

# The State and Science of Value-based Care 2025

Examining the Evolution, Challenges, and Future of Healthcare Payment Models

A Joint Research by Innovaccer and NAACOS



# Executive Summary

“The State and Science of Value-based Care 2025” examines the evolving landscape of healthcare payment models and value-based programs across U.S. healthcare, based on a targeted survey of healthcare professionals. The study reveals an industry in transition, with organizations showing measured progress despite significant operational and financial challenges.

## Where we are with Value-based Care Adoption?

30%

of organizations reported that **25% or more of their revenue** is tied to value-based care (VBC) contracts

Over 60%

organizations have increased their participation in VBC programs—signaling growing momentum toward value-driven care, even if revenue impact remains modest for many

## Investment Areas for Organizations

50%

of organizations are investing in data analytics and AI

48%

are prioritizing care management technologies

33%

are focusing on patient engagement solutions

Despite ongoing challenges, market indicators show a promising shift toward value-based contracting models in healthcare. To capitalize on this momentum, organizations must foster robust operational and technological frameworks that support diverse reimbursement methods, from traditional fee-for-service to full capitation. Those prioritizing comprehensive performance improvement will be better equipped to thrive in this evolving investment landscape.

# Who Was Surveyed?

## 168 professionals

employed in 142 Organizations  
participated healthcare provider setting

To ensure the relevance and accuracy of the insights, the survey targeted a specific cohort within the healthcare industry:

ACADEMIC MEDICAL CENTER HEALTH SYSTEM

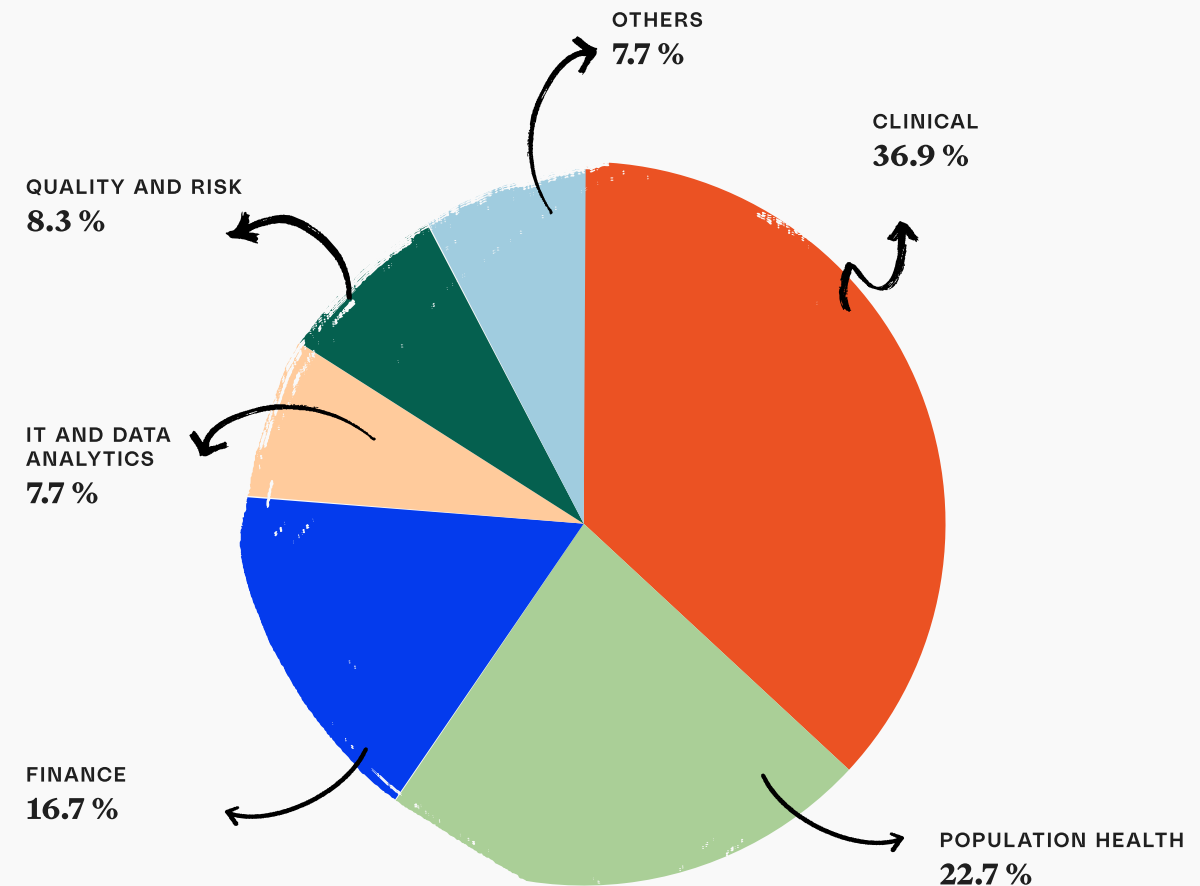
HOSPITALS AND MEDICAL CENTERS

SPECIALTY CARE PROVIDERS

FEDERALLY QUALIFIED HEALTH CENTERS

ACCOUNTABLE CARE ORGANIZATIONS

CLINICALLY INTEGRATED NETWORK



RESPONDENT PERSONA DISTRIBUTION – BY DEPARTMENT

# Current State of Value-based Care Adoption Across the Industry

Our survey indicates that while organizations remain thoughtful in their approach, momentum toward value-based care (VBC) is clearly building:

OVER  
**60%**

organizations have increased their participation in VBC programs—signaling growing momentum toward value-driven care, even if revenue impact remains modest for many

**13%**

have already surpassed the 50% revenue mark, signaling deeper commitment to value-driven care models.

Most respondents placed their organizations in the early-to-mid stages of VBC transformation, reflecting steady progress and a growing readiness to navigate the complexities of value-based contracting.

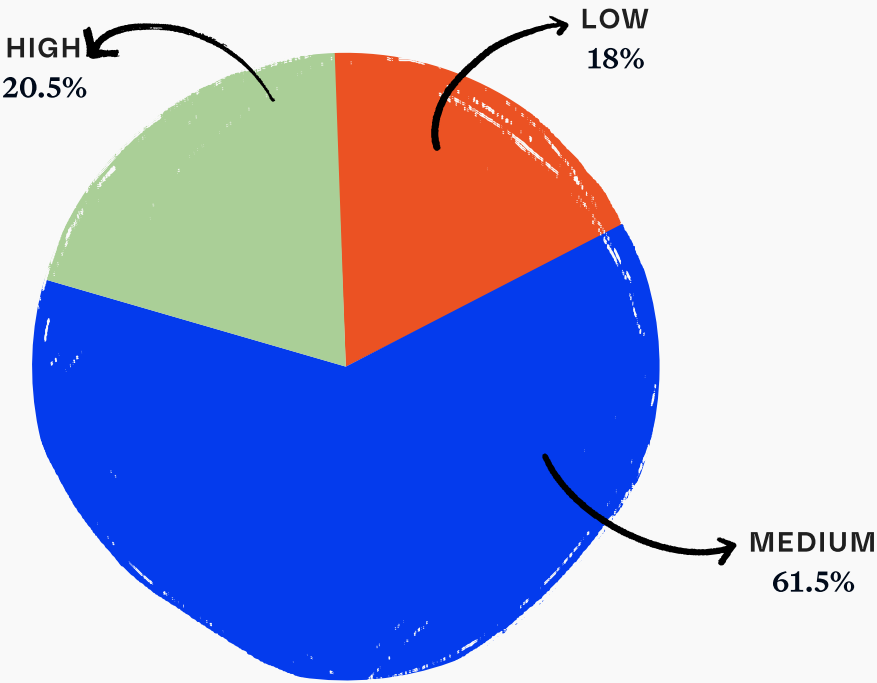
**30%**

of organizations now report that at least 25% of their revenue is tied to VBC contracts.

OVER  
**20%**

of organizations report that over half of their revenue comes from fully capitated or downside risk contracts—a strong indicator of advancing maturity in VBC adoption.

## HOW WOULD YOU RATE THE OVERALL MOMENTUM OF VALUE-BASED CARE ADOPTION ACROSS THE INDUSTRY?







At the foundation of accountable care and population health management lies the strategic use of integrated data that drives insights and action. Since the inception of accountable care physicians, hospitals, and other healthcare providers have used data to identify the most effective interventions for their patients and populations—resulting in improved outcomes and reduced healthcare costs.

Today, providers aim to scale their impact and sustain long-term performance by leveraging data-driven systems that integrate claims data, electronic health record data, real-time notifications of hospital activity, information from community-based organizations, and other sources. This comprehensive approach enables a deeper understanding of community, population, and individual patient needs. This report highlights how technology, collaboration, and infrastructure can support providers in accountable care to drive innovation in care delivery.



