

Pandemic Sparks Payment Model Reform

Transitioning fee-for-service healthcare to value-based care models has not been easy. According to the most recent [Alternative Payment Model \(APM\) Measurement Report](#), fee-for-service still accounts for 39% of healthcare payments. Hospitals and doctors have been reluctant to embrace change, particularly arrangements in which they assume downside financial risk.

The fee-for-service model has been hit hard by the COVID-19 crisis as elective procedures have been postponed (some indefinitely) during the pandemic. In addition, many practices have considered closing the doors because the financial hit has been too hard to sustain. This phenomenon has highlighted the weakness in a transaction-based system dependent on volume. Likewise, it has accelerated both the interest and transition to value-based care models that are not dependent on volume.

Three key drivers are impacting the acceleration to value-based care in the new “normal” of healthcare delivery:

- > Increased collaboration between payers, employers and providers
 - Prospective bundles with payers and employers bring collaboration and accountability among providers (through shared risk) to coordinate care as a multi-disciplinary team.
 - Payers are funding primary care practices in advance to keep the doors open and take care of insureds.
- > Accelerated movement to both measure and ensure appropriateness of care
 - Value-based care initiatives are creating new measures to guide appropriateness of care across specialties with incentives to provide the right care at the right place and at the right time.



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About the Author:

Tobin Lassen is the Chief Bundled Solutions Officer for Cedar Gate Technologies. With more than 25 years in value-based reimbursement, Mr. Lassen directs and oversees the design and operation of value-based bundled payment programs and centers of excellence.

In addition to his role at Cedar Gate, Mr. Lassen currently serves as the President of Cardiovascular Care Providers, Inc. (CVCP) the largest cardiac value-based network in the nation. Mr. Lassen's previous leadership experience includes serving as the Chief Knowledge Officer of Global Healthcare Alliance, the bundled payment solutions provider acquired by Cedar Gate in late 2018. He also served as Vice President and Secretary for CVCP, assistant director of managed care and business development for Hermann Hospital in Houston and vice president of acquisitions for the Sizer Companies.

Mr. Lassen earned his bachelor's from Louisiana State University, his master's in business administration from Tulane University and a master's of public health from the University of Texas – School of Public Health.

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- > The use of prospective payments
 - Prospective bundles educate the delivery system to forecast optimal use of resources to reduce variability and increase cost efficiency.
 - Prospective payment, such as capitation, allows the flexibility to use more efficient modalities of care, including telehealth and follow-up phone calls. The incentive to see a patient in the office or a facility and perform a service to get paid is diminishing in new value-based care arrangements.

COVID-19 has provided the tipping point for movement to value-based care. The piqued interest and demand for change is shaking the status quo, and the lessons learned from this crisis are transforming the landscape. More importantly, the dependency on service transactions and ever-increasing volumes has surfaced and so has the realization that such dependency failed the delivery system in a time of need. The time to fully embrace value-based care is now. Our technology, resources, data analytics and processing power has been proven effective to design, build, manage and prosper in all value-based care models. Widespread adoption is imminent.

Prospective bundled payment programs have advantages versus traditional fee-for-service and retrospective bundled programs.

