



Value Based Care Models in Health Care

December 9, 2023

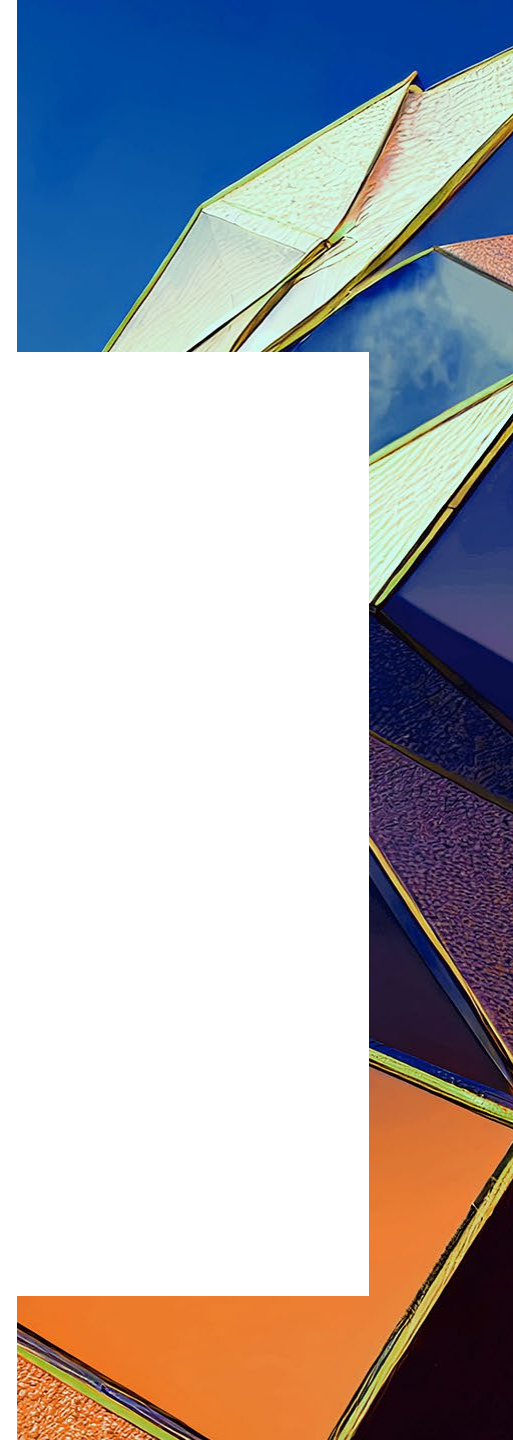
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Agenda

