



## Physician engagement in value-based care strategy remains a challenge

**M**ost healthcare industry leaders and observers agree that the predominant method of paying for care—fee-for-service—is unsustainable. With the cost of care rising every year and patients paying more out-of-pocket for healthcare services, a reimbursement method that incentivizes high-quality care at lower costs is imperative.

Despite clear motivations to transition to value-based payment models, the industry still has been slow to adopt them. Some roadblocks to transition to value-based reimbursement are the complexities involved and change management required. The usual way of doing business won't lead to success in value-based payment models, therefore, leadership and clinical staff are required to re-tool how they deliver services and operate.

Firms, vendors and consultants have emerged over the years offering assistance to hospitals, clinics, physician practices and health systems as they embark on the journey to value-based care. To better understand the challenges and needs of providers as they make this transition, CareAllies partnered with Modern Healthcare Custom Media to survey 138 healthcare professionals about this topic.

The majority of participants in the survey are employed at hospitals (35% of respondents); medical clinics or groups (31%) and health systems (18%). Most also hold roles in

senior management (31%), clinical management (26%) and operations management (21%).

In this executive brief, we'll dive into the findings from the survey, exploring physician engagement with the reimbursement method and current difficulties overall with moving to value-based care. We'll also investigate current barriers to partnering with an outside firm and the additional support that would be needed, should a provider organization decide to seek out a third-party partner.

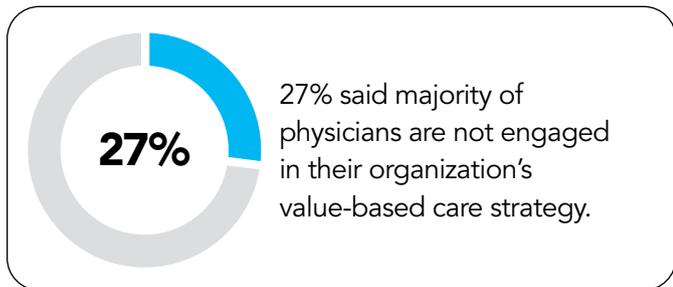
### Many physicians aren't engaged in value-based care strategy

Too often, practices make the mistake of believing they will succeed in value-based care by simply joining or forming an accountable care organization or clinically integrated network. But success actually hinges on alignment with physicians on the business and patient care goals of your value-based care strategy. Physicians are also directly impacted by the potential bonuses and penalties

associated with the contracts, making their buy-in nothing short of essential.

Despite the importance of physician engagement, the survey showed it's still a challenge for many organizations. Just 23% of respondents said the majority of physicians are engaged with the organization's value-based care strategy. Twenty-nine percent answered about half of the physicians are engaged and half are not engaged. Further, 27% said the majority of their physicians are not engaged. Fifteen percent answered their organization doesn't have a value-based strategy and 6% weren't sure of overall physician engagement.

In a separate question that asked which areas must be improved to advance or initiate value-based strategy at the respondent's organization, 44% of respondents selected engaging physicians as a key focus area.



Given that physician engagement warrants special attention, it's not surprising that some healthcare professionals are unsure about the state of their organization's value-based strategy, the survey showed. While 62% answered they understand their organization's value-based strategy, 7% said they don't understand it and 6% said they don't know if their organization has such a strategy. To note, is that the majority of the respondents answering the survey are in management roles, potentially warranting better understanding of their organization's strategy. However, of particular concern is that 25% answered that their organization doesn't have a value-based strategy at all.



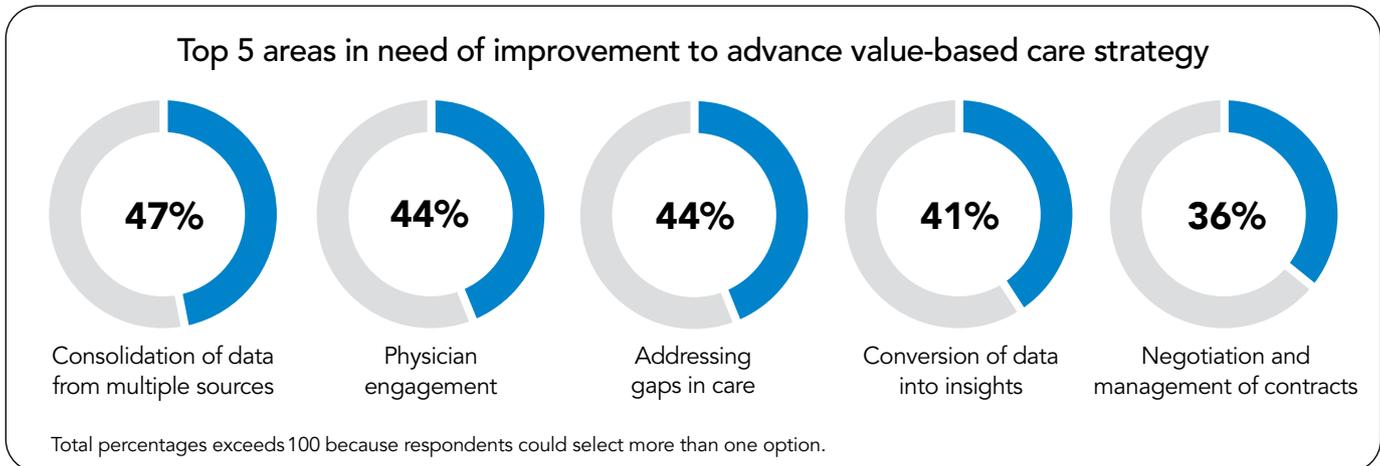
### Providers see many areas to improve organizations' value-based strategy

