

**Value Based Care is a strategic lever,  
not a side-hustle.**

**"Is Value-Based Care dead?"  
is the wrong question.**

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**Value's Edge**  
Strategic Advisory & Consulting  
and interim leadership



Dictionary

Thesaurus

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# side hustle noun

variants *or less commonly* **side-hustle** ('sīd-, hə-səl )

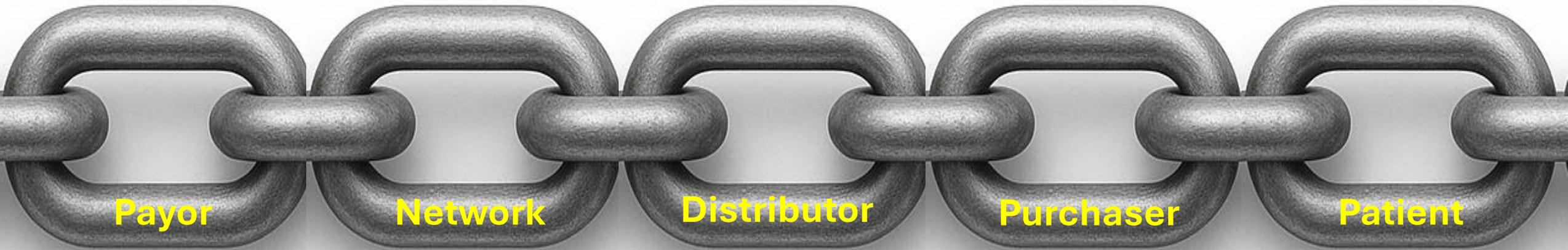
plural **side hustles** *also* **side-hustles**

: work performed for income supplementary to one's primary job



# The Value Chain

# Health Care Value Chain



“To optimize the whole, we must sub-optimize the parts”

