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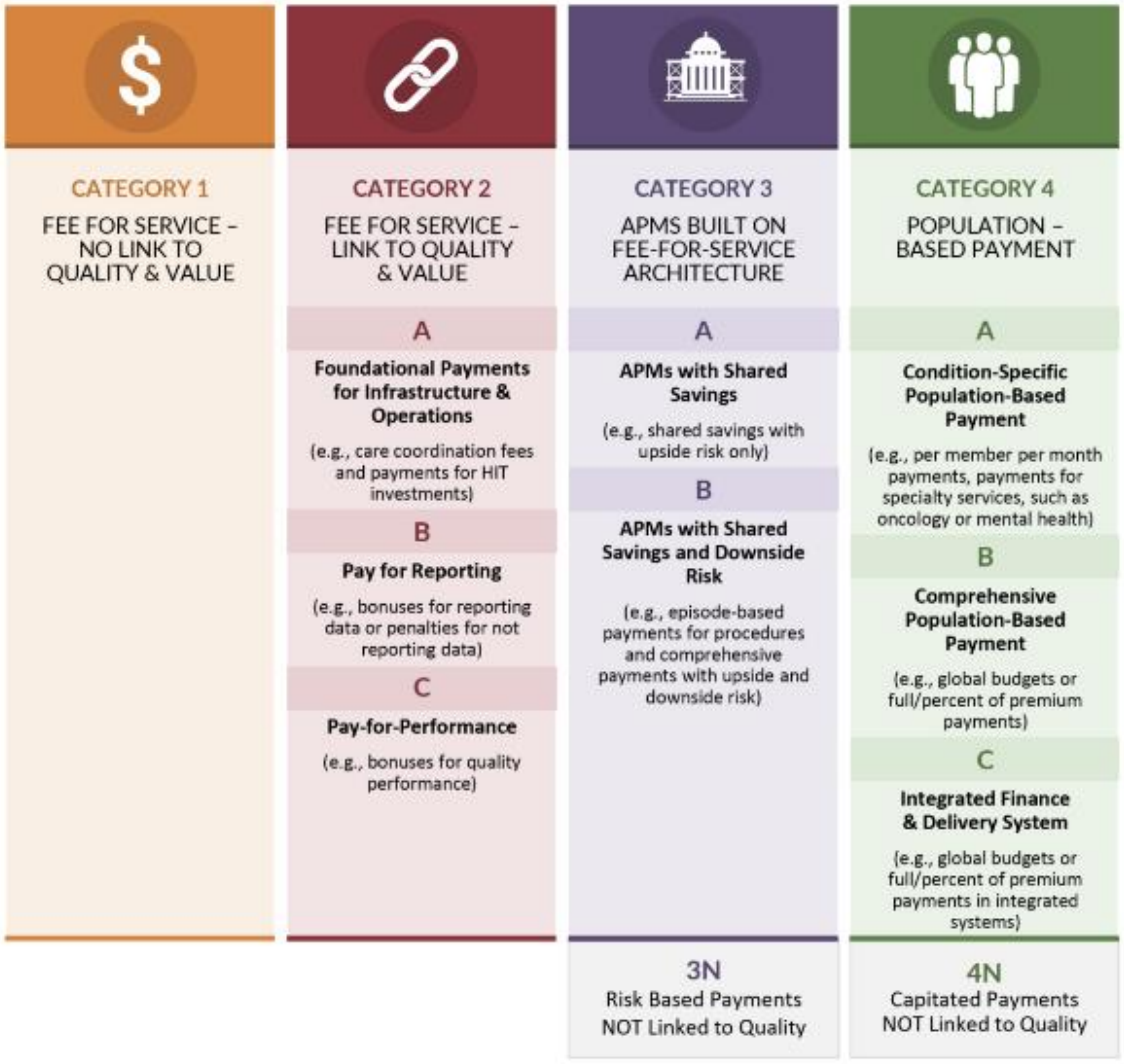
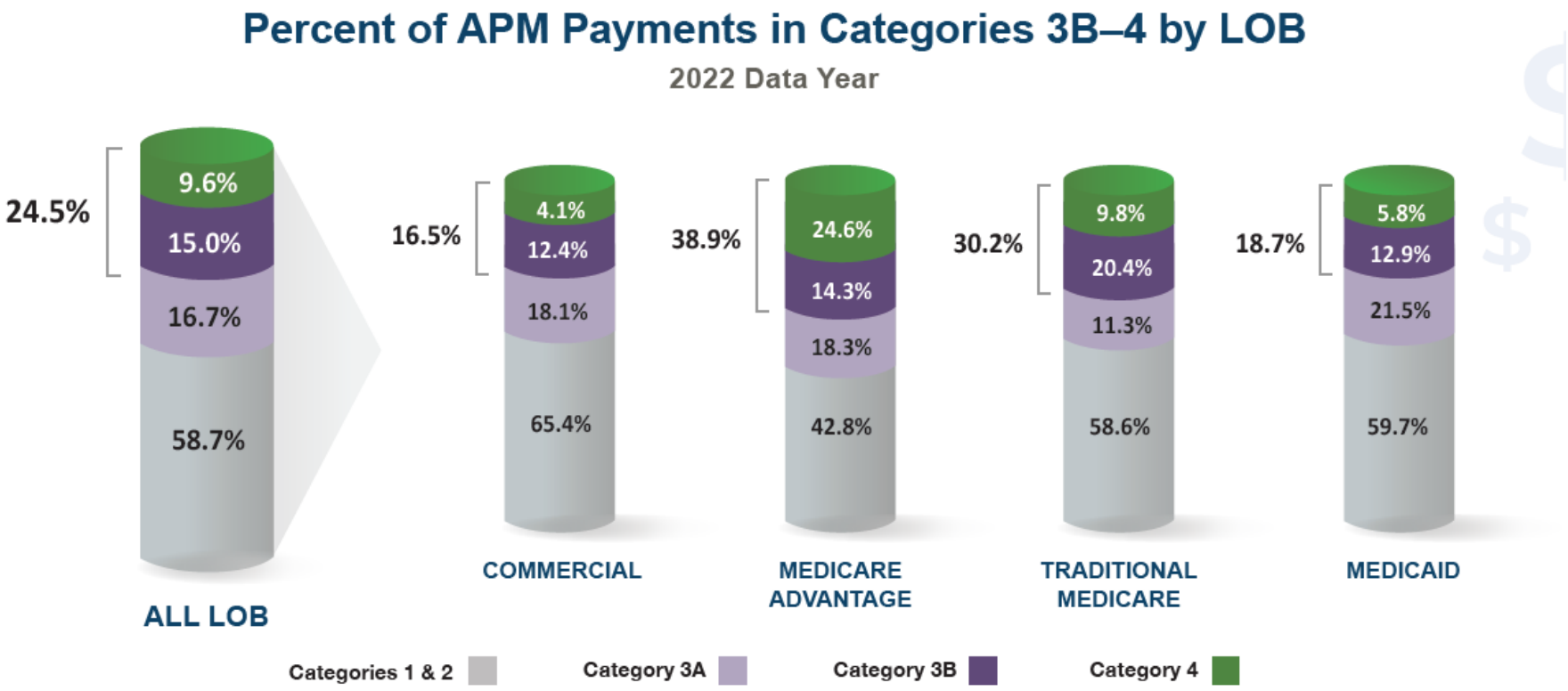
Analyzing the Expanded Landscape of Value-Based Entities

