

UNDERSTANDING VALUE-BASED PURCHASING

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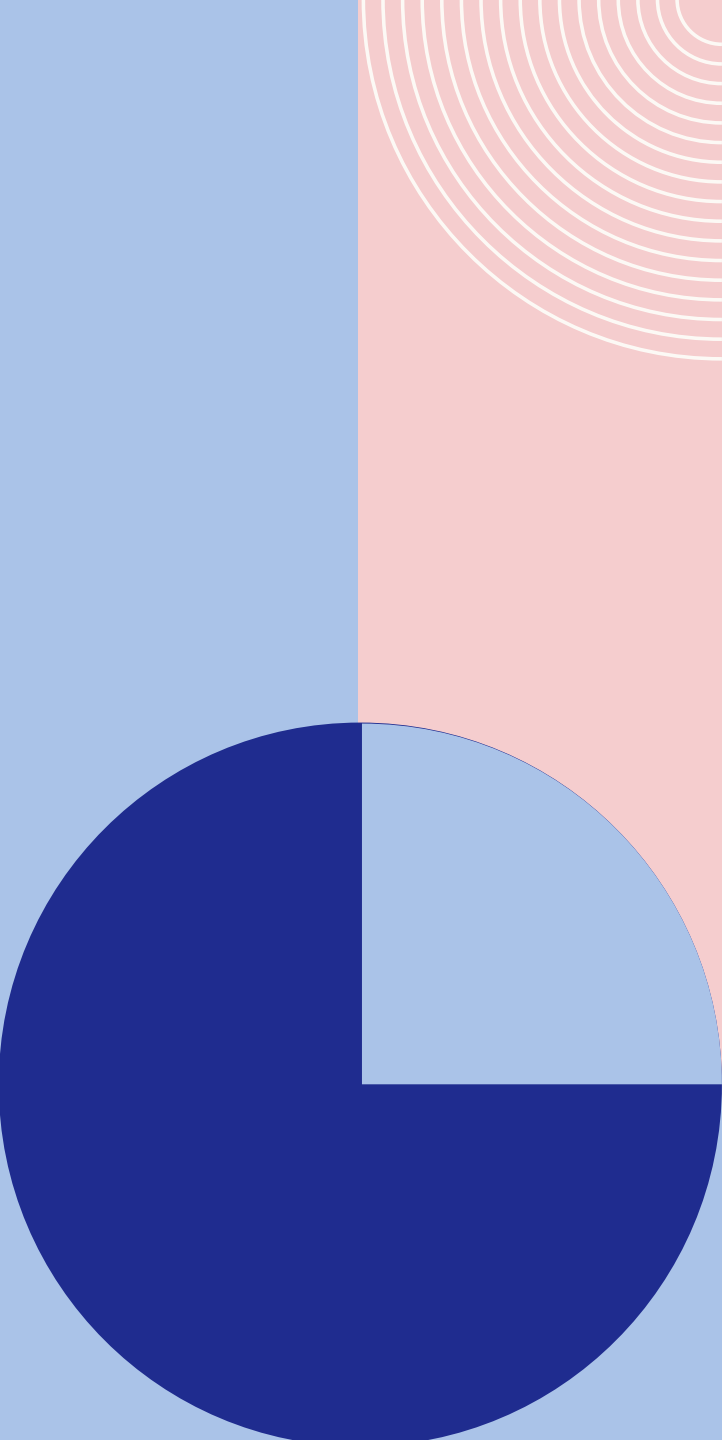
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OBJECTIVES

- Compare Four Funding Methods
- Contrast Impact of Funding Method on Quality and Outcomes
- Contrast Incentives for Providers
- Explain why Payers are adopting Value-based Purchasing
- Explain Issues Associated with Use of Value-Based Purchasing for BH/IDD/DD

