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## **CMS Proposes Radiation Oncology Demo Changes** **(Mandatory program for selected participants starting January 1)**

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The proposed 2022 Outpatient Prospective Payment System (OPPS) rule CMS released Monday, July 19, contained proposed changes to CMMI Radiation Oncology (RO) demonstration. Our memo to you on the proposed OPPS rule summarized these changes. This memo provides additional details and the industry's initial response.

### **Background**

Briefly, CMMI's RO demo is based on the 2015 Patient Access and Medicare Protection Act requiring the HHS Secretary to develop an episodic alternative payment model for radiotherapy (RT) services. As designed, the demo is a 90-day mandatory (in randomly selected CBSAs that amount to 40% of all relevant episodes nationwide), site neutral, episode-based RT payment demonstration for 17 cancer diagnoses (including bladder, bone, brain, breast, cervical, colorectal, liver, lung pancreatic, prostate and uterine cancer) involving physician group practices, hospital outpatient departments (HOPDs) and freestanding radiation therapy centers beginning January 1, 2022 and ending December 31, 2026.

Reimbursement is based on a national base rate, trend factors, risk or case mix, historical experience, and geographic location. CMMI will apply a 3.5% professional component discount and a 4.5% technical component discount. CMS will also withhold 1% for incorrect payments and withhold 2% for quality performance and 1% beginning in the third year of the demo (or 2024) for patient experience. Participants can earn back a portion of the quality withhold (quality performance is based on four measures) and patient experience withholds.

CMS argues providers will inherently realize savings since the demo eliminates the need for providers to submit individual billing codes. Half of each episode's payment will be made in advance. RO demo participating providers will be required to notify beneficiaries included in the demo. Coinsurance and sequestration policies remain in effect. The RO demo qualifies as a MACRA Advanced APM. CMS estimated in 2019 demo savings at \$230 million over an estimated total spend of over \$5.25 billion in allowable charges. CMS' RO demo home page is [here](#). (We outlined the RO demo when it was first announced in a July 11, 2019 memo.)

### **RO Demo Changes in the Proposed OPPS Rule**

Again, as we outlined in our proposed 2022 OPPS rule memo, CMS is proposing to:

- change the payment baseline period from 2016-2018 to 2017-2019
- as noted above, CMS is lowering the discounts to 3.5 percent for the Professional Component and 4.5 percent for the Technical Component (these initially were 4% and 5% respectively)

- revise the cancer inclusion criteria
- remove liver cancer diagnoses from the demo
- remove brachytherapy from the list of included modalities under the demo so that it would still be paid FFS rates
- in cases where a beneficiary switches from traditional Medicare to Medicare Advantage during an episode before treatment is complete, CMS would consider this an incomplete episode and radiation therapy services would be paid the traditional Medicare rate instead of being paid under the RO model rate
- adopt an extreme and uncontrollable circumstances policy that would provide flexibility to reduce administrative burden on model participants, including reporting requirements, and/or adjusting the payment methodology as necessary when extreme and uncontrollable circumstances present
- exclude HOPDs participating in the Community Transformation track of the CHART Model from participation in the demo. For the CHART ACO Transformation track, CMS would follow the same policy for overlap between the RO demo and the MSSP ACOs
- exclude only HOPDs that are participating in the Pennsylvania Rural Health Model (PARHM) rather than those that are eligible to participate in PARHM
- the proposed OPPS rule also includes clarifications to help address questions from stakeholders and future RO participants related to the interaction between the RO Model and the Quality Payment Program (QPP)

### **Industry's Initial Response**

While several RO demo modifications in the proposed OPPS rule were welcomed, oncology associations remain concerned. When the demo was announced in 2019 there was substantial criticism by both stakeholder groups (and MedPAC, see the commission's September 3, 2019 memo, [here](#)). These persist. They include rewarding inefficient providers via the use of historical spending in calculating payment rates. Stakeholders complained discount rates were too high. Despite CMS proposing to lower, the criticism persists. Case mix adjusted for type of cancer but not for stage of cancer or patient characteristics. The demo will use a tournament model (rank order scoring) to score quality performance not absolute scoring and though the proposed OPPS responded to the criticism that liver cancer and brachytherapy be excluded, the proposed did not also exclude, as recommended by stakeholders, proton beam therapy nor did it respond to the criticism that the demo should account separately pay for seed therapy and for concurrent treatments for multiple cancers.

Specific to reimbursement, stakeholders are concerned that even with delaying the demo to January 1, 2022, ongoing negative PHE effects still leaves the demo poorly timed. Beyond anticipated lost revenue via demo savings, the proposed 2020 Physician Fee Schedule rule projects an (additional) -5% impact to Radiation Oncology and Radiation Therapy Centers (see the proposed PFS rule's Table 123, [here](#)) and Medicare providers expect the return of -2% sequestration beginning January 1.

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