ONCOLOGY CARE MODEL

THE OCM PBP METHODOLOGY: A PRACTICAL APPLICATION

August 10, 2017

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICARE & MEDICAID INNOVATION

WELCOME

Some initial housekeeping before we start.

- All attendee phone lines have been placed in a listen-only mode. The slides, transcript, and event recording will be posted on OCM Connect after this event.

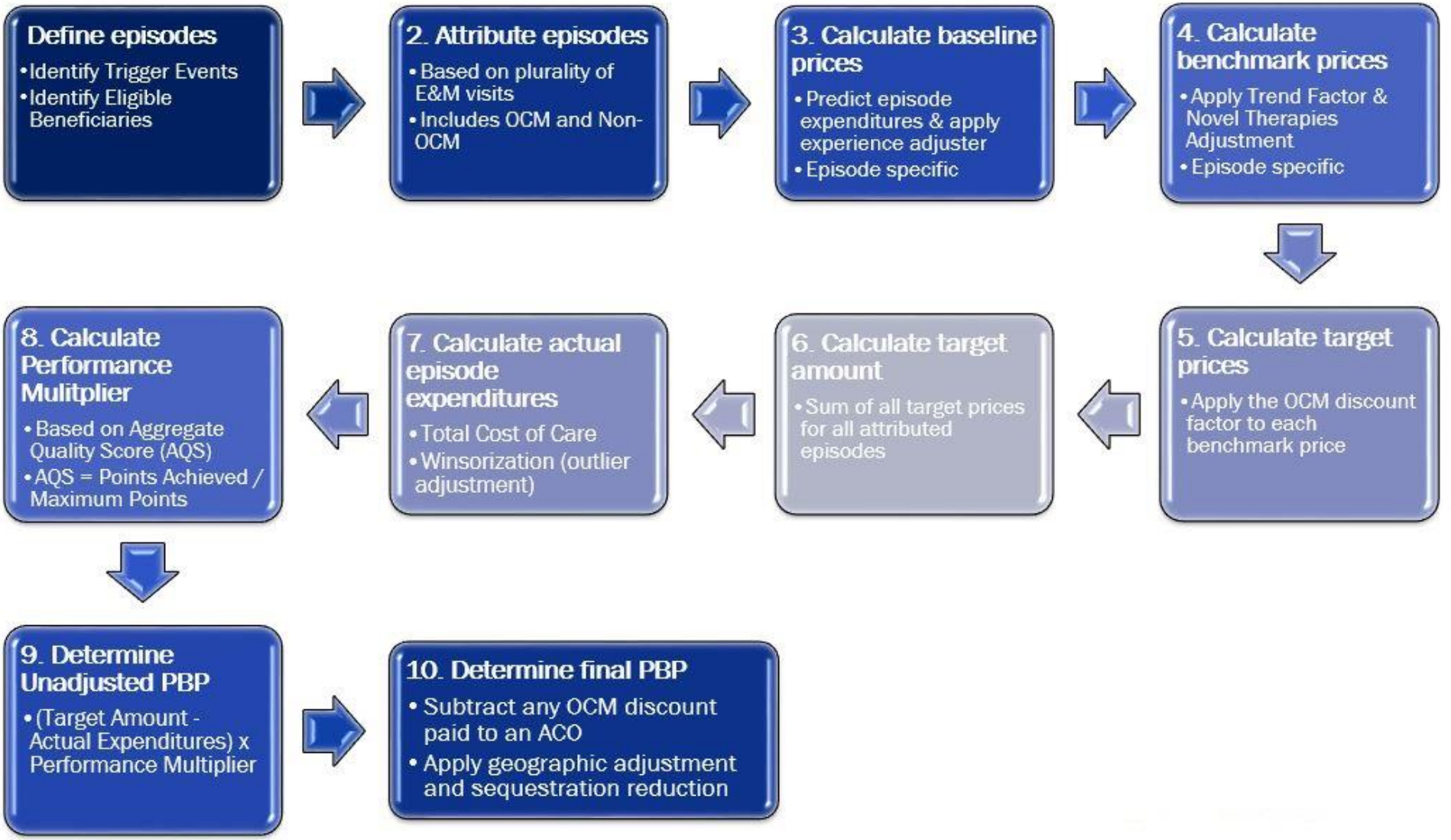
- We encourage you to submit questions into the Q&A box to the right of your webinar screen. You may also email your questions to OCMSupport@cms.hhs.gov following this event.

- If you have any technical questions or issues during this event, please submit a question in the Q & A box and we will be happy to assist you. You may also contact Adobe Connect Customer Support at 1-866-335-2256.

GOALS

- To provide a better understanding of how the calculation of an OCM participant's PBP will occur, using an example to demonstrate
  - See accompanying Excel file
- To provide clarifications around some design elements

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:

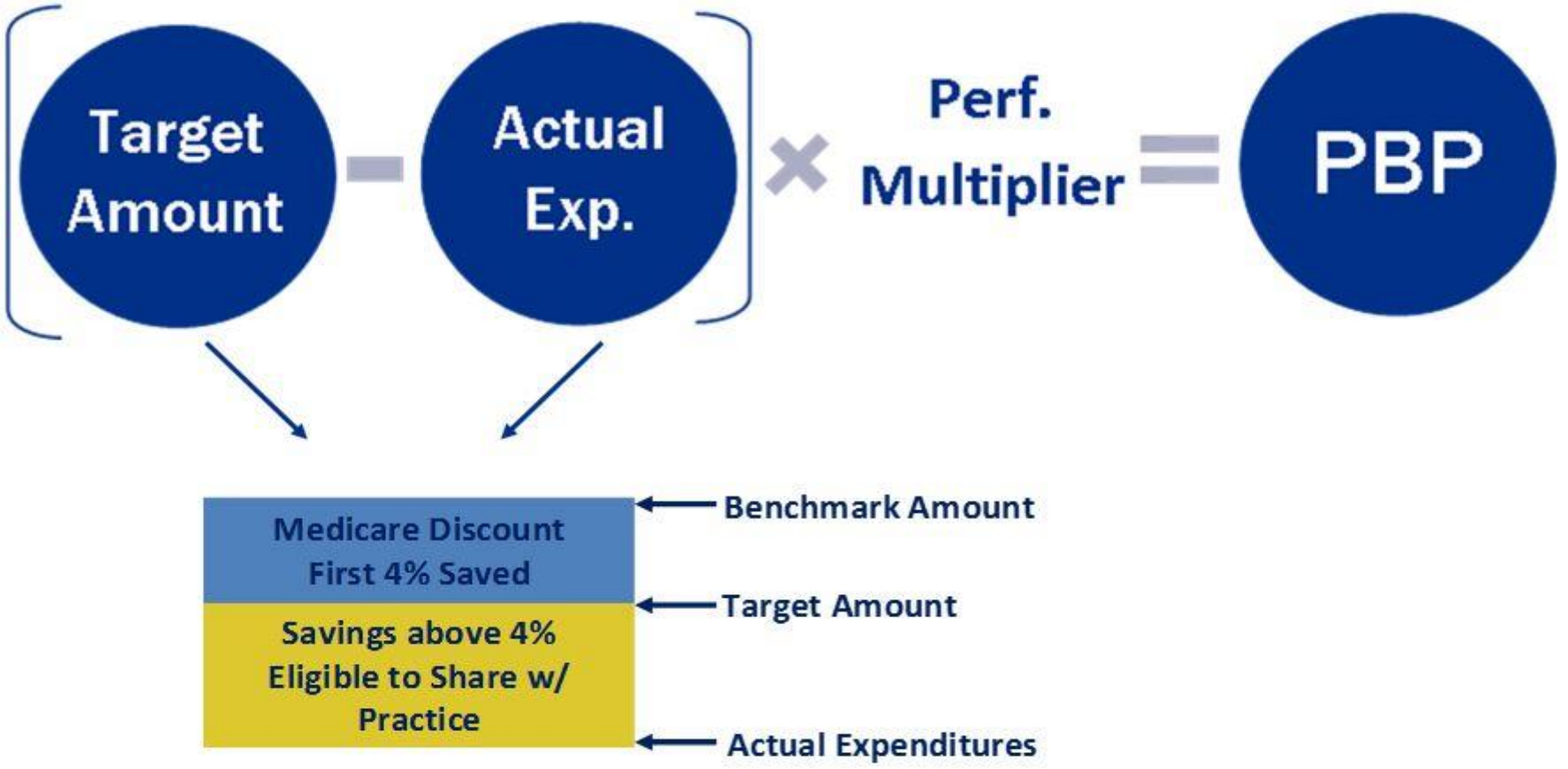


REMINDER: PERFORMANCE PERIODS

Practices will have the potential to earn a PBP in each of OCM's nine performance periods:

Performance Period	Episodes Beginning	Episodes Ending
1	7/1/16 – 1/1/17	12/31/16 – 6/30/17
2	1/2/17 – 7/1/17	7/1/17 – 12/31/17
3	7/2/17 – 1/1/18	1/1/18 – 6/30/18
. . .	. . .	. . .
8	1/2/20 – 7/1/20	7/1/20 – 12/31/20
9	7/2/20 – 1/1/21	1/1/21 – 6/30/21

