

# Value-Based Payment NEWS

## Finding the Right Path to Value-Based Care: Lessons from High-Performing Organizations

For many organizations, the journey of transforming from fee-for-service to value can be filled with unexpectedly big challenges. One of the most critical, yet toughest, challenges is transforming an organization's strategy and culture. How can leaders incentivize adoption of value programs at all levels? What are the strengths and weaknesses of centralized versus localized governance? Why do approaches to cultural transformation vary among providers?

by Caitlin Sweany MPH

**T**ransitioning to value-based payment and care delivery is daunting, even for sophisticated organizations. For too many healthcare leaders, the term "value-based payment" evokes strong pushback from stakeholders who prefer the comfort of fee-for-service medicine. Even for those who have already taken baby steps toward value, the prospect of advanced risk can seem out of reach due to organizational barriers.

Yet the world is moving toward value, and organizations must adapt if they hope to stay relevant and competitive. Under the Quality Payment Program, physicians who bill for Medicare Part B services must have a meaningful amount of their business in risk-based value arrangements to guarantee a bonus payment. Commercial insurers are also moving swiftly toward value; in the past two years, the top five commercial payers publicly announced almost 200 value contracts with providers.

### Task Force Details Members' Biggest Challenges

Healthcare leaders who haven't should be planning their value transition now, which means embracing challenges head on. The Health Care Transformation Task Force, a non-profit consortium of over 40 member organizations across the healthcare industry, asked 15 of its high-performing organizations -- including providers, payers and partners who guide providers through delivery system transformation -- to share their experiences transitioning to value-based payment and care delivery. Here are some of the challenges they've faced, and how they've successfully managed them.

**Challenge 1:** *Setting realistic expectations about the time, effort and cost involved with infrastructure overhaul – and not initially overinvesting in expensive resources*

Investing in value requires substantial time, effort and cost. Maximizing resources and setting realistic expectations about what can be accomplished when is critical to long-term success. A few of the organizations interviewed by the Task Force recognized that they had underestimated the amount of time required to successfully implement value-based care programs. These leaders emphasized the importance of setting realistic expectations around clinical outcomes, financial savings and overall transformation progress -- particularly in the first few years.

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## Major Blues Plans Add Value-Based Partnerships

More carriers are joining forces with provider groups to better coordinate care and better align financial incentives.

### ❖ Penn State, Highmark Join Forces on 'High-Value Network'

**P**enn State Health and Highmark Health have announced plans for "an innovative strategic partnership aimed at securing the future of healthcare in the region." The partnership is focused on improving access, quality and affordability, they say, "while creating new opportunities for medical education and research." At the heart of the new strategic partnership: plans for "a collective investment of more than \$1 billion," the pair say, "toward the development of a high-value, community-based healthcare network designed to keep care local and enhance collaboration with community physicians."

The network, a statement adds, "will be anchored by the advanced care provided by the Milton S. Hershey Medical Center, the region's only university teaching and research hospital;" Penn State Health will also "offer more primary, specialty and acute care locations across central Pennsylvania."

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