FOUR FUNDING METHODS

- Grants
- Fee-For-Service
- Managed Care
- Value-Based Purchasing



Funding Method

What Is Purchased

Grants

Capacity

Fee-For-Service

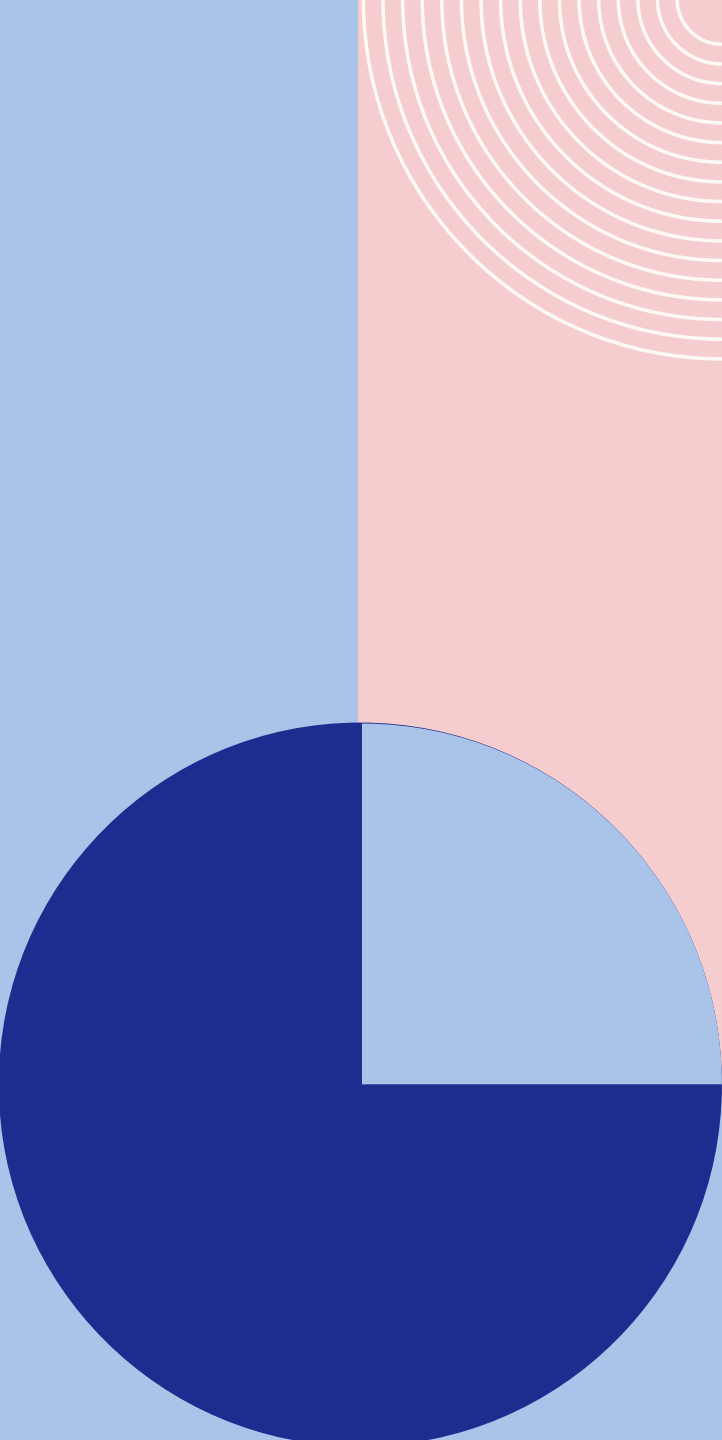
Activity/Quantity

Managed Care

Approved Activity/Quantity

Value-Based Purchasing

Quality/Outcomes