**Emily D. Brower**  
President and CEO  
National Association of ACOs

# Assessing Organizational Readiness for Value-based Care

**64%**

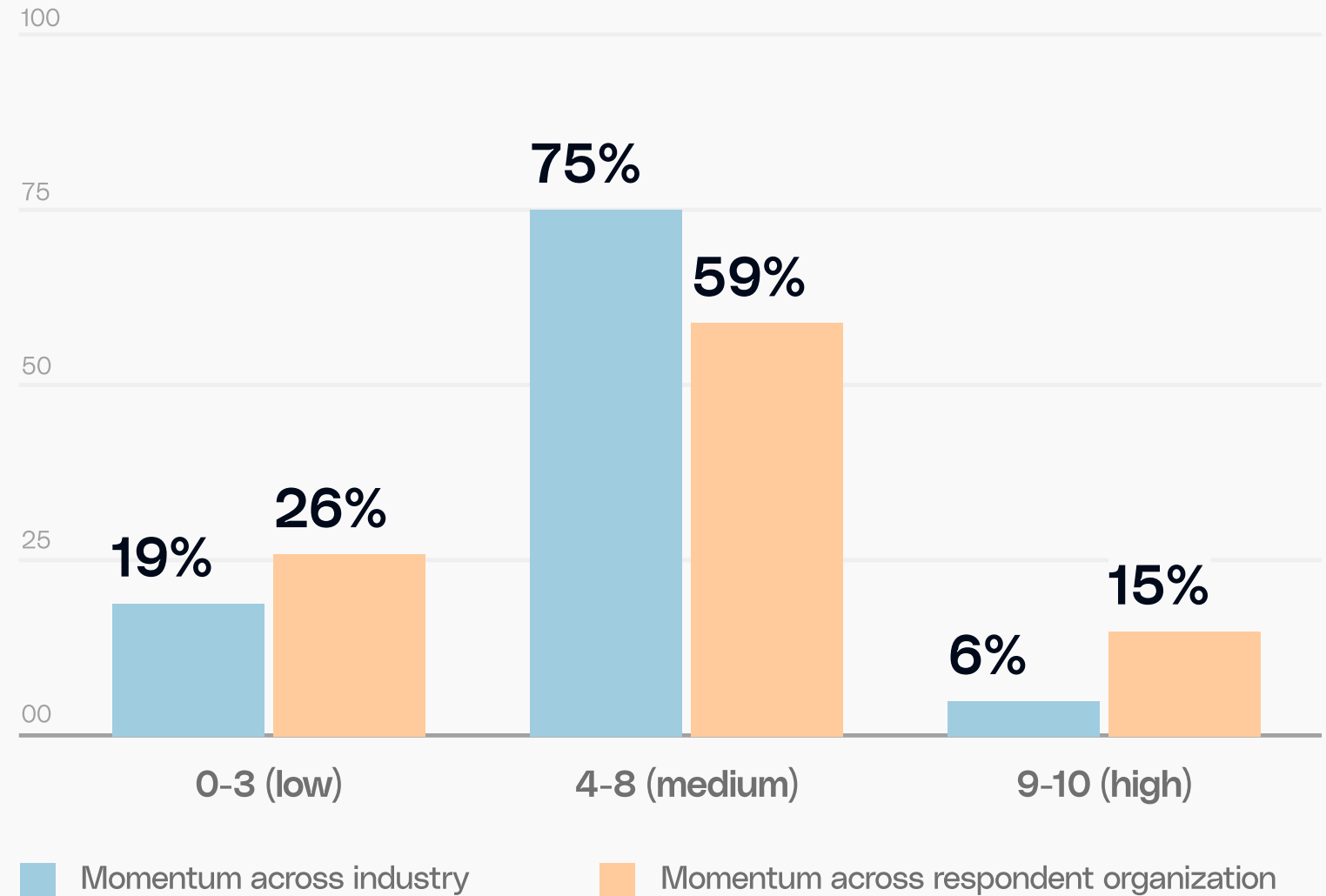
of organizations expect a positive revenue shift toward value-based care in 2025, compared to 2024

While revenue transitions remain gradual, healthcare leaders are ramping up technology investments to accelerate their value-based care (VBC) strategies—signaling strong momentum and a long-term commitment to VBC transformation

**Over 50%**

plan to increase investment in technology solutions in 2025 compared to 2024 to better support value-based care contracts