1. Value Based Care

A. What is Value Based Care?

B. What is Provider Risk?

C. Why take on Risk?

2. Value Based Arrangements

A. Key Elements

B. Organizing Risk Based Providers

C. Contracting Structures

D. Who's the Payor?

3. VBC Contracting

A. Emerging and Key Elements

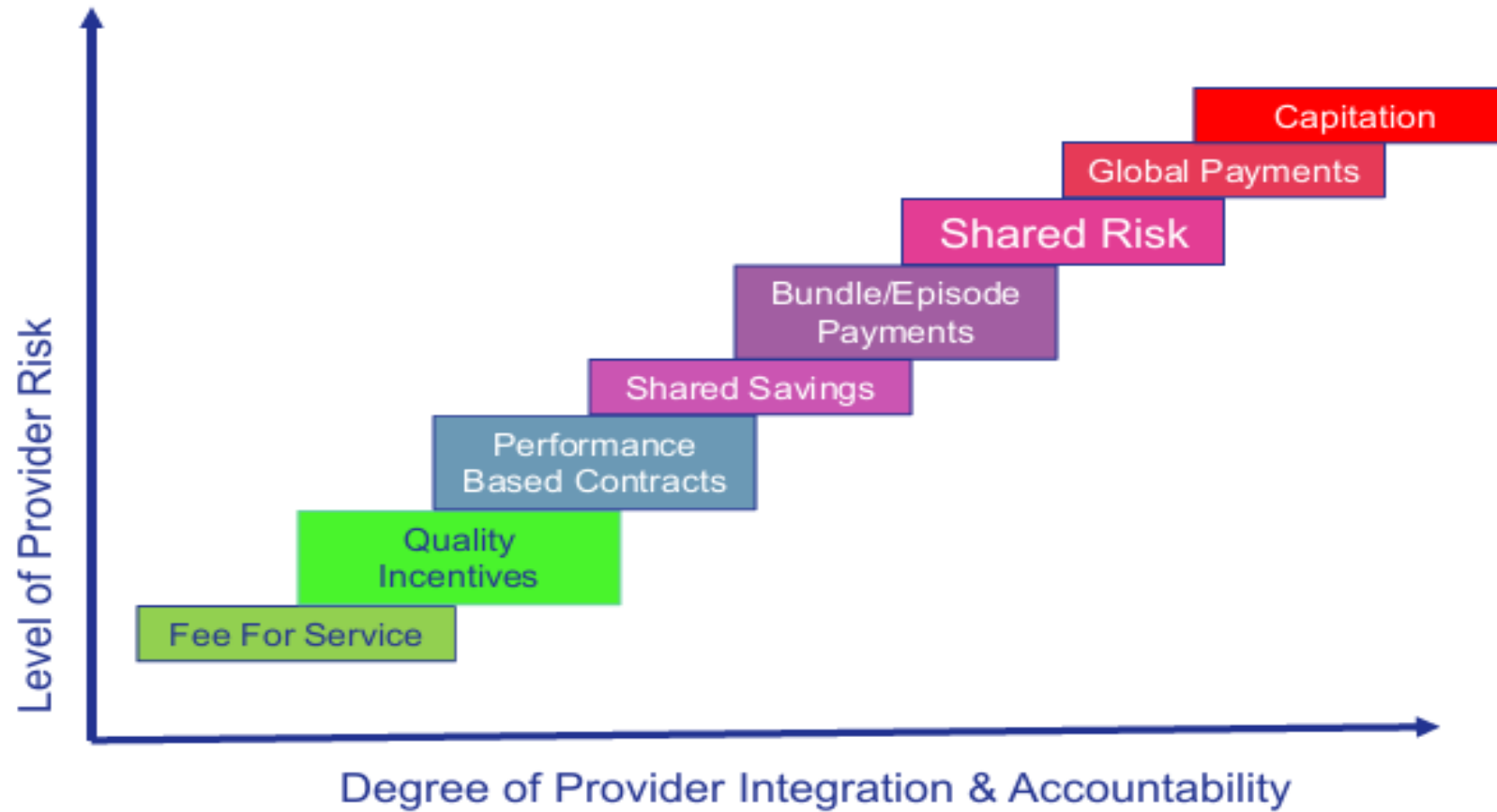
4. Legal Considerations

5. Marketing and Outreach

1.A. What is Value-Based Care?

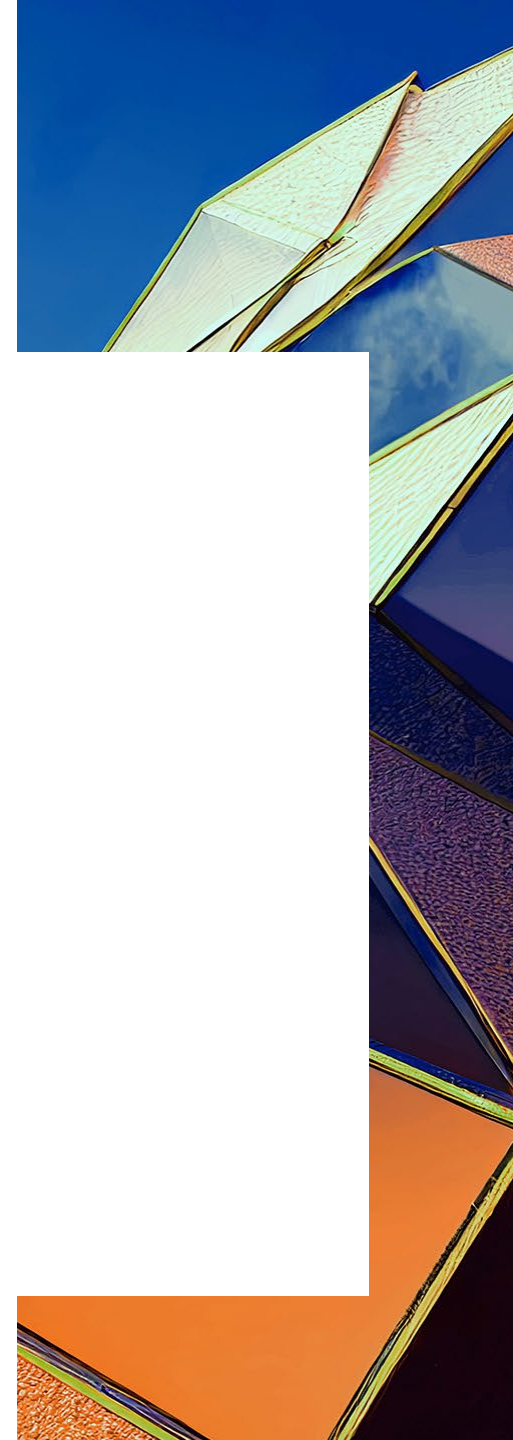
- Fee-for-service payment models have historically dominated health care service reimbursement.
 - Reward the volume of services, not better outcomes.
- Value-based payment models are gaining momentum with government and private payors.
 - Reward the results of services – including quality, efficiency, cost of care and equity.
 - Hold providers accountable for various goals and measures.
 - Promoted with financial and nonfinancial incentives, measurement, and accreditation and certifications; and government payors use regulations and public reporting.

1.A. Value-Based Care Models



1.B. What is Provider Risk?

- Providers take risk in several ways – some of which are more regulated than others
- Key is to distinguish between “risk” and “insurance risk”
- Other forms of risk are outside scope of insurance regulation – and are by implication lower risk

