

Comparing Health Care Utilization and Expenditures between Value-Based Payment and Non-Value-Based Payment in Medicare Advantage

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Background

- Policy-makers, states, and employers are focused on rewarding value through value-based payment (VBP; **Exhibit 1**) instead of paying for volume through fee-for-service.
- Numerous studies have documented the effect of VBP on quality, but fewer have focused on utilization and cost.

Methods

- A large national health plan conducted a retrospective evaluation of differences in healthcare utilization and expenditures among Medicare Advantage (MA) members attributed to primary care clinicians in non-VBP and VBP arrangements (**Exhibit 2**)

Results

- Members were predominately **older adults** (mean age: 72.4 yr); ~56% female
- **All measures were lower for VBP** than non-VBP (all $P < .001$; **Figures**).

Key Takeaways

- This study demonstrates that VBP is associated with **lower utilization and expenditures**.
- Findings from this study should be interpreted within the **context of value-based health care**, which emphasizes improvements in health care quality along with efficiency and affordability
- Taken together, findings support that **shared accountability for quality¹, efficiency and cost** results in **improved member outcomes**.

Exhibit 1. Value-Based Payment (VBP)



VBP aligns payor and provider incentives to reward **high-quality, low-cost** care

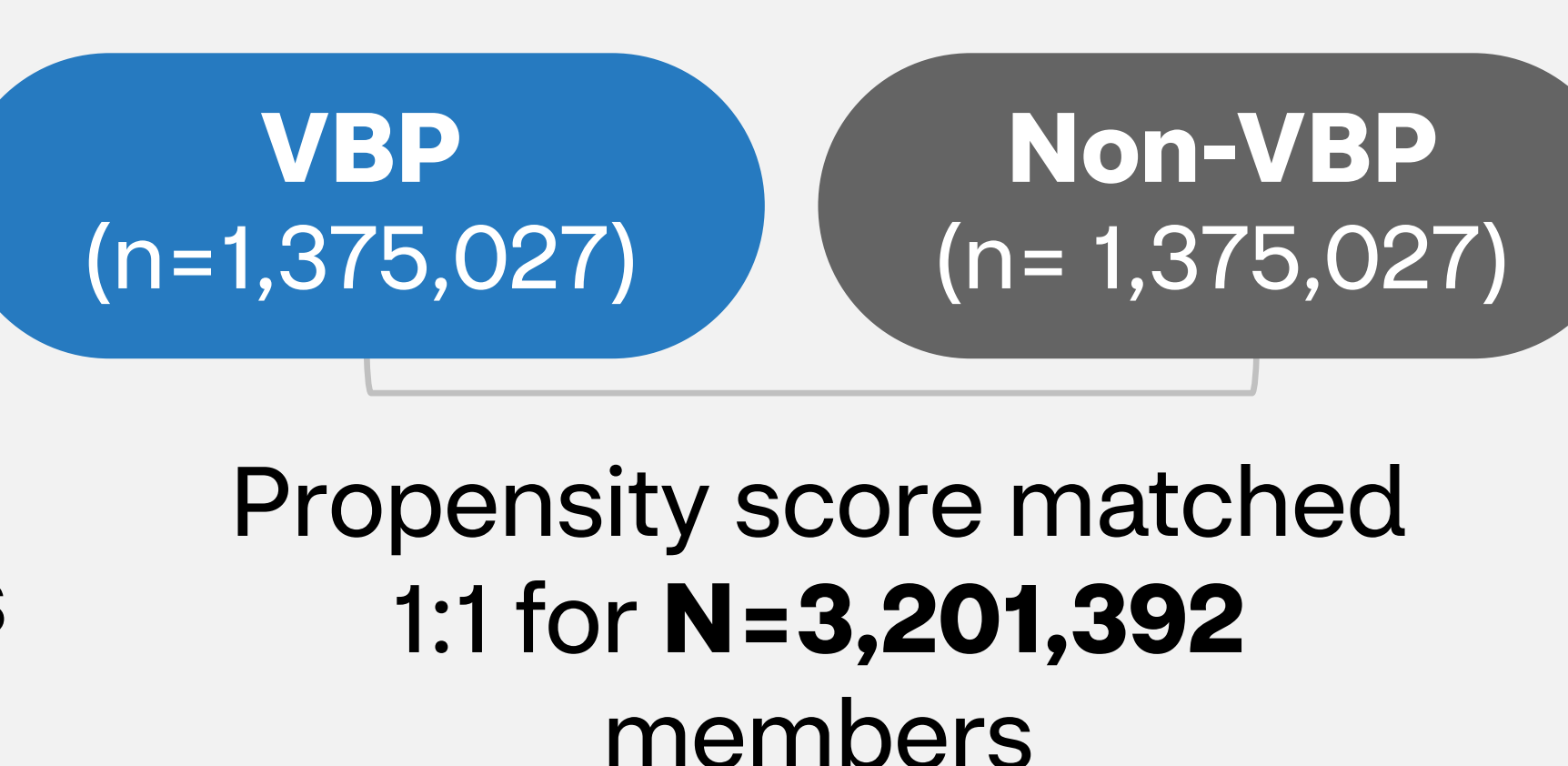


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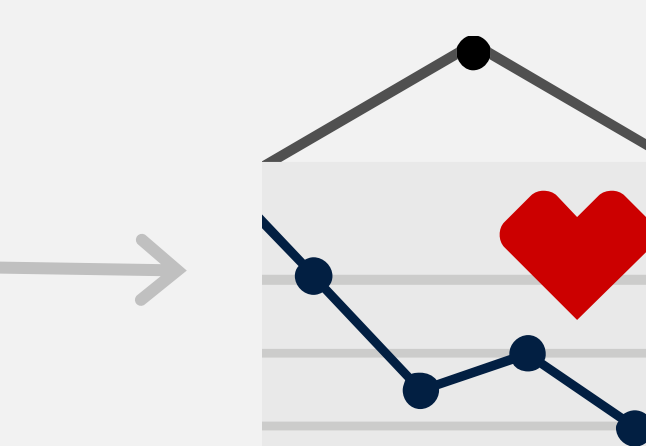
Exhibit 2. Real-World Evaluation Methodology



MA members
≥6 mo continuous enrollment
(1/1/2023 – 12/31/2023)



Propensity score matched 1:1 for **N=3,201,392** members



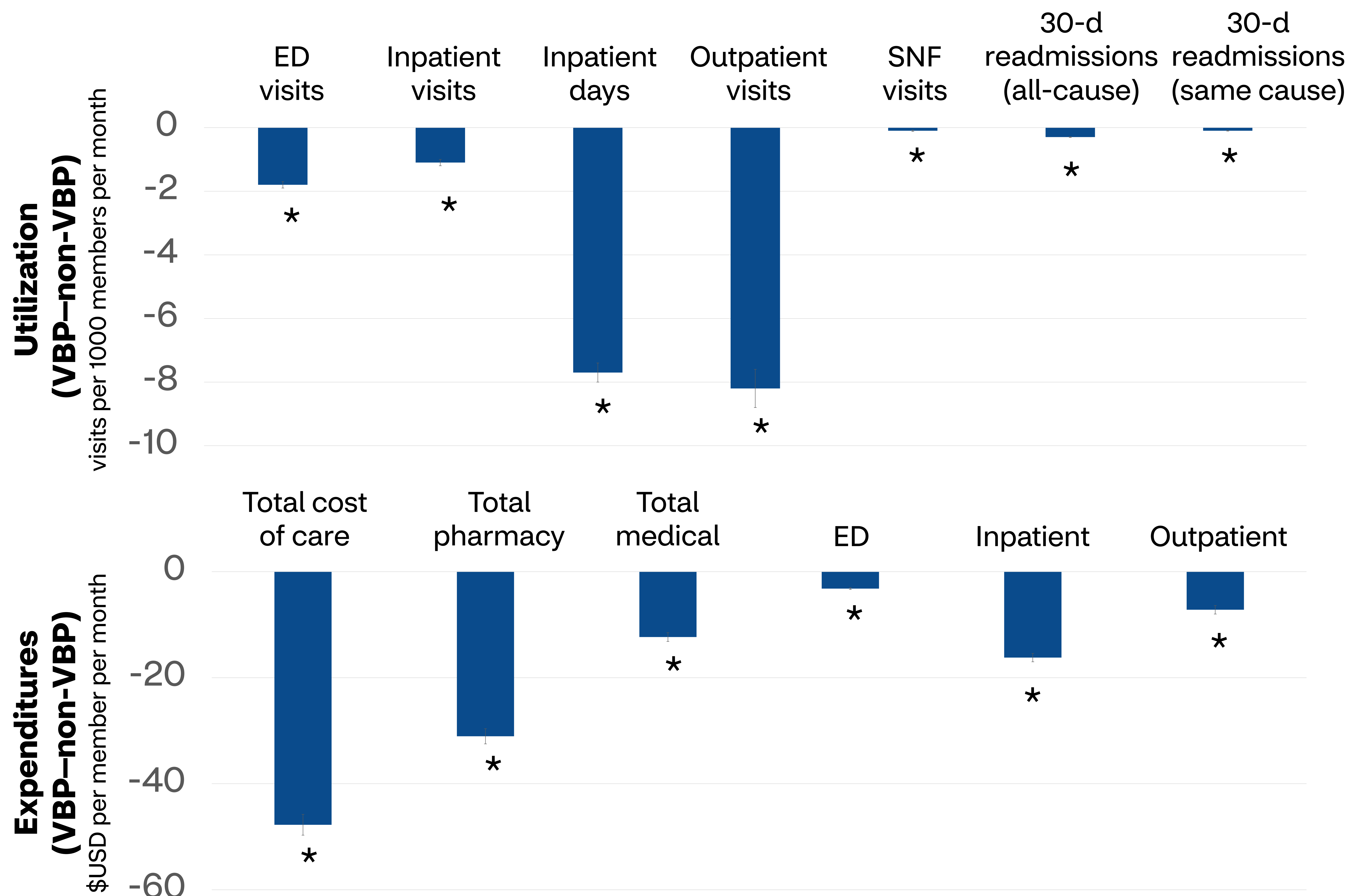
Outcomes

- Utilization
- Expenditures

Value-based payment was associated with lower utilization and lower total cost of care in a national Medicare Advantage population of ~2.8M members

↓ **Healthcare utilization** in members in VBP models

↓ **Healthcare expenditures** in members in VBP models



* $P < 0.01$; Abbreviations: ED, emergency department; SNF, skilled nursing facility; USD, United States dollar

¹Beltz EM, et al. JAMA Health Forum. 2025;6(9). PMID: 41004183