## TRACKING VALUE-BASED CARE MOMENTUM: INTERNAL PROGRESS VS. INDUSTRY-WIDE SHIFT



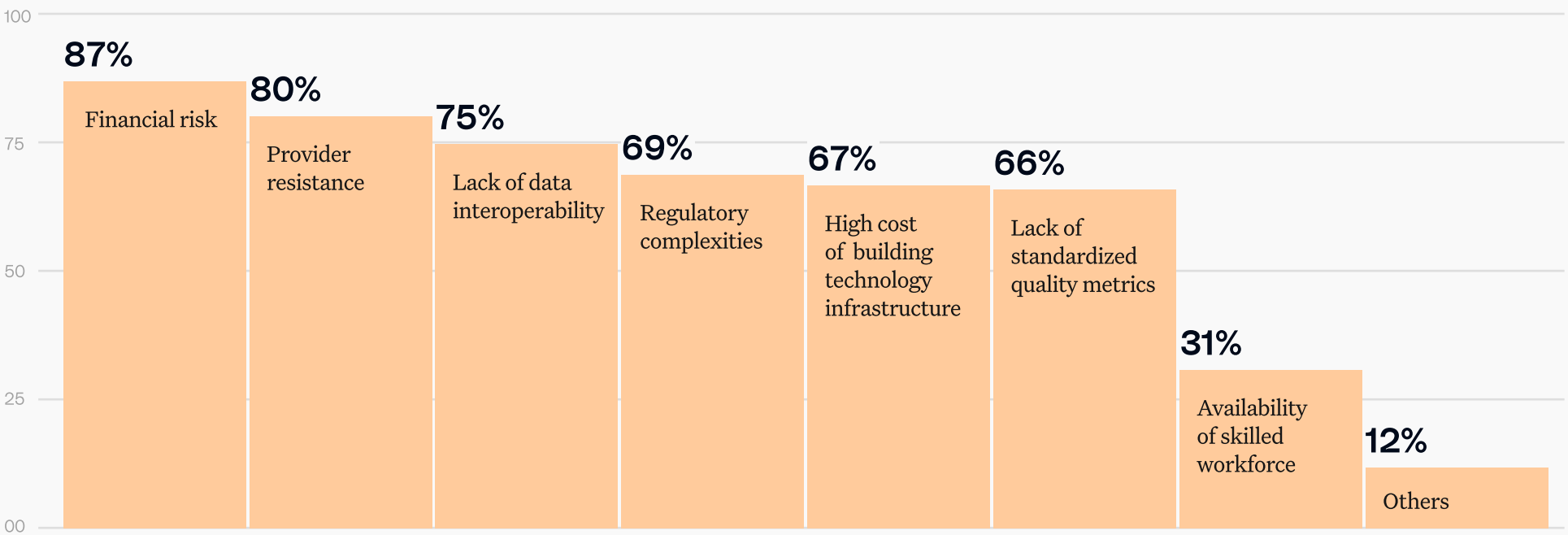


# Barriers Hinderling the Adoption of Value-based Care

The four primary factors as highlighted by the respondents contributing to the slow adoption of value-based care across the industry

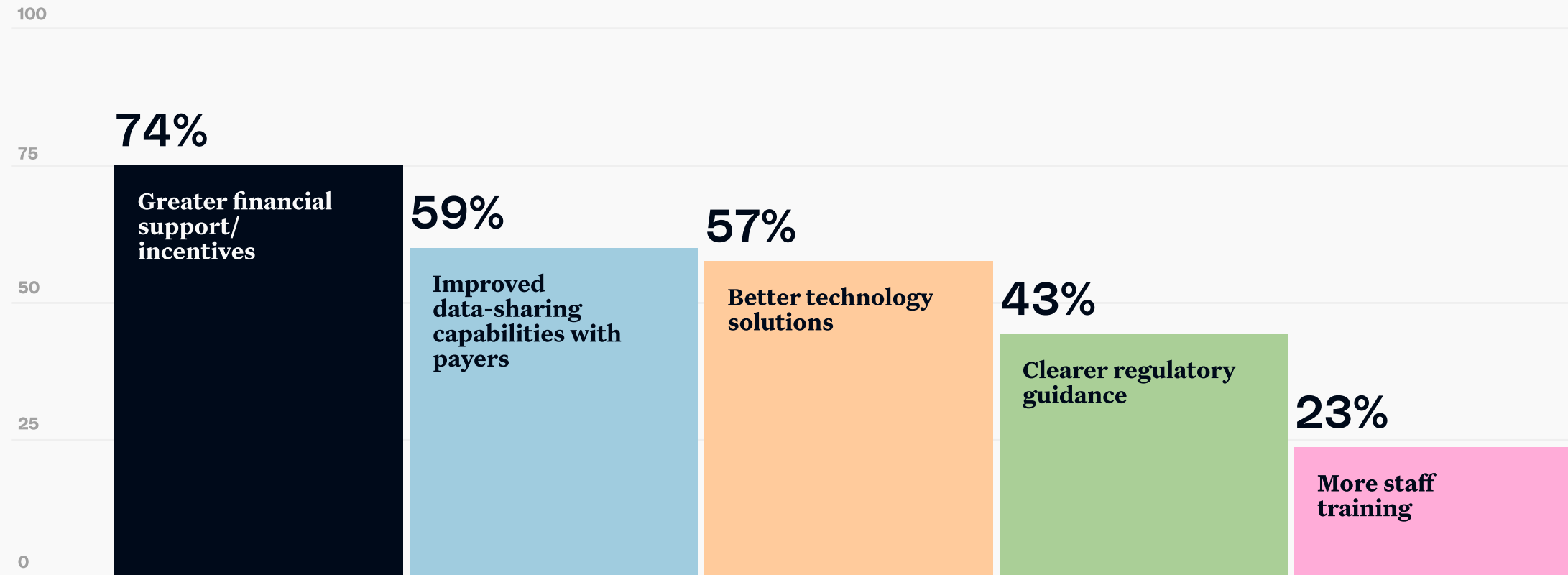


What our respondents highlighted as reasons for slow adoption for value-based care



# How Can We Better Support Providers in Accelerating Value-based Care Adoption?

Most of our respondents believe that greater financial support and incentives would help the industry as a whole gain momentum in the transition to value-based contracting. They also see the need for improved data collaboration with payers and more robust technology solutions.

