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Operationalizing Value-Based Primary Care: Lessons from the Field

For more than a decade, hospitals, payers, and other healthcare stakeholders have experimented with moving healthcare payment from fee-for-service, volume-based contracts to arrangements that reward providers for the value of the care they provide. This approach—known as value-based care—is intended to spur high-quality patient care while controlling overall costs. And the primary care physician's office—an increasingly central front door of the healthcare system—plays a pivotal role.

However, successfully executing a value-based primary care model is easier said than done—and organizations often repeat a series of common pitfalls. In some instances, the **incentives needed to gain meaningful buy-in from front-line staff**—and drive the operational changes needed to implement and document new protocols—**aren't adequately aligned. Other organizations transition too quickly or too broadly to value-based care**, leading to uneven results across large populations of covered patients. And some **organizations focus too specifically on leveraging revenue cycle changes to drive value-based care** before running out of steam in the implementation process.

On the flip side, several emerging companies focused primarily or exclusively on primary care have pursued significant growth and touted promising, if early, performance results in recent years:

- **ChenMed** operates approximately 100 primary care practices in 12 states, with a focus on serving vulnerable seniors on Medicare. ChenMed's physicians provide more than 10 times more face time than the national average. The company recently reported a 22 percent lower incidence of stroke in patients who had been enrolled for more than a year. ChenMed also recently reported providing more preventive care during the early days of the pandemic in 2020 than the national average.

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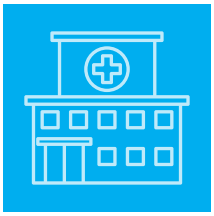
- **Oak Street Health**, which provides primary care for Medicare beneficiaries with a focus on preventive health, operates 125 centers in 20 states. The company, which recently entered into a partnership with AARP, cites a 51% reduction in hospital admissions, a 42% reduction in readmission rates and a 51% reduction in emergency department visits compared to Medicare benchmarks since its founding in 2012.
- **One Medical** offers in-network primary care at more than 100 offices nationwide and round-the-clock virtual care. Last year, One Medical acquired **Iora Health**, which provides team-based care for Medicare beneficiaries.
- UnitedHealth Group's **Optum** arm, which has more than 60,000 physicians and 1,500 clinics, recently announced plans to cover 500,000 new patients in value-based arrangements by the end of 2022. Optum, whose physicians and providers work with more than 100 payers, reported $155.6 billion in revenue in 2021, a 14 percent increase from 2020.

However, hospitals, health systems, and physician practices don't have the advantage of serving populations that are exclusively enrolled in value-based care models. Fortunately, there are a few lessons from the field that can help organizations experiment, succeed and scale value-based care on the fly—and avoid the pitfalls of their predecessors.



LESSON 1: Operationalize value-based care at the point of care

While value-based care strategies may be designed in the boardroom, their success—or failure—hinges on what transpires at the point of care—often in a primary care practice.

Michael Supino, CEO of **Midland Medical**, a primary care provider in Oakland Park, Florida, notes that gaining meaningful buy-in from physicians, clinicians, and other staff is essential to a successful value-based care initiative—which requires appropriately aligning incentives to their day-to-day responsibilities.

Midland Medical worked with Stellar Health, a healthcare technology company focused on helping providers improve quality and healthcare outcomes, to develop an incentive program for a value-based care workflow that also supports financial performance. Physicians and other team members were reimbursed for specific actions—for instance, following up on referrals or checking with patients on specific tests—as soon as claims were validated, instead of waiting months or even a full year for a value-based care related bonus.

"The first reaction is pushback," Supino notes. "But once our team got a good understanding [of the incentives] being aligned with delivering higher quality care to patients, everyone perked up. We gave our team a real-time incentive to do what they were already doing, and then gave them a tool to supercharge it by identifying the most impactful actions of a patient visit. The goal of our providers is better patient care, and this approach allows that to occur at scale by keeping incentives and healthcare outcomes aligned."

Through the initiative, Midland was able to increase its adoption of wellness visits and best practices for diagnoses and transitions of care.

LESSON 2: Pilot value-based care first before going systemwide

Instead of trying to implement value-based care across an entire system, focus on a few locations at first. For instance, instead of aiming for covering, say, 5% of patients in value-based care contracts across your system, aim for 50% plus value-based care patients at a few locations. At that level, organizations and their physicians will be able to test and scale changes to make meaningful value-based care improvements.

LESSON 3: Give your team space (and cover) to take chances

Finally, organizations with a track record of success in value-based care have all taken unique paths to reach their goals. For example, physicians involved in value-based care often need air cover to send patients outside of your health system—if they believe it will provide a higher quality and/or lower cost outcome for their value-based care patients. For example, rather than penalizing them for sending labs to a cheaper vendor, use these out-of-network decisions as learning opportunities to challenge your legacy fee-for-service bias. The leaders of value-based care programs need the freedom (and air cover) to experiment, learn, and actively respond to challenges and opportunities.

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