Foreword

In nearly all industries, payments for services or products reflect short-term performance or long-term value. Yet in health care, most payments to health providers have done neither. Instead, they have often simply rewarded greater volume of services whether needed or not. Recently, attention has moved away from rewarding volume of health care to quality and efficiency. Changing epidemiology and care models for an ageing population, managing of patients with complex health needs and scarce resources, all make it imperative to change how we pay for health services.

This new publication considers payment innovations in OECD countries. These include different new models: "add-on payments", including pay-for-performance, whereby health care providers are rewarded for delivering more co-ordinated, safer and effective care; "bundled payments", whereby payments for all services provided to a patient with a medical problem are pooled together; and "population-based payments", whereby the payment covers most care needs of patients. The analysis shows that all three payment innovations show promise. Many patients are starting to experience improved quality care and improved health outcomes as a result. Add-on payments that reward providers for their efforts to better co-ordinate health care for a patient have shown their potential to improve quality, while controlling costs. Pay-for-performance schemes have improved care processes although they have not delivered a breakthrough in outcomes and quality of care. A number of bundled payments have raised the experience and effectiveness of care for patients, and generated cost savings. Population-based payments have helped overcome fragmentation of care, in the majority of cases leading to both better outcomes and a slowdown in health spending growth.

Policy makers should scale up these positive results by implementing these payment reforms more broadly in their health systems. This is not always easy, of course. The design of payment innovations requires careful setting of rewards and tariffs based on evidence, as well as strong investment in IT capability by both providers and payers. Stakeholders need to be brought on-board and involved throughout the process. A sometimes difficult balance must be struck between the need to generate new data and evidence on which to calibrate payments, and added administrative burden. And a culture of more systematic and independent evaluation of impact must become more common practice.

Despite these difficulties, this publication has shown that investment in payment innovations generate good bang for the buck. Fundamentally, they are helping to align payers and providers, and more broadly health systems, towards what they should aim for – that is, best outcomes for patients given resources invested. Scaled up, these payment innovations will bring about system-wide effects, including a stronger focus on what patients need the most and greater generation of data to feed decision-making processes. Policy makers should not delay any further implementing innovations such as those presented in this report. The path towards a health care system where providers are rewarded for what they are able to deliver to patients – not simply what they can do – has already been very long. Now, it is the time to shorten it.

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