PEP Health

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# The Patient Experience Gap in Value-Based Care: What It's Costing Payers and Providers

Why Experience Still Lags Outcomes and Cost, and What Leading Organizations Are Doing Differently

INTRODUCTION

Value-based care promised a more sustainable, equitable, and patient-centered health system. At its core, it aims to improve outcomes, lower costs, and enhance the patient experience.

A decade later, we're still waiting while costs keep climbing.

What happened? While payers and providers have made measurable progress on outcomes and cost, the patient experience side of the equation remains underdeveloped, underfunded, and often misunderstood.
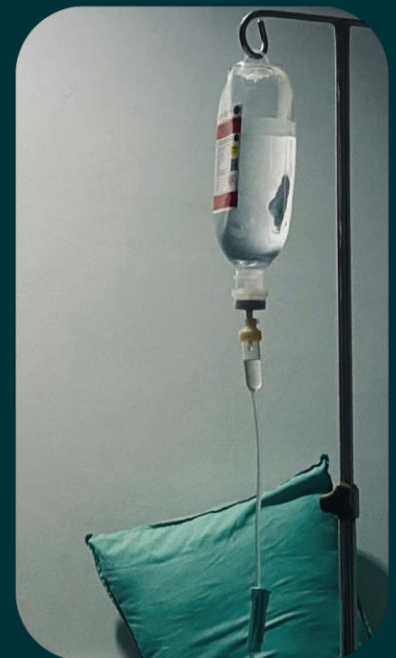
Healthcare has a predictable pattern. A promising new approach emerges, gains traction, then gets absorbed by the system and neutralized. And patient experience measurement has fallen into the same trap that kills every healthcare innovation.

Instead of replacing broken processes, innovations get layered on top of existing bureaucracy, creating even more administrative complexity. HCAHPS surveys are a perfect example. Originally designed to provide transparency and accountability, they've become another compliance exercise—a multi-million dollar industry of survey vendors and administrative overhead that delivers insights months too late to even matter.

That's the gap PEP Health was built to close.

THE COST OF NOT LISTENING

- Health systems spend millions annually on traditional patient experience measurement.

- CMS Star Ratings and HCAHPS performance directly impact market share, public perception, and bottom-line revenue.

- Survey data arrives 3–12 months after the fact—too slow to prevent problems or capitalize on opportunities—and response rates continue declining.

The process creates more work for already-overwhelmed staff and survey fatigue for patients, while missing 95% of actual patient experiences. Meanwhile, patients are already telling you everything you need to know—for free, in real time, without any additional burden.

As noted in *Hospitalogy*, "Data analytics and increasing use of AI are unlocking strategic insights, allowing for administrative efficiencies and driving down total cost of care."[1]

AI-powered experience data, like the PEP Score, is the missing link.

It offers payers and providers a timely, validated view of what patients actually say, feel, and experience.

> *"PEP Health's technology offers a new and comprehensive way to deeply listen to patients as well as potential consumers and puts us in a better position to make more informed experience decisions. This partnership supports our ongoing commitment to deliver safe, highly reliable human-centered care to the communities we serve."*
>
> **– Dr. Julie Kennedy Oehlert, Chief Experience Officer at ECU Health**

THE PEP SCORE: REAL-TIME, VALIDATED & PREDICTIVE

Every day, millions of patients, family members, and caregivers share detailed stories about their healthcare experiences across review sites, social media, and forums. They're describing exactly what works, what doesn't, and why—unprompted and unfiltered. But traditional measurement misses this intelligence.

PEP Health uses AI and natural language processing to transform this feedback into daily, location-specific experience scores. These PEP Scores span seven experience domains, from 'Emotional Support' to 'Billing & Administration', and are validated against both internal payer metrics and HCAHPS performance (read all about PEP Scores here).

The best part? It requires no new administrative burden, no survey vendors, no additional staff time. It eliminates over-survey risk entirely. Patients are already providing the data—we just need to listen intelligently. By listening to what patients say across social platforms, review sites, and forums, PEP Health provides real-time, population-level insights at a fraction of the cost and without the headache of traditional methods.

The results speak for themselves:

- **Payers** are predicting their internal quality metrics up to 6 months early and strengthening their networks by aligning provider reimbursement with real-time experience metrics.

- **Health systems and hospitals** are saving $500,000+ annually by eliminating excess surveys, improving patient experience by 30% year over year, uncovering hidden threats before they impact market share, and safeguarding revenue by preventing healthcare leakage.

THE $45 MILLION SIGNAL FOR HOSPITALS

Now, we can actually quantify **the financial cost of patient experience**.

