



NEWS RELEASE

Premier Inc. Survey: Health Systems Report that Changes are Needed to Accelerate Adoption of Risk-Based Payment Arrangements

9/17/2019

Hospital and health system leaders reveal that movement to risk-based models is moving slowly, most claiming that less than 20 percent of their patient population is covered under such arrangements

CHARLOTTE, N.C.--(BUSINESS WIRE)-- In a recent Premier Inc. (NASDAQ: PINC) survey, leaders from hospitals and health systems revealed that Medicare remains the primary driver of their movement to risk-based payment arrangements.

Across all payer types, most respondents indicate that less than 20 percent of their population was covered in a risk-based arrangement. Twenty-nine percent reported that fee-for-service Medicare relationships are currently managed in a risk-based model, while 22 percent reported that to be the case for Medicare Advantage. Sixty-four percent of respondents reported that less than 20 percent of their patient population was covered by risk-based arrangements with employer-sponsored health plans.

The survey, which Premier fielded in August 2019, was designed to understand how healthcare providers are working through **two-sided risk-based payment models**. Respondents totaled 177 healthcare professionals and physicians who sit in various parts of hospitals and health systems across the United States, including the C-suite, population health, clinical integration, information technology and patient services.

Results from the survey illustrate how the transition to risk-based contracting has been slow and market-dependent. Less than 20 percent of respondents reported having more than half of their population covered by Medicare fee-for-service risk-based arrangements. Furthermore, over the next five years, only 5 percent of

respondents expect to have more than 80 percent of their population in risk-based arrangements. Hospitals and health systems, however, remain interested in pursuing risk-based contracts, ranking Medicare Advantage, employer-sponsored health plans and fee-for-service Medicare as the three priority areas.

“Part of Premier’s vision is for a competitive marketplace with healthcare providers taking accountability for the cost and quality of care across the continuum,” said Blair Childs, Premier’s Senior Vice President of Public Affairs. “The survey findings underscore that the movement to risk-based alternative payment models necessary to achieve this vision is progressing, but slowly. The survey also reveals the fundamental reasons for this slow pace, which largely amounts to needed economic incentives and access to data. This underscores the need for policy changes, as well as action by private organizations.”

The survey revealed that providers need more **access to timely** data as the shift to risk-based contracts unfolds. Timeliness of data was ranked as the second most significant barrier – behind only reimbursement inadequacy – standing in the way of hospitals’ and health systems’ shift to risk-based models in the Medicare fee-for-service program. Access to data was tied for third, along with competing or higher charge priorities, on the list of barriers (which included nine options).

“Strong partnerships between payers and providers are key to moving to risk-based contracts that will transform the way care is delivered and drive better outcomes and value,” said Carrie Nelson, M.D., Chief Clinical Officer of Advocate Physician Partners, a care management collaboration with Advocate Health Care that brings together more than 5,000 physicians. “These partnerships need to be built on access to standardized claims data, shared risk, clarity of roles and responsibilities and transparent business relationships.”

Respondents also indicated that the data they receive from commercial payers is lacking. Ninety-six percent of those surveyed reported that the data they receive from commercial payers is inaccurate or not standardized, or both, if they receive it at all.

“There is a great deal of uncertainty as we explore moving to risk-based contracts,” said Steve Neorr, Senior Vice President and Chief Administrative Officer, Triad HealthCare Network, a physician-led accountable care organization based in North Carolina. “We call on the Administration to provide more details on the emerging alternative payment models to help inform the best path forward for our system.”

According to survey respondents, numerous barriers must be addressed to ease the transition to risk-based arrangements. This includes significant legislative changes related to performance benchmarking, increased flexibility as providers take on more risk, and changes to the Stark physician self-referral and antikickback laws that will allow providers to innovate care. Premier is actively engaged with legislators and government officials to help determine the best path forward.

Survey Methodology

Premier's risk-based payment model survey was designed to understand how healthcare providers are working through two-sided risk-based payment models. The survey was conducted online, with the results based on responses from 177 healthcare professionals and physicians who sit in various parts of hospitals and health systems across the United States, including the c-suite, population health, clinical integration, information technology and patient services. The survey was fielded from Aug. 7-27, 2019, and respondents included both members and non-members of Premier.

About Premier Inc.

Premier Inc. (NASDAQ: PINC) is a leading healthcare improvement company, uniting an alliance of more than 4,000 U.S. hospitals and health systems and approximately 175,000 other providers and organizations to transform healthcare. With integrated data and analytics, collaboratives, supply chain solutions, and consulting and other services, Premier enables better care and outcomes at a lower cost. Premier plays a critical role in the rapidly evolving healthcare industry, collaborating with members to co-develop long-term innovations that reinvent and improve the way care is delivered to patients nationwide. Headquartered in Charlotte, N.C., Premier is passionate about transforming American healthcare. Please visit Premier's news and investor sites on www.premierinc.com; as well as [Twitter](#), [Facebook](#), [LinkedIn](#), [Instagram](#) and [Premier's blog](#) for more information about the company.

View source version on [businesswire.com](https://www.businesswire.com): <https://www.businesswire.com/news/home/20190917005374/en/>

Noah Zachary, Premier Inc.; Noah_Zachary@PremierInc.com; 212.901.1251

Source: Premier Inc.