

# Articulating Your Value Proposition

Value-Based Payment  
Practice Transformation Academy



# Sponsors



# 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



# Which Customers?

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

Consumer markets 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



# Which Customer Needs?

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

## Governance and Organization

- Leadership buy-in and organizational vision
- Workforce development
- Effective practice management system
- Revenue cycle management
- Performance management
- Legal evaluation, contract management
- Change management

## Provider Engagement

- Provider network identification and engagement
- Referral management
- Engagement with and links to non-physician staff/organizations
- Co-location (if applicable)
- Performance feedback and management

## Care Coordination/Management

- Coordination across specialties and sites of care
- Comprehensive care plans
- Patient engagement
- Evidence-based case management

## Population Health Management

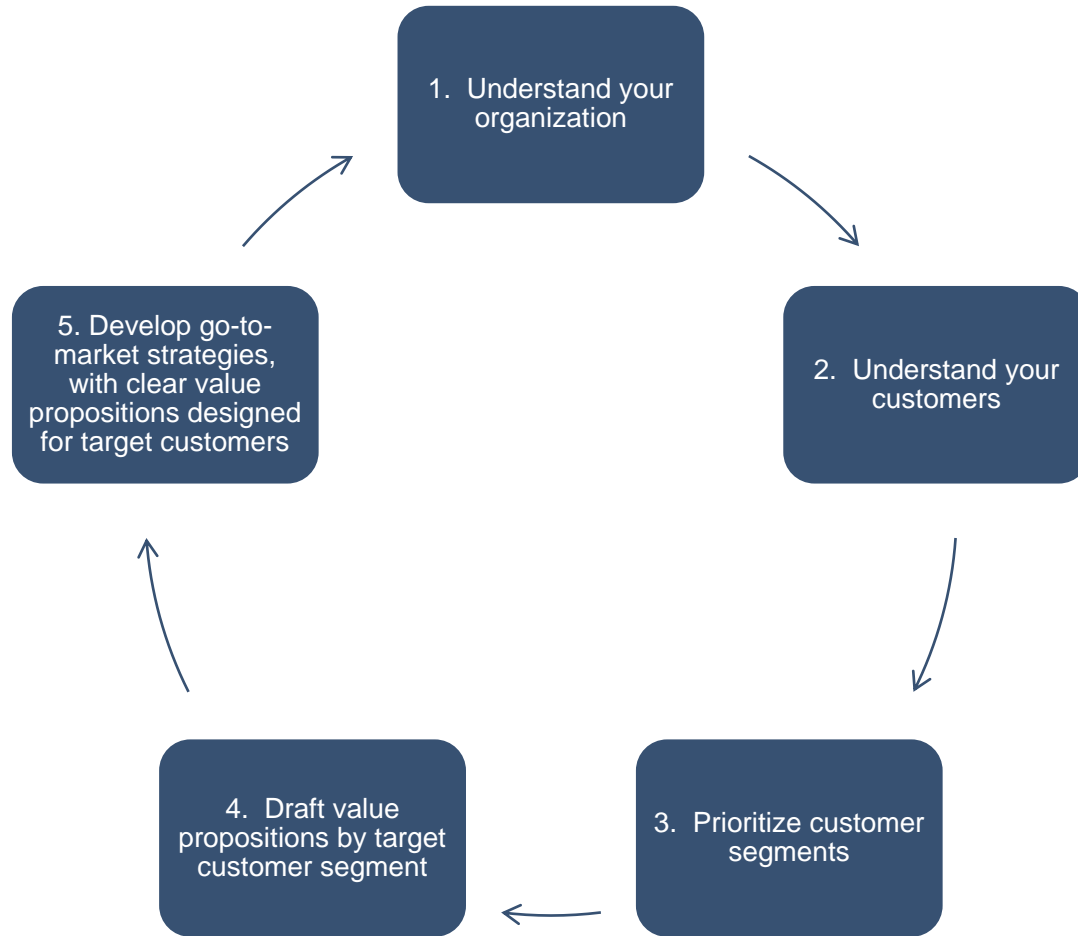
- Data aggregation
- Ability to define patient sub-populations based on evidence-based methods
- Patient stratification
- Data exchange
- Performance monitoring
- Link to care coordination/management approaches

## Links to Social Determinants of Health

- Member social needs assessment
- Knowledge of available services and organizations
- Integration into clinical and care management protocols
- Social services referral staff/programs

# How to Craft a Value Proposition

# 5 Steps to Crafting a Value Proposition



# 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





# Organizational Strategy Review: Key Questions

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





# 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 Customers Example

## Prioritizing Customer Segments Example

Criteria	Customer A	Customer B	Customer C
Market Size	3	3	2
Strategic Fit	3	3	3
Service Fit	3	2	2
Financial Opportunity	1	2	2
Capabilities	2	2	1
Accessibility	3	3	1
<b>Total Score (multiplied)</b>	<b>162</b>	<b>216</b>	<b>24</b>

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)




# Value Proposition Template: Example 2

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

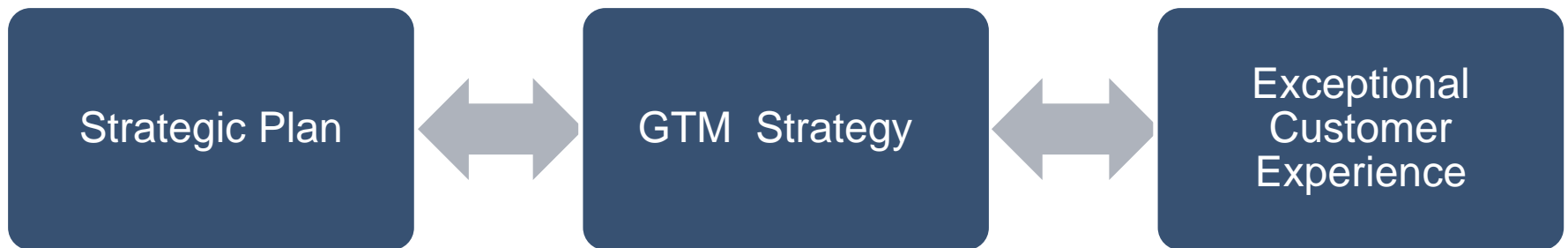
Value  
Proposition  
Definition

“Offering”



# Refining & Applying Your Value Proposition

- 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.





# Summary

## 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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