
Value-Based Reimbursement: It's a Financial Reality



CME Disclosure

I have no actual or potential conflict of interest in relation to this program and presentation.



Learning Objectives

- ❖ Describe a basic value-based model of care
- ❖ Explain the financial impact of a value-based model of care
- ❖ Discuss strategies for developing internal capacity to manage population health





Before We Start

- ❖ What do you know about value-based contracting?
- ❖ What do you know about value-based care?
- ❖ What do you know about pre-payment models?



Identify Models of Care

- ❖ The term 'model of care' is often used to refer to different ways of approaching clinical practice
- ❖ Commonly known models of care
 - Patient Centered Medical Home
 - Chronic Care or Wagner's Model
 - Integrated Behavioral Health Model
 - Value-based care is a healthcare delivery and payment model
- ❖ A model of care is a framework for guiding how teams' function and clinicians deliver care in different settings and situations



Current Payment Models



COMMON PAYMENT MODELS

Model	Description	Primary incentive
Fee for service	Practices receive a fee for each service provided (office visit, electrocardiogram, colonoscopy, etc.)	Maximize billable visits and services
Pay for performance	Practices receive bonuses for meeting quality benchmarks (immunization rates, cancer screening rates, diabetes control rates, etc.)	Improve quality and cost metrics
Capitation	Practices receive a monthly payment for each empaneled patient	Manage panels effectively to keep patients well and costs low
Shared savings/ risk contracting	Practices receive a share of the savings if actual costs of care for a patient population are less than targeted costs; if actual costs exceed targets, practices may be held accountable for paying a portion of the extra expenses	Increase value — quality, patient experience, and cost — for a defined population

Introduction of Team-Based Care



- ❖ Interprofessional team-based care has been praised as “the future of primary care” for its potential to achieve the quadruple aims of improving population health, patient satisfaction, and the work life of health care workers while reducing health care costs

(Wagner et al. 2012; Bodenheimer et al. 2014)

- ❖ The use of team-based care makes efficient use of patients’ and providers’ time and allows clinicians with more training to focus on complex aspects of patient care

(Shipman and Sinsky 2013)

Addition to the Curriculum: Team-Based Care

- ❖ Several medical schools and health science programs have implemented curricula that introduce team-based care early in training, aiming to break down traditional professional silos and improve patient outcomes
- ❖ These programs often use interprofessional education (IPE), Team-Based Learning™ (TBL), and simulation to foster collaborative skills, ensuring students can function as effective members of a healthcare team



Interprofessional Care Teams

- ❖ Interprofessional care teams are groups of health professionals and allied health workers consisting of:
 - A core health team of clinicians such as physicians, advanced practice providers, nurses, medical assistants and office staff
 - An extended health team of social workers, behavioral health specialists, dentists, community health workers, and pharmacists
 - An extended team of community providers, such as home health aides and community-based organizations



Is Interprofessional Care Widely Accepted?

- ❖ Despite the recognition that interprofessional team-based care is critical to the delivery of primary care and that IPE is needed to advance team-based care, there are roadblocks
 - Limited efforts exist to standardize or evaluate IPE across schools or programs
 - Some primary care practitioners are resistant to change
 - Primary care practices may lack time and resources to implement and improve team-based care
 - Staffing shortages make it challenging to organize primary care teams
 - Fee-for-service reimbursement incentivizes a high volume of procedures



Value-Based Reimbursement



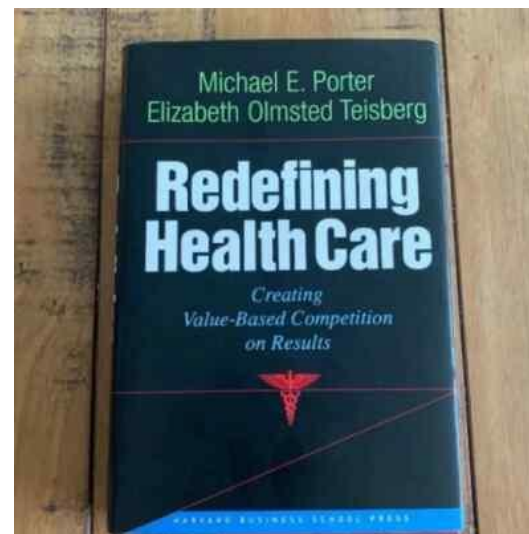
Definition of Value-Based Healthcare

- ❖ Value-based care is a term that payers, physicians and other health care professionals sometimes use to describe health care that is designed to focus on quality of care, provider performance and the patient experience
- ❖ The “value” in value-based care refers to what an individual values most
- ❖ In value-based care, doctors and other health care providers work together to manage a person’s overall health, while considering an individual’s personal health goal



Value-Based Care: What is the Origin

- ❖ The term “value-based care” first appeared in the book *Redefining Healthcare* authored by Michael Porter, PhD and Elizabeth Olmstead Teisberg, PhD and published in 2006
- ❖ The authors outlined a shift from fee-for-service reimbursement to payments calculated for the entire cycle of a patient’s condition, not just a single visit or service



Principles of Value-Based Competition

- ❖ The focus should be on value for patients, not just lowering costs
- ❖ Competition should be based on actual outcomes and results, not on reputation, bargaining power, or marketing and must center on specific conditions such as diabetes, heart disease over the entire cycle of care, rather than focusing on a single, isolated treatment
- ❖ Payment systems should reward value, innovation, and quality improvement



What Does Value-Based Care and the Patient

- ❖ Individuals who receive value-based care, such as through a program in Medicare, Medicaid, BCBSM, BCN, HAP, Priority Health may notice enhancements to their health care experience
 - Easier time navigating their care with the help of a care coordinator who contacts them between medical visits
 - Engagement with a multidisciplinary team
 - Access to resources to address their health issues
 - An opportunity to participate in education programs



