

The Shift to Value-Based Care: Evidence of Progress

A recent joint report by the National Association of Accountable Care Organizations (NAACOS) and Innovaccer Inc., a healthcare artificial intelligence (AI) company, found tangible evidence that the U.S. healthcare delivery system is indeed moving toward value-based care (VBC). Fifteen years after the passage of the Patient Protection and Affordable Care Act (ACA), which promoted VBC through the advent of ACOs and other alternative payment models, there is finally evidence that providers are actually moving in that direction. This Health Capital Topics article reviews the joint report on “The State and Science of Value-based Care 2025.”

VBC is a healthcare model that shifts the focus from the volume of services provided to the quality and outcomes (i.e., value) of patient care. Instead of being paid for each test or procedure (i.e., fee-for-service, or FFS), providers are incentivized to keep patients healthy, effectively manage chronic conditions, and prevent complications. This approach aims to improve patient health, enhance the patient experience, and reduce overall healthcare costs by promoting coordinated, preventive, and patient-centered care.¹ While the trend toward VBC initiatives is not new, nor is the policy movement away from FFS arrangements, there has been much talk but seemingly little action in the past 15 years.

The joint report “examines the evolving landscape of healthcare payment models and [VBC] across U.S. healthcare.”² Nearly 170 leaders at 142 healthcare organizations across care settings were surveyed on “the progress, pain points, and investment signals driving [VBC] strategies forward.”³ As of 2025, over 60% of organizations have increased their participation in VBC programs, highlighting the momentum behind the shift toward VBC.⁴ Notably, 30% of surveyed organizations indicated that a quarter of their revenue is tied to VBC contracts, and over 20% stated that at least half of their revenue comes from fully capitated or downside risk contracts, “a strong indicator of advancing maturity in VBC adoption.”⁵ Nearly 65% of leaders expect to see revenue gains from VBC in 2025 compared to 2024.⁶

The report also surveyed leaders about what is keeping them from further VBC adoption. The top barriers to VBC adoption were reported to be, perhaps unsurprisingly:

- (1) Financial risk (87%);
- (2) Provider readiness (80%);
- (3) Lack of interoperability (75%); and
- (4) High cost of technology (67%).⁷

In order to propel VBC adoption, 74% of responding organizations asserted that additional financial support is needed.⁸ However, the needed capital does not appear to be a complete bar to VBC for organizations, as over 50% of survey respondents plan to increase their investment in technology solutions in 2025 to better support their VBC efforts.⁹ Top among those priorities are:

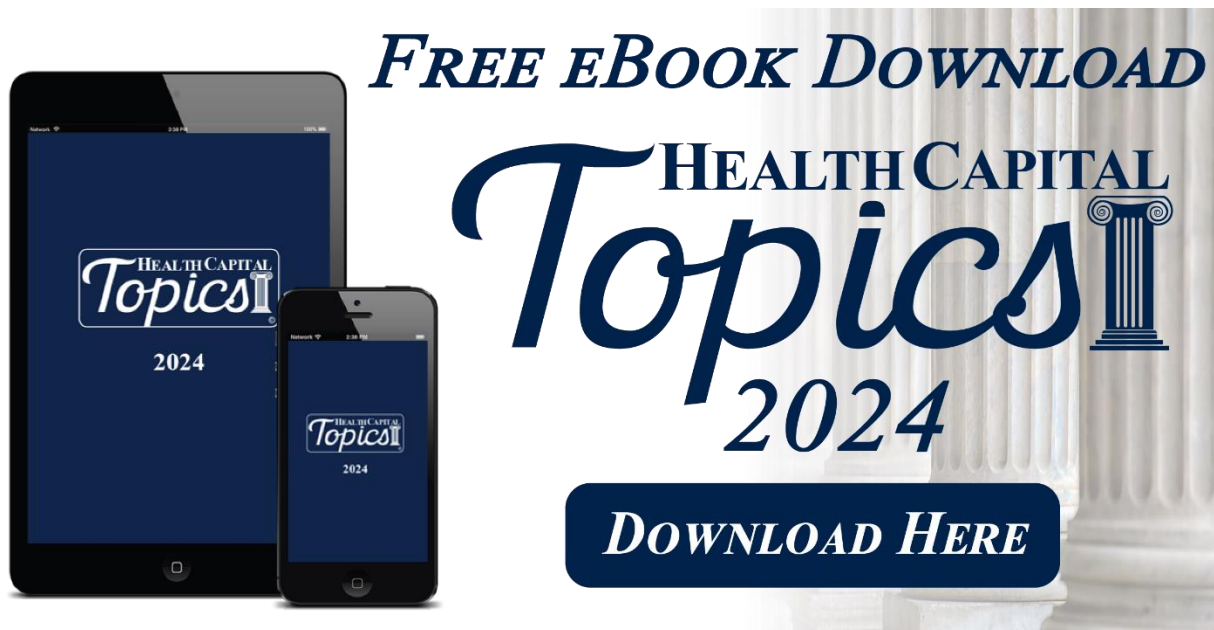
- (1) Data analytics and AI, with 31.2% of organization investing; and
- (2) Care management solutions, with 30% of organizations investing.¹⁰

