CMS RO Model Summary

September 25, 2020

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RO Model Summary

CMS released the RO on Friday, September 18, 2020

CMS's intent of the RO Model is to promote quality and financial accountability for providers and suppliers of radiation therapy (RT). The RO Model will be a mandatory payment model and will test whether making prospective episode payments to hospital outpatient departments (HOPD) and freestanding radiation therapy centers for RT episodes of care preserves or enhances the quality of care furnished to Medicare beneficiaries while reducing Medicare program spending through enhanced financial accountability for RO Model participants. CMS believes that utilizing the RO Model will enable them to test additional way to reduce Medicare spending enhancing the quality of care. CMS believes that the hospitals and physician who are required to participate will work to redesign their methods of care and improve the quality of care.

The RO Model will have a performance period of 5 calendar years. It will begin on January 1, 2021, and end December 31, 2025. Under the RO Model, Medicare will pay participating providers and suppliers a site-neutral, episode-based payment for specified professional and technical RT services furnished during a 90-day episode to Medicare fee-for-service (FFS) beneficiaries diagnosed with certain cancer type.

The included cancer types were determined by the following criteria: all are commonly treated with radiation; make up the majority of all incidence of cancer types; and have demonstrated pricing stability. Payments for RO episodes will be split into two components – the professional component (PC) and the technical component (TC). A RO participant may also elect to furnish both the PC and TC as a Dual participant through one entity, such as a freestanding radiation therapy center.

Participation in the RO Model will be mandatory for all RT providers and RT suppliers within selected geographic areas. CMS is using Core-Based Statistical Areas (CBSAs) delineated by the Office of Management and Budget as the geographic area for the randomized selection of RO participants. CMS will link RT providers and RT suppliers to a CBSA by using the five-digit ZIP Code of the location where RT services are furnished.

Providers can look at the published zip code file to see they are in included: https://innovation.cms.gov/innovation-models/radiation-oncology-model

The physicians, HOPD and freestanding centers that will be exempt are:

- Furnishes RT only in Maryland
- Furnishes RT only in Vermont
- Furnishes RT only in U.S. Territories

- Is classified as an ambulatory surgery center (ASC), critical access hospital (CAH), or Prospective Payment System (PPS)-exempt cancer hospital
- Participates in or is identified as eligible to participate in the Pennsylvania Rural Health Model.

CMS is setting a separate payment amount for the PC and the TC of each cancer type included in the RO Model. The payment amounts will be determined based on national base rates, trend factors, and adjustments for each participant's case-mix, historical experience, and geographic location. The payment amount will also be adjusted for withholds for incorrect payments, quality, and starting in the third performance year (PY3), patient experience. The standard beneficiary coinsurance amounts (typically 20 percent of the Medicare-approved amount for services) and sequestration will remain in effect. RO participants will have the ability to earn back a portion of the quality and patient experience withholds based on their reporting of clinical data, their reporting and performance on quality measures, and performance on the beneficiary-reported Consumer Assessment of Healthcare Providers and Systems (CAHPS®) Cancer Care Radiation Therapy Survey. CMS has adopted four quality measures and will collect the CAHPS® Cancer Care Radiation Therapy Survey for the RO Model. Three of the four measures are National Quality Forum (NQF)-endorsed process measures that are clinically appropriate for RT and are approved for the Merit-based Incentive Payment System (MIPS) with the fourth being the CAHPS.