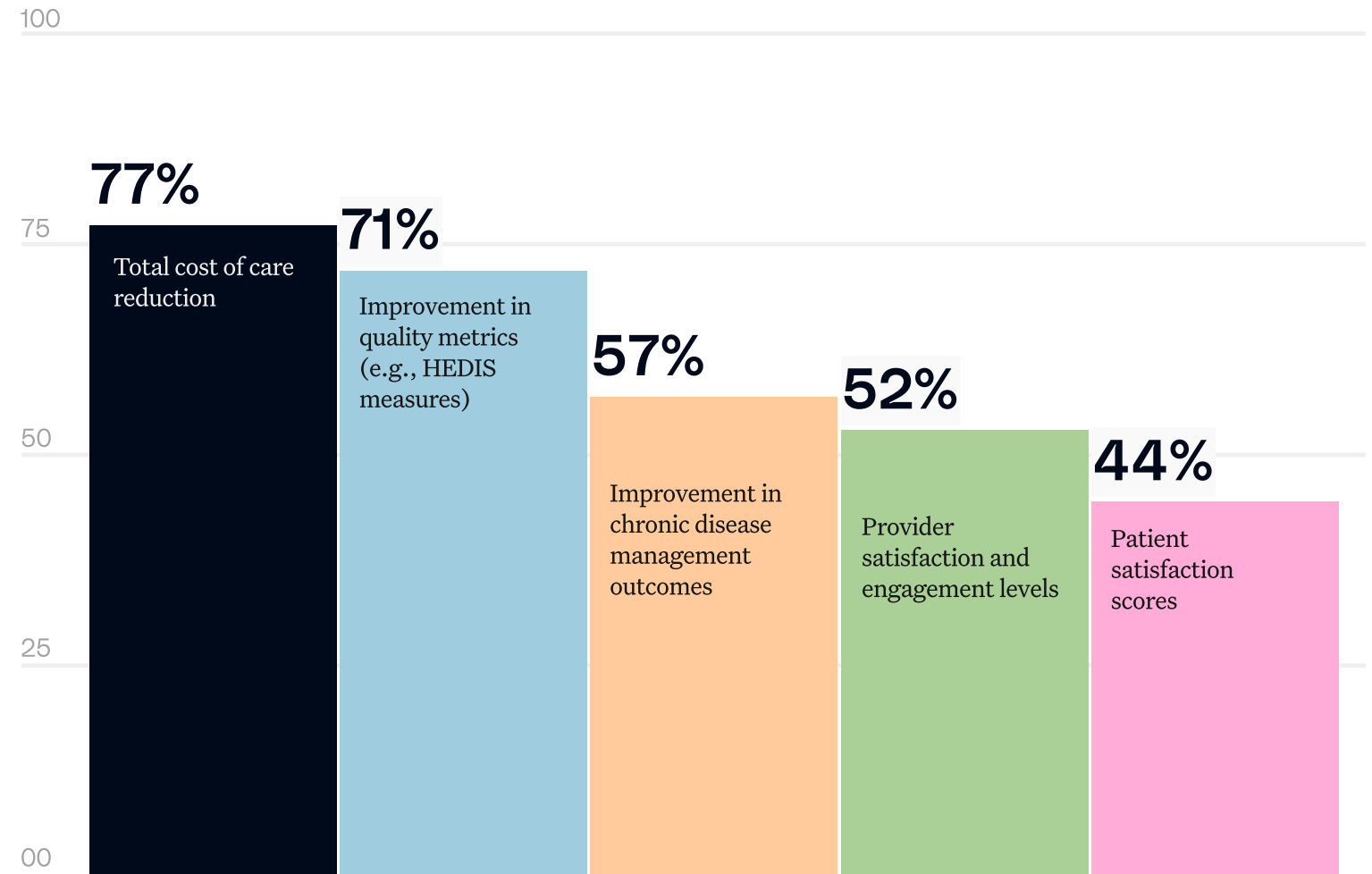




# Key Metrics for Evaluating and Measuring Success ✨

Organizations place the greatest emphasis on **reducing the total cost of care (77%)** and **improving quality metrics (71%)**, highlighting that financial efficiency and clinical quality are paramount in value-based care success.

Chronic disease management outcomes (57%), provider satisfaction/engagement (52%), and patient satisfaction scores (44%) are the other key metrics used to evaluate success.





# Leveraging Capabilities Across Fee-for-service and Value-based Care

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The healthcare industry is biased in viewing financial and operational “performance” as fundamental to success in value-based care while dismissing its importance in fee-for-service arrangements. For organizations that have not fully embraced value-based care, this provides an inherent excuse to avoid the hard work of digital, delivery, and operational transformation.

