

# Value-based Care Report

Highlighting physician progress and patient outcomes based on calendar year 2021 data

The Value-based Care Report spotlights the progress value-based care physicians make in achieving better outcomes for their patients with Humana individual Medicare Advantage. It details four key areas—prevention, outcomes and utilization, patient-physician experience and costs and payments.

Humana shares these results annually to highlight how the company supports physicians in helping their patients achieve their best health. As with the previous eight years of results, the 2021 statistics cannot be directly compared year over year due to multiple demographic changes in Humana’s member population.

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## Introduction: Making the case for value-based care

A large wooden ship encased in glass sits prominently in the lobby of Humana's Louisville headquarters. Its placement seems out of the ordinary, until you understand its symbolic purpose.

The ship reminds us of the collaboration necessary from all of those focused on member/patient well-being. We must all row together to make progress and help those we serve live their healthiest lives.

Physicians. Nurses. Health coaches. Pharmacists. Health plans. And many others. Collaboration and teamwork are critical to what we do – now and in the future. We just do it at different points along the way.

America's healthcare industry continues to make strides in helping people achieve well-being goals through a value-based clinical approach. In this, our ninth annual Value-based Care Report, data tells us that members affiliated with physicians in value-based agreements receive more preventive screenings, spend less time in the hospital and pay less out-of-pocket than those affiliated with non-value-based physicians.

It's not just the data that tells us this. Members with value-based physicians tell us through surveys they are satisfied with this approach.

The average patient experience Stars score for value-based members was about **25%** higher in 2021 compared to non-value-based.<sup>1</sup> Members gave their highest marks to overall rating of drug coverage and overall rating of the health plan.

### Calendar year 2021 key metrics

- MA members affiliated with value-based physicians outperformed those in non-value-based settings in all HEDIS preventive screenings and adherence measures.
- **4.0** average Stars score for physicians in value-based arrangements with Humana
- **20.1%** estimated cost savings when comparing Humana value-based members to Original Medicare (OM)

We also saw – and have consistently seen over time – that those value-based members visited their primary care physicians more frequently throughout the year, were more adherent to their medications and experienced fewer complications with specialized care. Certainly, those results are encouraging, but there is plenty of opportunity for improvement.

A growing number of Humana individual MA members – 68% in calendar year 2021 – are treated by primary care physicians in value-based agreements. In fact, nearly 1.2 million members have joined the value-based cohort in the last five years, evidence of the continued shift from the traditional quantity-based fee-for-service model to quality-based care delivery.

Meanwhile, the senior population is expected to reach 95 million by 2060.<sup>2</sup> With the patient pool expanding, we need to solidify the approach toward care delivery. Now. Success requires us to deliver value for members in outcomes, premiums and benefits, but also in simplicity of their experience and how to help them in their continuing journey of health.

Over the last year in particular, it has been clear that we are working better. We are collaborating in new ways with new levels of creativity and driving results aligned with our missions and a sense of passion. Together, we are minimizing unnecessary and costly avoidable admissions. We are getting members more engaged in their well-being. We are making healthcare more accessible – for everyone.

Through those collective efforts, we are clearly demonstrating the value of value-based care not just for the industry, but for the individual patient in the form of added health plan benefits. In fact, a Humana member averaged **\$500** in annual additional health plan benefits such as home care, prescription delivery and health food cards when associated with a value-based physician. Imagine the difference the collective industry could make by joining us on this path.

# Prevention: Strong efforts drive higher screenings, adherence in value-based care arrangements

Amid an ever-changing and evolving healthcare system, prevention remains the foundation of patient well-being.

Pandemic restrictions eased, and patients migrated largely back to physicians' offices in 2021. Challenges persisted for many, though, that led value-based care practices nationwide to further ramp up efforts to connect with patients still struggling with access and to bolster equitable care delivery.

Telehealth continued to offer a pathway for virtual visits. Some practices expanded provider-supplied transportation to shuttle patients to and from medical appointments. Some practices deployed mobile clinics to physically bring care closer to patients. Many practices intensified patient outreach and follow-up through integrated care teams to help understand and overcome hurdles to well-being.

