



# THE TRANSFORMATION TO VALUE BASED CARE



## INCREASING THE VALUE OF CARE

Value Based Care (VBC) initiatives align payment models to maximize value for patients by achieving the best outcomes at the lowest cost. These models will change the way that care is delivered, with more collaboration and coordination between providers, payers and patients.

### OUR COMMITMENT

BCBSIL is leading the industry with a portfolio of approaches to Value Based Care. For decades, consumers have experienced better outcomes at low cost as a result of our Value Based Care initiatives.



### THE TIME IS NOW FOR VBC

The traditional fee-for-service payment model is unsustainable. The U.S. has the highest spending in healthcare, yet has one of the lowest life expectancies and highest obesity rates compared with other developed countries. This is due in part because we compensate providers based on the volume of tests and procedures, which can lead to waste, redundancy and unnecessary treatments. Value based care, by contrast, puts the payment incentive on delivering higher quality care, which leads to lower costs and improved outcomes.

$$\text{VALUE} = \frac{\text{OUTCOMES}}{\text{COSTS}}$$

### EXAMPLES OF VBC MODELS

#### Accountable Care Organization (ACO)

A payment and care delivery model that seeks to tie provider reimbursements to quality metrics and reductions in the total cost of care for a specific group of patients.

#### Episode-Based Payment (including bundled payments)

A model that compensates providers with a single negotiated payment for all services related to a specific episode of care.

#### Health Maintenance Organization (HMO)

The Primary care physician coordinates patient care with specialists and pharmacists and ensures access to preventative care and care management programs.

#### Medical Homes or Intensive Medical Homes (IMH)

The patient's primary care provider serves as the hub where services are provided or from which care from specialists is coordinated. The team of providers shares responsibilities for the patient's care.

#### Pay-for-Performance

Incentivizes providers for achieving improvements in efficiency, clinical quality outcomes, infrastructure and patient safety measures.

#### Population-Based Payment

A group of providers that receive fixed per member payments to deliver care and manage the overall health of a group of members.

## WHAT IS VALUE BASED CARE?

Today, a large percentage of BCBSIL members benefit from our value based care arrangements that intend to reward doctors and hospitals for lowering costs and improving quality.

### VALUE BASED CARE IS GAINING MOMENTUM

As a result of our successes and commitment to VBC, we anticipate our percentage of VBC models to dramatically accelerate in the near future. Our ongoing commitment is echoed through:

- We're a leader on the Health Care Transformation Task Force, a private coalition dedicated to shifting **75% of health care to VBC arrangements by 2020.**
- We're a founding member of the federal government's Health Care Payment Learning and Action Network, an organization creating an industry tipping point by **supporting Medicare's massive shift to VBC payment arrangements.**

## OUR VBC SUCCESSSES

**ACO'S**

9 ACO's

represent 450,000 lives

**IMH**

Focuses on the most ill patients, the **20% that account for 80% of costs**

14 Successful IMH's currently in place

**HMO**

700,000 members

Improved outcomes

lower costs

90% member satisfaction