

VALUE-BASED PURCHASING 101 THE BASICS

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AGENDA

- I. Value-Based Purchasing (VBP)
- II. Why does this matter?
- III. VBP 101

Learning Objectives

1. Define value-based purchasing.
2. Describe how your personal values align with VBP.
3. Understand the current VBP environment.
4. Understand the basics of value-based payment.

MY CURRENT UNDERSTANDING OF VALUE-BASED PAYMENT (VBP)



I hear about it, but I don't really know what it is



I have a basic understanding of the concept



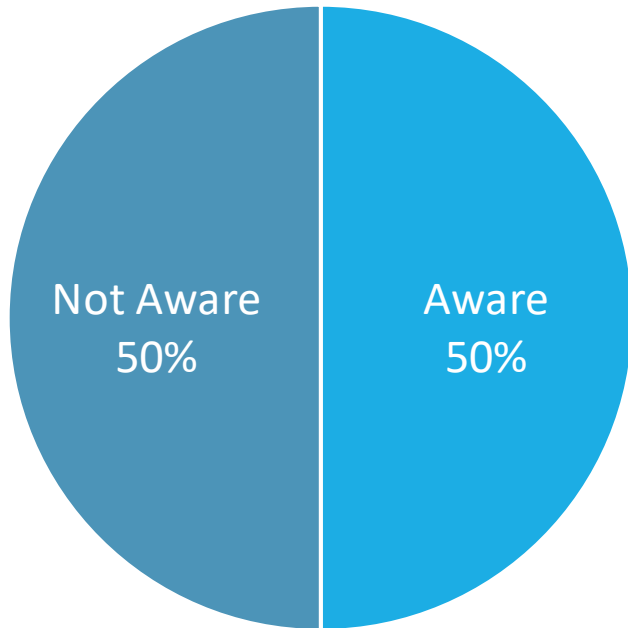
I have a moderate understanding of different kinds of value-based payments



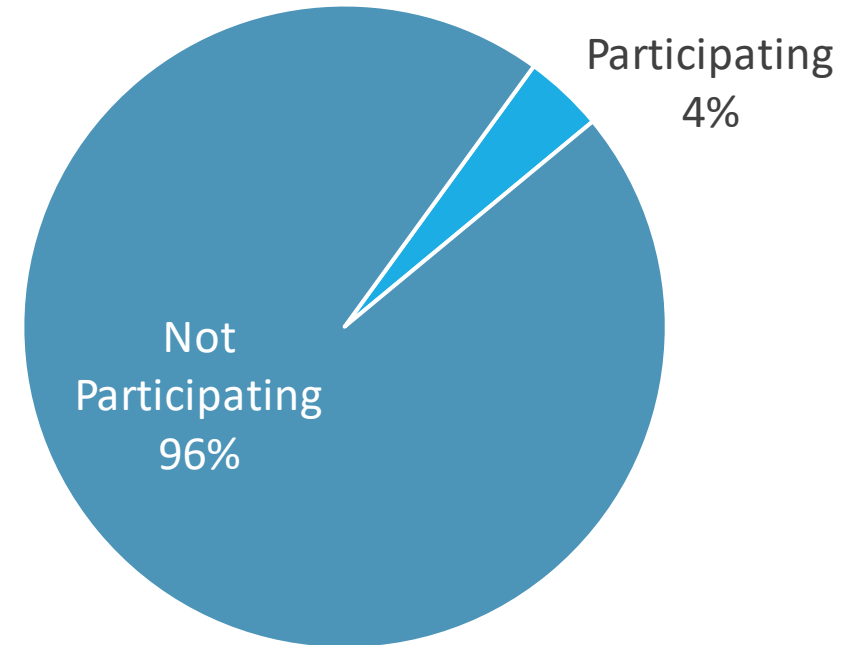
I have advanced understanding of value-based payment and core elements to implementing it

DISTRICT OF COLUMBIA DBH PROVIDER FINDINGS: VBP

Awareness of Value-Based Purchasing Models



Participation in Value-Based Purchasing Models



However, approximately 75% of providers surveyed would be interested in participating in value-based purchasing.

DEFINING VBP

» Healthcare providers are paid for the patient health outcomes rather than the specific services delivered



Current Models: Fee for Service (FFS). The service is delivered, the provider is paid. No connection to outcomes or value.



Future Models: Value-Based Purchasing. Payment is tied to the value or effectiveness of the services delivered.



