



Moving down the path toward population health management

Executive summary

Significant changes are taking place in the delivery of health care. We're moving from a fragmented, fee-for-service system with poorly aligned incentives toward a value-based system that rewards collaboration and population-based improvements.

Blue Cross Blue Shield of Michigan has developed a Value-based Reimbursement model that involves two key components:

- **Infrastructure:** Hospitals receive short-term funding to implement population health management capabilities.
- **Population-based performance:** Hospitals are rewarded for improving coordination of care with physicians. This enhanced collaboration helps to reduce the unnecessary use of medical services among a shared population of Blue Cross members.

Blue Cross' new approach to reimbursement embodies the spirit of collaboration and embraces a system that makes patient health the central focus. Here's what we're doing to improve the quality and delivery of health care services:

- We're working with providers to build the infrastructure necessary to deliver successful patient outcomes in Michigan.
- We're supporting all state hospitals in their roles within organized systems of care.
- We're encouraging them to move toward advanced levels of integration, transformed payment and optimized performance.

Value-based Reimbursement can benefit your hospital by giving it the opportunity to **share in savings based on its performance** and to **receive funding to work on infrastructure**. An improved infrastructure could help your hospital strengthen its partnerships with physicians and other hospitals in your service area.

Our goal is to gradually increase the percentage of your hospital's payment that is based on performance, as we all continue to improve the way care is delivered and coordinated.

If you have any questions, please contact us at valuecontracts@bcbsm.com. We look forward to working more closely with you to improve health care for Michigan residents. Thank you for your continued partnership.

