



# In the World of Value-Based Care, Words Matter

## A LEXICON FOR VALUE-BASED PURCHASING

**Value-based care:** A health care delivery model that reimburses for provider or therapy performance by expected or measured patient health metrics, real-world outcomes, or costs over a defined period of time.

**Value-based purchasing:** An adjusted payment for a medical intervention or a manufacturer product that meets pre-determined metrics or payment milestones; the agreement aims to enhance the quality of care by rewarding decisions that improve patient health measures or other real-world outcomes.

**Value-based program:** A program that facilitates quality care by awarding incentive payments to providers that deliver evidence-based treatment decisions which drive better care for individuals, improved health for populations, lower costs, or more efficient provider workflows.

**Value-based contract:** A performance-based contract among payer, provider, and/or manufacturer stakeholders in which reimbursement is tied to patient health measures or other real-world outcomes and costs for a defined period of time.

**Outcomes-based contract:** A contract between a payer, manufacturer, and/or health care provider that links payment for a treatment that meets, exceeds, or fails to meet expected patient health measures or other real-world outcomes over a defined period of time.

**Risk-based contract:** A contract that links reimbursement to the distribution of risk of a medical intervention or a manufactured product by measuring performance over a defined period of time.

**Annuity-based contracts with outcomes:** A multi-year agreement that ties reimbursement installments for a medical intervention or manufactured product to pre-determined outcomes or cost measures over a defined period of time.

**Alternative payment models:** A payment approach centered on providing predictable costs that ties payment to provider or therapy performance over a defined period of time.

**Subscription models:** A payment model that provides a medical intervention or a manufactured product for a set fee to treat a certain proportion of patients, or a set price per patient.

**Warranty models:** A policy, typically through a third-party administrator, that reimburses treatment-related costs for suboptimal performance.

**Annuity-based models:** A multi-year contract model that spreads reimbursement installments for manufactured products over time.



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