The four quality measures are:

- Oncology: Medical and Radiation - Plan of Care for Pain -*NQF #0383; CMS Quality ID #144*
- Treatment Summary Communication – Radiation Oncology
- Preventive Care and Screening: Screening for Depression and Follow-Up Plan -*NQF #0418; CMS Quality ID #134*
- Advance Care Plan -*NQF #0326; CMS Quality ID #047*

CMS will require participants in the RO Model to notify RO beneficiaries of the beneficiary's inclusion in this Model through a standardized written notice to each RO beneficiary during the treatment planning service. They have published a notification document that was included in the release of the RO Model. RO participants may personalize the document with contact information and a logo but must otherwise the document should not be changed. A copy of the letter can be obtained at: https://innovation.cms.gov/innovation-models/radiation-oncology-model

CMS will require participant in the RO Model to report clinical data elements for five cancer types biannually during the 5-year program. A copy of the clinical data elements can be found at: https://innovation.cms.gov/media/document/ro-clin-data-elements-rfi-v2

The Identified cancer types & corresponding ICD-10 codes which will be included in the RO Model are:
Anal Cancer C21.xx B
Bladder Cancer C67.xx
Bone Metastases C79.5x
Brain Metastases C79.3x
Breast Cancer C50.xx, D05.xx
Cervical Cancer C53.xx
CNS Tumors C70.xx, C71.xx, C72.xx
Colorectal Cancer C18.xx, C19.xx, C20.xx
Head and Neck Cancer C00.xx, C01.xx, C02.xx, C03.xx, C04.xx, C05.xx, C06.xx, C07.xx, C08.xx, C09.xx, C10.xx, C11.xx, C12.xx, C13.xx, C14.xx, C30.xx, C31.xx, C32.xx, C76.0x Liver Cancer C22.xx, C23.xx, C24.xx
Lung Cancer C33.xx, C34.xx, C39.xx, C45.xx C
Lymphoma C81.xx, C82.xx, C83.xx, C84.xx, C85.xx, C86.xx, C88.xx, C91.4x
Pancreatic Cancer C25.xx
Prostate Cancer C61.xx
Upper GI Cancer C15.xx, C16.xx, C17.xx
Uterine Cancer C54.xx, C55.xx

CMS finalized that an episode would be triggered only if both of the following conditions are met:

1) There is an initial treatment planning service (that is, submission of treatment planning HCPCS codes 77261-77263, all of which would be included in the PC) furnished by a Professional participant or a Dual participant;
2) At least one radiation treatment delivery service is furnished by a Technical participant or a Dual participant within the following 28 days.

If a Technical or Dual Participant does not deliver a technical component within 28 days then this will qualify as an incomplete episode. Examples of incomplete episodes are:

- A Technical participant or a Dual participant does not furnish a technical component to a RO beneficiary within 28 days following a Professional participant or the Dual participant furnishing an initial treatment planning service to that RO beneficiary
- A RO beneficiary ceases to have traditional FFS Medicare as his or her primary payer at any time after the initial treatment planning service is furnished and before the date of service on a claim with an RO Model-specific HCPCS code and an EOE(End of Episode) modifier
- A RO beneficiary switches RT provider or RT supplier before all included RT services in the RO episode have been furnished.

CMS findings showed that 99 percent of Medicare FFS beneficiaries complete treatment within 90 days of the initial treatment planning service, and to minimize any potential incentive for an RO participant to extend a treatment course beyond the 90-day episode in order to trigger a new episode, they proposed that another episode may not be triggered until at least 28 days after the previous episode has ended and that an episode must not be initiated for the same RO beneficiary during a clean period. A "clean period" is defined as the 28 days following the RO episode. If a RO participant provides clinically appropriate RT services during the 28 days after an episode ends, then that RO participant would be required to bill Medicare FFS for those RT services. CMS further stated that the Innovation Center would monitor the extent to which services are furnished outside of 90-day episodes, including during clean periods, and for the number of RO beneficiaries who receive RT in multiple episodes.

It is important to note that, if treatment goes beyond the end of 90 days, after the RO participant bills the modifier indicating the end of an RO episode (EOE) the additional RT services furnished will be billed and paid FFS – this does not create an incomplete episode.

CMS will provide RO participants with additional instructions for billing, particularly as billing pertains to incomplete episodes, through the Medicare Learning Network (MLN Matters) publications, model-specific webinars, and the RO Model website.

