



Health System Sustainability
NHMRC Partnership Centre

Using Financial Incentives to Encourage Value-Based Health Care

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Using funding and financial incentives

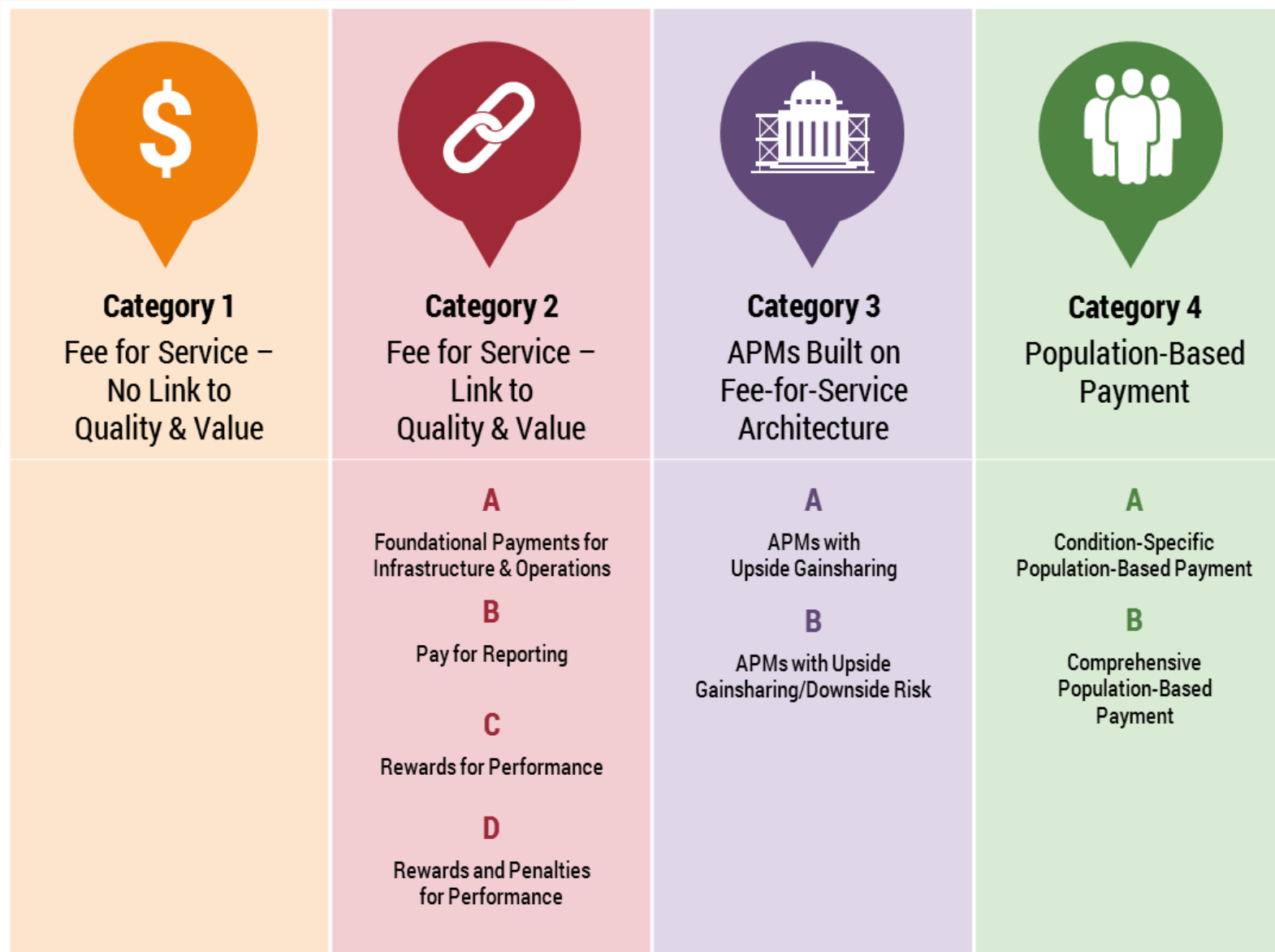
US Medicare

“...to have 85% of all Medicare fee-for-service payments tied to quality or value by 2016”, and “90% by 2018”

“...to have 30% of Medicare payments tied to quality or value through alternative payment models by the end of 2016 and 50% of payments by 2018” (Burwell 2015).



Alternative Payment Model Framework



Key payment innovations

Rewarding for both lower costs and higher quality

Rewarding for quality improvements

Linking shared savings (risk sharing)
to quality

Linking prices/DRG payments to quality



Latest evidence

Review

Financial Incentives to Encourage Value-Based Health Care

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Findings

80 studies of 44 schemes from 10 countries (since 2010)

The proportion of positive and statistically significant outcomes was close to 0.5

Design matters

many schemes poorly designed

size, frequency, who gets the payments, use of targets, unintended consequences

Stronger study designs (eg randomised trials) were associated with a lower proportion of positive effects.



What is happening in Australia?

History

P4P – Queensland Health, DVA, Diabetes Care Project, PIP

Current (potential areas of research)

MBS Review

Bundled payments – IHPA, DHHS (HealthLinks), Health Care Homes

Paying for quality

Private insurers – never events, hospital acquired complications

IHPA – never events, hospital acquired complications, re-admissions

Review of PIP

Price setting (specialist fees, medical devices, PBS)



Where can we help?

Payment design

Build partnerships in designing effective interventions

Build knowledge

Build national and local datasets to support evaluation and payment design

Develop opportunities for randomised trials and quasi-experimental study designs

National and treatment-level interventions

Work nationally but also with providers and other PC themes