Funding Method

Payment Basis

Grants

Amount Fixed,
Activities/Outcomes Not

Fee-For-Service

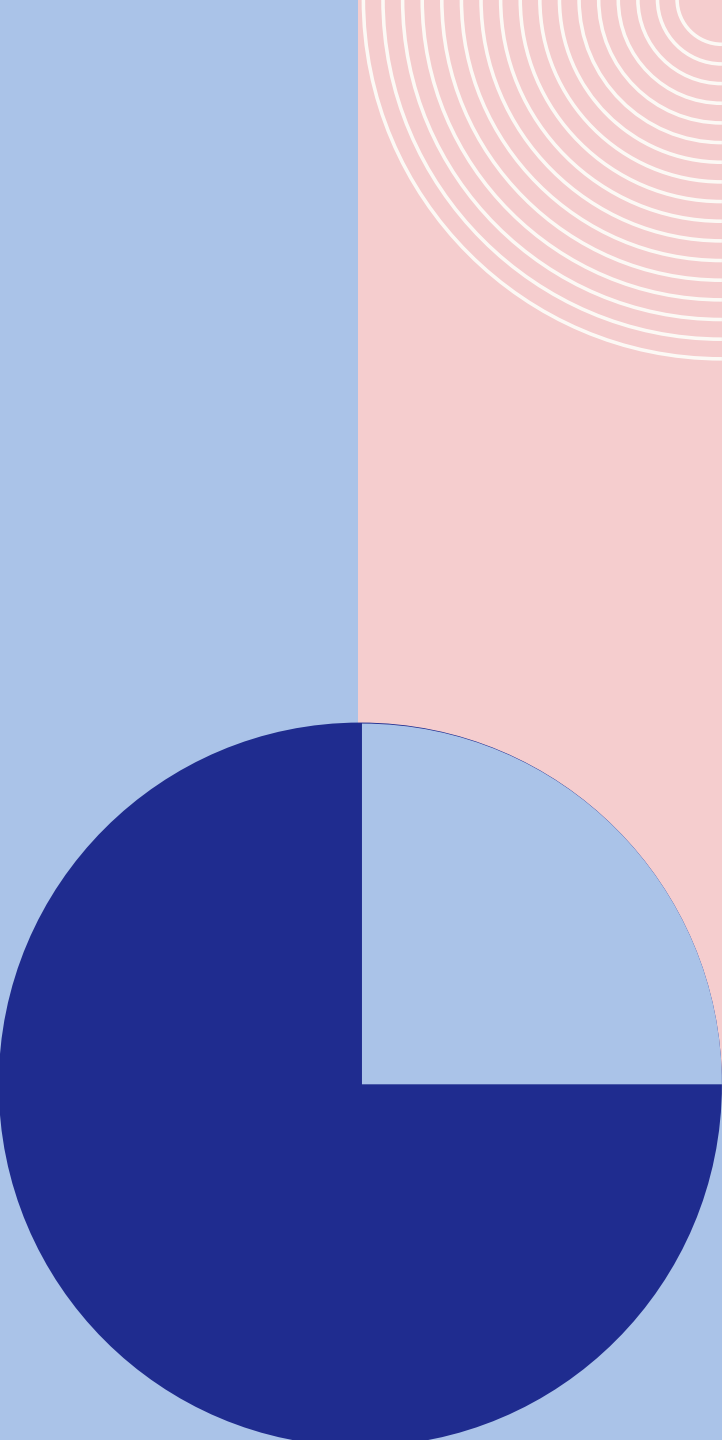
Rates Per Unit of Service

Managed Care

Rates Per Unit of
Approved Service

Value-Based Purchasing

Rates Per Outcome
Achieved



Funding Method

When Paid

Grants

Upfront