HMA Article Link

HCP-LAN Framework

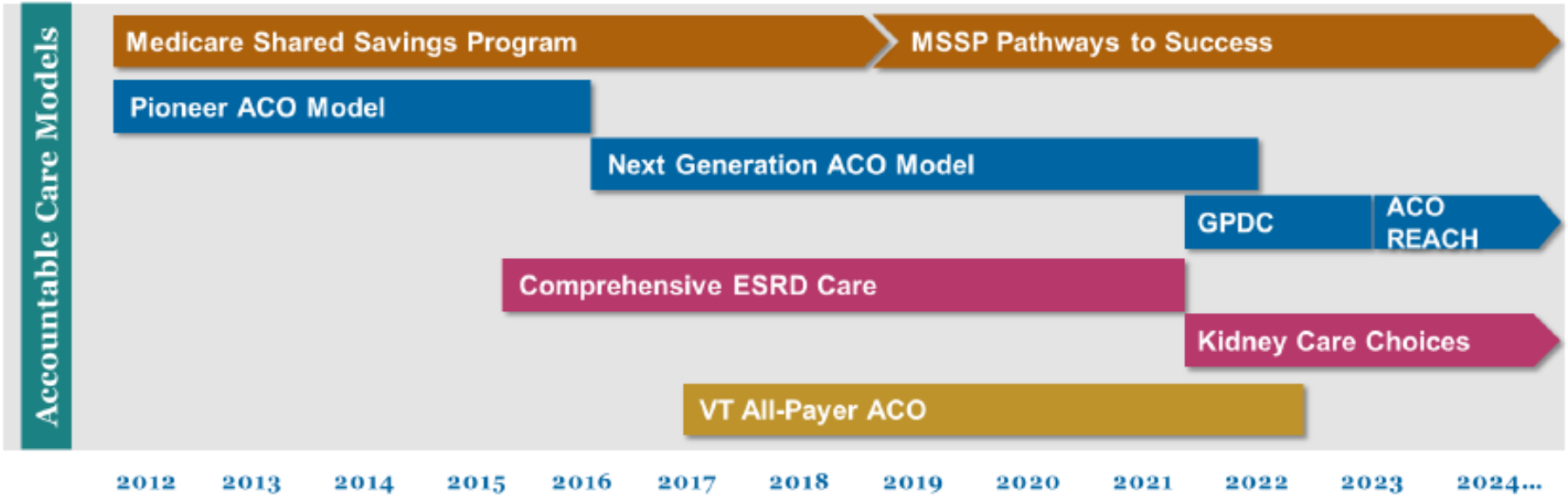


APM Landscape



CMS Innovation Center (CMMI)

