



# Value-Based Care: The Next Stage of Medical Finance

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## Abstract

The objective is built on the need one Bayamon Medical Office must develop a transition plan to change their fee-for-service model into a value-based care model. This plan focuses on the implementation of a capitation payment plan. Capitation offers opportunities to influence the future of healthcare by improving the management of resources. For this plan, the development of new measures was needed. The first tool is a performance metric based on survey and questionnaire data to determine how effective the plan has become. The second tool was a risk strategy to tackle the diverse needs of the patients the office is charged with. Lastly, the organization of a new team was developed to manage and monitor the plan. Findings indicate the model would show a 22% decrease in patient health costs.

## Introduction

Despite the US spendings more in health care than most other countries, it suffers from having the highest rates of infancy deaths and preventable death in a high-income country. Experts have identified the root cause for these problems stem from the incentives used for the nation's traditional, fee-for-service (FFS) payment models. As a result, the Centers for Medicare and Medicaid Services (CMS), began the creation and implementation of a value-based care model to incentivize more cost-effective and methods to get lifesaving care.

## Problem



Figure 1  
Bayamon Medical Plaza

Presently, the Dr. Sanchez's medical office, located in the Bayamon Medical Plaza, has not implemented a value-based care plan. The objective of this project is to create a transition plan to go from the current fee-for-services model and into a capitation value-based care model.

## Methodology

### ➤ Performance Metric

To ensure the viable restructuring of the office's payment model, management would need to develop metrics to help guide the implementation. Performance metrics assess the effectiveness, efficiency, and quality of care delivered by healthcare providers. The focus is on patient outcomes, cost of care, and overall patient satisfaction, aiming to improve care delivery while reducing costs.

For this plan, the performance metrics to be implemented are:

- Patient Satisfaction Surveys
- Readmission Rates
- Patient-reported Outcomes
- Cost-efficiency Analysis

### ➤ Risk Management Stratagem

The biggest hurdle for any transition plan is that every model comes with a certain amount of risk in providing care for patients. VBHC requires a proactive approach to managing the health of entire populations. It is vital for healthcare organizations to develop strategies with a focus on risk stratification and population health management. Population management is the process of planning the health care needs of all your patients by shifting the focus from individual patient visits to the entire population. This is done by grouping patients based on needs, then target resources and services accordingly. The framework used to design sub-groups of the patient population would be, as shown in figure 2, High-Risk Care, Rising-Risk Care, and Low-Risk Care.

