



From Innovation to Integration

The Past, Present, and Future of Value-Based Purchasing

Employers' Forum of Indiana All Stakeholder Meeting

November 12, 2024

About CPR

Catalyst for Payment Reform (CPR) is national membership organization with the mission to catalyze employers, public purchasers, policy makers, and others to implement strategies that produce higher value health care and improve the functioning of the health care marketplace.

Our members include the nation's most innovative employers, public purchasers, union health plans, and health benefits consultants.

CPR provides a peer-to-peer learning network for innovative employer purchasers to share best practices, identify innovations, and address shared challenges.

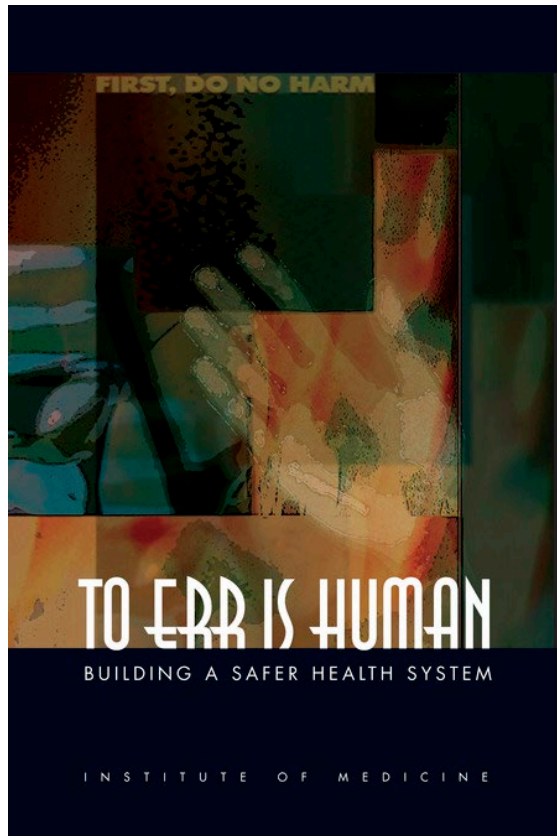
CPR educates and engages with external stakeholders to promote a health care marketplace aligned with lower costs, better quality of care, and improved population health.

Get involved!

- Visit www.catalyze.org
- Join as a member
- Access free tools and resources on our web site



Origins of Value-Based Purchasing



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SPECIAL ARTICLE f X in

The Quality of Health Care Delivered to Adults in the United States

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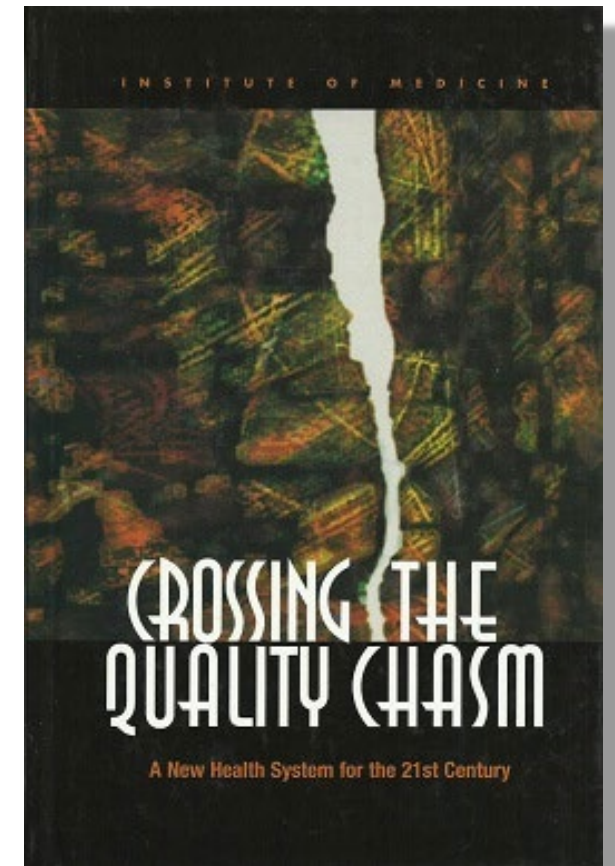
Abstract

BACKGROUND

We have little systematic information about the extent to which standard processes involved in health care — a key element of quality — are delivered in the United States.

METHODS

We telephoned a random sample of adults living in 12 metropolitan areas in the United States and asked them about selected health care experiences. We also received written consent to copy their medical records for the most recent two-year period and used this information to evaluate performance on 439 indicators of quality of care for 30 acute and chronic conditions as well as preventive care. We then constructed aggregate scores.



Defining Value

- **Value-based purchasing programs connect health care payments to quality and cost control.**
- **In order to pay for value, we need to define it and measure it, which means we need to measure quality and cost.**



A Perfect Quality Measure . . .

- Reliable and accurate
- Correlated to meaningful patient health outcomes and value
- Has significant differences in performance across health care providers
- Performance is fully under the control of the measured health care provider
- Easy to collect data
- Has minimal time lag between provider performance to measure collection to performance reporting
- **DOES NOT EXIST**



Connecting Quality to Payment

The HCP-LAN Framework provides a model to categorize different VBP types.



Provider risk rises as you move from left to right in the framework.

