

Capitation

PHM 2016 WORKSHOP:” SHOW ME THE MONEY...” CHEAT SHEET

GENERAL GOALS:

Improve health of specific population or group and contain global costs.

METHOD:

Allocation of revenue to institution based on predetermined cost of care and evidence based practices. Institution given a "lump sum" in the beginning of fiscal year.

EXAMPLE:

Hospital given X amount of money in January to cover costs of all patients admitted that year (Only accounts for inpatient admissions. Outpatients/Observations paid based on individual insurance model type for that patient.)

HOW REVENUE MAXIMIZED:

Minimize overall or highly acute admissions by keeping patients healthy.

“Keep them out of the hospital and healthy, but if admitted spend less”