

Payment Design Features: Mechanics & Terminology



Shared Savings Payment Design Features

Determine Which Patients “Belong” to Which Providers



Determine Expected Annual Total Cost of Care for Attributed Patient Population



Determine How Much Each ACO and Provider Earns in Incentive Payments

1. Patient Attribution



Patients are assigned to a provider based on where they receive primary care or other secondary factors

2A. Cost Calculation - Benchmark



Total cost of care is estimated for patient panel attributed to provider

2B. Cost Calculation - Risk Adjustment



Estimated costs for population attributed to a provider are adjusted based on clinical and other risk factors

3A. Payment Calculation-Shared Savings



Amount of savings eligible to be paid to provider based on minimum savings rate. In downside risk arrangement, money owed back to payer if costs are above benchmark

3B. Payment Calculation-Performance Component



Clinical quality and patient experience metrics are used to qualify for shared savings payment and/or additional incentive payments

3C. Payment Distribution



Shared savings and other incentive payments are distributed amongst providers

Note: This illustration refers to payment methods often referred to as “shared savings programs” or “total cost and quality contracts” A variety of other types of value-based contracts exist in the US marketplace.