

CMS Innovation Center Proposes Demonstration Impacting 40% of Radiation Oncology Episodes

On July 10, the CMS Innovation Center (CMMI) released a proposed rule setting forth the specifications for a new radiation oncology demonstration that may potentially impact up to 40% of radiation oncology treatment courses (episodes) for Medicare beneficiaries, beginning on either January or April of 2020. The Proposed Demonstration would affect both technical component (TC) and professional component (PC) payment for 17 cancer types (including, but not limited to, prostate, breast, lung and head/neck); would effectuate “site neutral” payment for hospital and freestanding centers (except for different geographic adjustment factors); and would be mandatory for virtually all hospital and freestanding centers in the selected areas (which have not yet been announced.)

While the Proposed Demonstration is extremely complex, what follows is a “top line” description of its main features.

- CMS will select the Core Base Statistical Areas (CBSAs) that will be included in the Proposed Demonstration; however, these likely will not be announced until the Proposed Demonstration is finalized.
- Under the Proposed Demonstration, selected providers in the demonstration areas would be paid based on 90 day “episodes” for 17 cancer types, with base rates calculated separately for PC and TC episodes (and with TC base rates applicable to both hospital-based and freestanding centers).
- While CMS has determined that Medicare pays more for episodes of care provided by freestanding centers than for hospital-based centers (because freestanding centers tend to bill more IMRT and to treat using more fractions), the national base rates, which are the most important factor in the rate calculation, consider only data from hospital-based centers (excluding the 12 largest cancer centers likely to have the highest rates.) The base rates are set forth at Table 3 in 2017 dollars. Actual base rates will be updated, as appropriate, to reflect the performance year involved.
- CMS will reduce (“discount”) the PC episode payment for all episodes by 4% off the top, and the TC episode payments by 5% off the top. While radiation oncology practices that meet the requirement of an Advanced Alternative Payment Model through bonus payments under the CMS Quality Payment Program, there will be no opportunity to earn back the 5% reduction in TC episode payment under CMS Proposal.
- CMS will further reduce episode payments for various “withholds”, which include:
 - A withhold of 2% of the TC and PC episode payments for incomplete episodes and potential duplicative payments that may be made by CMS if an assigned beneficiary switches to a non-Demonstration provider;
 - A 2% PC withhold that may be earned back based on performance on quality measures (with 50% of a practice’s quality score based on new data submission requirements); and
 - A 1% TC withhold beginning in the third year of the Proposed Demonstration, which may be earned back based on performance on a new patient satisfaction survey.

- Episode payments will be further adjusted to take into account the historical relative cost of the provider and the patient characteristics (e.g. severity of illness) of the patient population historically served by the provider (in years 2015-2017).
- Beneficiary copayments generally will be reduced, since they will be calculated to equal 20% of the discounted episode payments, as further reduced by the withholds.

AFROC is currently analyzing the potential implications of the Proposed Demonstration for freestanding facilities and will keep you posted on further developments.

TABLE 3 –NATIONAL BASE RATES BY CANCER TYPE (in 2017 DOLLARS)

RO Model-Specific Placeholder Codes³⁸	Professional or Technical	Cancer Type	Base Rate
<i>MXXXX</i>	Professional	Anal Cancer	\$2,968
<i>MXXXX</i>	Technical	Anal Cancer	\$16,006
<i>MXXXX</i>	Professional	Bladder Cancer	\$2,637
<i>MXXXX</i>	Technical	Bladder Cancer	\$12,556
<i>MXXXX</i>	Professional	Bone Metastases	\$1,372
<i>MXXXX</i>	Technical	Bone Metastases	\$5,568
<i>MXXXX</i>	Professional	Brain Metastases	\$1,566
<i>MXXXX</i>	Technical	Brain Metastases	\$9,217
<i>MXXXX</i>	Professional	Breast Cancer	\$2,074
<i>MXXXX</i>	Technical	Breast Cancer	\$9,740
<i>MXXXX</i>	Professional	Cervical Cancer	\$3,779
<i>MXXXX</i>	Technical	Cervical Cancer	\$16,955
<i>MXXXX</i>	Professional	CNS Tumor	\$2,463
<i>MXXXX</i>	Technical	CNS Tumor	\$14,193
<i>MXXXX</i>	Professional	Colorectal Cancer	\$2,369
<i>MXXXX</i>	Technical	Colorectal Cancer	\$11,589
<i>MXXXX</i>	Professional	Head and Neck Cancer	\$2,947
<i>MXXXX</i>	Technical	Head and Neck Cancer	\$16,708
<i>MXXXX</i>	Professional	Kidney Cancer	\$1,550
<i>MXXXX</i>	Technical	Kidney Cancer	\$7,656
<i>MXXXX</i>	Professional	Liver Cancer	\$1,515
<i>MXXXX</i>	Technical	Liver Cancer	\$14,650
<i>MXXXX</i>	Professional	Lung Cancer	\$2,155
<i>MXXXX</i>	Technical	Lung Cancer	\$11,451
<i>MXXXX</i>	Professional	Lymphoma	\$1,662

<i>MXXXX</i>	Technical	Lymphoma	\$7,444
<i>MXXXX</i>	Professional	Pancreatic Cancer	\$2,380
<i>MXXXX</i>	Technical	Pancreatic Cancer	\$13,070
<i>MXXXX</i>	Professional	Prostate Cancer	\$3,228
<i>MXXXX</i>	Technical	Prostate Cancer	\$19,852
<i>MXXXX</i>	Professional	Upper GI Cancer	\$2,500
<i>MXXXX</i>	Technical	Upper GI Cancer	\$12,619
<i>MXXXX</i>	Professional	Uterine Cancer	\$2,376
<i>MXXXX</i>	Technical	Uterine Cancer	\$11,221