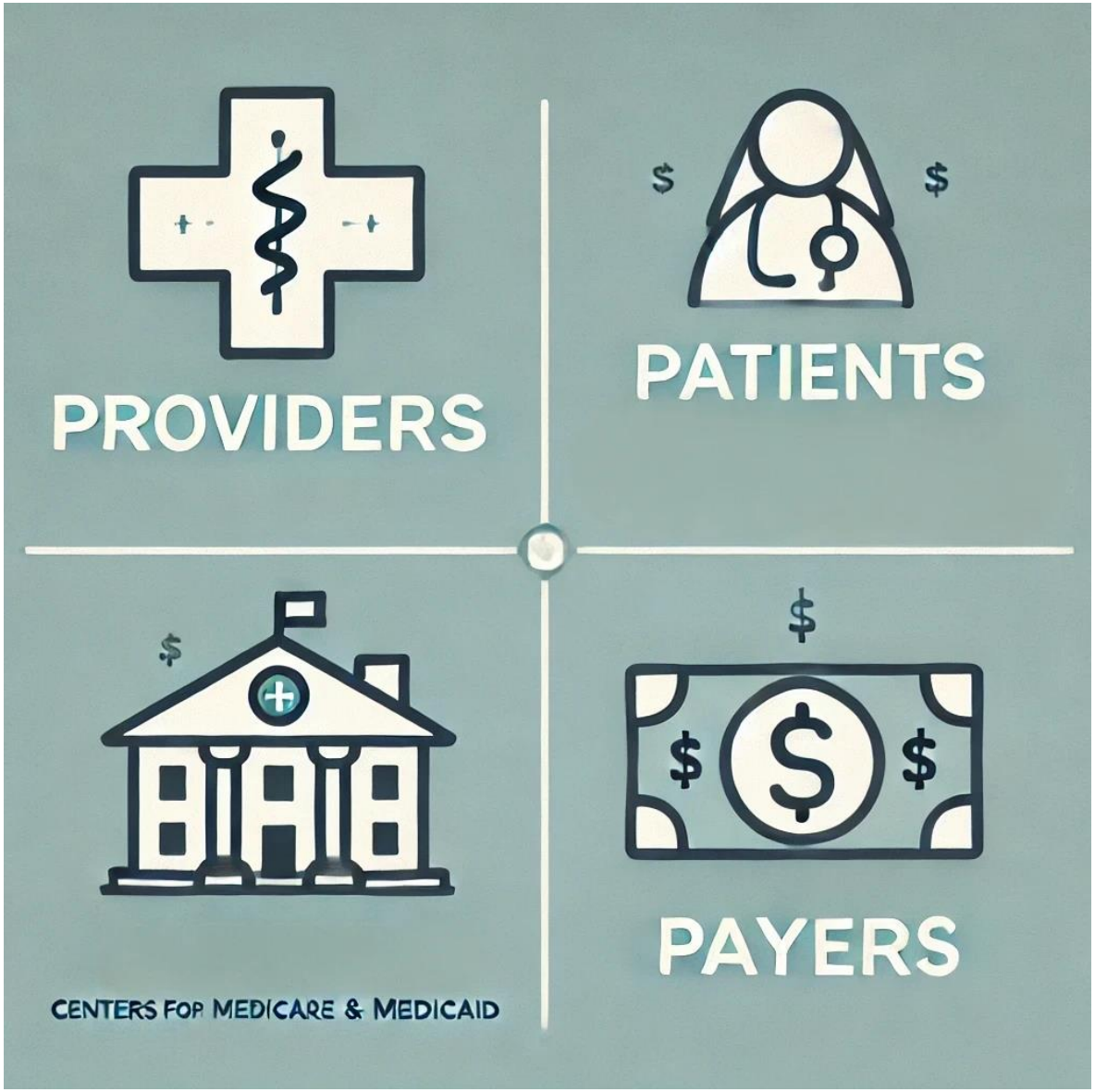
- Leading the shift from fee-for-service (FFS) to Value Based Payment
- 2030 goal – All Medicare & ***vast majority*** of Medicaid Enrollees



CMMI Participation Criteria

Model	Enablers/ Hybrids Allowed to Participate	Eligibility
Medicare Shared Savings Program (MSSP)	Yes	Eligible participants are Medicare-enrolled providers and/or suppliers who form or join an ACO and have at least 5,000 Medicare fee-for-service beneficiaries assigned to their ACO.
ACO Realizing Equity, Access, and Community Health (ACO REACH)	Yes	The ACO is not required to be a Medicare-enrolled provider or supplier, but all participating providers must be.
Kidney Care Choices (KCC)	Yes (for CKCC)	Comprehensive Kidney Care Contracting (CKCC) Option: The Kidney Contracting Entity (KCE) itself is not required to be a Medicare-enrolled provider or supplier, KCE participants must be. Kidney Care First (KCF) Option: The applicant must be a Medicare-enrolled entity (i.e., physician practice or professional corporation) that bills Medicare for physician services rendered by one or more nephrologists by the start of the performance period.
Enhancing Oncology Model (EOM)	Yes	Participants must be a Medicare-enrolled physician group practice (PGP).
Making Care Primary (MCP)	No	Eligible participants are Medicare-enrolled organizations that provide primary care services to a minimum of 125 Medicare beneficiaries.
Primary Care First (PCF)	No	Eligible participants are *practices* with primary care practitioners, at least 125 attributed Medicare beneficiaries, experience in value-based care, and other requirements.

Stakeholders – Benefits & Risks



Barriers to Entry

Small physician groups and safety net organizations

- Lack of access to capital to invest in needed infrastructure.
- Difficulty navigating the operational complexity of transformation.