Those actions were evident and impactful, as Humana MA individual members affiliated with

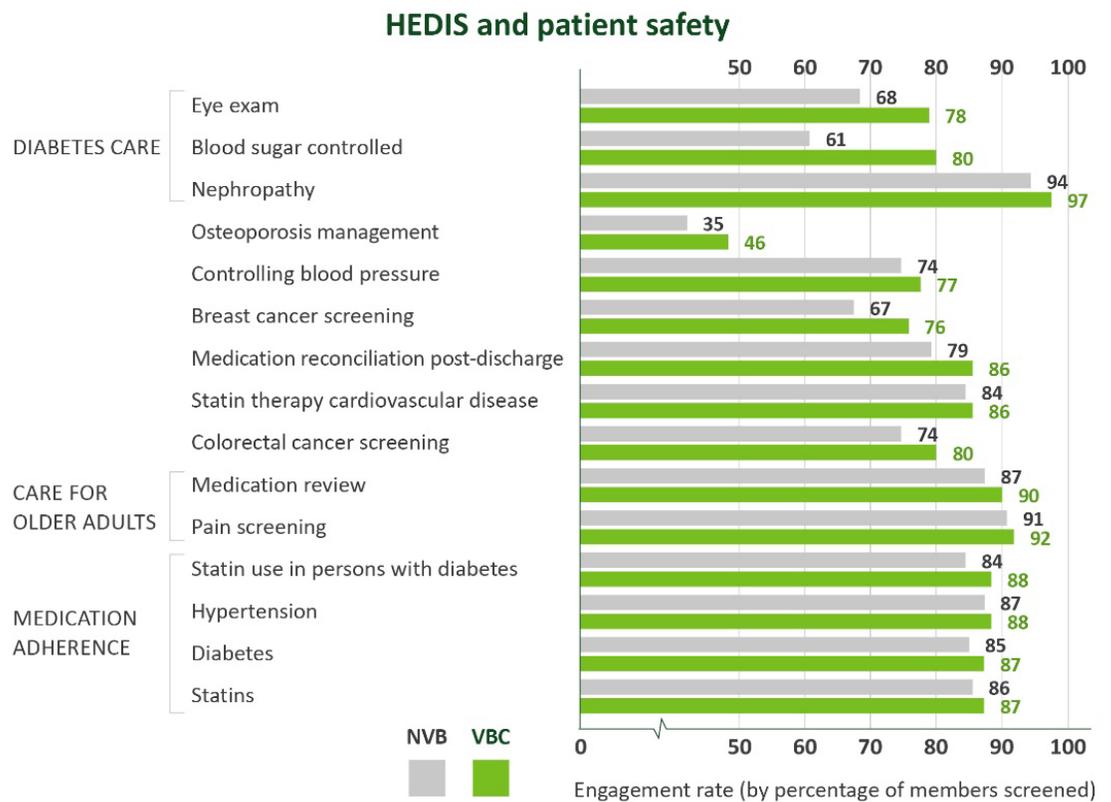
value-based physicians outperformed those in non-value-based settings in all Healthcare Effectiveness Data and Information Set (HEDIS®) preventive screenings and adherence measures in 2021. Screenings were generally between 6% and 19% higher for the value-based cohort compared to non-value-based, with the largest gap in controlling blood sugar.<sup>1</sup>

Those resulted in a 35% and a full-Star difference in the HEDIS average Stars rating for preventive screenings: 4.2 Stars for value-based vs. 3.1 Stars non-value-based. The patient safety average Stars rating was 3.1 for value-based vs. 3.0 for non-value-based.<sup>1</sup>

Those combined for a 2021 average overall Stars score for value-based providers of 4.0 vs. 2.92 for non-value-based.<sup>1</sup>

“One of the things value-based programs do is get you more into interdisciplinary medicine,” said Dr. Laura Scott, executive vice president of population health for [Summit Health](#) that serves the New York-New Jersey area. “You get more resources to support the provider in a way that maybe in a small group or outside a value-based arrangement they can’t afford to do. ... They have better visibility of who’s not doing things we know keep them healthy and prevent expenses down the road.”

That means, she said, pinpointing open care gaps, tracking upcoming appointments and ensuring patients receive Annual



Wellness Visits (AWVs). To the latter, which help physicians detail care regimens for the near- and long-term, 47% of value-based Humana MA members received an AWV in 2021, compared to just 33% of non-value-based members.<sup>1</sup>

## Why it matters

Value-based practices attribute much of their care delivery success to creating holistic views of their patients and to the effectiveness of their teams to coordinate with each other and communicate with patients. That means going beyond simply understanding what physically ails patients to identifying not-so-obvious factors negatively impacting well-being and determining how to appropriately address them.

“Seniors have unique clinical needs when compared to the rest of the population,” said Dr. Vivek Garg, chief medical officer for Humana’s primary care organization that operates CenterWell and Conviva clinics and cares for about 110,000 Humana MA members with a value-based approach\*.