OVERVIEW OF PBP METHODOLOGY



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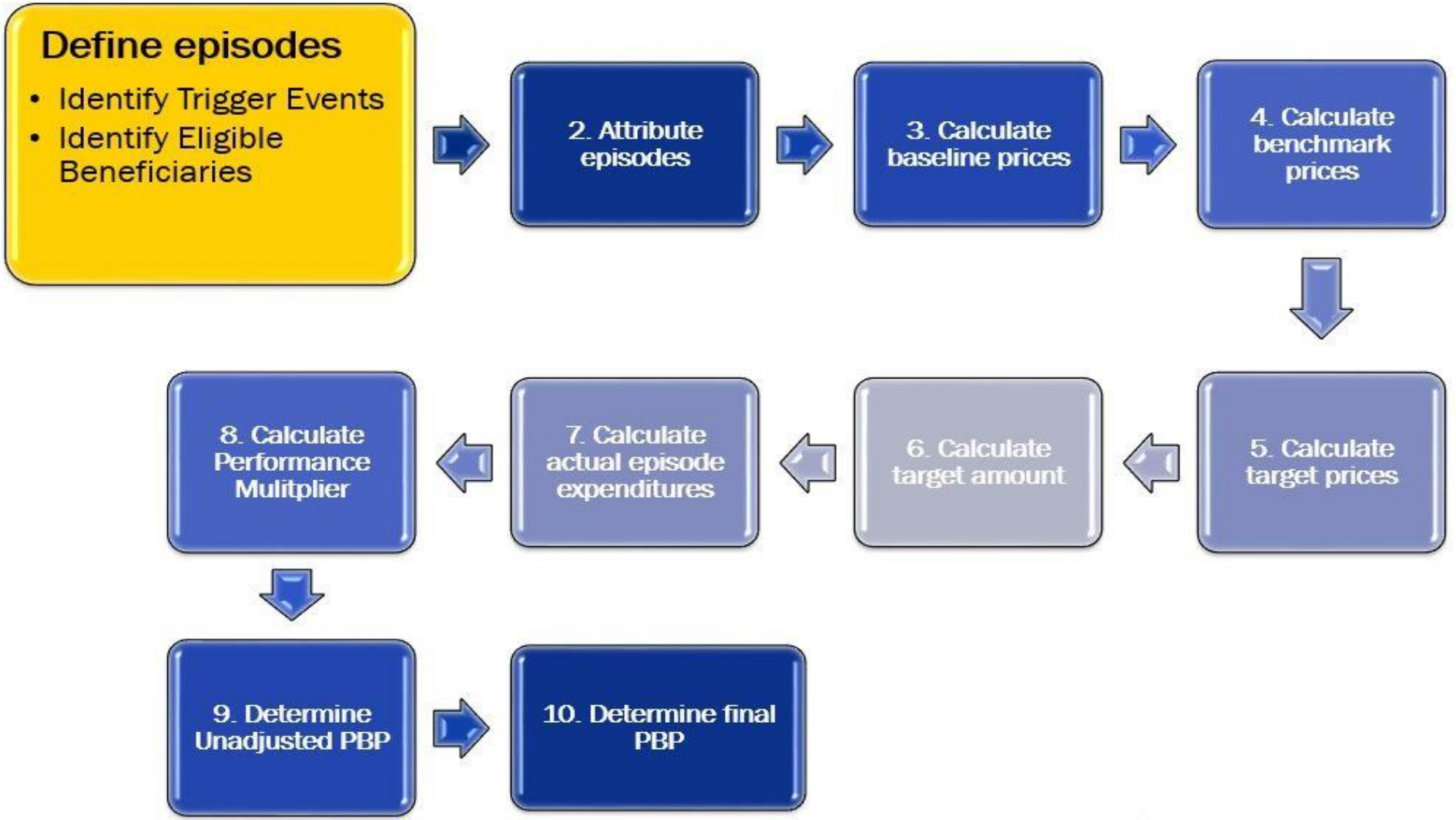


1. DEFINE EPISODES

- Two types of episode triggers: Part B and Part D
- Part B triggers
  - Chemotherapy drug claims included on the List of Initiating Cancer Therapies (HCPCS codes)
  - Include a cancer diagnosis included in the OCM Cancer Type Mapping
  - Not provided in an inpatient setting
- **Example:** *MS. SMITH COMES INTO THE OFFICE ON APRIL 15, FOR A BREAST CANCER CONSULTATION. A BREAST CANCER DIAGNOSIS IS NOTED ON THE MEDICARE CLAIM RESULTING FROM THE CONSULTATION. THE FIRST CHEMOTHERAPY TREATMENT OCCURS ON APRIL 22 AND ALSO CONTAINS A BREAST CANCER DIAGNOSIS. IN THIS EXAMPLE, THE EPISODE IS TRIGGERED ON APRIL 22.*

1. DEFINE EPISODES CONT.

- Part D triggers
  - Chemotherapy drug claims included on the List of Initiating Cancer Therapies (National Drug Codes)
  - Must have a Part B claim with an included cancer diagnosis on or in the 59 days preceding the date the prescription was filled.
    - Can be any Part B service from any provider
    - Ensures that the patient filling the prescription also has an OCM cancer diagnosis
  - **Example:** *MS. GREEN HAS AN OFFICE VISIT FOR BREAST CANCER ON APRIL 15TH AND RECEIVES HER FIRST PRESCRIPTION FOR TAMOXIFEN. THIS OFFICE VISIT IS FILED AS A PART B CLAIM. TO ULTIMATELY TRIGGER AN EPISODE, MS. GREEN MUST HAVE HER PRESCRIPTION FILLED NO LATER THAN JUNE 13TH. IF THE PRESCRIPTION IS FILLED MORE THAN 60 DAYS AFTER THE OFFICE VISIT, AND NO OTHER OFFICE VISIT FOR CANCER HAS OCCURRED, AN EPISODE IS NOT TRIGGERED.*

1. DEFINE EPISODES CONT.

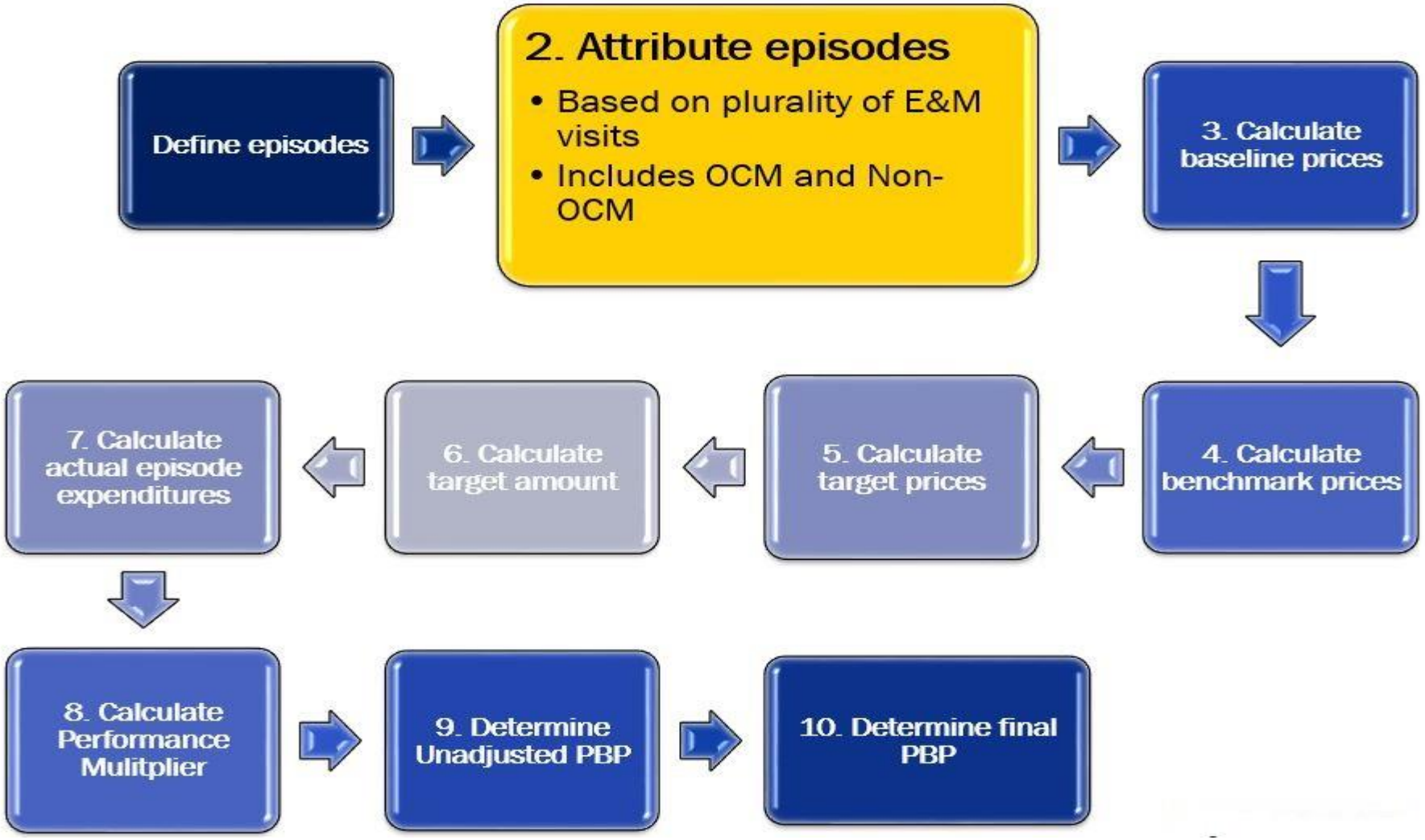
- In the 6 months following chemotherapy, the beneficiary must:
  - Remain enrolled in Medicare Parts A and B
  - Not be receiving the ESRD benefit
  - Have Medicare as his/her primary payer
  - Not be enrolled in any group health plan (including Medicare Advantage & United Mine Workers)
  - Receive at least one E&M visit for cancer

