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## Real Cost of Value-Based Care



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Three designated outcomes saw significant improvements following implementation of an analytic tool that allocates clinical care costs and quality measures to individual patient encounters according to a [study appearing in JAMA](#).

The three outcomes were total joint replacement, laboratory testing among medical inpatients and sepsis management.

Fee-for-service models are impacting health care costs at a rate increase of 5.3 percent annually. In 2014, they accounted for 17.7 percent of the U.S. gross domestic product (GDP). They are set to rise to 19.6 percent of GDP by 2024.

Value-based payment models and alternative payment models incentivise the provision of efficient, high-quality, patient-centered care through financial penalties and rewards. To implement alternative payment models effectively, physicians need to have a clear understanding of real care costs as opposed to charges in addition to outcomes achieved for individual patients with defined clinical conditions.

**See Also:** [Searching the Globe for Low Cost Supplies](#)

Study leader, Vivian S. Lee, MD, PhD, MBA., of the University of Utah, and colleagues measured quality and outcomes relative to cost from 2012 to 2016 at [University of Utah Health Care](#).

Doctors were provided with access to a tool with information about outcomes, costs and variation then collaborated with process improvement experts.

During the study, there were 1.7 million total patient visits. This total included 34,000 inpatient discharges.

The three outcomes showed an up to 11 percent drop in costs against the baseline year following implementation.

“Implementation of a multifaceted value-driven outcomes tool to identify high variability in costs and outcomes in a large single health care system was associated with reduced costs and improved quality for 3 selected clinical projects. There may be benefit for individual physicians to understand actual care costs (not charges) and outcomes achieved for individual patients with defined clinical conditions,” the authors write.

Source: [JAMA](#)  
Image Credit: JAMA

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