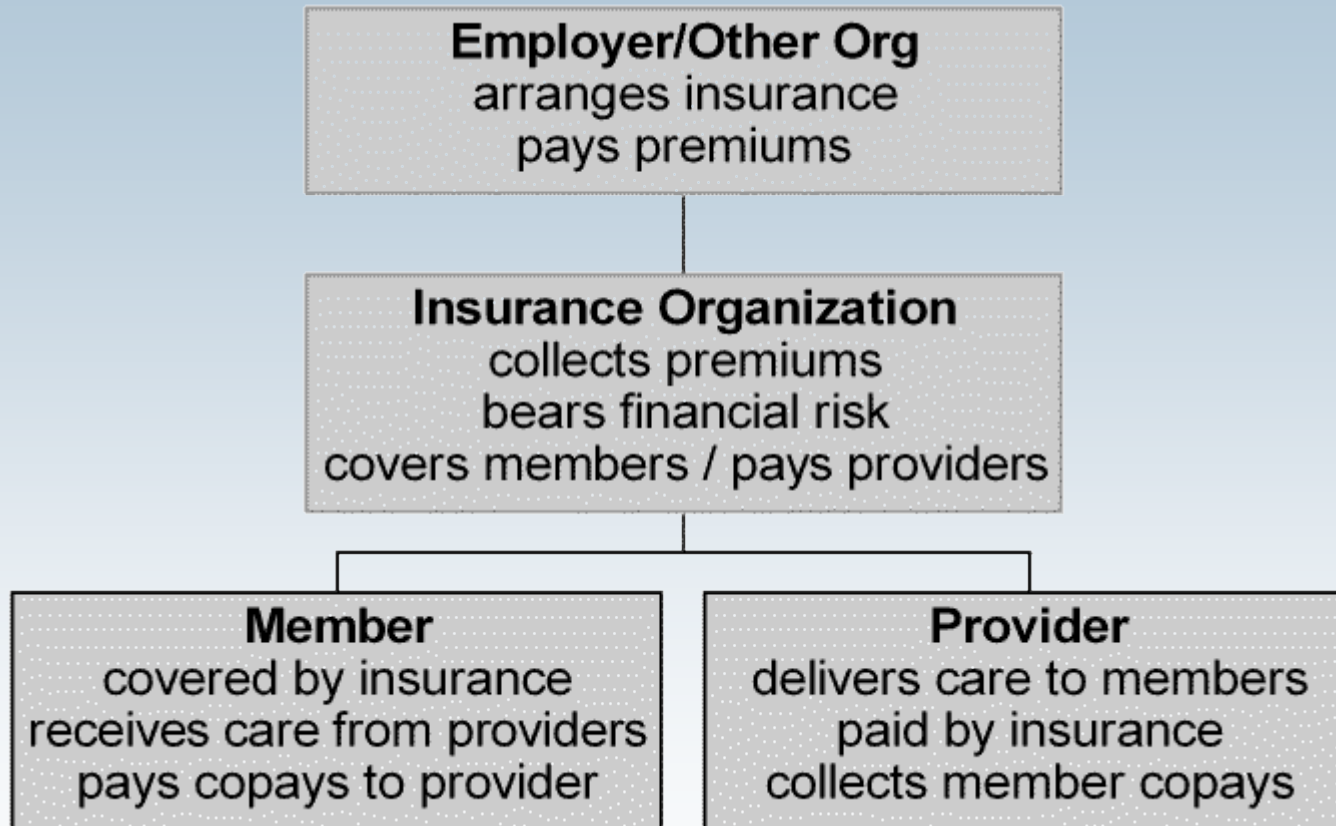


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[Quiz Summary](#)

Follow the Money



How Managed Care Pays Providers

Salaries	Provider is paid a fixed amount, regardless of the # of members or the services delivered.
Capitation	Provider is paid a fixed amount per member enrolled, regardless of the # of services delivered to that member.
Bundled Payment	Provider is paid a fixed amount for defined group of services, regardless of the volume of services delivered.
Fee for Service	Provider is paid for each service provided, just like in traditional care. The difference is rates are contractually set.
Value Based Payments	Payment adjustments designed to reward excellence in health care delivery or share savings (or even losses) through reimbursement methodology.

Prescription Management

Medical management techniques for prescriptions include:

- ***Formularies***- where a listing of drugs of choice are indicated, and others excluded, for treatment of applicable conditions
- ***Therapeutic Substitution***- substitution of a therapeutically equivalent preferred brand drug for a non-formulary drug
- ***Generic Substitution***- of a generic equivalent drug for a brand name drug
- ***Drug Utilization Review***- use of authorizations and retrospective review for applicable prescriptions

Medicare Access and CHIP Reauthorization Act (MACRA)

MACRA, enacted in 2015 and subsequent Final Rule Provisions Include:

- Repeals the sustainable growth rate (SGR) methodology for determining updates to the Medicare physician fee schedule.
- Replaced SGR with value based Quality Payment Program that has two tracks providers can choose from
- Establishes annual positive or flat fee updates for 10 years and the two-track fee update beginning in 2019.
- Establishes the Merit-based Incentive Payment System (MIPS) that consolidates existing Medicare quality programs.
- Establishes a pathway for physicians to participate in an Alternative Payment Model (APM).

MACRA provisions are further discussed in Chapter Thirteen.

Value Based Payment Models

The following previously discussed models can be incorporated for value based payments:

- ***Pay for Performance*** – P4P incentive payments or withholds involving quality metrics.
- ***Accountable Care Organizations***: ACO care delivery and payment methodologies involve value based approaches.
- ***Medical Homes***: Medical Home care delivery and payment methodologies also typically involve value based approaches.
- ***Bundled Payments***: quality metrics factored into calculation of the bundled payment.
- ***Incentive Based FFS Payments*** – enhanced or reduced FFS payments based upon quality metrics.
- ***Risk Sharing Distributions*** – Shared Savings or Losses, or even full risk distributions based upon quality metrics.

Value Based Payment Initiatives

Initiatives promoting value based payments include:

- P4P programs sponsored by third party coalitions and institutions with participating purchasers and providers.
- P4P, Bundled Payment, ACO and Medical Home provider collaborations sponsored by individual health plans.
- P4P, Bundled Payment, ACO and Medical Home programs sponsored by state Medicaid agencies.
- Various Medicare Value Based Programs administered by CMS since 2012, including the Quality Payment Program enacted through MACRA that also consolidates several previously developed programs.

Sample Consumer Driven Plan Design

First Dollar Coverage Preventive Care Benefit		
Deductible (HSA High Deductibles Health Plans must have at least \$1,300 / \$2,600 deductibles for 2017)		High Deductible Health Plan Coverage (PPO or HMO) with percentage coinsurance or copays after deductible is met
Employer Funded HSA or HRA	Gap (that employee must pay out of pocket before deductible is met) or Employee FSA funded	

Quiz!

Click the answer you think is correct

1. Value Based Care involves the relationship between all of the following except:

- A) Quality of Care
- B) Cost of Care
- C) Quantity of Care
- D) Applicable Timeframe for Care

Quiz!

[Click here](#) to go to the next question,
or to return to the menu: [click here](#)

You're so smart! That was correct.