- If any of these criteria are NOT met during the 6 months following chemotherapy, an episode is never triggered (there are no partial episodes)

1. DEFINE EPISODES CONT.

- Episodes end six months after the trigger date, i.e., January 3 – July 2
- New episodes may begin after prior episodes have completed
    - For Part D triggers, the necessary qualifying Part B diagnosis claim could occur during a previous episode, as long as the triggering Part D fill date is still within 59 days of the part B claim and after the previous episode has ended.
- National population – OCM and non-OCM

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



2. ATTRIBUTE EPISODES

- Plurality-based attribution algorithm attributes episodes to the practice (as defined by Tax Identification Number [TIN]) that provided the plurality of Evaluation & Management (E&M) visits for cancer care during the six month episode
- Provider of the initiating cancer therapy does not matter
  - Can be the OCM practice or not, an oncologist or not

Example Attribution of an Episode to Practice A:

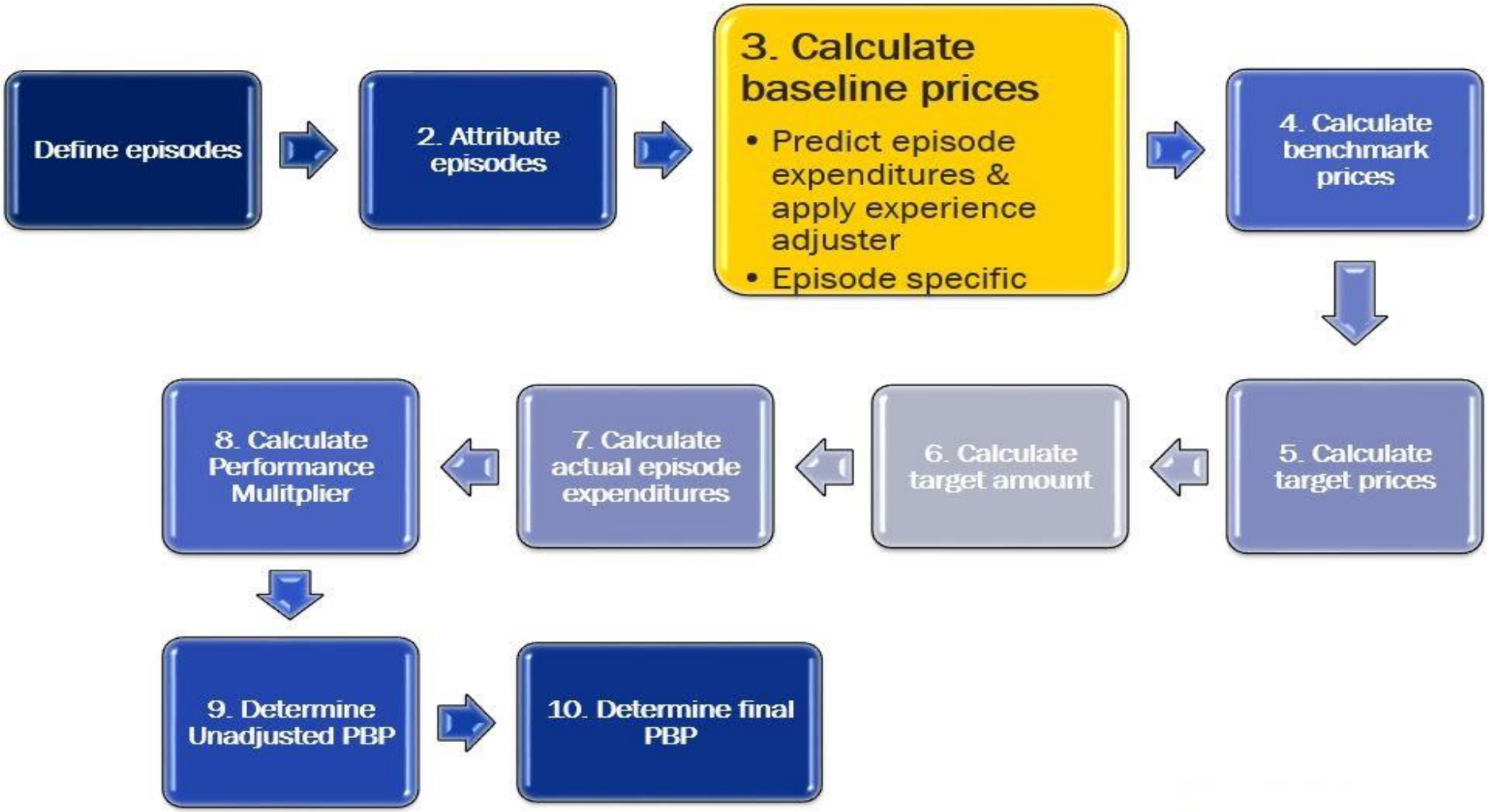
2. ATTRIBUTE EPISODES CONT.

- Population of attributed episodes for the purposes of performance-based payment is NOT the same as the population defined for the feedback reports

- There is likely overlap between the two populations

- See OCM Connect for the June 2017 webinar on the feedback reports for information on the differences between the episode population for PBP and the beneficiary population for the feedback reports
    - OCM Feedback Reports Webinar 06.15.2017_Slides_20170615

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



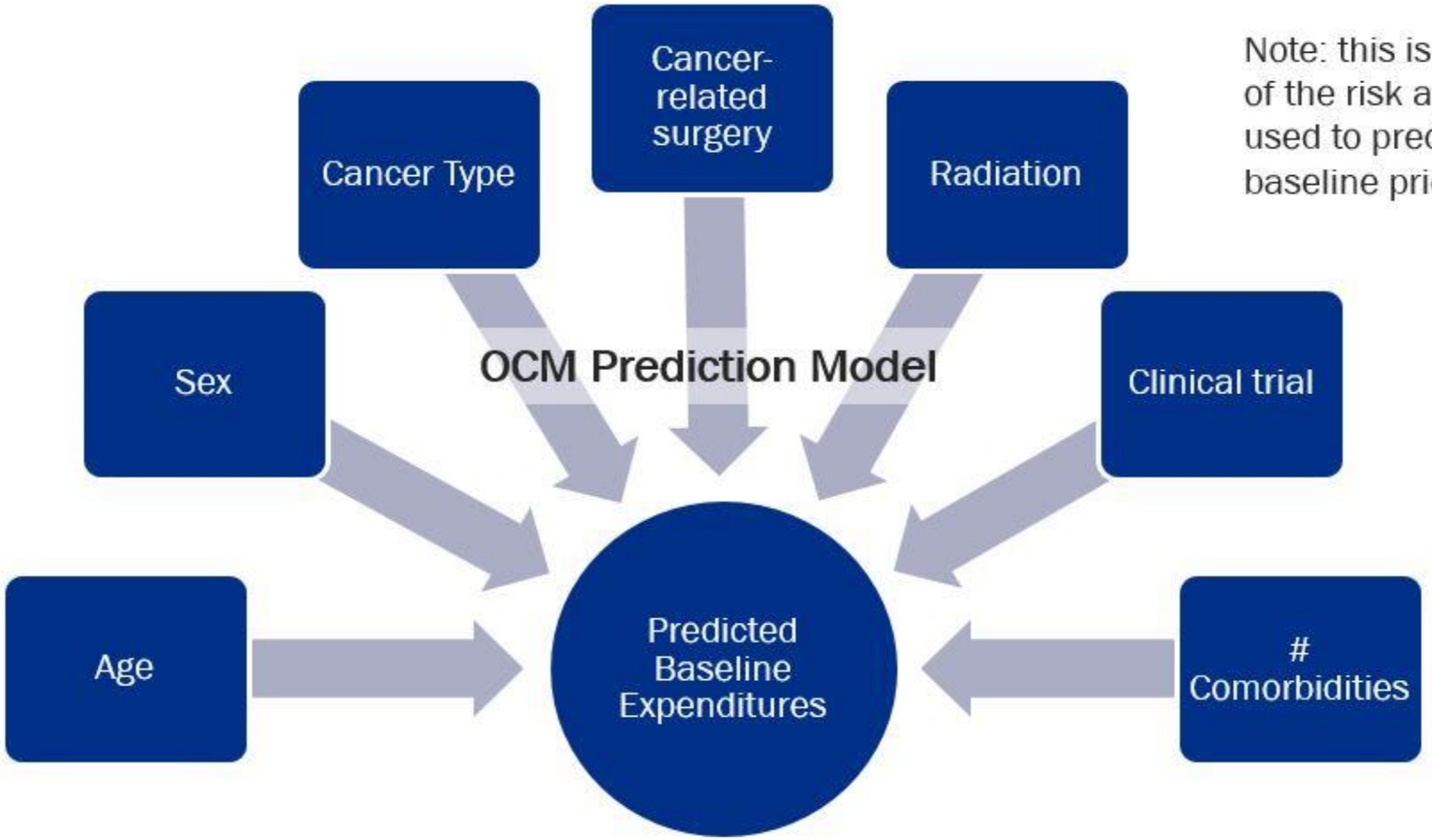
3. CALCULATE BASELINE PRICES: EPISODE EXPENDITURES

- OCM is a Total Cost of Care (TCOC) model, intending to test the effects on health outcomes and TCOC that may result from better care coordination, improved access to practitioners, and appropriate clinical care during a six month episode of chemotherapy.
- Includes all Medicare Part A and B expenditures during the six months of the episode as well as some Part D expenditures
  - Cancer-related and non-cancer-related services
  - Medicare services provided inside and outside the OCM practice
- Expenditures are standardized; geographic variation has been removed
- Outlier adjustment (Winsorization) intended to protect against high (and low) outliers

3. CALCULATE BASELINE PRICES: EPISODE EXPENDITURES - WINSORIZATION

- Trims the expenditures for high and low outliers (by cancer type) so that they don't have as much impact on a practice's actual expenditures
- Thresholds are the expenditures at the 5th and 95th percentiles of *national* (OCM & non-OCM) episode expenditures, by cancer type
- Example, breast cancer:
  - 5th percentile = $500; 95th percentile = $54,000
  - All breast cancer episodes with expenditures less than $500 will have their expenditures increased to $500
  - All breast cancer episodes with expenditures greater than $54,000 will have their expenditures decreased to $54,000
- New Winsorization thresholds are determined for each performance period

3. CALCULATE BASELINE PRICES CONT.



Note: this is a subset of the risk adjusters used to predict baseline prices.

