

Value-Based Care Allocation of Incentive Dollars

Did you know . . .

- Most health systems are already implementing alignment models with physicians that reward for higher quality?
- Over 1/3 of systems tie some level of physician compensation to quality?
- Some primary care physicians have 40% of their compensation at risk?



The Facts

Value-based care focuses on quality and using incentives to reward lower costs and better outcomes for patients.

Physician Participation Rates in Value-Based Incentive Programs*

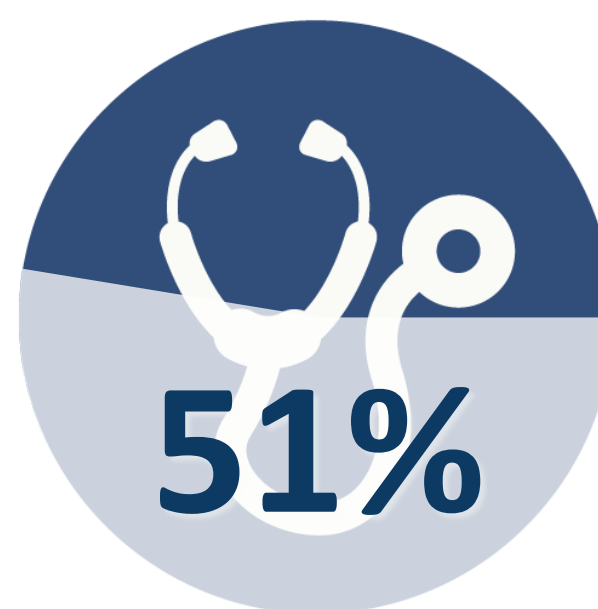
Based on recent survey data, approximately 45% of hospital-based physicians, 49% of medical physicians, 51% of surgeons and 58% of primary care physicians take part in value or quality-based incentive programs as part of their compensation plan.



Hospital-Based



Medical



Surgeons



Primary Care


Value-based incentives can be in the form of individual physician employment arrangements, clinical co-management agreements, or more robust hospital quality and efficiency programs.

Often, once the compensation plan is in place and value- or quality-based metrics are defined, hospitals and medical groups struggle to determine how to allocate dollars to specific metrics. Pinnacle has developed a **5 POINT FRAMEWORK** to address this issue and assist in allocating incentive dollars to defined metrics in value-based compensation programs.

*Data on file and available upon request.

Pinnacle 5 Point Framework

to assist in allocating incentive dollars to metrics in value-based compensation programs

- 1**  **Cost Impact**
 What is the overall cost impact of cases to the hospital or department for that metric?
- 2**  **Financial Pay for Performance Impact**
 Does the metric impact hospital performance as it relates to at-risk reimbursement programs such as Hospital Value-Based Purchasing, Hospital Acquired Conditions, or Hospital Readmissions Reductions Program or others?
- 3**  **Public Reporting**
 Is the metric visible to the public via Hospital Compare or other state required resources?
- 4**  **Quality/Safety Risk**
 To what degree does the metric impact the patient's health (i.e., mortality vs. infection)?
- 5**  **Hospital Focus/Improvement Opportunity**
 Is the metric a focus of the hospital due to poor performance or for strategic reasons?

Example Incentive Allocation

Value-based care increases financial accountability and the level of integration between hospitals, providers, health plans, and patients. Pinnacle has extensive experience in developing and valuing value- and quality-based incentive programs for hospital clients.

	1	2	3	4	5
Metric Name	Cost Impact	Financial Pay for Performance Impact	Public Reporting	Quality/Safety Risk	Focus/Improvement Opportunity
HOSPITAL READMISSIONS					
30 Day Readmission Rate COPD	\$	Hospital Readmission Reduction Program	Yes, Hospital Compare	Moderate Volume/ Moderate Risk	Moderate
30 Day Readmission Rate Heart Failure (HF)	\$\$	Hospital Readmission Reduction Program	Yes, Hospital Compare	Moderate Volume/ Moderate Risk	Moderate
30 Day Readmission Rate Pneumonia	\$\$	Hospital Readmission Reduction Program	Yes, Hospital Compare	Moderate Volume/ Moderate Risk	Moderate
30 Day Readmission Rate Sepsis	\$\$\$	None	None	Moderate Volume/ Moderate Risk	Moderate
30 Day Readmission Rate Stroke	\$	None	Yes, Hospital Compare	Moderate Volume/ Moderate Risk	Low
30 Day Hospital Wide All Cause Unplanned Readmission	\$\$\$\$	None	Yes, Hospital Compare	Moderate Volume/ Moderate Risk	Low
30 Day All Cause Unplanned Readmission following CABG	\$	Hospital Readmission Reduction Program and STS	Yes, Hospital Compare	Low Volume/ Low Risk	Moderate
30 Day Readmission THA/TKA	\$\$	Hospital Readmission Reduction Program and CJR	Yes, Hospital Compare	Moderate Volume/ Moderate Risk	High

If you would like more information please contact **Bobby Stamper** directly at **720-598-1436** or BStamper@AskPHC.com, or visit us online at AskPHC.com