

AFROC Alert: CMS Once Again Proposes To Slash Radiation Oncology Technical Component Payments

In its 2022 Physician Fee Schedule (PFS) Proposed Rule, CMS is once again proposing to slash Medicare payment for the technical component of radiation oncology services. For example, Medicare payment reductions for 3D radiation treatment would be reduced by **-17% to -23%** while Medicare reimbursement for IMRT would be reduced by **-13%**. Medicare payment for most other radiation oncology technical component services also would be reduced substantially, including 3-D and IMRT treatment planning, which would be cut by **-11%** and **-17%** respectively.

While about 3% to 4% of the proposed reductions in technical component payment is attributable to a reduction in the conversion factor applicable to all PFS services, the bulk of these reduction is attributable to reductions in relative value units (RVUs)-- reductions which are likely to be replicated by other third- party payers that use the Medicare PFS as the basis for physician payment. By contrast, the RVUs for many radiation oncology professional component services would increase slightly, generally leaving professional component service payment reductions in the range of -1% to -2%, with the decrease attributable to the conversion factor reduction. A chart setting forth the proposed percentage changes by RVU (which do not take into account the impact of the conversion factor reduction) and by dollars (which do factor in the proposed conversion factor reduction) accompanies this memo.

The proposed conversion factor reduction is the result of the need to maintain budget neutrality for RVU changes for evaluation and management services which were implemented in 2021, but whose impact was mitigated this year by an adjustment mandated by Congress. That adjustment expires at the end of this year, although AFROC is participating in a legislative initiative to extend it.

Although further analysis is necessary, it appears likely that the more consequential proposed RVU reductions impacting technical component services result from a proposal to update the salary costs used for non-physician clinical staff, including for example, radiation technologists,

physicists and dosimetrists. Ironically, although the salaries of the specialized personnel used by radiation therapy centers have generally increased at least as much if not more than the salaries of non-physician clinical staff used by other specialties, because the complexities of the formula used by CMS to allocate practice expenses, updating staff costs overall has a significant negative impact on services whose practice expenses are comprised primarily of high cost equipment, such as radiation oncology. While CMS has solicited comments on the idea of phasing the updated staff costs in over a period of years, the agency is proposing to implement these updated staff costs all at once, effective January 1, 2022.

Please note that, based on the current configuration of the Radiation Oncology Demonstration Model, demonstration participants would also be impacted by these reductions, although the impact would be somewhat mitigated.

AFROC will be analyzing the proposal further, will be filing comments, and plans to strenuously oppose these payment reductions. We will be calling on you to help, so keep posted for further updates.