As regards AI, approximately 65% of respondents are optimistic about AI’s “potential to enhance predictive and prescriptive analytics in [VBC] arrangements.”¹¹ Overall, it seems that the use of technology to make sense of all the health data being captured from patients, which is crucial to identifying the appropriate treatment plan and actions for each individual patient, may be the key to full-fledged, long-term acceptance of VBC.

These trends are particularly encouraging given that the Centers for Medicare and Medicaid Services (CMS) Innovation Center announced on May 13, 2025 that alternative payment model participants may be required to accept downside risk in their VBC arrangements going forward.¹² In other words, the shift toward VBC is accelerating, regardless of provider readiness.

The report authors summarize that the “study reveals an industry in transition, with organizations showing measured progress despite significant operational and financial challenges.”¹³ President and CEO of NAACOS, Emily D. Brower, noted that “[t]his report highlights how technology, collaboration, and infrastructure can support providers in accountable care to drive innovation in care delivery.”¹⁴ The cofounder and CEO of Innovaccer, Abhinav Shashank, added: “[a]s the shift to [VBC] accelerates, the research highlights a critical truth: successful transformation demands more than just intent, it requires deep investments in data, technology, and partnerships.”¹⁵

- 1 "Healthcare Valuation: The Four Pillars of Healthcare Value"
By Robert James Cimasi, Volume 1, Hoboken, NJ: John Wiley
& Sons (2014), p. 231.
- 2 "The State and Science of Value-based Care 2025" A Joint
Research by Innovaccer and NAACOS, available at:
<https://innovaccer.com/resources/industry-reports/innovaccer-naacos-state-and-science-of-vbc-report-2025?pdf=362>
(Accessed 5/21/25).
- 3 "NAACOS and Innovaccer Latest Report Shows 64% of
Healthcare Leaders Expect Revenue Gains from Value-Based
Care in 2025" Innovaccer, May 15, 2025,
<https://innovaccer.com/resources/news/naacos-innovaccer-latest-report-shows-healthcare-leaders-expect-revenue-gains-vbc-2025>
(Accessed 5/21/25).
- 4 A Joint Research by Innovaccer and NAACOS, available at:
<https://innovaccer.com/resources/industry-reports/innovaccer-naacos-state-and-science-of-vbc-report-2025?pdf=362>
(Accessed 5/21/25).
- 5 *Ibid.*
- 6 Innovaccer, May 15, 2025.
- 7 *Ibid.*
- 8 *Ibid.*
- 9 A Joint Research by Innovaccer and NAACOS, available at:
<https://innovaccer.com/resources/industry-reports/innovaccer-naacos-state-and-science-of-vbc-report-2025?pdf=362>
(Accessed 5/21/25).
- 10 *Ibid.*
- 11 *Ibid.*
- 12 "CMS Innovation Center Strategy to Make America Healthy
Again" By Abe Sutton, Cneters for Medicare & Medicaid
Services, May 13, 2025,
<https://www.cms.gov/priorities/innovation/about/cms-innovation-center-strategy-make-america-healthy-again>
(Accessed 5/21/25).
- 13 A Joint Research by Innovaccer and NAACOS, available at:
<https://innovaccer.com/resources/industry-reports/innovaccer-naacos-state-and-science-of-vbc-report-2025?pdf=362>
(Accessed 5/21/25).
- 14 Innovaccer, May 15, 2025.
- 15 *Ibid.*





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LEADERSHIP



Todd A. Zigrang, MBA, MHA, FACHE, CVA, ASA, ABV, is the President of **HEALTH CAPITAL CONSULTANTS (HCC)**, where he focuses on the areas of valuation and financial analysis for hospitals, physician practices, and other healthcare enterprises. Mr. Zigrang has over 30 years of experience providing valuation, financial, transaction and strategic advisory services nationwide in over 2,500 transactions and joint ventures. Mr. Zigrang is also considered an expert in the field of healthcare compensation for physicians, executives and other professionals.