CMS has outlined the CPT codes that are bundled into the RO Model, which has been included in Attachment A starting on page 9.

The following codes are not included in the RO Model: 77387, 77424, 77425, C1715, C1728, C2616, 77469

An episode-based payment covers all included RT services furnished to an RO beneficiary during a 90-day episode. Bundled episode payment rates are premised on the notion of averages and the cases include multi-modality.

CMS finalized that the pricing methodology would blend together the national base rate with a RO participant's unique historical experience.

Pricing Methodology

Eight primary steps to the pricing methodology:

- Create a set of national base rates for the PC and TC of the included cancer types, yielding 34 different national base rates. Each of the national base rates represents the historical average cost for an episode of care for each of the included cancer types

- Apply a trend factor to the 34 different national base rates to update those amounts to reflect current trends in payment for RT services and the volume of those services outside of the Model under the OPPS and PFS
- Adjust the 34 now-trended national base rates to account for each Participant's historical experience and case mix history
- Further adjust payment by applying a discount factor
- Further adjust payment by applying an incorrect payment withhold, and either a quality withhold or a patient experience withhold, depending on the type of component the RO participant furnished under the Model
- Apply geographic adjustments to payment
- Proposed to apply beneficiary coinsurance
- 2 percent adjustment for sequestration.

The finalized discount factors rates are 3.75 percent and 4.75 percent for the PC and TC, respectively.

The CMS provided example calculations have been included in Attachments B & C.

All claims for RT services for an RO beneficiary with dates of service during the 90-day RO episode will be reviewed during an annual reconciliation process, to determine if that RO episode qualifies as complete and if duplicate RT services occurred. Because of this process, CMS will determine how all of these claims impact the annual reconciliation amount on an episode-by-episode basis. The sum of payments for duplicate RT services and the sum of payments for RT services during the incomplete episode represent the impact of those duplicate RT services and incomplete episodes across all RO episodes attributed to the RO participant for the PY considered in that annual reconciliation.

Upon submission of a claim with a RO Model specific HCPCS code and an SOE (Start of Episode) modifier, CMS will pay the first half of the payment for the PC of the episode to the Professional participant or Dual participant. A Professional participant or Dual participant will be required to bill the same RO Model-specific HCPCS code that initiated the episode with a modifier indicating the EOE (End of Episode) after the end of the 90-day episode. This would indicate that the episode has ended.
Technical participant or a Dual participant that furnishes the TC of an episode would be required to bill a new RO Model-specific HCPCS code with a SOE modifier. CMS will pay the first half of the payment for the TC of the episode when a Technical participant or Dual participant furnishes the TC of the episode and bills for it using an RO Model-specific HCPCS code with a SOE modifier. The second half of the payment for the TC of the episode will be paid after the end of the episode.

RO participants will be required to submit encounter data (no-pay) claims that would include all RT services identified on the RO Model Bundled HCPCS list as those services are

furnished and that would otherwise be billed under the Medicare FFS systems. CMS will monitor trends in utilization of RT services during the RO Model. The encounter data will be used for evaluation and model monitoring, specifically trending utilization of RT services, and other CMS research.

If an RO participant provides clinically appropriate RT services during the 28 days after an episode ends, then that RO participant would be required to bill Medicare FFS for those RT services. A new episode will not be initiated during the 28 days after an episode ends. CMS refers to this 28-day period as the "clean period."

A RO participant are allowed to submit the EOE claim after the RT course of treatment has ended, but no earlier than 28 days after the initial treatment planning service was furnished. Regardless of when the EOE claim is submitted, the episode duration remains 90 days. Any RT services furnished after the EOE claim is submitted will not be paid separately during the remainder of the RO episode.

