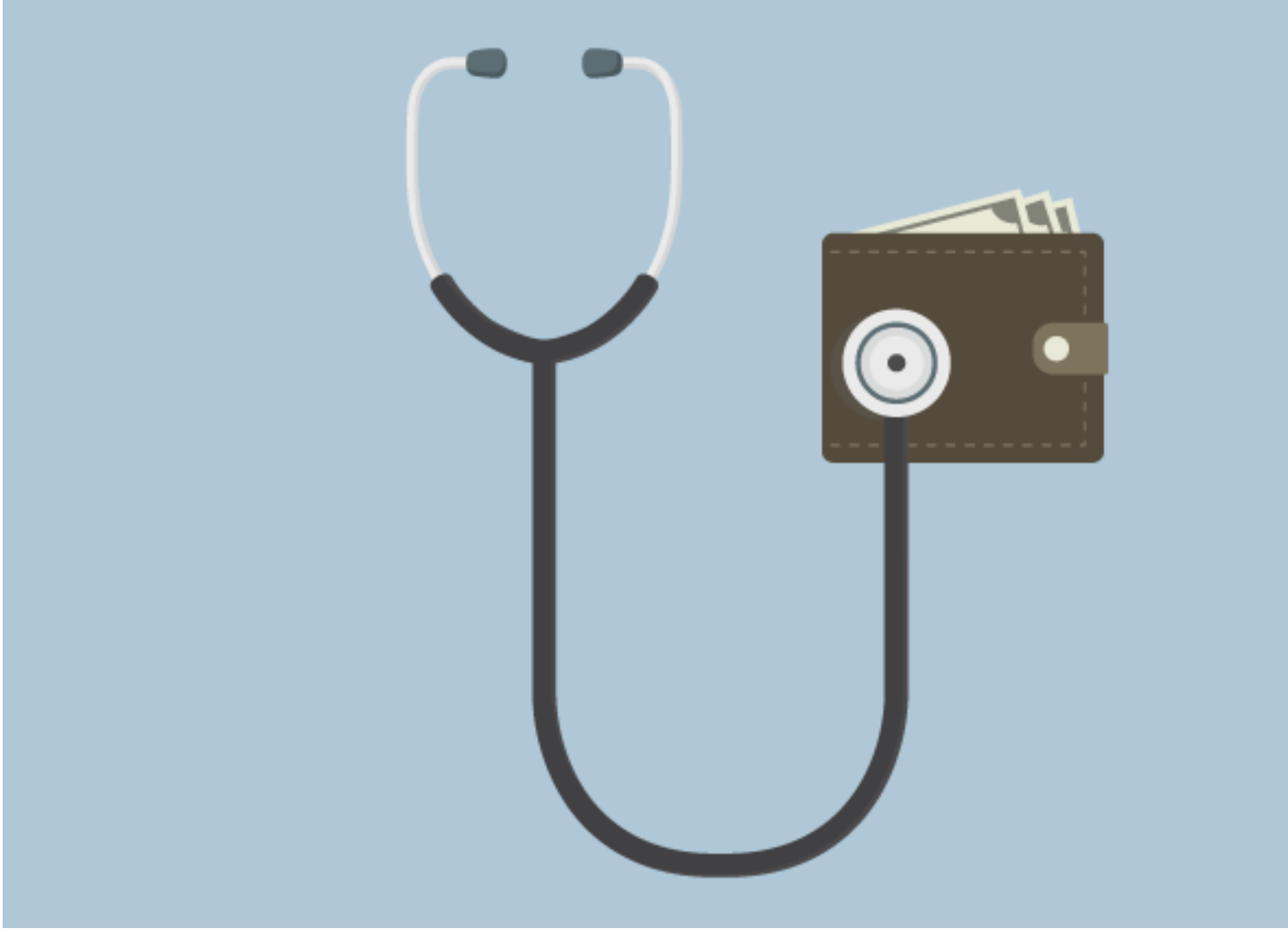
Financial Risk Sharing in Healthcare Im
Quality, Costs in CA

A new report underscores the role of financial risk sharing in healthcare
providers receiving capitation payments had lower costs and greater ca



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By Jacqueline LaPointe (mailto:jbelliveau@xtelligentmedia.com)

April 26, 2019 - Financial risk sharing in healthcare led to total costs of care be percent lower in 2017, **reveals (https://atlas.iha.org/story/risk)** the thir the California Regional Health Care Cost & Quality Atlas.

