Rural Primary Care and Value Based Payment: Challenges and Opportunities

Presentation to the Rural Primary Care Learning Network

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Rural Health Value Team

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Rural Healthcare Challenges

Geographic and demographic variation: population density, population characteristics, health conditions and status

Rural healthcare organization variation: size, administrative experience, governance, and resources

Rapidly evolving technologies – both an asset and a threat

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Rural Healthcare Challenges cont.

- Multiple payment systems (e.g., FFS, CBR, P4P, Shared Savings), yet FFS dominates despite value-based payment growth
- Multiple payers (e.g., Medicare, Medicaid, commercial)
- Multiple accountability demands (e.g., clinical quality and cost growth control)

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Primary Care Teams

The predominant *rural* healthcare delivery mode.

Foundational to a healthcare payment system that should be designed to improve health and lower costs.

Increased primary care use correlated with:

- Lower patient and health system costs
- Reduced emergency department and hospital use
- Better preventive care compliance
- Improved health system navigation and care coordination
- Improved population health and reduced health disparities

Primary care is a key component of value-based care.

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Value-Based Payment (VBP)

- Payment for delivering value-based care (i.e., better care, improved health, and/or lower cost). VBP is not fee-for-service (FFS).
- Despite growth in VBP contracts, FFS payment remains predominant in rural healthcare payment.
- Most value-based payment systems emphasize outpatient primary care (the predominant rural healthcare delivery mode).

VBP Examples

- Pay-for-performance (P4P) in many Medicare Advantage plans, commercial plans, and Medicaid plans
- Shared savings in the Medicare Shared Savings Program
- Capitated or global payments

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Addressing Rural VBP Challenges

Rural Healthcare Organization Perspectives

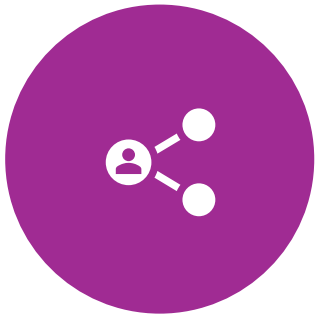
- Engage rural health experts to inform model design and support model implementation.
- Recognize the unique rural challenges of low patient volumes.
- Simplify the number and complexity of performance measures.

Addressing Rural VBP Challenges cont.

ENSURE ACCURATE AND TIMELY PERFORMANCE REPORTING.

INVEST IN PERFORMANCE IMPROVEMENT INFRASTRUCTURE, INCLUDING MEASURING AND REPORTING PERFORMANCE.

CONSIDER RURAL CIRCUMSTANCES WHEN CALCULATING FINANCIAL RISK.



ALIGN PERFORMANCE EXPECTATIONS ACROSS MULTIPLE PAYERS.

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Addressing Rural VBP Challenges -

Payer Perspectives

- Pool patient populations to reduce payer administrative burden.
- Recognize the collective power of rural HCOs, especially as related to network adequacy.
- Identify and develop local VBC champions.

Addressing Rural VBP Challenges continued

1

Access payer resources to help reduce provider burden.

2

Ensure complete and accurate coding.

3

Pay attention to administrative staff succession.

4

Request cost and quality data analysis from payers.

New Leverage Points for Change

Rural Health Transformation Fund investments:

> 23 states specifically identify VBP in applications (final plans not yet available).

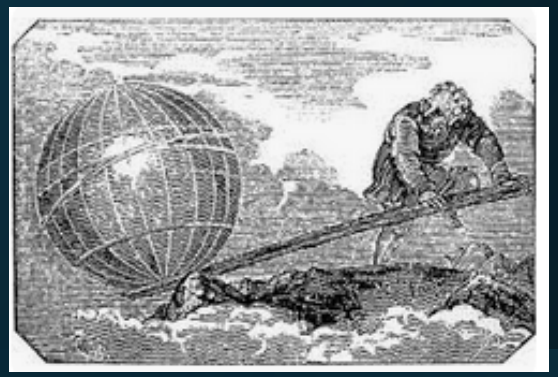
Significant potential, but overall rural healthcare organization benefit remains unclear.

Payer motivation to stabilize and then reduce expenditures

Negotiate for greater primary care support and payment.

Share costs for health-related social needs.

New Leverage Points for Change cont.



- New and developing technologies
  - Overcome barriers of distance and scale.
  - Aggregate, analyze, and distribute performance insights.
- Clinically Integrated Networks
  - Purpose: improve clinical quality and lower total cost of care
  - Method: pool resources and patients to collectively negotiate

References

- For Organizational Perspectives:

Rural Health Value Virtual Summit
Designing Rural Value-Based Care for the Future
February 2026: https://ruralhealthvalue.public-health.uiowa.edu/files/RHV_062025_Summit_Report.pdf

- For Payer Perspectives:

Rural Value-Based Care – The Payer Perspective
Rural Health Value Summit Report
November 2024: https://ruralhealthvalue.public-health.uiowa.edu/files/The_Payer_Perspective.pdf

For further information:

- Rural Health Value http://www.ruralhealthvalue.org
- The RUPRI Center for Rural Health Policy Analysis http://cph.uiowa.edu/rupri
- Stratis Health https://stratishealth.org/

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