“Our senior-focused primary care model is a holistic approach to healthcare, giving our patients access to a physician, nurse, social worker, pharmacist and behavioral therapist. Together, our team monitors and addresses factors that may have a major impact on the patient's health. Preventative care reduces the risk of health issues and empowers patients to improve their health and quality of life.”

## The way forward

Summit Health, for example, is scrutinizing its organizational structure and workflows to better facilitate care team collaboration. They are examining schedules and requirements to build in time during the day for primary care physicians to huddle with their teams and review key dashboards.

**“We’ve taken the approach for providers to know their numbers: their sick patients, are they getting admitted and what are we doing to address those things,” Scott said. “It’s a different approach on knowing your numbers related to your own team and the patients you take care of.”**

Tackling new approaches to care delivery meant incorporating team-based care at [UC Health Coordinated Care Colorado](#). The organization is piloting an RN-led AWV program with care managers helping patients move through the health system effectively while the nurses focus on patients with high-complexity needs and better manage their care experience.

The new care teams use clinical registries to hone in on the most-complex patients and by integrating claims data into the electronic health records system, said Dr. Amy Scanlan, UC Health’s medical director. Being able to provide meaningful insights to clinicians makes a significant difference in shifting to value, she said.

## A closer look at prevention

### Telehealth visits decrease, but positive effects continue

Even as the pandemic loosens its grip and in-person visits return to normal, telehealth remains a piece of physicians’ everyday approach to care delivery, evolving into part of more targeted clinical strategy. Primary care telehealth usage among Humana members associated with value-based physicians remained higher in 2021 compared to those associated with non-value physicians.

With telehealth activity down, positive effects from its pandemic-driven expansion the past two years are still seen by physicians. In the face of community shutdowns, telehealth capabilities allowed patients to be assessed and diagnosed quicker, leading to earlier interventions and treatment, physicians said.

Close to 10% of all Humana MA members affiliated with value-based physicians had a telehealth visit last year, compared to 7.8% of those affiliated with a non-value-based physician. Of all telehealth visits among Humana MA members in 2021 (1.37 million), roughly 66% were visits by Humana MA members affiliated with value-based physicians.<sup>1</sup>

Those figures virtually mirror a broader national trend. A study by the American Medical Association (AMA) showed that while telemedicine usage has waned over the past year, 64% of physicians continue to offer a hybrid of in-person and telehealth visits.<sup>1</sup>

**“A patient with intermittent chest pains may have their initial visit in-person and be sent for a cardiac work-up but review all their testing via telehealth ... and any further recommendation can proceed from there. Overall, we decreased time to discuss, and in our opinion, time to diagnosis,”** said Dr. Ryan Dickert, co-CEO of [Meadowcrest Family Physicians in Florida](#).

While patients and providers alike prefer in-person visits for the purposes of assessment and diagnosis, providers have seen an increase in telemedicine visits for more routine and ongoing care such as medication and chronic disease management and preventive care.

[Dedicated Senior Medical Center](#) in South Philadelphia found that many of its senior patients trying to access care via telehealth experienced technical barriers that they were unable to troubleshoot themselves without the help of family members who were unavailable during the week. So it started offering “Weekend Clinics” to help ensure patients had a family member present to address connectivity issues and connect them with their doctor.

Through the weekend appointments, providers identified patients who needed more in-depth, in-person care and even arranged transportation for those unable to make it to the clinic themselves.

“If a member has a concern, we need to limit or even eliminate the obstacles patients must tackle to get to their care team such as phone trees, call centers, non-specific nursing or reception pools,” said Dr. Alex Dickert, Meadowcrest co-CEO. “Telehealth is a natural extension of this concept.”

### Prevention pays: Record year for wellness program in value-based care

It paid for Humana MA individual members to take part in critical wellness activities in 2021. With the ability to earn rewards for staying active in their well-being, members cared for by value-based physicians did so in record numbers. Members collectively earned \$163 million in rewards through Humana’s Go365 program, the bulk of the rewards tied to receiving preventive screenings that totaled nearly 9.2 million.<sup>1</sup>

The percentage of Humana’s MA membership enrolled in the wellness program who received preventive screenings increased to 74% in 2021 from 8.9% in 2020. Members received an average of 3.9 preventive screenings in 2021 compared to 1.2 in 2020.<sup>1</sup> Besides preventive screenings, they also earned Go365 rewards for social and health education activities and fitness events and workouts.

While the increases may be partially attributed to more patients going back into the doctors’ office to receive the care that they had perhaps deferred during the pandemic, the fact remains that prevention and wellness are foundational for patient long-term well-being in value-based care. Physicians and health plans are finding new and innovative ways to encourage patients to play an active role in their health.

