

# Value Incentives Learning Collaborative

Innovative approaches to lowering costs and improving outcomes

**Issue.** Health care in the United States is, in many circumstances, the best in the world. Yet we pay more for health care relative to other nations to get results that, on a population basis, are just mediocre. How can we “bend the curve?” The prevailing approach to payment for health care—which focuses predominantly on fees for individual service units delivered—lies at the center of the issue. From a purely economic perspective, the current incentive is to provide more services, independent of the value added. Although there is general agreement on the need to find better ways of redirecting the incentives away from volume and toward value, little established information exists on the most effective approaches to truly reward outcomes or value. Some promising initiatives are developing—e.g. value-based payment design, pay for performance, bundled payments, and non-payment for “never events.” However, more attention to innovation, testing, and demonstrated impact is still needed. From 2008-2009, the IOM Roundtable on Value & Science-Driven Health Care, with substantial support from the Peter G. Peterson Foundation, convened a series of five meetings to explore in detail the key issues and opportunities in improving outcomes and reducing costs. The first workshop, *Value in Healthcare: Accounting for Cost, Quality, Safety, Outcomes and Innovation*, placed an initial focus on approaches to understanding, measuring, and improving value. This was followed in 2009 with the four-part workshop series, *The Healthcare Imperative: Lowering Costs, Improving Outcomes*, aimed at exploring the challenge: “How can healthcare costs be reduced in 10 years, without compromising outcomes, safety, or valued innovation?” These meetings systematically identified and assessed—both qualitatively and quantitatively—the sources of excess cost in health care, insights already developed on approaches to reducing waste, and priority policy issues and options.

**Collaborative.** An *ad hoc* convening activity, under the auspices of the IOM Roundtable, the Value Incentives Learning Collaborative (VILC) seeks to build on the foundation of prior work engaged by the Roundtable to develop a learning network by convening organizations and individuals actively working to design, develop, test, and evaluate innovative approaches to shifting health care payment in ways that reward value.

## CO-CHAIRS



**Helen Darling, M.A.**

**President**

**National Business Group on Health**

*“VILC activities address cost and waste challenges, promoting practical solutions that improve value and can be undertaken by all health care stakeholders.”*



**John W. Rowe, M.D.**

**Professor**

**Columbia University**

*“With access addressed in recent legislation, focus now turns toward increasing value in health care.”*

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## STAFF CONTACT

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**Participants.** VILC participants represent organizations and individuals devoted to value determination in health care, and to the implementation of innovative payment approaches that provide incentives according to the value delivered. The aim is for an inclusive Collaborative—without walls—and participation in individual projects is structured according to interest, need, and practicality.

**Activities.** Projects completed, under way, or under consideration by VILC:

- *Identification and assessment of incentive misalignment in health care.* The Collaborative is identifying prominent examples of the ways economic incentives in health care might be misaligned, and exploring alternative approaches.
- *Value incentive project inventory and taxonomy.* VILC is gathering examples of value-focused innovation initiatives to improve the understanding of the state of play, enhance prospects for collaboration, and inform work on lessons for future implementation. From these examples, they plan to create a taxonomy of value incentives to provide an analytical framework for identifying and considering different value initiatives.
- *Patient and provider engagement in value initiatives.* The Collaborative is exploring ways to engage patients in value initiatives—such as through incentives for increased transparency, health education, and health promotion—by surveying and analyzing existing value initiatives and transparency programs, with a focus on ensuring that patients have the supports and tools they need to find and access high-value care.

## REPRESENTATIVE PARTICIPANTS

### ORGANIZATIONS

AARP  
Aetna, Inc.  
American Academy of Family Physicians  
American Academy of Pediatrics  
American College of Cardiology  
American College of Clinical Pharmacy  
AstraZeneca Pharmaceuticals LP  
Blue Cross Blue Shield Association  
Brigham and Women's Hospital  
C-Change  
Cigna, Inc.  
Commonwealth Fund  
Dartmouth-Hitchcock Medical Center  
General Electric Company  
Group Health Cooperative  
HCA, Inc.  
Healthcare Leadership Council  
IBM  
Johnson & Johnson  
Kaiser Permanente  
Marriott International  
Massachusetts General Hospital  
Medtronic  
Microsoft  
National Academy for State Health Policy  
National Business Group on Health  
National Committee for Quality Assurance  
National Health Council  
National Partnership for Women & Families  
National Quality Forum  
Robert Wood Johnson Foundation  
sanofi-aventis  
Stryker  
The Brookings Institution  
The Leapfrog Group  
ThedaCare  
Tucson Medical Center  
University of Connecticut School of Medicine  
Virginia Mason Medical Center  
Wellpoint, Inc.

### FEDERAL AGENCIES

U.S. Department of Health & Human Services  
– Agency for Healthcare Research and Quality  
– Centers for Disease Control and Prevention  
– Centers for Medicare & Medicaid Services  
– Health Resources and Services Administration  
– National Institutes of Health  
– Office of the National Coordinator for HIT  
– Office of the Secretary  
U.S. Department of Defense (Health Affairs)  
U.S. Department of Veterans Affairs