

Advancing Value-Based Care:

Support HB 1073 & SB 1135



Why reform is needed: Health care is rapidly moving towards capitated value-based care arrangements like advanced primary care and direct primary care, where providers take on the risk of caring for patients for a set monthly fee.

These models are gaining traction for employees, employers, and doctors. For example, more than 80% of employees say they would sign up for an all-inclusive direct primary care plan if given the option.

What's the problem? Texas law, written decades ago, limits payment and benefit design innovation.

HMOs are the only type of health plan in Texas that can partner with doctors for risk-based, value-based payments. Unfortunately, PPO plans and EPO plans, cannot pay a primary care doctor a flat, monthly payment for risk-based direct primary care or advanced primary care.

What do primary care doctors say? The American Academy of Family Physicians states that "It's clear that volume-based, fee-for-service (FFS) care doesn't adequately support the comprehensive, continuous nature of primary care, and it doesn't keep costs in check. Value-based care (VBC), by contrast, is comprehensive and longitudinal, prioritizing quality and outcomes over quantity of services provided."

The State Agrees and Medicaid is Moving to Value-Based Care: HHSC says that "Fee-for-service payment models are generally seen by health care experts to incentivize volume and not necessarily promote quality." That's why starting in 2021 half of Medicaid contracts must now be in alternative payment models and one quarter of those agreements must include risk-based payments.

What would the bill do?

- Clarifies that a provider who enters into such an arrangement is not required to obtain a certificate of authority, as they are not considered "insurers."
- Make sure doctors aren't forced into value-based care arrangements.
- Sets out contract terms that must be included in these payment models.

What is capitation? A payment system in which a provider is paid a fixed amount per patient for a prescribed period of time. Capitated payment arrangements would allow physicians to assume risk, which is currently considered the business of insurance.