

## Texas Organizations Including Physicians, Insurers, Employers, and Health Care Leaders Support HB 1073/SB 1135 to Reduce Barriers to Value-Based Care

April 3, 2023 - On behalf of the undersigned organizations, we write to strongly support House bill 1073 by Representative Lacey Hull & SB 1135 by Senator Charles Schwertner.

The legislation simply clarifies in statute that physicians and health plans are allowed to ***voluntarily*** enter into value-based or risk-based contracts with preferred provider organizations (PPOs) and exclusive provider organizations (EPOs). The bill also sets out certain contractual provisions that must be included in a contract, if a health plan and a physician or physician group enters into a risk-based contract.

Adoption of value-based care has accelerated in recent years as there has been a fundamental shift away from the traditional fee-for-service model to one that utilizes analytics, care coordination, provider integration, and patient engagement to improve quality and address avoidable and unnecessary health care costs. This trend is expected to accelerate in the coming years as payers, employers, and the government embrace value-based models.

Value-based contracts come in all shapes and sizes, from pay-for-reporting to bundled payments for episodic care to full capitation for patient populations or a monthly subscription fee for a defined set of services. The type of value-based contract organizations implement will depend on the type of care they deliver, the market in which they reside, and their patient population, among other factors.

HB 1073 will allow health plans and physicians to develop and test innovative, value-based payment and delivery models in the commercial market.

It is challenging to achieve agreement in health care policy making. HB 1073 represents a unique opportunity to improve value in care delivery in Texas in a manner embraced broadly throughout health care stakeholders. We encourage you to adopt HB 1073 and move Texas towards a value-driven health care system that puts patient health first.

Sincerely,

