

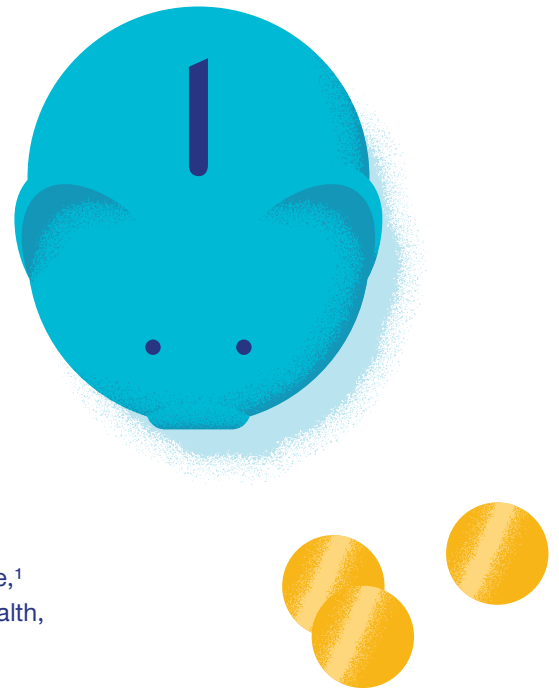


# The future of value-based care and what it means for employers

Learn what’s driving the shift to value-based care and how employers can help accelerate its adoption for the goal of better health outcomes and lower costs.

As value-based care increasingly becomes the provider payment model of choice,<sup>1</sup> employers may want to brush up on the concept and how to harness it for the health, well-being and wallets of their employees.

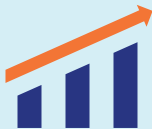
Even though the concept has been around for years, it’s worth spending some time to define the idea—especially since the difference between fee-for-service and value-based care is widely misunderstood by both employers and employees, according to a recent report.<sup>2</sup>



## What is value-based care?

### Fee-for-service model

Pays providers based on the quantity of services they provide to patients



vs.

### Value-based care model

Pays providers based on the quality and affordability of services they deliver to patients



That’s why value-based care has the power to transform health care delivery: **It’s designed to help facilitate improved outcomes and a better experience for members and providers, with the aim of lowering costs.**

UnitedHealthcare has seen

**↓ 3–6%**

lower medical costs with value-based care programs<sup>3</sup>

Lisa McDonnel, senior vice president of network solutions of National Accounts for UnitedHealthcare Employer & Individual, describes value-based care like this: “It’s the idea that we’re helping guide members to where they can find the best care available from providers who have demonstrated value when it comes to quality and cost, and then incentivizing providers in that same way.”

continued

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# What's driving the acceleration of value-based care?

Fee-for-service models have experienced a gradual decline. According to a 2022 report, about 60% of health care payments from carriers were linked to value and quality while about 40% were tied to fee-for-service models.<sup>4</sup>

## The factors that are helping pave the future for value-based care include:



High health care costs



Advancements in data analysis and technology



Shifts in care preferences

### High health care costs

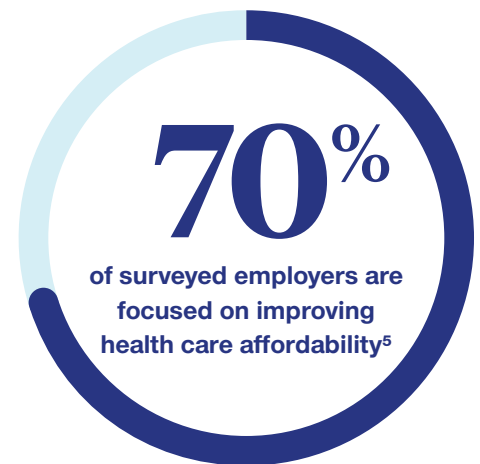
As health care costs continue to rise, it's no surprise that 70% of surveyed employers are focused on improving health care affordability over the next 3 to 5 years.<sup>5</sup> Of those, more than one-third are considering value-based care strategies to meet their goals.<sup>5</sup>

A value-based care model is a fundamentally different way of reimbursing providers for care. Paying providers based on the quality of care delivered rather than the volume of services provided may result in better health outcomes, which can have a direct impact on the cost to employees and employers.

For example, employers whose employees choose providers that offer quality care at lower costs may see a favorable difference in their bottom line. Employees could see savings too, but it's contingent on their provider selection.

"Employees have to go to the providers that are measuring up based on statistics, results and outcomes," McDonnell says. "If they don't, they and their employers won't see the savings."

To help, employers can provide education to their employees on how to make value-based care decisions.



of those

1 in 3

are considering value-based care strategies<sup>5</sup>

## Advancements in data analysis and technology

Costs are one of the factors driving the shift from a fee-for-service model to a value-based care model; advancements in technology and **data analysis** are also responsible.

“We’re working to make it simpler for members to shop for services or providers through enhancements to our digital tools and optimizations that prioritize value-based care,” says McDonnel.

The ability to access, share and analyze data opens the door for value-based care models to become more effective and efficient. Advanced technologies that ingest mounds of data to reveal patterns and trends can empower providers and members to make more informed decisions that may lead to better health outcomes and lower costs.

It also requires making those insights easier for providers and members to access in real-time. That means finding ways to better connect and integrate data sources into the technology and digital tools providers are using—such as **Point of Care Assist**® from UnitedHealthcare, which brings real-time insights on a patient’s care needs into a provider’s electronic medical record (EMR). Or, in some cases, where applicable, it may mean developing new technology and tools.