~W. Edwards Deming

# Health Care Value Chain – another view



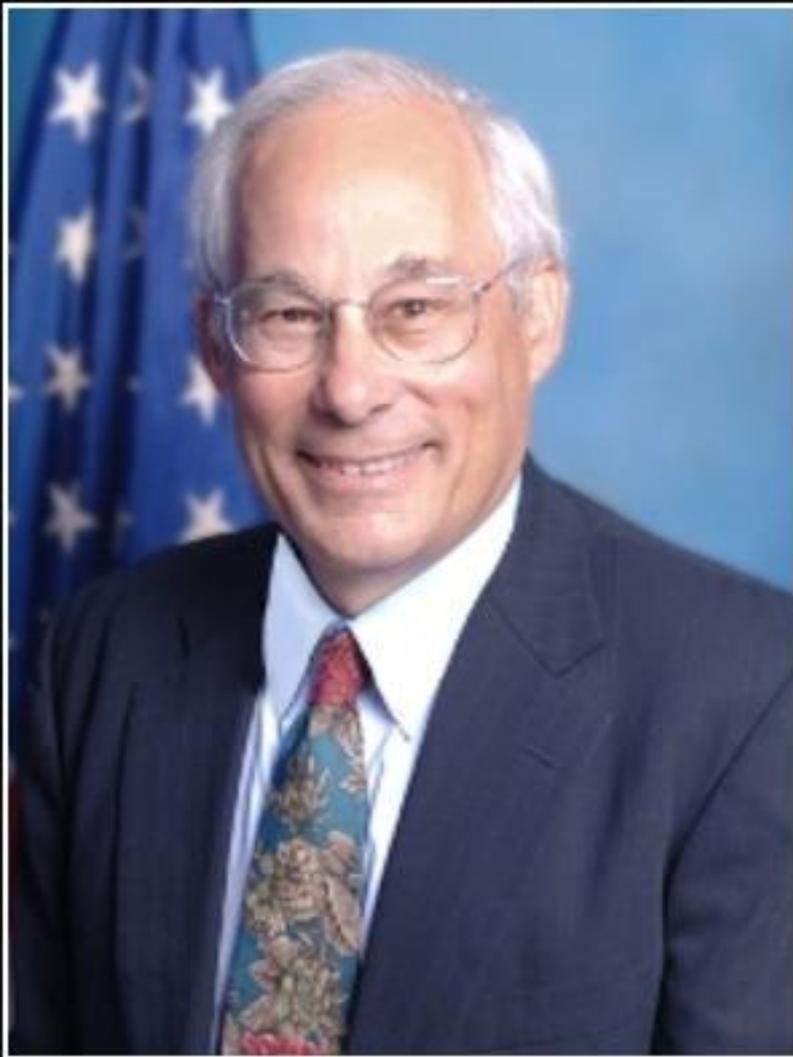
## The prisoner's dilemma

|            |            | Prisoner B                                     |  |
|------------|------------|--|--|
|            |            | Confess  | Keep quiet                                     |
| Prisoner A | Confess    | Both go to jail for ten years                  | Prisoner B gets life imprisonment, A goes free |
|            | Keep quiet | Prisoner A gets life imprisonment, B goes free | Both go to jail for one year                   |

### The prisoner's dilemma

Why rational, self-interested individuals might not cooperate, even when it is in their best collective interest to do so.

**The paradox:** pursuing individual optimization can lead to a collectively worse outcome.



Every system is perfectly designed  
to get the results it gets.