[agilon health](#) saw an opportunity to improve its patient experience scores relative to how much emphasis a patient’s care team puts on the patient’s physical activity level. Because patient experience is part of the overall MA quality scores, the organization sought to improve the experience of patients by creating an incentive for them to engage in education around physical activity, said Heidi Hittner, agilon’s chief experience officer.

Piggybacking off its wellness success in 2021, agilon worked with Humana and Go365 earlier this year to pilot a 12-week

video campaign in three of agilon's markets: Dayton and Akron in Ohio and Pittsburgh. The videos educated patients on the importance of physical activity to their health. Such topics included building an exercise routine, increasing flexibility, managing arthritis pain and even the proper ways to use a cane or walker.

Humana members with Go365 can earn \$5 rewards for attending educational classes, including watching these videos. Members can attest to their participation and earn rewards. At the end of the pilot, Humana members treated at those agilon clinics collectively earned more than \$2,800 in rewards and patient experience scores improved.

agilon plans to offer this video campaign through all of its providers in Humana markets in the first quarter of 2023.

# Outcomes: Increased physician visits contribute to fewer hospitalizations

Increased interactions with their patients helped value-based primary care physicians reduce avoidable hospitalizations (those that, without successful management, might require hospitalization) by 6.4% over their non-value-based colleagues, keeping such hospitalizations to 42 per 1,000 members.<sup>1</sup>

Much of that success stems from access to care and consistent interactions, physicians say. Some 86% of Humana MA individual members affiliated with value-based physicians visited their PCP at least once in 2021 compared to 77% of members affiliated with a non-value-based physician.

Of those visits, value-based members saw their PCP an average of 4.3 times during the year, while non-value-based members saw theirs 4.0 times.<sup>1</sup>

Value-based affiliated members also spent less time in the hospital – 251,000 fewer days collectively in 2021 than non-value-based members.

Measured against physicians in Humana non-value-based arrangements, those in Humana MA value-based agreements saw their patients admitted to a hospital 6% less (36,000 fewer admissions) and visit an emergency room 9% less (90,000 fewer visits). On a national scale, Humana value-based MA members were admitted to hospitals 25% less (159,000 fewer admissions) and visited emergency rooms 1% less often (15,000 fewer visits) compared to patients in OM.<sup>3</sup>

## Why it matters

Fewer hospitalizations and emergency room visits generally represent success in value-based models. Physicians have the time to talk to and understand their patients because they see fewer per day. When there is an established, trusting provider-patient relationship, patients tend to be healthier and not require as much acute or in-patient care.

**“Practitioners genuinely appreciate the ability to spend extra time with their patients, knowing their success is not predicated on how many patients they can see in a day,”** said Dr. Seth Dubry, Arizona market medical director of [Equality Health](#).

## The way forward

Prevention and adherence, the cornerstones of value-based care, must remain sharply in focus. The data show that with continual emphasis on preventive care and adherence to treatment, patients’

### Value-based providers helped keep patients out of the hospital

Humana MA members who sought care from physicians in value-based care arrangements during 2021 experienced fewer hospital admissions and ER visits, both when compared to patients in Original Medicare models and patients in Humana MA non-value-based arrangements.

**251,000 fewer days**

as hospital inpatients for Humana individual MA members seeking care from physicians in VBC arrangements compared to those seeking care from NVB physicians.

#### Hospital admissions

(VBC arrangements compared to)

Original Medicare models	Humana MA NVB arrangements
<b>25% less</b> or <b>159,000 fewer admissions</b>	<b>6% less</b> or <b>36,000 fewer admissions</b>

#### Emergency room visits

(VBC arrangements compared to)

Original Medicare models	Humana MA NVB arrangements
<b>1% less</b> or <b>15,000 fewer visits</b>	<b>9% less</b> or <b>90,000 fewer visits</b>

Data derived from Humana 2021 value-based membership of 2,376,799 and non-value-based membership of 980,122.

health outcomes are more positive.

“We must continue to build upon what we’ve learned and the innovations that have been developed over the years by finding new ways to expand care capabilities, especially in populations where we see the greatest barriers to care,” Dubry said.

## A closer look at outcomes and utilization

### Behavioral health top of mind in well-being of value-based members

Primary care delivery has long centered on patient physicality. Primary care physicians, though, are increasingly recognizing the direct influence mental health has on patient well-being and the success of any care regimen. That understanding has largely changed the mindset and approach to practicing value-based primary care.

