

Principles for Payment Models: ADVANCING CONSUMER & PURCHASER PRIORITIES

If our health care system does not change its payment arrangements, providers will continue to be rewarded for the volume of care they provide irrespective of quality or patient experience. Payment policies can drive improvement in the quality of care by holding physicians, hospitals and other providers accountable for outcomes. As the “end-users” – those who receive and pay for health care – consumers and purchasers should advocate for value-based payment models. Consumer and purchasers must also play a substantial role in how “value” is defined and measured – namely better health outcomes, improved care coordination and patient experience of care, and decreased costs. As CMS and the private sector develop and refine new models of payment and care delivery, they should reflect consumers’ and purchasers’ priorities. These models should:

* Drive improvements in value

Provider payment arrangements should move away from fee-for-service and towards structures that reward improved outcomes, better patient experience and reduced total cost of care. Payment incentives should be meaningful enough to reward excellent performance and drive change.

* Strengthen accountability and performance

Payment models should hold providers accountable for the care provided for populations and/or episodes of care (e.g., an entire population over a designated time period, a defined set of patients with a specific condition, or a defined episode that spans multiple providers and sites of care).

* Prioritize measures that are meaningful to consumers and purchasers

A strong set of meaningful performance measures is necessary to provide incentives to improve care and

determine whether new models are improving value.

These measures should be publicly-reported – ideally at the individual provider level – to ensure that the payment models are driving improved value. “Balancing” measures – i.e., use of multiple measures with opposite incentives to evaluate overall performance – are needed to ensure that quality and patient experience are not sacrificed in order to reduce costs.

* Ensure transparency on quality and costs

Patients have a right to know about the quality and cost of their health care – both pieces of information are necessary to provide insight on value. There is little benefit for consumers and purchasers to know they can afford a plan or treatment without knowing if what they are buying is worth the price. To facilitate this kind of informed decision-making, payment models should also encourage reporting cost and quality measures at the individual clinician/provider level as well as system level.

* **Reward patient-centeredness and coordinated care**

New models of payment should encourage shared decision making and bidirectional information exchange between providers and patients, as well as meaningful patient and caregiver engagement in all aspects of the design, implementation and governance of care.

* **Reward providers that reduce costs and improve affordability**

New payment models should reward providers that reduce total cost of care and improve affordability for patients.

* **Promote alignment across public and private payers**

Payment models should be aligned across public and private payers and purchasers. For example, Medicaid, Medicare and private health plans should use similar measure sets to assess the performance of ACOs. The use of aligned measures signals the outcomes of care that are most important to all purchasers and consumers, and helps to reduce administrative costs.

* **Make primary care foundational**

Primary care plays an important role in improving the quality of health care overall, reducing medical costs and improving the patient's experience of care, and should therefore play a central role in new payment models. Innovative payment approaches should encourage the delivery of prevention and wellness services, promote care coordination, and foster trusting patient-provider relationships.

* **Encourage investment in robust health information technology**

Seamless, electronic exchange of health information is a prerequisite for value-based care and improving health outcomes. Payment models should encourage the use of robust, person-centered uses of health information technology to share information and communicate among providers and with patients and families.

* **Enhance health equity**

Payment models should drive improvements in health equity by rewarding efforts to identify and reduce disparities in care and provide culturally competent care (e.g., stratifying quality measures, incorporating reduction in health disparities into evaluations, developing community partnerships, and increasing engagement of diverse patient groups).

* **Establish strong consumer protections**

Payment models should be built upon a strong foundation of robust consumer protections, allowing consumers' needs to be met while safeguarding people's rights and access to care. For example, payment models should include transparency regarding provider incentives and a fair appeals process. Payment models should also have safeguards in place to prevent stinting on care for patients with serious medical conditions and complex needs.

ABOUT THE CONSUMER-PURCHASER ALLIANCE

The Consumer Purchaser Alliance is a collaboration of leading consumer, employer and labor groups working together to promote the use of performance measurement in health care to inform consumer choice, value-based purchasing, and payment. Funded by the Robert Wood Johnson Foundation, along with support from participating organizations, our mission is to strengthen the voice of consumers and purchasers in the quest for higher quality, more affordable health care.