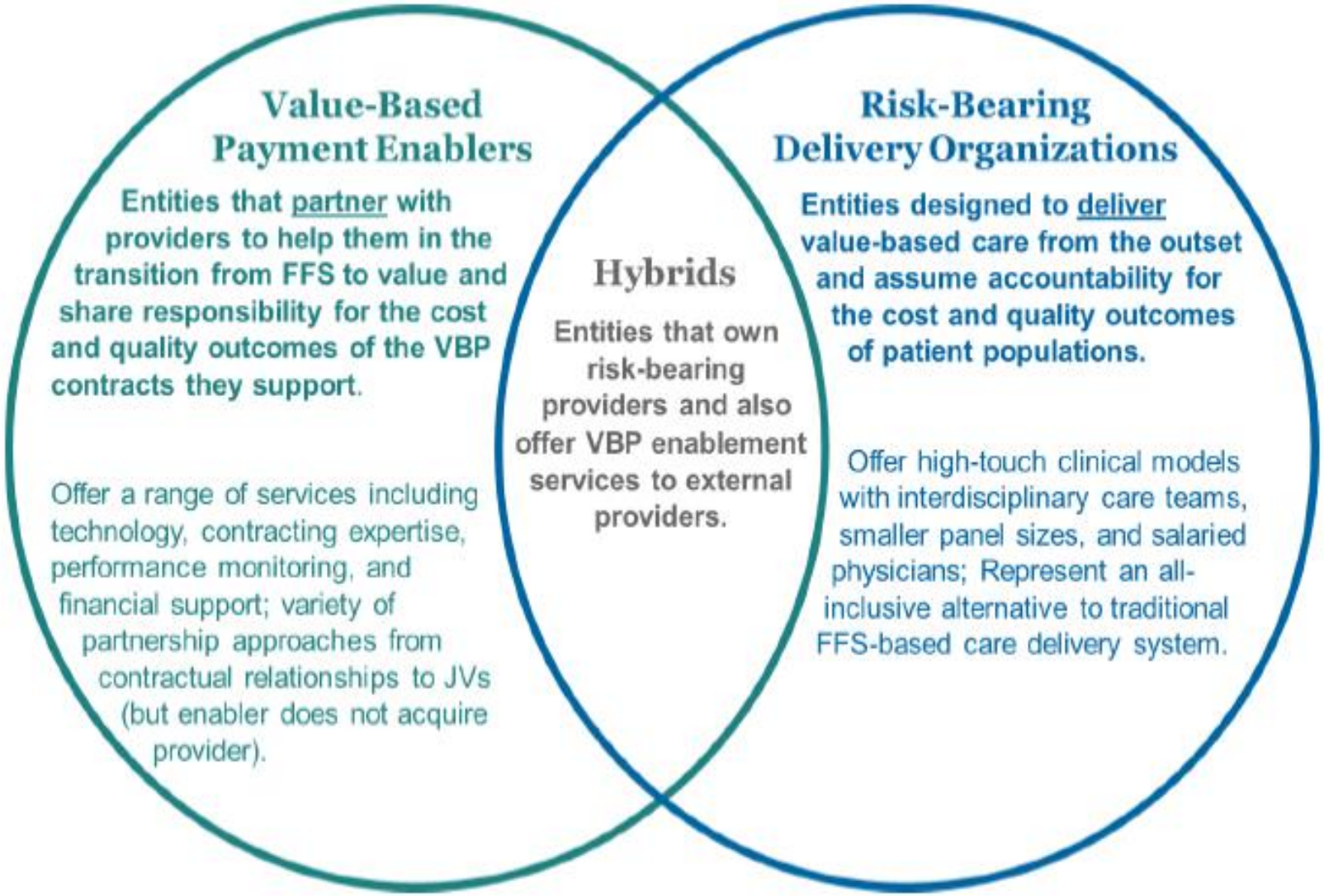
Specialists

- Fewer available/willing partners or model options, relative to PCPs.
- Less financial or competitive pressure to leave FFS.
- Greater reliance on partnerships along the continuum to manage patients' holistic care needs.

