



Value-based care adoption grows, but challenges remain

As healthcare costs began to outpace improvements in quality of care, by 2010, efforts to strengthen healthcare *value* began in earnest. Here's a look at where those efforts stand.

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In 2006, two renowned researchers introduced "[The Value Equation](#)" for healthcare:

Value = Quality/Cost.

It was the first step toward bringing the healthcare industry together in acknowledging two of the industry's ugly truths. Costs of care were outpacing the quality of care received, yet the healthcare system was built around a fee-for-service payment model that rewarded providers for the volume of care they provided.

Since then, associations like HFMA have taken a lead role in bringing consensus around what constitutes healthcare value and how to achieve it. HFMA's [Value Project](#) offered insight on how to manage the transition to value-based payment and care delivery. Over time, the definition of value expanded to emphasize the experience of care, too.

Where efforts to increase adoption of value-based payment models stand

- Participation in value-based care and shared-risk arrangements among hospitals, health systems and health plans **grew to 45.2% in 2023**, a [2024 survey found](#).
- Nearly **40% of commercial health plans** participate in value-based payment models, up 5% year over year.
- About **44% of Medicaid dollars** are paid through alternative payment models that tie payment to achievement of quality metrics for care.
- However, just **one out of four physician practice leaders** expected their participation in value-based models to increase in 2025.
 - This is in part due to challenges in finding alternative payment models that align with their specialties.
 - Also, some practices face difficulty achieving meeting the metrics for bonus payments.
- Moreover, some experts maintain that [there's still a place for fee-for-service payment](#) in healthcare. As a result, these leaders believe value-based care is unlikely to replace fee-for-service payment completely.

A TOP PRESSURE POINT FOR HEALTHCARE LEADERS

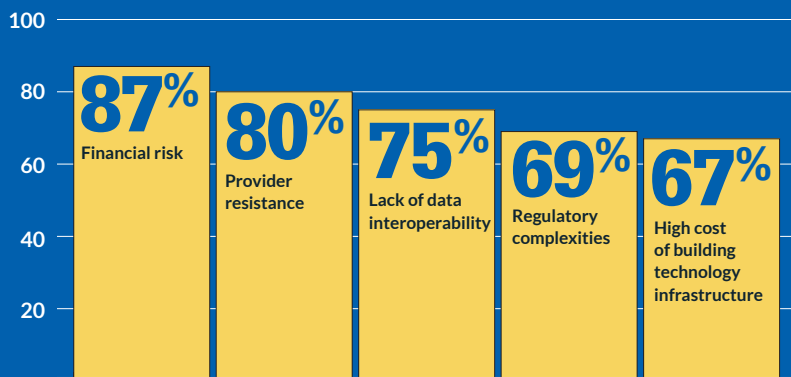
Value-based care, payment and contracting is an area where CFOs need to become more up to speed if they are to assist in achieving the granular results expected, one healthcare CFO told HFMA for its recent [Healthcare CFO of the Future report](#).

“I don’t think, in a broad sense, that healthcare CFOs are really prepared for or attuned for understanding what value-based care is, how it is going to get implemented in their context and their type of organization, the principles of value-based care and how you drive ROI around it,” said Stephen Forney, CFO of Covenant Health in Andover, Mass., a not-for-profit, regional health system.

Today, some organizations are exploring whether to create an executive role for value because the journey toward value-based care and contracting is so complex. Some others are seeking ways to partner more closely with health plans to ensure they are paid fairly for participation in value-based contracts.

Current VBC obstacles

A survey of healthcare organizations identified what they see as slowing VBC adoption at this point. These factors garnered the greatest concern.



Source: “The State and Science of Value-Based Care 2025, Innovaccer and NAACOS, May 15, 2025”

Continuing to move forward with value-based care

Among the [initial recommendations HFMA made](#) to advance adoption of value-based care, these four recommendations still ring true:

- 1 Develop and educate physicians to lead the move toward value-based care and payment.** Physician buy-in and input remains critical to shaping participation in value-based models and determining what works, what doesn’t and how to evolve.
- 2 Experiment with payment models.** The experience gained will inform where an organization should invest, the types of results that are possible and which partners are best positioned to help guide the organization’s value-based initiatives.
- 3 Make sure financial and clinical analytics are tightly integrated.** This gives an organization a basis for determining which populations to focus on — for example, patients with uncontrolled diabetes — and the types of interventions that work best. It also helps pinpoint areas for improvement.
- 4 Build scale over time.** As experience with value-based payment models increases, look for ways to expand existing efforts while testing new approaches.

More resources

For more information about value-based care, check out these resources:

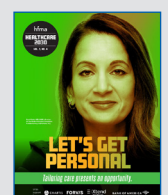
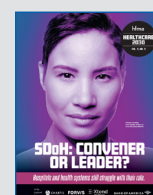
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