The RO Model is an Advanced APM and a MIPS APM. As such, eligible clinicians who are Professional participants and Dual participants may potentially become Qualifying APM Participants (QPs) who earn an APM Incentive Payment and are excluded from the MIPS reporting requirements and payment adjustments. Under the current Quality Payment Program rules, those who are not excluded from MIPS as QPs or Partial QPs will receive a final score and payment adjustment under MIPS, unless otherwise excepted. CMS believes these aspects of the RO Model as an Advanced APM and a MIPS APM will provide eligible participants with an example of the upside opportunity for high-performing participants under the Model. The RO Model also affords all RO participants the opportunity to actively participate in the effort of moving toward and incentivizing value-based RT care, offering to make certain data available that RO participants can request for use in care coordination and quality improvement, which would potentially increase beneficiary satisfaction.

Various Scenarios & Other Pertinent Facts

If a patient starts as Medicare & changes insurance prior to the end of tx, the provider will be paid the first installment only. The RO participant will not be paid the EOE PC or TC for these RO episodes as CMS cannot process claims for a beneficiary with dates of service on or after the date that traditional Medicare is no longer the primary payer.

CMS states that based on the final design of the RO Model, they believe that on average, Medicare FFS payments to PGPs will be reduced by 6.0 percent and Medicare FFS payments to HOPDs will be reduced by 4.7 percent. CMS believes that the implementation of the RO Model will result in reductions of 5.9 percent to underlying fee schedules for RT services over the course of the model test.

While there is no availability of a Hardship there is a low volume opt-out for any PGP, freestanding radiation therapy center, or HOPD that furnishes fewer than 20 episodes in one or more of the CBSAs randomly selected for participation in the most recent year with claims data available.

If an RO beneficiary dies after both the PC and the TC of the RO episode have been initiated, the RO participant(s) would be instructed to bill EOE claims and would be paid the second half of the episode payment amounts regardless of whether treatment was completed.

If a beneficiary starts inpatient treatment and then changes to an outpatient setting, this situation would not be considered an RO episode, and treatment would be billed under traditional fee-for-service.

The submission and payment of TC claims is not dependent on the submission of PC claims.

If a TC claim with the SOE modifier is received first, the claims system will estimate the first day of the episode. A similar process will occur for EOE claims. When claims for only one component are submitted (either PC or TC), a RO episode would not have occurred because an RO episode begins when both the PC is initiated and the TC is initiated within 28 days. In these circumstances, the component that is submitted will be addressed during the reconciliation process, and the payments will be reconciled so that the RO participant receives the FFS amount based on the no-pay claims instead of the participant-specific episode payment.

The RO Model-specific HCPCS codes will be posted on the RO Model website at least 30 days prior to the start of the Model. There are RVUs associated with the RO Model-specific HCPCS codes, but the SOE EOE which are modifiers, not codes do not have RVUs associated with them.

RO participants will annually attest to whether they actively participate in a patient safety organization, but CMS no longer requires that the participant be in a radiation oncology-specific PSO. Instead, RO participants will be in compliance so long as they annually attest to active participation with any PSO. For those RO participants that are not in a PSO, they can use the time period from the publication of this final rule until the attestation period near the end of PY1 to initiate participation with a PSO.

CMS will be utilizing a contractor to effectively monitor the activities of the RO participants. They may utilize onsite audits, conducted by a contractor, of quality and clinical data elements to monitor RO Participants for model compliance. Audits of quality and clinical data may also be used to ensure that the Model is effective and that RO Model beneficiaries continue receiving high-quality and medically appropriate care. Site visits may be used to better understand how RO participants manage services, use evidence-based care, and

practice patient-centered care. Site visit activities may include, but are not limited to, interviewing RO participant(s) and staff, reviewing records, and observing treatments.

CMS states they have programmed the claims system to bypass all professional and institutional SNF consolidated billing edits/IURs for RO Model claims for any RO beneficiary that is currently in a Skilled Nursing Facility (SNF).

The last date during which RO episodes must be completed, with no new RO episodes beginning is October 3, 2025, in order for all RO episodes to be completed by December 31, 2025.