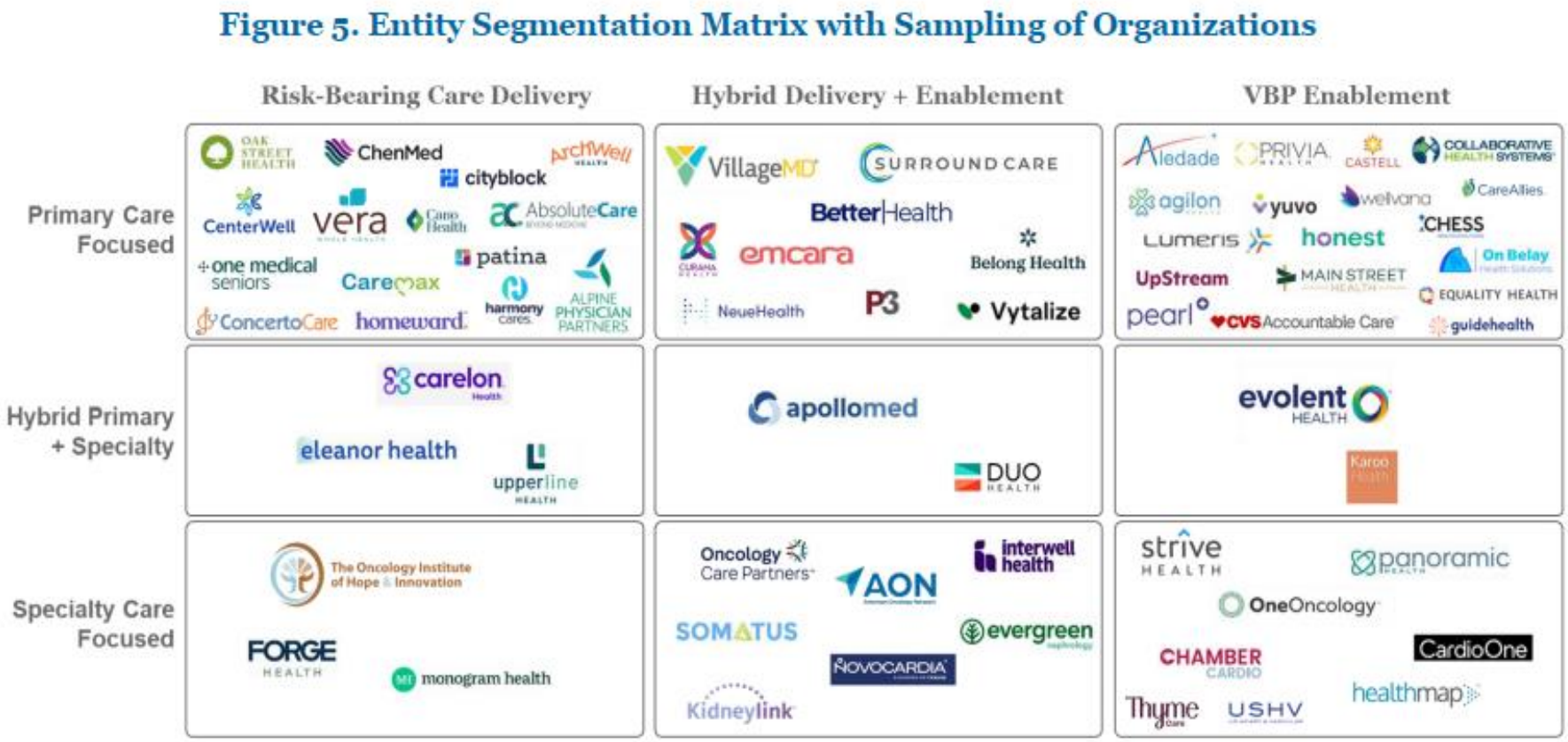
Hospitals/Health Systems

- Powerful inertia of status quo.
- High fixed costs and debt obligations further reinforcing a reliance on FFS revenues from services that are intentionally reduced under VBP (e.g., ED visits, admissions, and select high-paying service lines).
- Dilemma of shared performance with unaffiliated providers who have unequal capabilities and capital, requiring added investment while ensuring all partners "pull their weight."

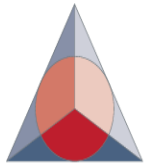
Segmenting the Expanded Value Ecosystem



VBE Market Segmentation Players



Market Subsegments



- **Payer/Program Focus.** Is the entity focused on a single payer/program or multiple? If the latter, what was their entry point and expansion path?
- **Patient Breadth.** Does the entity assume cost and quality accountability for all patients in a given population, or do they carve out a specific cohort (e.g., high-needs patients)?
- **Investor Interest.** Is the entity publicly listed or private? What sources of funding have been used?
- **Independence.** Is the entity independently owned or is it a subsidiary of a larger entity such as a payer, retailer, health system?
- **Asset Ownership.** Does the entity own all of the assets used to enable/provide high-value care, or does it subcontract or partner with other vendors/enablers to deliver these services?
- **Diversification.** Is value-based care enablement or delivery the sole focus of the entity or is it simply one offering among a suite of services/divisions?
- **Clinical Staff Employment.** Does the entity employ “core” clinical staff (e.g., MDs/DOs, APPs, etc.) or “supplemental” clinical staff (e.g., care coordinators, medical assistants, etc.)?
- **Offering Focus.** Does the entity differentiate itself with its clinical offerings, technological offerings, or administrative offerings? Does it offer similar services in FFS/transactional context as well as VBP partnerships? *(Enablement only)*
- **Ownership of Risk.** Does the entity or the provider group directly hold the insurance risk? *(Enablement only)*
- **Preferred Partners.** Does the entity primarily partner with one provider type (e.g., independent primary care practices, FQHCs, etc.), or does it partner with multiple types of providers and various practice configurations? *(Enablement only)*
- **Practice Growth Strategy.** Does the entity build de novo practices or acquire existing FFS practices with the intent of transitioning them to VBP? *(Care delivery only)*

VBE Market Growth

Figure 1. Growth of New Entities Over Time (2011-2023)