Value-Based Care: The approaches to delivering services in ways that most create value for our patients and our society

VALUE-BASED PURCHASING EXTENDS BEYOND HEALTHCARE

- >> Can you think of purchasing decisions you make based on the overall value and quality of products or services rather than solely on price?
- >> Do you apply this thinking to any “healthcare purchases” you make in your life?





WHY ARE WE TALKING ABOUT THIS?






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WHY ARE WE TALKING ABOUT THIS?

We have an ethical obligation to deliver care in a manner that creates the most value for our clients and our society

Health Disparity	Ward 8	Ward 3
 Racial Segregation	92% Black	5% Black
 Median Household Income	\$50 K	\$190K
 Residents with a Graduate Degree	7%	57%
 Life Expectancy	72	88

Health Disparities	W8 vs W3
 Infant Mortality	6X Higher than Ward 3
 Death Rate Due to Cancer	2.5X Higher than Ward 3
 Death Rate Due to Heart Disease	4X Higher than Ward 3

WHY ARE WE TALKING ABOUT THIS?

>> What are states and health plans buying?

- ✓ Better health and well-being
- ✓ Better experience of care for individuals and families served
- ✓ Bending the cost curve

>> What is needed to perform in a way that achieves what states and health plans are buying?

- ✓ VBP Core Organizational Competencies

DHCF MCO CONTRACTS GUIDANCE ON 5-YEAR VBP STRATEGY

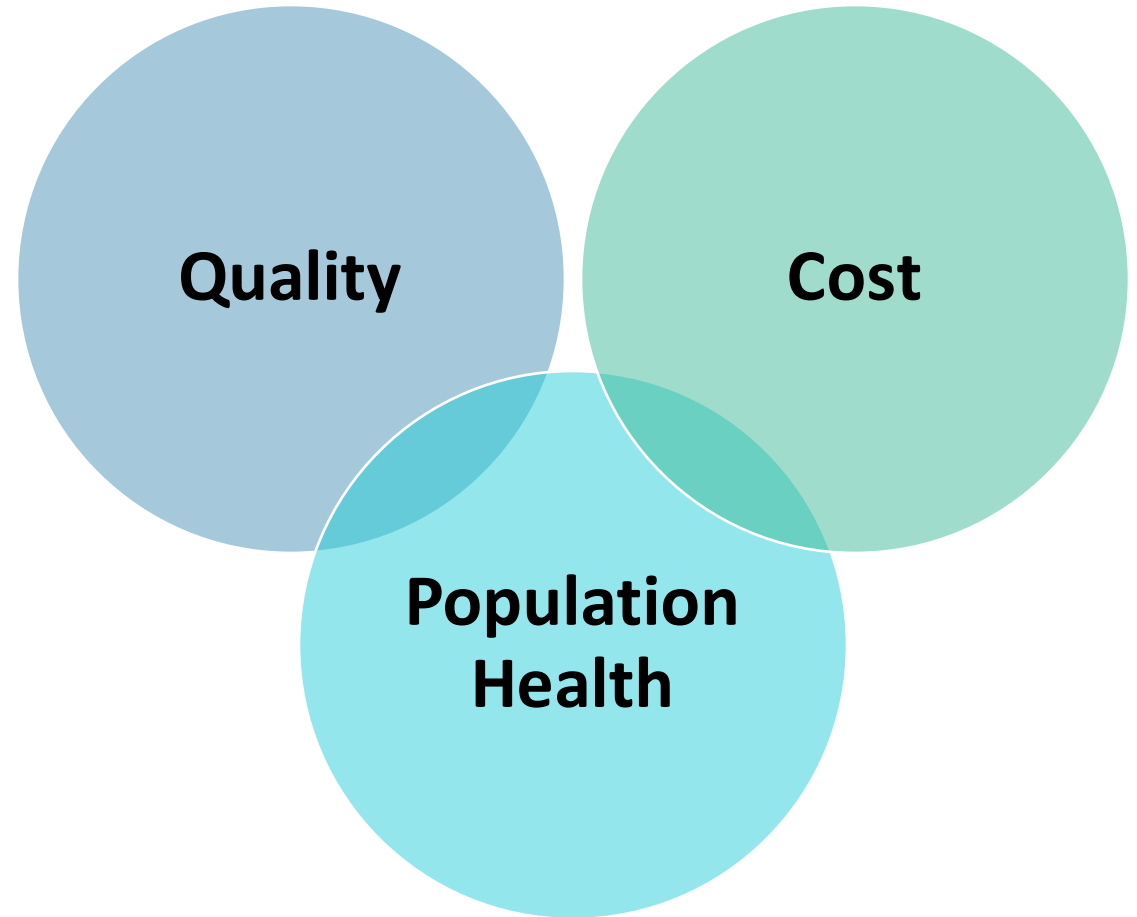
Base Year	% of total medical expenditures in VBP	All qualifying expenditures:			
		 CATEGORY 1 FEE FOR SERVICE - NO LINK TO QUALITY & VALUE	 CATEGORY 2 FEE FOR SERVICE - LINK TO QUALITY & VALUE	 CATEGORY 3 APMS BUILT ON FEE-FOR-SERVICE ARCHITECTURE	 CATEGORY 4 POPULATION - BASED PAYMENT
1	30%		✓	✓	✓
2	40%		✓	✓	✓
3	50%		✓	✓	(At least half)
4	60%		✓	✓	(At least half)
5	70%		✓	✓	(At least half)



