








How value-based care continues to reshape health care

Value-based care evolved from a payment model shift – volume to value – into an approach built to deliver more accessible, quality and cost-effective care.

Rising health care costs¹ and mounting frustration with navigating an opaque system² have created an urgent need: making quality care both more accessible and affordable. At the center of this transformation is value-based care, a concept that has evolved far beyond its original definition to become a comprehensive overhaul of how health care is delivered, purchased and experienced.

	Traditional fee-for-service model	Value-based care model
 Care delivery	Pay for quantity	Pay for value and increased risk-sharing between payer and provider
 Care coordination	Lack of incentives and technology to coordinate patient care	Providers empowered by technology, data and visibility into their patients' benefits and coverage
 Data and analytics	Not routinely shared	Analytics provide a more complete picture of member health and intervention opportunities
 Costs	Higher; no corresponding health improvement	Shared focus with providers to help manage cost and quality
 Member experience	Complicated and confusing	Providers support members in navigating the system

From payment reform to system-wide transformation

To move forward, it's helpful to look back to see where the health system has been. In the 20th century, especially in the years after World War II,³ fee-for-service care took hold. The idea of value-based care models wasn't formalized until the early 2000s⁴ and fundamentally shifted how health care providers are compensated.

Under the traditional fee-for-service model, providers were reimbursed based on the quantity of services delivered – which means that more tests, more procedures and more visits translated to more revenue, regardless of patient outcomes. Value-based care flipped this equation, tying provider payment to the quality and effectiveness of care delivered rather than sheer volume.

Dr. Gerald Hautman, chief medical officer for UnitedHealthcare Employer & Individual's National Accounts business, describes value-based care this way: "It's the idea that we're helping members find and access care from providers who have demonstrated value when it comes to quality and cost, and then incentivizing providers based on performance metrics."

But payment reform was just the beginning. As affordability challenges have intensified and employers and consumers demand greater transparency, value-based care has expanded into something much broader: a movement to redesign health care delivery around finding and accessing quality, cost-effective care.

How the affordability crisis is driving change

Health care costs continue to outpace inflation, placing unsustainable pressure on both employers and employees.¹ For many Americans, even with insurance, health care expenses represent a significant financial burden.¹ Deductibles have climbed, out-of-pocket costs have surged, and the complexity of the system makes it challenging for consumers to price-shop or understand what they're paying for.

These affordability challenges aren't just affecting employees' wallets – they're also impacting health outcomes. When care is too expensive or too confusing to navigate, people delay treatment, skip preventive care or forgo necessary medications. In fact, one survey showed that more than 25% of adults reported delaying or not getting some form of health care due to cost.⁵ The result can be a vicious cycle of worsening health and escalating costs.

Value-based care offers a solution by fundamentally reorienting the system toward delivering better outcomes at lower costs, while simultaneously making it easier for consumers to identify and access the right care.

Beyond provider payment: A broader health care redesign

The value-based care movement involves strategies beyond provider and hospital payment:

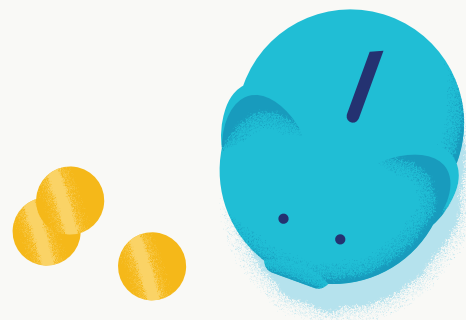
Focused network strategies are becoming increasingly attractive as employers seek to encourage employees to choose quality providers. Rather than offering unlimited choice that overwhelms members without information about provider quality, focused **networks** are designed to curate providers based on demonstrated outcomes and cost-effectiveness, making a more informed choice easier.

A better provider search experience through Smart Choice is designed to offer UnitedHealthcare members greater transparency, personalization and choice. Smart Choice empowers members with information and insights to help them more easily find and connect with quality care, personalized to their benefits and preferences.

Centers of Excellence (COEs) represent another evolution, designating specialized facilities with proven expertise in managing specific conditions – from joint replacements to cancer treatment. By directing employees to these quality centers, employers can help to ensure better outcomes while often reducing costs through bundled payment arrangements.

Accountable Care Organizations (ACOs) are value-based care models where doctors, hospitals and other providers coordinate care for defined patient groups and share financial responsibility for both quality outcomes and costs, incentivizing better health results while reducing unnecessary spending. At UnitedHealthcare, 113 ACOs with 68% of spend tied to risk are driving value-based care goals across the system.⁶

Next-generation health plans like Surest® are revolutionizing transparency by providing clear, upfront information about cost and quality. Surest plans are designed to help eliminate the guesswork, showing employees exactly what they'll pay, with lower copays assigned to higher-value providers – empowering informed decision-making that was previously nearly impossible.