In fact, performance is critical in both models. As with value-based care, competing successfully in traditional FFS markets requires provider organizations to reduce costs, improve efficiencies, increase care coordination, and enhance physician and patient/customer satisfaction and engagement.

And patients are patients regardless of the payment model. Managing patients and physicians differently under fee-for-service models exacerbates dissatisfaction and impedes efforts to improve overall operational efficiency.

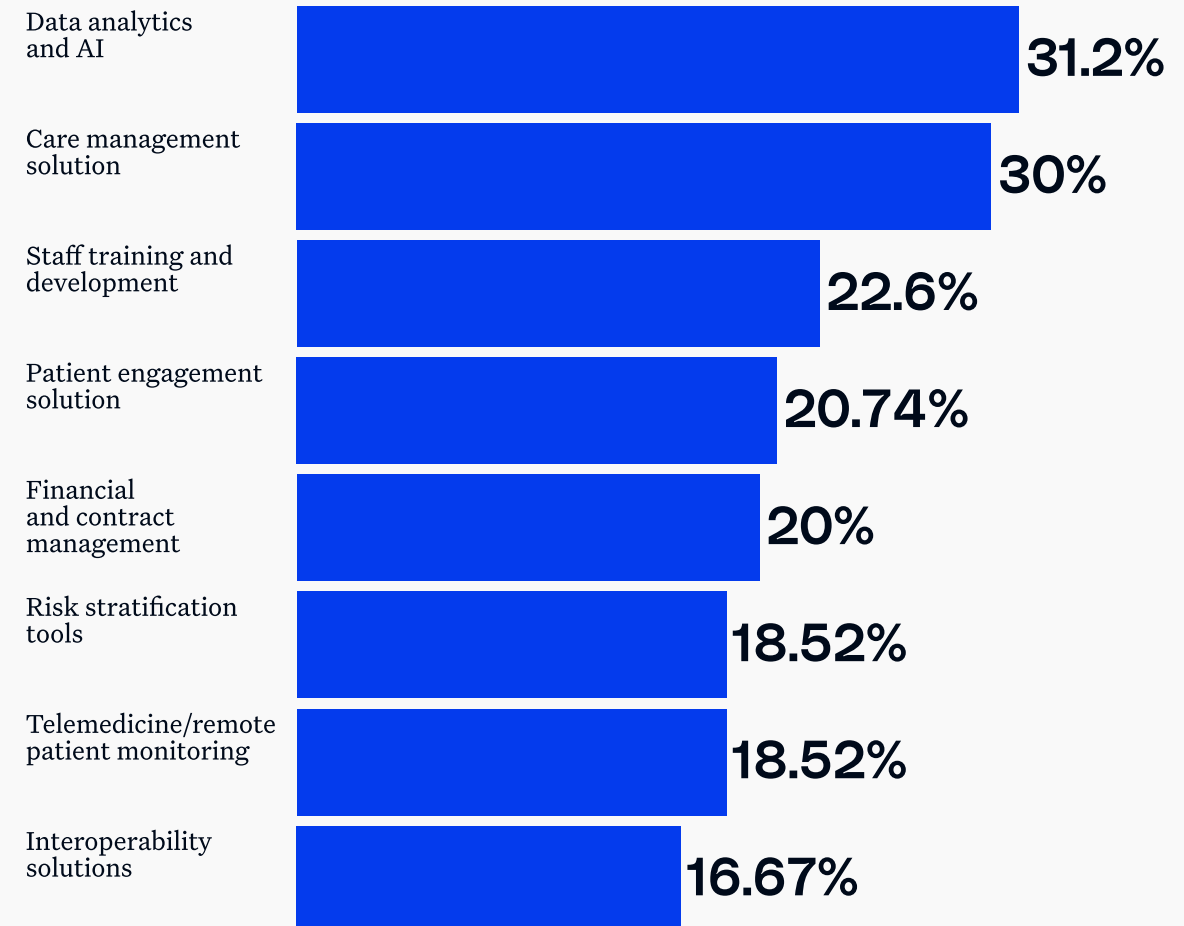


# Technology as an Enabler: Accelerating the Transition from Years to Months

Our respondents are making strategic investments in a technology infrastructure that supports their value-based care initiatives.

Previous investments have paid off and are appreciated. Surveyed respondents cite technological improvements in interoperability, advanced data analytics, and enhanced care management solutions as having positively impacted their organizations' capacity to adopt value-based care models.

## WHERE ORGANIZATIONS ARE INVESTING TO ACCELERATE VALUE-BASED CARE



# Role of AI in Scaling Value-based Care

Nearly 65% of our respondents express optimism about artificial intelligence's potential to enhance predictive and prescriptive analytics in value-based care arrangements.

