

# VALUE BASED PAYMENT MODELS 101

Understanding Strategies for Quality, Cost & Outcomes



## What Is Value Based Payment (VBP)?

A model that ties provider reimbursement to:

- ✓ Quality of care
- ✓ Patient experience
- ✓ Cost-efficiency
- ✓ Use of technology

**Replaces traditional Fee-for-Service (which rewards volume over value)**

## KEY TERMS TO KNOW

- Downside Risk: Costs exceed projections
- Upside Risk: Savings shared if costs are under
- Population-Based Payments: Fixed per-member payment for managing patient care
- Shared Savings: Providers rewarded for meeting quality + cost targets

## MACRA & QPP

**MACRA** = Medicare Access and CHIP Reauthorization Act

- Repealed the old SGR formula
- Created QPP (Quality Payment Program)

**QPP** has two tracks:

1. MIPS (Merit-based Incentive Payment System)
2. APMs (Alternative Payment Models)

## SO... WHAT IS MIPS?

A CMS performance program with 4 categories:

1. Quality (e.g. cancer screenings, BP control)
2. Improvement Activities (care coordination, health equity)
3. Promoting Interoperability (EHR use, public health data)
4. Cost (CMS calculates, no data submission needed)
5. Includes MDs, DOs, NPs, PAs, CRNAs, and more

 Performance Score = Payment Adjustment

## RCM IMPACTS OF VBP

Revenue Cycle Impacts of VBP:

- Risk score calculation (RAF) affects reimbursements
- Requires accurate ICD-10 specificity, HCC coding, and clinical documentation improvement (CDI)
- Integrate VBP into:
  - Transitional Care Management (TCM)
  - Chronic Care Management (CCM)
  - Patient portal use
  - Care coordination workflows

## KEY ACTIONS FOR ORGANIZATIONS

- Register with CMS QPP portal
- Review EHR certification: [chpl.healthit.gov](http://chpl.healthit.gov)
- Establish provider incentive policies
- Monitor payer mix and Medicare volume
- Review operational readiness and reporting tools



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