

7. Conclusion

The application of performance-based payment models represents a work in progress regarding how best to design VBP programs to achieve desired goals, the optimal conditions that support successful implementation, and provider response to the incentives. We believe that continued innovation is desired at this early stage of VBP development and implementation. Concerted efforts will be required to ensure that the lessons learned from these experiments are identified and disseminated to advance the use of VBP as a strategy for improving federal and private health care programs.

The findings of our review of the literature and public documents highlight important challenges in developing the evidence base for VBP. At this point in time, little is known about two of the three VBP models with regard to whether they can be successfully implemented and demonstrate impacts on cost and quality. Furthermore, P4P programs are evolving in their design such that the effects that are observed from new design structures may differ from the results of the experiments of the past decade. Other challenges also exist related to the measures used in VBP programs; investments are required to develop a broader set of measures and to enhance the data infrastructure to better support collection of data required to drive quality improvement and construct performance measures.

From this review, we identify three critical areas that require attention to advance progress on the federal government's use of VBP as a strategy for driving improvements in the health system:

1. **Develop a National Value-Based Purchasing Strategy.** HHS should develop a national VBP strategy for Medicare analogous to its National Quality Strategy. HHS should form a workgroup that brings together representatives from CMS, ASPE, AHRQ, and other government agencies and draws on the expertise of private-sector program sponsors and providers to develop the strategy. The strategy should outline what the federal government's goals are for VBP and thus what constitutes success, the priority areas for measurement, a timeline for increased focus on outcomes and other high-priority measurement areas, and a coordinated research agenda across CMS's VBP initiatives. The strategy will also need to consider the interplay between various CMS VBP initiatives in working to advance federal goals for VBP and how those initiatives could better align incentives to providers.
2. **Develop a Well-Defined, Coordinated Research Strategy.** Many unanswered questions remain about VBP's effectiveness and the features associated with successful VBP programs. How and why VBP programs do or do not work are very complicated questions. A well-defined, coordinated research strategy is needed to generate the information required to fill gaps in the knowledge base. Currently, federal efforts to develop, test, and evaluate VBP programs are occurring setting by setting. This presents an opportunity to coordinate the evaluation work being performed across the various

VBP initiatives within CMS to draw lessons across programs and provider settings that will inform the design and implementation of the next phase of VBP programs. As a first step, HHS could work to develop a common evaluation framework and a prioritized set of research questions, by setting and across settings, that would serve to guide CMS-sponsored evaluation studies, better align the actions of the agency to generate the desired knowledge, and coordinate use of limited evaluation resources.

The systematic collection of a core set of program design and context variables for all VBP programs would be an important step toward facilitating program evaluations and the ability to compare and contrast observed impacts across programs. Federal agencies have the ability to make collection of these variables a condition of receipt of federal funding—such as in the context of the Center for Medicare and Medicaid Innovation’s grants for testing new models of care delivery and VBP, such as ACOs. HHS and CMS should leverage Medicare and Medicaid reporting requirements and HHS-sponsored experiments to learn more than we know today. Additionally, HHS could support the formation of a private/public-sector learning collaborative, with participating organizations agreeing to share design information and other data with researchers, using an agreed-upon data sharing protocol and participating in the development of the research questions.

3. **Chart a New Strategy and Process for Developing Measures to Support Federal Value-Based Purchasing Programs.** Performance measures are foundational to VBP. The heavy emphasis on performance measures in the TEP discussions underscores the importance of measures to the VBP enterprise and the inadequacy of existing performance measures to transform the delivery of health care. Progress to develop a new generation of performance measures should be accelerated and streamlined to meet the urgent and growing needs of the VBP programs to move beyond primarily assessing processes of care to also focus on evaluating patient outcomes, the appropriate use of services, and assessing quality across settings in the context of patient episodes of care. We encourage ASPE to work with measure-development experts to chart a new strategy and process for developing measures to support VBP programs.