Enabling a strategic advantage for employers

For employers, the expansion of value-based care presents both challenges and opportunities. Implementing these strategies requires active engagement – selecting focused networks, establishing COE collaborations and educating employees about new plan designs. It demands moving beyond a passive “benefits management” approach to active health care stewardship.

But the potential returns are significant. Employers who successfully embrace value-based care strategies may:⁷

- Control cost growth by directing employees to quality care
- Improve employee health and productivity through better outcomes
- Enhance the employee experience by reducing confusion and financial stress
- Differentiate their benefits package as a talent attraction and retention tool

Looking ahead

Value-based care’s continued momentum isn’t just about changing how providers are paid – it’s also about fundamentally transforming how health care works for the people it serves. As employers face relentless pressure to control costs while supporting employee well-being, strategies that make quality, cost-effective care more accessible aren’t just nice to have. They’re becoming essential. And they’re gaining traction.

The organizations that thrive will be those that recognize value-based care not as a narrow payment model, but as a comprehensive framework for making health care work better – for their employees, their bottom line and the health of their workforce.

Nearly
40%

of UnitedHealthcare commercial business spend is projected to be tied to value-based contracts in 2026⁸

“Ensuring alignment of incentives among payers, providers and patients is key to making value-based care work. That’s why we’re leveraging product solutions, coordinating value-based incentive arrangements with network providers and providing tools that help members connect with providers delivering distinctive value.”

Dr. Gerald Hautman

Chief Medical Officer for National Accounts
UnitedHealthcare Employer & Individual

Learn how UnitedHealthcare is working to transform the future of health care >

United
Healthcare[®]

¹ Health Care Costs and Affordability. KFF, Oct. 8, 2025. Available: <https://www.kff.org/health-costs/health-policy-101-health-care-costs-and-affordability/?entry=table-of-contents-introduction>. Accessed: Dec. 22, 2025.

² Patient Frustration Surges: Americans Struggle With Broken Healthcare System. MDVIP, Feb. 27, 2024. Available: <https://www.prnewswire.com/news-releases/patient-frustration-surges-americans-struggle-with-broken-healthcare-system-302072150.html>. Accessed: Dec. 22, 2025.

³ The history of reimbursement: The roots of medical insurance. Applied Policy, Apr. 1, 2025. Available: <https://www.appliedpolicy.com/the-history-of-reimbursement-the-roots-of-medical-insurance/>. Accessed: Dec. 22, 2025.

⁴ Value-Based Competition in Health Care. Harvard Business School Press, 2006. https://www.hbs.edu/ris/Publication%20Files/20061013%20LDI%2010122006%20-%20Final_78032d07-6359-4145-9ec8-17ef1dad2c82.pdf. Accessed: Jan. 8, 2026.

⁵ How does cost affect access to healthcare? KFF, Apr. 7, 2025. Available: <https://www.healthsystemtracker.org/chart-collection/cost-affect-access-care/>. Accessed: Dec. 22, 2025.

⁶ UnitedHealthcare commercial book of business ACOs, Nov. 2025.

⁷ Value-led Approaches to Reduce Healthcare Costs in the U.S. Aon, Aug. 3, 2023. Available: <https://www.aon.com/en/insights/articles/value-led-approaches-to-reduce-healthcare-costs-in-the-us>. Accessed: Dec. 22, 2025.

⁸ UnitedHealthcare commercial book of business, forecast for 2026.

Smart Choice is proprietary to UnitedHealthcare designed to provide members with greater personalization and choice with respect to the provider search experience that considers member preferences quality care, costs, accessibility and convenience. Smart Choice is intended as a guide when selecting care. Smart Choice may rely on personal data. We do not endorse any particular provider or guarantee quality. Scores are generated using artificial intelligence (AI). The AI may not always be error-free and could include incomplete or inaccurate information. Judgement should be used when selecting care.

The Centers of Excellence (COE) program providers and medical centers are independent contractors who render care and treatment to health plan members. The COE program does not provide direct health care services or practice medicine, and the COE providers and medical centers are solely responsible for medical judgments and related treatments. The COE program is not liable for any act or omission, including negligence, committed by any independent contracted health care professional or medical center.

Employee benefits including group health plan benefits may be taxable benefits unless they fit into specific exception categories. Please consult with your tax specialist to determine taxability of these offerings.

Insurance coverage provided by or through UnitedHealthcare Insurance Company or its affiliates. Administrative services provided by United HealthCare Services, Inc. or their affiliates.