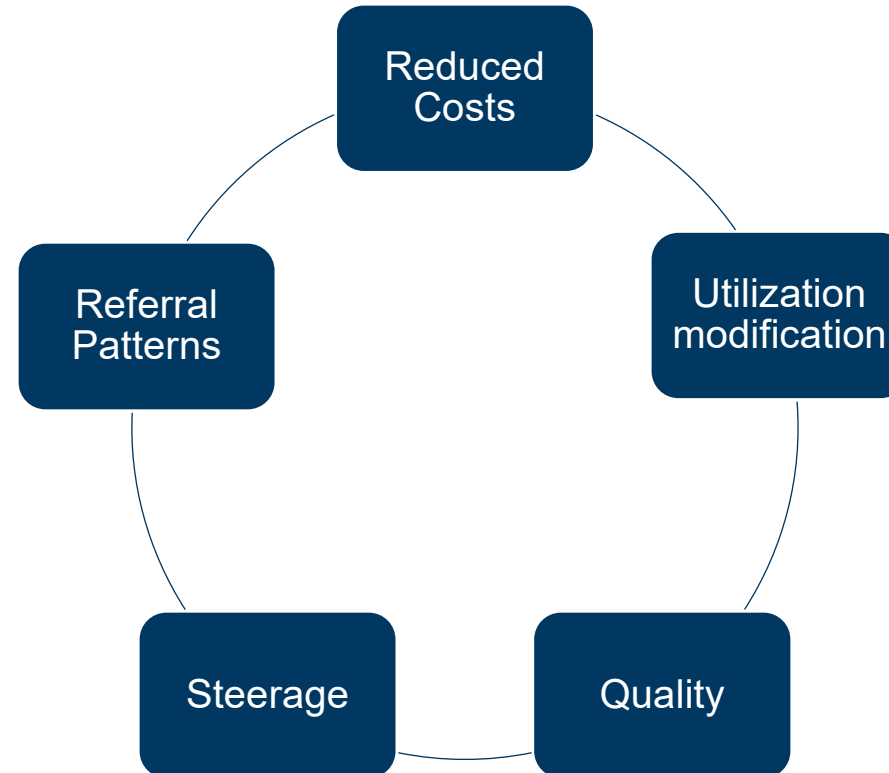


1.C. Why Take on Risk?

- Providers can increase reimbursement while providing better care.
- Payors can reduce costs and improve patient outcomes.
- Achieve the quadruple aim:
 - Reduce Costs
 - Patient experience
 - Population health
 - Provider experience

2A. Value Based Arrangements – Key Elements

- **Goals of the Arrangement**
 - Clear identification of goals
 - Aligned incentives
 - Measurable progress against Quadruple Aim
 - Goals must be embedded into reconciliation methodology

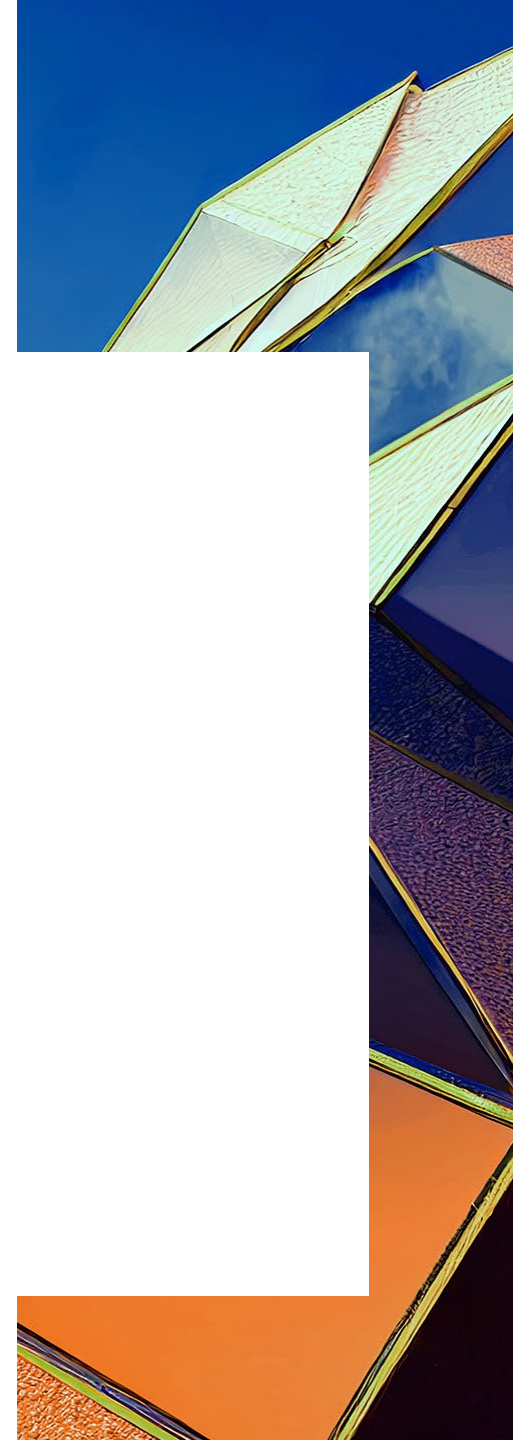


2.B. Value Based Arrangements – Organizing Risk Bearing Providers

- Risk bearing providers can participate in several network manager structures.
- Here are some common terms:
 - Independent Physician Association (IPA)
 - Physician Hospital Organization (PHO)
 - Clinically Integrated Network (CIN)
 - Risk Bearing Entity (RBE)
 - Commercial Provider Network

2.C. Value Based Arrangements – Contracting Structures

- Understanding the arrangements and variations
 - Fully Insured Payor-Provider Model
 - Direct to Employer Model
 - Third Party Administrator (TPA) Model
 - Network Manager Models

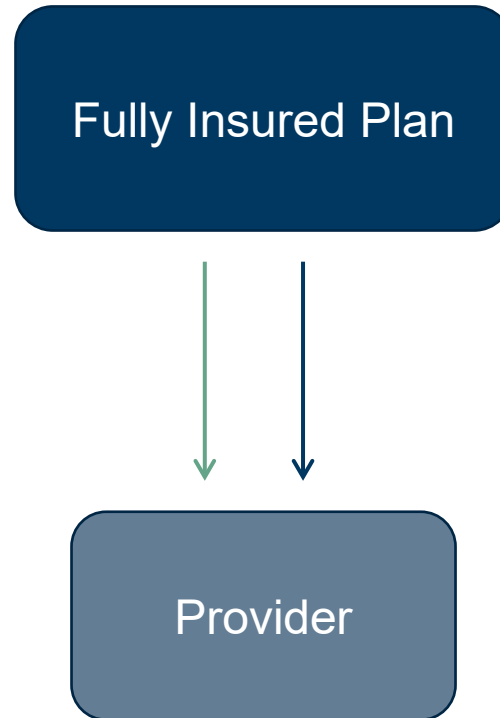


Fully Insured Arrangement

Legend:

→ Contract

→ Funds Flow



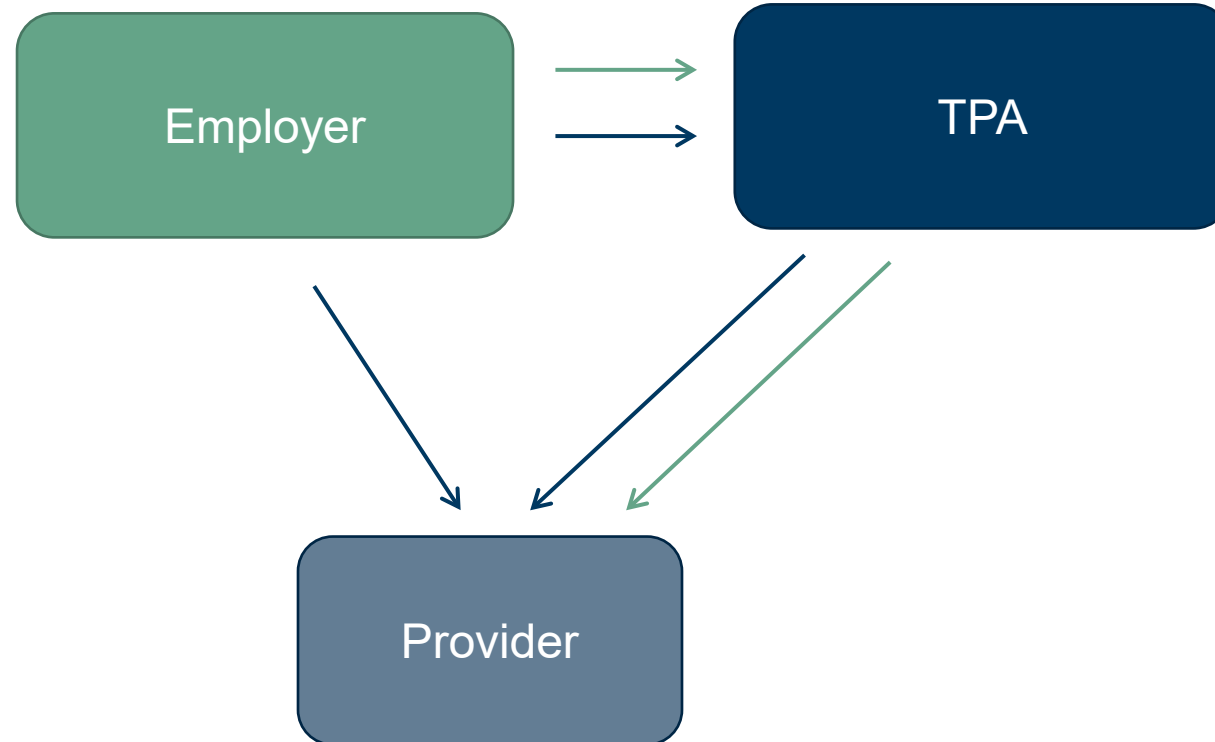
Direct to Employer Arrangement

- Funds Flow

Legend:

→ Contract

→ Funds Flow

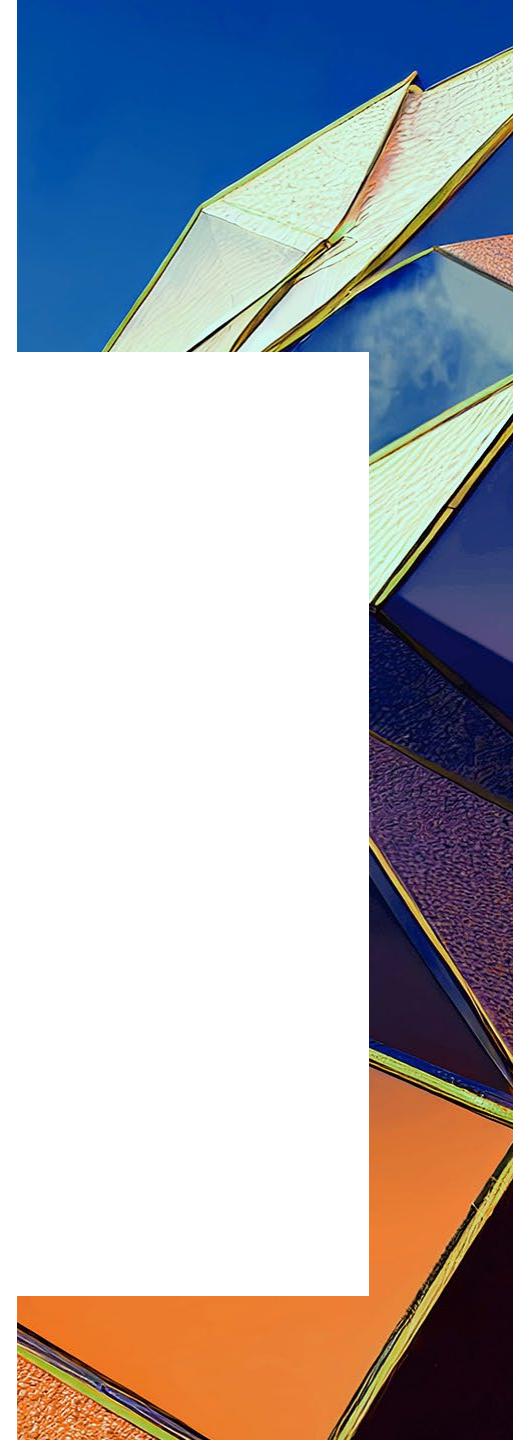
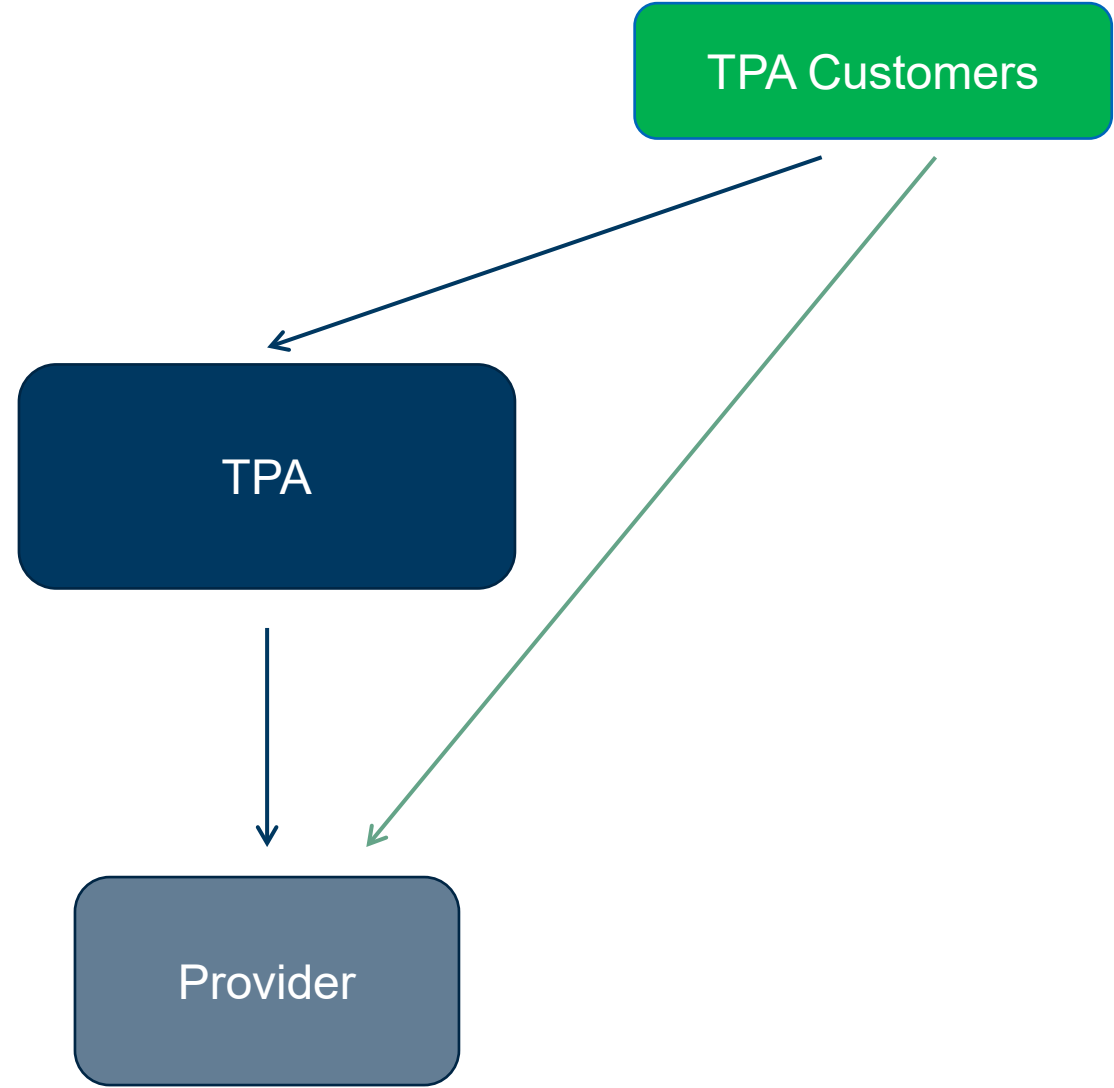


