

Value-Based Care Is Here Let's Learn About It!



Clint MacKinney, MD, MS
Clinical Associate Professor
Rural Health Value Team
College of Public Health | University of Iowa

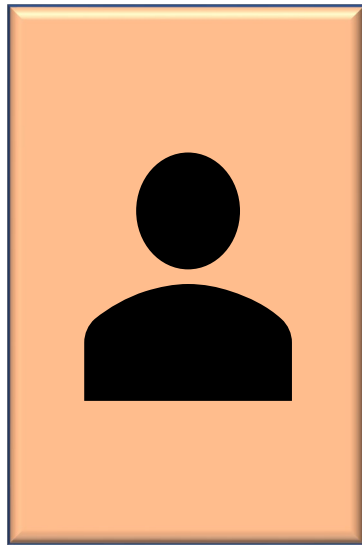
Rural Health Value (RHV)

- To facilitate rural provider and community transitions from volume-based to value-based health care and payment.
- **Rural Health Value's** charge
 - Develop tools and resources
 - Interpret health policy
 - Disseminate best practices
 - Provide direct technical assistance
 - Share rural stakeholder experiences
- www.ruralhealthvalue.org

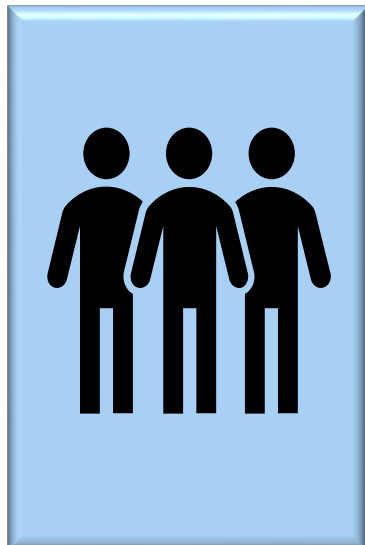


Clint MacKinney, MD, MS

Triple Aim and Why It's Important



Better Care



**Improved
Health**



**Smarter
Spending**

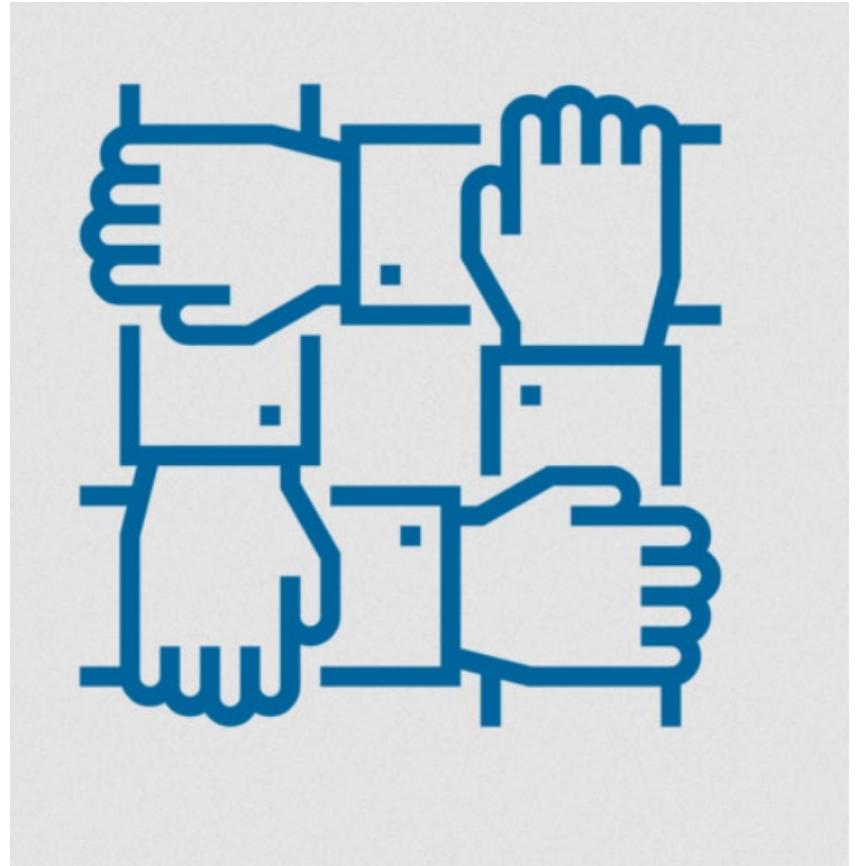
- What most people expect of the healthcare system!
- Shouldn't we be paid for what our patients and communities deserve?
- Let's also consider the *Quadruple Aim*.