No longer are many doctors simply recommending additional treatment or making referrals and banking on patients to follow through on their own. Value-based practices are hiring or partnering with behavioral health specialists and stationing them at primary care centers where physicians with patients in need can quickly and easily connect with qualified help.

**“Literally, when I’m in a room talking to a patient who’s having an obvious problem, I click a few buttons (on a digital note-taker) and say ‘warm handoff’ and when I walk out, the onsite provider is standing right there at the door,” said Michael Rolfsen, medical director for quality at [Baton Rouge Clinic](#) in Louisiana.**

Because of PCPs’ focus on whole-person care, Humana MA individual members treated by value-based doctors see behavioral health specialists much more frequently than those members with non-value-based physicians. Some 58% of the 2.1 million behavioral health Humana MA claims in 2021 had a value-based link.<sup>1</sup>

Helping drive those numbers are the inclusion of behavioral health in quality metrics and calls for earlier detection that have placed added emphasis on frontline primary care physicians to identify potential problems.

Over time, PCPs more frequently see physical and mental health as intertwined, leading to potentially greater issues around non-adherence, non-compliance and comorbidities affected by one’s emotional state. Value-based physicians financially accountable for patient well-being realize that taking care of patients and driving better outcomes requires addressing behavioral health issues.

UC Health Coordinated Care Colorado features behavioral health practitioners in about 75% of its primary care clinics. Those specialists conduct consults both in person and virtually to reach more people. More than anything, the move has made behavioral health more accessible, said Dr. Amy Scanlan, UC Health’s medical director.

Having specialists physically in the practice goes a long way in building rapport and relationships with those they serve. They know the physicians. They know the patients as well.

**“It’s much easier for them to come to the primary care office where they have been getting care,” Scanlan said.**

Even with on-site assistance, demand for help among MA members continues to outpace specialist availability. Rolfsen figures he makes about 30 behavioral health referrals a month, and that the practice’s 35 physicians make upward of 1,000 a month collectively.

Rolfsen tries to address and treat cases he feels he can – anxiety and depression, for instance – because he knows patients will struggle to get an appointment elsewhere within a reasonable time frame. “The world is changing, causing people to have more angst,” he said. “I worry that we don’t have the staff we need to serve the needs of the population.”

## Value-based physicians use mail order pharmacy to increase patient adherence, lower medication costs

Prescribers increasingly rely on mail order services to help keep their patients well and close adherence gaps. In fact, 2021 proved to be a year of growth for CenterWell Pharmacy, formerly Humana Pharmacy, with activity driven largely by primary care physicians in value-based care arrangements.

Physicians in value-based care agreements wrote some 70% of the 32.4 million prescriptions for Humana MA members.<sup>1</sup>

A little more than half of [Intermountain Healthcare's](#) 47,000 Humana MA patients are regular CenterWell mail-order customers.<sup>5</sup> Its prescribers routinely tout mail order pharmacies as a means for overcoming potential physical and financial hurdles, said Dr. Maged Makar, the group's pharmacy director.

Using the Humana Medicare plan's mail-order benefit entails zero copay for many generic medications, reduced copays for a number of brand pharmaceuticals and no shipping costs on medicines. Prescriptions are mailed directly to the patient's address, meaning they only need to go to the mailbox for retrieval instead of potentially several miles to a retail location.

When it comes to utilization and copays of generics and name brands combined among Humana total MA membership, value-based members are prescribed about 7% more medication than non-value-based members but pay roughly 11% less per month, due to the prevalence of generics in member medication regimens.<sup>1</sup> Much of that lower cost is attributable to higher uses of generics, where value-based members are spending 16% less per month.<sup>1</sup>

Mail-order pharmacy represents a tool physicians can use to break down roadblocks and build confidence among those they serve, said Dr. Lindsay Botsford, Texas medical director for [lora \(One Medical\)](#). It provides a seamless process for lora care teams to order prescriptions at the site of care and keep patients satisfied.

A little more than 55% of Humana MA members with lora use CenterWell mail order.<sup>6</sup>

Intermountain Healthcare has worked with CenterWell over the last couple of years to boost the efficiency of its collaboration. Prescriptions are inputted to a spreadsheet and sent securely each day electronically to the pharmacy, which fills them all at the same time. The procedural change allows Intermountain to redirect resources.

**"It frees us up to talk to more patients than be on the phone calling a pharmacy," Makar said. "It also saves time on the mail order pharmacy's end because they don't have to answer 20 or 30 calls a day from us versus none."**

## Experience: Value-based care contributes to patient, physician satisfaction

The ultimate goal of physicians is to keep their patients healthy. But the journey from illness to wellness for a patient oftentimes is not a smooth one.

