



All Together Now: Applying the Lessons of Fee-for-Service to Streamline Adoption of Value-Based Payments

EXECUTIVE SUMMARY

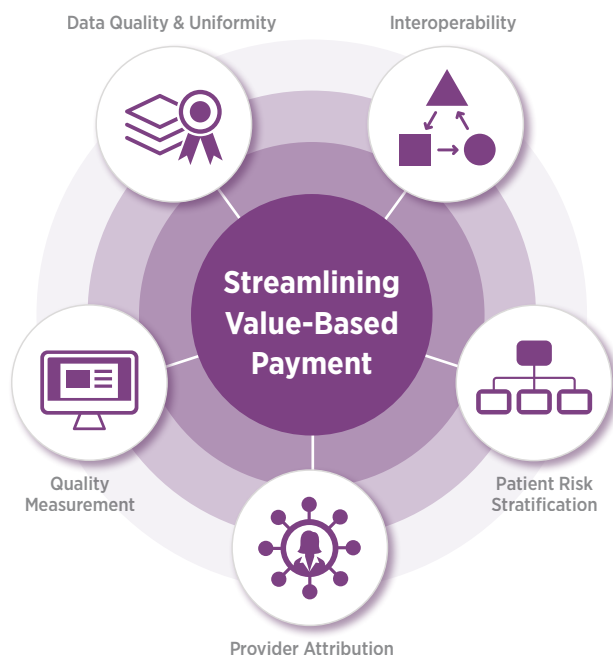
Value-based payment models are transforming a sizable portion of the U.S. healthcare economy by aligning provider compensation with improvements in care and cost controls. However, this shift in the way care is measured, billed and paid is far from complete or certain. Innovation and experimentation are ongoing, and a range of issues could slow or prevent progress.

Operational challenges, for example, are creating barriers to adoption. Processes and systems in place to administer fee-for-service payment models simply do not work for value-based payment. Consequently, a patchwork of proprietary approaches and work-arounds is emerging.

Without collaboration to minimize these variations, the current environment is ripe for repeating the scenario that emerged in the fee-for-service environment more than two decades ago. Much like the operational challenges being encountered today in value-based payment, initial adoption of electronic transactions for fee-for-service payment models was slowed, complicated and more costly due to a lack of common rules for uniform use. CAQH CORE was originally created by industry to address this challenge.

This report, a milestone in an ongoing effort launched in 2015 by the CAQH CORE Board of Directors, is the product of an intensive study of value-based payment operational processes. It summarizes insights and highlights five areas of opportunity identified in the research:

- **Data quality and uniformity.** Non-standardized data, irregular data and inconsistent use of terminology can cause data to be misinterpreted or not useful.
- **Interoperability.** Non-interoperable systems and processes prevent stakeholders from sharing information and common expectations.
- **Patient risk stratification.** Measuring risk is an essential part of value-based care. However, the multitude of risk stratification methodologies erodes trust and is a source of confusion.
- **Provider attribution.** In value-based payment models, providers take responsibility for the care of specific patients, yet there is no standard attribution methodology.
- **Quality measurements.** Responding to the growing number of clinical quality measurement programs has become an operational burden for providers.



In addition, the report makes recommendations and identifies strategies to address each of the opportunity areas. It also suggests organizations that may be best suited to drive the strategies.

In the coming months, CAQH CORE will establish an Advisory Group to prioritize report recommendations and strategies, to identify those strategies that CAQH CORE can lead, those to which it can contribute and those that require further market monitoring.

Many industry and government initiatives already are working to improve value-based payment operations. CAQH CORE applauds these efforts and looks forward to partnering with these groups and its more than 130 participating organizations to bring the industry together, streamline administration and accelerate adoption of value-based payment models.