

## *Power-Wire America Insights - Chapter 6* **5G and Value-Based Healthcare**



### **The Once and Future of Healthcare**

In 2011, the federal government made a seminal decision, to enter the early 1990's. The Centers for Medicare & Medicaid Services (CMS) announced the Bundled Payments for Care Improvement Initiative (BPCI). Using the concept of “episodes” of care developed 20 years earlier, Medicare adapted the concept, wrapping it in various versions of the phrase “Value Based Healthcare” (VBH). Since then, various initiatives have been rolled out with the common goal: move the delivery and payment for healthcare services from fee-for service to a system that offers financial incentives for delivering quality care over the timeframe that actually represents the typical course of patient treatment.

The roll out of 5G, as part of Power-Wiring of America (PWA) should represent a second great inflection point in the redefinition of the U.S healthcare delivery system. It should be based on the principles of VBH. Bundled payments along with the other tools of VBH are well suited to use 5G's increased bandwidth to engage providers, payers, patients and the vast emerging Internet of Things devices in new care delivery models.

No longer will a plethora of different specialties be paid and responsible for “just” their individual services. The focus is shifting to paying for the effectiveness of the entire *spectrum* of care...from initial diagnosis, to the hospital, to the rehab facility or nursing home, and to home care (up to 90 days after hospital discharge). In other words, the goal is to capture the true (or at least “truer”) cost and value of the entire patient experience across a full episode of care, not just the piecemeal delivery of individual services.



While started as a Medicare program, commercial payers and self-insured entities quickly embraced VBH. The concept was expanded further with the Affordable Care Act (“Obamacare”) and the development of Accountable Care Organizations (ACOs) which are basically responsible for a 365 day “bundle” of total patient care. To succeed under *any* VBH arrangement, communication between all the stakeholders is essential – providers, payers, patients and a host of support services.

The requirement to share data across the vast eco-system of electronic medical records (EMR’s), lab systems, billing systems, specialty services and devices can be powered by 5G Broadband. Physicians will know what other physicians are doing in concert with laboratories, radiology centers, pharmacies, and the whole gamut of support services touching and treating a covered patient. Traditionally closed EMR’s will have to adapt to accommodate secure (HIPAA compliant) data exchange with external entities. When all parties share financial responsibility for the patient, transparency and efficiency of communications will become either the hallmark of success or failure based on the quality of overall outcomes.



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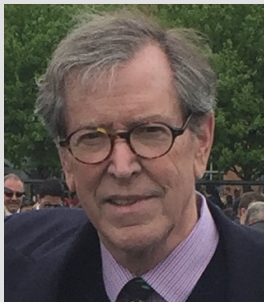
## **Power-Wiring Value-Based Healthcare Delivery**

The coronavirus pandemic has accelerated the process of creating the opportunity for the development of a new generation of healthcare delivery models based on VBH. Telehealth, remote monitoring, and an arsenal of smart IoT devices are going to change the old “bricks and mortar” facility-centric approaches to the delivery of medicine. Both healthcare providers and payers are going to have to determine how best to adapt to this rapidly changing environment. Care delivery models and related business models are going to be impacted in complex, interconnected ways. Making the right choices for the provider, payer and patient may well involve unfamiliar trade-offs with implications measured in both financial and human terms.



The stay at home requirements of the first phase of the pandemic led to providers, payers and patients experimenting with new models for care delivery. Individual providers and provider institutions are continuing to explore how the enhanced capabilities afforded by telemedicine can drive innovation in clinical protocols, performance management, billing and reimbursement practices. Likewise, payers are starting to assess the efficacy of these new models to determine how to best compensate/reimburse providers for their services. And lastly, patients are being afforded the opportunity to become more directly engaged as active participants in their care outcomes.

**The cumulative effect of all these innovations is moving medicine in the direction of VBH in ways that will likely produce better health and financial outcomes in the future.**



[Tom Travers](#)

**Tom Travers** and **Matt Walton** are partners of McCreightPartners. **5G and Value-Based Healthcare** is part of **Power-Wire America**, a series that explores the specific ways the Power-Wiring of America will create both challenges and opportunities for the power, communications, healthcare, transportation, public safety and national security sectors of the U.S. economy.



[Matt Walton](#)

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