Equity and Practice Transformation (EPT) Payment Program
Value Based Payment (VBP) Milestone Template

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Milestone Description

Conduct an assessment of value-based payment (VBP) readiness, identify gaps, and develop an action plan to improve readiness for VBP. The VaPCAT is the first component of the EPT VBP milestone; EPT practices will also submit the VBP deliverables template which includes a gap analysis and action plan. The VBP milestone can be submitted in May or November 2026 via the EPT Deliverable Portal.

The EPT VBP milestone is intended to support EPT practices to increase their readiness to enter into VBP contract(s). This milestone is comprised of the following components:

1. **Value-Based Pay Capability Assessment Tool (VaPCAT)**: The VaPCAT supports primary care practices in assessing their capabilities for engaging in VBP arrangements across five core domains: (a) leadership, governance, and legal; (b) operations; (c) data, analytics, and technology; (d) financial; and, (e) payer and partner relations. It was developed through a 30-member Medi-Cal VBP Implementation Workgroup that included multi-stakeholder representatives from state agencies, provider associations, health plans, and practices. The tool was informed by existing value-based payment frameworks, adapted from national literature, and vetted and formally tested with a diverse group of practices. Refinements were made based on feedback.

   The VaPCAT complements the population health domains assessed through the PhmCAT. Considering results from both tools provides a more nuanced understanding of the clinical capabilities, population health management skills and organizational infrastructure needed to succeed in VBP arrangements. The VaPCAT is best completed by an individual or team with visibility into financial, operational, and data assets of the organization. This is most often the practice owner(s) or senior or executive organizational leader(s). If no one holds all those insights, it would be helpful to solicit input from several individual leaders. A hard copy of the VaPCAT is accessible here.

2. **Gap analysis to identify areas of improvement**: EPT practices will use the results of the VaPCAT to identify three areas of opportunity to increase readiness to participate in VBP arrangements.

3. **Develop an action plan to improve readiness for VBP**: For each identified improvement area, EPT practices will develop a plan to improve readiness for VBP. This plan will include identifying: desired goal or objective; activities and timeline to achieve this objective; key decisions; structural changes; staffing and leadership engagement; how progress will be measured; and, any anticipated risks and mitigation strategies. EPT practices will also describe the process they undertook to develop the action plan.

Entering into a new VBP contract **is not** required to meet this milestone.

Instructions

This template is provided for reference only and outlines the required components for your submission. Final deliverables must be submitted via the EPT Deliverable Portal. If you have questions, please email info@pophealthlc.org. As reflected in the milestone description, EPT practices can submit this deliverable **in either the May 2026 or November 2026 deliverable cycle.**

A. Value-Based Payment Capability Assessment Tool (VaPCAT)

EPT practices complete the VaPCAT and use the results to complete the remainder of the VBP deliverable template. A downloadable copy of the VaPCAT is accessible here.

B. Gap Analysis to Identify Areas of Improvement

The gap analysis enables EPT practices to use the results from the VaPCAT to identify areas where capabilities may not be fully built out. Identifying and prioritizing these areas can improve readiness to participate in VBP arrangements. Some capabilities may be built internally, and others may be accessed through external organizations such as a Medi-Cal managed care plan

(MCP), a backbone organization (e.g., accountable care organization), an Independent Practice Association (IPA), or a Health Center Controlled Network (HCCN).

Different VBP models require different organizational capabilities. VaPCAT items marked with an asterisk (*) are most relevant to large practices or Accountable Care Entities (ACE) participating in advanced VBP models.[1] Thus, not all capabilities included within the VaPCAT are relevant for all EPT practices. This means that while practices will respond to all questions in the VaPCAT, smaller practices and clinics are more likely to have gaps in items with an asterisk and may not choose to prioritize these items for capability-building work reflected in the action plan.

EPT practices can find examples of foundational capabilities for VBP readiness in Appendix 1, as well as in the February 2026 Value Based Payment Learning Community slides. These resources are provided to assist EPT practices to identify examples of capabilities that could be improved as part of this deliverable.

Practices should complete the gap analysis chart below to identify gaps in VBP capabilities. Using the table, practices should indicate:

- Current State: Briefly describe the current state at your EPT practice (e.g., what you do now in the VBP domain).
- VBP Domain Maturity: Use your VaPCAT results to reflect the degree to which capabilities are in place at your practice across the domain (whether built internally or provided via partner organization). Using the following 0 – 5 scale, which rating **best** reflects what your practice has in place:
    - 0 = No capabilities in this domain are in place at our practice
    - 1 = We have minimal components of a few elements in place
    - 2 = We have minimal components of most/all elements in place

[1] An ACE is a provider-led entity that enables primary care practices to take accountability for total cost of care and quality under value-based payment arrangements, while providing shared infrastructure (e.g., analytics, care management, contracting support) to help practices succeed.

  - 3 = At least one element is an area of strength and we have minimal components of other elements
  - 4 = Several components are an area of strength
  - 5 = Most/all components are an area of strength
- Capability Gaps/Weaknesses: List the most significant gaps in the domain in your practice.
- Priority for Action: Indicate your practice's priority for building capabilities in this domain, using the following scale:
  - High = This is very important to us; existing gaps materially limit near-term participation or success in VBP
  - Medium = This is important to us to optimize our performance but it's not an immediate barrier for participation
  - Low = This is less important to us either because it will take a very long time to build or we have already partially addressed gaps

- Rationale: Describe the reasons for your high, medium or low priority rating.