TPA Arrangement

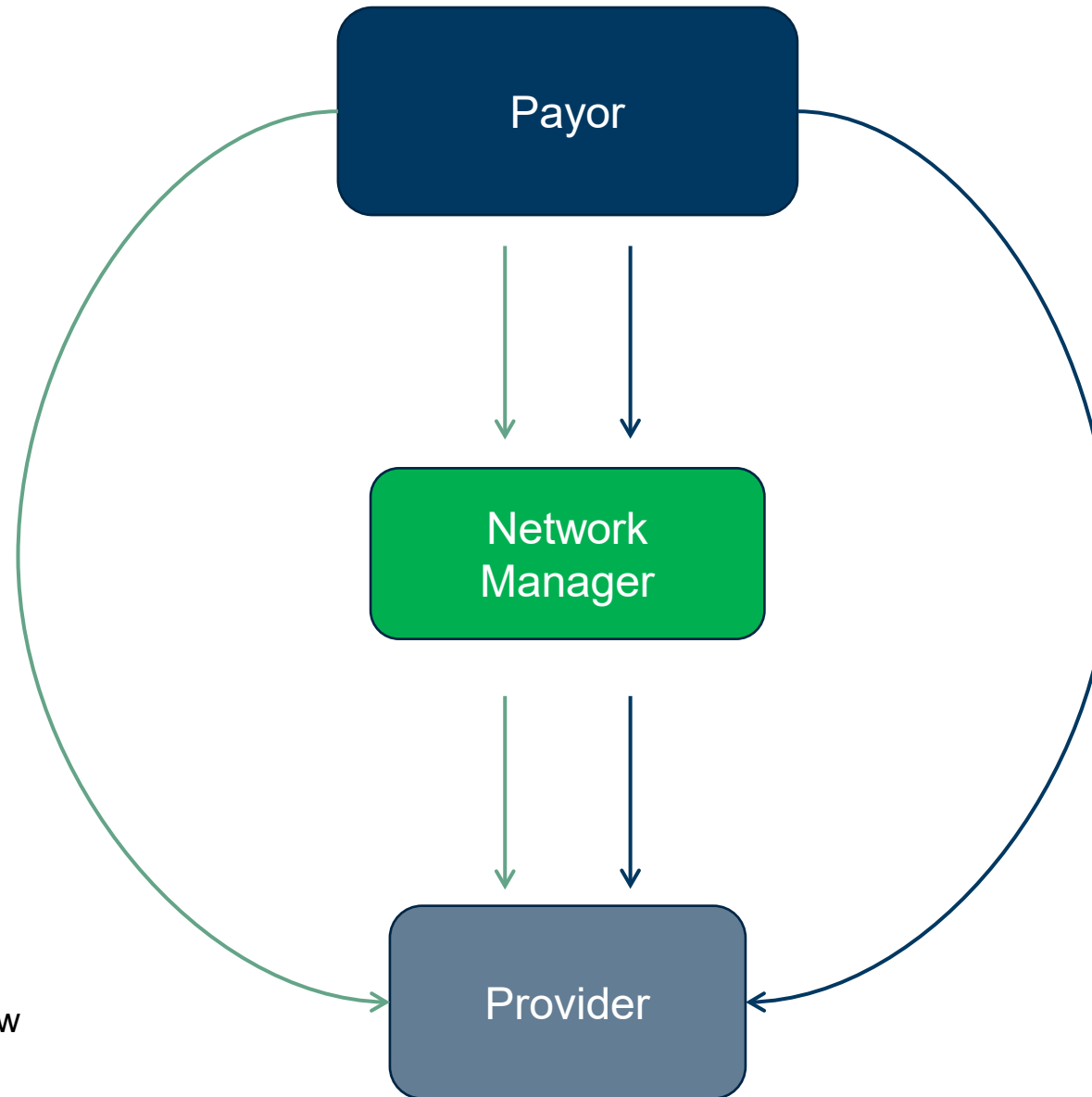
Legend:

→ Contract

→ Funds Flow



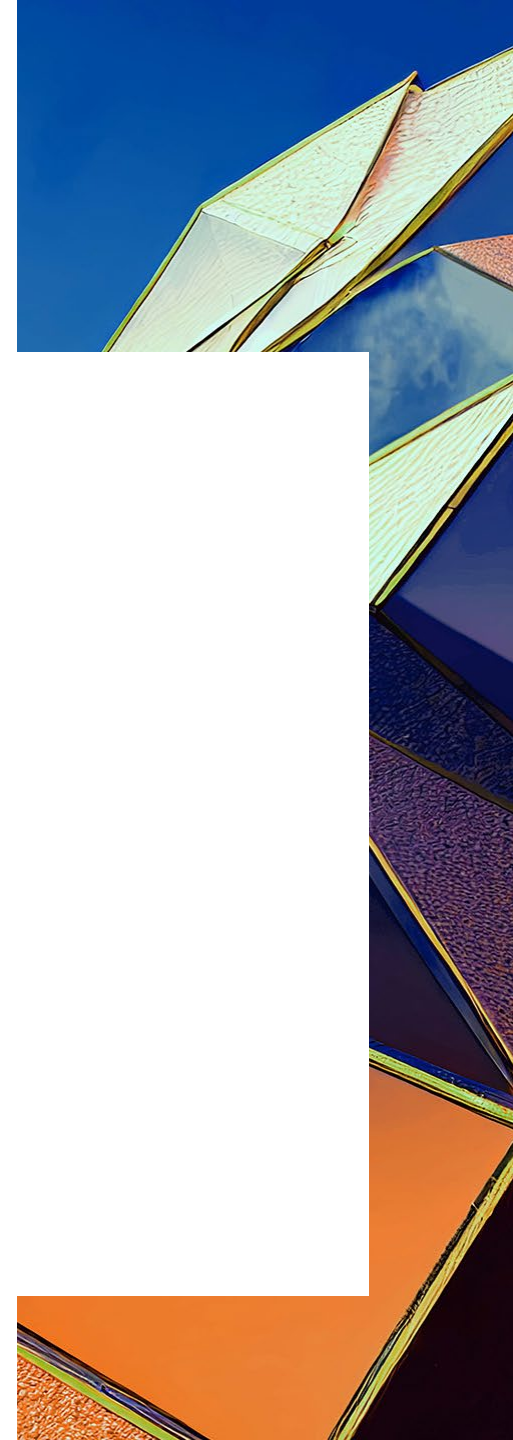
Network Manager Arrangements



Legend:

→ Contract

→ Funds Flow



2.D. Value Based Arrangements – Who's the Payor?

- Who is the ultimate payor?
 - Fully insured commercial health plan
 - Governing law: State insurance laws
 - Medicare Advantage
 - Governing law: 42 C.F.R. 422 and Medicare Managed Care Manual
 - Medicaid Managed Care Organization
 - Governing law: State Medicaid Rules + 42 C.F.R. 422 if dual eligible
 - TPA for Self-Insured Employer Plans
 - Governing law: ERISA
 - Other?

