

Summary

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VALUE BASED CARE

Grand Canyon University-NUR 621

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2020

What is Value Based Care

Reimbursement concepts

Free-for service to value based care

Difference between value based care and free-for-service

Categories of value based care

Advantages of care-based reimbursement models.

Why value -based arrangement is beneficial

2

Presentation Overview

The healthcare system is experiencing a shift from fee for service to a value-based care reimbursement plan. Previously, fee for service focused on the quantity of care the patient received without considering patient health outcomes. However, the value-based care reimbursement model incentivizes health care providers to provide quality care and focuses on patient health outcomes. This presentation will cover; what is value-based care, key concepts of value-based care, the transition from fee for service to value-based reimbursement plan, the differences between capitation and value-based reimbursement model, benefits gained from adopting its and the success it has had since its implementation.

2

VALUE BASED CARE

Value based care involves the appraisal and payment of health professionals on the basis of the patient's outcome

Health care workers are paid to uphold healthy lifestyles among patients

Compensation is based on effectiveness of services.

Efficiency is imperative in quality health care.

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3

Value-based health care is one of the most critical topics in health care transformation today. Value-based approaches to organizing health care delivery are widely touted as crucial to improving the health outcomes of patients worldwide and controlling runaway health care costs. Value-based health care's central tenant is that value for patients must be the overarching principle in the organization and management of health care delivery systems. Value-based care is a form of reimbursement that ties payments for care delivery to the quality of care provided and rewards providers for both efficiency and effectiveness (Wong, Ahlquist & Black, 2016). This form of reimbursement has emerged as an alternative and potential replacement for fee-for-service reimbursement, which pays providers retrospectively for services delivered based on bill charges or annual fee

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schedules.

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TRANSITION

Value based reimbursement model is the new model that is embraced from the value based care. Value -based care reimbursement model provides incentives to lower the cost of healthcare and upholds the quality of health care. Value for their money is enhanced to patients in values based care. While the capitation approach focused on the services' quantity provided by healthcare providers, value-based care determines the eminence while taking patient health aftermaths into consideration (Porter & Kaplan, 2016). Shifting from fee for service to a value-based pricing can be a challenge especially for healthcare providers whose technology and personnel support the traditional free-for-services reimbursement model.

Value-Based Care

4

Payments in the medical world have long been a point of debate, especially as the cost of health care continues to rise. Fee-for-service payment structures have historically been the norm, allowing physicians and medical centers to bill for each appointment, test, and procedure performed (Porter & Kaplan, 2016). However, as quality of service evolves and demands for standards of care increase, so do the possibilities for payment. Lead by Centers for Medicare and Medicaid Services, the medical culture in the United States is moving away from its roots and into a new era of value-based pricing.

4

KEY CONCEPTS OF VALUE BASED CARE

Reimbursement model is a framework that helps providers and payers to collaborate to provide quality and valuable care for patients.

In value base care reimbursement model, patient health outcomes matters the most. In this payment model, patient value is central. It is important to consider patient value when making clinical or healthcare decisions. Patient value is achieved when patient outcome is divided by cost.

Patients outcomes are measurable from an operational and clinical standpoint.

Value Based Care Concepts

5

Taking all these views into account, however, Patient Value must be central. A focus on Patient Value is needed when making responsible decisions by decision-makers and clinical management, within the health system and health delivery organizations. The health care value equation provides a way to understand how well an organization is performing. It is defined as the quality of care made up of outcomes, safety, and service divided by the total cost of patient care over time. More precisely, Patient Value is patient relevant medical outcome divided by cost.

5

DIFFERENCE BETWEEN VALUE BASED CARE AND FEE-FOR-SERVICE

6

The fee-for-service model ensures that the providers are reimbursed on the basis of the number of services provided to patients regardless of whether patients experience positive health outcomes. This model encouraged healthcare providers to increase the number of services and manage patients more to increase their pay. For instance, healthcare providers conducted more procedures and tests to be paid more. In fee for service reimbursement model, the cost of care is often determined by the amount of money that Medicaid and commercial payers would provide for these services. Payment rates for healthcare services were charged and paid for separately. In the fee-for-service reimbursement model, there was an increased difference in terms of cost for tests and procedures. The government was increasingly spending more on the health industry to improve patient outcomes while patient health outcomes were not improving.