3. CALCULATE BASELINE PRICES – EXPERIENCE ADJUSTER

- Predicted Baseline Expenditures = prediction model output
- Predicted Baseline Expenditures x Experience Adjuster = **Baseline Price**
- Experience adjuster is used to account for differences between actual and predicted expenditures in the baseline
- Based on the ratio of actual-to-predicted expenditures for a specific practice or pool in the baseline period
- Actual-to-predicted ratio is weighted by 50% to determine the experience adjuster

3. CALCULATE BASELINE PRICES – EXPERIENCE ADJUSTER CONTD.

Example:

- Actual baseline expenditures = $1,020,000
- Predicted baseline expenditures = $1,062,500
- Actual-to-predicted ratio = $1,020,000 / $1,062,500 = 0.96
- **Experience Adjuster = 50% + 50% * 0.96 = 0.98**

3. CALCULATE BASELINE PRICES CONT.

- A practice's or pool's experience adjuster will not be updated with each performance period
- See OCM-PREDCT for your practice's or pool's experience adjuster

Example of Application of Experience Adjuster:

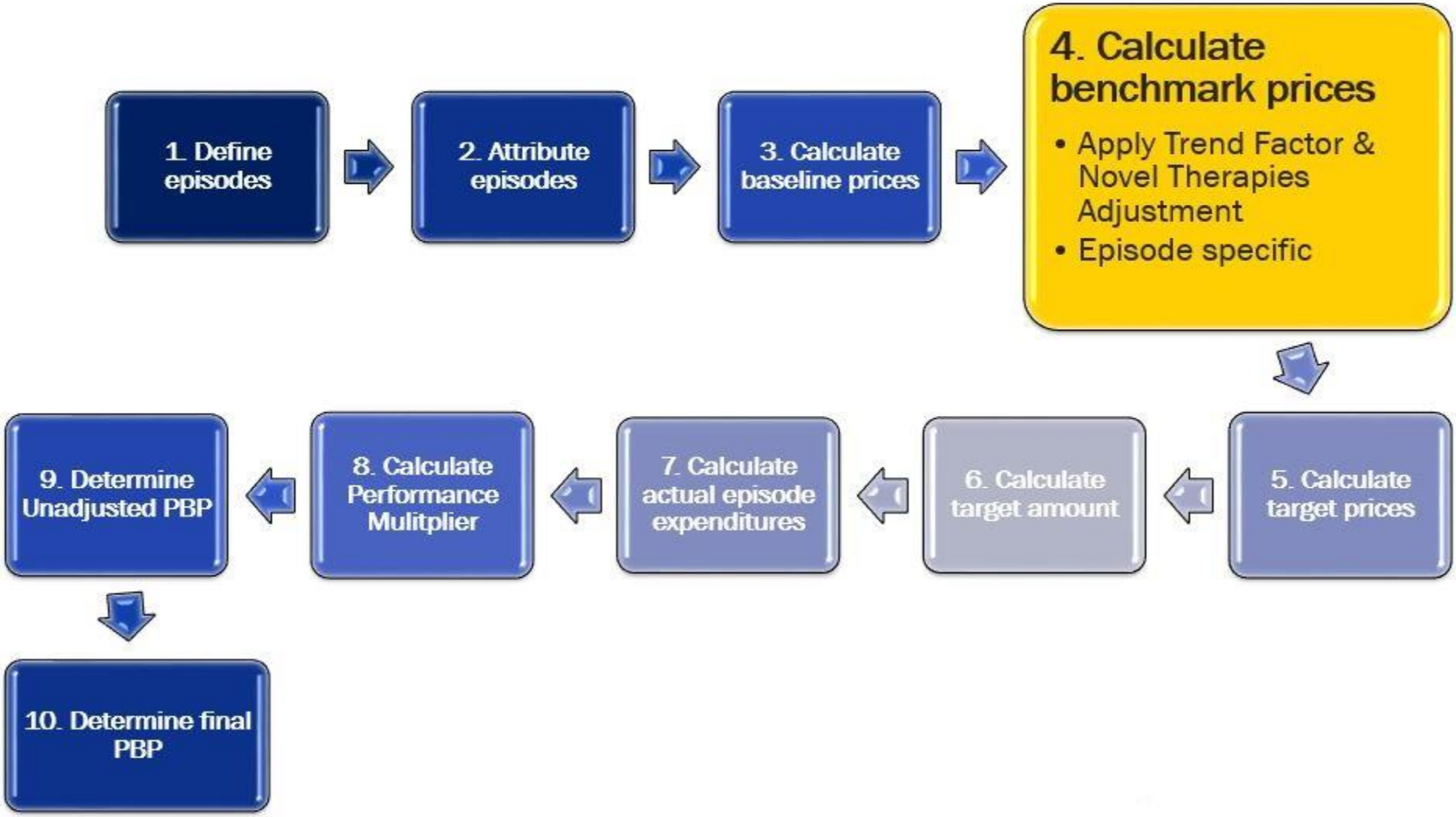
Lung cancer episode for a 76 year old man with 2 comorbidities (bene #4 in sample file)

Predicted Expenditures = $31,762

Practice's Experience Adjuster = 0.98

Baseline Price = $31,762 * 0.98 = $31,126

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



4. CALCULATE BENCHMARK PRICES

- Baseline prices require two adjustments: trend and novel therapies
- Both are calculated at the practice or pool level

Benchmark Price = Baseline Price * Trend * Novel Therapies Adjustment

4. CALCULATE BENCHMARK PRICES: TREND

- Trend factor captures national trends in Medicare expenditures for oncology care between the baseline period and the performance period and includes changes in:
  - Price
  - Utilization
  - Technology
  - Treatment patterns
  - New therapies
  - Coverage
  - Changes in Medicare policy
- For example, if all practices are using an expensive technology at an increasing rate, the national trend factor should account for that
- Remember: Goal of the benchmark is to estimate expenditures *in the absence of OCM*

4. CALCULATE BENCHMARK PRICES: TREND CONT.

- Each practice's trend factor reflects the characteristics of that practice's episodes in the performance period.
  - Trend factor for a urology practice treating mostly prostate and bladder cancer patients will likely differ from the trend factor for a general oncology practice treating a more broad array of cancers
- To do this, we create two prediction models using a national population of non-OCM episodes.
  - Model 1: Created from baseline data of non-OCM episodes
  - Model 2: Created from performance period data of non-OCM episodes
  - Same risk adjustment factors and functional form as the prediction model used to estimate benchmark prices
- We predict expenditures for each practice's episodes under Model 1 and Model 2 to estimate what the expenditures for those specific episodes *would have been* on a non-OCM environment in the baseline and performance periods.
- For each practice, the ratio of (Model 2 predicted expenditures / Model 1 predicted expenditures)) is the trend factor.
- *All episodes in each practice receive the same trend factor, but the trend factor from practice to practice may vary.*

4. CALCULATE BENCHMARK PRICES: TREND CONT.

- Examples:
  - Practice A has 40 episodes in performance period 1
  - Predicted expenditures for 40 episodes from Model 1 - $1,000,000
  - Predicted expenditures for 40 episodes from Model 2 - $1,100,000
  - Trend factor for Practice A = $1,100,000 / $1,000,000 = 1.100
  - Practice B has 50 episodes in performance period 1
  - Predicted expenditures for 50 episodes from Model 1 - $1,300,000
  - Predicted expenditures for 50 episodes from Model 2 - $1,400,000
  - Trend factor for Practice B = $1,400,000 / $1,300,000 = 1.077

4. CALCULATE BENCHMARK PRICES: NOVEL THERAPIES ADJUSTMENT

- The novel therapies adjustment is intended to account for a practice's or pool's use of newly approved oncology drugs that may not be reflected in the trend factor

- If a practice's/pool's new oncology drug expenditures as a percentage of its total episode expenditures is higher than that for episodes outside of OCM, then an adjustment will be made based on 80 percent of the difference between the practice's/pool's proportion and the non-OCM proportion.