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VBP BASICS: THE VALUE PROPOSITION

- » The unique and compelling benefits that a product, service, or healthcare provider offers.
- » Highlights the value and quality of the offering, demonstrating why it stands out from competitors and how it can meet the specific needs and preferences of the target audience.
- » Considers the cost and overall value delivered



>> Quality is defined as being able to consistently and reliably achieve



YOUR VALUE PROPOSITION

>> How do you know if the individuals receiving your services are getting better?

INCREASED QUALITY = INCREASED ACCOUNTABILITY AND INCREASED MEASUREMENT

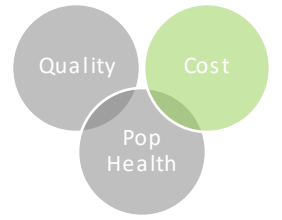
- » We will contract with insurers to provide aggregated outcomes for defined populations
- » Our aggregated outcomes will be compared to those of other provider agencies regionally and nationally

Process measures (e.g., percentage of clients attributed to your practice who have had a completed PHQ-9 and AUDIT within past six months; percentage of clients who have had a PCP visit within past year)

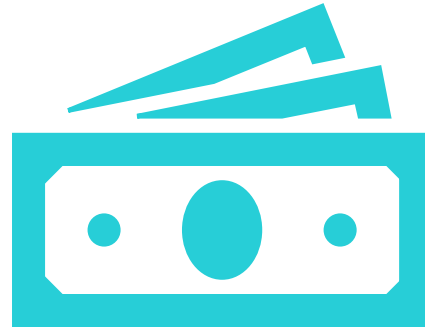
Outcome measures (e.g., changes in average PHQ-9 scores in your practice; rate of ER utilization among patients in your continuum of care)

WE ARE ALL STEWARDS OF HEALTHCARE DOLLARS

- » Healthcare dollars are finite
- » Healthcare costs have been rising steadily
- » As providers, what is our responsibility/opportunity to be responsible stewards?