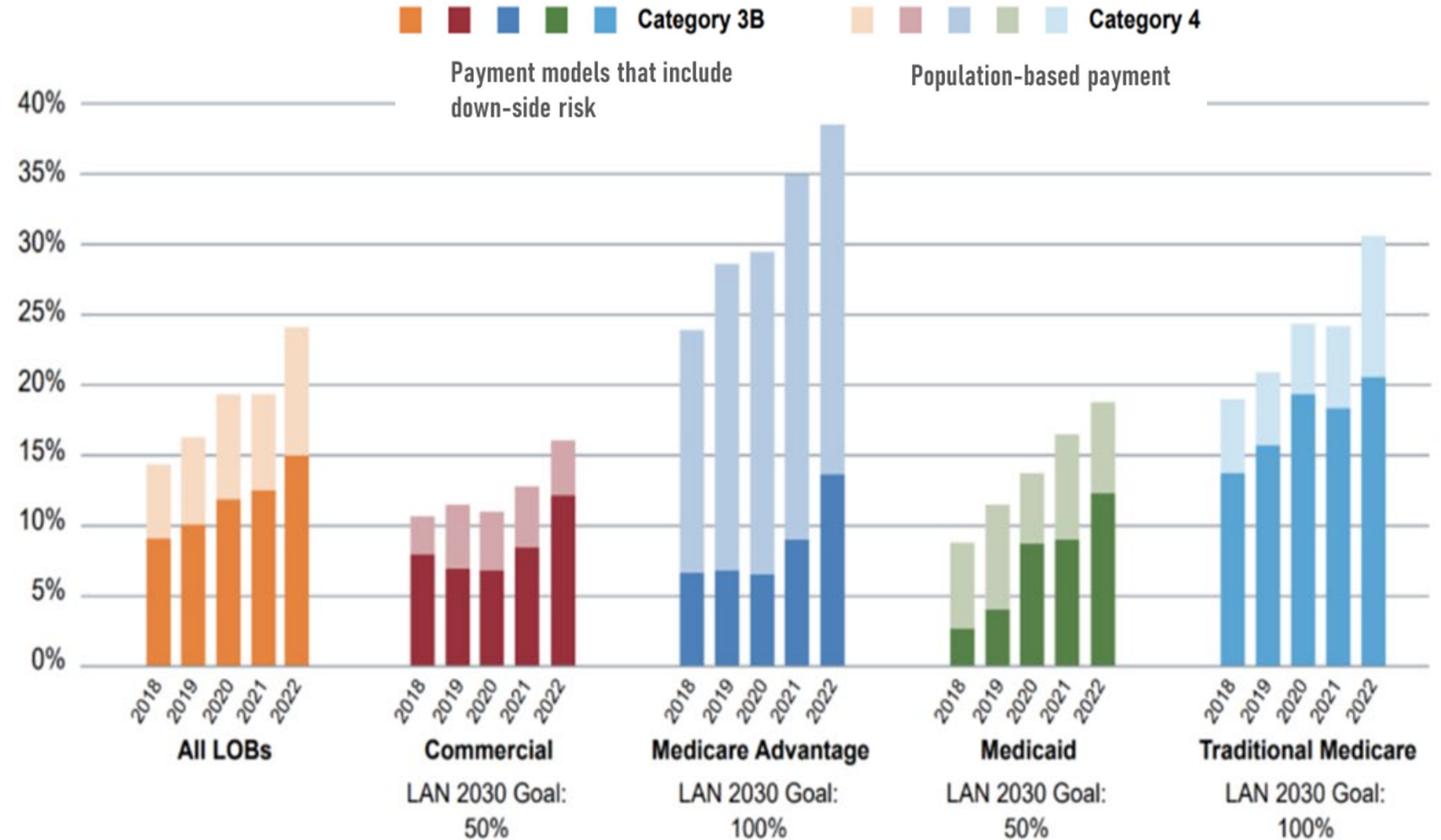


Adoption of Value-Based Purchasing

Categories 3B – 4

APM Spending by Year and LOB

2015- 2022 Data Years



The Role of Employers

- **Employers launched the VBP movement in the early 2000's by directly paying providers for quality.**
- **In response, health plans made a commitment to move towards value-based payment.**
- **Today, VBP arrangements generally exist between health plans and their provider networks.**
- **Employers should ask their health plans and benefits advisors about VBP.**
 - **How are programs measured?**
 - **What progress has been made?**
 - **Include in RFPs.**



Certification for VBP Programs

- **CPR is working with URAC to develop a recognition program for value-based payment**
- **Employers will be able to quickly see whether their health plan meets best practices for VBP design and implementation**
- **Pilot testing will begin in late 2025.**

Principles for VBP

Patient-Centered
Provider Engagement
Program Design
Program Evaluation
Health Equity



The Next Frontier: Integration

To achieve maximum benefit, value-based payment programs need to become simply “payment.”

Greater share of payments that are value-based and lower share that are volume-based.

Integration into benefits and network design.

Integration into care process design and care delivery.

Integration into information systems. Data is generated and shared as a core business function.



The Price Problem

$$\text{value} = \frac{\text{quality}}{\text{utilization} \times \text{price}}$$

- Value-based purchasing programs generally focus on quality and utilization.
- Price is also a key input into the value equation.
- **If we can't solve for price, we can't solve for value.**
- Price reduction efforts needs to continue in parallel with VBP.



Thank You!

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