New analysis shows that for every 1-point drop in PEP Score, a hospital loses an average of $45 million in revenue. This finding is based on extensive Medicare claims and CMS cost report data from 2023, covering both inpatient and outpatient leakage across thousands of hospitals.
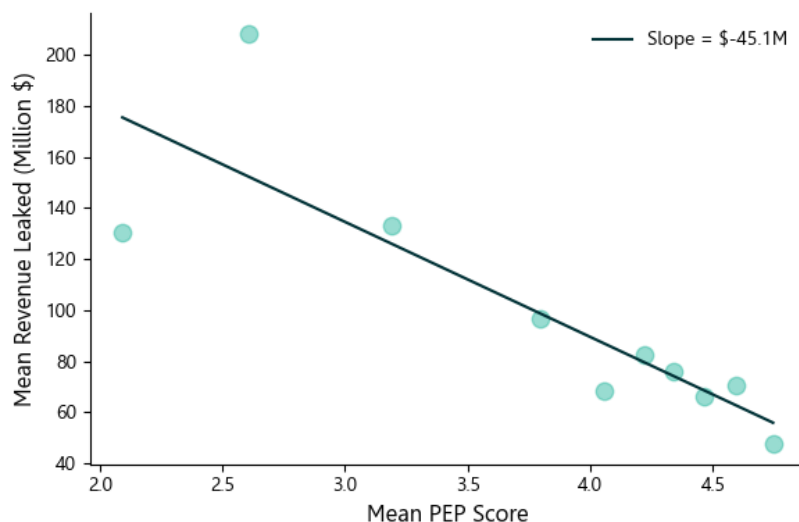
Why It Matters

➢ Medicare represents the largest revenue stream for most hospitals, making a drop in patient experience particularly damaging to financial performance.[2]

➢ Traditional satisfaction surveys arrive too late to prevent leakage. By the time hospitals see poor scores, patients have already switched providers.

➢ Having a tool that provides a leading indicator gives hospitals time to intervene before patients go elsewhere.

➢ PEP Health's metrics and insights identify strengths, weaknesses & root causes early, enabling targeted quality improvements before ratings and revenue decline.

[2] Kalainov, D. M., Barnard, C., & Walradt, J. (2024). Medicare in the 21st Century: Understanding the Program to Promote Improvements. Journal of the American Academy of Orthopaedic Surgeons, 32(10), 427–438. Available here.

A CRITICAL TOOL FOR PAYERS

For payers building value-based contracts, patient experience is often the most underweighted part of the Triple Aim. That is starting to change.

Case Study: How a Leading Midwest Payer Is Using PEP Scores to Predict CMS Star Ratings and Enhance Value-Based Agreements

A leading Midwest payer partnered with PEP Health to overcome delays in survey-based patient experience data and improve Medicare Advantage performance. Patient experience—strongly linked to outcome and quality measures—was underweighted in their value-based agreements. Yet, data from surveys, including those tied to CMS Star Ratings, arrived months too late to drive meaningful improvements.

Key Outcomes

By analyzing real-time feedback from millions of online web pages, PEP Scores:

➢ Captured **100% of unsolicited feedback** for their entire network

➢ Filled their survey gaps, revealing hidden concerns and survey bias

➢ Strongly correlated with **CAHPS, HCAHPS**, and internal quality metrics

➢ Predicted **CMS Star Ratings trends 12+ months ahead**

➢ Identified **targeted improvement opportunities** to boost quality and financial outcomes
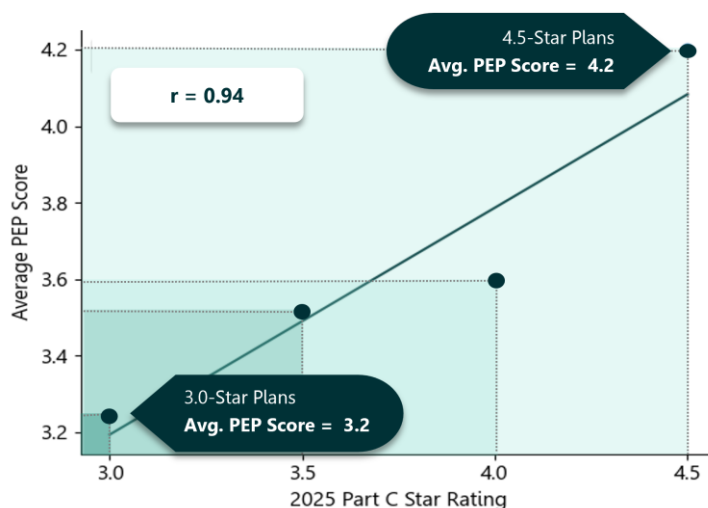
The partnership's success unlocked major expansion across the network and resulted in **PEP Scores being tied to reimbursement for providers with value-based agreements**, aligning provider incentives to real-time experience data and positioning the payer as a leader in experience-driven value-based care.

Read the full case study >

"We see PEP data as a valuable approach to PX metrics within value-based agreements because of the alignment to HCAHPS survey themes, domains, and questions. PEP Score removes over-survey risk in the market and among our patients, and the insights generally align to what we believe to be true at our health system through our internal patient experience metrics."

– Major Midwest Payer

WHY THIS FITS VALUE-BASED CARE 2.0

The next phase of value-based care will depend on better tools, not just better intentions. As Hospitalogy noted, "The winners in this space will be the ones who can find patterns in patient cohorts to avoid costly ED visits, identify high-needs patients, and shift resources accordingly."[3]

To get there, you need real-time, inclusive data. You need visibility into the full experience of care, not just what gets captured in a standardized form.

A BETTER WAY FORWARD

The future of patient experience measurement will not come from more questions. It will come from smarter listening.

PEP Health empowers providers and payers to elevate experience as a strategic lever, not just a survey score. It gives healthcare leaders the data they need to align patient voices with operational decisions, improve care quality, and succeed in value-based models.

As Dr. Julie Kennedy Oehlert at ECU Health puts it: "Quality is what the patient says it is."

It is time healthcare caught up.

[3] Hospitalogy, 2024. State of VBC Enablement 2024. Available here.

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