

Value-Based Payment NEWS

Why Value-Based Care Success Starts With Aligned Physician Compensation

The transition to value-based care is creating new opportunities for healthcare providers. Yet most hospitals and health systems aren't realizing the promise because they're too busy struggling to navigate these uncharted waters. Yes, the struggle is real — and while organizations are floundering for many reasons, there is an underlying theme. Physician engagement and poorly aligned incentives are the key foundational pieces that even the smartest healthcare executives fail to fully comprehend.

by Debbie Zimmerman MD, Corporate Chief Medical Officer, Lumeris, St. Louis

A health system's successful transition to value-based care requires sweeping organizational changes, from the implementation of new technologies and adjustments in clinical workflows to the addition of care management protocols and the development of strong clinical leadership and governance structures. Success requires changes in the way care is delivered — and physicians who are fully engaged in the transition. As administrators consider how and where to make adjustments, a top priority must be the creation of physician compensation programs that align with the organization's goals for cost-effective, high quality care.

To engage physicians, organizations need to develop a comprehensive program that includes a mix of resources, tools, education, training and ongoing collaboration and technical support. Also essential is the creation of a compensation strategy that aligns physician incentives with the organization's cost and quality objectives. For example, an appropriately structured physician compensation plan should include sufficient financial rewards to balance program risks and encourage the right behaviors. Incentives should be meaningful and balanced, and performance metrics clear, credible and trackable. In addition, the plan should promote transformation, foster accountability and emphasize fairness.

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Physicians Organizing to Maximize Value-Based Payment

Multiple medical associations have linked with major associations to advocate for policies that support independent practices moving to risk-based care models; in addition, provider demand for consultants with expertise in value-based care, physician engagement, analytics and culture change is climbing sharply.

Front-line providers take value-based payment increasingly seriously, and continue to make moves to maximize the methodology. Here are two recent examples.

Survey: Doc Groups 'Undertake Organizational Mandate'

"Despite the decade-long movement away from physician-led practices to hospital employment," there's been "a recent shift in that trend," according to Black Book Market Research LLC's 2018 study. Here are details.

To facilitate the transformation within physician organizations, providers are "increasingly seeking the advice of value-based care consulting firms to review Accountable Care Organization opportunities," Black Book finds, "as a mounting number of multi-specialty practices are willing to accept risk."

- Indeed, it reports, 68% of practices of 10 or more physicians reported they would seek external advisement on financially and clinically transforming their operations before Q2 2019.

Says Brown: "Many physician organizations are not succeeding linearly through the transition towards alternative payment models and do not have well-defined plans to hit certain date-sensitive financial thresholds, hence the rise in demand for consultant firms with value-based care expertise in physician organizations."

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