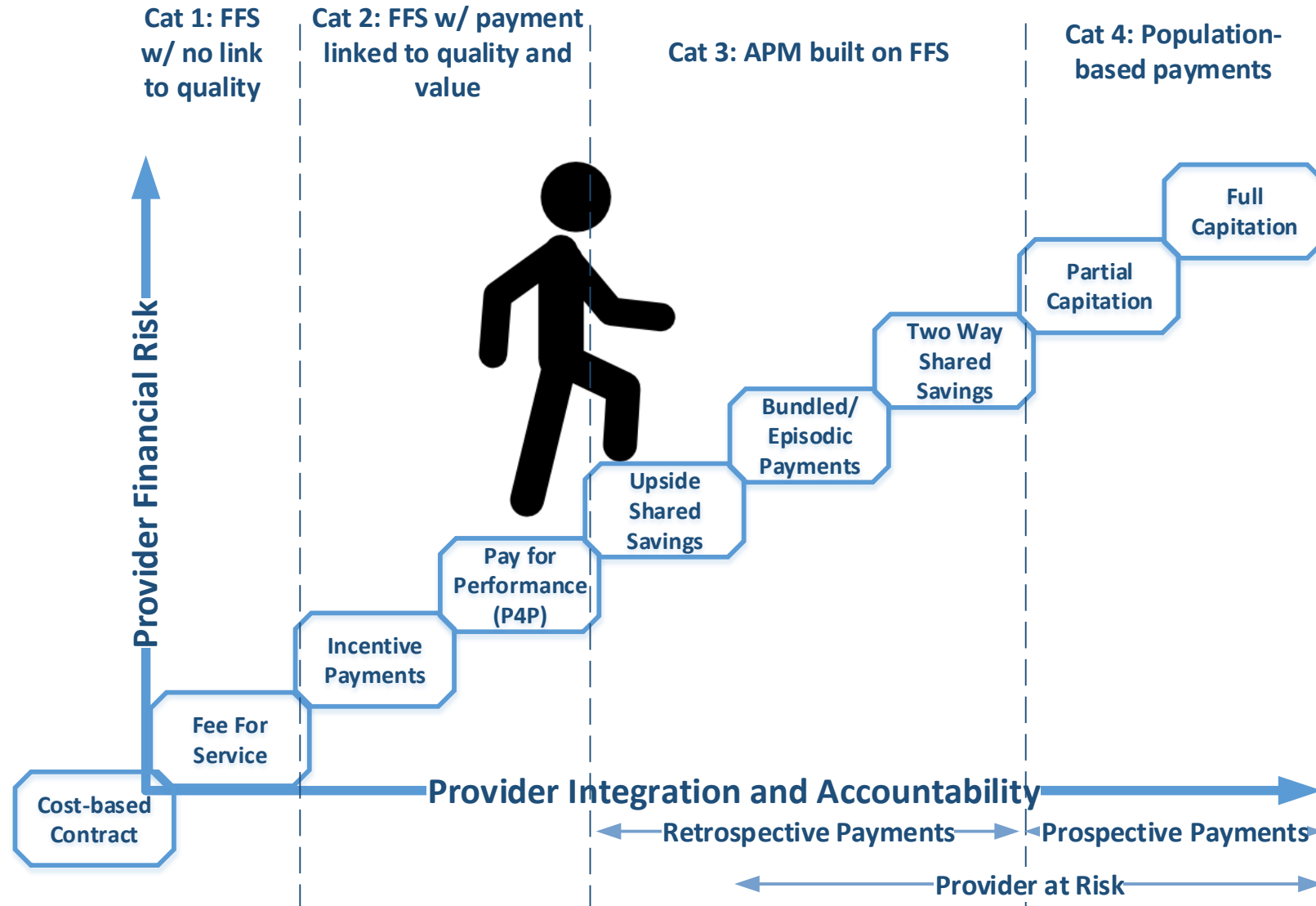


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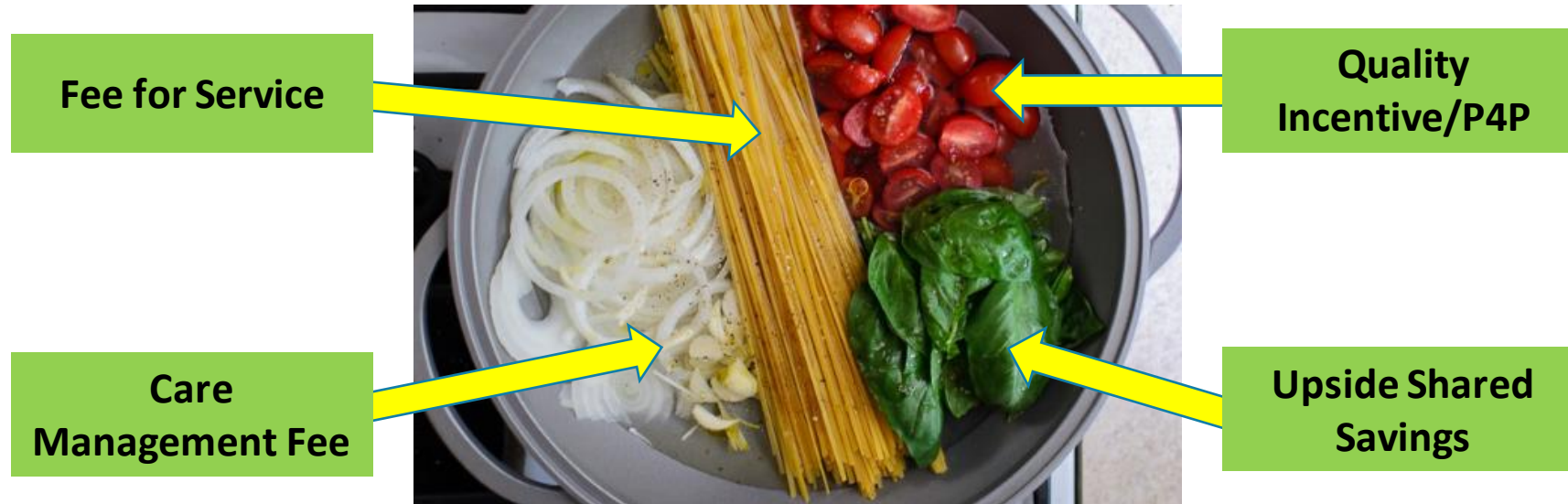
For the healthcare system to change, we must pay for care differently.