Fee-For-Service

After Service Delivery and Billing

Managed Care

After Service Delivery and Billing

Value-Based Purchasing

When Results Achieved and Billed



Funding Method

Grants

Fee-For-Service

Managed Care

Value-Based Purchasing

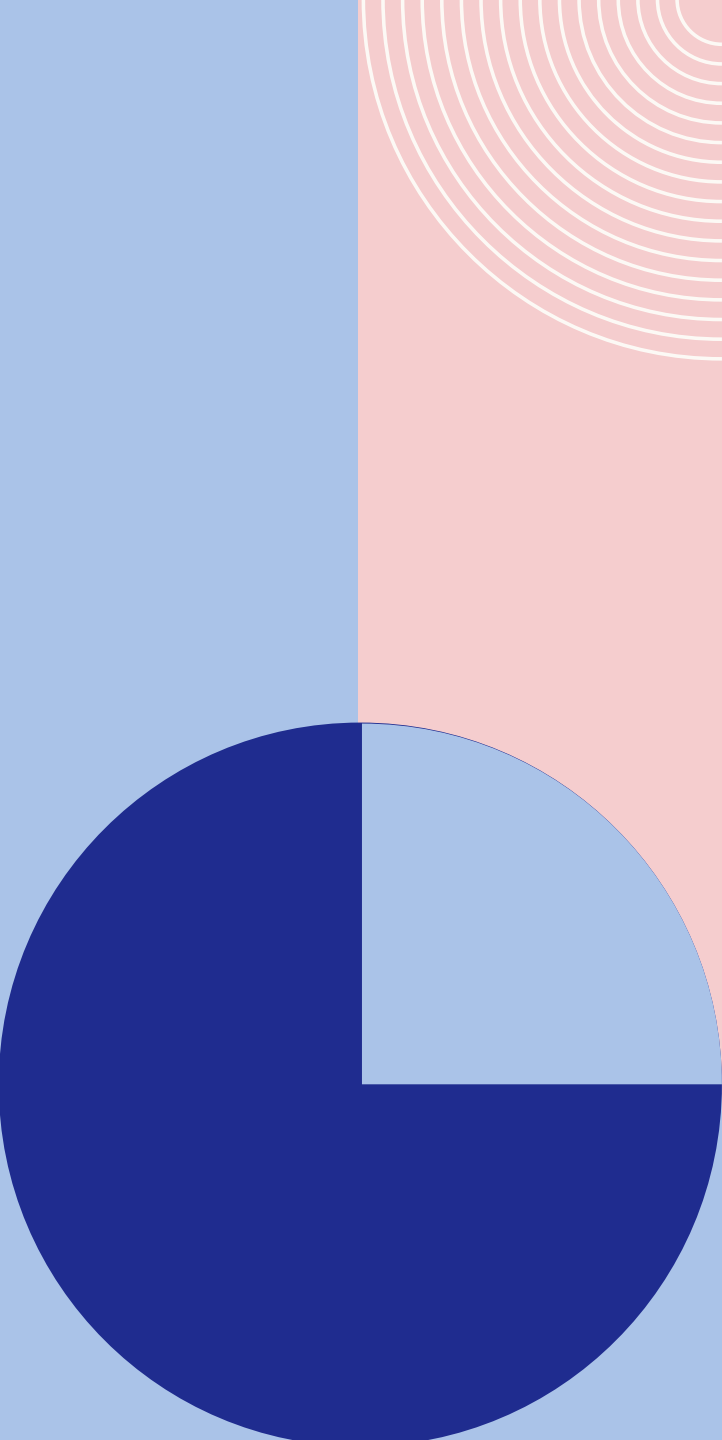
Rates Determined By

Grantmaker