Triple Aim Leads to *Value*

$$\text{Value} = \frac{\text{Quality} + \text{Experience}}{\text{Cost}}$$

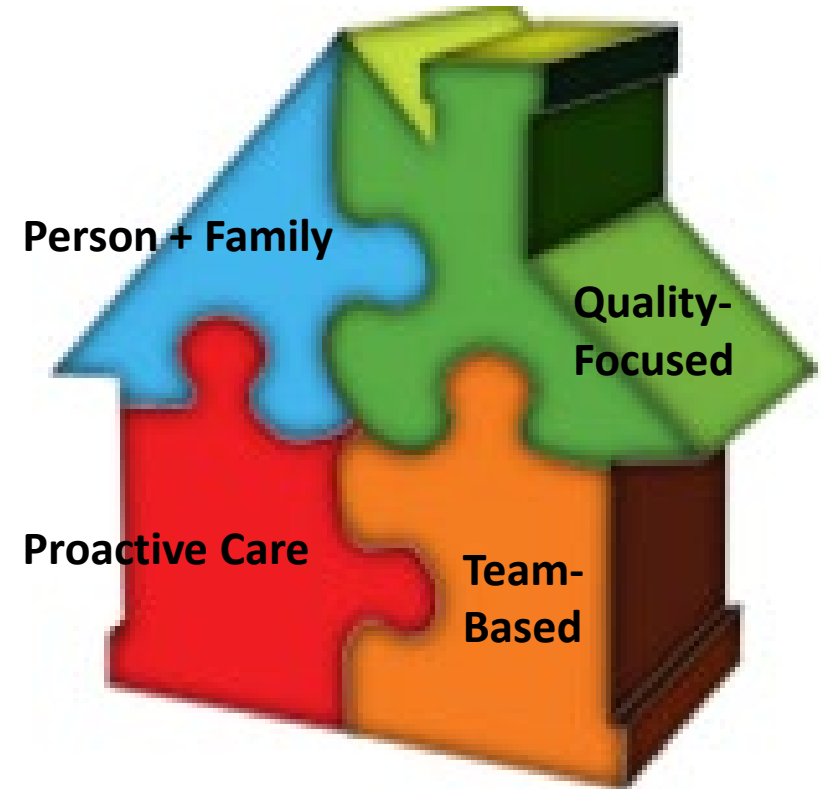
From Now Until When

- **Today:** fee-for-service predominates
 - Pays for each unit of service
 - Rewards industriousness and efficiency
 - Contributes to high-cost health care
 - Worsens professional satisfaction
- **Future:** **value-based care**
 - Requires team-based care
 - Rewards better care and efficiency
 - Increases healthcare quality
 - Reduces healthcare costs (?)
 - Improves professional satisfaction



Value-Based Care

- Value-based care prioritizes high-quality, person-centered, and efficient care.
- Value-based care does NOT prioritize the volume of services provided.
- **Robust primary care** practices are an essential ingredient (as in person-centered health homes).
- But we have a problem...



The Value Conundrum

You can always count on Americans to do the right thing – after they've tried everything else.

- Fee-for-service
- Full capitation
- Market-based
- Single payer
- What about paying for **healthcare value**?