Appendix

Attachment A

Reference – Page 192-195, Table 2
https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-20907.pdf

TABLE 2: LIST OF RO MODEL BUNDLED HCPCS

HCPCS	HCPCS Description	Category
55920	Placement Pelvic Needles/Catheters, Brachytherapy	Radiation Treatment Delivery (Brachytherapy Surgery)
57155	Placement Tandem and Opioids, Brachytherapy	Radiation Treatment Delivery (Brachytherapy Surgery)
57156	Placement Vaginal Cylinder, Brachytherapy	Radiation Treatment Delivery (Brachytherapy Surgery)
58346	Placement Heyman Capsules, Brachytherapy	Radiation Treatment Delivery (Brachytherapy Surgery)
77014	Computed tomography guidance for placement of	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77021	Magnetic resonance guidance for needle placement	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77261	Radiation therapy planning	Treatment Planning
77262	Radiation therapy planning	Treatment Planning
77263	Radiation therapy planning	Treatment Planning
77280	Set radiation therapy field	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77285	Set radiation therapy field	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77290	Set radiation therapy field	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77293	Respirator motion mgmt simul	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77295	3-d radiotherapy plan	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77299	Radiation therapy planning	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services

HCPCS	HCPCS Description	Category
77300	Radiation therapy dose plan	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77301	Radiotherapy dose plan imrt	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77306	Telethx isodose plan simple	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77307	Telethx isodose plan cplx	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77316	Brachytx isodose plan simple	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77317	Brachytx isodose intermed	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77318	Brachytx isodose complex	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77321	Special teletx port plan	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77331	Special radiation dosimetry	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77332	Radiation treatment aid(s)	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77333	Radiation treatment aid(s)	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77334	Radiation treatment aid(s)	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77336	Radiation physics consult	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77338	Design mlc device for imrt	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77370	Radiation physics consult	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77371	Srs multisource	Radiation Treatment Delivery
77372	Srs linear based	Radiation Treatment Delivery
77373	Sbrt delivery	Radiation Treatment Delivery
77385	Ntsty modul rad tx dlvr smpl	Radiation Treatment Delivery
77386	Ntsty modul rad tx dlvr cplx	Radiation Treatment Delivery
77399	External radiation dosimetry	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77402	Radiation treatment delivery	Radiation Treatment Delivery
77407	Radiation treatment delivery	Radiation Treatment Delivery
77412	Radiation treatment delivery	Radiation Treatment Delivery
77417	Radiology port images(s)	Radiation Treatment Delivery (Guidance)
77427	Radiation tx management x5	Treatment Management
77431	Radiation therapy management	Treatment Management
77432	Stereotactic radiation trmt	Treatment Management