What Does Value-Based Care and the Patient

- ❖ Value-based care puts greater emphasis on integrated care, meaning health care providers work together to address a person's physical, mental, behavioral and social needs
- ❖ Providers treat an individual as a whole person, rather than focusing on a specific health issue or disease



Ten Year Research Results

- ❖ Alyna Chien, M.D. of Harvard Medical School and Meredith Rosenthal, PhD of the Harvard School of Public Health wanted to better understand how VBC works
- ❖ Following a ten-year review of VBC programs they published a report in 2019, ***“A 3D Model for Value-based Care”*** which identified infrastructure support as the missing dimension that accompanies quality and spending-reduction incentives



Five Themes Emerged

1. Value-based programs require substantial organizational change
2. Shared data is the foundation of successful VBC relationships
3. Increased capacity in care management strengthens the practice
4. Leadership commitment and stamina are critical success factors
5. Re-setting payer provider relationships unlocks innovative program design



Terms You Should Know

- ❖ **Risk:** uncertainty associated with potential financial gains or losses
- ❖ **Risk-Based Arrangement:** an agreement in which a participant is held financially responsible for the quality and cost of care delivered to payer members in exchange for flexibilities regarding the way they deliver care



Terms You Should Know

- ❖ **Upside Risk:** Often referred to as a “one-sided risk arrangement”; if participants keep their spending below specific thresholds while meeting quality targets can keep a portion of the savings



Terms You Should Know

- ❖ **Downside risk** is the uncertainty associated with assuming financial responsibility for the actual cost and quality of care against established cost or quality benchmarks
- ❖ In models with downside risk, sometimes called “two-sided risk” providers are financially responsible for failure to meet cost and quality benchmarks



Terms You Should Know

- ❖ **Accountable Care:** A person-centered care team takes responsibility for improving quality of care, care coordination and health outcomes for a defined group of individuals, to reduce care fragmentation and avoid unnecessary costs for individuals and the health system
- ❖ **Care Coordination:** The organization of an individual's care across multiple health care providers



Terms You Should Know

- ❖ **Integrated Care:** An approach to coordinate health care services to better address an individual's physical, mental, behavioral and social needs
- ❖ **Person-Centered Care:** Health care services delivered in a setting and manner that is responsive to individuals and their goals, values and preferences, in a system that supports good provider-patient communication and empowers individuals receiving care and providers to make effective care plans together



Terms You Should Know

- ❖ **Population Health:** An interdisciplinary, customizable approach that utilizes non-traditional partnerships among different sectors of the community such as public health, industry, academia, health care, local government entities, and others to achieve positive health outcomes
- ❖ Population health brings significant health concerns into focus and addresses ways that resources can be allocated to overcome the problems that drive poor health conditions in the population



Population Health Management: Upskill



Population Health Management: Process and Business Requirements



Transitioning to a Value-Based Payment Model

- ❖ Transitioning processes to a VBR model are not easy for healthcare organizations
- ❖ VBR models require extensive data analytics capabilities, population health management tools, EHR, excellent documentation skills, coding acumen, and a team
- ❖ Identify partners
- ❖ Begin thinking about capitation or blended payments



Select a Partner

- ❖ Consider partnering with organizations such as physician organizations and enablers who will negotiate with health plans to better improve incentives based on improved care delivery
- ❖ Assess the Agreements and review the reimbursement model
- ❖ Improved care delivery includes:
 - Artificial intelligence
 - Care coordination
 - Care teams
 - EHR
 - Patient registry
 - Other tools and capabilities



Pre-Payment and Risk Scores in a Value-Based Model

- ❖ **Risk Score:** A number representing the predicted cost of treating a specific patient or group of patients compared to the average patient, in a VBR relationship, based on certain characteristics and health conditions
- ❖ **Pre-payment:** A way of paying health care providers or organizations in which they receive a predictable, upfront, set amount of money to cover the predicted cost of all or some of the health care services for a specific patient over a certain period of time



Why Pre-Payment in Value-Based Care

- ❖ A goal of pre-payment in a Value-Based Care Model is to provide a stable, upfront payment to health care providers so they can focus on their patients' health needs and avoid unnecessary, high-cost care
- ❖ Pre-payment may make it possible for health care providers participating in Value-Based Care Models to spend more time with patients during appointments and give them whole-person (physical, mental, behavioral, social) care, since they will not be pressured to prioritize volume of patients and services over quality of care



Why Pre-Payment in Value-Based Care

- ❖ Pre-payment may be used to offer additional preventive care to keep patients healthier, longer and better care management
- ❖ Health care practices may hire care managers, social workers and community Health workers to help coordinate patients' health care and respond to patients' health-related social needs, such as access to healthy food options and safe housing
- ❖ Pre-payment provides predictable revenue streams



What a Health Care Provider Should Look For

- ❖ Monitor Value-Based Care activities in your professional society, health system, or physicians' organization
- ❖ Ask questions, self-educate and attend informational meetings
- ❖ Attend meetings with your business manager and coder/biller
- ❖ Learn about pre-payment and whether your practice has agreed to participate in a Value-Based Program
- ❖ Ask how you will receive payment



Summary

- ❖ In VBC, health care organizations commit to delivering a high standard of care by helping to reduce health care fragmentation
- ❖ Health care organizations will be evaluated on their quality of care, individual health outcomes and cost
- ❖ Physician organizations or enablers may provide tools to support delivery of high-quality, coordinated, efficient care to help practices engaging in VBC to succeed
- ❖ Value-Based Programs are here already and are here to stay



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