— *Donald Berwick* —

AZ QUOTES

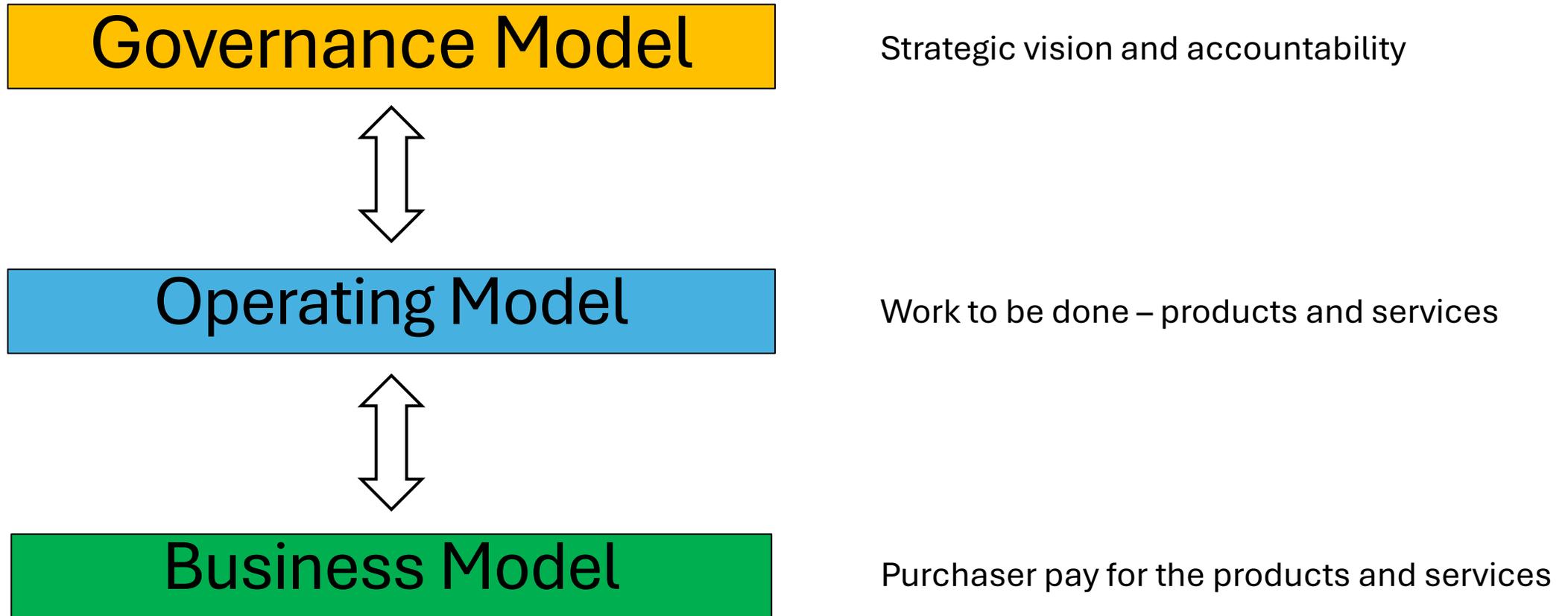


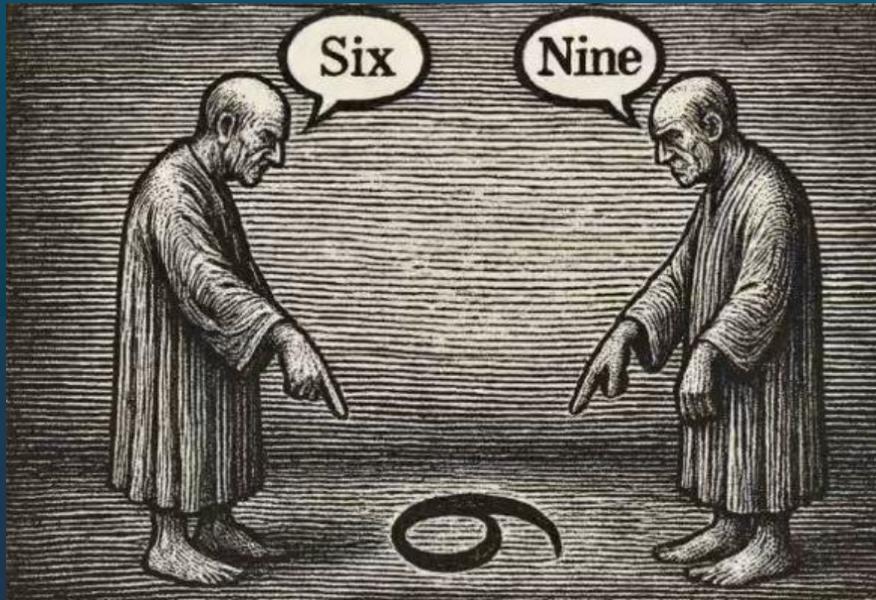
# System Redesign: From FFS to VBC



# Is VBC Dead?

*VBC vs FFS is the wrong Frame*





Just because you are  
right doesn't mean the  
other person is wrong.  
You just haven't seen  
life from their angle.

# Current State of Healthcare Transformation



**Risk!**

**VBC vs FFS**

**Effective Yield**

**Greedy**  
<insert name here>



“... things take longer to happen than you think they will, and then they happen faster than you thought they could.”

-- Rudiger Dornbusch --

# Why We Don't Change: 10 Behavioral Economics

## 1. Status Quo Bias

A strong preference for current circumstances. Change requires effort, and the perceived costs often outweigh the benefits.

## 2. Loss Aversion

The pain of losing something is more powerful than the pleasure of gaining something of equal value.

## 3. Endowment Effect

We tend to overvalue things we own simply because we own them, making it hard to let go and change.

## 5. Hyperbolic Discounting

The tendency to choose a smaller, immediate reward over a larger, later reward.

## 4. Confirmation Bias

We selectively seek out, remember, and interpret information that confirms our existing beliefs.

## 6. Framing Effect

Choices are influenced by how the options are presented. A "loss" frame is often more powerful than a "gain" frame.

## 7. Herding Behavior

The tendency for individuals to follow the actions of a larger group, making it hard to be an outlier.