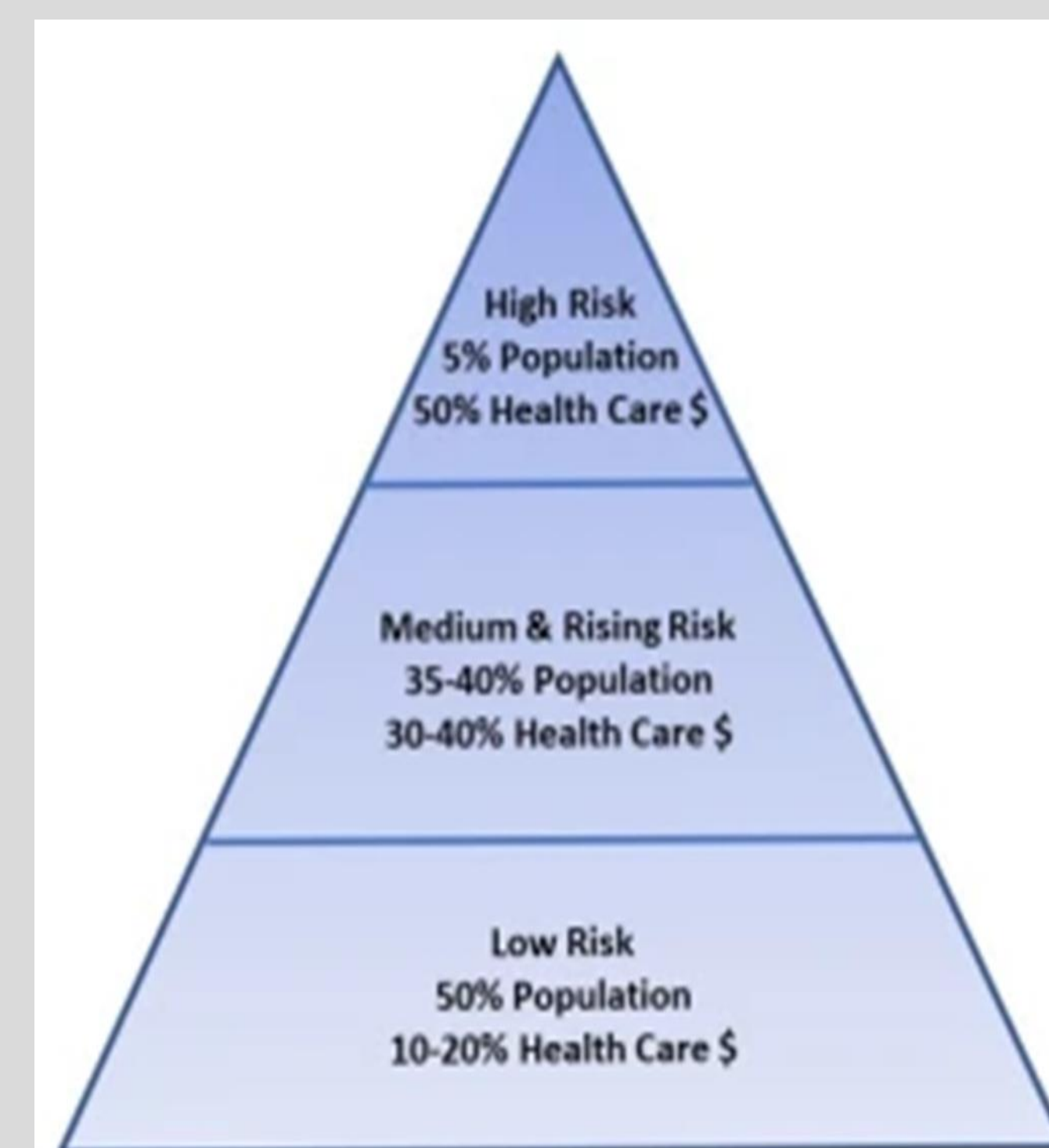


Figure 2  
Population Health Groups

### ➤ Administrative Restructure

To develop a transition plan for this medical office, both an active examination of current staffing and adaptability to change is needed. The current staff in the office, as shown in Table 1, shows many employees are assigned to billing and record keeping. To transition into a capitation model, the staff needs to be reassigned to ensure all facets are operating at peak capacity.

Table 1

Current Staff in Dr. Sanchez Medical Office

Staff Cadres	No. of HealthCare Workers
Audiologists	2
Clinical Nurses	1
Lab Technologists	1
Health Records Officers	3
Financial Administrators	3

