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To Address the Coronavirus, Rewarding Value Over Volume is the Best Rx

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Earlier this month, the United States passed the grim milestone of 5 million coronavirus infections, by far the most of any country and one of the highest totals per capita in the world. More than 170,000 Americans have died as a result – a figure larger than the nation’s annual death toll from motor vehicle accidents, gun violence and drug overdoses combined.

As with many health ailments, the pandemic’s toll has not fallen evenly on our society. Low-income populations and communities of color have [disproportionately fallen ill or died](#) from the virus, due to both underlying health and economic conditions these Americans face. [Data from the Centers for Disease Control and Prevention](#) show that Black and Latino residents are three times as likely to become infected as white residents, and nearly twice as likely to die as a result.

This once-per-century public health crisis is providing an extraordinary education to the medical community, giving insight not only to the novel virus itself but our entire system of healthcare management and delivery. One clear takeaway is the remarkable resilience and comparative advantage of the value-based payment model when it comes to improving healthcare outcomes, particularly for members of vulnerable and at-risk populations.

A healthcare payment model may sound like an administrative detail primarily of interest to back-office bookkeepers, but it actually shapes the entire nature of healthcare delivery to patients. Traditionally, payments to healthcare providers have been based on the volume of care they provide. The more services rendered – surgical procedures, tests and the like – the more funding a provider takes in. For outpatient care, the more office visits or virtual telehealth care provided, the more revenue comes in the door.

By contrast, the value-based model rewards providers not for services rendered, but for the final result: keeping patients healthy. In what’s known as a globally capitated model, healthcare providers receive a set monthly payment per patient, creating an economic incentive to support the moral, social and financial imperative of protecting patient health. As a result, value-based care providers can invest resources in comprehensive preventative services delivered in the most convenient and accessible settings possible.

The benefits of this model amid COVID-19 have been significant and far-reaching. Perhaps most importantly, the value-based model’s focus on prevention and holistic wellness has reduced the

underlying health issues that so dramatically increase the risks of the virus. By addressing co-morbidities such as diabetes, asthma and heart disease, value-based providers can reduce severe illness or death in patients who may contract the virus. This treatment is also vital to reducing the disparities that have caused such disproportionate harm to underserved communities, particularly Black and Latino populations, many of whom are essential workers without the luxury of working from home.

Beyond that, value-based practices have reduced the devastating financial impacts hampering many traditional healthcare providers. Office visits have plummeted, as has the demand for elective medical procedures, and even non-elective procedures have been postponed or canceled. This revenue is central to fee-for-service practices, so as a result some 270 hospitals and health systems have been [forced to furlough workers](#) since the outbreak began, according to one count, with others implementing full layoffs. Other medical facilities already in financial peril, especially in rural areas, have been forced to [shut down entirely](#). Accordingly, access to medical care has been jeopardized for many at a time when it is needed most.

Finally, many value-based providers moved with remarkable speed to embrace telehealth and other innovations to enable them to keep seeing patients, without exposing them to potential infection risk. One Turner Impact Capital healthcare partner, ChenMed, moved more than 90 percent of its healthcare appointments to a virtual model in the weeks after the outbreak hit.

ChenMed and other nimble healthcare organizations have also been delivering wellness packages directly to patients at their homes, again drawing from their steady stream of funding. The COO at one value-based practice, Dallas-based Southwestern Health Resources, [recently explained](#) that “patient interactions—such as getting vital care packages to COVID-positive patients, especially to seniors who are socially isolated—can only be achieved because of value-based care. The way in which we’re paid allows us to find the resources to have the teams in place that we would have otherwise struggled with.”

The shift from volume-based to value-based care has been nothing less than a revolution in medicine in recent years, albeit a quiet one, promoted by federal and state insurance programs, and increasingly private insurers as well. By prioritizing prevention, reducing disparities in healthcare outcomes, and using their consistent revenue to invest in innovative care, value-based practices have become clear leaders in protecting the most vulnerable from the harms of COVID-19.