## 8. Sunk Cost Fallacy

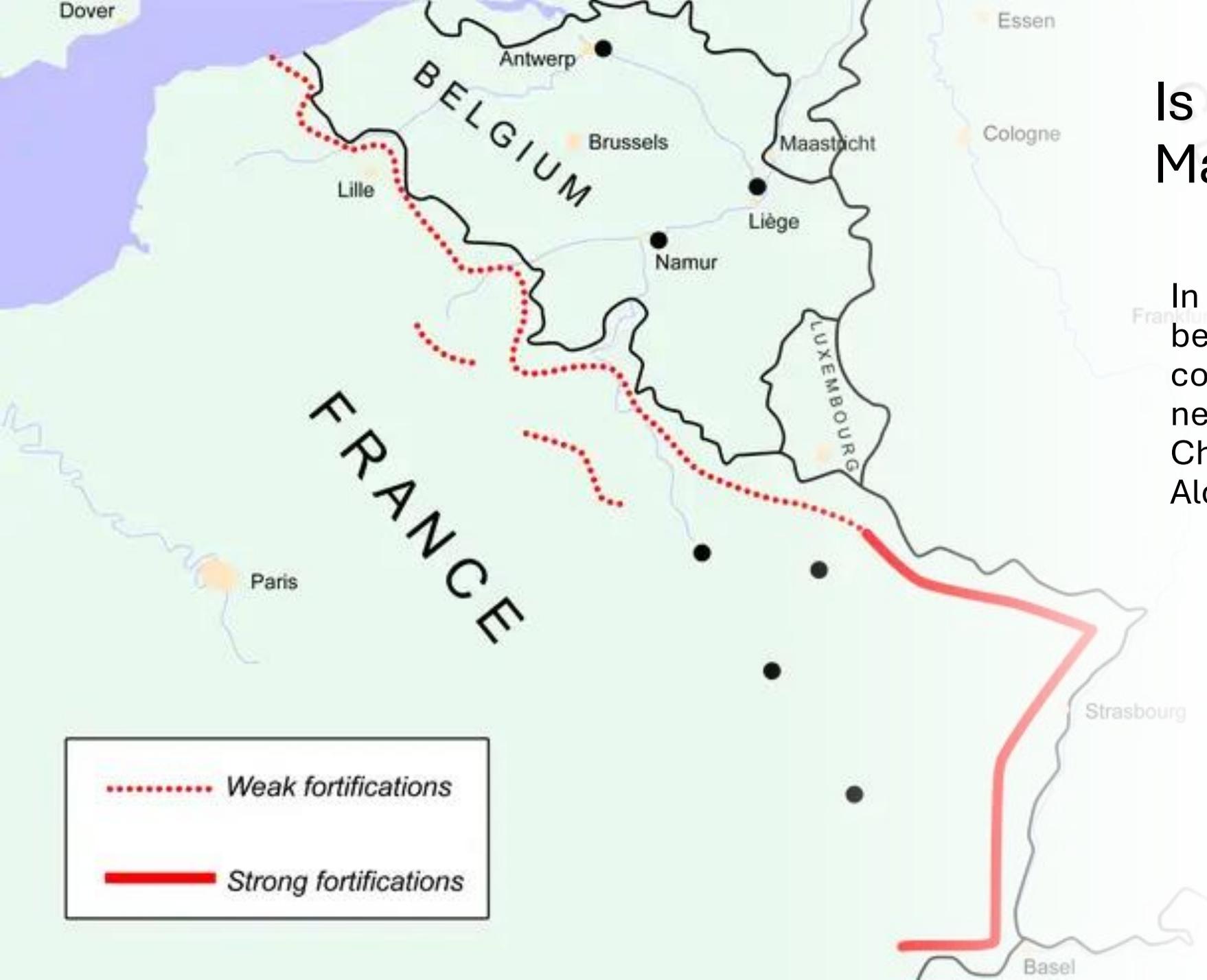
Continuing with a decision because of a past investment of money, time, or effort, even if it's no longer logical.