Innovaccer's State of AI report shows

69%

expect AI to reduce physician burnout through clinical documentation

41%

with clinical decision support

48%

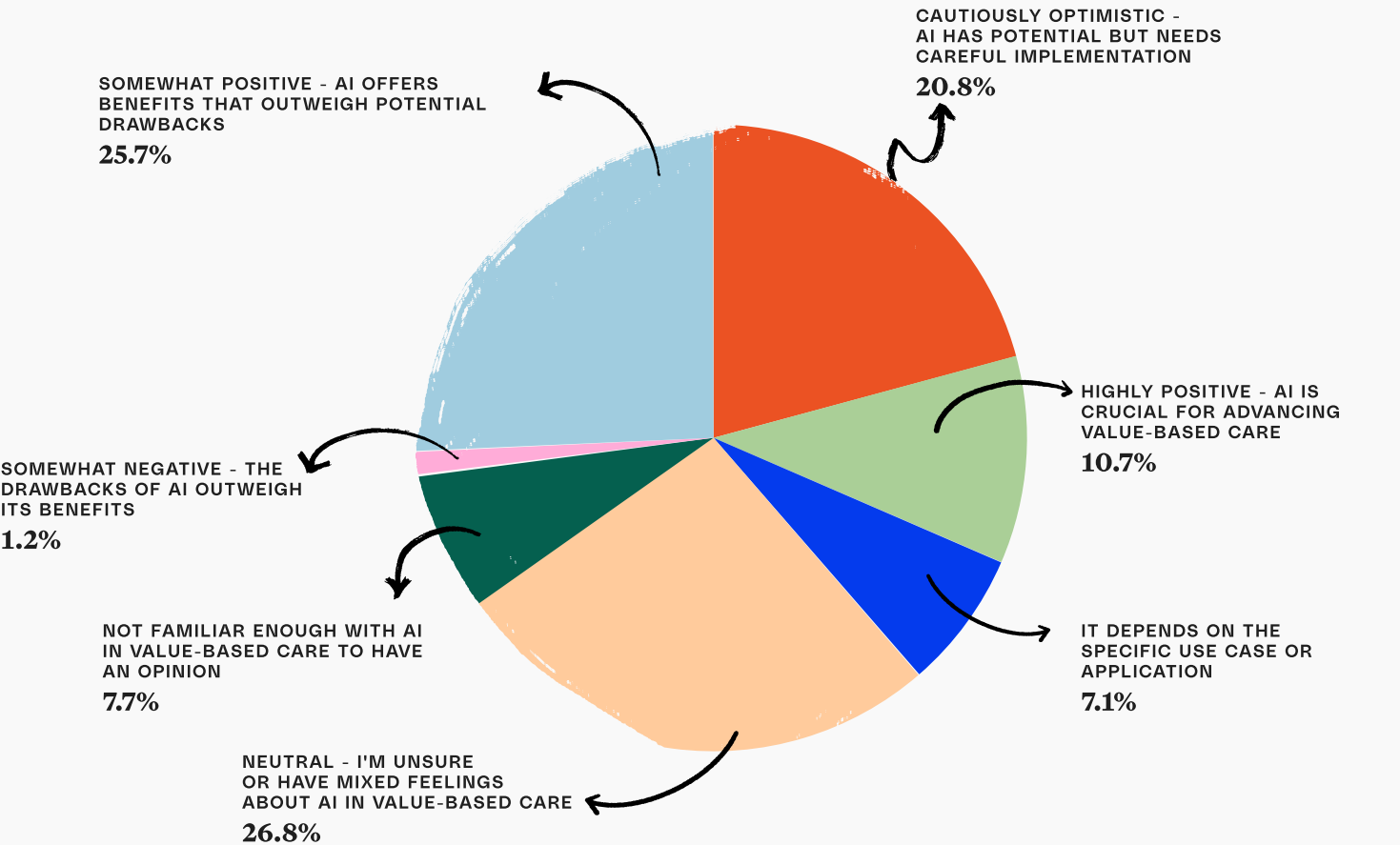
see it identifying quality/coding gaps

32%

for rapid patient context gathering

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## HOW WOULD YOU RATE THE IMPACT OF AI TECHNOLOGY IN VALUE-BASED CARE ADOPTION AND SUCCESS





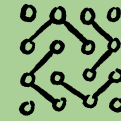
# Our research shows that organizations succeeding in Value-based Care are more likely to have invested in:



**Unified data platforms that integrate clinical, financial, and operational data**



**Advanced analytics capabilities that provide actionable insights at the point of care**



**Technology that enables proactive rather than reactive care management**

This isn't just about new tools - it's about creating an infrastructure that can support transformation. As provider organizations move closer to full risk, the ability to harness data effectively will be fundamental to success.




Adopting a value-based care (VBC) strategy is no small feat; it comes with unique challenges, roadblocks, and uncertainties that can make the transition from the fee-for-service model difficult and unnerving. In the provider world, this uncertainty is compounded by shrinking margins and growing demands on time and resources. When it comes to adopting a VBC strategy, provider organizations often get stuck in the "low-risk, low-reward" camp, as they tend to cautiously “wade into” the waters of value-based care. This hesitation can ultimately make it difficult to achieve a return on investment (ROI). Ironically, achieving ROI is often more realistic for organizations willing to dive in and move decisively into the "high-risk, high-reward" camp of value-based care.