3.A. VBC Contracting – Emerging and Key Issues

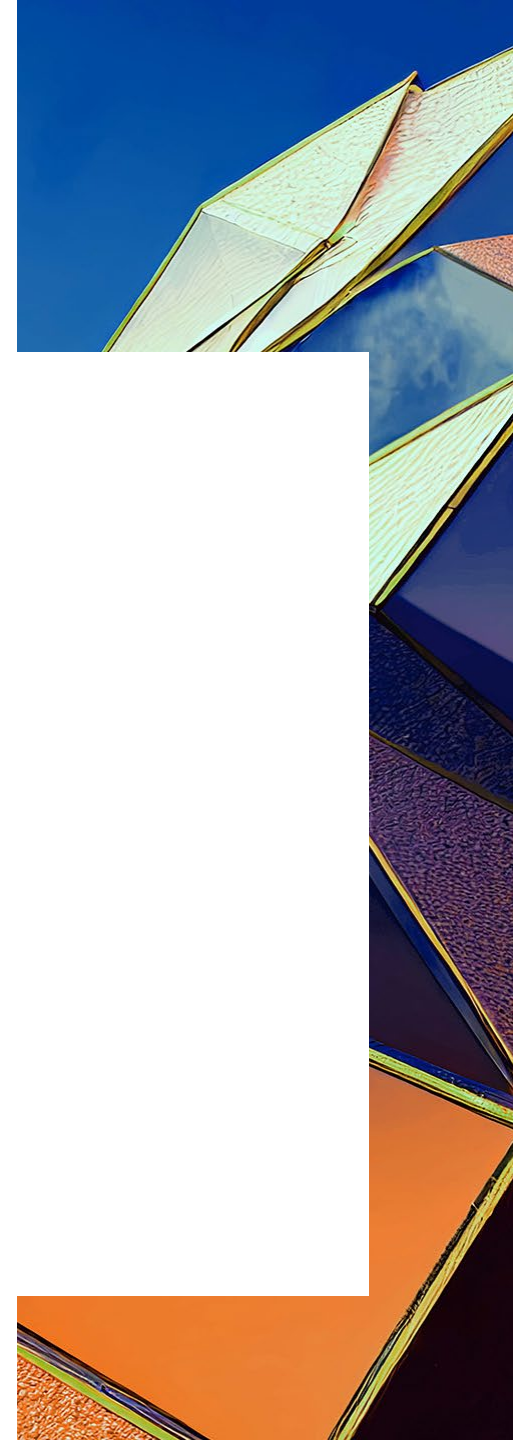
Emerging Issues:

- Alternative payment models
- Site neutrality
- Prepayment review and denials without basis
- Class action lawsuits
- Self-insured ERISA plans refusal to pay negotiated rates

3.B. VBC Contracting – Emerging and Key Issues

Watch out for:

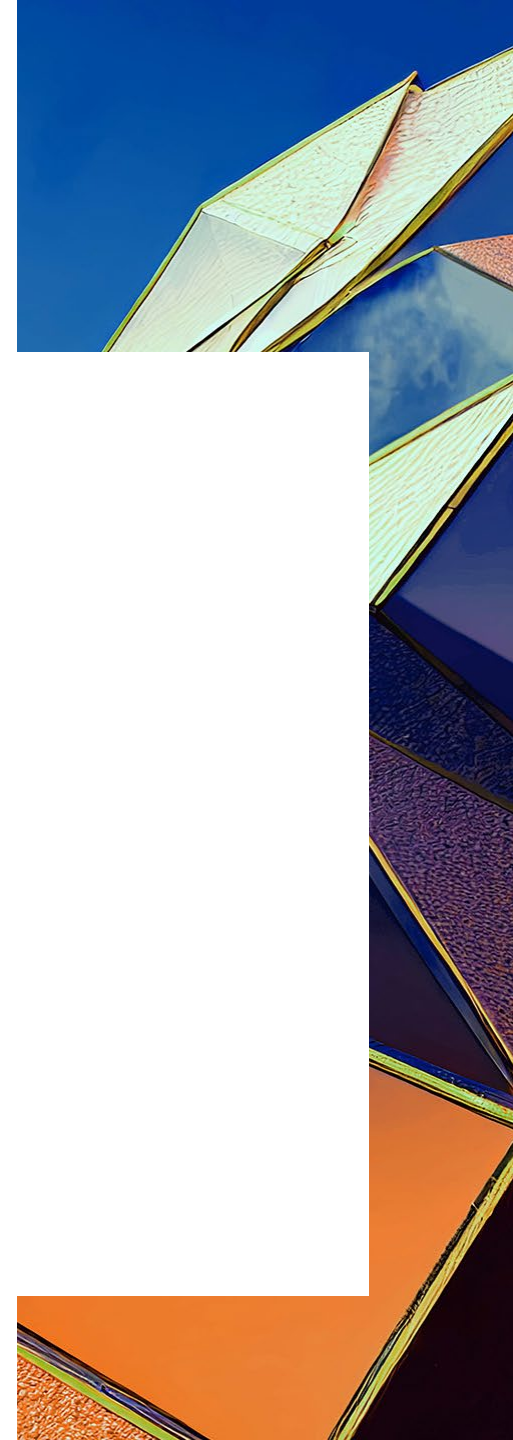
- Penalties/automatic payment reduction
- Plan ability to change rates
- Provider responsibility for downstream referrals
- Non-solicitation/non-competition
- Fraud set-ups



