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# Progress on the Path to Value-Based Care

A Survey of Physicians and Health Plan Executives | June 2017



# Introduction

Efforts to repeal and replace the Affordable Care Act (ACA) have put healthcare access, cost and quality under an unprecedented spotlight. Meanwhile, the healthcare industry continues its systemic shift from a fee-for-service delivery model to a value-based system that aims to deliver and pay for health services based on quality rather than quantity. How will changes in Washington affect the value-based care journey? What is the role of data and information technology in that shift? And in what ways do providers and payers align and diverge in their view of the obstacles and opportunities ahead?

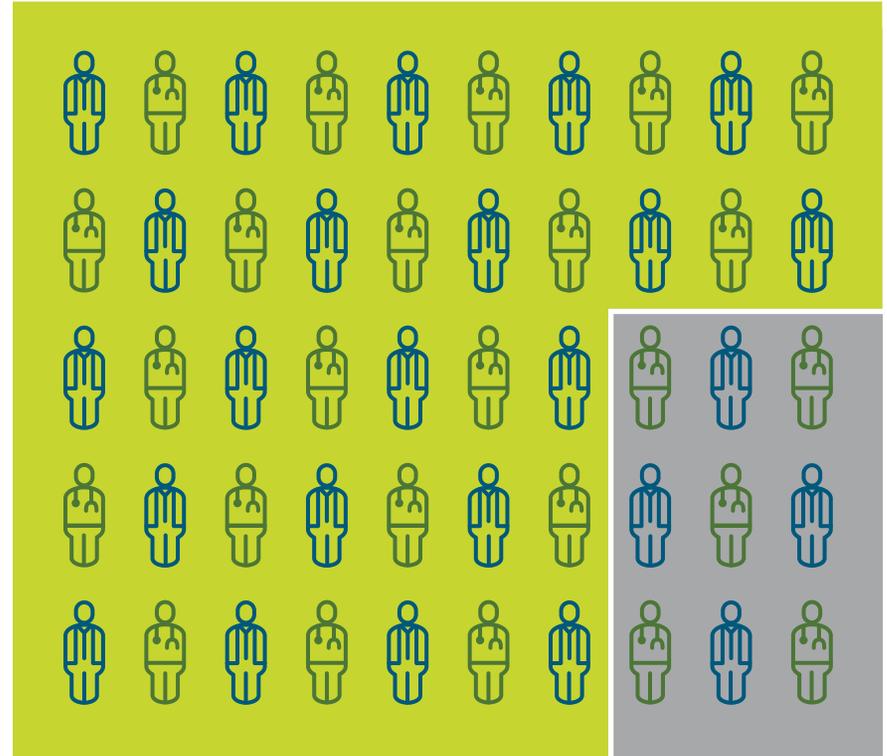
The 2017 study, *Progress on the Path to Value-Based Care*, is the second annual study commissioned by Quest Diagnostics™ and Inovalon® to gauge perceptions of physicians and health plan executives on the nation's journey to value-based healthcare.

# Key Findings

- Repeal and replace won't stop value-based care **page 2**
- Fee-for-service still dominates **page 3**
- More work to be done to align health plans and providers **page 4**
- Tools are still needed to advance value-based care **page 5**
- EHRs are not closing all gaps **page 6**
- Co-investment in HIT may be the key **page 7**
- Extending EHRs could unleash value **page 8**

# Repeal and replace won't stop value-based care

Efforts in Washington to repeal and replace the Affordable Care Act may cast doubt on the future of some facets of healthcare, but the transition to value-based care is not one of them, according to the study. More than eight in 10 physicians and health plan executives (82 percent) said they believe the transition to value-based care will continue, regardless of legislative reforms spearheaded by the federal government.



82%

...of physicians and health plan executives agreed the transition to value-based care will continue, regardless of changes to healthcare in Washington.



# Fee-for-service still dominates

Despite agreement among leading stakeholders that value-based care models can improve healthcare, most physicians and health plan executives surveyed continue to believe the nation's healthcare system is fundamentally fee-for-service.

