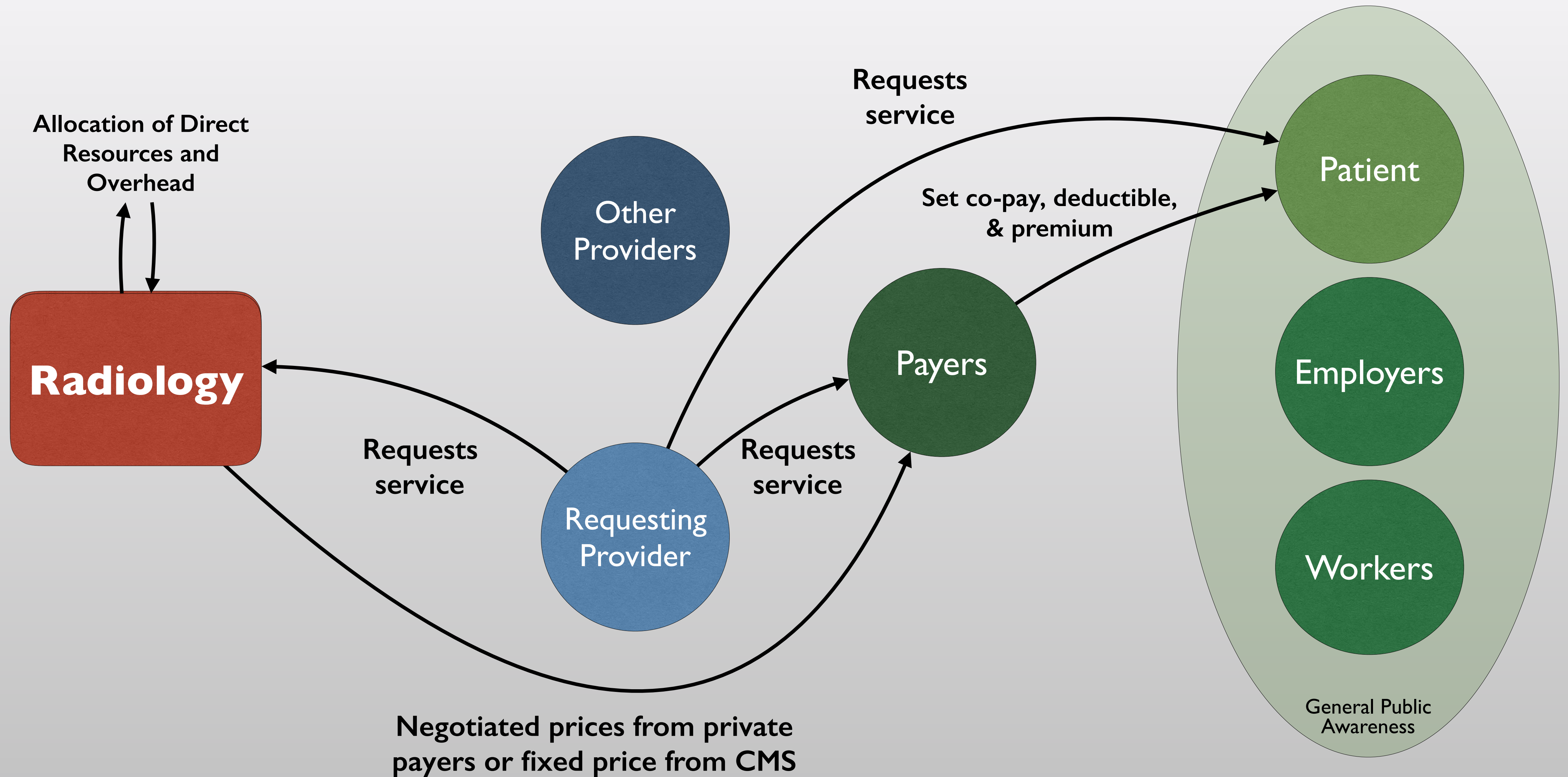
Non-Profit

- Support for the mission
- Guidance based upon declared strategic goals and objectives
- Invest to advance the organization for the future

