My thinking on what a “payvider” is, is it’s really another phrase for providers working in collaboration with payers to change the way the healthcare delivery system is organized and to share responsibility for improving patient experience, improving clinical quality, driving down cost through reorganization of the healthcare system.

I think the models that I see working really well are not limited to just a standard subcapitation or capitation type of arrangement where one party is taking full responsibility in a ceded contract from a pair. Rather where there’s a real collaboration within the healthcare system so that each party focuses on the skills that they can bring they’re are really unique, that they’re best suited to add value into the system. I think that we’re doing that very, very well when we focus on a very small population with peculiar needs, particular needs that have tremendous outliers in cost when you look at the scope of the entire healthcare marketplace.

Clearly the success factors are in significantly improving the experience of care for patients. We need to make the healthcare service market much more of a service market. That really stems from the very top in employers and other payers who are responsible for financing the provision of healthcare, through providers and down into technology firms that are developing new med tech, new pharma. It runs the gamut of the system. We recognize very clearly for our population that patients take great quality as sort of table stakes in the system. What they’re looking for is a much better consumer experience rather than just being treated as an object in the delivery system. I think the standard is to start with a great patient experience, and then they encompass consistent year over year improvement in clinical quality. For our population that’s most evident in reductions in mortality, reductions in hospitalization rates, and then finally with both of those attributes we can drive total cost down in the system as well.

Right now I see the early emergence really in government programs. In our renal business, we’ve got a shared savings program with Medicare focused on managing the total cost of end stage renal disease patients. Interestingly enough, we see the government being the catalyst and the stimulant for a lot of new models of care at present. We believe very strongly that the commercial insurers will follow suite, and we see a lot of interest in that as well. We just
haven't seen as many well developed innovative programs coming out of the commercial market yet.

I think it's finding the right models and I think it's working out the details of new contracting and new payment methodologies. That's certainly is still an issue in the government programs, when we know both information through BPCI and into our renal ASCOs. The government has had a very difficult time establishing very clear benchmarks and creating an environment where we can be confident that we know the economics of a program and that, in turns, makes it hard to invest in a part to build up systems.

but we see a lot of effort going into clarifying and creating standards, standards for contracting so we reduce transaction cost. I think in a next few years, we're going to see a real flourishing of new models of caring, new models of reimbursement.

I just feel really, really excited about where the healthcare sectors as a whole has gone, and very optimistic that with the kind of flexibility and creativity that has been unleashed in the market in the last five years or so. We've got tremendous opportunity for achieving the goals that we talk about earlier.