Center for Medicare and Medicaid Innovation (CMMI)

Oncology Care Model

Questions and Answers

Background

On February 12, 2015, the Center for Medicare and Medicaid Innovation (CMMI) released its Request for Applications (RFA) for an oncology episode-based Medicare payment model (the Oncology Care Model or “OCM”).¹ This Q&A summarizes key components of OCM.

Key Takeaways

- OCM applies to physician practices and payers.
- OCM’s focus is on the total cost of care for cancer patients undergoing chemotherapy during a 6-month episode. Practices will be paid regular fee-for-service (FFS) payments plus a monthly per-beneficiary care management payment as well as have opportunities for additional payments based on financial performance.
- Drugs will continue to be paid at ASP + 6 percent.

Q: Who is eligible to participate in OCM?

A: Physician practices that provide chemotherapy and are currently enrolled in Medicare are invited to participate in OCM.² This includes hospital-affiliated physician groups.³ All practitioners in a participating practice must be included in OCM. In addition, CMMI is also inviting the participation of other payers.⁴

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**Q: How would physicians be paid under OCM?**

A: Under OCM, physicians will continue to receive regular FFS payments, but will also be eligible to receive two types of additional payments:\(^5\)

1. **$160 per beneficiary per month (PBPM) care management payments**: CMMI will distribute monthly, per-beneficiary payments to support practice transformation and coordinated services to patients.

2. **Retrospective, risk-adjusted performance-based payments**: Performance-based payments will be calculated retrospectively following the completion of a 6-month episode. The performance-based payment will be determined based on the practice’s achievement of cost savings and performance on quality measures. To determine cost savings, CMMI will establish a “target price” based on the practice's historical data with adjustments. If the actual costs of treating a patient are less than the target price, a physician would be eligible to receive a performance payment up to the amount of the difference between the actual expenditures (which include PBPM payments received) and the target price. What percentage of the difference between expenditures and the target price a practice receives will depend on its performance on certain quality metrics.

**Q: How will drugs be paid under OCM?**

A: Drugs will continue to be paid under the current Medicare FFS system at ASP + 6 percent.\(^6\)

**Q: How is an episode defined?**

A: An episode of care is defined as **all** care provided to a patient during a 6-month period following the start of chemotherapy treatment, even care that is not related to chemotherapy treatment or performed by the participating physician (i.e., all Medicare Part A, B and certain Part D services).\(^7\) The intent of CMMI is to reduce overall costs during this episode as well as to create incentives for coordination of care. There is no limit to the number of episodes that a

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beneficiary can trigger during the five year period of the program. However, CMMI believes that it would be unusual for a beneficiary to be treated during more than two or three episodes.8

Episodes begin on the date of an initial chemotherapy administration claim or an initial Part D chemotherapy claim and would not include services provided prior to that date.9 CMMI has developed a list of chemotherapy drugs, the administration of which would begin an episode.10 The list excludes topical formulations of drugs.11

**Q: How is the target price calculated?**

A: The target price for the episode that will be used in a practice’s retrospective performance review will be based on risk-adjusted historical data (referred to as a benchmark), trended forward to the performance period and then reduced by a set discount percentage.12 The amount of the discount will be 4.0 percent under a one-sided risk model (only upside risk) or 2.75 percent under a two-sided risk model (both upside and downside risk).13

This method may not take into account the costs of new and more expensive treatments if these costs are not a part of the historical trend; however, CMMI is currently exploring ways to incorporate new technologies and treatments into the calculation.14 Additional information on how new technologies will be incorporated into the target price will be provided to practices prior to signing a participation agreement.15

CMMI will also risk adjust the target price; however, in the first year of the pilot, risk adjustment factors will only be those that can be derived from claims data.16 The agency intends to collect additional information to use for risk adjustment in future years and requests input from potential

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10 Id. at 29-32.
11 Id. at 32.
12 Id. at 7-8.
13 Id. at 8.
15 Id.

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participants on what data may be relevant for this purpose (such as the stage of a particular cancer).

**Q: What type of quality metrics will be utilized in OCM?**

A: There are two categories of quality metrics that will be collected from practices. The first category of metrics will impact the practice’s performance-based payments. These metrics may change over the performance period. CMMI has provided a preliminary list of quality metrics that will be used in OCM. Based on this list, the two types of measures that will be utilized for performance-based payments are: (1) communication and care coordination and (2) person-and-caregiver-centered experience and outcomes. Communication and care coordination includes measures such as the number of emergency room visits and hospital admissions per OCM beneficiary. Person-and-caregiver-centered experience and outcome measures include whether OCM beneficiaries receive psychosocial screening and physician performance on patient experience surveys.

The second category of metrics is “quality monitoring metrics” that would be used to monitor the program more generally. This category also includes metrics on communication and care coordination, as well as clinical quality of care, population health, and efficiency and cost reduction measures. These metrics would not impact physician payments, at least initially. “Prescription drug utilization” is one efficiency metric in this category. It does not appear that utilization has been defined. It is unclear if this metric would take into account circumstances under which a drug might be the most appropriate course of treatment for a patient, regardless of cost.

**Q: Are there any other requirements for practices to maintain eligibility for participation in OCM?**

A: Yes. Practices must: (1) generally treat patients with therapies consistent with nationally recognized clinical guidelines (such as ASCO or NCCN guidelines); (2) provide 24 hours a day, 7 days a week patient access to an appropriate clinician who has real-time access to the practice’s medical records; (3) use data to drive continuous quality improvement; (4) use an electronic health record (EHR) certified by the HHS Office of the National Coordinator for Health Information Technology (ONC) and attest to Stage 1 of EHR “meaningful use” by the end of the first performance year (with the intention of attesting to Stage 2 by the end of the third

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17 Id.
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Q: What level of participation does CMMI anticipate?

A: CMS anticipates that approximately 100 physician practices will participate in OCM that, in the aggregate, will furnish care for approximately 175,000 cancer care episodes over the course of the five-year model.26

Q: When are applications due?

A: Interested payers must submit a letter of intent (LOI) through the OCM inbox at OncologyCareModel@cms.hhs.gov by 5:00 p.m., EDT on March 19, 2015 (LOI instructions for payers available at http://downloads.cms.gov/files/cmmi/OCM-PayerLOI_2_12_15.pdf).


One week after the deadlines for LOI submission, CMMI will post the list of payers and providers that have expressed interest in participating. The names of those submitting LOIs will be posted publicly to facilitate cooperation between payers and practices prior to model implementation. Payers and practices will then separately apply to participate in OCM. A submitted LOI is not binding. Final applications must be submitted by 5:00 p.m., EDT on June 18, 2015. During the participant selection process, CMMI will prioritize physician practices that propose participating in OCM with Medicare multiple (i.e., including non-Medicare) payers.27

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27 Id. at 19.

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