America's complex, fragmented care delivery system presents myriad twists and turns, challenges and hurdles, and inconveniences that mar the patient experience and, all too frequently, the experience of the physician working to help them navigate.

Practices in value-based arrangements focus much of their efforts not just on how their patients feel physically, but also on how they feel about all that encompasses a visit to their primary care physician. It shows.

A 2021 internal Humana survey similar to the Consumer Assessment of Healthcare Providers and Systems (CAHPS), a key Stars patient experience metric, showed members rated value-based physicians about 25% higher than non-value-based physicians (3.9 Stars vs. 3.1 Stars) in each of eight categories. They applauded the level of care coordination and overall care provided.<sup>1</sup>

The largest differences between the provider groups were in the overall rating of the health plan and the overall rating of drug coverage, with value-based physicians scoring 1.2% and 1% higher, respectively.<sup>1</sup> That's significant because one point can represent as much as a 1-Star difference in performance on CAHPS measures.<sup>1</sup>

### Why it matters

The patient and physician experience are intertwined. Satisfied patients tend to translate into satisfied physicians. The strong patient experience numbers, though, come amid admissions and increasing concerns of physician burnout stemming from fatigue induced by the pandemic, staffing shortages and hectic workloads that have practices nationwide devising strategy on how to bolster the experience for those receiving and delivering care.

In fact, a third of medical practices had physicians retire early or leave due to burnout in 2021, according to an [Oct. 26, 2021, MGMA Stat poll](#). In addition, 2022 Humana-Medical Group Management Association (MGMA) research finds almost two-thirds (64%) of respondents report currently experiencing burnout — feeling overwhelmed and/or emotionally drained.

### The way forward

Recognizing the negative stigma in the minds of many patients when going to the doctor's office, a number of value-based practices have transformed their approaches to make clinics inviting destinations for seniors. Florida-based [CareMax](#) opened an activities room that serves as a festive hub where a DJ is brought in a couple of times a month to play music, fostering high-spirited interactive dancing and promoting fellowship for the few dozen seniors who regularly take part. Patients often arrive before their appointments and stay well after for fellowship.

**“All the activities give them a time of distraction from just being at home without having someone to talk to, and here they make friends,” said Iraida Goenaga, center administrator for CareMax Medical Center of Westchester in Miami. “I enjoy the events because it puts smiles on their faces.”**

The pandemic spurred higher workforce turnover, and clinics continue to struggle to bring on new physicians and staff. With less access, there is less ability to interact with patients, said Dr. Amy Scanlan, medical director for UCHHealth Coordinated Care Colorado.

In a value-based care model, practices can rely on their teams to conduct outreach when patients are unable to see the

primary care provider. Improvements in technology also allow for more data available to those teams, ultimately helping ease the burden on the primary care physician. Relying on registries to target the highest-need, most-complex patients, integrating claims data into the electronic health record and incorporating health plan data such as Humana's Member Summary positions a practice to ensure its highest-risk patients are still taken care of. This helps streamline patient care and mitigate burnout for frontline physicians.

**"These tools are helping frontline providers with a culture shift," she said. "How do I access the people not in front of me? ... How do I know they are not in and out of the ED because they are not able to see me?"**

## A closer look at patient-physician experience

### Care teams provide strength in numbers, boost satisfaction for value-based PCPs

As care delivery evolves, primary care physicians play an increasingly pivotal role. Within value-based care, they are the strategic signal callers. The quarterbacks of well-being, if you will.

That position charges them with considerable responsibility for helping their patients lead their healthiest lives. But operating within a complex system with myriad challenges demands collaboration for success.

That's why those throughout the industry consider healthcare these days something of a team sport, with integrated care teams helping carry out a physician's care plan. And it's why practices routinely convene PCP-led sessions that bring together experts from areas that influence care delivery – nurses, pharmacists and coders. Some, extending the concept of whole-person health, even expand team membership to include social agency representatives and chaplains.

After all, a quarterback alone cannot win a football game. And a PCP alone cannot stay on top of all patients' needs, said Dr. Gene DiBetta, chief medical officer for [Paxton Medical Group](#) in Florida.

**"Care teams really work," he said. "When you have a doctor bogged down seeing 30 or 40 patients a day, there's no way for them to lead the team and they're not using their resources to their best potential. I try to drive every care team member to the top of their degree."**

More and more practices are investing in value-based assets, with the bulk of those resources targeting personnel, according to new research by Humana and the MGMA. The financial and operational strategies involve bringing on people to be part of the medical practice team, filling new roles and shifting others into positions where they provide greater value to patients and the practice.