Providers in risk sharing arrangements in California also scored 9.2 percentag higher on average clinical quality performance rates compared to providers tal risk via fee-for-service, the report known as Atlas 3 also shows.

“There has been much discussion regarding value-based care and shifting the model from ‘volume to value,’” Jeffrey Rideout, president and CEO of IHA, sta **press release (https://www.prnewswire.com/news-releases/new-re show-better-health-care-quality-and-lower-costs-when-providers-s financial-risk-with-insurers-300831142.html)**. “However, until the Atl limited data existed on the prevalence of financial risk sharing among provide

Atlas 3 shares insights from 2017 data contributed by seven health plans repre
million lives in California and all types of contracts, including health maintena
organizations (HMOs), preferred provider organizations (PPOs), accountable c
organizations (ACOs), and more.

The report shows that, like the rest of the country, the majority of providers in
are not engaging in financial risk sharing in healthcare. The percentage of the c
population cared for by providers sharing financial risk ranged from 18 percen
California and 24 percent in northern California to 45 percent in southern Cali

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Researchers found similar percentages of the commercial population in each r
receiving care from providers sharing financial risk. However, the levels of fina
sharing in healthcare were substantially different.

Full financial risk sharing through professional and facility capitation was very
northern and central California, representing just nine and four percent of the
population, respectively.

Capitation payments and full risk sharing were more common in southern Cal
23 percent of the commercial population obtaining care from a provider with f
risk in 2017.

Full financial risk sharing in healthcare may not be widely adopted yet. But the
shows that the greater level of financial risk sharing, the greater care quality an
benefits.

Commercial patients care for by providers accepting full financial risk through
and facility capitation payments had total costs of care of $4,428 in 2017, com
$4,501 for patients receiving care from providers sharing risk for professional
and $4,589 for patients with fee-for-service providers.

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Providers sharing greater financial risk not only reported lower costs in 2017, b
had pharmacy costs 13 percent lower compared to fee-for-service providers. Th
also paid $268 per year in out-of-pocket costs for medical services compared t

Additionally, providers taking on greater financial risk through capitation pay
preventative screening rate 11 percentage points higher compared to providers
risk.

If providers shared financial risk care for all patients in California, then 60,00
women would have been screened for breast cancer and 1,500 fewer patients w
received a combination of opioids and benzothiazines, the report adds.

Greater financial risk sharing in healthcare may lead to stronger quality result
providers are "using the greater flexibility of capitated payment to invest in in
such as care management programs, that supports population health and qual
improvement," the report states.

The report gives concrete evidence that financial risk sharing in healthcare ad
the entire system, concludes IHA in the report.

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"To support delivery system transformation, we need better ways to measure c
integration and coordination, and to reward strong performance on delivery o
centered care," the non-profit regional health care improvement collaborative
sharing is an important part of the puzzle, because it allows provider organiza
from a transactional approach to a patient-centered perspective."

Shifting providers to at-risk arrangements has been an industry-wide challeng
Implementation of risk-based contracts appears to be stalling, with the media
of revenue at-risk remaining at ten percent for three consecutive years, accord
recent **survey (https://revcycleintelligence.com/news/implementati
based-contracts-in-healthcare-stalling)** of more than 500 C-suite execu

Additionally, the majority of healthcare executives in another **poll
(https://revcycleintelligence.com/news/value-based-contracts-wit
5-years-away-for-providers)** say financial risk sharing is still three to five

Data sharing issues, a lack of agreement on outcome measures, missing incen
payer and provider collaboration, financial troubles, and other challenges are
providers from sharing financial risk with payers, especially full financial risk,
show.

“The Atlas validates Sharp Rees-Stealy Medical Group's approach to comprehe coordinated care for the whole patient,” Stacey Hrountas, Sharp Rees-Stealy M Centers CEO, says in the press release. “We've been pursuing full risk contract plans for decades, because we know that providing care coordination, populati and focusing on prevention results in healthier patients who avoid using exper resources such as hospitalizations.”

“The Atlas provides the evidence for health plans, employers and legislators to growth of HMO and MA plans for the best value and a healthier population,” s

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