In addition to challenges with engaging physicians, there are other concerns plaguing providers, the research demonstrated.

When asked which areas of their organization need improvement to initiate or advance value-based payment strategy, and given the option to select more than one, 93% of respondents choose at least one area. In addition to the 44% who selected physician engagement, 47% selected consolidation of data from multiple sources, 44% chose addressing gaps in care, 41% picked conversion of data into insights and 36% answered negotiation and management of contracts.

Data is a huge component of value-based contracts, with health outcomes and cost metrics being used to determine success, but it can be hard to sort through. One way to cut through the noise of data is to identify the key metrics that matter and monitor those on a frequent basis. An engaged, hands-on partner can help an organization identify and track key data points as well as help make sense of the data by turning it into actionable insights.

When negotiating and managing contracts, a critical component is to understand and assess the unique needs of your organization. There are several kinds of value-based payment arrangements with varying levels of risk, from zero risk to full risk. Having a clear view of your organization's



risk capabilities will provide more confidence when seeking out contracts. Partners with experience contracting with federal and commercial payers on these models are a helpful guide as well.

## Opportunities for partners to help

Given the challenges associated with starting and evolving a value-based strategy, most respondents to the survey said their organization doesn't partner with a vendor or consultant to support their value-based payment strategy. However, given the challenges associated with starting and evolving a value-based strategy, seeking help from a partner may be an appealing option for organizations.

When asked what solutions or services their organization would need most from an outside firm, 77% of respondents selected one or more options. Just 23% answered the question wasn't applicable because the organization is not looking to work with a vendor or consultant.

Of the 77% who selected services a firm could offer, 52% answered value-based tools and technology would be the assistance needed. Thirty-six percent said they would like a true partner who shares organizational and financial responsibilities. Lastly, there was greater interest in long-term partnerships as 32% answered they could use a long-term partner who will help with strategy and initiatives, and 19% said they could benefit from a short-term partner to support a short-term initiative.

The varying responses to this question illustrate that there is no one-size-fits-all approach to value-based care. Every organization has unique needs and expectations based on certain factors including location, size, and physician and patient population makeup. This was also on display in a separate question, when 53% said a barrier to finding a partner was finding one that fits their organization's specific needs. In that same question, 30% said a barrier was finding a partner who fits their organization's culture.

To address these concerns, when considering a third-party partner, look for one that recognizes and appreciates the distinctive demands of your organization, practice and community and will offer solutions, tools and insights accordingly.

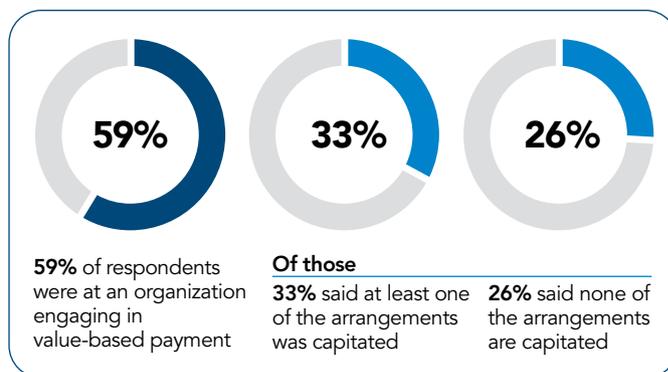
## Participation in value-based care is growing

Although providers are facing barriers, more than half of respondents (59%) to the survey said their organization engages in value-based payment arrangements. This is aligned with [other data showing](#) participation in value-based payment models is steadily growing among providers. Engaging in value-based care has become more common in the last decade as Medicare and other payers

offer alternative payment model contracts.

Of those who said their organization is involved in value-based payment contracts, 33% said one or more of the arrangements are capitated, while 26% said none are capitated.

Capitation, which involves paying providers a fixed amount for the patients they treat, is typically considered the most sophisticated value-based payment arrangement a provider can be in because it requires downside risk, and therefore, the potential for losses. At the same time, these arrangements also offer the most flexibility as the provider has control over their patients' treatment, as long as quality measures are met, and the cost of treatment is managed.