South Florida-based Plenary Health Services, a managed services organization for 10 practices, facilitates much of the foundational work for its care teams, coordinating closely with lead physicians and other team members on everything from quality measurement data to understanding procedural guidelines to resolving reporting system issues. The group considers health plans like Humana as part of the care team, too.

"Everyone is working to achieve a common goal," Plenary co-owner Tom Bayless said. "There has to be a relationship and a strong base of knowledge about what all is going on (with patients and the practice)."

The care team approach is driving widespread success in Plenary's network. Based on CMS quality metrics and care gaps tracked by Humana and Plenary, four Plenary physicians in 2021 achieved 5-Star ratings and coveted Green Apple Awards. Two of them were named "Super Stars," meaning they also earned top marks in member experience categories.

Paxton refers to its care team sessions as "impact meetings" because discussions are all about how the individuals and the group collectively impacts patients. The teams examine an array of trends and data points to determine those having the greatest negative hit on outcomes and costs and to devise plans to address problems. "This is a no-brainer," DiBetta said.

## Costs and payments: The financial strengths of value-based care

As the COVID-19 pandemic wanes and participation in value-based payment models grows and evolves, the foundational objective remains anchored in improving health outcomes, increasing quality of care and reducing costs to the healthcare system as a whole. Doing so requires an integrated and holistic approach to care delivery, while further realigning incentives based on value created rather than services provided.

When it comes to financial impact specifically, physicians participating in Humana's value-based programs made meaningful progress throughout 2021 in shifting away from non-value-based (fee-for-service) models. Higher frequencies of preventive care and lower usage of acute-care services led to superior outcomes.

A 2021 cost analysis shows physicians and members in Humana MA value-based arrangements saved an estimated \$6 billion, or 20.1%, in medical costs that would have been incurred by value-based members had they been enrolled in OM.<sup>3</sup>

Savings were also evident when weighed against those in non-value-based settings. Humana MA members attributed to value-based physicians incurred 0.6% less in total medical costs than had they received care from non-value-based physicians, saving an estimated \$191 million.<sup>3</sup>

### Added member benefits through value-based care reinvestment

# \$500

average annual amount of additional health plan benefits for members associated with value-based physicians

### Why it matters

Value-based care is successfully improving patient health. Better outcomes translate to financial benefits for both patients and physicians.

Humana, for example, invests savings to benefit members in the form of added health plan benefits—such as home care, prescription delivery and healthy food cards—and lower premiums. Those additional benefits on average amount to roughly \$500 annually for members associated with value-based physicians.<sup>1</sup>

Value-based physicians benefit, too, from the quality care they provide. Around half received a shared-savings payment from Humana in 2021. They also receive more of the overall healthcare dollar—encompassing medical claims and capitation, bonus and surplus payments—earning 14.3 cents compared to 6.4 cents for non-value-based physicians.<sup>1</sup>

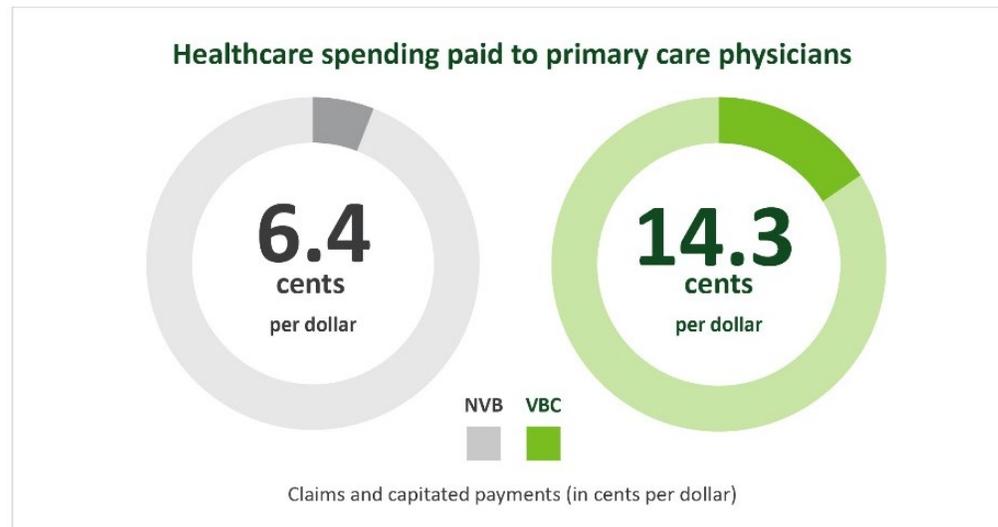
Further illustrating their fiscal potential, physicians in value-based agreements with Humana earn three times on average more than Medicare's fee schedule. Physicians in the most advanced stages of Humana's value-based primary care continuum earn on average five times more than Medicare's fee schedule.<sup>1</sup>