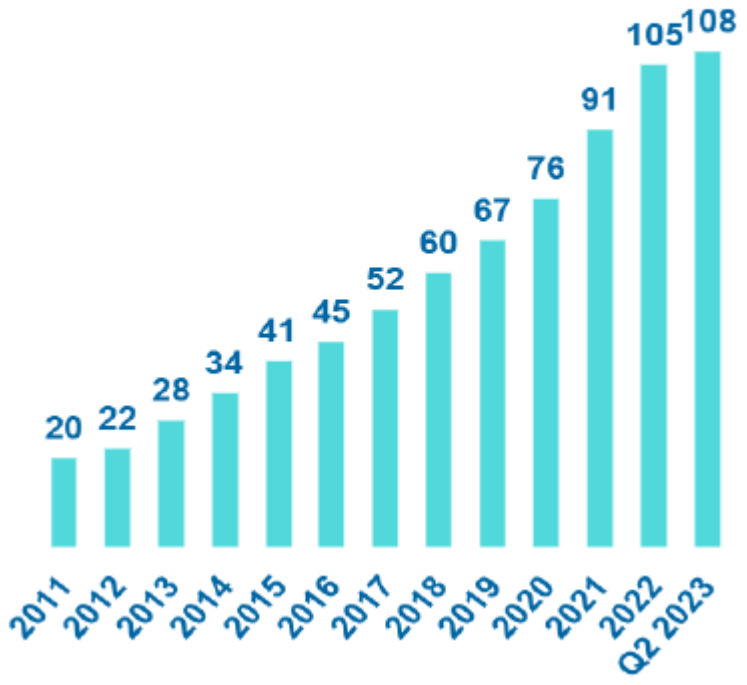
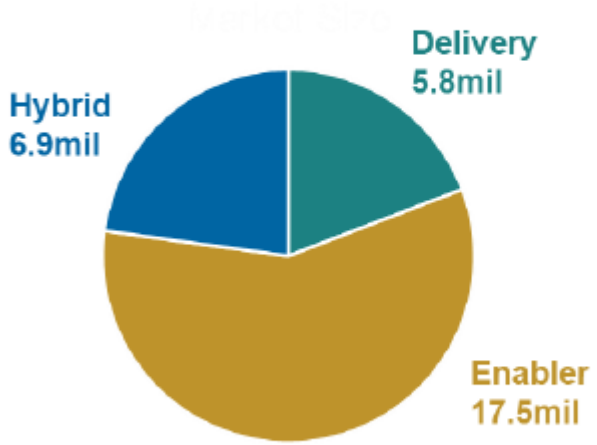
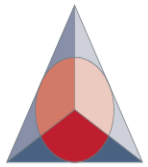


Figure 2. Estimated Number of Value-Based Covered lives by Entity Type



VBE Growth Drivers



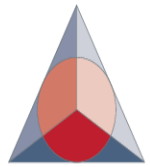
- State and Federal Government Focus
- Increase in Capital Investment
- Growth of the Medicare Market
- Demand for Transformation
- VBC Market Evolution

VBE Offerings

Types of Offerings of VBP Enablers

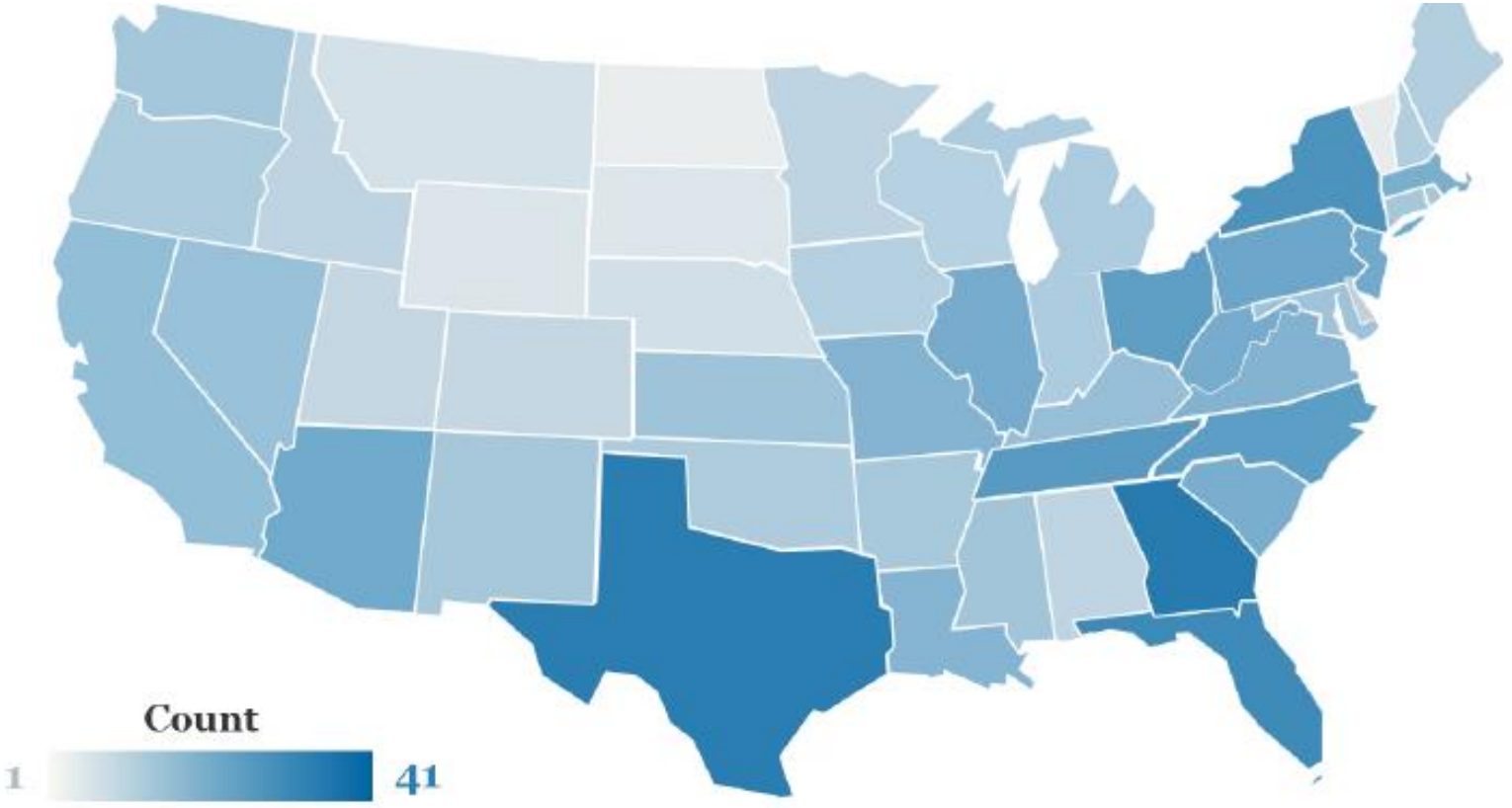
- Financial Support
- Strategic & Administrative
- Population Health Infrastructure & Technology
- Clinical Support

