



PROMOTING VALUE-BASED PAYMENT

“To improve payment for primary care to better meet people’s needs, payment should be increased to reflect the outsized benefit primary care has on the health and well-being of society and flexible enough to allow practices to meet the specific needs of the population they serve.”

–The National Academies of
Science, Engineering, and Medicine²

The traditional fee-for-service structure is designed to focus on the short-term needs and treatment of a patient’s episodic illness or acute condition.¹ Accordingly, the primary objective becomes managing and treating symptoms, rather than addressing the underlying cause to avoid a recurrence. Texas needs to promote value-based payment systems for primary care.

208,807
physicians in the U.S.³

Only **36%** of
physicians earned income
with value-based payments.⁴



POLICY OPTIONS:

FACILITATE COORDINATION AND COLLABORATION AMONGST PAYERS, PROVIDERS, AND PURCHASERS

- **Minimize barriers to facilitating value-based care delivery.** Direct Texas Health and Human Services to implement recommendations of the Value-Based Payment and Quality Improvement Advisory Committee.
 1. Give managed care organizations (MCOs) credit for a broader range of work promoting value-based care.
 2. Move away from a specific focus on meeting APM targets.
 3. Revise the current APM reporting tool to collect only needed data in as streamlined of a format as possible.
 4. Have Texas Medicaid endorse a standard primary care health home model that MCOs may voluntarily adopt for some providers.
- **Advance Texas's value-based payment efforts.** As lawmakers, health care leaders, and employers strive to improve population health and lower costs, we see a shift towards more risk-based, value-based payment systems. However, Texas law limits innovation in payment and benefit design. Texas should revisit these restrictions to advance value-based payment, while preserving oversight, accountability, and patient protections.

PROMOTE PROSPECTIVE PAYMENT MODELS

- **Encourage innovative forward-looking payment models.** State-funded health plans and Medicaid should offer prospective payment and alternative payment options to primary care physicians and clinics, similar to Employees Retirement System of Texas and Teacher Retirement System of Texas.
- **Convene a multistakeholder workgroup to improve primary care utilization and access.** The group should devise and implement strategies including incentives for primary care providers to adopt new payment models that improve accountability. Stakeholders include leaders from business groups, state health agencies, private insurers, primary care practices, and consumer advocates. Including antitrust protections in statute will allow scaling of the prospective payment strategy.
- **Pilot a non-medical program to reduce health care costs.** Test and evaluate the impact of non-medical interventions—such as nutrition, housing, safety, and transportation—on health care costs.

References

- 1 Organisation for Economic Co-operation and Development, *Better ways to pay for health care*
- 2 National Academies of Sciences, Engineering, and Medicine, *Implementing High-Quality Primary Care*
- 3 Agency for Healthcare Research and Quality, *The Distribution of the U.S. Primary Care Workforce*
- 4 Deloitte. *Equipping physicians for value-based care*

Download PDF
and read more:

[TX-PCC.ORG](https://tx-pcc.org)