**“More and more providers are moving to value arrangements because it's better outcomes for the patient, but I truly believe still, as a physician, that if you take care of the patient appropriately and align payments more closely with outcomes, there are added opportunities for physicians to share in savings they help create,”** said Dr. Laura Scott, executive vice president of population health for [Summit Health](#) in the New York-New Jersey area. **“Physician groups are starting to appreciate that.”**

## The way ahead

Helping make the case for value-based care, practice leaders and administrators say, is its influence in strengthening the health of their patients and the health of their practices, which became evident amid the one-two punch of the pandemic and economic instability.

New research by the MGMA and Humana found that practices in value-based arrangements saw total expenses increase by



16.6% on average in the past fiscal year stemming from higher inflation and increased supply costs. Still, thanks to a steady stream of income in the form of capitated payments, they were able to focus on implementing programs that helped maintain margins amid the adversity.

**“A lot of this is funded by what we’re able to generate from (value-based) contracts,”** said Karl Gyden, director of payer contracts for [Harbin Clinic](#) in Rome, Ga. **“We are a physician-owned organization, so we have to show return on investment for the doctors who want to (pursue value-based plans).”**

## Conclusion: Strengthening the case for value-based care

Another year of living the “new normal” comes to a close and as an industry, we take stock of the challenges endured—but also overcome. The wide availability of COVID-19 vaccines, test kits and anti-viral treatments have lessened the strain on the healthcare system and front-line healthcare workers.

Continued expansion of telemedicine and in-home care benefits have allowed patients to access care quicker and without having to leave home. Investments in quality improvement programs and the inclusion of pharmacists, social workers, care coordinators and other health professionals as part of the care team have strengthened primary care practices and enabled them to focus not only on the physical health of patients, but also on their emotional, mental and financial health – whole-person care.

While we cannot predict another public health crisis, we know that by remaining nimble and innovative, health plans and physicians alike can lean in on the capabilities of value-based care delivery organizations to help strengthen primary care and provide comprehensive, quality care to members and patients. We have seen these successes first-hand in value-based care practices across the country.

Looking ahead, we anticipate continued growth of value-based care relationships, and we must continue to make new investments in capabilities and technology that strengthen primary care and address all aspects of a person’s health. At least two areas should remain in focus to achieve this.

The first is addressing the lack of any meaningful social risk adjustment in patients that may exacerbate inequities. By adopting methods that account for all factors, including social risk factors, that influence a patient’s risk, we could help create a more equitable healthcare payment system to better serve all patients. The second is continued interoperability efforts coupled with the updates to current privacy regulations. To make social determinants of health data actionable for healthcare providers, data formats need standardization across all platforms and systems.

This is especially important for value-based care physicians, as it would allow them to coordinate care for patients and help them tap into other social supports. Value-based systems could be strengthened by the adoption of legislative revisions that would permit the sharing of some personal health information with social services agencies, community-based organizations and other similar third parties that provide health-related services for care coordination and case management.

Back in the Humana headquarters, that wooden ship serves as a reminder that no one person or team alone can achieve the sustainable changes needed to improve the health of a population.

Value-based care is not a fad, but rather the future of our healthcare system. The value-based health ecosystem is built upon and relies on strong primary care and a roster of players, each playing a specific and equally essential role in the whole-person care of members and patients.

Much like the crew who rows the ship across the sea with ease.

### Citations

1. Figures derived from internal Humana 2021 data.
2. U.S. Census Bureau, Population Projections.
3. Humana Medicare Advantage member health results were limited to medical claims incurred during the 2021 calendar year. Humana compared individual members affiliated with providers in a value-based reimbursement model agreement versus an estimation of original fee-for-service Medicare medical costs using CMS Limited Data Set Files from 2020. Estimates of cost, admission and emergency department savings are subject to restatement with the availability of more current CMS data.
4. [2021 Telehealth Survey Report | AMA \(ama-assn.org\)](#)
5. Intermountain Health Care July 2021 data.
6. Iora (One Medical) July 2021 data.

\*CenterWell and Conviva primary care clinics are payer-agnostic and treat patients with MA coverage from other payers as well as Original Medicare.