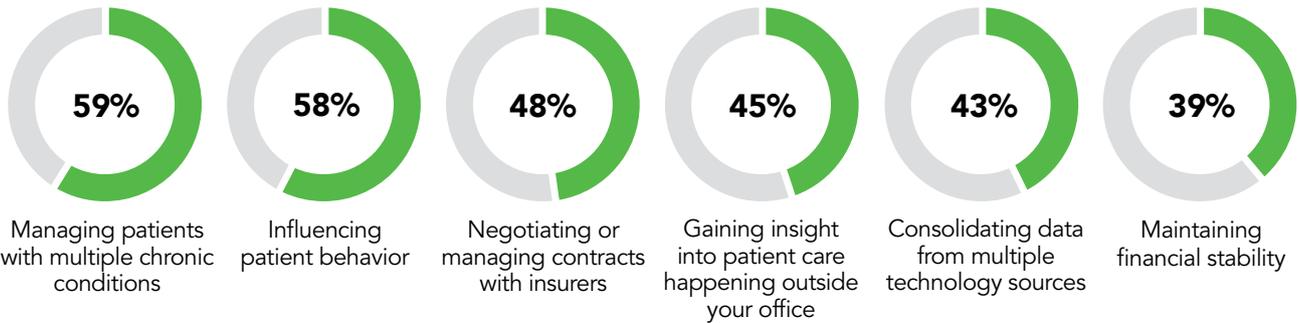


When asked how they view capitated payment models, 46% of respondents said they provide more financial stability than other value-based payment arrangements, and 32% said they provide less financial stability. The remaining 22% were not sure. Interestingly, for those at organizations already participating in capitated payment, the survey showed most answered the model offers more financial flexibility than other value-based payment arrangements.

There are many financial benefits to capitation. By being reimbursed a fixed amount per patient, physicians and organizations have a more predictable flow of cash and don't need to spend as much time or resources on billing. In addition, this was especially helpful during the COVID-19 pandemic. Unlike organizations with heavy reliance on fee-for-service, physicians in capitated payment arrangements were able to adapt quickly, allowing them to make adjustments such as switching to telehealth.

Providers can also be quite flexible in the programs and services they offer their patients, such as those that aren't reimbursed in fee-for-service payment. For instance, a medical group can connect patients to community resources such as food delivery services and potentially see a financial return on these efforts if the initiative helps improve health outcomes and reduces costs.

## The most challenging aspects of your organization participating in a capitated payment model



Total percentages exceeds 100 because respondents could select more than one option.

Providers acknowledge there are challenges to capitated payments. When asked what are, or would be, the most challenging aspects of their organization participating in a capitated model, with the option to select more than one response, 59% answered managing patients with multiple chronic conditions, 58% said influencing patient behavior, 48% answered negotiating and/or contracting with insurers and 45% said gaining insight into patient care happening outside their office.

Because capitation is the most sophisticated value-based payment option, providers should be patient in their journey. It is a gradual process, but you can start slow. It will likely make sense for your organization to start in contracts with no risk, then transition to those with two-sided risk as key lessons and change management occur.

Partners are also an option in this journey to share in the infrastructure investments and risk. There are many nuances involved, and a partner can help your organization develop the right strategy to achieve your goals.

### CareAllies is here to help

As healthcare organizations consider working with a partner on their journey to engaging in value-based care models, look to CareAllies.

CareAllies understands no organization is the same. They work to radically simplify the process of transitioning to value-based care by acting as an extension of your organization to help you achieve the best clinical, quality, and financial outcomes. CareAllies works with hospitals, health systems and large and small provider groups to deliver more accessible and affordable care through models designed to empower providers and promote financial success. Provider organizations strapped by complex, rapidly changing operational burdens cannot focus on patients as much as they wish. Partnering with CareAllies helps alleviate the operational challenges so your providers can focus on their most rewarding endeavor: improving patient health outcomes.

For more information, please visit [www.CareAllies.com](http://www.CareAllies.com).

Sponsored by



Produced by

**Modern  
Healthcare**  
Custom Media

## About the Survey

Modern Healthcare Custom Media, on behalf of CareAllies, commissioned Signet Research, Inc., an independent company, to conduct a survey of healthcare professionals. The objective of this study was to learn about organizations' experience with and opinion of value-based care including challenges and interests in working with a vendor or consultant.

On February 18, 2022, Modern Healthcare Custom Media sent a broadcast email to Modern Healthcare registrants asking them to participate in a survey. Subsequent reminder emails were sent between February 23 and March 10. By the closing date of March 15, 138 responses had been received. The base used is the total number of respondents who answered each question. Survey findings may be considered accurate to a 95% confidence level, within a sampling tolerance of approximately +/- 8.3%.