Value-Based Payment NEWS

Finding the Right Path to Value-Based Care: Lessons from High-Performing Organizations

For many organizations, the journey of transforming from fee-for-service to value can be filled with unexpectedly big challenges. One of the most critical, yet toughest, challenges is transforming an organization's strategy and culture. How can leaders incentivize adoption of value programs at all levels? What are the strengths and weaknesses of centralized versus localized governance? Why do approaches to cultural transformation vary among providers?

by Caitlin Sweany MPH

Transitioning to value-based payment and care delivery is daunting, even for sophisticated organizations. For too many healthcare leaders, the term "value-based payment" evokes strong pushback from stakeholders who prefer the comfort of fee-for-service medicine. Even for those who have already taken baby steps toward value, the prospect of advanced risk can seem out of reach due to organizational barriers.

Yet the world is moving toward value, and organizations must adapt if they hope to stay relevant and competitive. Under the Quality Payment Program, physicians who bill for Medicare Part B services must have a meaningful amount of their business in risk-based value arrangements to guarantee a bonus payment. Commercial insurers are also moving swiftly toward value; in the past two years, the top five commercial payers publicly announced almost 200 value contracts with providers.

Task Force Details Members' Biggest Challenges

Healthcare leaders who haven't should be planning their value transition now, which means embracing challenges head on. The Health Care Transformation Task Force, a non-profit consortium of over 40 member organizations across the healthcare industry, asked 15 of its high-performing organizations -- including providers, payers and partners who guide providers through delivery system transformation -- to share their experiences transitioning to value-based payment and care delivery. Here are some of the challenges they've faced, and how they've successfully managed them.

Challenge 1: *Setting realistic expectations about the time, effort and cost involved with infrastructure overhaul – and not initially overinvesting in expensive resources*

Investing in value requires substantial time, effort and cost. Maximizing resources and setting realistic expectations about what can be accomplished when is critical to long-term success. A few of the organizations interviewed by the Task Force recognized that they had underestimated the amount of time required to successfully implement value-based care programs. These leaders emphasized the importance of setting realistic expectations around clinical outcomes, financial savings and overall transformation progress -- particularly in the first few years.

They also cautioned against making heavy upfront investments in technology products, with one executive noting that "…basic IT is necessary, basic analytical capability is necessary, but people should resist the temptation to spend too much money and too much time worrying about that." Instead, leaders suggested maintaining focus on the end goal of improving patients' lives and delivering care more efficiently.

Challenge 2: *Fostering sustainable change over time under the direction of committed leaders and organizational champions*

The challenge of shifting a healthcare organization's culture is one of the most important perceived barriers to value-based care delivery and payment transformation. True cultural change is hard to sustain over time without true buy-in and commitment at all levels of an organization. Complex employment/affiliation structures, matrixed decision making and an abundance of highly educated clinical stakeholders can contribute to nuanced (and often conflicted) organizational politics.

Leaders who have successfully navigated cultural change know that continued momentum must come not only from the top, but also from the bottom. Enlisting "value champions" – physician leaders and staff supporters who can rally peers and demonstrate positive examples of change – are critical to motivate and engage those who are less enthusiastic.

Executive leaders must also commit to engage actively at all levels of the organization, rather than simply promoting a "trickle down" effect. As one Task Force member noted: "I think [our success is] because the COO and the director of care management came together, mapped out the work plan and just hit the pavement and communicated it to their staff, as well as through the medical hospitalists and the medical community at large."

Challenge 3: *Developing accurate return on investment predictions and identifying realistic expectations for financial savings*

Accurately predicting ROI is one of the most difficult aspects of value planning. Inaccuracies can serve as critical flash points for skeptical financial executives; even if underlying assumptions are meticulously thought-out and the data used to inform predictions is clean and comprehensive, unforeseen environmental events – such as policy changes – can quickly render ROI predictions meaningless. Most of the successful organizations interviewed employed short-term (quarterly to yearly) financial modeling supplemented with data analytics and actuarial expertise. Setting realistic expectations about financial savings and overall progress is critical. Organizations should have a concrete plan for measuring progress and making sure that financial and operational goals align. "Alignment on the financial goals and detailed assumptions is critical for the business case," said one Task Force executive. "The system needs to understand the operational requirements that feed into the business case."

Challenge 4: *Expecting all stakeholders – especially medical leadership – to have the necessary skill sets to successfully implement value models*

Creating value-based payment and care delivery programs requires a highly skilled workforce, one which may or may not already exist within an organization. Successful leaders know when to import talent – and when it's time to disconnect from individuals who are not supportive or skilled enough to realize the broader vision. This doesn't mean it's not worth investing in skills retraining; in fact, programs that help clinicians in particular focus on integrating new care elements such as social services can be tremendously beneficial, especially in markets where there is a shortage of resources. When these programs meet clear opposition and lack of competency, however, it can be best to identify early in the process and consider cutting ties.

One provider put it this way: "If you don't have it, you need to import the technical know-how. It has been difficult for people who have been in standard care delivery models, hospitals or even physician practices. It's hard for them to understand the population health approach or the episode approach, frankly. It's important to get people with good experience, oftentimes from managed care plans or people who have done extensive work across the continuum of care management activities."

Challenge 5: *Developing strong feedback loops for real-time performance improvement – without burning out docs*

For organizations that participate in multiple value arrangements, reporting metrics can look significantly different from arrangement to arrangement. These organizations face the task of not only meeting external metrics, but also developing internal processes that will allow them to track, monitor and course correct in real time. Engaging physicians in the process is essential to performance improvement, but leaders must be cognizant of burnout from over-monitoring. Even high performers continue to make improvements in this area: "Our whole goal has been to treat everybody the same along the same population health philosophy, with person-centric care, and have the same data regardless of payer," according to one Task Force member. "One area we've been minimally successful in is trying to align quality measures, because we just don't think it's tenable to ask our providers to manage people differently based on the contracts they're in."

Conclusion

Taking the leap to value-based payment can seem scary, especially for providers who are deeply and comfortably entrenched in fee-for-service. But as the healthcare system evolves, the focus on quality and cost will only continue to grow, as will the pressure on providers to fundamentally change the way they care for patients. Early innovators, such as those described above, have paved the way for change; now it is incumbent upon the rest of the industry to take these lessons learned and chart their own course in value. For more insights and lessons learned from value leaders, including a transformation framework, please read our series, *The Transformation to Value: A Leadership Guide*, available at www.hcttf.org.