

## 2022 RO Model and Medicare Physician Fee Schedule

### Executive Summary of Key Issues

Radiation oncology has been resilient throughout the COVID-19 pandemic, providing safe and effective treatments to patients. Radiation oncology's impressive combination of skilled clinicians and state-of-the-art technology has made great progress in the fight against cancer, and they are poised to meaningfully contribute to President Biden's goal of "ending cancer as we know it." However, the field's ability to contribute to this goal is being jeopardized by policy proposals issued in the 2022 Hospital Outpatient Prospective Payment System (HOPPS) and Medicare Physician Fee Schedule (MPFS) proposed rules.

Radiation oncology cancer treatment services would experience \$300 million in reductions effective January 1, 2022. Roughly half of the \$300 million in cuts stem from the Radiation Oncology Alternative Payment Model (RO Model), while the rest are caused by proposed changes to the 2022 MPFS. This is all coming at a time when practices continue to reel from significant patient volume declines due to COVID-19, which resulted in an 8% reduction in revenue for 2020. Excessive cuts will jeopardize cancer patient's ability to receive state-of-the-art care close to home, further exacerbating healthcare disparities and resulting in greater rates of practice consolidation.

As one radiation oncologist put it: "My practice would close. I practice in an underserved area with a high proportion of Medicaid patients. This is one of the poorest cities in the state and there is no other radiation oncology department in this city. Patients would then need to travel for their care, but a lot of them do not own cars and struggle to pay for basic necessities, so traveling for their cancer care is unlikely."

#### RO Model

The 2022 HOPPS proposed rule includes proposed revisions to the RO Model. CMS has not done enough to address concerns from the radiation oncology community and Congress about the excessive payment cuts to hospitals and community-based clinics that are compelled to participate in the model. In the proposed rule, CMS anticipates that the model will save an estimated \$160 million over 5 years through the application of draconian discount factors set at 3.5% off Professional payments and 4.5% off Technical payments, far more than other payment models.

**ASTRO continues to recommend reducing the discount factors to 3% or less to ensure Medicare achieves a reasonable level of savings and so practices can continue providing high quality, state-of-the-art care for cancer patients.**

#### Medicare Physician Fee Schedule

In the 2022 MPFS proposed rule, CMS is proposing to update Clinical Labor Prices, which was last done in 2002. While ASTRO supports the long-overdue update to clinical labor price inputs, the policy will have a significant negative impact on radiation oncology due to the fee schedule's budget neutrality requirements, which has the effect of lowering payments to specialties that use expensive equipment. As a result, radiation oncology rates will be reduced by 5% overall. When combined with the expiration of the Consolidated Appropriations Act (CAA) Conversion Factor fix, which increased MPFS payment

rates by 3.75%, the radiation oncology payment cut climbs to 8.75% overall. Of note, some radiation oncology services will be impacted more severely than others. For instance, Stereotactic Body Radiation Therapy (SBRT), which is an advanced lung cancer treatment, will experience a 22% cut.

**ASTRO urges CMS to hold harmless radiation oncology from this proposal to ensure that these cuts don't fall disproportionately on life-saving services for cancer patients.**

#### Threats to Access to Care

The proposed MPFS cuts combined with the excessive discount factors in the RO Model will be disastrous for radiation oncology practices across the country, regardless of their RO Model participation status. If finalized, the 2022 MPFS would result in a 25% reduction in payment rates over the last ten years. This will result in access to care issues and make it difficult for practices to provide the high-quality services patients need close to home, particularly as patients continue to present with more advanced stage disease requiring more expensive treatment due to delays in diagnosis related to COVID-19.

For practices required to participate in the RO Model, the MPFS payment cuts in combination with the payment model discount factors represent a double whammy. This is due to the inclusion of a “trend factor” in the payment methodology that accounts for changes in the MPFS and HOPPS rate setting systems. As the rates in the existing MPFS and HOPPS payment systems go up or down, so does the trend factor and consequently payment rates in the RO Model. Therefore, significant rate cuts in next year’s MPFS will flow into the RO Model, making participation even more challenging.

In a November 2017 report, CMS stated that “the agency “faces certain challenges in determining accurate prices for services that involve expensive capital equipment. Consequently, PFS rates for services involving external beam radiation have fluctuated over the last decade. Under an episode payment model, more stable prices for radiation therapy services could be tested to determine if they reduce expenditures while maintaining or enhancing quality of care.”<sup>1</sup>

**CMS must stabilize payments for radiation oncology services inside and outside of the RO Model to preserve access to high quality care.**

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<sup>1</sup> United States Department of Health and Human Services, “[Report to Congress: Episodic Alternative Payment Model for Radiation Therapy Services](#),” November 2017.