

Road Map to Advance Along the Maturity Model

The experiences of these and other provider organizations offer a road map for others seeking to accelerate their transition to greater levels of risk.

1 Develop and commit to a transformed vision of care delivery,

recognizing that the new approach may risk short-term financial losses, but will drive long-term success. Based on interviews conducted for this report, health systems that implemented new care delivery models saw better health outcomes, more satisfied patients and more engaged providers. As consumers and payers come to expect greater value from providers — including high-quality outcomes, a patient-centered approach and multiple pathways to access care (e.g., in person, virtual care, etc.) — health systems that develop such a vision and remain steadfast will be well positioned for long-term success despite initial challenges to finance the new system as payment models catch up.

2 Identify a source of financing for the care delivery transformation.

Building networks, transforming care delivery processes and investing in support systems all require capital. Some providers in more mature markets may be able to quickly negotiate risk-based contracts across multiple payers to finance their care delivery changes. Others may need to focus on a handful of payers (e.g., MSSP, Medicare Advantage, one commercial contract, etc.) or philanthropy to provide initial funding for care delivery transformation. For instance, health systems might negotiate upfront care management fees or “prepaid” shared savings, in which they receive funds upfront that are discounted against any savings generated.

3 Develop a proof of concept.

Implement changes and test the model, carefully tracking outcomes related to quality and cost for the relevant population.

4 Build financial-management capabilities to manage risk contracts.

As providers advance along the risk spectrum, they will need additional capabilities to manage contracts with payers. This function is critical to translating care delivery innovation into success.

5 Leverage the proof of concept to negotiate more advanced APMs with other payers.

Rather than waiting for payers to evolve their models, providers can use their proof of concept to proactively bring a value proposition to payers.

6 Align physician incentives with broader APMs negotiated with payers.

Providers interviewed for this report identified an inherent tension when health systems implement APMs designed to reduce unnecessary utilization while paying employed and/or affiliated physicians based on volume (e.g., relative value units). Provider organizations can work collaboratively with physicians to develop new compensation models — generally incorporating a base salary, a portion tied to quality, and a smaller portion tied to volume — that align physician incentives with APMs.

