



What is value-based care?

By definition, value-based care is designed to focus on five key goals:

1. Provide the best patient experience.
2. Advance health equity.
3. Improve patients' health outcomes.
4. Deliver health care services at a reasonable cost.
5. Support the well-being of the health care workforce.

Value-based care arrangements tie payment amounts for services provided to patients to the results that are delivered, such as the quality, equity and cost of care. By aligning incentives and payment, this approach can potentially result in more evidence-based, preventive and equitable whole-person care.

It can also promote better coordination among health care professionals, potentially reducing redundancies, unnecessary or avoidable services and errors, along with promoting expanded access for more historically marginalized or clinically complex populations.

Value-based payment arrangements often hold physicians accountable in some way for their patients' quality of care and utilization of services through use of performance measures and financial risk requirements.

Note: While sometimes used interchangeably with “value-based care,” the term “alternative payment model” is statutorily defined specifically for the Medicare program by Congress in the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA).

What experts are saying about value-based medical care

“Value-based care is really a care-delivery system that rewards for patient outcomes and quality of care, managing a population rather than transactional care,” said Maria Ansari, MD, CEO and executive director at The Permanente Medical Group, in a January 2024 interview recorded as part of the AMA Update video series. “It's more continuous care, population health and being rewarded for patients who live longer, healthier lives, as opposed to more siloed, transactional care that's more episodic.”



Key components and challenges of a high-value health care system

The AMA Ed Hub™ module, “What Are the Components of Value-Based Care?” notes that an ideal high-value health care system features the following key attributes:

1. A clear, shared vision with the patient at the center.
2. Leadership and professionalism of health care workers.
3. A robust IT infrastructure.
4. Broad access to care.
5. Payment arrangements that reward quality improvement over volume.

Fee-for-service remains the most prevalent payment arrangement for physicians in the U.S., according to a 2023 AMA Policy Research Perspectives report, and as such, should continue to be a financially viable option. The increasing complexity and pace of change associated with participating in VBC arrangements continues to create challenges for many physician practices.

That being said, there continues to be growth of value-based care arrangement, including physician participation in accountable care organizations (ACOs) which has increased steadily since 2014, with nearly 60% of doctors working in a practice that's part of an ACO.

Physicians play an essential role in value-based payment model

In a Private Practice Simple Solutions AMA webinar, Hattiesburg Clinic CEO Bryan N. Batson, MD, discussed Hattiesburg Clinic's plan to pursue value-based care with a commitment to remaining an independent practice. While quality had improved as measured by various value-based care indicators and EHR tools, Dr. Batson also said, “It makes me very proud that we have been able to deliver better health care, especially in a state that is often known for poor health care outcomes.”

As the landscape of value-based care evolves, physicians continue to play crucial roles in achieving the goal of improving health outcomes, equity, patient and clinician experience, and overall health care spending:

1. **Quality and equity:** This includes incentivizing quality improvement and promoting expanded patient access, including for historically marginalized or clinically complex populations.
2. **Patient-centered care:** Physicians are empowered to enhance patients' experiences by actively partnering with patients in their health care decisions and education.
3. **Enhanced care coordination:** Physicians are encouraged to work more collaboratively within care teams, including via additional payments and advanced infrastructure, fostering a physician-led, team-based approach.

4. **Increased data access and analytics:** With a focus on data-driven decision-making, physicians can better leverage timely, actionable data to focus on areas such as chronic care, disease prevention and population health management. This can also provide key insight to better inform patient care decisions, quality performance, operations and financial accountability.
5. **Better affordable care:** Physicians are rewarded for appropriately maintaining costs, in addition to both quality improvement and high achievement. It is important to recognize, however, costs may appropriately increase, at least in the short term, when expanding access for historically marginalized or clinically complex patients.
6. **Digitally enabled care delivery and continuous learning:** Health care technologies can help streamline and enhance care delivery and care team coordination and communications, alongside enriched data analytics to inform more proactive care interventions and workflow process improvements.

Advancing the adoption of value-based medical care

While there is no single recommendation on how to best implement value-based care arrangements, the AMA has identified several best practices for value-based care that help ease participation and foster sustainable success. In partnership with AHIP and the National Association of ACOs, these voluntary best practices were informed by real-world insights from the direct experience of physicians, value-based care entities and health plans currently participating in these arrangements.

The playbooks discuss critically important elements for value-based care success related to two key topics: data sharing and underlying payment methods.

