

2023 Paying for Value Survey results: Executive summary

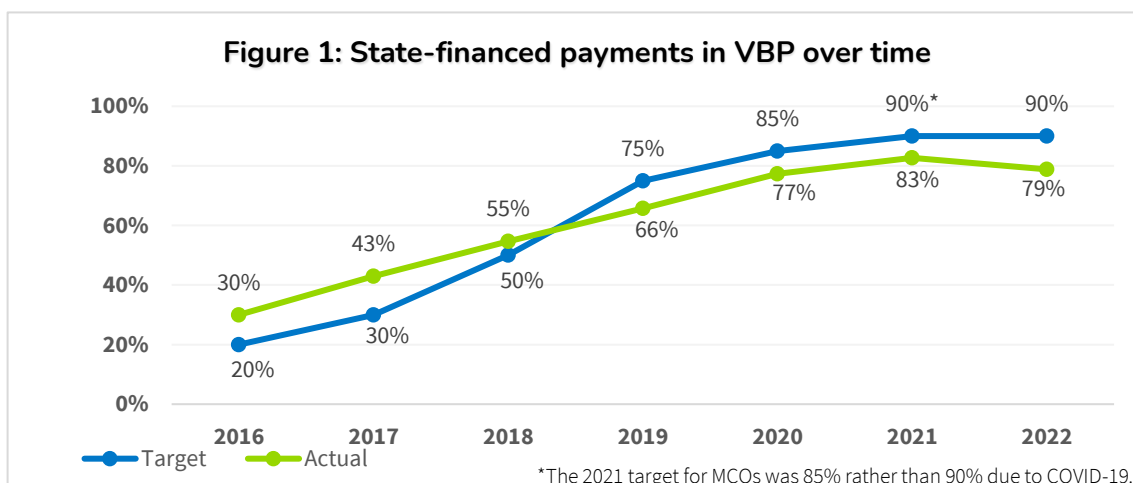
The annual Paying for Value Survey—conducted by the Washington State Health Care Authority (HCA)—collects information about health care plans’ value-based payment (VBP)¹ activity. VBP describes a range of payment strategies intended to contain costs while improving outcomes by tying payment to care quality. The survey questions include both quantitative reporting about VBP adoption and qualitative questions about designing and implementing VBP arrangements. HCA uses the [Health Care Payment Learning & Action Network \(HCP-LAN\)](#) Alternative Payment Model (APM) Framework to define and categorize VBP arrangements.

The 2023 survey asked respondents to report on calendar year 2022. HCA received responses from 11 payers, including five Apple Health (Medicaid) managed care organizations (MCOs), five Public and School Employee Benefits Boards (PEBB and SEBB, respectively) carriers, and one commercial health plan not contracted with HCA.

When conducting and analyzing this year’s survey, HCA paid renewed attention to the **meaningfulness** of our value-based purchasing measures and the **effectiveness** of our overall value-based purchasing strategy in helping achieve health system goals. [Read the full survey results](#) for deeper analysis.

Key learnings

VBP adoption decreased in 2022



- 79 percent of state-financed health care flowed through VBP arrangements in 2022 (see Figure 1). This is a decrease of 4 percent from 2021.
- “State-financed health care” refers to Medicaid managed care (83 percent VBP adoption), and public and school employees benefit programs (PEBB/SEBB, 71 percent VBP adoption).
- The decrease may be related to system-wide effects of the COVID-19 pandemic, including decreased provider capacity and reduced willingness to accept payment models with financial risk.
- Some of the decline may also be related to how HCA measures VBP adoption in PEBB/SEBB; see the “Calculating VBP adoption” section in the [full survey results](#).

¹ The acronym “VBP” can sometimes refer to value-based payment (arrangements between health plans and providers) and sometimes value-based purchasing (arrangements between health plans and HCA). For the purposes of this document, we use VBP to refer to value-based payment and spell out “value-based purchasing” to avoid confusion.

VBP adoption alone does not fully reflect priority outcomes

- VBP adoption – although important to track – does not directly reflect the outcomes we care about most, like decreased costs and improved quality and equity.
- It is too early to tell whether VBP in Washington will ultimately improve health care quality or reduce costs.
 - There has not been a strong correlation between VBP adoption and quality improvement or cost reduction since the shift to VBP began in 2016.
 - However, the severe disruptions of the COVID-19 pandemic make it difficult to meaningfully interpret cost and quality trends.
- The percentage of total dollars in VBP arrangements is likely to be much higher than the percentage of providers held accountable for quality or cost of care.

VBP adoption alone is not enough to drive systemic change

- VBP contracts tend to be concentrated in primary care. Many primary care providers engaged in VBP have limited ability to influence costs or quality in other parts of the health system, such as specialist and hospital care, even if they are incentivized to do so.
- Most VBP arrangements have limited financial implications for providers and may not be strong enough to motivate a change in provider behavior.
- Providers often lack access to the real-time quality and cost data that would enable timely interventions.
- Most providers contract with many different payers, the majority of whom have not shifted into VBP.
- Reports from other states show that VBP adoption is most effective when supported by other policy and programmatic tools that promote quality and affordability in the health care system.

Conclusions

HCA continues to advance paying for value in health care

- HCA's value-based purchasing strategy has successfully motivated plans to drastically increase VBP contracting.
 - In just six years and despite a global pandemic, the share of state-financed health care in VBP arrangements more than doubled, increasing from 30 percent to 79 percent.
- HCA remains committed to paying for value and leveraging our role as the state's largest purchaser to drive quality and reduce unnecessary spending in Washington's health system.

HCA is evaluating our VBP measurement strategy

- The primary indicator HCA has used to measure the success of our purchasing strategy, VBP adoption, does not directly reflect priority outcomes like state and consumer affordability, quality, and equity.
- HCA is investigating alternate ways to evaluate the success of Washington's VBP programs in the future.
 - This may mean changing the way we define VBP adoption, using different measures to understand the effects of VBP adoption, or using new or different policy levers to impact priority outcomes more directly.