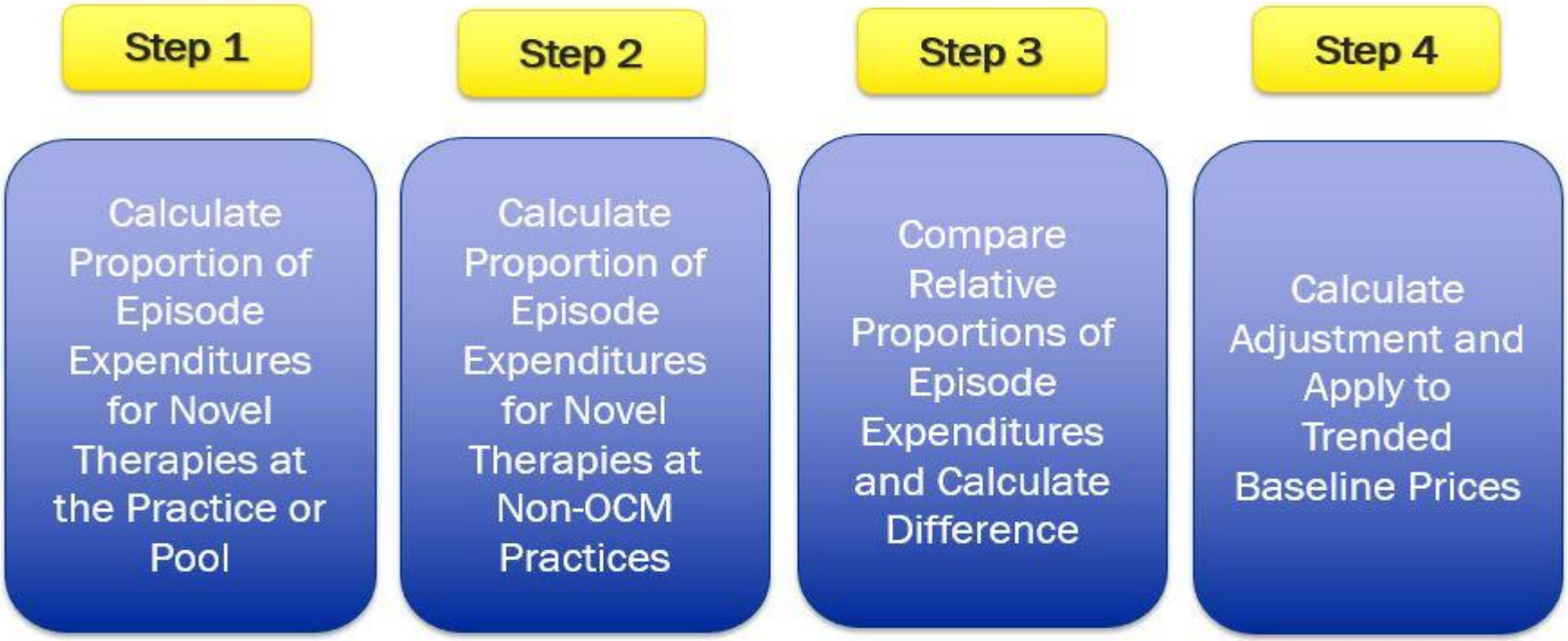
- The novel therapies adjustment will never lower the benchmark; it can only increase the benchmark.

4. CALCULATE BENCHMARK PRICES: NOVEL THERAPIES ADJUSTMENT CONT.

- The novel therapies adjustment applies to specific oncology therapies
  - See novel therapies list shared via the eNews once a month and posted on OCM Connect
- Use of the novel therapy must be consistent with the FDA-approved indications (to the extent we can determine)
- Oncology drugs are considered “new” for 2 years from the FDA approval date, and potentially more than 2 years to align with the OCM reconciliation process.

4. CALCULATE BENCHMARK PRICES: NOVEL THERAPIES ADJUSTMENT CONT.

- The adjustment for the use of novel therapies will be calculated based on the proportion of each practice's or pool's average episode expenditures for specified new oncology drugs compared to the same proportion for episodes that are not part of OCM.



4. CALCULATE BENCHMARK PRICES: NOVEL THERAPIES ADJUSTMENT CONT.

Row	Item	Amount
A	Practice's Actual Episode Expenditures	$931,663
B	Practice's Expenditures for Novel Therapies	$100,000
C	Practice's Proportion of Actual Episode Expenditures Due to Novel Therapies (B/A)	10.73%
D	Non-OCM Proportion of Actual Episode Expenditures Due to Novel Therapies	7.50%
E	Practice's Additional Proportion of Novel Therapy Use Beyond National non-OCM Trend (C - D)	3.23%
F	Practice's Additional Expenditures for Novel Therapy Use Beyond National non-OCM Trend (E * A)	$30,125
G	Practice's Additional Expenditures for Novel Therapy Use Beyond National non-OCM Trend, Reduced by Policy Factor (F *80%)	$24,100
H	Trended Baseline Expenditures	$1,081,282
I	Adjustment for Novel Therapies (1 + G/H))	1.022
J	Practice's Benchmark Amount (H * I)	$1,105,382

4. CALCULATE BENCHMARK PRICES: AN EXAMPLE

Benchmark Price = Baseline Price * Trend * Novel Therapies Adjustment

Example Calculation of Benchmark Price:

Lung cancer episode for a 76 year old man with 2 comorbidities (bene #4 in sample file)

Predicted Expenditures = $31,762

Practice's Experience Adjuster = 0.98

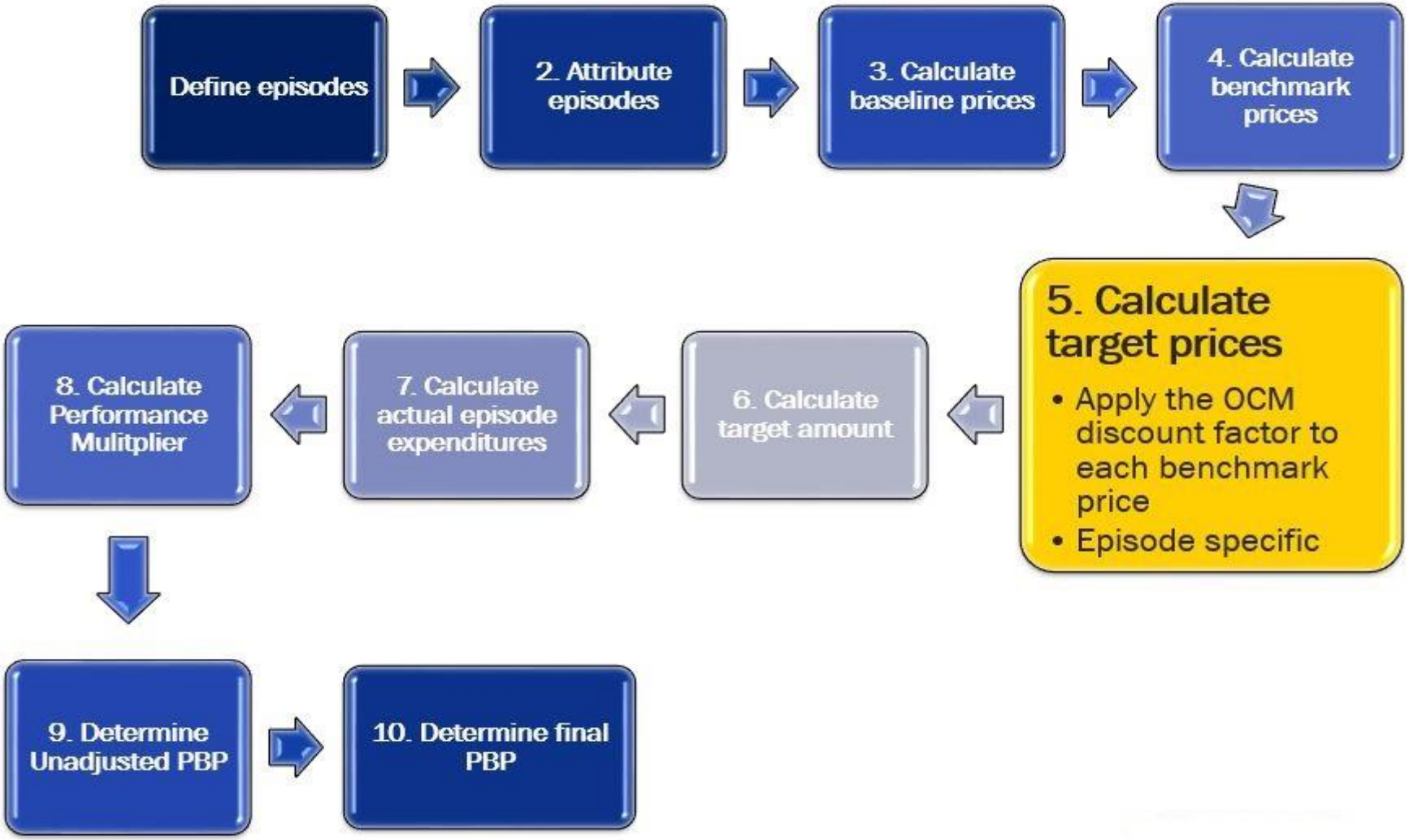
Baseline Price = $31,762 * 0.98 = $31,126

Trend = 1.077

Novel Therapies Adjustment = 1.022

Benchmark Price = $31,126 * 1.077 * 1.022 = $34,268

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



5. TARGET PRICES

Target Price = Benchmark Price * (1 – OCM discount factor)

