

## James L. Holly, M.D.

Dr. Anwar is attending a conference in Las Vegas on Reducing Hospital Readmissions. Yesterday, April 27, he sent a note with a quote from one of the presentations given by Dr. Wilde, Chief Medical Officer (CMS) of Centers for Medicare and Medicaid Services (CMS), in which Dr. Wilde said: **"Fee for service is dead. If you have a business plan that is based on fee for service then you need a different plan or start doing something else."**

The transformation of payment methods for healthcare is being referred to as "Revenue Cycle Management". As I noted yesterday, I was asked to give an address to Chief Financial Officers of healthcare organizations in Austin earlier this month. The attached articles address **Value-Based Payment Reform**. The articles are drawn from my responses to two sets of questions sent to me by the Chief Financial Editor of the *Health Leaders Media*. He wrote an article about the Austin Conference and is preparing a major, cover presentation for May or June of *Health Leaders Media*. The Editor sent me a response to my Austin presentation which can be read at:

<http://www.jameslhollymd.com/Letters/response-to-dr-hollys-presentation-to-health-leaders-media>,

After reviewing my answers to his questions and after our telephone interview, the Editor said: **"It is as I suspected, Dr. Holly: You and SETMA are ahead of the value-based payment model curve. Is there any area of healthcare reform you have left unexplored? You are an impressive reformist figure, with unique depth of experience. Eager to talk next week, Chris."** (emphasis added)

The two lists of questions the Editor sent and my answers can be reviewed at the following hyperlinks:

- Value-based Payment models, Last Group of Questions: <http://www.jameslhollymd.com/Letters/value-based-payment-models-questions-for-the-industry-health-leader-media>
  1. [Why is capitation with fixed monthly payments a viable value-based payment model?](#)
  2. [Does capitation give physician practices a transformational edge by allowing flexibility to redesign care crafted to the local market?](#)
  3. [How can you use PCMH to generate value-based payment opportunities and revenue gains?](#)
  4. [Does EMR-based tracking of quality metrics help support advancement and adoption of evidence-based medicine?](#)
  5. [Mindset shift: A value-based healthcare industry will be financially lean relative to the healthcare industry's longtime volume-based business model. How do you convince physicians to embrace value-based care and payment vs. volume-based care and payment?](#)

- Value-Based Payment Models, Questions for the Industry, HealthLeaders Media, Answers by James L. Holly, MD, April 2015  
<http://www.jameslhollymd.com/Letters/pdfs/value-based-payment-models-questions-for-the-industry.pdf>

Eight questions about value-based payment models:

1. [What are the key factors for physician practices to consider when weighing involvement in value-based payment models?](#)
2. [Industry-wide, gauge the trend for physician-practice uptake of value-based payment models?](#)
3. [How do you organize physician practices to embrace value-based payment models? At physician practices, are there particularly daunting hurdles to adoption of value-based payment models?](#)
4. [At SETMA, how have your clinical models of care changed to match value-based payment models?](#)
5. [At SETMA, have value-based payment models driven down service volume? If utilization rates have declined, what impact has that had on the practice? If there has been a negative impact, did you find ways to offset that impact?](#)
6. [At SETMA, what are the prime ways you are using data in conjunction with value-based payment models?](#)
7. [How does changing from “volume” to “value” payment models affect measurement of patient experience of care?](#)
8. [What are the essentials of value-based payment reform?](#)

In the context of SETMA’s recent discussion about costs and fees in relationship to laboratory charges, this review of value-based payment reform and particularly the CMO of CMS’ statement are important for us to consider. Remember the CMO’s statement: **"Fee for service is dead. If you have a business plan that is based on fee for service then you need a different plan or start doing something else."**

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