3.C. VBC Contracting – Emerging and Key Issues

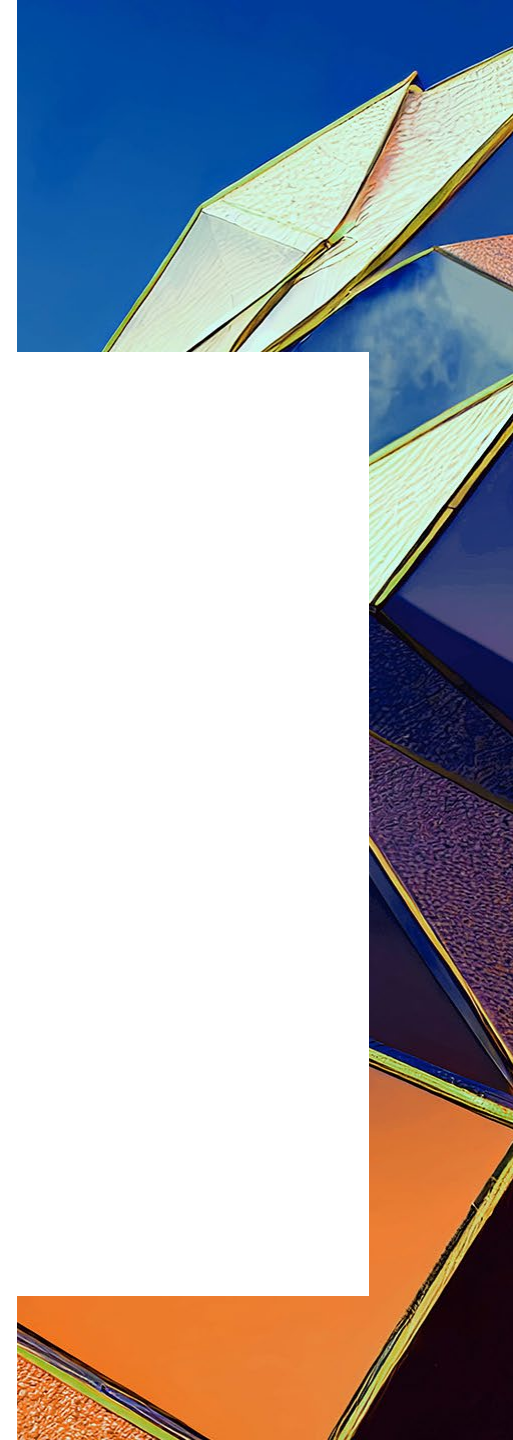
Novel issues:

- Vendor vs. provider contracting paper?
- Payment for observation?
- Limits on audits?
- Publication of performance data?
- Ownership of data?



4. Legal Considerations

- Federal Anti-Kickback Statute (AKS)
 - Several managed care safe harbors
 - Value based safe harbors
- Federal Antitrust Law
 - DOJ withdrew 2011 Statement of Antitrust Enforcement Policy Regarding Accountable Care Organizations Participating in the Medicare Shared Savings Program (Feb. 2023)
- Medicare Marketing Guidelines
- Federal Beneficiary Inducement Prohibition
- State Law

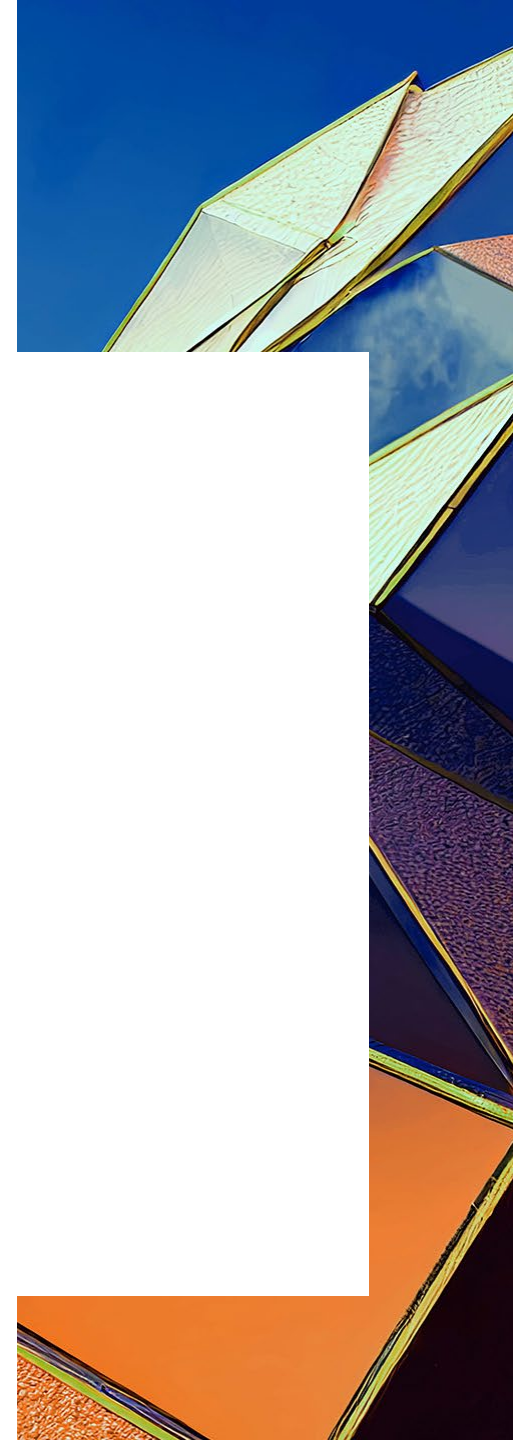


5. Marketing & Outreach

- What are the business objectives?
- Are you a regulated person – network manager, providers vs. broker, agent or TMPO?
- MA, MSSP & CMMI programs have specific marketing rules & requirements.
 - Communication versus marketing?
- Employer-Sponsored Health Plan Arrangements

Thank You

- Questions?



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