

Financial Alignment – Linking Waste and Payment Supplementary Materials

1. James Brent C and Poulsen Gregory P. The case for capitation: It's the only way to cut waste while improving quality. *Harv Bus Rev* 2016; 94(7-8):102-11, 134 (Jul-Aug).

Link: <https://hbr.org/2016/07/the-case-for-capitation>

This paper formally lays out the relationship between health care delivery waste levels and payment methods, showing whether the care provider (who always must make the change investment) receives the waste savings to offset that investment, or whether the savings all flow back to governmental or private health care payers. It also cites a system that achieved a 13 percent drop in cost of operations, by improving clinical outcomes and thus managing out quality-associated waste.