VBE Offerings

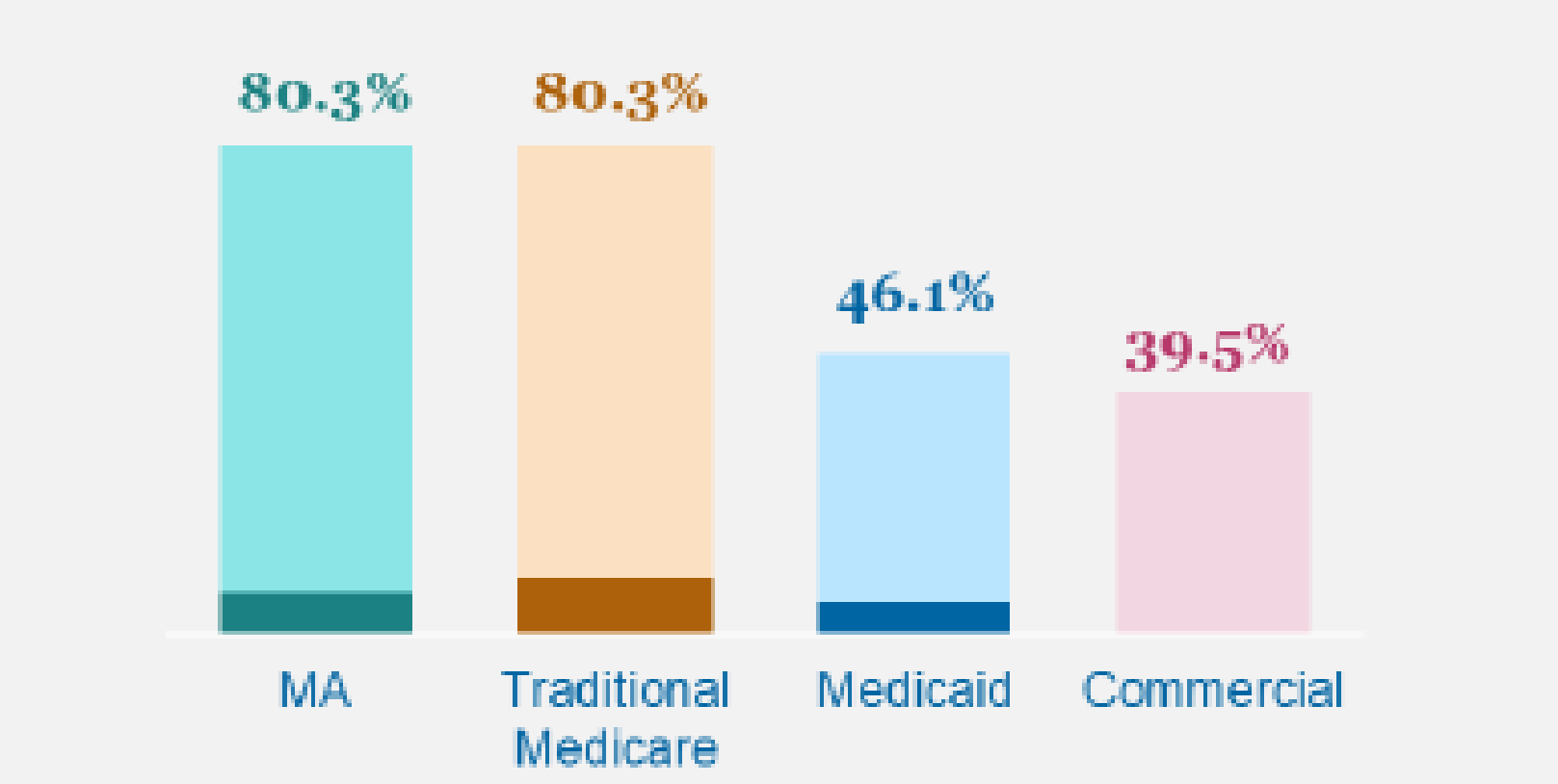


- Financial Support
  - Access to capital for infrastructure investments
  - Protection from downside risk
- Strategic and Administrative Support
  - MSO-like functions and strategic partnerships
  - Contract negotiation and scaling value-based lives
- Population Health Infrastructure and Technology
  - Importance of data and HIT solutions
  - Proprietary and third-party technologies
- Clinical Support
  - High-touch clinical models and care team support
  - Expanded access points and virtual care