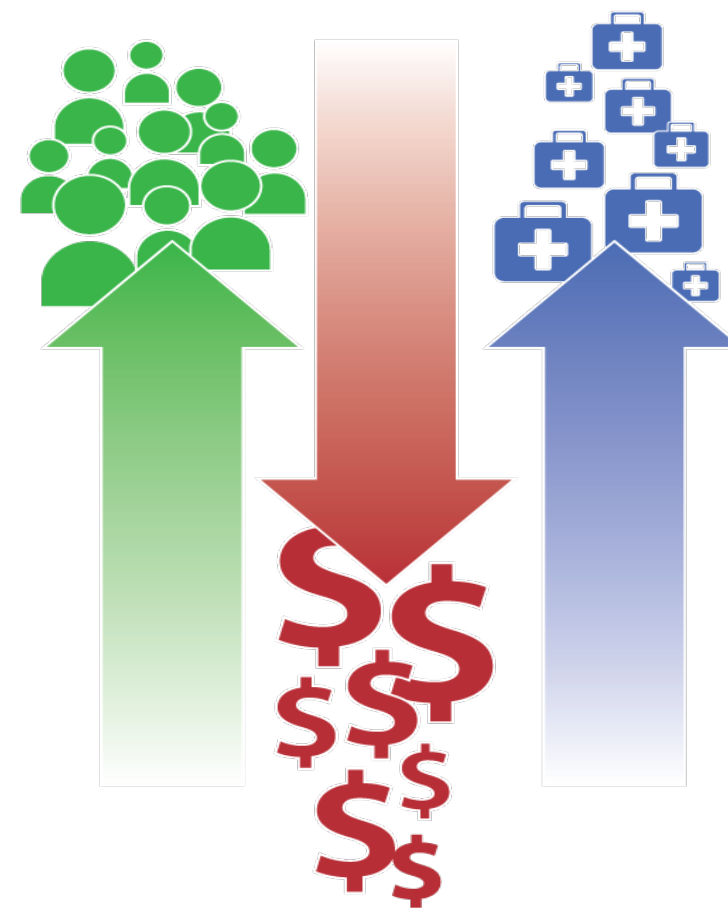
Form Follows Finance

- How we *deliver* care depends on how we are *paid* for care.
- Healthcare reform is changing both payment and delivery.
- Payment supplies fuel for the Volume → **Value** transition.



Value-Based *Payment*

- **Payment** for one or more parts of the Triple Aim
 - Better patient care
 - Improved community health
 - Smarter spending
- Not payment for a “service,” that is, NOT fee-for-service
- To *receive* value-based payment, we must *deliver* value-based care