HCPCS	HCPCS Description	Category
77435	Sbrt management	Treatment Management
77470	Special radiation treatment	Treatment Management
77499	Radiation therapy management	Treatment Management
77520	Proton trmt simple w/o comp	Radiation Treatment Delivery
77522	Proton trmt simple w/comp	Radiation Treatment Delivery
77523	Proton trmt intermediate	Radiation Treatment Delivery
77525	Proton treatment complex	Radiation Treatment Delivery
77761	Apply intrcav radiat simple	Radiation Treatment Delivery
77762	Apply intrcav radiat interm	Radiation Treatment Delivery
77763	Apply intrcav radiat compl	Radiation Treatment Delivery
77767	Hdr rdncl skn surf brachytx	Radiation Treatment Delivery
77768	Hdr rdncl skn surf brachytx	Radiation Treatment Delivery
77770	Hdr rdncl ntrstl/icav brchtx	Radiation Treatment Delivery
77771	Hdr rdncl ntrstl/icav brchtx	Radiation Treatment Delivery
77772	Hdr rdncl ntrstl/icav brchtx	Radiation Treatment Delivery
77778	Apply interstit radiat compl	Radiation Treatment Delivery
77789	Apply surf ldr radionuclide	Radiation Treatment Delivery
77790	Radiation handling	Medical Radiation Physics, Dosimetry, Treatment Devices, Special Services
77799	Radium/radioisotope therapy	Radiation Treatment Delivery
A9527	Iodine i-125 sodium iodide	Radiation Treatment Delivery (Brachytherapy Materials)
C1716	Brachytx, non-str, gold-198	Radiation Treatment Delivery (Brachytherapy Materials)
C1717	Brachytx, non-str,hdr ir-192	Radiation Treatment Delivery (Brachytherapy Materials)
C1719	Brachytx, ns, non-hdrir-192	Radiation Treatment Delivery (Brachytherapy Materials)
C2634	Brachytx, non-str, ha, i-125	Radiation Treatment Delivery (Brachytherapy Materials)
C2635	Brachytx, non-str, ha, p-103	Radiation Treatment Delivery (Brachytherapy Materials)
C2636	Brachy linear, non-str,p-103	Radiation Treatment Delivery (Brachytherapy Materials)
C2638	Brachytx, stranded, i-125	Radiation Treatment Delivery (Brachytherapy Materials)
C2639	Brachytx, non-stranded,i-125	Radiation Treatment Delivery (Brachytherapy Materials)
C2640	Brachytx, stranded, p-103	Radiation Treatment Delivery (Brachytherapy Materials)
C2641	Brachytx, non-stranded,p-103	Radiation Treatment Delivery (Brachytherapy Materials)
C2642	Brachytx, stranded, c-131	Radiation Treatment Delivery (Brachytherapy Materials)

HCPCS	HCPCS Description	Category
C2643	Brachytx, non-stranded,c-131	Radiation Treatment Delivery (Brachytherapy Materials)
C2644	Brachytx cesium-131 chloride	Radiation Treatment Delivery (Brachytherapy Materials)
C2645	Brachytx planar, p-103	Radiation Treatment Delivery (Brachytherapy Materials)
C2698	Brachytx, stranded, nos	Radiation Treatment Delivery (Brachytherapy Materials)
C2699	Brachytx, non-stranded, nos	Radiation Treatment Delivery (Brachytherapy Materials)
G0339	Robot lin-radsurg com, first	Radiation Treatment Delivery
G0340	Robt lin-radsurg fractx 2-5	Radiation Treatment Delivery
G6001	Echo guidance radiotherapy	Radiation Treatment Delivery (Guidance)
G6002	Stereoscopic x-ray guidance	Radiation Treatment Delivery (Guidance)
G6003	Radiation treatment delivery	Radiation Treatment Delivery
G6004	Radiation treatment delivery	Radiation Treatment Delivery
G6005	Radiation treatment delivery	Radiation Treatment Delivery
G6006	Radiation treatment delivery	Radiation Treatment Delivery
G6007	Radiation treatment delivery	Radiation Treatment Delivery
G6008	Radiation treatment delivery	Radiation Treatment Delivery
G6009	Radiation treatment delivery	Radiation Treatment Delivery
G6010	Radiation treatment delivery	Radiation Treatment Delivery
G6011	Radiation treatment delivery	Radiation Treatment Delivery
G6012	Radiation treatment delivery	Radiation Treatment Delivery
G6013	Radiation treatment delivery	Radiation Treatment Delivery
G6014	Radiation treatment delivery	Radiation Treatment Delivery
G6015	Radiation tx delivery imrt	Radiation Treatment Delivery
G6016	Delivery comp imrt	Radiation Treatment Delivery
G6017	Intrafraction track motion	Radiation Treatment Delivery (Guidance)
Q3001	Brachytherapy radioelements	Radiation Treatment Delivery (Brachytherapy Materials)

Attachment B

Reference – Page 307, Table 8
https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-20907.pdf

