

Domain 4 Tool: Specialist Incentive Development Framework

Purpose: Provide a structured guide for Value-Based Care entities collaborating with specialists to co-design credible, transparent, and actionable incentive programs that align specialists with quality outcomes and patient experiences.

Step 1. Define Target Condition or Service Line

Identify areas with high potential for quality improvement and cost savings.

Examples: Cardiology, Orthopedics, Oncology, Behavioral Health, Chronic Disease, Neurology, Pulmonology

Prompts:

- What condition or specialty area are we targeting?
- What measurable outcomes or savings opportunities exist?
- What population size/volume supports implementation?

Step 2. Select Model Type

Whether considering pay-for-performance or other payment model types such as bundles, sub-capitation, or population-based specialty care models, designing and implementing the right incentive structure requires a nuanced understanding of clinical patterns/care accountabilities, stakeholder roles, and available data.

Key Considerations:

- Nature of specialty care types: longitudinal/chronic conditions, episodic care
- Roles of key players: payers, VBC/risk-bearing entities, clinical practices
- Incentive program participants: individual clinicians such as specialists or other physicians, clinical practices, other providers (clinical and/or social care)
- Exploring referral patterns across networks
- Availability and reliability of cost and quality data

Step 3. Establish Metrics and Data Sources

Translate measurable metrics into performance goals that inform distribution logic. The chart below includes examples from the Section 1 Toolkit – Specialty Performance Index measure concepts.

Metric	Target/ Benchmark	Data Source	Distribution Logic	Review Frequency
Referral acceptance rate	≥ 90%			
Evidence-based therapy adherence	≥ 80%			
30-day readmission rate	≤ 15% (or specialty specific target)			
Likelihood to Recommend (specialist-level Net Promoter Score)	≥ 50% of patients rate provider 9 or 10 ("likely to recommend")			
[Custom Metric Name Here]	[Insert target/benchmark]	[Insert Data Source]	[Define Distribution Logic]	[Set Review Frequency]

Tip: Limit to three-to-five metrics that are actionable and within provider control.

Step 4. Design Incentive Structure

Designing incentive structures requires:

- Transparency around source of funds – how funding flow works and savings are achieved
- Clear methodology for distribution logic or allocating resource benefits to ensure credibility and build trust
- Define how specialists will be rewarded for performance. Consider building incentive programs to include both financial and non-financial incentives

Financial Incentives:

- Tie bonuses to quality, utilization, and performance measures
- Base shared savings distributions on cost, quality improvements, and patient experience. Metrics could include administrative measures such as meeting attendance, contributions to pathway development, or practice transformation
- Use PMPM (per member per month) stipends for pathway leadership and adherence or team-based initiatives
- Consider risk pool participation – could account for both upside and downside risk sharing

Non-Financial Incentives:

- Recognize in performance dashboards or internal communications
- Create leadership opportunities (e.g., Clinical or Quality Champion)
- Reinvest into programs, funding care management, staff training, achieving economies of scale, easing reporting and administrative burden, or technology upgrades
- Integrate community or social care services

Example: Sample condition reached 85% adherence rate and specialists are awarded 10% P4P bonus for achieving $\geq 80\%$ adherence on evidence-based therapy adherence measure.

Step 5. Define Accountability and Governance

Establish roles, responsibilities, and oversight for transparency and trust. Identify clear incentive program participants.

Role	Responsibilities
Specialists, Clinical Champions	Lead pathway design and adherence, instill best practices, and promote peer adherence.
Executive Sponsor	Align with organizational goals, secure leadership buy-in, and sustain investments. Administrative and clinical leadership included.
Data Lead	Maintain dashboards, validate data accuracy, and manage feedback loops.
Payer Partner	Align incentives with contractual and shared savings arrangements.
Care Management	Care management executes care transitions plans and ensures proper staff training, quality of care, and enhanced patient experiences.

Structure Recommendations:

- Monthly or quarterly review meetings.
- Transparent performance dashboards.
- Documented process for addressing underperformance.

Step 6. Pilot and Iterate

Build trust through small-scale pilots before scaling organization wide.

Pilot Element	Details
Start Date	
Condition Focus	
Incentive Program Participants (e.g., specialists)	
Evaluation Period	
Key Metrics	
Lessons Learned	

Step 7. Manage Costs and Resource Utilization

Incorporate cost-stewardship principles into incentive design that apply across specialties, rather than limiting analysis to a single area.

Approaches:

- Identify areas where resource use can be optimized (e.g., diagnostics, imaging, therapies).
- Promote adherence to evidence-based guidelines to reduce unnecessary variation.
- Support shared decision-making between specialists and patients to ensure care aligns with patient goals.
- Ensure incentive models balance access, quality, and efficiency.

Step 8. Sustainability and Scalability

Maintain simplicity and enable long-term adoption.

Key considerations:

- Assess metrics annually based on new data or evidence. Evaluate metrics alongside specialists and clinical leadership.
- Monitor savings opportunities, areas for improvement, ROI goals for organizational sustainability, and incentive structures for distributing funds.
- Expand successful pilots to additional specialties or populations. Share benefits of achieving economies of scale.
- Integrate continuous improvement feedback loops that feed into existing workflows and inform action plans.
- Maintain payer alignment across incentive contracts where possible.