“Take the example of patients seeing gastroenterologists for abdominal pain,” says Dr. Gerald Hautman, chief medical officer of National Accounts for UnitedHealthcare Employer & Individual. “Delving into the data, we can see that some providers are inefficient when compared to other providers—using more testing, changing medications and seeking more consultations to get to the correct treatment plan. Getting to the correct diagnosis faster is an important measure of quality and is better for our members.”

**“We’re working to make it simpler for providers to help guide their patients — our members — to value by integrating that information into their workflow at the point of care.”**

### **Lisa McDonnel**

Senior Vice President of Network Solutions  
National Accounts  
UnitedHealthcare Employer & Individual

## Shifts in care preferences

It’s no secret that consumer preferences are changing. The pandemic accelerated the rise of **virtual health**, and its capabilities continue to expand to meet consumer demand.<sup>6</sup> Now, employees have an increased appetite to receive care in the convenience of their own homes, which is creating a window of opportunity for value-based care to thrive.

As such, UnitedHealthcare and Optum continue to make investments in **home health care**, viewing it as the next horizon of value-based care. Care capabilities that meet people where they are, especially for those who have difficulty leaving their home or find it challenging to engage with the system, demonstrate the type of quality care that defines value-based care.

Consider chronic or complex conditions. Through remote monitoring via wearables or other smart home technology, care teams may be able to better manage a patient’s condition without requiring them to come in for an appointment. This can decrease the frequency of appointments a patient may need but also the risk of them getting an infection at a hospital or provider’s office.

These solutions may be at the nexus of better outcomes, experiences and lower costs, which is what value-based care is all about.



## How to drive adoption

With its potential to reduce costs and promote better health outcomes, value-based care can be a move in the right direction for many employers, employees and providers—but there's work to be done to accelerate its adoption.

Payers like UnitedHealthcare can continue to enter value-based contracts with providers and then ensure they are accountable to deliver that level of care.

Employers can help accelerate this shift by choosing a carrier that demonstrates a commitment to value-based care through its work with providers. Going a step further, employers can provide education to their employees on how to make value-based care decisions, such as selecting a high-value provider or going to the site-of-care that is most appropriate for a given situation. Taking it further involves offering network solutions that encourage members to seek care from value-based providers. Examples of high quality network solutions include NexusACO®, Charter and Surest™.

As Sally Kim, director of health plan research at Advisory Board, notes: a shift to value-based care will only be received well if the experience feels seamless.

“Employers may be more on board with a narrow or tiered value-based care network if it's paired with a better experience—say a patient advocate who really knows about their care from start to finish, because then that member won't feel as if something has been taken from them,” Kim says.

McDonnel agrees with Kim, saying that alignment among all involved is key. “Ensuring alignment of incentives between payors, providers and patients is key to making value-based care work,” she says. “By leveraging high-performing product solutions, value-based incentive arrangements with network providers and providing tools that help members connect with providers delivering distinctive value, we are determined to help accelerate the market's adoption of value-based care.”

## One more thing

Capitation reimbursement models may also help advance the adoption of value-based care. With this type of reimbursement model, the insurer pays providers an upfront fixed amount per patient, per unit of time, to cover the cost of care. The fixed amount is determined by the range of services a provider delivers, the average utilization of those services and the cost of care.

While this model shifts the financial risk from patients to providers, providers have the potential to keep any savings if their patients remain healthy and don't need services or procedures.

“UnitedHealthcare is evolving and enhancing our capabilities to encourage adoption of risk-based reimbursement in commercial products,” says Stephanie Alberti, vice president of product for UnitedHealthcare Employer & Individual.

## “Ensuring alignment among providers and carriers is key to making value-based care work.”

**Lisa McDonnel**

Senior Vice President of Network Solutions  
National Accounts  
UnitedHealthcare Employer & Individual

## Learn more

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<sup>1</sup> Investing in the new era of value-based care. McKinsey & Company, Dec. 16, 2022. Available: <https://www.mckinsey.com/industries/healthcare/our-insights/investing-in-the-new-era-of-value-based-care>.

<sup>2</sup> Most Americans support value-based care but prefer other terms, research finds. Fierce Healthcare, Aug. 22, 2023. Available: <https://www.fiercehealthcare.com/providers/most-americans-support-value-based-care-prefer-other-terms-united-states-care-survey>.

<sup>3</sup> Results are based on UnitedHealthcare's commercial business ACO's, for 2021. Mature, top-performing ACOs can realize up to 12% lower medical costs.

<sup>4</sup> APM Measurement: Progress of Alternative Payment Models. Health Care Payment Learning & Action Network, 2022. Available: <http://hcp-lan.org/workproducts/apm-methodology-2022.pdf>. Accessed: Sept. 18, 2023.

<sup>5</sup> National Survey of Employer-Sponsored Health Plans. Mercer, 2022. Available: <https://www.mercer.com/en-us/solutions/health-and-benefits/research/national-survey-of-employer-sponsored-health-plans/>.

<sup>6</sup> Shaver, Julia. The State of Telehealth Before and After the COVID-19 Pandemic. Prim Care, Dec. 2022. Available: <https://www.ncbi.nlm.nih.gov/pmc/articles/PMC9035352/>. Accessed: Oct. 26, 2023.

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