



Value-Based Care: From Experimentation to Enterprise Discipline

As health systems approach another round of the Center for Medicare and Medicaid Innovation (CMMI) program milestones, one reality is clear: **Value-based care (VBC) has fundamentally changed.** Years of margin pressure and market volatility have driven many systems to step back from risk sharing with payers to stabilize their balance sheets.

Yet this retrenchment is temporary, at best. The structural forces reshaping health system reimbursement - shifting payer mix, unit rate pressure, and regulatory momentum toward alternative payment models, remain firmly in place. What has changed is the rules of engagement: *capital is scarcer, talent tighter, and risk models more complex.* At the same time, expectations have risen, VBC must move beyond closing care gaps and documenting risk to deliver lower total cost and a more predictable trend. It is no longer optional; it is a core operating discipline.

Health system leadership teams face a stark choice: reviving VBC with focus, rigor, and courage, or risk long-term irrelevance in a reimbursement system increasingly dominated by governmental purchasers.

The Macro Reality: Pressure Is Structural, Not Cyclical

Several forces are converging to make a return to VBC both unavoidable and urgent:



Even as systems repair balance sheets, delaying VBC reinvestment only compounds future risk.

A New Season for Value-Based Care and Health Systems



While the imperative for VBC remains intact, the operating assumptions have changed. What worked five years ago is insufficient today.

Health Systems must focus on:





These shifts represent both a challenge and an opportunity. The systems that adapt quickly will gain structural advantage; those that do not will struggle to remain competitive as fee-for-service margins slowly erode.


Where Health System Leadership Teams Should Begin





Five Steps to Rebuild VBC Focus

- **Rigorously Assess the Current State**

Objectively evaluate VBC contracts, infrastructure, and financial performance. Identify which arrangements generate durable margin and exit those that consume capital without acceptable returns.
- **Define the Future-State Ambition**

Clearly articulate what VBC must deliver financially and operationally, which populations matter most, and where the organization will build versus partner to win at scale.
- **Establish Clear Ownership and Accountability**

Anchor VBC as a true business with named executive ownership, P&L accountability, and performance-based governance, not a matrixed initiative.
- **Simplify and Scale Proven Models**

Reduce complexity, standardize care delivery, and incentives, exit non-scalable pilots and invest in focused operating models designed for enterprise-wide scale.
- **Strengthen Financial Resilience and Partner Strategically**

Reinforce the balance sheet to support risk, and selectively leverage partners to accelerate capabilities while managing downside exposure.

Conclusion

VBC is no longer about proving the concept—it is about executing with discipline in a constrained environment. The organizations that succeed will treat VBC as a core business, invest accordingly, and align leadership around performance and accountability.

The rules have changed. The question is not whether health systems will play, but which ones will win.

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