TABLE 8: EXAMPLE: PARTICIPANT-SPECIFIC PROFESSIONAL EPISODE PAYMENT FOR LUNG CANCER PY1 ALL NUMBERS ARE ILLUSTRATIVE ONLY

	Professional Component	
	Amount	**Formula**
National Base Rate (a)	$2,155.00	
Trend Factor (b)	1.04	
Subtotal (c)	$2,241.20	c = a * b
SPLIT for SOE/EOE payments (d)	$1,120.60	d =c/2
Geographic Adjustment (e)	1.02	
Subtotal1 (f)	$1,143.01	f = d * e
Case Mix Adjustment (g)	0.02	For example (102-100) / 100
Historical Experience Adjuster (h)	0.14	For example (116-102) / 100
PY1 Blend (i)	0.90	
Adjustments combined (j)	1.15	j = g + (h * i) + 1
Subtotal (k)	$1,309.89	k = j * f
Discount Factor (l)	0.0375	
Subtotal (m)	$1,260.77	m = (1-l) * k
Withhold #1 (Incorrect Payment) (n)	0.01	
Withhold #2 (Quality Performance) (o)	0.02	
Total Withhold (p)	0.03	p = n + o
Half of Total Episode Payment to RO Participant without sequestration (q)	$1,222.95	q = (1-p) * m
Beneficiary Coinsurance for SOE payment Determined (r)	$244.59	r = q * 0.20
SOE Participant Payment	$978.36	s = q * 0.80
Sequestration Claims Payment Adjustment to Participant Payment (t) [t = half of the total participant-specific professional episode payment]	$958.79	t = s * 0.98
Episode Payment 1: SOE (u)*	**$958.79**	**u = t**
Episode Payment 2: EOE (v)*	**$958.79**	**v = t**
Total Episode Payment to RO Participant (w)	**$2,406.76**	**w = u+v+2r**

^ All numbers are rounded to two decimal places.

Attachment C

Reference – Page 308, Table 9
https://s3.amazonaws.com/public-inspection.federalregister.gov/2020-20907.pdf

TABLE 9: EXAMPLE: PARTICIPANT-SPECIFIC TECHNICAL EPISODE PAYMENT FOR LUNG CANCER IN PY1

	Technical Component	
	Amount	Formula
National Base Rate (a)	$11,451.00	
Trend Factor (b)	1.04	
Subtotal (c)	$11,909.04	c = a * b
SPLIT for SOE/EOE payments (d)	$5,954.52	d =c/2
Geographic Adjustment (e)	1.02	
Subtotal1 (f)	$6,073.61	f = d * e
Case Mix Adjustment (g)	0.02	For example (102-100) / 100
Historical Experience Adjuster (h)	0.11	For example (116-102) / 100
PY1 Blend (i)	0.90	
Adjustments combined (j)	1.12	j = g + (h * i) + 1
Subtotal (k)	$6,796.37	k = j * f
Discount Factor (l)	0.0475	
Subtotal (m)	$6,473.54	m = (1 - l) * k
Withhold #1 (Incorrect Payment) (n)	0.01	
Withhold #2 (Patient Experience) - not applied until PY3 (o)		
Total Withhold (p)	0.01	p = n + o
Half of Total Episode Payment to RO Participant without sequestration (q)	$6,408.81	q = (1 - p) * m
Beneficiary Coinsurance for SOE payment Determined (r)	$1,281.76	r = q * 0.20
SOE Participant Payment	$5,127.05	s = q * 0.80
Sequestration Claims Payment Adjustment to Participant Payment (t) [t = half of the total participant-specific professional episode payment]	$5,024.50	t = s * 0.98
Episode Payment 1: SOE (u)*	**$5,024.50**	**u = t**
Episode Payment 2: EOE (v)*	**$5,024.50**	**v = t**
Total Episode Payment to RO Participant (w)	**$12,612.53**	**w = u+v+2r**

^ All numbers are rounded to two decimal places.