IDC PlanScape Specifies Operational Impact of Value-Based Reimbursement on Payers

New IDC Health Insights research explains that fundamental revenue transformation is approaching and significant

FRAMINGHAM, Mass., June 8, 2016 – Over 50% of the financial transactions healthcare payers will be dealing with will soon be done on a value-based system. Value-based reimbursement (VBR) will require payers to evolve and adopt a new paradigm at the contract negotiation table with providers. To address the descent of fee-for-service and ascent of VBR, IDC Health Insights offers payers an approach to the new value-based system in its new report, IDC PlanScape: Value-Based Reimbursement Demands Payers Execute an Exchanges-Like Level of Effort (Doc #US41380616).

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"Value-based reimbursement will be organizationally and technically pervasive for payers. What is underestimated are the core procedural and systematic changes necessary in the middle and back office to execute operationally under an environment where soon the majority of payments will be value-based," said Jeff Rivkin, research director for Healthcare Payer IT Strategies at IDC Health Insights. "New paradigms in finance, product definition, contract and rate modeling, and workflow will be established driven by direct change in provider contracting, episode recognition, care coordination, and claims pricing and processing. Fundamental revenue transformation is coming, and it is being underestimated."

Multiple VBR methodologies are possible to support, each with its own procedural and technical challenges. Payers need to decide what to support with contracting, provider relations, and technical support. Supporting all of these involves significant, sometimes overlapping effort. IDC Health Insights recommends that payers pick a couple of approaches and emerge slowly over a period of one to five years.

Moving up the risk continuum, VBR methodologies that are available to support include:

- Pay for Performance
- Bundled Payment/Episode of Care
- PCMH
• Shared Savings
• Shared Risk
• Capitation Full Risk

The report notes that these models require healthcare payers to have better access to cost and quality data and better tools than they currently possess. It will require significant time and effort to modify those current payer systems. Value-based models will emerge, evolve, and change requiring payers to have agile and open systems to meet the market demands.

"The only certainty is that change will continue to shape the healthcare market. The successful payer will be able to meet that change head on by having insight, procedural agility, and operational efficiency. Most payers struggled operationally with ACA, and similar struggles will come with VBR – think multi-year, multi-project, multi-division, and start now," concluded Rivkin.

To arrange a one-on-one briefing with Jeff Rivkin, please contact Sarah Murray at 781-378-2674 or sarah@attunecommunications.com. Reports are available to qualified members of the media. For information regarding purchasing reports, contact insights@idc.com; reporters should email sarah@attunecommunications.com.

IDC PlanScape

IDC PlanScape reports help to assure business value is recognized from technology by developing a technology initiative that is aligned with business goals, scoped to succeed, and properly resourced. By helping technology leaders make the case for a technology initiative, recognize unique resource requirements, and identify risk factors, IDC PlanScapes mitigate the greatest risks associated with technology initiatives.

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