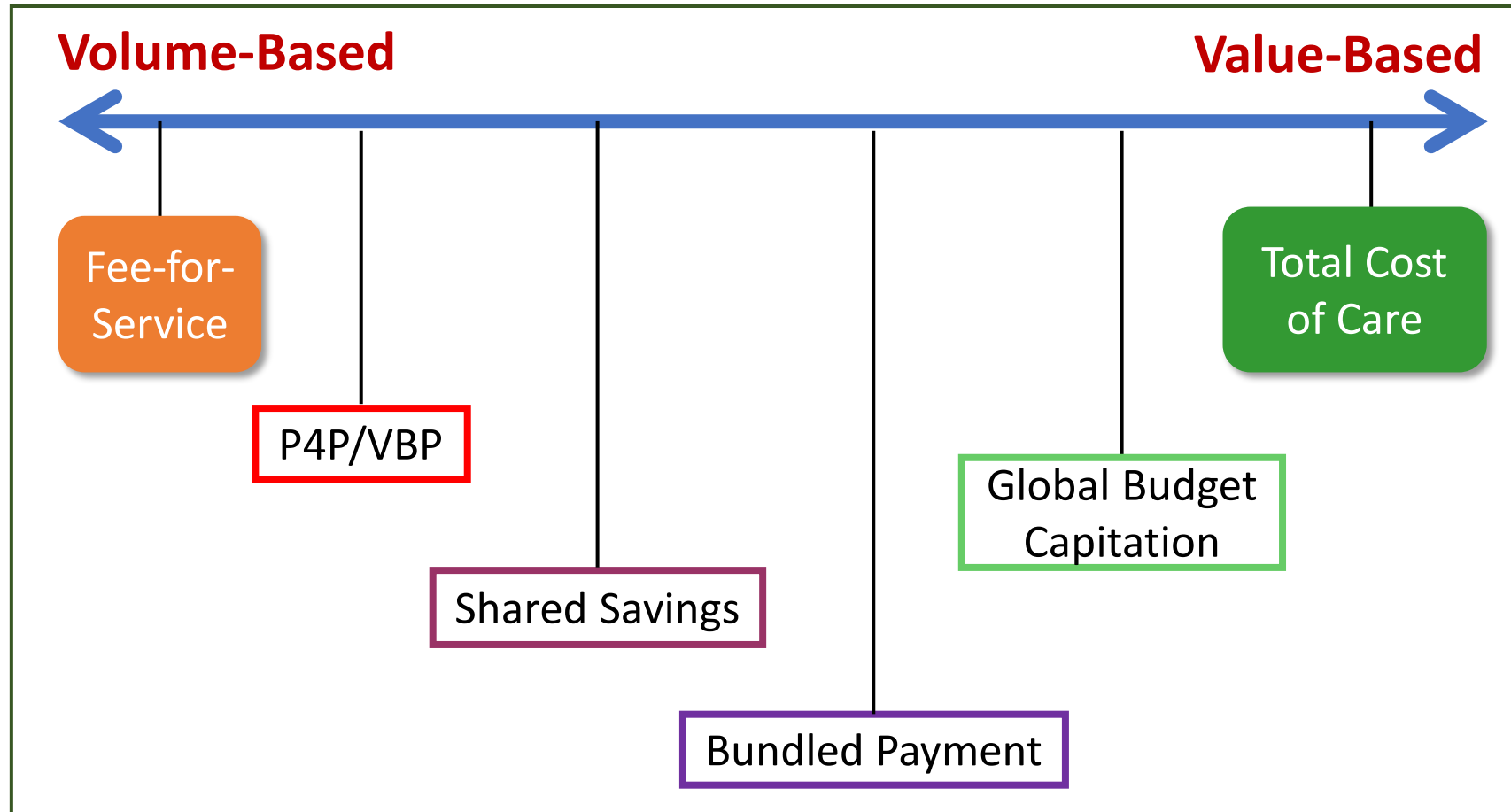


Why discussing payment, not care?

- Career as a rural family doc, yet...
- Money is a medium of exchange.
- Incentives drive behavior.
- Not all incentives are financial, but finance remains important.
- Let's incentivize the Triple Aim.
- Make it easy to do the *right* thing.



Payment Continuum



Value-Based Payment Examples

- Shared savings/losses
 - Medicare Shared Savings Program (ACO)
- Global hospital budget
 - Pennsylvania Rural Health Model
- Partial capitation
 - Primary Care First Model
- Total cost of care
 - Maryland TCOC Model



Value-Based Payment by the Numbers

- 938 ACOs, 10% of the population
- 438 Medicare ACOs, > 11 million persons
- Multiple CMMI models including
 - Rural hospital global budgets
 - Primary care – partial capitation
- Many Medicaid and commercial insurer value-based plans (e.g., Blue Alliance)
- CMS says all providers should be “accountable” by 2030