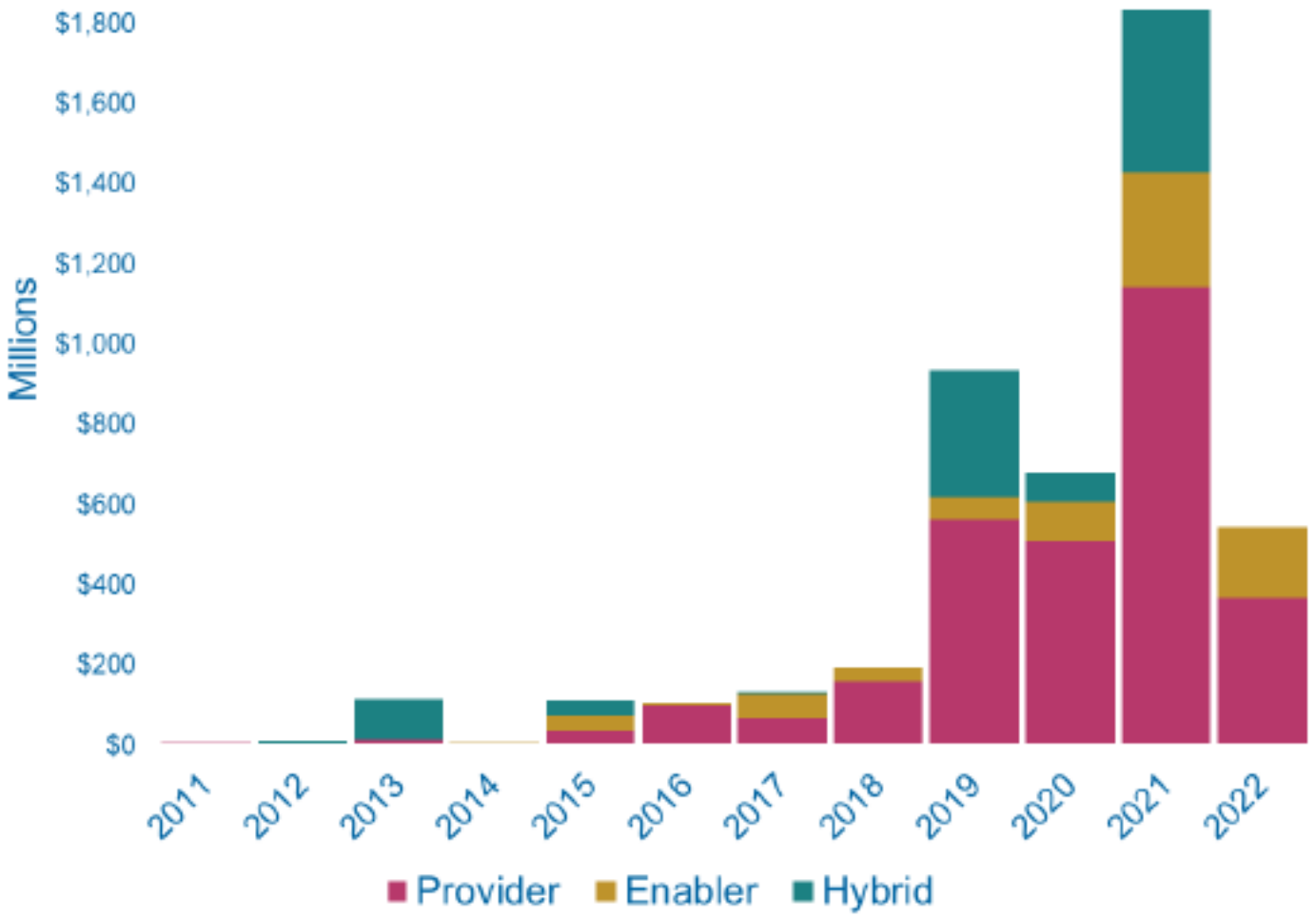
Trends: Provider and Geographic Prioritization



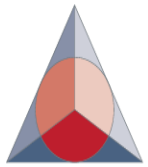
Trends: Populations of Focus



Trends: Funding



Future Expectations



- Continued Growth
- Market Fluidity
- Multi-specialty Market Growth
- Sub-capitation and Risk-Based Growth
- Rapid VBE Entity Growth followed by Consolidation

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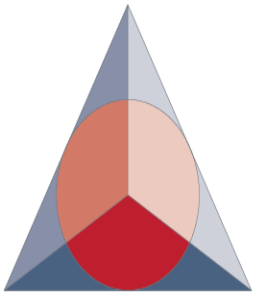

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