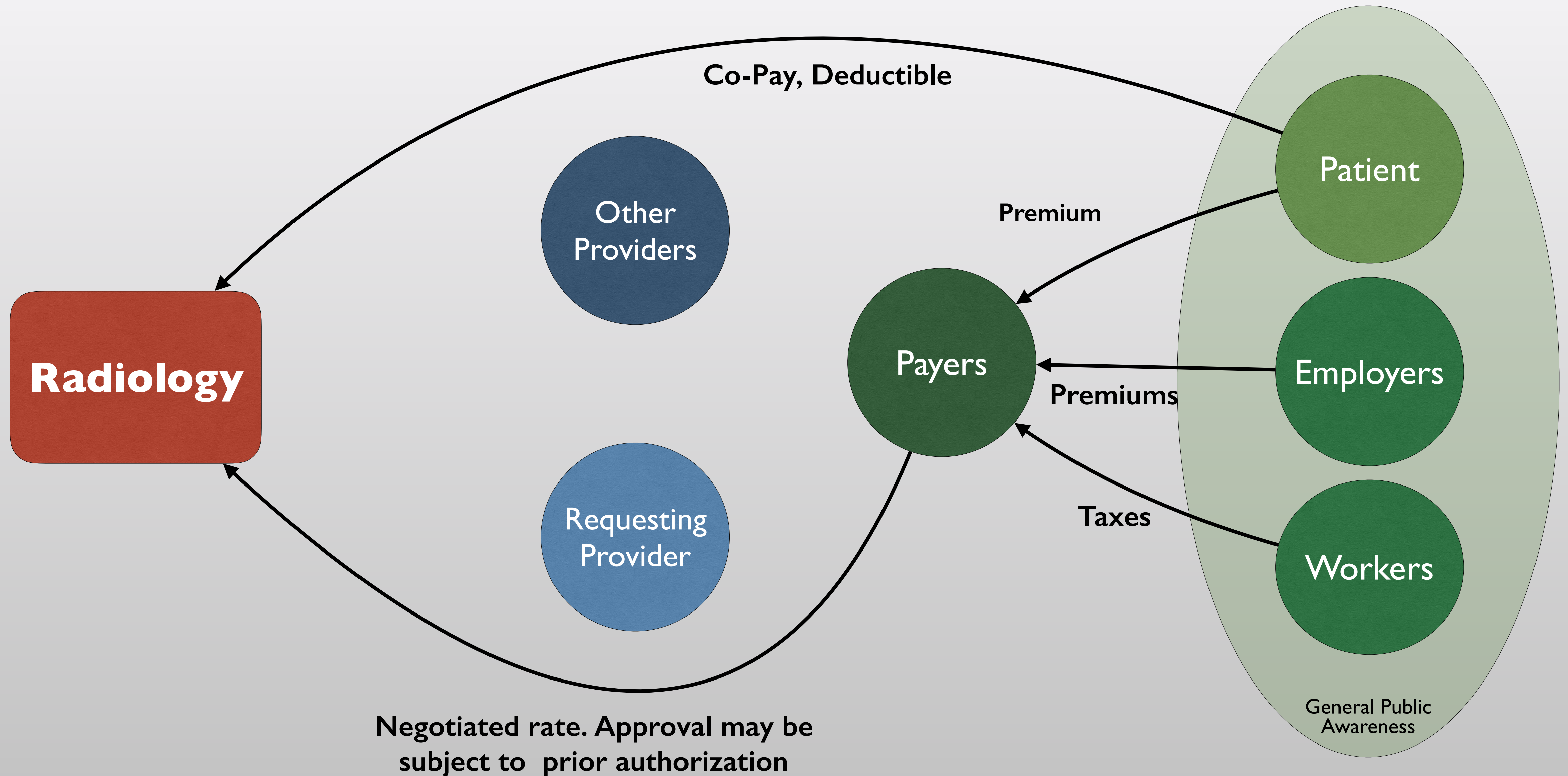
Benefits of Imaging



Influencing Cost of Imaging



Paying for Imaging



Value Equations

$$\text{Value} = \frac{\text{Benefits}}{\text{Costs}}$$

$$\text{Value} = \text{Quality} = \frac{\text{Appropriateness} \cdot (\text{Outcome} + \text{Service})}{\text{Waste}}$$