## Results

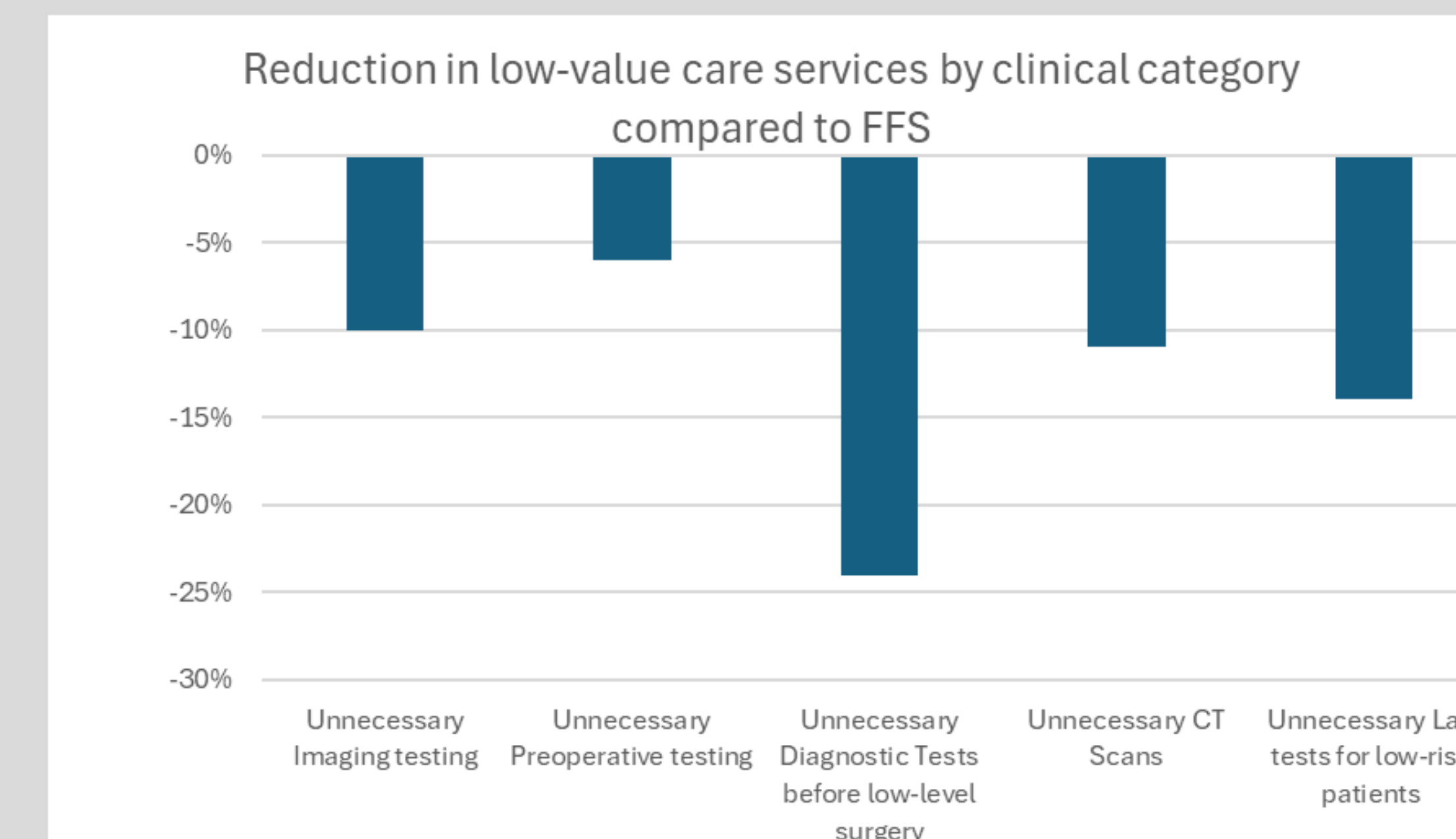


Figure 3  
Reduction of Low Value Care

## Conclusion

After evaluating all data for the Capitation transition plan, it is concluded that the project is favorable for the medical office. The total cost were reduced when compared to the initial cost, as shown in table 2. The total monthly cost of patient health from \$44,622 to \$34,805 or by 22%.

Table 2  
Total Monthly Improvement

	FFS vs Capitation Cost			
	Number of Procedure (Per Month)		Monthly Cost	
	FFS(Current)	Capitation (NEWM)	FFS(Current)	Capitation (NEWM)
Imaging testing	15	14	\$4,860	\$4,374
Preoperative testing	20	19	\$3,574	\$1,579
Diagnostic Tests	45	34	\$6,750	\$5,130
CT Scans	25	22	\$7,950	\$7,076
Lab tests	55	48	\$21,488	\$16,647
		<b>TOTAL:</b>	\$44,622	\$34,805

## References

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