Negotiated - may not cover cost

Negotiated - may not cover cost

Negotiated - may not cover cost



Funding Method

Incentives for Provider

Grants

Flexibility, Grantwriting, Relationships

Fee-For-Service

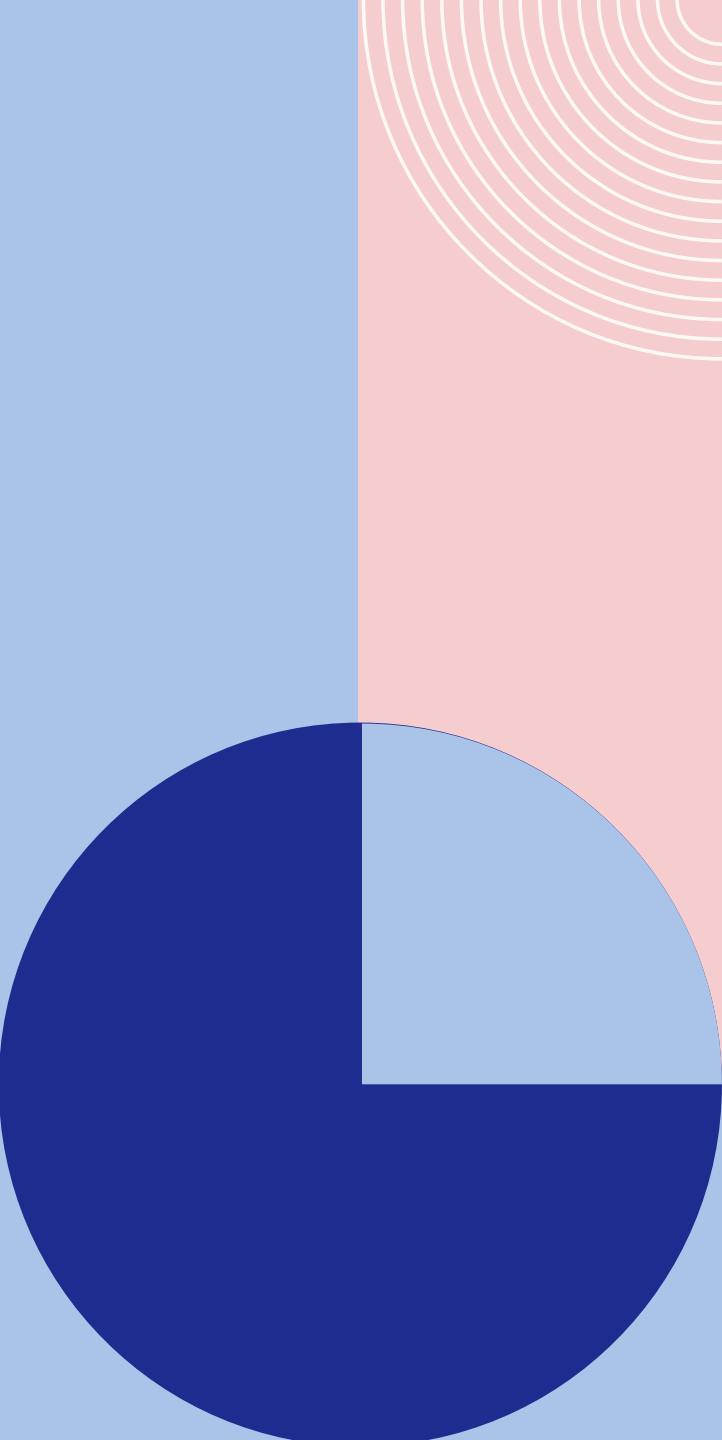
Increased volume, billing accumen, clinical efficiency