Since the 2016 study, the percentage of physicians and health plan executives who said that the U.S. has value-based healthcare increased four percentage points, from 25 percent to 29 percent. Despite the increase, the findings show that a majority of individuals at the point of care believe much of healthcare is behind the adoption curve. Years in practice appear to influence this perception, with physicians surveyed who have been in practice two decades or longer more likely to believe fee-for-service dominates healthcare than those in practice fewer years.

Percentage of physicians and health plan executives who believe the U.S. has a value-based care system:



Percentage of physicians who believe the U.S. has a value-based care system:

PRACTICING 20 YEARS OR LESS

31%



PRACTICING 21 YEARS OR MORE

16%

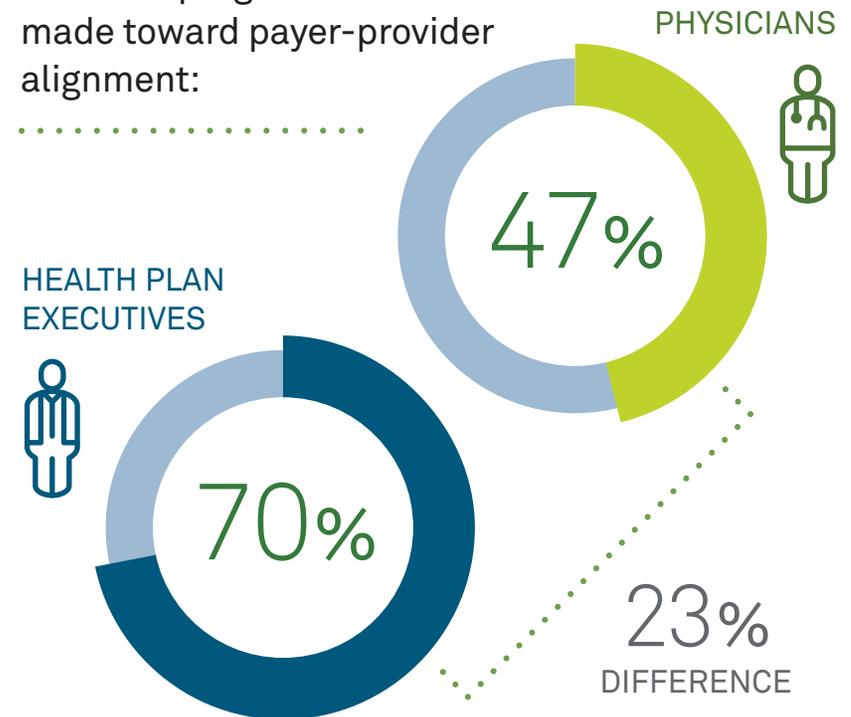


# More work to be done to align health plans and providers

If, as others have suggested,<sup>1,2</sup> poor alignment between health plans and providers is partly to blame for the slow pace of value-based care adoption, then our research indicates more work needs to be done to close that gap.

According to the survey, seven in 10 health plan executives (70 percent) said progress has been made to better align health plans and providers in healthcare. Less than half of physicians (47 percent) agreed, however. Despite this divide, 83 percent of physicians and health plan executives agreed that now, more than ever, there is a need for alignment between payers and providers to achieve value-based care.

Percentage of respondents who said progress has been made toward payer-provider alignment:

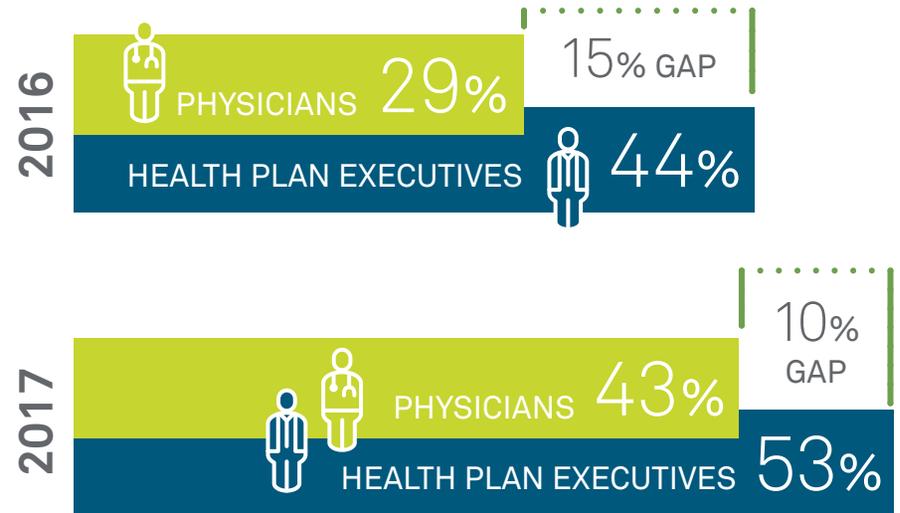


of physicians and health plan executives agreed that alignment between payers and providers is more important than ever to provide value-based care.

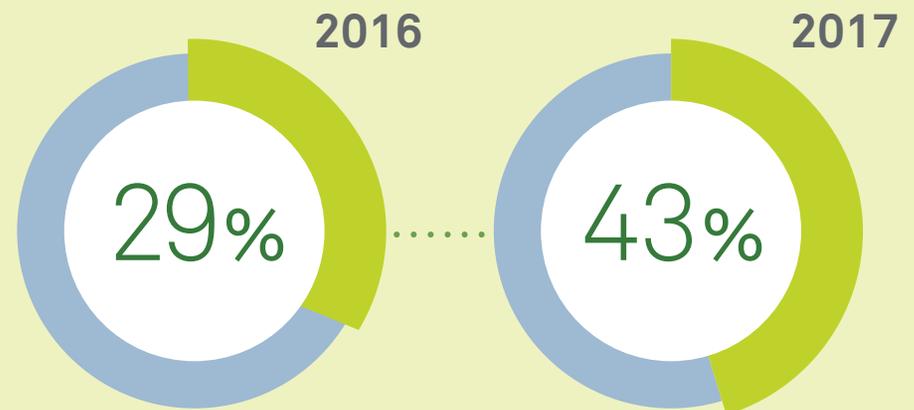
# Tools are still needed to advance value-based care

One of the study's most striking findings is around the misalignment between perceptions of the availability of tools to advance value-based care. More health plan executives (53 percent) said physicians have the tools they need to succeed in a value-based healthcare system than their physician counterparts (43 percent), a gap of 10 percentage points. However, the gap was 15 percentage points last year, suggesting progress toward alignment. Additionally, in the 2016 study, only 29 percent of physicians said they had the tools to succeed in a value-based care system, reflecting a 14 percentage-point increase year-over-year. And only 44 percent of health plan executives agreed last year, for a nine percentage-point increase in 2017 compared to last year.

Percentage of respondents who said physicians have the tools to succeed under value-based care:



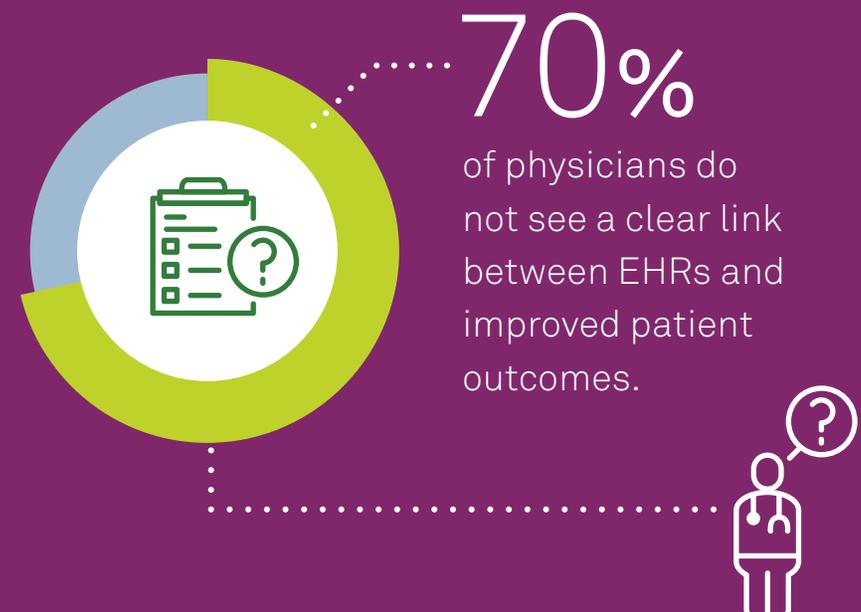
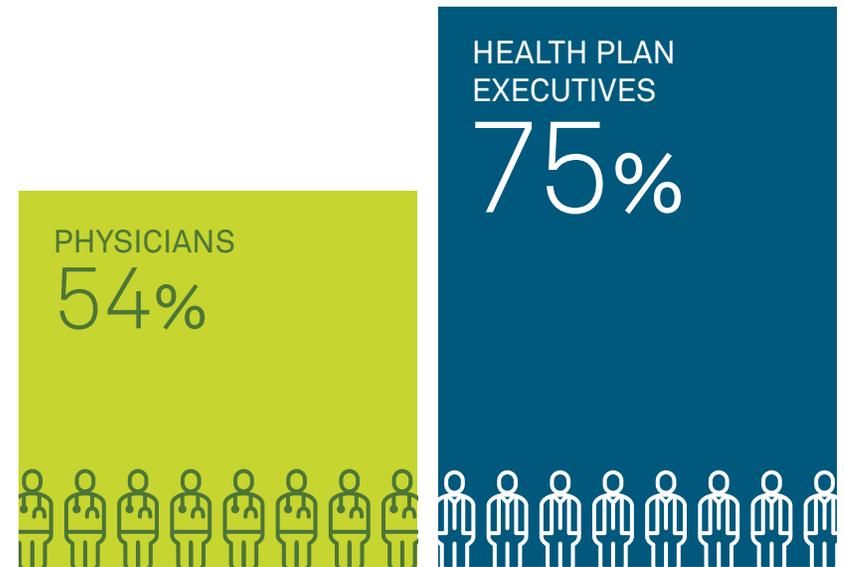
Percentage of physicians who said they have the tools to succeed:



# EHRs are not closing all gaps

It's possible that one reason for the striking gap in perceptions between health plan executives and physicians regarding the availability of tools is related to differing views about the value of EHRs. While 75 percent of health plan executives said EHRs have everything physicians need, only 54 percent of physicians agreed. Additionally, 70 percent of physicians said they do not see a clear link between their EHRs and better patient outcomes. Sixty-five percent of physicians also indicated that if they could get one key insight at the point of care it would be information related to performance or quality measures that apply to their individual patients.

Percentage of respondents that said EHRs have everything physicians need:



# Extending EHRs could unleash value

Physicians continue to invest in EHRs and – despite doubts about their value – said they are open to their potential. Seventy-one percent of physicians said they'd be willing to spend more time using technology if their EHRs could yield insights unique to their patients. Moreover, nearly nine of 10 physicians (85 percent) agreed that access to quality/performance measures specific to patients is key to achieving value-based care.

Taken together, these findings suggest EHRs could provide an avenue for physicians to actively seek out information to aid quality and performance measurement reporting. Imbuing current EHR offerings with this type of data could potentially extend their value.



of physicians investing in HIT also invest in EHRs.

