VALUE-BASED PAYMENT: THE BASICS

A Better Way to Pay for and Promote Quality and Value in Health Care Settings
Goals of this Presentation

- Introduce key concepts about Value-Based Payment (VBP)
- Demonstrate how VBP payment system changes can help you – as health care providers, community partners and other members of the care team – meet your organization’s goals
- Outline OneCity Health’s support for partners implementing VBP strategies
Setting the Stage

Understanding the move towards a value-based payment system
MEDICAID
What Does Value-Based Payment Mean for You and Your Organization?

VBP strategies and reimbursement methodologies incentivize changes in the way health care is delivered and paid for to lead to better outcomes. Some of the changes require health care delivery systems to:

- Establish structures and workflows that will enable you to work more closely in a coordinated team-based environment with colleagues from your own organization, and other partners, on behalf of patients
- Build greater financial stability to ensure delivery of quality care by effectively integrating care management within a “network” of care for patients and working to achieve targeted, measurable positive outcomes
- Support a stable and well-trained workforce
The Traditional Payment System

generally pays health care providers for each and every service

The Value-Based Payment System

generally pays health care providers for the quality and health outcomes of their patients
The Traditional Payment System

- The old system is based on fee-for-service payments. Under fee-for-service, services such as the doctor’s time, x-rays, blood tests and medical supplies are billed and paid for separately.

- In other words, the payment system does not reward positive patient outcomes; payment is based on the number of services delivered rather than the quality of care.

- Important supportive services that help keep a person healthy (including care coordination and community-based social support services) are generally paid at a much lower rate or, more likely, not paid for at all.
Results from Fee-For-Service

- Increasing health care costs that are straining budgets of governments, businesses, and families
- Poor patient health outcomes overall in the population
- Uncoordinated care for patients across the health care system due to payment for volume of services (even avoidable services) instead of value of care services delivered
Fee-for-Service in the Real World:
The Case of Daniel Diaz
Daniel Diaz is a public relations executive during the day. And when he gets home, he is a gourmet chef. But one night while cooking he cut his finger.
He rushed to the Emergency Room where his bill for five stitches was $3,355.
Daniel’s Bill Included:

- $1,828 for Emergency Room Services
- $628 for repairing the wound
- $571 for application of a finger splint
- $97 for a tetanus shot
- $311 for someone to give the injection
Your Experience

- What has been your experience as a patient under “fee-for-service” care?
- Have you received a long complicated bill? Could you make sense of it?
- Were you surprised at the number of services on the bill?
What is Value Based-Payment?
A Deeper Dive
Value-Based Payment (VBP) is a strategy to pay for health care in a way that promotes the **quality** and **value** of health care services.

There are many different ways that VBP arrangements can be made. All of them support a three pronged aim to provide and sustain:

- Better care for individuals
- Better health for populations
- Lower costs
Value-Based Payment: The Basics

- VBP arrangements move away from fee-for-service and instead tie payments to measures of quality and costs (or cost savings)
- VBP can include a number of payment approaches, including:
  - Shared savings if health care costs are less than expected for a specific group of people
  - Monthly or annual budgets, with shared risk if actual costs are below or above the budget
  - Monthly payments for care coordination
  - Bundled payments for costs associated with an episode of care (e.g., joint replacement)
- VBP contracts include quality and/or outcomes measures
- In order to succeed under VBP, health care providers often
  - Partner with other providers to serve patients across the care continuum
  - Engage in team-based care to improve care coordination and enable clinicians to practice at ‘top of license’
  - Use population health management techniques to tailor approaches to people ranging from low to high risk
  - Become very focused on measurement and improvement
  - Work with community organizations that can address social determinants
What is “value” under VBP?

One way to think about “value” in contractual terms under VBP is relating it to the cost of delivering the care in relation to the quality of the outcome of the care provided.

For example, you can calculate the quality of care based on desired outcomes and then divide it by the cost of delivering that care to get at value.

The dollar value would be the health outcome achieved per dollar spent for the cost of that care.
Value-Based Payment: The Basics (continued)

Goal: We want the highest quality of care (and service) at the lowest costs.

FIGURE 1: Value in Healthcare

Value Delivery: https://www.pm360online.com/how-do-you-define-value-in-healthcare/
How A Clinically Integrated Network Works for a Patient Like Janae
Janae went for a regular check up to a primary care physician
He found that Janae has high blood pressure and is depressed.
So he prescribed medication, gave her information about diet and exercise and *connected* her to a *care coordinator*. 
The care coordinator helped Janae find a behavioral health professional and provided a “warm handoff” for her to a community partner organization where she got help finding an exercise class and enrolling in SNAP (nutrition and food benefits)
Janae’s care was coordinated, integrated and served her needs as a patient and whole person

And she was treated before her conditions got worse and needed more costly medical treatment
The goal of population health – managing the health outcomes of large groups of people - is based on learning more about them and how to improve their conditions.

Factors That Influence Population health

http://med.stanford.edu/phs.html
How do VBP Agreements (Contracts) Work?
VBP Agreements: Balancing Risk and Reward

- VBP agreements between Managed Care Organizations (MCOs) and providers of health care and social services can be structured with different levels of financial risk and reward.
- Partners can select the level of risk that is right for their organizations.
- Frequently, organizations start with a basic VBP contract that rewards strong performance but does not include penalties (a “shared savings” arrangement with “upside risk” only:
  - There is a payment if the organization meets certain quality and cost goals in delivering care or other services.
  - If the organization doesn’t meet the goals, the reward isn’t paid. But there is no further financial risk.
At a more advanced VBP contract level, participants accept risk along with potential greater financial reward (“downside risk”)

- If the organization meets certain goals, it receives the reward
- If it does not meet its goals, there are penalties and it can lose money

Why would an organization agree to take on more risk?

- Because if its goals are met, the financial rewards are higher for the organization

Taking on greater risk is not appropriate for all service providers. It is typically used by more experienced organizations whose financial resources allow them to sustain temporary losses in income
OneCity Health is Partnering with You to Get Ready for VBP
OneCity Health DSRIP projects and initiatives, in which you are active leaders and partners, have generated building blocks and tools to help move us successfully into a VBP environment.
Primary care delivery standardization and evolution into Patient-Centered Medical Homes

Care management and care coordination for all patients, with a special focus on high-risk populations

Clinically Integrated Networks bring all providers together to meet the demands of patient-centered care

Delivering culturally competent care in partnership with community-based providers of services

Treatment and support for mental health or substance use challenges

Outreach to patients who have difficulty connecting to care
Coming Up!

OneCity Health trainings and technical assistance will address …

- Understanding how VBP contracting metrics work
- Phase III Contracting which is designed to move partners into VBP contracting directions
- How to create a value based proposition for your organization
- Working effectively with interdisciplinary teams
- Putting sustainable multi-organizational partnerships into practice
- Instruction in electronic communications and connectivity opportunities
- Mastering the basics of using patient and population health data to analyze performance and improve quality of care
- Workforce development
- And much more!
What You Can Do to Get Involved Now

- Engage in conversations and planning around what VBP will look like in your organization...Ask questions
- Participate fully in available trainings to better understand your evolving role
- Increase communication around the health and community-based social services you may provide
Want to Know More?

Visit us:

onecityhealth.org

- Webinars and articles on our transformation efforts
- More background on OneCity Health and emerging VBP models
- Upcoming events
- Subscribe to our newsletter
Want to Know Even MORE?

Visit the New York State Department of Health

Value Based Payment Page:

VBP Resource Library:
https://www.health.ny.gov/health_care/medicaid/redesign/dsrip/vbp_library/

VBP Roadmap: