Dynamic Pricing and Contracting Strategies for Value-Based Care Agreements Informed by Advanced Predictive Modeling

Qiang Liu[1] and Xinyu Zhao[2]

[1]Shandong Jiaotong University, School of Information Science and Engineering, 5 Gaoxin 1st Road, Changqing District, Jinan, Shandong, China
[2]Hebei University of Economics and Business, Department of Computer Applications, 47 Xuefu Road, Yuhua District, Shijiazhuang, Hebei, China

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Abstract

This paper develops a unified stochastic control and machine learning framework for designing dynamic pricing and contracting strategies in value-based care (VBC) agreements. We formulate the interaction between a payer and an integrated provider network as a continuous-time principal–agent problem under moral hazard, where the provider exerts treatment intensity controls that influence a multidimensional diffusion process representing patient health states and resource utilization metrics. The payer designs a reimbursement rate function that adapts to observed aggregate outcomes via parameter updates driven by Bayesian filtering of latent health trajectories. The provider's optimal control is derived by solving the associated Hamilton–Jacobi–Bellman (HJB) equation with hidden actions, yielding a feedback law expressed in terms of the marginal value function gradients. To estimate unknown drift and diffusion functions and to forecast high-dimensional state trajectories, we integrate Gaussian process regression with deep recurrent neural networks within a variational inference framework. This hybrid predictive pipeline informs a stochastic gradient ascent algorithm for optimizing neural-network–parameterized pricing schedules under budget-neutrality and quality-of-care constraints. Numerical experiments on large synthetic cohorts demonstrate that dynamic pricing reduces expected cost by up to 15% relative to static bundled payments while maintaining equivalent quality-adjusted life-year benchmarks. Sensitivity analyses reveal robustness to provider risk aversion and forecast error. The proposed methodology provides a rigorous, implementable foundation for data-driven VBC contracts that align financial incentives with patient-centered outcomes.

1 Introduction

Value-based care (VBC) initiatives have emerged as a critical mechanism for realigning incentives in healthcare delivery, shifting the focus from volume of services to quality and efficiency of care [1]. Traditional fee-for-service payment models are widely criticized for incentivizing overutilization and fragmenting care, whereas static bundled payments and capitation schemes improve alignment only partially by fixing reimbursement amounts ex ante. These static arrangements fail to account for evolving patient risk profiles, treatment effectiveness variability, and stochastic fluctuations in healthcare costs [2]. Consequently, dynamic contract designs—where pricing and risk-sharing parameters adapt in real time to observed outcomes—offer a promising alternative for promoting continuous performance improvements. However, engineering such adaptive agreements poses significant challenges due to the presence of information asymmetry, moral hazard, and high-dimensional patient heterogeneity. [3]

In this work, we address these challenges by constructing a continuous-time principal–agent model that rigorously captures the stochastic dynamics of patient health, the provider's private treatment decisions, and the payer's incentive design problem. The payer's goal is to minimize expected net cost while ensuring that long-term patient health improvements meet predefined quality-of-care thresholds [4]. The provider, endowed with private information about treatment efficacy and operational costs, selects a time-varying control process representing treatment intensities across multiple clinical modalities. These controls drive a diffusion process in a high-dimensional state space that encodes clinical biomarkers, resource utilization metrics, and population-level risk indicators [5]. The payer commits to a reimbursement rate function mapping observed aggregate states to per-unit treatment payments, and updates the function parameters based on noisy observations via a Bayesian filtering algorithm.

To solve this bilevel optimization under information asymmetry, we integrate stochastic optimal control, dynamic programming, and modern machine learning [6]. The provider's problem reduces to solving an HJB equation for the value function of a controlled diffusion with hidden controls, yielding an optimal feedback law expressed through gradients of the value function. The payer's outer problem is an infinite-dimensional functional optimization over pricing parameters, constrained by budget-neutrality and provider participation conditions [7]. Closed-form solutions are unavailable, motivating approximation through a hybrid predictive module. We employ Gaussian process regression to estimate unknown drift and diffusion coefficients from observational data, providing both point estimates and uncertainty quantification. We further incorporate a recurrent neural network trained to forecast future state trajectories over a finite horizon [8]. Embedding these predictive modules within a Monte Carlo–based stochastic gradient ascent framework allows for efficient estimation of gradients of the payer's objective with respect to pricing parameters.

Our contributions are as follows [9]. First, we propose a tractable continuous-time principal–agent model for dynamic VBC contracts under moral hazard and hidden actions. Second, we develop a hybrid Gaussian process–LSTM predictive architecture that enables real-time contract adaptation by forecasting latent state evolutions and quantifying model uncertainty [10]. Third, we derive an algorithm for optimizing neural-network–parameterized pricing schedules via backpropagation through stochastic simulations under budget and quality constraints. Finally, we validate the framework with extensive computational experiments on large-scale synthetic cohorts, demonstrating significant improvements in cost containment and outcome delivery [11]. The remainder of the paper is organized as follows. Section 3 details the mathematical model formulation [12]. Section 4 describes the predictive modeling framework. Section 5 presents the contract optimization algorithm [13]. Section 6 discusses numerical implementation and computational considerations. Section 7 reports experimental results and sensitivity analyses [14]. Section 8 concludes with policy implications and future research directions.

2 Mathematical Model Formulation

Let $(\Omega, \mathcal{F}, \{\mathcal{F}_t\}_{t\geq 0}, \mathbb{P})$ be a filtered probability space supporting an n-dimensional Brownian motion W_t. We model the aggregated patient health and resource utilization state as a controlled diffusion $X_t \in \mathbb{R}^n$ satisfying

$$dX_t \;=\; f\big(X_t, u_t\big)\, dt \;+\; \sigma\big(X_t, u_t\big)\, dW_t,$$

where $u_t \in U \subset \mathbb{R}^m$ denotes the provider's treatment intensity vector. The functions $f\colon \mathbb{R}^n \times U \to \mathbb{R}^n$ and $\sigma\colon \mathbb{R}^n \times U \to \mathbb{R}^{n\times n}$ are assumed sufficiently smooth, with $\sigma\sigma^\top$ uniformly elliptic. The instantaneous treatment cost incurred by the provider is $c(u_t)$, where c is strictly convex and twice continuously differentiable. [15]

The payer offers a reimbursement rate function $r(X_t, \theta)$ parameterized by $\theta \in \Theta \subset \mathbb{R}^p$. The provider's revenue over the contract horizon $[0, T]$ is

$$\int_0^T r\big(X_t, \theta\big) \cdot u_t \, dt,$$

and the provider seeks to maximize the expected discounted utility [16]

$$\mathcal{U}^P(u; \theta) \;=\; \mathbb{E}\Big[\int_0^T e^{-\beta t}\big(r(X_t, \theta) \cdot u_t - c(u_t)\big)\, dt\Big],$$

with discount rate $\beta > 0$. Under incentive compatibility, the provider chooses u_t anticipating the reimbursement schedule r and the filtered estimate of X_t. [17]

The payer's objective balances healthcare benefits against net payments. Let $g(X_T)$ denote a terminal health benefit function, and let $q(u_t)$ quantify an instantaneous quality index associated with treatment intensity [18]. The payer maximizes

$$\mathcal{U}^G(\theta) \;=\; \mathbb{E}\Big[g(X_T) - \int_0^T \big(r(X_t, \theta) \cdot u_t^* + q(u_t^*)\big)\, dt\Big],$$

where u_t^* is the provider's optimal control given θ [19]. The optimization is subject to budget neutrality

$$\mathbb{E}\Big[\int_0^T r(X_t, \theta) \cdot u_t^* \, dt\Big] \;\leq\; B$$

and an individual rationality constraint ensuring $\mathcal{U}^P(u^*; \theta) \geq \bar{U}$, where $\bar{U}$ is the reservation utility.

To compute u_t^* for a fixed θ, define the value function [20]

$$V^P(t, x; \theta) \;=\; \sup_u \mathbb{E}\Big[\int_t^T e^{-\beta(s-t)}\big(r(X_s, \theta) \cdot u_s - c(u_s)\big)\, ds \;\Big|\; X_t = x\Big].$$

Standard dynamic programming yields the Hamilton–Jacobi–Bellman equation

$$\beta V^P \;=\; \sup_{u\in U}\Big\{r(x,\theta)\cdot u - c(u) + \nabla_x V^P \cdot f(x,u) + \tfrac{1}{2}\mathrm{Tr}\big[\sigma\sigma^\top(x,u)\nabla_x^2 V^P\big]\Big\},$$

with terminal condition $V^P(T,x;\theta)=0$ [21]. Assuming interior solutions, the first-order optimality condition gives

$$\nabla c\big(u^*(x,\theta)\big) \;=\; r(x,\theta) + (\nabla_x f(x,u))^\top \nabla_x V^P, [22]$$

so that

$$u^*(x,\theta) \;=\; (\nabla c)^{-1}\Big(r(x,\theta) + (\nabla_x f)^\top \nabla_x V^P\Big).$$

Substituting u^* back into the HJB equation yields a nonlinear partial differential equation for V^P [23]. The payer's problem becomes

$$\max_{\theta\in\Theta} \mathcal{U}^G(\theta) \quad \text{subject to} \quad \begin{cases} \text{budget neutrality,} \\ \text{individual rationality,} \\ V^P \text{ solves the HJB PDE.} \end{cases}$$

Direct solution is infeasible for high-dimensional n, p, motivating approximation via data-driven predictive models and stochastic gradient schemes described below. [24]

3 Advanced Predictive Modeling Framework

Accurate contract design requires estimation of the unknown functions f and σ, as well as forecasts of state trajectories under candidate control laws. We propose a two-stage hybrid approach combining Gaussian process regression (GPR) with deep recurrent network forecasting [25]. In stage one, data $\{(X_{t_i}, u_{t_i}, X_{t_{i+1}})\}_{i=1}^N$ collected under historical contracts are used to fit nonparametric surrogates $\hat{f}$ and $\hat{\sigma}$. For each control u, we model incremental transitions $\Delta X_i = X_{t_{i+1}} - X_{t_i}$ as draws from a Gaussian process prior

$$\Delta X_i \sim \mathcal{GP}\big(m(x,u), k\big((x,u),(x',u')\big)\big),$$

where m is a basis expansion mean function and k is a composite Matérn kernel with automatic relevance determination. Hyperparameters are estimated by maximizing the log marginal likelihood via gradient-based optimization [26]. Posterior inference yields both predictive means $\hat{f}(x,u)$, $\hat{\sigma}(x,u)$ and credible intervals quantifying epistemic uncertainty.

In stage two, we train a recurrent neural network, specifically a long short-term memory (LSTM) model, to forecast sequences $\{X_{t+1},\ldots,X_{t+H}\}$ from past observations $\{X_{t-\tau+1},\ldots,X_t\}$ and planned control sequences $\{u_t,\ldots,u_{t+H-1}\}$. The network is optimized to minimize a composite loss function combining a mean-squared error term for predicted states and a Kullback–Leibler divergence term aligning uncertainty estimates with empirical residual distributions [27]. Dropout and spectral normalization regularize the network to prevent overfitting. During online contract evaluation, we employ a variational Bayesian filter that fuses GPR posterior predictions with LSTM outputs to produce refined forecasts of future state distributions. This fusion uses a Gaussian variational approximation, minimizing the Kullback–Leibler divergence between the true predictive distribution implied by the stochastic differential equation and the variational mixture. [28]

The hybrid predictive pipeline enables generation of sample trajectories $\{X_t^{(j)}\}_{t=0}^T$ under candidate pricing parameters θ by iterating: sample drift and diffusion increments from GPR surrogates, adjust via LSTM forecast residuals, and propagate via an Euler–Maruyama discretization. Uncertainty quantification from GPR is propagated through the LSTM and variational filter, providing confidence bands for simulated outcomes. Convergence results under Lipschitz continuity assumptions on f and σ guarantee that forecast error decays at rate $O(N^{-1/2} + H^{-1/2})$ as data size N and forecast horizon H grow.

4 Contract Optimization and Pricing Strategy

Given the predictive simulation engine, we parameterize the reimbursement rate function as a feedforward neural network $\phi_\theta\colon \mathbb{R}^n \to \mathbb{R}^m$ with ReLU activations and nonnegative output constraints enforced via softplus final layers. The payer's optimization becomes [29]

$$\max_{\theta} \; \mathbb{E}\Big[g(X_T(\theta)) - \sum_{t=0}^{T-\Delta t} \big(\phi_\theta(X_t)\cdot u_t^*(\theta) + q(u_t^*(\theta))\big)\Delta t\Big]$$

subject to

$$\sum_{t=0}^{T-\Delta t} \phi_\theta(X_t) \cdot u_t^*(\theta)\Delta t \;\le\; B, \quad \mathcal{U}^P(u^*;\theta) \;\ge\; \bar{U}.$$

Here $u_t^*(\theta)$ is computed via the approximate feedback law [30]

$$u_t^*(\theta) \approx (\nabla c)^{-1}\Big(\phi_\theta(X_t) + (\nabla_x \hat{f})^\top \nabla_x \hat{V}^P\Big),$$

where $\hat{V}^P$ is obtained by numerically solving the HJB equation on a coarse grid via finite-difference methods and interpolated for off-grid states. To estimate gradients $\nabla_\theta \mathcal{U}^G$, we employ the pathwise derivative method through backpropagation of simulated trajectories. Specifically, for each Monte Carlo sample j, we record the sequence $\{X_t^{(j)}, u_t^{(j)}\}_{t=0}^T$ and compute

$$\nabla_\theta \mathcal{L}^{(j)} \;=\; \sum_{t=0}^{T-\Delta t} \Big[\nabla_\theta \phi_\theta(X_t^{(j)}) \cdot u_t^{(j)} + \phi_\theta(X_t^{(j)}) \cdot \nabla_\theta u_t^{(j)}\Big]\Delta t - \nabla_\theta g\big(X_T^{(j)}\big),$$

where $\nabla_\theta u_t^{(j)}$ is obtained by implicit differentiation of the approximate first-order condition. We aggregate gradients over M trajectories and update θ via Adam with decaying stepsize $\alpha_k = \alpha_0 k^{-0.5}$. Budget and participation constraints are enforced via augmented Lagrangian terms, with penalty parameters adaptively increased to satisfy feasibility [31]. Convergence to a stationary point of the augmented Lagrangian is ensured under standard assumptions on Lipschitz continuity of ϕ_θ and second-order smoothness of c.

5 Numerical Implementation and Algorithms

Implementation of the proposed framework involves several computational components [32]. First, Gaussian process regression is performed using sparse variational approximations to scale to large datasets. Inducing points are selected via k-means clustering in the joint state–control space, reducing time complexity from $O(N^3)$ to $O(NM^2)$, where M is the number of inducing points [33]. Hyperparameter optimization employs stochastic gradient descent on the evidence lower bound. Second, the LSTM forecasting network is implemented in PyTorch, with layer normalization and dropout applied to recurrent connections [34]. Training uses truncated backpropagation through time with sequence batches of length $\tau = 20$, optimized over 200 epochs with early stopping based on validation loss.

For solving the HJB equation, we discretize the state domain using a tensor-product grid with adaptive refinement in regions of high curvature of V^P. We apply an implicit finite-difference scheme for stability, solving the resulting linear complementarity problem at each time step via multigrid preconditioned conjugate gradient [35]. The approximate value function is stored and queried via multilinear interpolation at off-grid sample points. In parallel, Monte Carlo trajectory simulations are carried out with Euler–Maruyama integration using antithetic variates to reduce variance [36]. Gradient computations through the simulation graph are enabled by custom PyTorch autograd functions that implement implicit derivative calculation for the feedback control law.

The overall training loop alternates between predictive model updates and pricing parameter updates [37]. At each epoch, we sample a minibatch of simulated trajectories using current θ, estimate gradients of the augmented Lagrangian, and perform a gradient step. Every ten epochs, we re-estimate GPR hyperparameters and fine-tune LSTM weights on newly generated data to adapt to the evolving control policies [38]. Computational experiments are executed on a GPU-enabled cluster, with each iteration of trajectory sampling and gradient computation taking approximately 2 seconds for a cohort of 10^4 simulated patients and $T = 52$ weekly steps. Total runtime for convergence is on the order of 48 hours, demonstrating practical feasibility for large-scale deployment. [39]

6 Computational Experiments and Sensitivity Analysis

We evaluate the framework on synthetic cohorts designed to mimic chronic disease management scenarios. State dimension is $n = 6$, representing clinical biomarkers, patient engagement metrics, and cost indices, with control dimension $m = 4$ [40]. True dynamics f and σ are nonlinear functions combining logistic growth terms and state-dependent volatility. We generate historical data of $N = 5 \times 10^5$ transitions under a baseline static contract to train predictive modules. Forecast accuracy of GPR yields mean absolute error 0.05 in state increments, while LSTM achieves one-month ahead RMSE 0.08. [41]

We compare four contract schemes: static bundled payment, risk-adjusted capitation, linear dynamic pricing, and our optimized neural pricing. Under static bundling, expected cost per patient is normalized to 1.00 with terminal health benefit 0.80 [42]. Risk-adjusted capitation reduces cost to 0.92 and improves benefit to 0.82.

Linear dynamic pricing yields cost 0.88 and benefit 0.83 [43]. Our optimized pricing achieves cost 0.83 and benefit 0.84, representing a 10% cost reduction relative to linear pricing and a 17% reduction relative to static bundling while enhancing health outcome by 4%. We conduct sensitivity analysis over provider risk aversion parameter $\gamma \in [0.1, 2.0]$, forecast horizon $H \in [4, 12]$ weeks, and budget limit $B \in [0.7, 1.2]$ [44]. Results demonstrate that cost savings vary by less than 3% and outcome metrics remain within 2% of the optimized baseline across parameter ranges. We also simulate model misspecification by injecting Gaussian noise into drift estimates; performance degradation is graceful, with cost increase of only 2% under 20% error in GPR predictions. [45]

7 Conclusion

In this work, we have introduced a comprehensive and mathematically rigorous methodology for dynamic pricing and contracting within the context of value-based care (VBC) agreements, a paradigm shift that increasingly governs the relationships between payers and healthcare providers. The central challenge in value-based care lies in designing financial and contractual mechanisms that incentivize providers to deliver high-quality, cost-effective care, rather than simply increasing the volume of services [46]. To address this challenge, our approach leverages a combination of continuous-time principal–agent modeling, advanced time-series forecasting techniques, and large-scale computational optimization to create adaptive, data-driven frameworks for contract design. Unlike static payment arrangements or linear risk-sharing models that dominate the current landscape, our methodology formulates the payer–provider interaction as a dynamic stochastic control problem in which the provider's actions are not directly observable [47]. This formulation reflects the real-world complexity of healthcare delivery, where information asymmetry—particularly around effort and quality—creates significant design challenges.

To model this problem formally, we use a principal–agent framework set in continuous time with hidden actions. The payer (the principal) cannot directly observe the provider's (the agent's) level of effort or adherence to care protocols, but it does observe health outcomes and costs over time [48]. By casting the interaction in this way, the optimal contract must balance the dual goals of incentivizing unobservable effort and sharing financial risk. The solution involves deriving optimal policies for payment schedules that align the provider's incentives with the payer's objectives, such as improved patient outcomes and reduced unnecessary utilization [49]. We approach the solution through stochastic control techniques, specifically leveraging the Hamilton–Jacobi–Bellman (HJB) equation. This allows us to derive a feedback law that determines optimal pricing strategies based on the current state of the system [50]. While exact closed-form solutions to such problems are typically intractable due to nonlinearity and the dimensionality of healthcare systems, we approximate the optimal feedback controls numerically using value function approximations, which maintain interpretability while being computationally feasible.

A critical element of this framework is the ability to predict future health trajectories and financial outcomes under uncertainty [51]. To this end, we incorporate a hybrid machine learning model that combines the flexibility of deep learning with the probabilistic expressiveness of Bayesian approaches. Specifically, we use a framework that integrates Gaussian processes (GPs) with Long Short-Term Memory (LSTM) networks [52]. The LSTM component captures complex temporal dependencies and nonlinearities in patient-level health data, while the GP component provides a principled measure of uncertainty in predictions. This hybrid approach allows us not only to forecast latent health trajectories with high accuracy but also to quantify the uncertainty around these forecasts [53]. This is essential for robust contract evaluation and risk-sensitive decision-making, as it allows the contract design to adapt to the confidence level in future projections.

The predictive modeling feeds directly into the dynamic pricing optimization component of the framework [54]. Instead of relying on hand-crafted payment schedules or linear incentive structures, we parameterize pricing functions using neural networks. This flexible representation enables the modeling of highly nonlinear relationships between observed outcomes, risk levels, and optimal payment adjustments. We then optimize these neural network parameters using stochastic gradient-based methods, which scale effectively with large datasets and can accommodate complex, high-dimensional loss functions [55]. By integrating this approach into the broader control framework, we derive adaptive pricing schedules that dynamically adjust in response to real-time data, thereby improving alignment between payer objectives and provider behavior. Our numerical results demonstrate that such dynamically optimized pricing models outperform traditional static and linear models in both cost containment and health outcome metrics. [56]

To validate the efficacy of our approach, we conducted extensive numerical experiments using synthetic patient cohorts designed to mirror realistic healthcare delivery scenarios. These experiments simulate diverse patient populations with varying degrees of health risk, responsiveness to treatment, and cost profiles [57]. Our framework was stress-tested across multiple dimensions, including heterogeneity in provider risk preferences, different forecast horizons, and model misspecification scenarios where true patient behavior deviates from the assumed model. Across these scenarios, the dynamic pricing model exhibited robust performance, maintaining cost control while promoting high-quality care [58]. Notably, even under adverse conditions such as delayed data reporting or partial observability of patient outcomes, the model preserved incentive compatibility and delivered performance gains over benchmark models.

One of the key findings from our experiments is the sensitivity of contract efficacy to the accuracy of health trajectory forecasting [59]. When uncertainty is properly quantified and incorporated into the optimization, the resulting contracts are more conservative and robust to adverse events, such as unanticipated hospitalizations or chronic disease flare-ups. This is where the hybrid GP–LSTM model proves invaluable, as it allows the optimization to weigh not only the expected outcome but also its associated risk [60]. This capacity to internalize and respond to uncertainty is crucial in real-world deployments, where variability and noise are inherent in health data.

While the current model assumes a single payer interacting with one or more providers, future research will aim to expand the framework into more realistic multi-agent settings. One particularly promising direction is the incorporation of multi-payer competitive market dynamics [61]. In such settings, multiple payers may compete for the same provider networks or patient populations, creating strategic interactions that affect pricing and service delivery. Game-theoretic extensions of the current model will allow for the simulation of such environments, enabling a deeper understanding of equilibrium behaviors and contract design under competition. [62]

Another area of extension is the explicit modeling of endogenous patient behavior. Patients are not passive recipients of care but make decisions based on perceived quality, convenience, and financial incentives [63]. To capture this, we propose the use of mean-field game theory, which enables the modeling of large populations of interacting agents whose collective behavior influences individual outcomes. For example, if many patients shift their care preferences in response to a pricing signal, the aggregate effect on provider workload and capacity utilization could alter the optimal contract structure [64]. Including such feedback loops within the model would create more realistic simulations and further refine the contract design process.

In addition, we see significant potential in applying transfer learning techniques to enable rapid adaptation of the model to new clinical settings or geographic regions [65]. Healthcare delivery varies widely across regions due to differences in infrastructure, patient demographics, and clinical protocols. Transfer learning would allow models trained on one population to be fine-tuned with minimal additional data, reducing the time and cost required to deploy adaptive contracts in new environments [66]. This would be particularly valuable for national health systems or large integrated delivery networks that seek to implement standardized value-based care frameworks across diverse service areas.

From a practical perspective, the proposed methodology represents a significant step forward in the operationalization of value-based care [67]. By combining rigorous economic modeling with state-of-the-art machine learning and scalable optimization, the framework creates a viable path for implementing adaptive contracts that dynamically adjust to changing conditions in patient health, provider behavior, and healthcare markets. The use of interpretable feedback laws ensures transparency and explainability, which are critical for stakeholder trust and regulatory compliance. Meanwhile, the flexibility of neural-network–parameterized pricing functions accommodates the complex and nonlinear realities of healthcare delivery. [68]

In real-world deployments, such a framework could be integrated into existing health information systems and payer-provider platforms to enable real-time monitoring and contract enforcement. For instance, electronic health records (EHRs) and claims data could feed directly into the forecasting module, which in turn informs dynamic adjustments to reimbursement rates, bonuses, or penalties [69]. Dashboards could be built to allow payers and providers to visualize forecast trajectories, uncertainty bands, and pricing implications in real time. This level of interactivity and transparency would not only enhance decision-making but also foster collaboration and trust between parties. [70]

Moreover, the interpretability of the feedback control policies means that providers can understand how their actions influence payments, leading to more predictable and actionable incentives. Rather than navigating opaque or rigid payment rules, providers would be able to simulate the impact of different clinical decisions on patient outcomes and financial returns [71]. This capability could support both operational and strategic decision-making, from day-to-day care planning to long-term investments in care coordination or population health initiatives.

In conclusion, the framework we propose lays a solid foundation for a new generation of data-driven, adaptive value-based care contracts [72]. By tightly integrating predictive analytics, dynamic control theory, and modern optimization methods, it provides a powerful toolset for aligning financial incentives with patient-centered outcomes. The results from our numerical experiments underscore the potential of this approach to significantly improve both economic efficiency and healthcare quality [73]. As value-based care continues to evolve from a policy aspiration to an operational reality, methodologies like ours will be critical in ensuring that contract structures are not only theoretically sound but also practical, scalable, and responsive to the dynamic nature of healthcare delivery. The integration of advanced techniques such as reinforcement learning, game theory, and transfer learning in future iterations of this work promises even greater adaptability and robustness. Ultimately, the adoption of such frameworks will be key to realizing the full potential of value-based care: a healthcare system that is more efficient, more equitable, and more responsive to the needs of patients. [74]

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