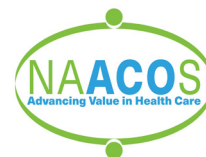


VALUE-BASED CARE TRANSFORMS HEALTH

SEPTEMBER 2023

ALLIANCE FOR
VALUE-BASED+
PATIENT CARE



Value-Based Care Transforms Health

The U.S. healthcare system is at a crossroads, facing the relentless pressures of rising costs coupled with an aging population that utilizes more healthcare for longer periods of time. Despite spending [nearly twice as much](#) on healthcare, the United States continues to see worse health outcomes than any other high-income country. For example, U.S. life expectancy is three years lower than the average for countries in the Organisation for Co-operation and Economic Development.

Value-based care prioritizes preventive care, which promises better outcomes, enables physicians and other clinicians to spend more time with patients, and focuses on keeping patients healthy and out of the hospital. It is therefore a key part of the solution to what ails U.S. healthcare. That's why a bipartisan majority in Congress chose to incentivize its adoption among physicians and other clinicians in Medicare.

The Benefits of Value-Based Care

Value-based care focuses on making sure patients receive the right care, in the right setting, at the right time and holds physicians and other clinicians accountable for quality of patient care and spending. This emphasis on outcomes allows physicians and other clinicians to:

- **Improve care coordination**, including strengthening links between physical and behavioral healthcare.
- **Prioritize primary and preventive care** to reduce morbidities from chronic medical conditions.
- **Spend more time with patients** and develop meaningful relationships that positively impact care.
- **Address patients' health-related social needs** by integrating key services like transportation, dietary management, and other non-medical services essential to patients' overall health and well-being.

This comprehensive approach generates significant benefits for everyone who receives, delivers, and pays for healthcare. Accountable care organizations (ACOs) (one of the most common value-based care models) have generated more than [\\$21 billion in gross savings](#) for Medicare alone over the past decade. Today, millions of patients have access to better, more-personalized care because of value-based models.

Value-based care represents a significant shift in the U.S. healthcare system. Adopting value-based models requires considerable investments from healthy systems and medical groups, including hiring additional staff, building data infrastructure, and providing social support services outside of those traditionally thought of as "healthcare." One of the ways value-based care is operationalized in the United States is through alternative payment models (APMs), which help physicians and other clinicians make these investments. APMs can take a few different forms, but the guiding principle of providing high-quality, patient-centered care remains the same. Examples of APMs include:

- **Total cost of care models**, where a physician or other clinician is accountable for patients' total cost of care and quality for a defined population (e.g., the Medicare Shared Savings Program and the ACO Realizing Equity, Access, and Community Health (REACH) Model).
- **Clinical episode (or bundled payment) models**, where a physician or other clinician is accountable for the cost and quality of care for one patient during one clinical episode, like a particular surgery or procedure (e.g., the Bundled Payments for Care Improvements Advanced Model and Comprehensive Care for Joint Replacement Model).
- **Primary care models**, which focus on improving quality by strengthening and increasing access to primary care (e.g., Primary Care First Model and Kidney Care First Model).

SUPPORTING CAREGIVERS



Don & Evelyn – Idaho

Don lives with diabetes and coronary artery disease. His wife, Evelyn, who serves as his caregiver, began to feel overwhelmed. Kootenai Care Network connected Don and Evelyn to a care manager, who coordinated Don's care and helped him manage his medication and symptoms. Don's health and well-being is improved, while Evelyn feels a greater sense of support and ability to care for him. Evelyn believes that Don's new outlook on life would not have been possible without the support and work of his coordinated care manager, made possible by the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) incentive for value-based care.

A Bipartisan History of Progress

Major 21st Century Milestones in Value-Based Care

- **2003:** The Medicare Modernization Act established Part D and Medicare Advantage, and Medicare started using capitated payments to offer more health benefits for older adults.
- **2010:** Congress created the Medicare Shared Savings Program and established the CMS Innovation Center to develop and test innovative payment models.
- **2015:** The Medicare Access and CHIP Reauthorization Act (MACRA) established the 5% incentive for physicians and other clinicians participating in APMs.
- **2023:** MACRA's incentive expires, jeopardizing decades of progress on value-based care, if Congress fails to act on or before December 31.

Congress has consistently passed bipartisan legislation to advance the transition toward value. The Medicare Access and CHIP Reauthorization Act of 2015 was perhaps Congress' biggest investment in value-based care to date. To encourage participation in APMs, MACRA created an incentive payment for qualifying practitioners equal to 5% of their prior year aggregate Medicare Part B payments for professional services. This incentive applies to all Part B payments and is on top of any fee-for-services payments received for services rendered. Importantly, 2023 is the final year of eligibility for this incentive, unless Congress acts before December 31.