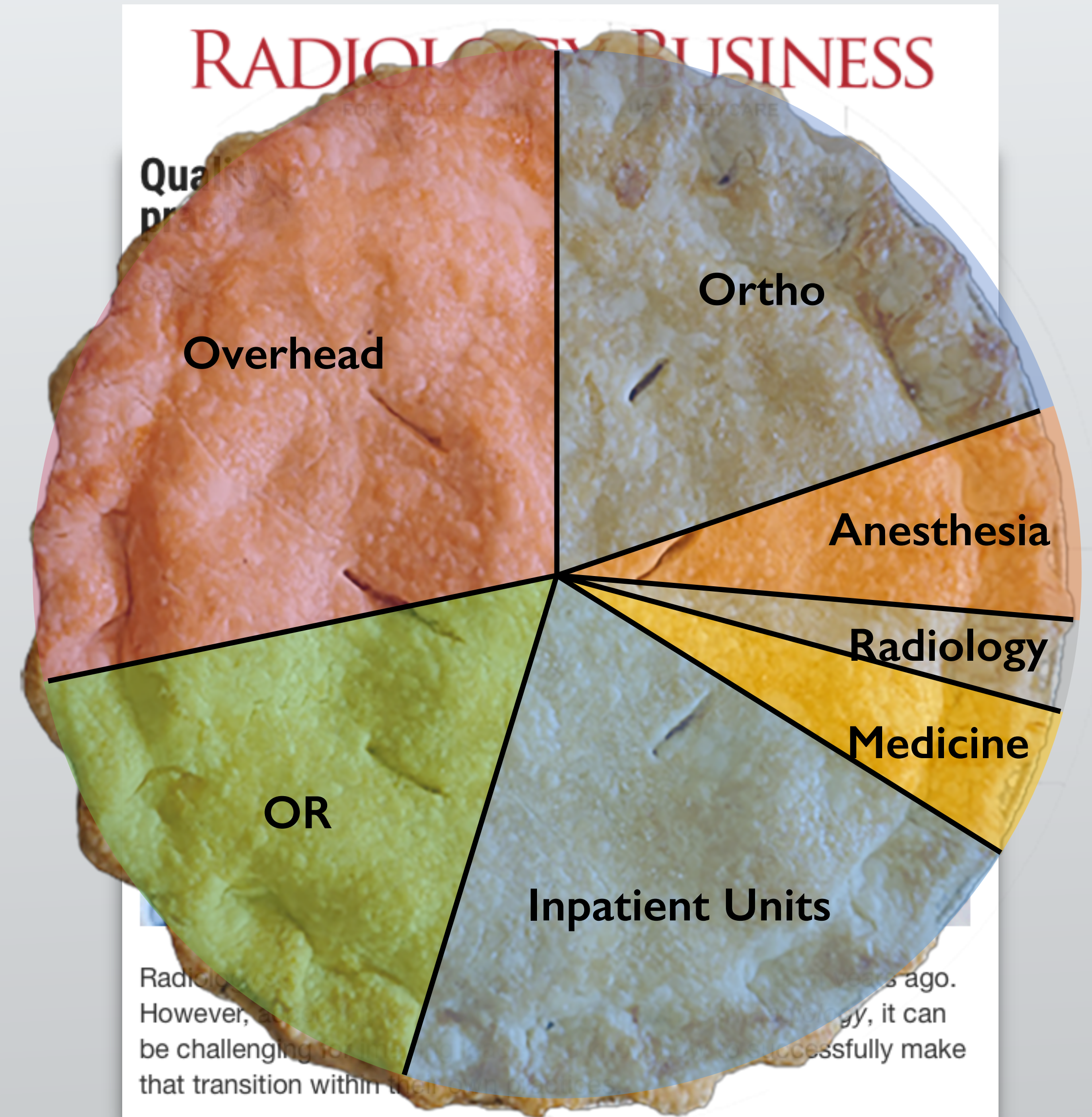
Kaplan GS. Seeking Perfection in Healthcare. 2010. pp. 145–159.

$$\text{Value} = \text{Net Profit Margin} = \frac{\text{Revenue}}{\text{Costs}}$$

No margin, no mission

Should Value Drive Resource Distribution?

- Value-based Care
- Care Bundles - who gets the \$?



Strategically Considering Value

- **What value does radiology seek to achieve?**
 - innovative programs to differentiate quality for referrer
 - profit to invest in future growth or to offset losing activities
 - personalized service to patients
 - attentive service or clinical innovation to influential referrers
 - revenue generation for their health system
 - low cost care to compete for insurance contracts
 - controlled utilization for ACO or to compete for insurance contracts