

BRIDGING THE GAP FROM FEE-FOR-SERVICE TO FEE-FOR-VALUE (WITHOUT LOSING YOUR MIND)

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If you are like many others in healthcare, you hear “fee-for-value” at least twice per day. Whether it is an article in an industry publication, a briefing from a legal firm, or even just lunchtime chatter, the concept of fee-for-value seems to be top of mind for numerous people today. The recent governmental push toward value-based reimbursement has escalated this discussion for many people, but the belief that our health care delivery system needs to find ways to cut costs and provide higher-quality care is one that has resonated with some organizations longer than just the past year. So, how does an organization tackle this transition from a fee-for-service (FFS) based model to one predicated on fee-for-value (FFV)? And how do you do this without obliterating your bottom line or losing your mind? Based on our experience helping many healthcare organizations across the country, we offer five key steps to managing this transition successfully.

1. Assess Your Market

While there are some parts of the country where FFV has taken hold, this is not yet true everywhere. And, contrary to what some may think, this tempered pace is true in as many urban markets as rural markets. Thus, it is important first to understand, is my market pushing expediently in this direction? If so, it is time to take action, lest you get left behind. If not, it is still time to act, but more likely in a manner that impacts your organization with less action directed outward toward the market.

2. Determine Your Strengths (and Your Weaknesses)

Is your information technology system robust and able to report on quality and cost indicators? Are your providers already “bought in” to the concept of value, its importance, and how it is measured in today’s world? Are your support staff maximizing efficiency through their processes and workflows? These factors are necessary to maximize success in an FFV world, so take the time now to understand how your organization stacks up. If some or all of these areas are currently weak, it’s time to recognize and take action to remedy them.

3. Analyze Your Competition

As surprising as it may seem, in an FFV world, other health care organizations are better suited as your ally instead of your competitor. Meet with leadership in other organizations in your market to understand what their plans are in relation to FFV, and see if there are potential ways to work together. This collaboration applies particularly to medical practices, where the concept of “strength in numbers” has potentially greater advantages in an FFV environment than ever before. Examples of working together are different private practices developing and/or participating in a clinically

integrated network (CIN). While it certainly does not require the entities to merge, mutual participation in a CIN requires parties to work together perhaps more closely than they have before, but for far greater benefit than ever before.

4. Develop a Multi-Step Plan

We've heard it before: you can't boil the ocean. So instead of thinking about the conversion from FFS to FFV occurring via a "big bang" approach, think about it being accomplished through a series of coordinated actions that occur over a stretch of time. For example, if your organization currently has no value-based contracts, consider first adapting your compensation model so that a portion of total compensation is tied to value-based components. This action will prepare providers for the change and get them thinking about how impactful it could be when payers in your market make a more significant move in this direction. An appropriate second step, then, would be to discuss value-based reimbursement with the payers in your market as an "add-on" to current reimbursement, as opposed to a withhold or an all-together new approach. This focus on upside risk only is a way to begin working toward FFV without significant financial risk. Taking these small steps to move your organization in the right direction will allow the organization not to get overwhelmed, but still move down the correct path.

5. Hold People Accountable

Though it may seem common sense, a transition of this magnitude requires all constituents to go forward in the same direction. Thus, holding people accountable--from front-line staff to the physicians--is imperative. First, ensure that people understand what is expected of them, and, then, hold them accountable for doing just that. Change can be difficult for some, so take an active role in managing the process.

While transitioning to FFV may seem daunting, remember that some organizations have made this leap successfully. Consider the best practices that have already been developed by other organizations and learn from their experiences. If you need external assistance, the Coker team has significant expertise in this area and is available to assist.

For more information about Coker's FFV-focused services, contact Aimee Greeter, MPH, Vice President at agreeter@cokergroup.com or by calling 704-417-5942.