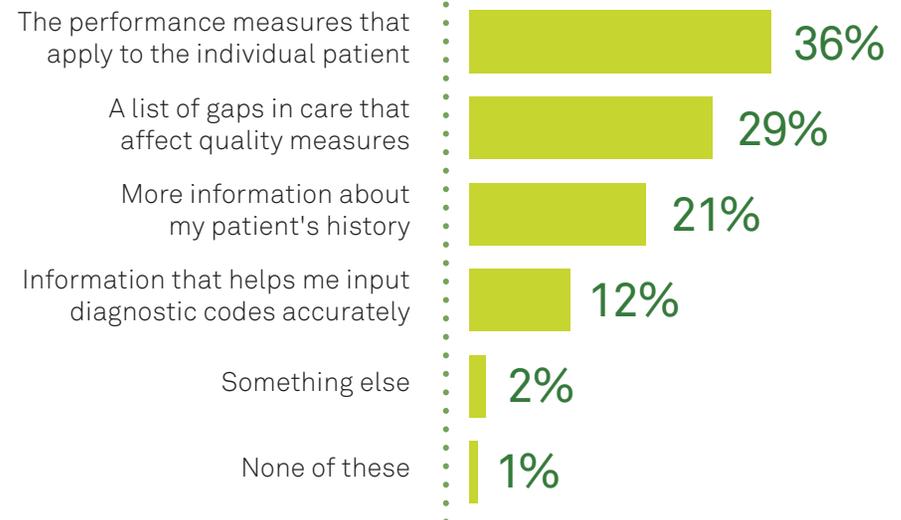


of physicians would be willing to spend more time using technology if their EHRs could yield insights unique to their patients.



of health plan executives and physicians agreed that providers need access to the quality and performance measures specific to their patient to achieve value-based care.

What is the one key insight physicians want at the point of care?



# Co-investment in HIT may be the key

While health plan executives support alignment around the transition to value-based care, the survey suggests co-investment may be part of the answer. More than four in five health plan executives (85 percent) said a co-investment in HIT by health plans and providers would accelerate value-based care adoption. This finding supports other research that shows health plans experience greater benefits from the implementation of information technologies, such as EHRs, than the providers that implement them. Perhaps health plan executives are mindful of the significant investment required of physician practices to implement HIT solutions and the potential for co-investment to help surmount this challenge.

Health plan executives' interest in co-investment may also be related to interest in enhancing patient care. More than three-quarters of health plan executives (77 percent) said the investments made in technology for quality initiatives have improved the value of healthcare for patients.



85%

of health plan executives said:

Co-investment in HIT by payers and providers would accelerate adoption of value-based care.