VBP GLIDE PATH

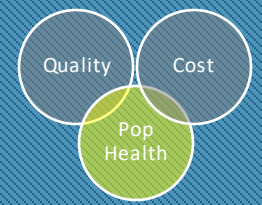


VBP MODELS: A TIME OF EXPERIMENTATION

>> Most VBP models currently include a combination of different payment types.



HOW IS VALUE LINKED TO POPULATION HEALTH?



>> To maximize the financial opportunities VBP presents, organizations must prepare to assume accountability for large segments of the communities they serve

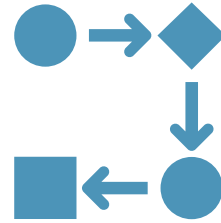


>> No single provider or organization can effectively deliver on value alone; therefore, partnerships are necessary and integral to delivering value

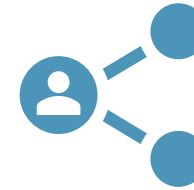
PARTNERSHIPS AND AGREEMENTS



Population health outcomes require cross-sector communication and coordination



Processes for ongoing information-sharing and consultation



Fine-tuning/formalizing verbal understanding, warm handoffs, and MOUs

VBP PRODUCES PROVIDER-LED ENTITIES (PLES)

WHEN the Centers for Medicare and Medicaid Services (CMS) OR STATES CREATE REQUIREMENTS FOR “VALUE-BASED” PAYMENT, THEY ARE INDIRECTLY SETTING IN MOTION THE DEVELOPMENT OF Provider Led Entities (PLEs)

In most cases, “value-based” payment means provider risk through capitation, bundled payments or substantial gain/loss-sharing systems

These payment presuppose advanced PLEs, i.e., organized groups of providers that have achieved clinical and financial integration and are equipped to accept risk

HOW YOU AND YOUR ORGANIZATION MIGHT FEEL RIGHT NOW

FEE-FOR-SERVICE
It's what we know
It's safe and secure
BUT
Non-alignment of
incentives for integration

VALUE-BASED PAYMENT
The unknown
Opportunities for rewards
BUT
more uncertainty



GETTING THERE FROM HERE

»» How ready are you?

Organizational
Leadership

Board of
Directors support

Know your risk
tolerance

Clinician buy-in

Population
Health

Partnerships
Agreements

Time and staff
resources

Financial position
Cash reserves

HIT infrastructure
and
Support

Liability
audit risk

SUMMARY: THE FUTURE HAS ARRIVED. WELCOME!



Healthcare providers are paid for the patient health outcomes rather than the specific services delivered.



We have an ethical obligation to deliver care in a manner that creates the most value for our clients and our society.



For the healthcare system to change, we must pay for care differently.

WRAP-UP/NEXT STEPS

BRIEF EVALUATION

1. Overall rating:

1. Poor

2. Fair

3. Average

4. Good

5. Excellent



2. Content Level:

1. Too Easy

2. Just Right

3. Too Advanced

3. Which TA modalities are you interested in for additional TA? *(Select all that apply)*

1. Webinars

2. Individual Coaching

3. Group Coaching

4. Which domains are you interested in receiving additional TA in? *(Select all that apply)*

1. Financial

2. Clinical

3. Legal

4. Business

UPCOMING SESSIONS & MORE INFORMATION

Upcoming Cohort Sessions:

- [Strategies for Negotiating Managed Care Contracts](#) – *Friday, Aug. 11 (12-1PM ET)*
- [Clinically Integrated Networks: Build, Buy or Say on the Sidelines](#) – *Thursday, Aug. 15th (11-12 AM ET)*
- [Promise & Perils of VBP](#) – *Wednesday, Aug. 16 (1-2 PM ET)*
- [Understanding Key Terms in Managed Care Contracts](#) – *Thursday, August 17 (12-1 PM ET)*

For more information on
Medicaid Business Transformation DC:
www.integratedcaredc.com/medicaid-business-transformation-dc/



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