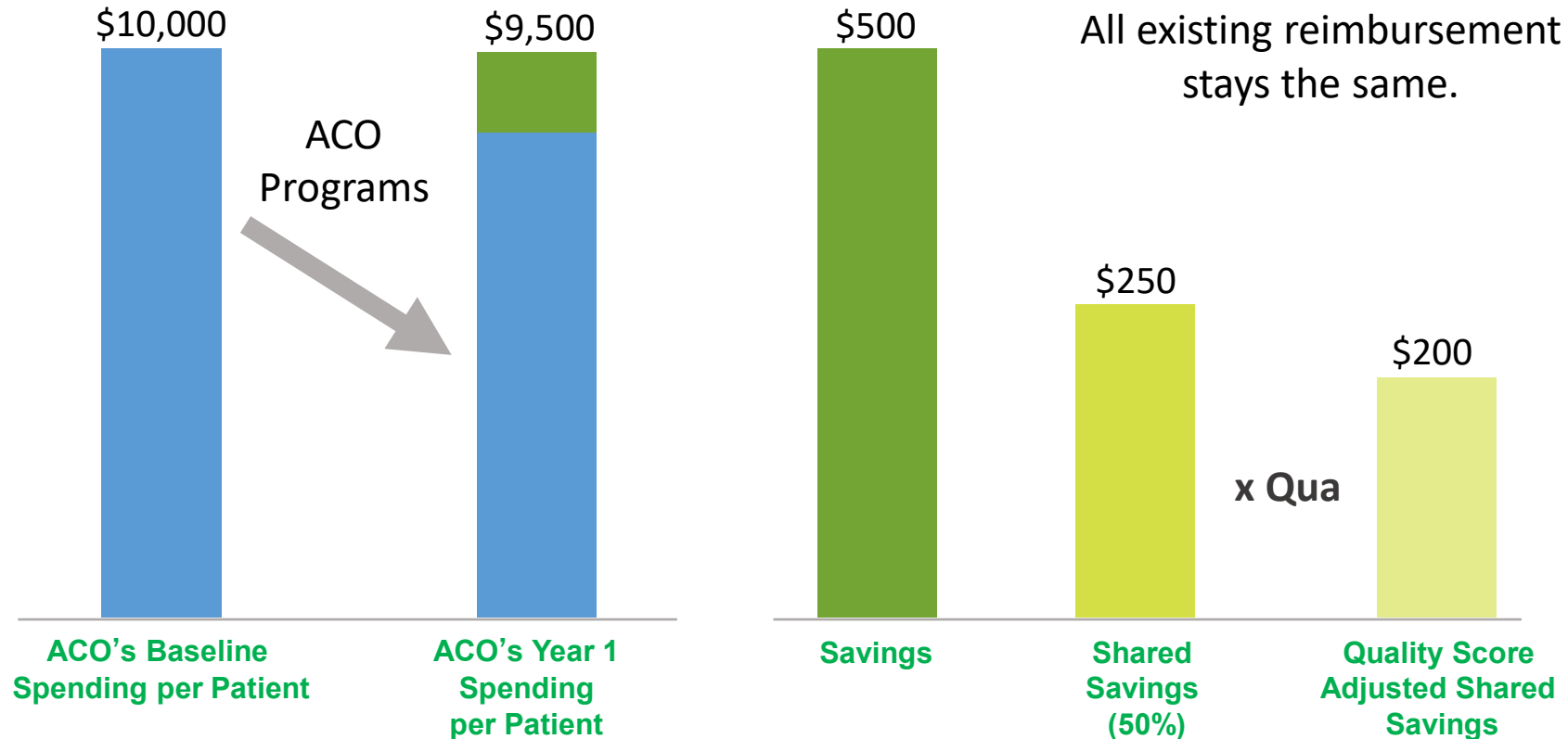


Accountable Care Organizations (ACOs)

- ACOs are also known as **shared savings** organizations.
- Groups of providers (generally physicians and/or hospitals) that receive financial rewards for improving the quality of care for a group of patients while reducing the cost of care for those patients.