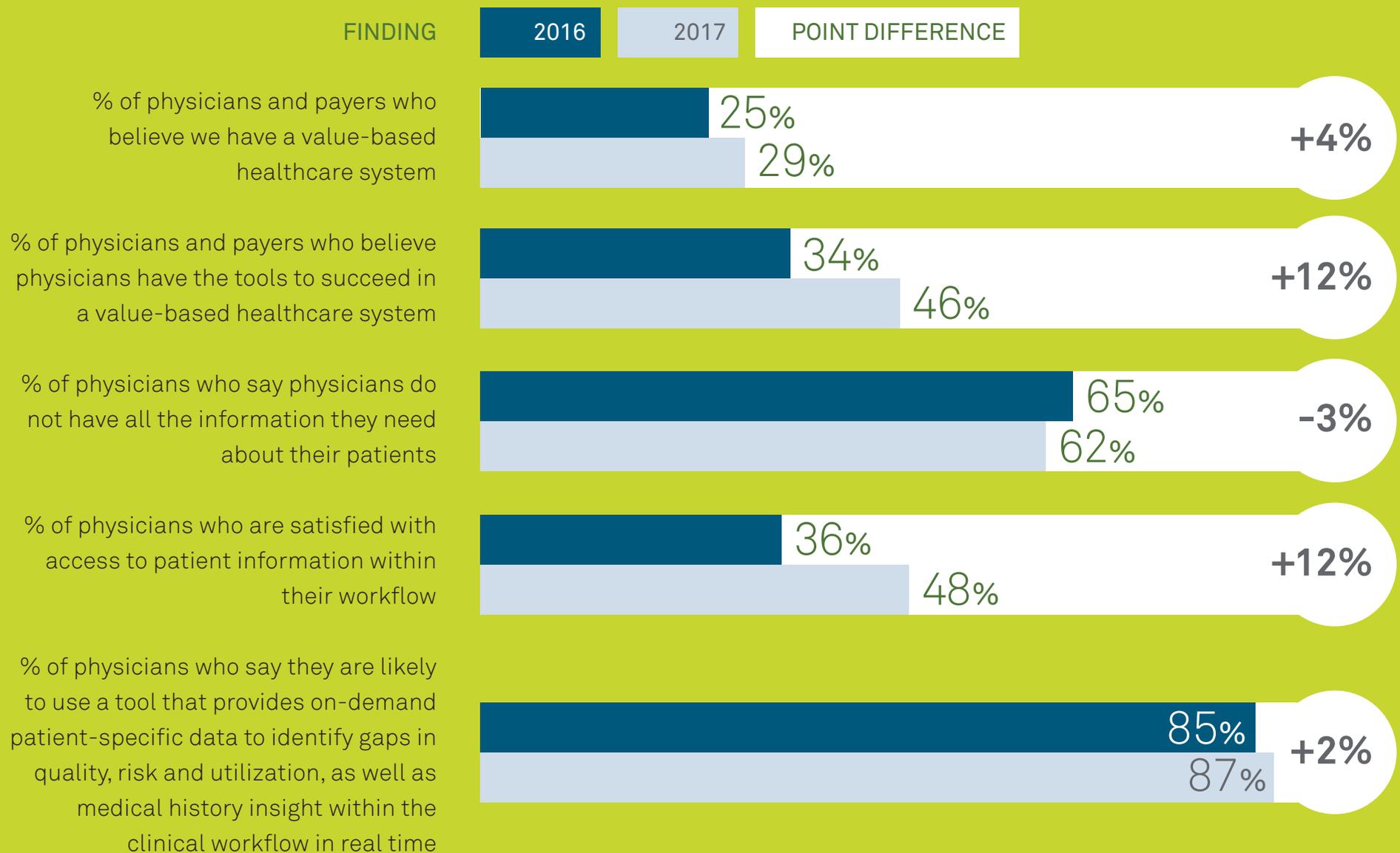


77%

of health plan executives said the investments made in technology for quality initiatives have improved the value of healthcare for patients.



# Progress on the path to value-based care: 2016 → 2017 year-over-year comparison



# Conclusion

Americans want a healthcare system that delivers higher quality care for less cost. Value-based care is the destination, and we're making progress toward it, but obstacles on that path persist. The 2017 Quest Diagnostics/Inovalon study suggests that differing perceptions of physicians and health plan executives about the use of information technologies to advance value-based care are part of the problem. But it also suggests both health plans and providers want to work together to foster adoption of value-based care. Through better alignment and more co-investment of time and resources, there is potential to speed the adoption of a healthcare system centered on the value patients receive, not on the quantity of services delivered.

# Methodology

Regina Corso Consulting conducted an online survey on behalf of Quest Diagnostics and Inovalon from April 7-17, 2017. The survey was conducted among 452 respondents. Of these, 302 were primary care physicians employed in a private practice but who have an affiliation with a hospital and 150 were health plan executives (director-level and above). The margin of error for the full sample was +/- 5 percent.

<sup>1</sup> Unlocking the potential of value-based care in Medicare Advantage, Deloitte, 2015

<sup>2</sup> Mark W. Freidberg, Effects of Health Care Payment Models on Physician Practice in the States, United Rand Corporation, 2015

<sup>3</sup> Palabindala V, Pamarthy A, Jonnalagadda NR. Adoption of electronic health records and barriers. Journal of Community Hospital Internal Medicine Perspectives, 2016

*Progress on the Path to Value-Based Care* is a report from Quest Diagnostics and Inovalon

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