



Group Medicare Insights: Industry news and trends

Value-based care vs. fee-for-service: An illustrated guide

Group Medicare Advantage is increasingly shifting toward a value-based care (VBC) model, which aims to enhance patient outcomes and reduce costs by changing the care delivery model. Discover how this differs from the traditional fee-for-service (FFS) models.

Value-based care

Providers are rewarded for helping patients improve their health while reducing the incidence of chronic disease. The result: improvements in the quality of care and patient health outcomes, along with better cost control.

Fee-for-service

Providers are reimbursed according to the amount of services they deliver or procedures they perform. The result: less time for comprehensive patient interactions.

Patient Experience

Value-based care



Within days of being released from the hospital for treatment of a heart condition, Sandy

meets with her primary care physician (PCP) to discuss her diagnosis and care plan. Sandy's nurse then gets all her follow-up appointments scheduled, including one with a pharmacist to review her newly prescribed medications. With a robust plan and multidisciplinary team in place, Sandy avoids hospital readmission.

Fee-for-service



After being hospitalized for a heart condition, Louis is discharged without a thorough care transition plan or a coordinated care team. Without

support, Louis forgets to schedule a prompt follow-up appointment with a PCP, fails to have a pharmacist review his medications, and within weeks, is readmitted to the hospital for worsening symptoms.



\$1 trillion:

Estimated enterprise valuation of value-based care market, up from \$500 billion today¹

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Care Coordination

Value-based care



Sandy begins to see a cardiologist, in addition to her PCP, both of whom prescribe her medications. Thankfully Sandy doesn't have to worry about drug interactions, since her PCP and cardiologist regularly coordinate and communicate as part of an integrated care model. Greater collaboration across specialists ensures that Sandy's treatment plan delivers the best—and safest—outcomes.

Fee-for-service



Louis begins to see a cardiologist for his heart condition. Unfortunately, his plan doesn't include active care management, care coordination or facilitate communication among providers. This lack of coordination could have negative consequences, such as potentially harmful drug interactions.



70%

Percentage of individual Medicare Advantage members aligned to value-based providers in 2023²

Preventive Care

Value-based care



Sandy's doctor is encouraged to spend more time discussing risk factors that could lead to correlated conditions like high blood pressure. By receiving personalized advice on lifestyle changes such as weight loss, regular exercise and a healthy diet, Sandy feels empowered to take control over her own health and stave off further health complications.

Fee-for-service



Louis' doctor receives compensation based on the number of patients he sees and procedures he performs. As a result of this incentive structure, he has less time to spend teaching Louis the importance of preventive care or communicating with Louis' other care providers to treat him holistically.

1. Zahy Abou-Atme et al., "[Investing in the New Era of Value-Based Care](#)," McKinsey & Company, Dec. 16, 2022, accessed Sept. 25, 2025.
2. [Value-Based Care Benefits Patients and Physicians, New Report Shows](#), Nov. 15, 2023, accessed Sept. 25, 2025.

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