The incentive has been key to advancing the transition to value-based care. [Nearly 230,000 physicians](#) and other clinicians received the incentive in 2023, and 84% of ACOs, [said the incentive payment was "extremely important"](#) in a recent survey. Physicians and other clinicians have used MACRA's incentives to make significant investments in patient care, including:

- Adopting technology to analyze and share data among patients' many providers.
- Hiring care coordinators to help patients navigate the health system and manage their conditions.
- Investing in home health programs so that patients can remain where they are most comfortable and avoid costly hospital stays.
- Providing caregiving support for families dealing with chronic illness.
- Instituting food, housing, and transportation support programs.

These investments have translated into tangible benefits for patients, physicians and other clinicians, hospitals and health systems, employers, and taxpayers. Since it was established, MACRA's incentive has played a critical role in supporting the transition to value in healthcare, resulting in:

Increased participation. [Nearly 300,000 physicians and other clinicians](#) participate in value-based models in Medicare—nearly triple the number who participated in these models in 2017, showing the incentive works. Nevertheless, growth in participation has been slower than anticipated, highlighting the need for continued support. When more physicians and other clinicians participate in value-based models, more patients have access to the high-quality, coordinated care that these models provide.

Better care for patients. [Sixty-seven percent of provider practices agreed that value-based care was better in the level of quality care](#) delivered to patients in a recent survey. ACOs [outperform non-value-based models on 81% of quality measures](#), including lowering hospital readmissions and reducing emergency department visits, according to the U.S. Department of Health and Human Services. Higher quality care means better outcomes for patients. Relatedly, the incentives have helped advance health equity by enabling physicians and other clinicians to invest in initiatives to address social determinants of health, promote cultural competency, and expand access for rural and underserved communities.

ADDRESSING SOCIAL DETERMINANTS



Michael – Washington

Michael has multiple sclerosis and needed skilled nursing after an inpatient hospital stay. He was discharged to his apartment and was supposed to receive home health services, but the home health agency could not reach him by phone. Thanks to a persistent nurse care manager, NW Momentum Health Partners (NWMHP) located Michael and found him living in a converted hotel infested with roaches. NWMHP helped Michael locate a safer home, obtain a low-cost phone, arrange transportation and support for his move, and transfer his medications to his new address.

Enhanced cost savings. Actual 2022 federal spending on Medicare was [nine percent lower than projected](#), which the Congressional Budget Office cited as being partially due to the improved care management and more efficient use of technology that MACRA's incentives promote. ACOs alone generated [\\$4.3 billion in gross savings and \\$1.8 billion in net savings](#) for Medicare in 2022, far exceeding the \$644 million CMS paid in incentive payments.

Supporting Continued Healthcare Transformation

While the U.S. health system has made significant progress, sustained investment over the long-term is required to realize the full promise of value-based care. More work, in particular, is needed to address barriers that prevent many physicians and other clinicians from being able to participate in APMs. This includes adjusting revenue thresholds to receive the incentive so that more physicians and other clinicians (especially those in rural and underserved areas) can adopt advanced value-based models and establishing clear, predictable metrics so that they can track their progress. More time is also needed to assess what does and does not work and allow for a true cultural transformation in the health system.

Congress faces a critical juncture in this path toward transformation, as 2023 is the final year of eligibility for MACRA's incentive for value-based care. Without MACRA's incentive, the move to value could lose momentum as physicians and other clinicians consider whether to join—or remain in—APMs. Congress can support patients and encourage continued innovation by passing the Value in Health Care Act of 2023 ([H.R. 5013](#)), which includes a two-year extension of MACRA's incentive for value-based care.

In addition to extending MACRA's critical incentive, the Value Act would make other changes to help the United States transition toward value, including:

- Adjusting the revenue criteria to receive the incentive so that more rural, underserved, primary care, and specialty practices can qualify.
- Creating a fair, transparent process to set financial spending targets.
- Establishing a voluntary track for ACOs to take on higher levels of risk.
- Providing technical support for physicians and other clinicians adopting value-based care.
- Studying ways to increase parity between APMs in traditional Medicare and Medicare Advantage so both programs are attractive and sustainable options.

What's Next?

It is imperative that Congress provides a two-year extension of MACRA's 5% incentive and passes the Value Act so that progress toward value is not lost, and the positive momentum of the movement continues. These policies are an important foundation of the longer journey toward the shared goal of a better, more sustainable health system. Ongoing investment, innovation, and collaboration will fuel true systems change and ensure patients receive the high-quality, personalized care they want and deserve.

COORDINATING CARE



Ochsner Accountable Care Network (OACN) - La. & Miss.
OACN uses APM incentives to support management programs, community resource networks, and individual patient needs. Over the past six years, OACN coordinated care for more than 8,000 patients, helping them manage chronic diseases such as diabetes and breast cancer. OACN supports its beneficiaries through the entire cycle of care, from monitoring conditions, to providing in- and out-patient care services, to providing services that improve patient transitions from a hospital stay back into their daily lives. Meanwhile, OACN has reduced its spending by more than \$100 million.