Current Trends in Value-Based Purchasing for the Commercially Insured Population

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Current Trends in Value-Based Purchasing for the Commercially Insured Population

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Learning Objectives

- Learn about the most current and significant trends in value-based purchasing for the commercially insured population in Washington
- Be able to explain the basic concepts of value-based payment models being deployed by commercial payers
- Examine the most important considerations for practices when selecting processes, measures or populations of focus that will be included in contracts for payment that is tied to quality and cost outcomes
- Understand the most important things that provider organizations *need to do now* to position themselves to be successful under new payment models for the commercially insured

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The basics: How do commercial payers work?

Commercial payer characteristics

Differences between commercial and government sponsored insurance drive differences in models

Commercial	Government sponsored
Mostly retrospective fee for service	Mostly prospective capitation
Mostly employer group purchasing	Mostly individual purchasing
Discretionary operating budget expense	Legislatively mandated budget item
Significant benefit design flexibility	Limited benefit design flexibility
Concerned about attracting talent	Concerned about cost and program goals
Smaller/local market share	Large/broad market share

Commercial purchasers have great interest in innovation coupled with some significant barriers to being able to change

Value based purchasing trends

General trends

Significant innovation in the marketplace

- Incentives around cost targets
- Narrow networks based on performance
- Transparency around performance
- Service model expectations

Role of third party innovators creates pressure on all stakeholders

Value based payment models

Population based models predominate

Prevalence of PPO products and self-funded purchasers limit payment innovation

- Reimbursement tied to membership in a product
  - Attributed (most common) vs. assigned
- Various risk adjustment methodologies
- FFS reimbursement with upside
  - Process, service model and quality incentives
- Frequent use of monthly case payments for care enhancements

Condition/procedure specific models are growing

Focus on a high impact domain of care and utilize data more robustly create attractive options

- Bundles: Orthopedic (joints, spine), maternity, cancer care, chronic pain, bariatric surgery, cardiac procedures

- Model attributes:
  - Budget based payment across an episode of care
  - Requirements around adherence to appropriateness, patient decision making and pre/post care protocols
  - Some warranties on outcomes
  - Strong emphasis on selecting a few preferred network partners

Use of standards is integral to the model around bundles

What does it mean for providers?

Change is required to succeed in Value Based Care

- Payment reform, analytical capabilities, leadership
- Shift to population management
- Informed decision making for providers and patients and reasons to care about tradeoffs (clinical and financial)
- Organizational courage

Questions?

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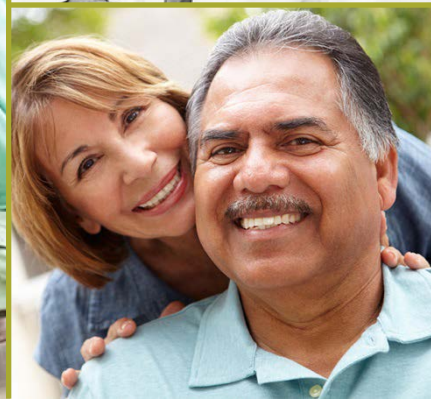
Q & A



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