R2R: The Rubber Hits the Road – An Interactive Session
The Shift from Volume to Value Based Care

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Learning Objectives

• Understanding implications of value-based care in cardiac rehab services.

• Identify opportunities for success with change.

• State strategies to increase referral, enrollment, and adherence.
Value Based Management

- Defined as a management technique based on ensuring that all activities carried out by company personnel are justified by adding value to the business.

- Includes three of the following:
  - Creating value-(ways to actually increase maximum future value aligned with healthcare corporate strategy)
  - Managing for value (alignment of governance, change management, organizational culture, communication and leadership)
  - Measuring value (valuation)

- VBM emphasizes the importance of good process in the form particular to improved clinical practice skills (VBM is the value counterpart of EBM).
- VBM is more than just an initiative – it has become (healthcare corporate purpose + healthcare corporate values), who we are as an organization.

http://www.valuebasedmanagement.net/faq_what_is_value_based_management.html
Due to concerns about rising costs and poor performance on quality indicators, employers, health plans, and government purchasers of health care are pushing for a transition to value based care (VBC) payment models.

In VBC models, an emphasis is on generating value, improving quality and decreasing cost in an evidence based manner. The premise of value-based payments is to align physician and hospital bonuses and penalties with cost, quality, and outcomes measures.

Value-based care is evolving as a solution to address rising health care costs, clinical inefficiency and duplication of services, and to make it easier for people to get the care they need.

Wendy Gerhardt et al. 2015, The road to value-based care: Your mileage may vary Deloitte University Press,
Transitioning from Volume to Value

Maximizing value is required, but transitioning too quickly may compromise current financial performance. Elements of value can improve performance now by maximizing margins, controlling cost & improving quality, safety & satisfaction.
What are Value Based Payment Models?

Health care organizations are experimenting with variations and combinations of four main types of value-based payment models:

- **Shared savings**—Generally calls for an organization to be paid using the traditional FFS model, but at the end of the year, total spending is compared with a target; if the organization’s spending is below the target, it can share some of the difference as a bonus.

- **Bundles**—Instead of paying separately for hospital, physician, and other services, a payer bundles payment for services linked to a particular condition, reason for hospital stay, and period of time. An organization can keep the money it saves through reduced spending on some component(s) of care included in the bundle.

- **Shared risk**—In addition to sharing savings, if an organization spends more than the target, it must repay some of the difference as a penalty.

- **Global capitation**—An organization receives a per-person, per-month (PP/PM) payment intended to pay for all individuals’ care, regardless of what services they use.

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Value Based Care Transformation

Four steps for health system leaders to understand, cultivate, and maintain cultural changes toward value-based care:

1. Build the will for change through engaging frontline providers and communicating patient-centered motivations for health care value;
2. Create necessary infrastructure to support value improvement efforts;
3. Expose physicians to value-based payment structures; and
4. Demonstrate leadership commitment and visibility to shared goals.
Emerging Value Based Care

What if Future Increases in U.S. National Health Expenditures Are Limited to Rate of Economic Growth?

National health expenditures (trillions)

- Health spending growth, 2014–2024:
  - $42.4 trillion if same as GDP growth rate;
  - $45.3 trillion if same as CMS projections.

- 19.6% of GDP
  - Cumulative difference: $2.9 trillion

- 17.4% of GDP

Cardiopulmonary Rehabilitation

VBC Accountability

Conceptual model of accountability

- Accountability
- What?
- How?
- With what?