Managed Care

Increased volume, billing accumen, clinical efficiency

Value-Based Purchasing

Clinical Effectiveness, Billing Efficiency, Cost Control



Funding Method

Grants

Fee-For-Service

Managed Care

Value-Based Purchasing

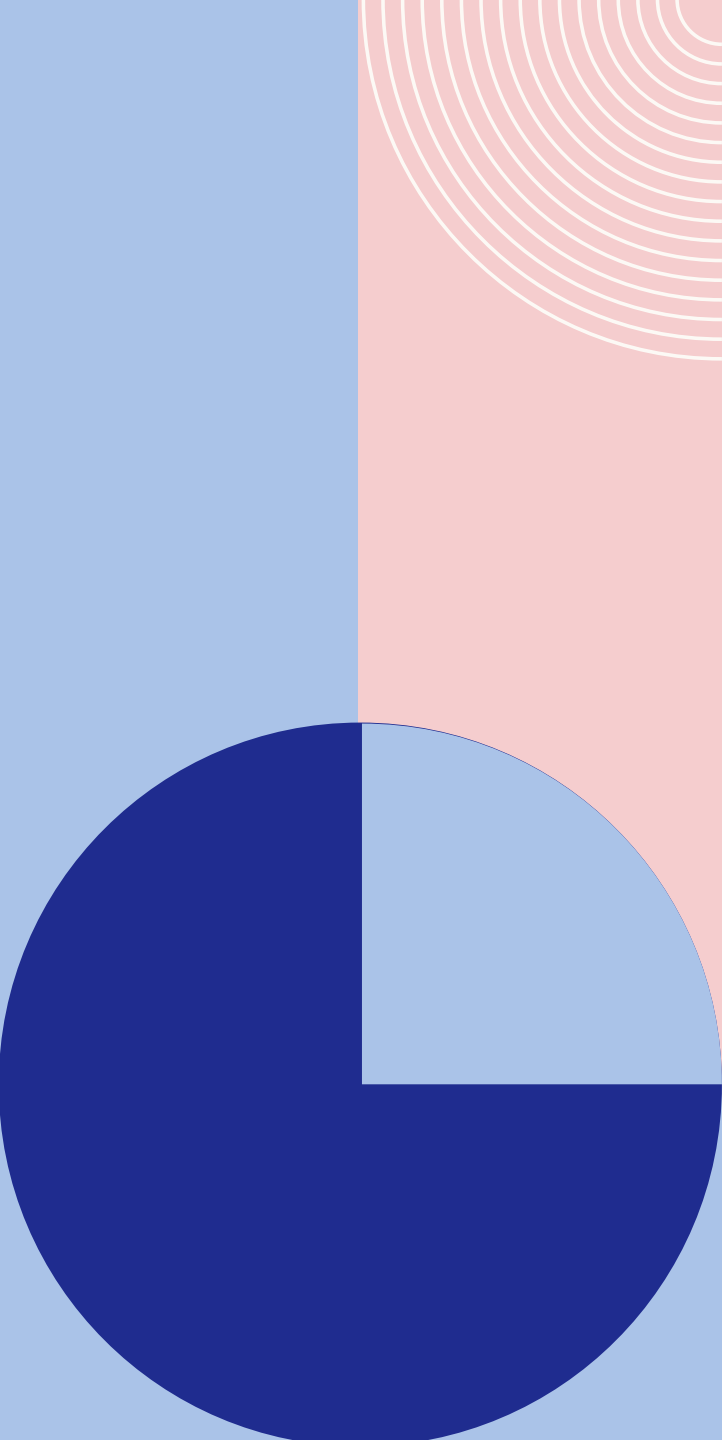
Sustainability/Scalability

Dependent on Funders

Contractual, Market and Workforce
Dependent

Contractual, Market and Workforce
Dependent

Contractual, Market and Workforce
Dependent



Funding Method

Accountability

Grants

Fulfilling Requirements

Fee-For-Service

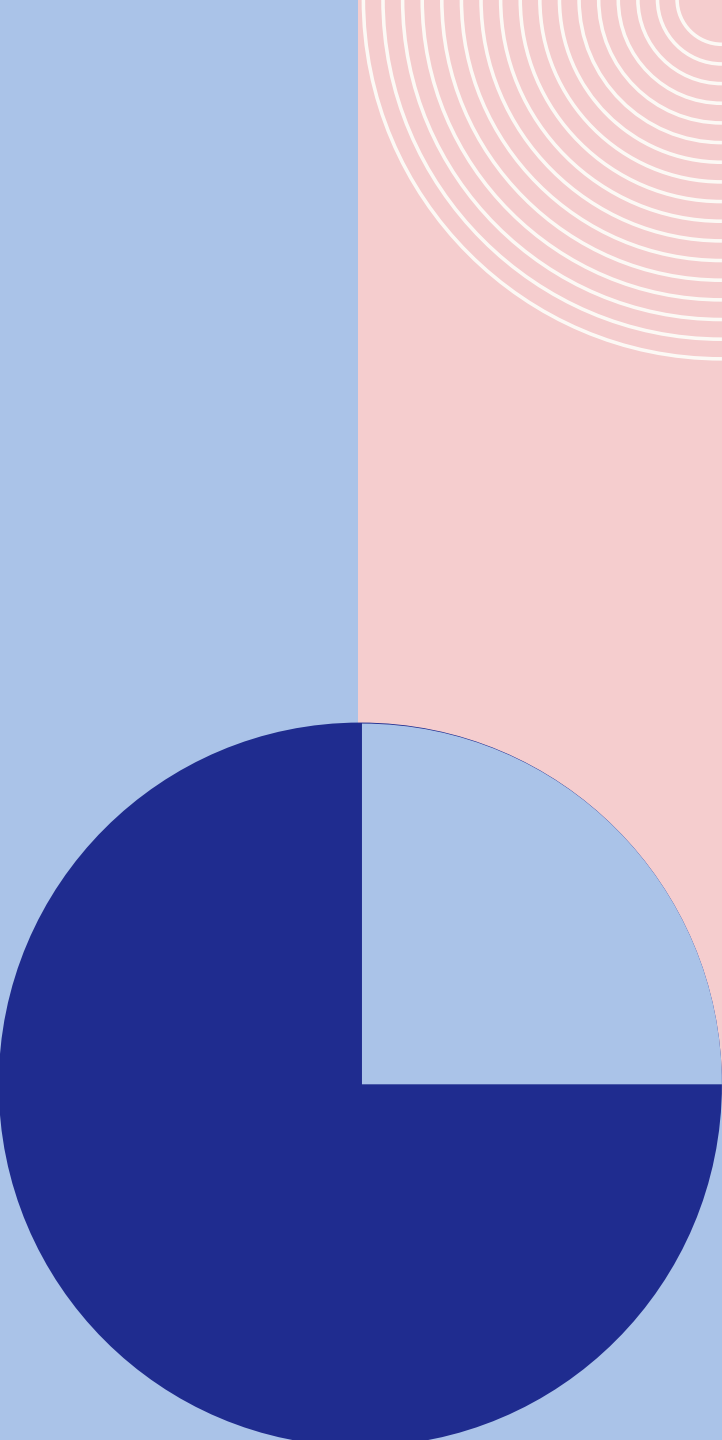
Rate Adequacy, Substantiation

Managed Care

Rate Adequacy, Approvals, Substantiation

Value-Based Purchasing

Achieving Results, Substantiation, Fulfilling Requirements



Funding Method

Risk Assumption

Grants

Payer Has All Risk

Fee-For-Service

No Cost Control for Payer

Managed Care

Limited Volume Control for Provider

Value-Based Purchasing

Provider Assumes Risk for Outcomes/Quality

WHY SHIFT TO VALUE-BASED PURCHASING

- Cost Control for Payer
- Better Focus on Outcomes
- Less Focus on Volume
- Better Able to Focus on Quality
- Less Need to Manage Care

