How to Prepare for Value-based Payment

The writing is on the wall. To achieve better care for patients, better health for communities, and lower costs, the healthcare industry is moving away from payment based on the volume of care that providers deliver to payment based on value.

The Centers for Medicare and Medicaid Services (CMS) and commercial payers alike are implementing programs designed to improve quality through payment initiatives. CMS started a value-based purchasing program in 2013. The CMS innovation page has forty-one programs designed to improve quality through payment initiatives. Currently 10.9% of commercial payments are value-based, either tied to performance or designed to cut waste.

**SO WHAT CAN YOUR ORGANIZATION DO TO PREPARE FOR VALUE-BASED PAYMENT?**

**Here are four steps:**

1. Assess your current performance
2. Implement education programs
3. Develop an analytics strategy
4. Determine areas for performance improvement

**LET’S TAKE A CLOSER LOOK AT EACH STEP.**

1. **Assess your current performance**

   To establish a baseline and outline the best strategy for your organization, you need to know where you stand now according to value-based program metrics. Important aspects of this process include:

   - Ask important questions about your past and current performance:
     - Have you had past quality improvement strategies? What were the results?
How do you compare to peers and national benchmarks?
What are your top three areas for clinical and financial improvement?

Model the potential drop or increase in revenue by year and by payer for the various value-based programs. You will begin to identify which programs and measures will be the most important for you to focus on.

Discuss future trends with commercial payers so that you understand their strategy for value-based purchasing. Open dialogue with payers will enable you to anticipate value-based programs and participate in a way that is most advantageous to your organization.

Accept the fact that you will have to exist in a world of multiple payment models for the foreseeable future. The shift to value-based care won’t happen overnight. You will need to juggle the existing fee-for-service structure and these new payment models simultaneously.

2. Implement education programs

All levels of management, physicians, and staff require education on the new value-based reimbursement environment. Education improves buy-in for your quality initiatives. Here are four tips for organization-wide education:

Education is best done in forums that already exist in a facility—for example, in existing committee or staff meetings. Consistency and repetition of the value-based message in these forums is important.

Develop materials that describe how quality has always been important—what is new is that payment is now linked to performance.

Review reports that clinicians receive from finance or from the quality department. Do they provide data on the measures for value-based purchasing, or do they simply include admissions statistics and patient satisfaction scores? Take advantage of this valuable communications opportunity to show performance on quality measures.

Develop physician champions that can provide leadership. Physicians who can present value-based initiatives to their peers are more credible advocates than non-clinical personnel.

3. Develop an analytics strategy

The effectiveness of any analytics strategy depends largely on two things: (1) the right approach to gathering, organizing, and analyzing data and (2) getting the right data to the right people to drive improvements. Here are some best-practice recommendations:

It all starts with an enterprise data warehouse (EDW) that combines clinical, financial, administrative, and patient satisfaction data to improve decision making. An EDW is the key to liberating cost and quality data and linking it together to provide a full picture of trends and opportunities.

Begin by tracking the metrics and outcomes that interest payers. An EDW delivers easy-to-interpret views illustrating how you perform on a wide range of payer metrics.
Invest in a flexible EDW platform that can adapt quickly to new metrics. CMS and commercial payers are constantly updating and adding quality measures.

Deliver linked data to clinicians on the frontlines of care. The best approach involves creating permanent, frontline teams of clinicians, analysts, and quality personnel who analyze the data to identify quality problems. Then, they apply their working knowledge of clinical workflow and operational best practices to determine the right protocol for addressing the problem. This way, clinicians become aware of the financial effects of their care decisions in a value-based environment and buy in more readily to evidence-based care improvements.

Start modeling population health management strategies. Many value-based payment models will hold you accountable for the health of entire populations. Modeling your financial risk and determining how the EDW can help you improve the health of populations is an important preparation for the value-based future.

4. Determine areas for performance improvement

Identify the areas of greatest variation within the measures you choose to focus on. An EDW enables you to examine each measure by specialty, by provider, and any other applicable grouping to pinpoint variation.

Use the EDW to identify opportunities for waste reduction. Determine which clinical areas can benefit from increased standardization and evidence-based practices.

Focus on cost structure rather than revenue increases. In a value-based environment, revenue increases may be small and will depend on your quality measure performance. Providers must shift their focus to understanding how much it costs to deliver care and lowering those costs without sacrificing quality.

Encourage innovation. As your frontline teams work together to determine how best to improve quality and cost, they may generate new and exciting ideas. Use this momentum to foster a culture of innovation and position your organization as a leader in the shift toward value-based payment.

Health Catalyst is a leader in Late-Binding™ enterprise data warehouses and healthcare analytics. Our products and solutions help improve the delivery of care and drive cost improvements.

Learn how we can help your organization succeed in the value-based environment.
Contact us at (855) 309-6800.
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