



Value-Based Care: Overview and PA Contribution

Introduction

The U.S. healthcare system is undergoing a transformation from traditional fee-for-service (FFS) reimbursement models to value-based care (VBC) models. Traditional FFS reimburses providers a specified amount for a given service, while VBC models reimburse providers based on outcomes and quality measures. This shift is driven by the need to improve healthcare quality, patient outcomes, and cost efficiency. Medicare and commercial payers are at the forefront of this movement, incentivizing providers to prioritize patient outcomes over the volume of services. This transition has important implications for all healthcare providers, including PAs (physician associates/physician assistants), who are critical in delivering high-quality, cost-effective care.

Overview of Value-Based Care

VBC is designed to connect payments to the quality of care practitioners provide, rewarding providers for efficiency and positive health outcomes. Some models also include downside risk, where providers may be financially penalized for exceeding spending benchmarks or failing to meet quality standards. Models that include downside risk, such as Accountable Care Organizations (ACOs), generally offer greater incentives if spending and quality benchmarks are met or exceeded. The most common VBC models include:

- **Accountable Care Organizations (ACOs):** A group of healthcare providers who voluntarily agree to jointly provide coordinated, high-quality care to Medicare patients.
- **Bundled Payments:** A model that uses a single payment covering all services related to a patient's treatment for a specific condition over a defined period.
- **Patient-Centered Medical Homes (PCMHs):** A care delivery model focused on primary care coordination that enhances patient outcomes through integrated services.
- **Medicare Advantage and Commercial VBC Plans:** Increasingly structured to emphasize preventive care, chronic disease management, and cost containment through outcome-based reimbursement.

Role of PAs in Value-Based Care

PAs have been vital contributors to the success of VBC models, especially in primary care settings, where their ability to provide comprehensive, patient-centered care aligns closely with the goals of these programs. This is particularly true for Medicare programs such as the Making Care Primary and the Advanced Primary Care Management models.

However, PAs face challenges in being fully integrated and recognized in VBC models:

- **ACO Attribution Issues:** Medicare only assigns beneficiaries to ACOs if they have had at least one physician visit with a primary care service within the last two years or if the beneficiary voluntarily selects a PA for ACO attribution.
- **Claims Transparency Issues:** When PAs bill “incident to” under a physician’s NPI, their work is not captured or attributed correctly by claims data. This can make it challenging to identify the number of services provided or patients seen by PAs and the quality associated with those services.

As VBC models continue to evolve, the role of PAs is likely to grow, provided that key barriers are addressed. This can be seen in several recent developments, such as:

- **Optimal Team Practice:** Ongoing efforts to remove restrictive scope of practice laws and reduce physician collaboration requirements will allow PAs to play a greater role in managing patient care, particularly in rural and underserved areas.
- **Participation in emerging VBC models:** Both Medicare and commercial payers have been increasingly cognizant of including PAs as eligible providers in their VBC models, recognizing the important role PAs play in our healthcare system.

PA Reimbursement in VBC Models

While Medicare and most commercial payers limit PA reimbursement to 85% for most FFS services, VBC models offer the potential for PAs to benefit from performance-based payments, shared savings, and quality incentives. PAs already provide high-quality care with outcomes at least comparable to physicians^{1,2}, reduce costs^{3,4}, and have comparable patient satisfaction as physicians.⁵ Payment models that incentivize outcomes over volume keep the focus on care quality and coordination, a skill at which PAs excel.

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