

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.