## 9. Information Overload

Being overwhelmed with too much data or too many options, which leads to analysis paralysis and inaction.

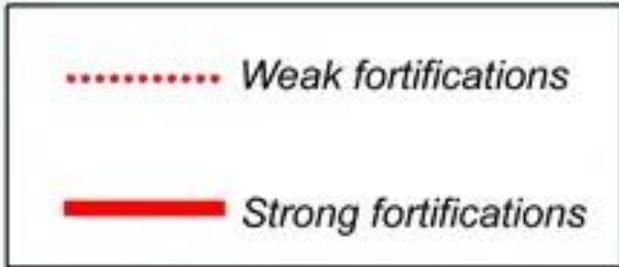
## 10. Anchoring

Over-reliance on the first piece of information received, which serves as a benchmark for subsequent judgments.



## Is Healthcare building a Maginot Line?

In France, the Maginot Line (built between 1928 and 1940) constituted a vast defensive network that ran from the English Channel to the Mediterranean. Along the border with Germany.





Financial Risk

Does everyone  
understand  
financial risk?



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How is financial risk measured?

Who sets terms for risk and what's the permanence?

How are Risk and Reward traded-off?

Can risk be mitigated?

Is all risk equal (selection)?

# Providers Have Risk

- ① Operating Cost Inflation
- ② Labor shortages
- ③ Medical admissions
- ④ Aging Population
- ⑤ Regulatory Risk
- ⑥ DRG/Case rate (LOS)
- ⑦ Bad Debt
- ⑧ Visit Volumes
- ⑨ Reimbursement Rates
- ⑩ Cost Shifting

➤ And more is coming: Site neutrality, prior auths, 340B, DSH, Traditional Medicare, Medicaid formulas, ...



# Provider Networks

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# Are all networks equal?

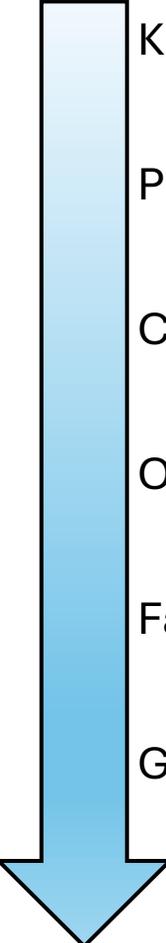


we create networks



We coordinate care

# Network Taxonomy



Kingdom  
Phylum  
Class  
Order  
Family  
Genus  
Species



## **Provider Network Checklist**

- Comprehensive & adequate: services
- Demand/Supply balanced: access
- High Quality: chronic dz management
- Limited low value care: right utilization
- Integrated/Coordinated: information flow

SIDE  
HUSTLE

A photograph of wooden blocks arranged to spell out the words 'SIDE' and 'HUSTLE'. The word 'SIDE' is spelled across four blocks in the top row, and 'HUSTLE' is spelled across six blocks in the bottom row. The blocks are light-colored wood with black letters. They are placed on a rustic wooden surface. The background is a blurred cityscape with buildings and a bright light source, possibly the sun or moon, creating a bokeh effect.

# You might be a VBC organization if...

1. Do you budget P&L for VBC contracts (including infrastructure expense)?
2. Can you see VBC margins in your income statement?
3. Do you have a strategic purpose for participating in AAPMs like MSSP/REACH?
4. Do you invest in VBC infrastructure?
5. Is your VBC/Population Health team integrated with your operations or in a silo?
6. In your operating reviews do you discuss just wRVUs and Volumes, or do you talk about unnecessary utilization and chronic disease management?

... if not, it might be a side-hustle

# Status of VBC



# Setup for Success?



# What Inning are we in?

- Immature models
- Infrastructure investment
- Vertical integration
- Skill development



Where does this leave us?