VBP Gap Analysis					
Domains	**Current State** (brief description of existing capabilities)	**VBP Domain Maturity** (scale of 0 – 5)	**Specific Capability Gaps**	**Priority for Action** (high, medium, low)	**Rationale**
Leadership, Governance, and Legal (e.g., organizational alignment & VBP implementation, governance & oversight, and risk assessment)					

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VBP Gap Analysis					
Domains	**Current State** (brief description of existing capabilities)	**VBP Domain Maturity** (scale of 0 – 5)	**Specific Capability Gaps**	**Priority for Action** (high, medium, low)	**Rationale**
Operations (e.g., educate staff on VBP, dedicated staff responsible for and skilled in negotiating VBP contracts, care management approach, contracting/credentialing/grievance/utilization review functions)					
Data, Analytics, and Technology (e.g., performance measurement, track quality & cost, data-driven decision making, QHIO connection, tracking rising risk)					
Financial (e.g., model risk & potential payments, possess sufficient billing and coding expertise, dashboards, reserves)					

VBP Gap Analysis					
Domains	**Current State** (brief description of existing capabilities)	**VBP Domain Maturity** (scale of 0 – 5)	**Specific Capability Gaps**	**Priority for Action** (high, medium, low)	**Rationale**
Payer and Partner Relations (e.g., productive relationships with clinical and community partners; functional data exchange; shared accountability for quality/cost)					

Based on the gap analysis above, list three capabilities your EPT practice will address to improve your readiness for VBP contracting, including: (1) the specific capability you want to develop or improve; (2) why this is a priority for your practice; and, (3) if the capability is best developed/improved internally or provided by a partner (e.g., IPA, MCP, ACO). (Note: These three areas of improvement will become the basis of your VBP action plan.)

- Capability 1:
- Capability 2:
- Capability 3:

C. Develop an Action Plan to Improve Readiness for VBP

The action plan describes what will be involved in improving the three capabilities practices identified in the gap analysis. This section also describes the planning activities practices engaged in to develop the plan.

1. Summarize the process your practice used to develop the action plan, including:
    a. A brief overview of your activities and approach
    b. The leadership and staff involved in the discussions
    c. How this aligns with other priorities in your practice

Using the action plan table below, provide more information on the following components of your plan for each of the three capabilities:

- Goals: Briefly describe the capability you want to build or refine and how this will improve your success with participating in a VBP model.
- Major Activities: List a minimum of 3 steps your practice will engage in to build, refine or contract for this capability. For each activity, indicate the month/year you expect to complete the activity.
- Key Decisions: Describe at least two key decisions you expect your practice will need to make to make progress on your improvement opportunity (e.g., building internally vs. working with a partner; allocating reserve funds; defining performance benchmarks).
- Structural Changes: Describe at least one structural change you expect you'll need to make (e.g., governance, staffing, contracting, workflow redesign).
- Staffing: Which staff will be responsible for managing this process? What other key staff will be involved?
- Leadership Engagement: How will you engage leadership? What do you need from leadership to be successful?
- Measuring Progress: For each improvement opportunity, provide at least 1 specific and measurable indicator of progress you will use.

VBP Action Plan							
Area of Improvement	**Goals**	**Major Activities & Timeline**	**Key Decisions**	**Structural Changes**	**Staffing**	**Leadership Engagement**	**Measuring Progress**
[list the first improvement opportunity]							
[list the second improvement opportunity]							
[list the third improvement opportunity]							

1. Identify the two most likely implementation risks and describe why you think you are likely to encounter them.
2. For each risk, provide at least one mitigation strategy.

Appendix 1. Foundation Capabilities For VBP Readiness

Appendix 1 is intended to aid EPT practices in understanding foundational capabilities that support VBP readiness as well as identifying improvements to their current state. Examples are sourced from "Building Bridges to Value: Infrastructure Essentials for Community Health Centers" and the EPT February 2026 Value Based Payment Learning Community.

A. **Leadership, governance, and legal**
   a. Senior leader champion for VBP work (ideally executive and clinical lead)
   b. Board champion for VBP work and buy-in among board members that precedes VBP implementation and investment
   c. Identification of policy, legal, or regulatory parameters that would impact VBP participation
   d. Internal governance and oversight over empanelment and access; technology and data infrastructure; quality and equity; performance management; financial planning; and, payer and partner relations

B. **Operations**
   a. Designated staff responsible for educating health center staff about VBP and its impacts on patient care
   b. Designated staff responsible for negotiating VBP contracts/terms with payers or accountable care entities
   c. Designated staff to identify vendors or partners to support the VBP work and assess terms and benefits/downsides
   d. Embedded quality improvement and equity into population health management activities and models of care.
   e. Defining workflows for empanelment and access management; patient-centered, population-based care; behavioral and social health

C. **Data, analytics, and technology**
   a. Ability to validate the accuracy of members attributed to or assigned under VBP contract
   b. Connections to local, regional, or state health information exchanges to obtain holistic data on patients (e.g., hospital discharges/admissions)
   c. Development of dashboarding reports to monitor performance, and ability to benchmark practice performance against cost and performance metrics

   d. Ability to review and validate a list of attributed members or a managed care roster against a list of patients who use care at the practice and make adjustments
   e. Risk adjustment and stratification
   f. Documentation and coding

D. **Financial**
   a. Ability to assess potential revenue associated with the VBP opportunity, taking into account infrastructure costs and incentive payments
   b. Determination of methodology for allocating and apportioning any gains or losses among participating providers or health center partners
   c. Contract management

E. **Payer and Partner Relations**
   a. Supportive relationships with hospitals, specialists, community organizations to support population health management goals.
   b. Productive working relationships with IPAs, ACOs, if applicable
   c. Regular data exchange with external partners including on performance and cost measures.