VALUE-BASED PURCHASING FOR PEOPLE WITH DISABILITIES

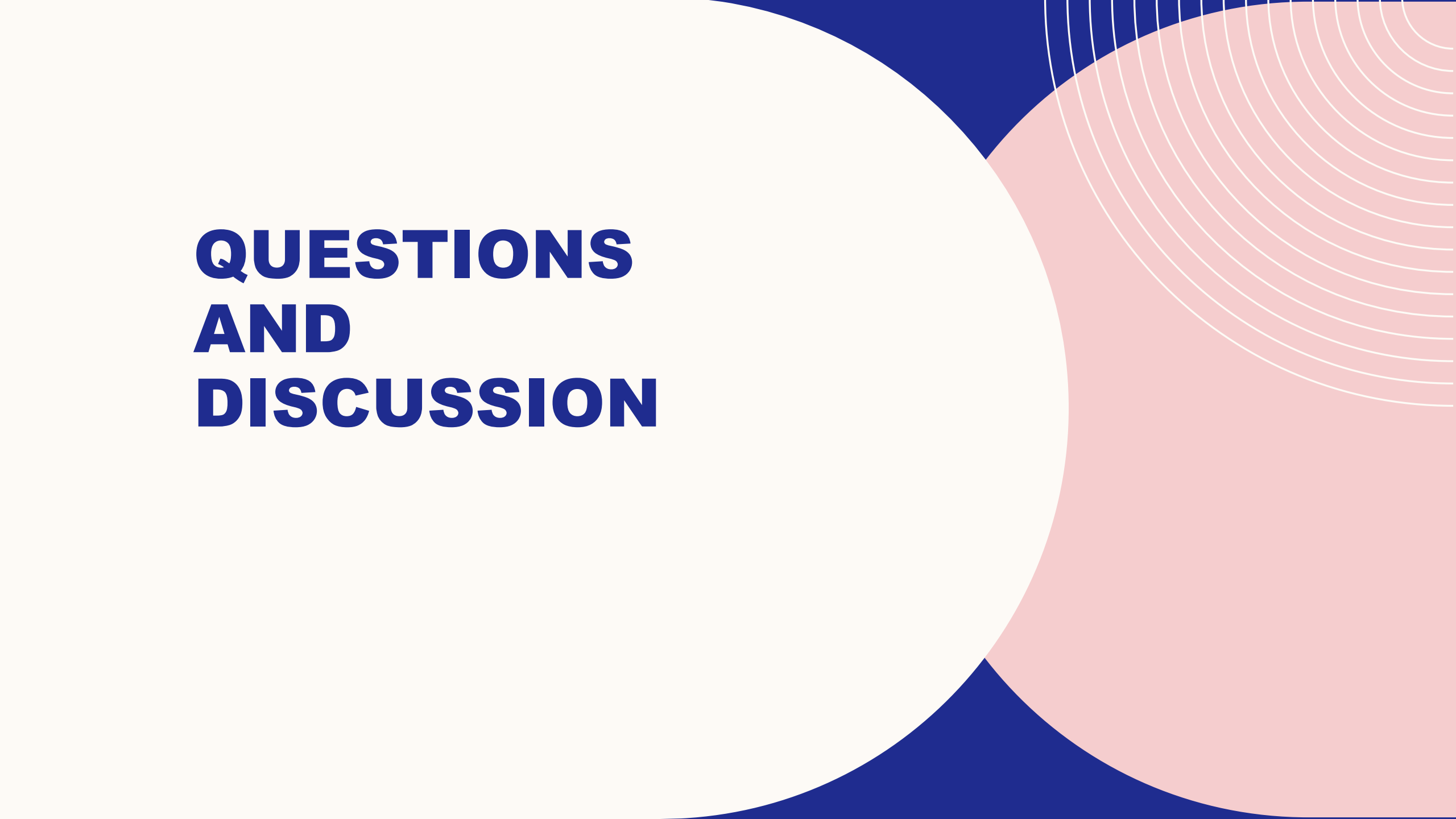
- Need to identify what is of value
- Need to incentivize what matters
- Need to build on milestone payments of supported employment programs
- Rates have to reflect costs and complexity
- Need to ensure capacity is not disrupted during conversion
- Need to prepare and support consumers and families through transition

ISSUES WITH VALUE-BASED PURCHASING FOR BH/IDD/DD

- Outcome Measures Less Quantified
- Less Agreement on What Is Favorable or Quality Outcome
- Rates Don't Cover Costs
- Providers Less Capitalized

BARRIERS TO SUCCESS NEED TO BE ADDRESSED

- Provider Risk Assumption
- Lack of Integration of Para-professionals
- Multiple Partially responsible parties
- Provider Bias
- Benefits Counseling



QUESTIONS AND DISCUSSION