The stakes have just been raised for payers and providers who are besieged by a rapidly changing market. In an announcement that reverberated throughout healthcare, HHS Secretary Sylvia M. Burwell introduced an initiative to make alternative payment the standard for 50% of Medicare reimbursement by 2018. That’s the first time HHS established goals for alternative payment models for Medicare. HHS wants 30% of fee-for-service payments to be tied to quality or value through ACOs, bundled payment, or other VBR models by 2016, increasing to 50% of reimbursement by 2018.

Is your organization ready? If not, what must you do to get ready? There are two aspects to the challenge of value-based reimbursement (VBR) readiness. The first involves modernizing healthcare IT from its current fee-for-service (FFS) basis to one that can support mixed reimbursement models—that is, a complex mix of fee-for-service and value-based models.

FFS isn’t going away. It’s important to capitalize on your core IT assets while simultaneously extending and transforming your operational model from volume to value. You don’t want to create more IT silos. Instead, you need to evolve an integrated system that’s capable of efficiently scaling both FFS and VBR.

In addition to an IT focus, there’s an industry focus. There are several things (we counted ten) that payers and providers can start working on today that will accelerate their ability to align with value-based design, reimbursement, and care. These activities should be considered now because, with this new imperative from CMS, there’s simply no time left to delay.

1. Take the plunge together. Value-based care delivery changes depend on value-based payment changes. HHS just made the first move. Now someone has to make the next move. If payers wait until the new care delivery system is in place or if providers wait until they know they’ll be paid for value, we have a stalemate. Payers and providers need to come together now and collaborate—or at least align with each other—to take steps toward enabling value-based models.
2. **Build a critical mass.** Multiple payers in a region are needed to make it worthwhile for providers to participate in VBR in an efficient, automated fashion. Otherwise it’s like launching a pilot program that is difficult to administer, inefficient, and not scalable. Find several local partners and align with other payers, hospital systems, and employers. Also, payers are well-positioned to bring providers together to discuss new payment models, their goals, requirements, and benefits. They also have the capital, infrastructure, and relationships with employers, providers, and regulators to facilitate innovation. Lastly, building critical mass requires sharing information. Providers need to know their quality metrics so they can fix clinical and resource utilization gaps. They also need to know what’s happening with patients across the continuum of care in other provider organizations. And before a provider enters into a value-based model, they’ll need to know their strengths, weaknesses, and how they’ll perform. Sharing this information across a local collaborative helps providers understand how the programs help, and gives them the information they need—and would never otherwise have access to—to be successful.

3. **Find a neutral party.** Convening an open forum for stakeholders to speak freely about ideas, models, and plans facilitated by a neutral party can be an effective approach. For example, the neutral party could be a local non-profit organization, or a state or county agency. In some cases, you can participate in one of several federal initiatives, such as the CPCI program or the State Innovation Models initiative.

4. **Reach out to employers.** Employers have started to embrace value-based arrangements, particularly bundled payment. They’re interested in health plan strategies that use financial incentives to hold providers accountable and improve care quality. Engage with them in the discussion about value-based care and payment. And everyone—employers, providers, and payers—all need to educate employees (i.e., patients) about value-based care to help them understand and support it.

5. **Find seed money.** There’s been a wave of grants that promote healthcare delivery reform. Look for federal, state, and foundation grants for pilot projects on delivery system design reform. For example, CMS’s State Innovation Models Initiative makes $665 million available for states to design or implement payment and delivery reform initiatives. For state grants, the National Academy for State Health Policy and the National Association of Community Health Centers provide resource directories and assistance. Locally, consult your medical association to stay in the loop on resources. Reach out to payers, too, as they will be aware of or even be making resources available. Seek out locally and nationally known private philanthropists or foundations (e.g., community health, family, and corporate foundations, etc.). You can also review opportunities in the healthcare category on Grants.gov, and by contacting state and local governments and non-profit organizations.

6. **Stay focused.** When getting started with VBR, it’s crucial to focus on just one or two areas of reform to get value. Don’t try to do everything at once. Land and expand instead. Do an analysis to find out what your organization’s pain points are and zero in on the top one. For example, some organizations start by focusing on using episode-of-care for hip and knee replacements. Once that’s working, they then focus on their next innovation.

7. **Have a five-year plan.** Change Healthcare research found VBR will outpace FFS by 2019—and that was before HHS announced it wants 50% of Medicare reimbursement to be based on measures of quality and value by 2018. Providers in particular tend to think in the short term, one pilot at a time. Now you need to plan longer term. Moving from pilot to standard operations requires scale, and healthcare IT is the enabler of scalability (in fact, you can’t implement these models without it; they’re simply too complex). Create a plan that establishes where your organization needs to be in five years and how it’s going to get there. Be sure the plan is flexible, because (as we saw in January) the environment can change overnight. Revisit the plan annually and rationalize it against current industry trends.

8. **Educate your organization.** Find VBR evangelists in your organization (such as medical directors) who have a key leadership role and are skilled in building coalitions. In addition to these
supporters, you will also need data and proof points to share. Marketplace trends, pilot study outcomes and benchmark data will help convince people across your organization that this is a real and crucial opportunity.

9. **Adopt the new technology.** Change in healthcare delivery is happening now because we finally have the technology that can support it. VBR models, especially when implemented as mixed reimbursement models—the unavoidable industry direction—are too complex and costly to design, administer, manage, measure, and scale without the right technology in four areas: process reengineering and automation, connectivity, analytics, and decision support. To scale VBR, FFS processes must be reengineered. Hand-offs that might be manual must be automated. Connectivity synchronizes and streamlines processes for payers and providers, and facilitates communication with stakeholders sharing information and clinical and financial risk. Analytics supports continual improvement by identifying problem areas and assessing trends in the organization and in interactions with external stakeholders. Decision support helps stakeholders use clinical evidence, as well as provider network and cost implications, to make informed decisions about care delivery.

10. **Choose the right partner.** The only way to confidently scale VBR models is to automate the end-to-end process associated with them. Most organizations can’t do this alone. It’s critical to find an experienced partner who understands the challenges payers, providers, and clinicians face in the transition to value-based models. Change Healthcare believes a shift to value will enable a new standard of quality, affordable healthcare to payers, providers and patients. It’s why we’re investing in our technology to support VBR transformation. Our healthcare IT portfolio is focused on automating and transforming complex financial and clinical processes across healthcare to drive down costs and improve quality. With a leading presence among both payers and providers, Change Healthcare’s solutions create a collaborative ecosystem that helps accelerate success with VBR for better health.