The healthcare industry is going through a transformation in the reimbursement payment models. The payment models for healthcare providers such as physicians and hospitals are transitioning from a fee-for-service reimbursement model to value-based care. This model focuses on qualitative treatment and not quantitative treatment. This allows healthcare providers to offer the best quality care to patients at affordable costs. Historically, providers and healthcare organizations have been compensated for care provided based on fee-for-service reimbursement models. When a provider is reimbursed based on a fee-for-service model, they are compensated for each procedure, test, and treatment. They perform, regardless of whether that procedure, test, or treatment results in a better outcome for the patient.

6

DIFFERENCES BETWEEN VALUE BASED CARE AND FEE-FOR-SERVICE

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in terms of (in, for): **in terms of** → in

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Therefore to reduce the government's spending in the healthcare industry and enhance patient's health outcomes. A value-based care model was designed. The value based reimbursement model aims at enhancing the eminence of care and also regulating the cost of care provided. In value based reimbursement model, various quality measures are used to determine people's health. Unlike in fee for service reimbursement design, value-based care is guided by data. Healthcare providers are required to inform payers of specific metrics and show patient health development. In this model, healthcare providers have to provide detailed reports on population health, readmissions made to hospitals, patient engagement, and adverse events. Value-based care models encourage healthcare providers such as physicians and hospitals to engage patients, use data analytics, and rely on evidence-based medicine. When patients are given appropriate, coordinated, and effective care, healthcare providers are rewarded.

In the Fee for Service payment model, healthcare providers are incentivized based on the number of tests, procedures, or visits ordered. Necessarily, with the fee-for-service model, providers are financially rewarded for quantity over quality. With this payment model, it's easy to see how patients can sometimes undergo unnecessary tests or treatments when perhaps less invasive, lower cost, and just-as-effective options are available. Value-based care links primary care physician reimbursement incentives to the outcomes of the care they provide based on the overall quality of care rendered and cost-efficiency.

7

FEE FOR SERVICE VS VALUE-BASED CARE

Value-Base Care

8

Free-for-service Reimbursement Model

In this model compensation is done for the volume of services provided rather than quality.

Patient outcomes are not taken into account when reimbursement amounts are calculated.

This model could lead to unnecessary procedures, tests and treatment while less expensive and invasive option could be available

Value-Base Care Reimbursement Model

Encourages healthcare providers to collaborate with others to enhance patient health outcomes.

They are holistic, value preventative and patient centered

Are believed to be essential to improving quality of care, patient health outcomes and reduce cost of healthcare.

In contrast to fee-for-service, value-based reimbursement models compensate providers not for the quantity of procedures performed, but rather for the quality of the care they provide, measured by patient health outcomes. In a value-based reimbursement model, providers are rewarded for effectively managing the health of individuals and populations. Value-based care requires providers to take a more team-oriented approach to patient care, coordinating care across the continuum and collaborating with a patient's other care providers to deliver the best health outcomes possible.

8

CATEGORIES OF VALUE BASED CARE DESIGNS

Value-Base Care

9

There are various types of value-based care. Differences existing in the risks that providers assume and share savings and losses. The existing value-based care models include;

Responsible Organizations of Health Care

Responsible organizations is a network of providers that provide coordinated care to beneficiaries of Medicare.

Bundled payments

This is payment for services provided during the whole process of care.

Patient-centered medical homes

This care delivery model coordinates patient care through a primary care healthcare provider.

An accountable care organization (ACO) is a network of physicians, hospitals, and other providers that give coordinated, high-quality care to Medicare beneficiaries. Center for Medicare and Medicaid Services designed the program to help providers ensure that patients receive the most appropriate care at the right time. ACOs also aim to prevent unnecessary and redundant services while reducing medical errors.
A Bundled payment, or episode-based payment, is a single payment for services provided for an entire episode of care. Providers are collectively reimbursed for the expected



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Spelling mistake: **incentivized** → **incentive**



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Passive voice: **Are believed to be**



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costs to treat a specific condition that may include several physicians, settings of care, and procedures. The bundled payment relies on a certain level of risk. If providers are able to decrease the cost of the services below the bundled payment price, then they can pocket the savings. However, if the costs are more, then providers bear a financial loss. The patient-centered medical home (PCMH) is a care delivery model that focuses on coordinating patient care through a primary care physician. The PCMH is designed to provide patients with a centralized care setting that manages the different needs of a patient.