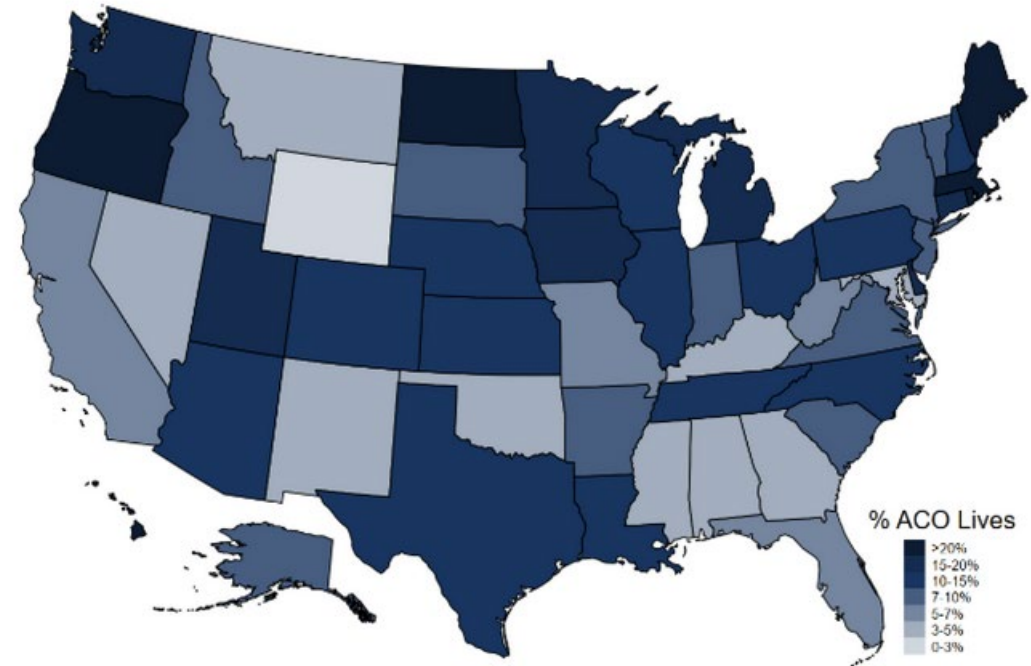


ACO Financing Basics



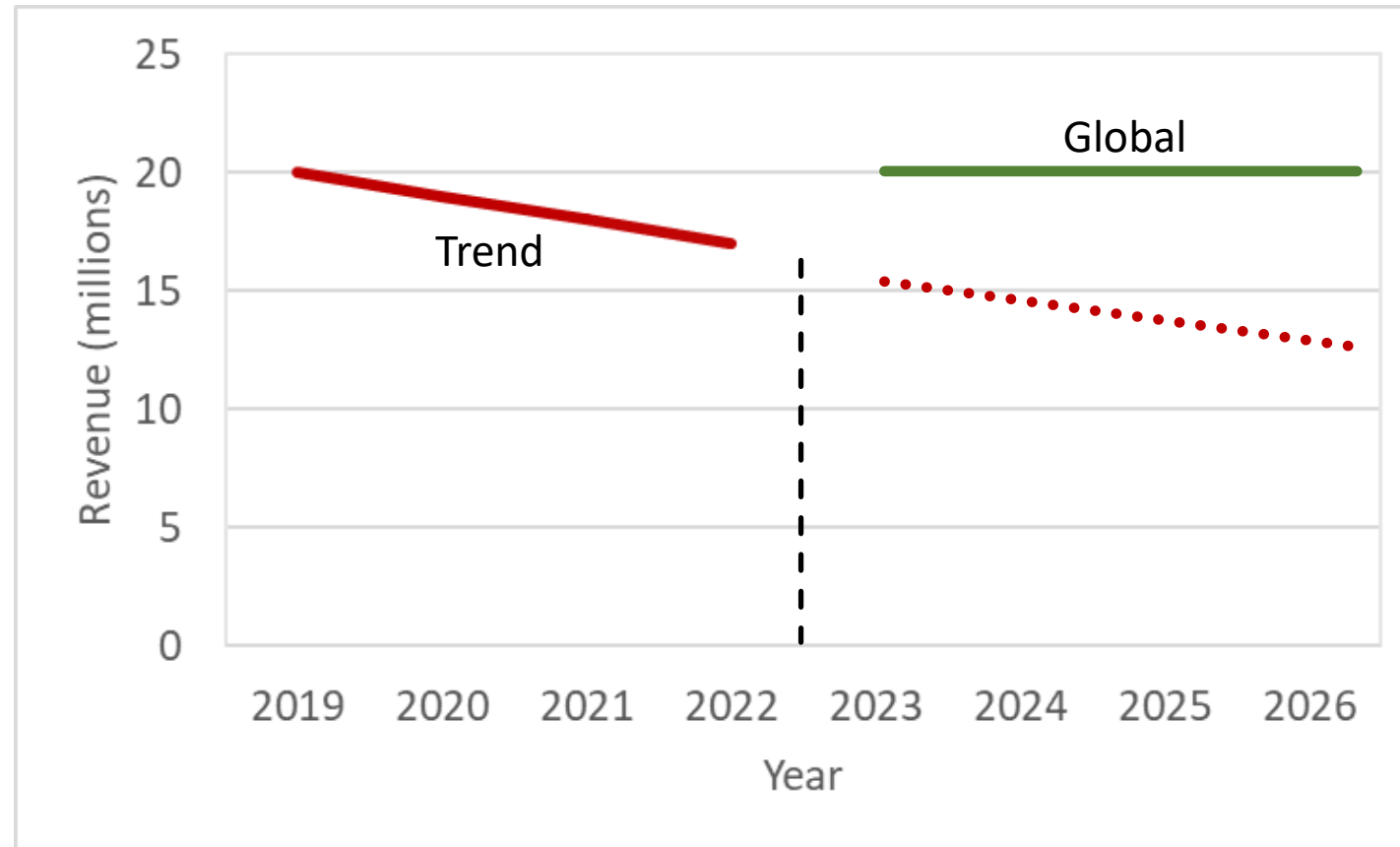
Accountable Care Organization Goal

- To receive a **share** of cost savings
- Requires
 - *Outpatient* care performance
 - Primary care visit attribution
 - Population health management
 - Financial risk management
 - *Robust* primary care
- Still fee-for-service however
- Significant rural participation



Source: "All-Payer Spread Of ACOs And Value-Based Payment Models In 2021: The Crossroads And Future Of Value-Based Care", Health Affairs Blog, June 17, 2021.

Historic Trend Versus Global Budget



Potential of Global Budget Beyond Finances

- A managerial opportunity
- An innovation opportunity
- Payment for community health care
- Allows focus on **Mission!**
 - Advancing mission is a duty of nonprofit boards and leadership.
 - Ensuring organizational financial success is also a duty.
 - Makes balancing these demands easier!