The data sharing playbook addresses key categories including:

- **Improving data collection and use to advance health equity:** Collect and share data to identify and address health disparities.
- **Sharing timely, relevant and actionable data:** Prioritize sharing focused on insights and data early, often and in accessible ways to improve care.

The payment methods playbook includes best practices focused on key domains, such as:

- **Attribution:** Correctly identify the patient population, and their associated medical costs, to be held accountable for during a performance period.
- **Benchmarking:** Establish a predictable, transparent and achievable financial target that rewards efficiency and improvement.
- **Transparent feedback:** Have frank conversations on data, building a partnership rather than an adversarial relationship with payers and physicians.

How to measure value-based care



While there is consensus regarding the underlying goals of value-based care, no single methodology exists to clearly define how to measure and evaluate its impact. Given this lack of uniformity, entities such as the University of Utah have developed their own “value equation,” which looks to provide a common framework to calculate “value” in value-based care.

Regardless of what equation is used, more work is needed to determine how interested parties should measure progress against the intended goals of value-based care, such as the National Academy of Medicine’s STEEEP (safe, timely, effective, efficient, equitable and patient-centered) goals or Quintuple Aim. Additionally, this can aid in sizing the gap between current and desired states.

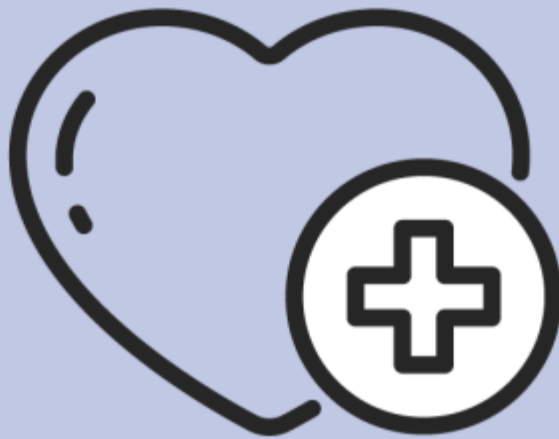
How health systems are leading on value-based care

Explore how health systems are applying value-based care in practical and effective ways:

1. Bayhealth: At Bayhealth, value-based care helps put the patient first
2. Geisinger: Case study: Leveraging Technology and Value-Based Care (PDF)
3. Geisinger, Henry Ford Health, The Permanente Medical Group and Virginia Mason Franciscan Health: Timely feedback is critical for value-based care incentives to work
4. Hattiesburg Clinic: Case study: Leveraging Technology and Value-Based Care (PDF)
5. Henry Ford Health: Value-based care work leads to health improvements in Michigan
6. Privia Health: Bringing value-based care to the youngest patients
7. Sanford Health: Value-based care helps Sanford Health meet rural patients’ needs

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Explore other AMA resources on value-based care

The AMA offers a variety of resources to support a sustainable future for value-based care.

- Evaluating Medicaid VBC Models? (PDF)
- Evaluating MA Value-Based Contracts? (PDF)
- Medicare Basics series: Advancing value-based care with alternative payment models
- Playbook: The Future of Sustainable Value-Based Care and Payment: Voluntary Best Practices to Advance Data Sharing
- Playbook: The Future of Sustainable Value-Based Care and Payment: Voluntary Best Practices to Advance Payment Methodologies
- Snapshot: Accountable care organizations (PDF)
- Value-Based Decision-Making in the Health Care System H-450.938
- VBC Models: Deep Dive FAQ for Hospital-Affiliated Physicians? (PDF)
- Webinars:
 - Private Practice Simple Solutions: Value Based Care: Part 1 and Part 2



- The Future of Sustainable Value-Based Care and Payment
 - How Integrated Behavioral Health Can Strengthen Value-Based Care
 - AMA Ed Hub™:
 - What are the components of value-based care?
 - Podcast: Contracting in Private Practice
 - Podcast: Private Practice Payment Models
 - Toolkit: Value-Based Care: Physician-Led Models to Achieve the Quadruple Aim
 - AMA *Journal of Ethics*:
 - Which Price Should Be Transparent and Why?
 - How to Keep Diffusion of Responsibility From Undermining Value-Based Care
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Succeed with value-based care

The basics: What is value-based care?

Dive deeper: Discover VBC's key elements

Physician guidance: Learn about all the options for physicians

Medicare: Growing alternative reimbursement approaches

VBC in practice: How 3 health systems are leading the way