9

WHY ADOPTION OF VALUE BASED CARE IS ADVANTAGEOUS

Value-Based Care

10

Value-based purchasing enhances the care quality of health in care services. The benefits of this model extend beyond the patients to include providers, supplies, payers, and society as a whole. As healthcare quality increases, patients experience positive health outcomes. Adopting a value-based model of purchase is beneficial for health plans and providers.

Providers especially physician groups will achieve greater efficiency and patient satisfaction

Minimizes medical errors which are a concern for payers

Reduces costs

Lumps different transactions together.

While providers may need to spend more time on new, prevention-based patient services, they will spend less time on chronic disease management. Quality and patient engagement measures increase when the focus is on value instead of volume. In addition, providers are not placed at the financial risk that comes with capitated payment systems. Value-based purchasing also encompasses reducing medical errors and rewarding the best performing care provider organizations (Henkel & Maryland, 2015). Traditionally, limited incentive attempts, such as overall price discount negotiations, have not proved effective in improving the quality of care. Value-based purchasing links specific objectives to reimbursement incentives. Naturally, the global payment aspect of value-based payments reduces administrative transactions by effectively lumping payments and paperwork together, rather than processing separate claims and other paperwork for a healthcare visit.

10

WHY ADOPTION OF VALUE-BASED CARE IS ADVANTAGEOUS

Value-Based Care

11

Increases patient satisfaction

Value-based care purchasing prevents medical errors in healthcare therefore rewarding physician groups or healthcare providers that are performing better. In the past motivations such as overall price discount have not been effective in providing quality care. The value-based care purchasing helps to connect specific healthcare objectives to payment incentives.

Enhance healthy habits

Poor health habits such as drug abuse result results to poor health. With value base purchasing, payers adjust the benefit packages to fit with the recommendations provided by insurers therefore influencing people's habits.

Value-based purchasing encompasses reducing medical errors and rewarding the best performing care provider organizations. Historically, limited incentive attempts, such as overall price discount negotiations, have not proved effective in improving the quality of care. Value-based purchasing links specific objectives to reimbursement incentives (Jain et al., 2019).

Patient satisfaction is an essential benchmark that health care administrators use to measure organizational performance. Duly, hospital value-based purchasing programs result in increased satisfaction with healthcare plans and service delivery. Poor habits, such as cigarette smoking, overeating, and excessive alcohol consumption, contribute to poor employee health. Many major insurance buyers, especially employers, adjust their benefits packages to conform to insurer recommendations. This encourages healthy habits among employees.

By rewarding employees for healthy behavior, such as smoking cessation and weight loss, employers encourage wellness and contribute to reductions in medical costs.

11

VALUE-BASED CARE DESIGNS POPULARITY

Value-based care model has not been embraced by all providers. As the department of health is trying to enhance the use of alternative payment models, payers are pushing healthcare providers to participate in other payment models.

Center for Medicare and Medicaid Services (CMS) has attempted to increase the

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Checks that a sentence starts with ...: **in** → **In**

Use of whitespace before comma and...: **,,** → **, ,**

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Missing past tense for 'used to...': **use** → **used**

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Spelling mist...: **Reauthorizati...** → **Re authorizat...**

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participation of value-based care programs for instance the Chip Reauthorization Act and the Medicare Access (Miller & Mosley, 2016). CMS intends to link payment with the model. Value-Based Care

12

 currently: **currently** → now

In reality, value-based care is not an option for most healthcare providers. As the Department of Health and Human Services pushes to move more payments to alternative payment models, more providers are feeling the pressure from the public and private payers to participate in alternative payment models. The Center for Medicare and Medicaid Services has also worked to expand participation in value-based care programs. 12

VALUE BASED CARE MODEL SUCCESS

According to health and Human amenities section based in America (2020), there has been an increase of Medicare payments that are made the value -based care reimbursement model. The Department stated that it had saved a significant amount of money with value -based payment models as it minimized hospital admissions. Whereas value- based care model is a new phenomenon that is increasingly being implemented in healthcare, it is proving to be a success in term of efficiency and effectiveness.

Value-Based Care

13

After an era of discussion, demonstration projects, and education, many healthcare organizations are transitioning into a variety of value-based care contracts. Now health systems have opportunities to enter into government payer alternative payment models that appropriately meet each system's readiness to take on the financial risk for specific patient populations. The transition from fee-for-service to pay-for-value has been referred to as one of the most significant economic challenges the U.S. healthcare system currently faces

13

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Presentation Title

14