# My Final Thoughts and Predictions

- ① The current state of FFS Health Care is not sustainable
- ② There will be vertical integration between insurer and providers, taking many different forms that involve risk balancing and shifting
- ③ Value based care models are immature structures that will evolve to better align reimbursement, behaviors and results
- ④ Traditional Medicare will go away, with all beneficiaries being in an ACO or Medicare Advantage
- ⑤ Distribution models will change redefining or eliminating the role of brokers and benefit consultants
- ⑥ Aperture of VBC operating models will broaden beyond Primary Care (with agentic AI) to focus more on networks and specialists
- ⑦ Self-insured employers directly contracting for health services will expand



2025



- **BBB**
- **ACA Subsidies**
- **2026 OPPS**
- **Aging populations**

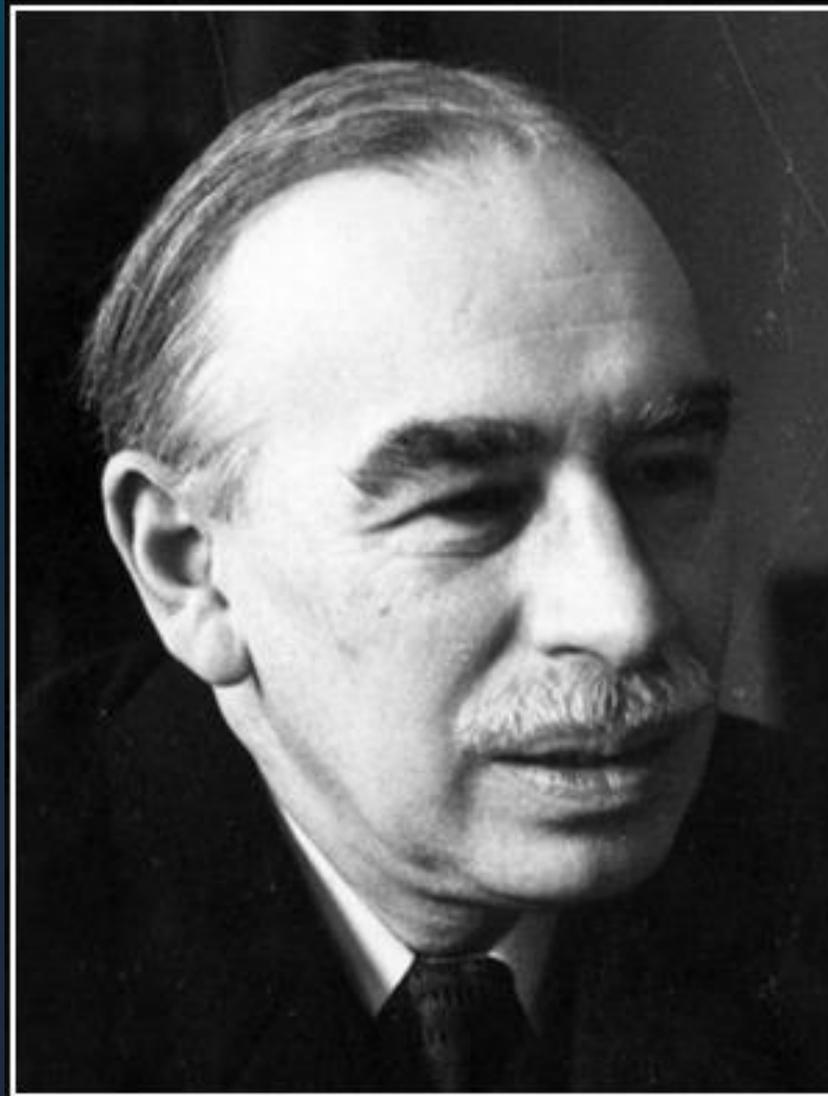




If the path before you is clear,  
you're probably on someone else's.

— *Joseph Campbell* —

AZ QUOTES



When the facts change, I change my  
mind.

— *John Maynard Keynes* —

AZ QUOTES