One-sided risk: OCM discount factor = 4%

Two-sided risk: OCM discount factor = 2.75%

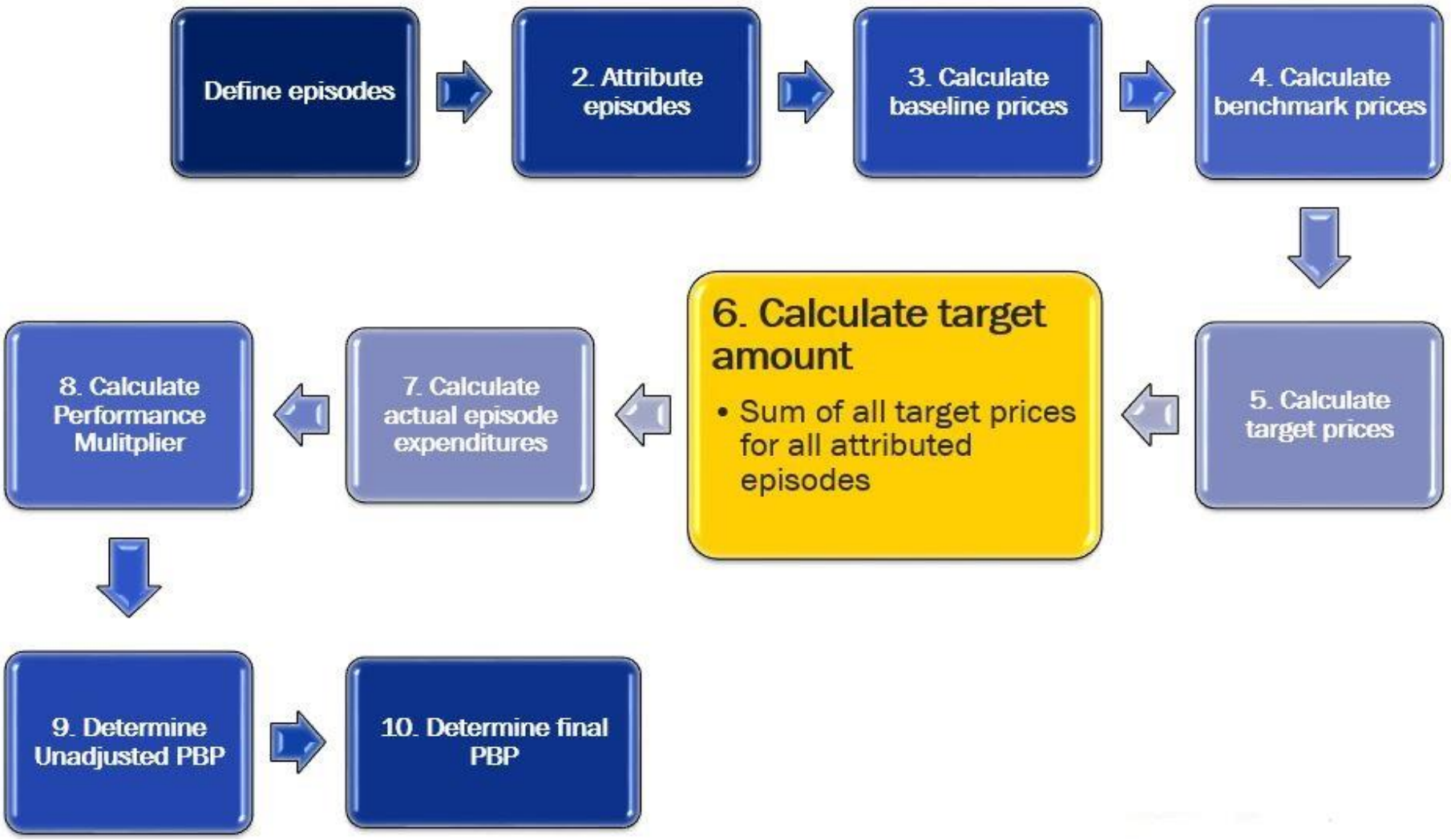
Example, one-sided risk:

Target Price = $34,268 * (1 – 0.04) = $32,897

Example, two-sided risk:

Target Price = $34,268 * (1 – 0.0275) = $33,325

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:

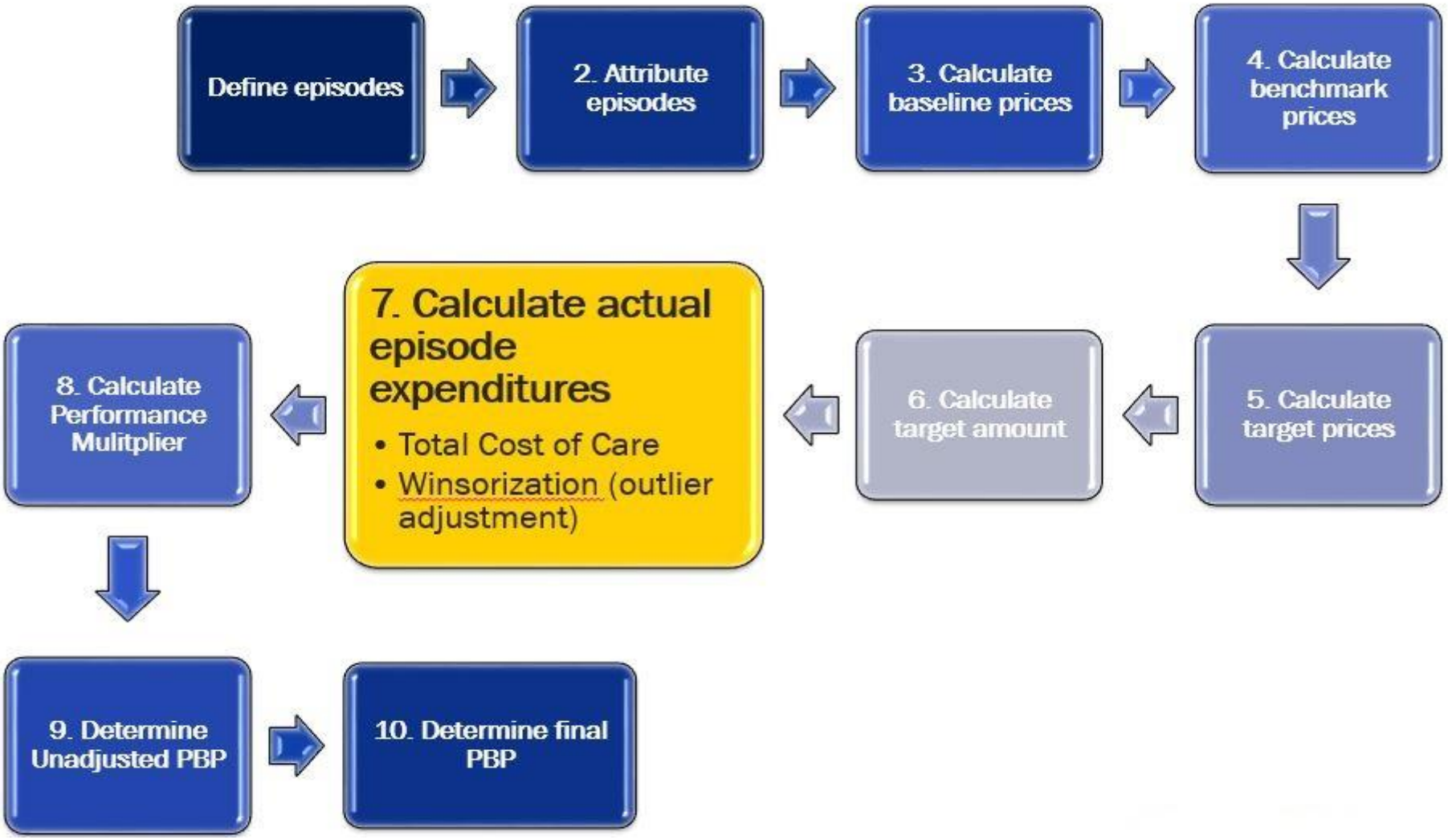


6. TARGET AMOUNT

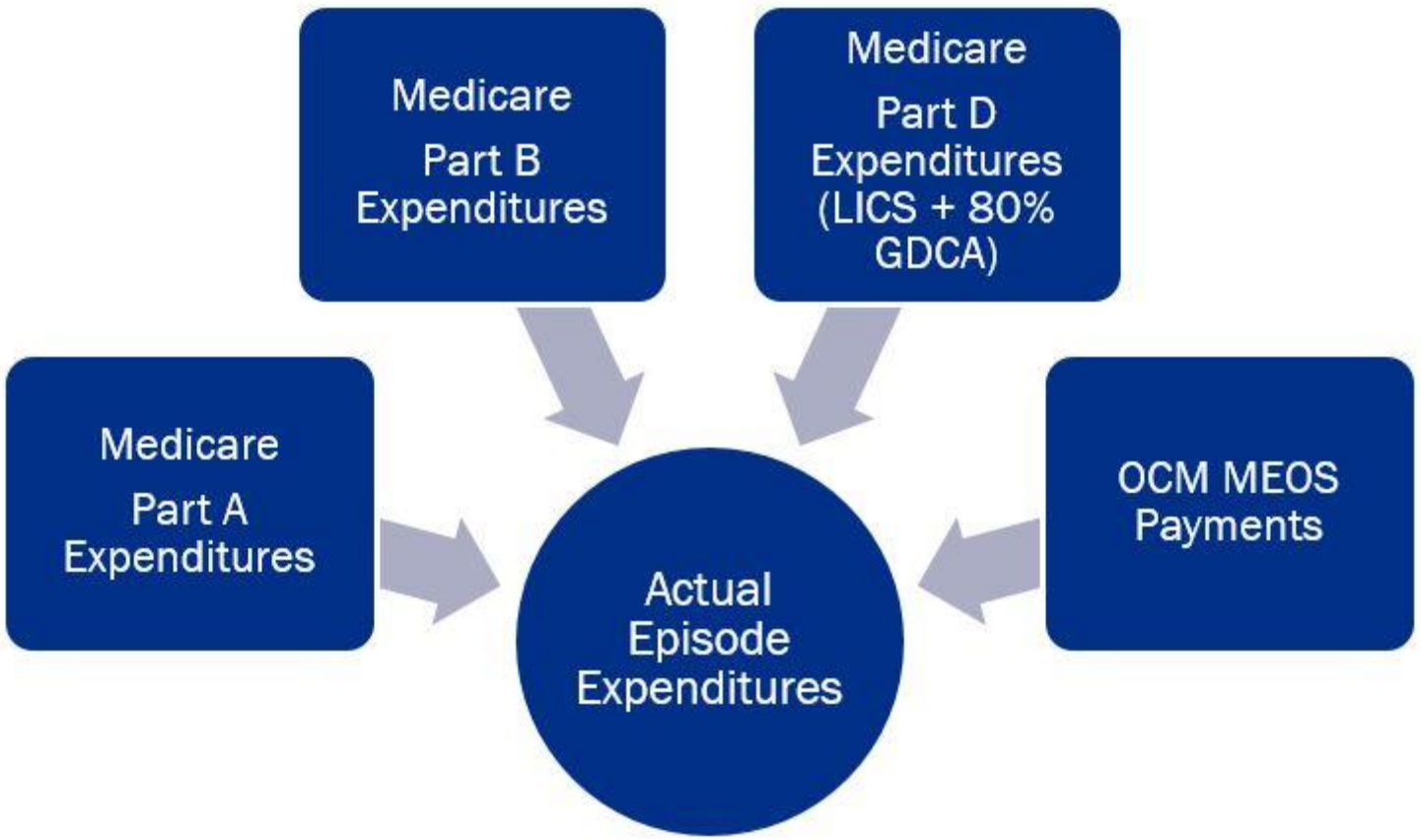
Target Amount = Sum of target prices for all episodes attributed to the practice (or pool)

In the example file provided, the target amount is $1,061,167

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



7. ACTUAL EXPENDITURES



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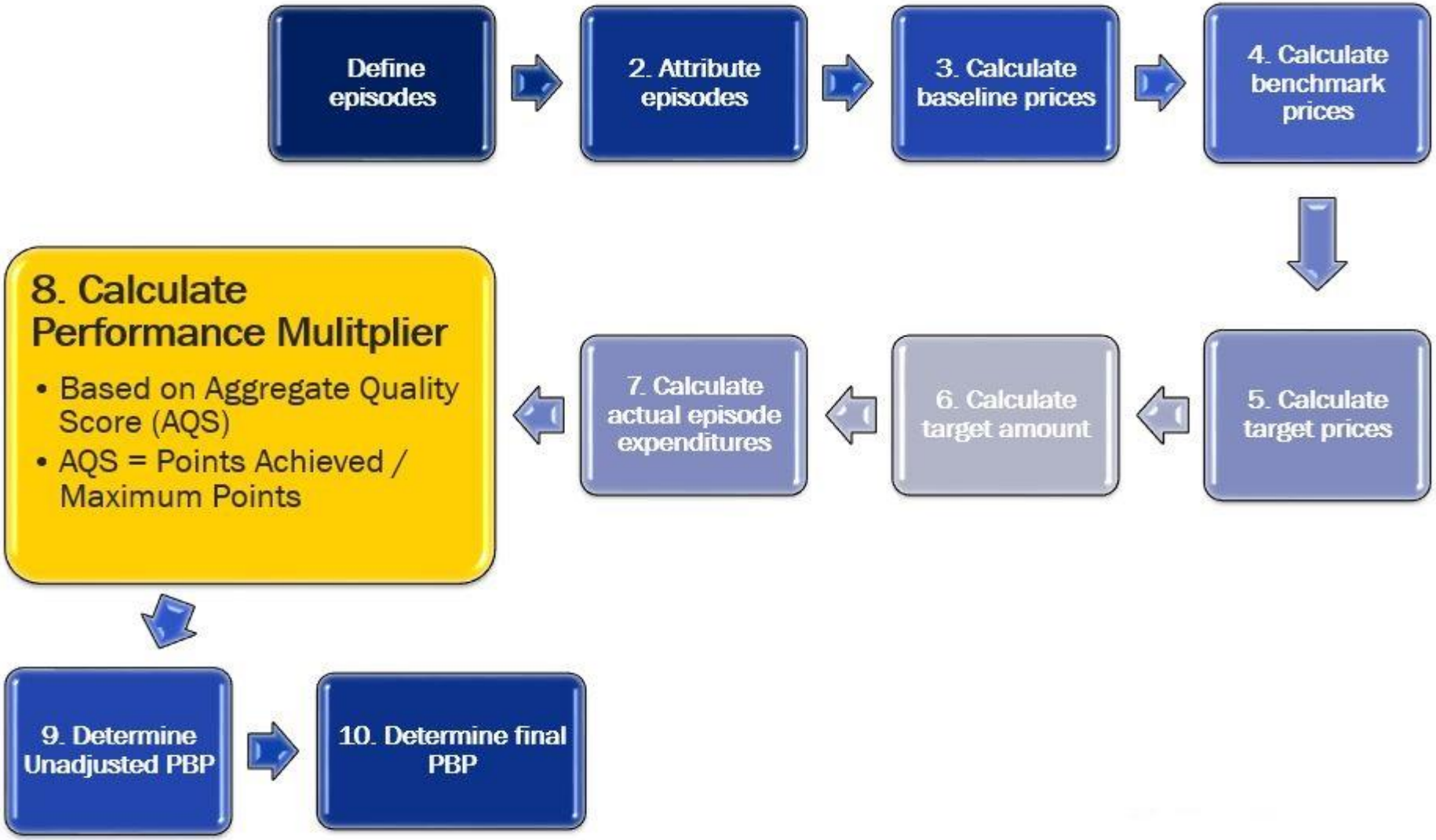


8. PERFORMANCE MULTIPLIER

- The performance multiplier will be based on the aggregate quality score (AQS) constructed from each practice's or pool's performance on the quality measures, as shown here:

Aggregate Quality Score	Performance Multiplier
75% - 100%	100%
50% - 74%	75%
30% - 49%	50%
Below 30%	0%

- The AQS equals the sum of the points earned on all 12 measures divided by the maximum number of points available.

8. PERFORMANCE MULTIPLIER: THE OCM QUALITY MEASURES

OCM Measure #	Measure Description	Source
OCM-1	Risk Adjusted proportion of patients with all-cause hospital admissions	Claims
OCM-2	Risk-adjusted proportion of patients with all-cause ED visits that did not result in a hospital admission	Claims
OCM-3	Proportion of patients who died who were admitted to hospice for 3 days or more	Claims
OCM-4	Pain assessment and management	Practice
OCM-5	Preventive Care and Screening: Screening for Clinical Depression and Follow-Up Plan	Practice
OCM-6	Patient-reported experience of care	Survey
OCM-7	Prostate cancer: Adjuvant hormonal therapy for high-risk beneficiaries	Practice
OCM-8	Timeliness of adjuvant chemotherapy for colon cancer	Practice
OCM-9	Timeliness of combination chemotherapy for hormone receptor negative breast cancer	Practice
OCM-10	Trastuzumab received by patients with AJCC stage I (T1c) to III Her2/neu positive breast cancer	Practice
OCM-11	Hormonal therapy for stage IC-IIIC estrogen receptor/progesterone receptor positive breast cancer	Practice
OCM-12	Documentation of current medication	Practice

8. PERFORMANCE MULTIPLIER: THE OCM QUALITY MEASURES CONT.

OCM Measure #	Scoring Basis – Points PP1 & PP2	Scoring Basis – Points PP3	Scoring Basis – Points PP4
OCM-1	P4P - 10	P4P - 10	P4P - 10
OCM-2	P4P - 10	P4P - 10	P4P - 10
OCM-3	P4P - 10	P4P - 10	P4P - 10
OCM-4	n/a	P4R - 2.5	P4P - 10
OCM-5	n/a	P4R - 2.5	P4P - 10
OCM-6	n/a	P4P - 10	P4P - 10
OCM-7	P4R - 2.5	P4R - 2.5	P4P - 10
OCM-8	P4R - 2.5	P4R - 2.5	P4P - 10
OCM-9	P4R - 2.5	P4R - 2.5	P4P - 10
OCM-10	P4R - 2.5	P4R - 2.5	P4P - 10
OCM-11	P4R - 2.5	P4R - 2.5	P4P - 10
OCM-12	n/a	P4R - 2.5	P4P - 10
Max Points	42.5	60	120

8. PERFORMANCE MULTIPLIER: AGGREGATE QUALITY SCORE (AQS)

AQS = Points Achieved / Maximum Points

- Specific to each performance period
- PP1 & PP2: AQS = Points Achieved / 42.5
- PP3: AQS = Points Achieved / 60
- PP4: AQS = Points Achieved / 120