Mr. Zigrang is the co-author of "*The Adviser's Guide to Healthcare - 2nd Edition*" [AICPA - 2015], numerous chapters in legal treatises and anthologies, and peer-reviewed and industry articles such as: *The Guide to Valuing Physician Compensation and Healthcare Service Arrangements* (BVR/AHLA); *The Accountant's Business Manual* (AICPA); *Valuing Professional Practices and Licenses* (Aspen Publishers); *Valuation Strategies*; *Business Appraisal Practice*; and, *NACVA QuickRead*. Additionally, Mr. Zigrang has served as faculty before professional and trade associations such as the American Society of Appraisers (ASA); the National Association of Certified Valuators and Analysts (NACVA); the American Health Lawyers Association (AHLA); the American Bar Association (ABA); the Association of International Certified Professional Accountants (AICPA); the Physician Hospitals of America (PHA); the Institute of Business Appraisers (IBA); the Healthcare Financial Management Association (HFMA); and, the CPA Leadership Institute. He also serves on the Editorial Board of *The Value Examiner* and *QuickRead*, both of which are published by NACVA.

Mr. Zigrang holds a Master of Science in Health Administration (MHA) and a Master of Business Administration (MBA) from the University of Missouri at Columbia. He is a Fellow of the American College of Healthcare Executives (FACHE) and holds the Certified Valuation Analyst (CVA) designation from NACVA. Mr. Zigrang also holds the Accredited in Business Valuation (ABV) designation from AICPA, and the Accredited Senior Appraiser (ASA) designation from the American Society of Appraisers, where he has served as President of the St. Louis Chapter. He is also a member of the American Association of Provider Compensation Professionals (AAPCP), AHLA, AICPA, NACVA, NSCHBC, and, the Society of OMS Administrators (SOMSA).



Jessica L. Bailey-Wheaton, Esq., is Senior Vice President and General Counsel of HCC. Her work focuses on the areas of Certificate of Need (CON) preparation and consulting, as well as project management and consulting services related to the impact of both federal and state regulations on healthcare transactions. In that role, Ms. Bailey-Wheaton provides research services necessary to support certified opinions of value related to the Fair Market Value and Commercial Reasonableness of transactions related to healthcare enterprises, assets, and services.

Additionally, Ms. Bailey-Wheaton heads HCC's CON and regulatory consulting service line. In this role, she prepares CON applications, including providing services such as: health planning; researching, developing, documenting, and reporting the market utilization demand and "need" for the proposed services in the subject market service area(s); researching and assisting legal counsel in meeting regulatory requirements relating to licensing and CON application development; and, providing any requested support services required in litigation challenging rules or decisions promulgated by a state agency. Ms. Bailey-Wheaton has also been engaged by both state government agencies and CON applicants to conduct an independent review of one or more CON applications and provide opinions on a variety of areas related to healthcare planning. She has been certified as an expert in healthcare planning in the State of Alabama.

Ms. Bailey-Wheaton is the co-author of numerous peer-reviewed and industry articles in publications such as: *The Health Lawyer* (American Bar Association); *Physician Leadership Journal* (American Association for Physician Leadership); *The Journal of Vascular Surgery*; *St. Louis Metropolitan Medicine*; *Chicago Medicine*; *The Value Examiner* (NACVA); and *QuickRead* (NACVA). She has previously presented before the American Bar Association (ABA), the American Health Law Association (AHLA), the National Association of Certified Valuators & Analysts (NACVA), the National Society of Certified Healthcare Business Consultants (NSCHBC), and the American College of Surgeons (ACS).



Janvi R. Shah, MBA, MSF, CVA, serves as Senior Financial Analyst of HCC. Mrs. Shah holds a M.S. in Finance from Washington University Saint Louis and the Certified Valuation Analyst (CVA) designation from NACVA. She develops fair market value and commercial reasonableness opinions related to healthcare enterprises, assets, and services. In addition she prepares, reviews and analyzes forecasted and pro forma financial statements to determine the most probable future net economic benefit related to healthcare enterprises, assets, and services and applies utilization demand and reimbursement trends to project professional medical revenue streams and ancillary services and technical component (ASTC) revenue streams.

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