What Volume-to-Value Portends

- Recall CMS's 2030 accountability goals.
- Gradual devaluation of fee-for-service.
- Payment for delivering better care, improved health, and smarter spending.
- Requires, *and rewards*, strong primary care participation.
- An opportunity to better deliver your healthcare mission.



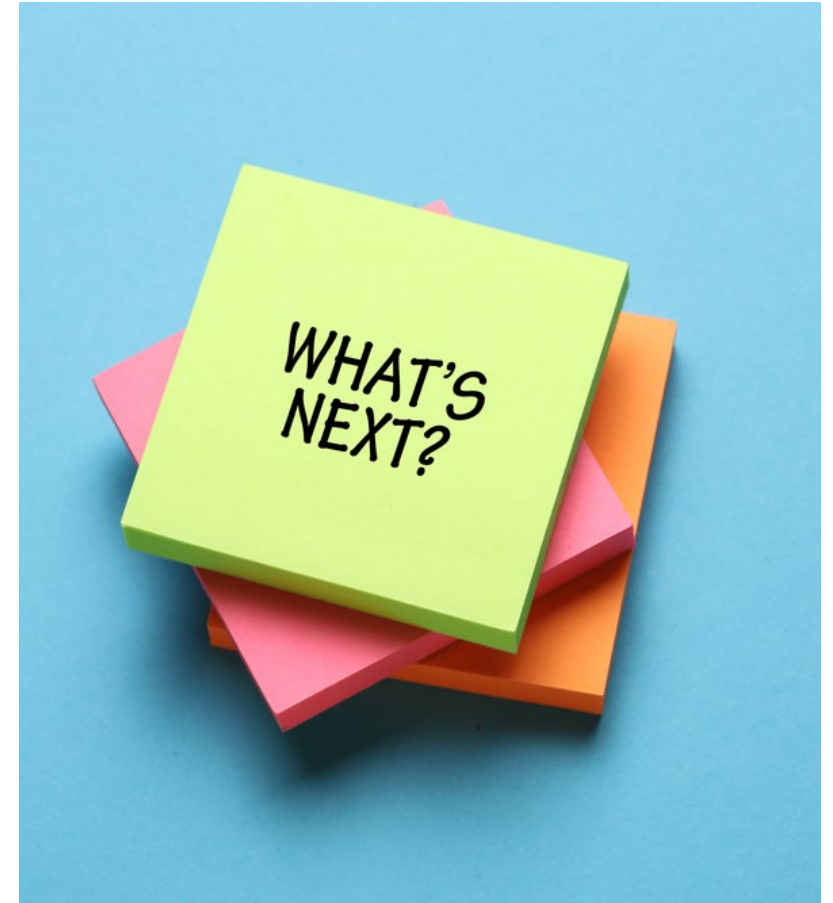
Getting from Volume to Value

- New organizational skills and resources
- Investment in value-based care capacity
- *Discriminating* approaches
 - Environmental insights
 - Sophisticated projections
 - Thoughtful experiments
 - Learning continuously
- **Balance** optimizing operations and testing new ideas



To-Do List

1. Establish an R&D budget that includes value-based care development.
2. Discover opportunities to expand your value-based care capacity with the RHV [Value-Based Care Assessment Tool](#).
3. Assess financial risk thoughtfully – the future currency is *enrolled patient lives*.
4. Keep your North Star – Quadruple Aim.



Bill Gates, Jr.

“We always overestimate the change that will occur in the next two years and underestimate the change that will occur in the next ten.”



Collaborations to Spread Innovation

- ✓ Rural Health Value Project
<https://ruralhealthvalue.org>
- ✓ Rural Policy Research Institute <https://www.rupri.org>
- ✓ The National Rural Health Resource Center
<https://www.ruralcenter.org/>
- ✓ The Rural Health Information Hub
<https://www.ruralhealthinfo.org/>
- ✓ The National Rural Health Association
<https://www.ruralhealthweb.org/>
- ✓ The American Hospital Association
<https://www.aha.org/front>
- ✓ Rural Health Redesign Center <https://www.rhrdc.org>



Clint MacKinney, MD, MS

Healthy CAHs and Rural Communities



Developed with funding from the Health Resources and Services Administration (HRSA) of the U.S. Department of Health and Human Services (HHS) as part of an award totaling \$500,000 with 0% financed with non-governmental sources. The contents are those of the author(s) and do not necessarily represent the official views of, nor an endorsement by HRSA, HHS or the U.S. Government.