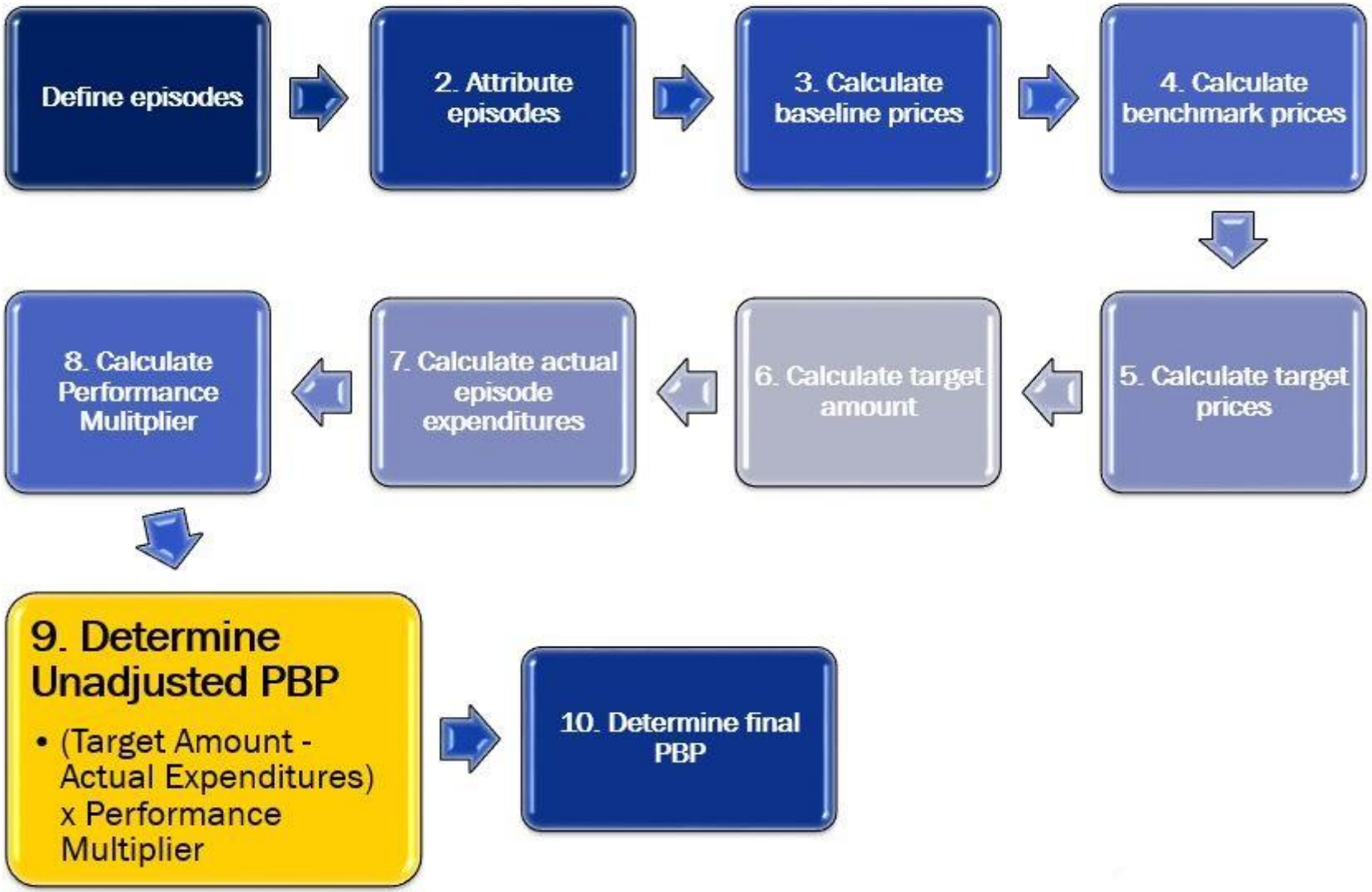
- Exception to Maximum Points Available:
  - Your practice/pool does not have enough episodes to make a statistically reliable denominator
  - Your practice/pool has no episodes that meet the criteria for inclusion in the denominator

- In these cases, the maximum points available will be reduced

8. PERFORMANCE MULTIPLIER: AGGREGATE QUALITY SCORE (AQS) CONT.

- For any performance period, all required quality measure information must be reported to the data registry for you to receive an AQS > 0

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



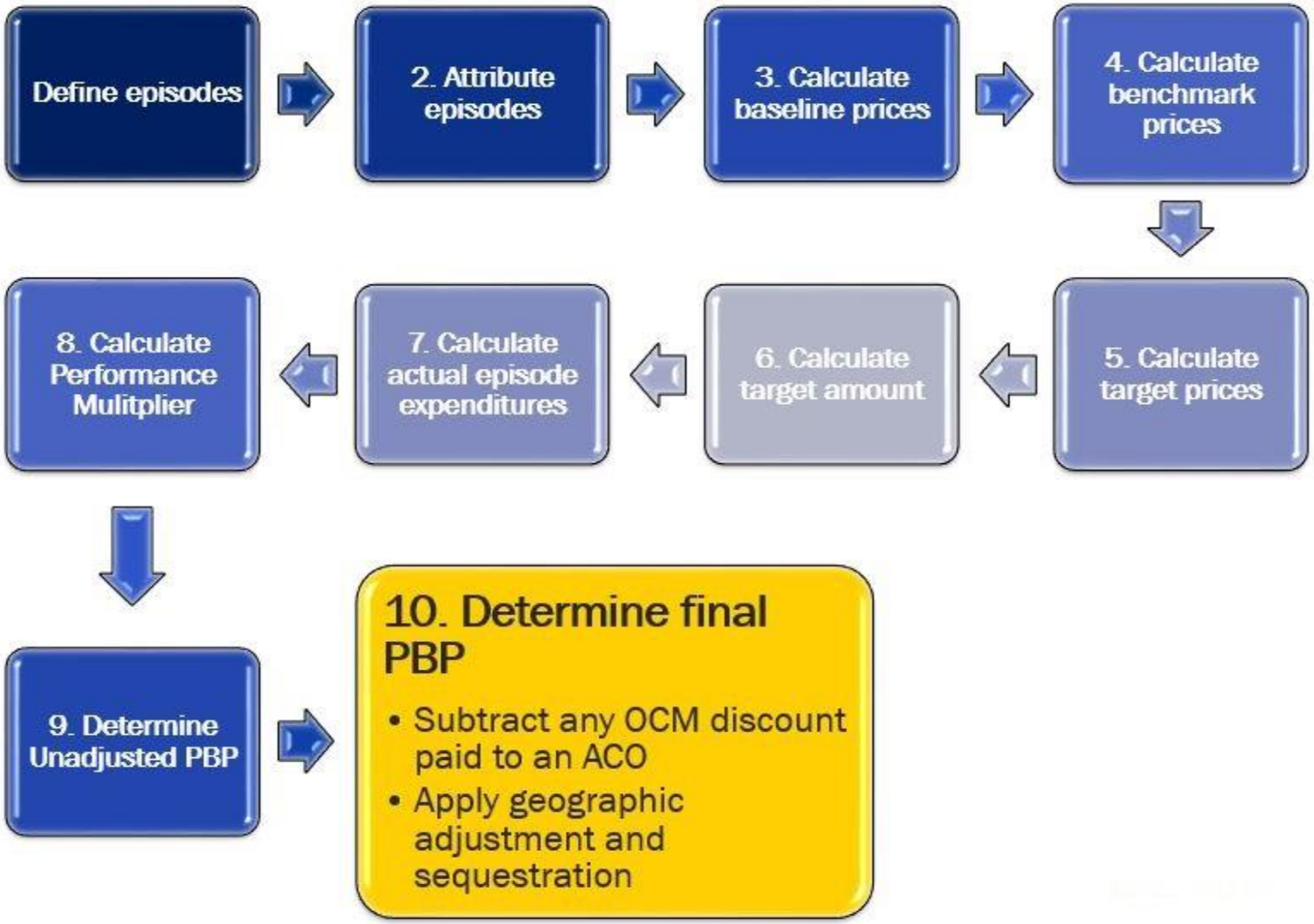
9. UNADJUSTED PBP CALCULATION

Unadjusted PBP = (Target Amount – Actual Expenditures) * Performance Multiplier

An Example:

Unadjusted PBP = ($1,061,167 – $931,663) * 100% = $129,504

TO CALCULATE THE PERFORMANCE-BASED PAYMENT:



10. FINAL PBP CALCULATION

- Adjustments to Final PBP
  A. Subtract any OCM discount amounts paid to an ACO with same TIN
  B. Geographically adjust
  C. Apply sequestration reduction

Final PBP = (Unadjusted PBP – A) * B * C

An example:

Final PBP = ($129,504 – $0) * 1.08* 0.98 = $137,067

QUESTIONS?

IMPORTANT DATES AND UPCOMING EVENTS

Upcoming Learning and OCM Support Events

Event	Date and Time
OCM: A Year in Review Webinar	Thursday, August 24, 2017, 3:00-4:00 PM ET
OCM Support Lunch Hours Every Tuesday	Every Tuesday, 1:00 – 2:00 PM ET
Palliative Care Action Group Meeting	Wednesday, August 30, 2017, 2:00 – 3:00 PM ET

Upcoming Deadlines

Deadline	Date and Time
CRU Data Reporting Due	Thursday, August 31, 2017
Implementation Protocol Updates Due	Sunday, September 3, 2017
Care Partner List Updates Due	Sunday, September 3, 2017
Clinical and Quality Data Reporting Due	Thursday, October 12, 2017

Important Dates

Reminder	Date
MACRA QPP Proposed Rule Comment Submission Deadline	Monday, August 21, 2017
Q3 Feedback Report Delivery	Thursday, August 31, 2017

CLOSING

Thank you, everyone!

- As a reminder, you may submit additional questions to OCMSupport@cms.hhs.gov.

- Finally, a link to today's presentation will be e-mailed to participants. Slides and transcript will also be available on OCM Connect. Thank you!