Moreover, while more advanced organizations may have the technical expertise and resources needed to successfully implement a VBC strategy, many providers increasingly emphasize the importance of their technology partners offering more than just technology. Calls for a higher level of guidance through true partnership are increasing in frequency and intensity. To adequately meet provider needs, these partnerships must enable providers not only to understand the ROI of a value-based care model, but also to navigate the complex challenges of change management while bridging existing technological gaps. Technology alone does not ensure success. Meaningful partnerships have become more critical than ever in the pursuit of excellence in value-based care. The right combination of great technology, genuine partnerships, along with an organizations willingness and ability to adapt and adopt quickly make a successful VBC strategy possible.



**Benjamin Cassity**  
Director of Research and Strategy, VBC





# Leaning into a Future<sup>✦</sup> of Improved Outcomes and Shared Revenue

Predictions are always challenging, yet the outlook for value-based care remains promising.

Despite the challenges of value-based care adoption, investment in value contracting infrastructure is surging. Venture capital funding reached \$10.7 billion in the year ending March 2023, a 39% increase from the previous year. Despite a sluggish market, the deal count grew from 175 to 210 indicating robust interest in innovative care models and rising participation in CMMI programs.

According to McKinsey, that growth is responsible for \$500 billion in enterprise value today which is expected to reach \$1 trillion by 2027. Drivers of growth include the ongoing increase in Medicare lives, the rise of value-based care participation among specialized care providers, consolidation creating scale and performance efficiencies, and the ongoing integration of technology solutions, data platforms, and alternative care settings.

## Approaches for Transformation

### Put the patient at the center of care

A patient-centered approach forces the provider organization to focus on care coordination, health outcomes, and service regardless of the model. A care improvement mindset must be adopted for all patients.

### Support clinicians to avoid burnout and improve engagement

Provider organizations cannot thrive without engaged clinicians who find their work and their time with patients meaningful. Workflows and decisions must be optimized with digital tools (especially AI).

### Develop a sophisticated approach to managing financial risk

It's no longer enough for provider organizations to provide good care and meet quality and cost requirements. To embrace value-based care fully, they must develop the ability to predict and manage risk across their patient populations.

### Deploy a platform approach to digital solutions

Provider organizations need integrated platforms that unify disparate data sources, cascade actionable insights throughout the organization, and enable real-time decision support at the point of care.

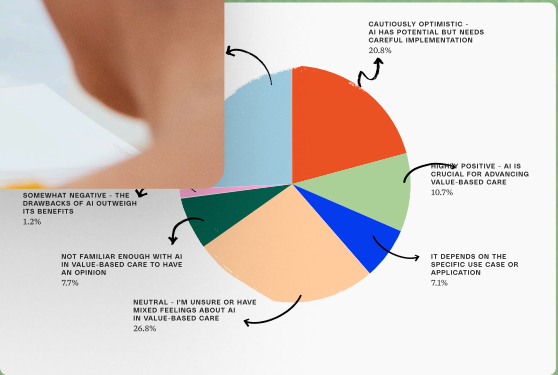
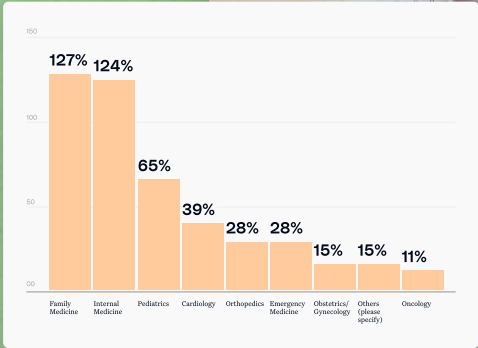


# Research Methodology

This comprehensive study was conducted to assess the current state of value-based contracting implementation across U.S. healthcare. The research surveyed 168 healthcare professionals, representing a diverse cross-section of provider organizations including health systems (69%), ACOs (17%), and other healthcare delivery organizations (14%).

The respondent pool was composed primarily of executive leaders (52%) and clinical leaders (19%), with the majority having over 15 years of healthcare experience. Participants represented key functional areas including clinical operations (36.9%), population health management (22.6%), and financial strategy (16.7%), providing a holistic view of at-risk contract implementation challenges and opportunities.

The survey explored multiple dimensions of at-risk and value model adoption, including current implementation levels, technology readiness, financial risk management, and future investment priorities. This approach enabled a thorough analysis of both the current state and the factors influencing its broader adoption across different organizational settings.



# Is your organization investing in the right capabilities to scale VBC outcomes?

The insights from this report are a starting point.  
The next move is yours!



Scan the QR code  
to talk to experts.