



ENHANCING ONCOLOGY MODEL

ENHANCING ONCOLOGY MODEL (EOM) PAYMENT METHODOLOGY CHANGES

Effective July 1, 2023

May 1, 2023

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Introduction

This communication describes updates to the EOM payment methodology, specifically concerning the calculation of episode expenditures for performance period episodes. CMS has modified this methodology to include adjustments for certain provisions of the Inflation Reduction Act. CMS has also revised the adjustments for model overlap to reflect changes to the set of applicable CMS models and initiatives.

This communication also provides new information about clinical adjusters and a correction to certain technical details provided about the experience adjuster in Version 1.0 of the EOM Payment Methodology document (dated July 18, 2022).

These updates will be in effect for episodes initiating on or after July 1, 2023 (i.e., Performance Period 1 and beyond) and will be reflected in future versions of the EOM Payment Methodology document.

Updates to the Methodology for Calculating Performance Period Episode Expenditures

Inflation Reduction Act

The Inflation Reduction Act (IRA) was signed into law on August 16, 2022. Under section 11403 of the IRA, Medicare payment for certain biosimilar biological products is required to be the average sales price (ASP) plus 8 percent (rather than 6 percent) of the ASP of the reference biological for a 5-year period beginning on October 1, 2022. The EOM performance period episode expenditure calculations will reflect the amount that would have been paid in the absence of such changes. The additional 2 percent of the ASP of the reference biological will be excluded from episode expenditures.

Under Section 11101 of the Inflation Reduction Act, beneficiary cost-sharing amounts will be reduced beginning April 1, 2023 in cases where the price of Part B rebatable drugs increases faster than the rate of inflation. When a Part B coinsurance percentage lower than 20% applies for a rebatable drug for a calendar quarter, the Medicare reimbursement to providers will be increased to account for the lower coinsurance amount. The EOM performance period episode expenditure calculations will not reflect this increase in Medicare payment. Performance period episode expenditures will include the amount that would have been paid by Medicare in the absence of the IRA and reflect a 20% beneficiary coinsurance payment as applicable.

Note that qualifying biosimilar biological products are not Part B rebatable drugs during the same calendar quarter.

Accounting for Model Overlap During the Performance Periods

Radiation Oncology (RO) Model

In August 2022, Congress delayed the beginning of the RO model, and decided to establish the start and end dates for the model through future rulemaking, which may also involve modifications to the model design¹.

Since this model will not be in effect during EOM Performance Period 1 (episodes initiating July 1, 2023-December 31, 2023), adjustments for overlap with the RO model will not be applied when calculating EOM performance period episode expenditures.

Community Health Access and Rural Transformation (CHART) Model

The CHART Model will end early on September 30, 2023².

Since this model will be in effect only during the first three months of EOM Performance Period 1 (episodes initiating July 1, 2023-December 31, 2023), adjustments for overlap with the CHART model will not be applied when calculating EOM performance period episode expenditures.

¹ For further details please see [RO Federal Register](#)

² For further details please see [CHART Model](#)

Clinical Adjusters

As previously described in Section 4.1.3 of the EOM Payment Methodology, CMS will apply clinical adjusters during the calculation of benchmark prices for episodes involving certain cancer types. When applicable, these clinical adjusters account for differences in episode expenditures by:

- Ever-metastatic status (metastatic disease at time of diagnosis or at any time during the episode), and,
- Human epidermal growth factor receptor 2 (HER2) status

These clinical adjusters are based on participant-reported clinical and staging data and may be updated over time.

Lung cancer episodes and small intestine/colorectal cancer episodes will be adjusted for ever-metastatic status. The values of the clinical adjusters for lung cancer and small intestine/colorectal cancer are shown in **Table 1**.

Table 1: Clinical Adjusters for Lung Cancer and Small Intestine/Colorectal Cancer Episodes

Cancer type	Ever-Metastatic	Never-Metastatic
Lung	1.06061273	0.93381332
Small intestine /colorectal	1.10108496	0.89955301

Breast cancer episodes will be adjusted for ever-metastatic status and HER2 status. The values of the clinical adjusters for breast cancer are shown in **Table 2**.

Table 2: Clinical Adjusters for Breast Cancer Episodes

HER2 Status	Ever-Metastatic	Never-Metastatic
HER2 Positive	1.23161427	1.11563469
Not HER2 Positive	0.98631569	0.86109513

The clinical adjusters are designed to be “benchmark neutral” for the time period on which the adjusters were calculated. In other words, the average predicted baseline expenditures for all episodes of each applicable cancer type in that time period are the same with and without the application of the clinical adjusters.

The forthcoming EOM Clinical Data Elements Guide will provide detailed technical guidance about reporting clinical and staging data to the EOM Innovation Support Platform, and a forthcoming update to the EOM Payment Methodology document will provide detailed specifications for determining ever-metastatic status and HER2 status for applicable episodes.

Please note that episodes of the applicable cancer types may only be classified as “ever-metastatic” and/or “HER2 positive” and receive the corresponding adjustment if the EOM participant to whom the episode is attributed reported valid clinical and staging data for that episode AND also reported valid clinical and staging data for at least 90% of their total attributed episodes for the relevant performance period. Episodes of the applicable cancer types attributed to members of a pool may only be classified as “ever-metastatic” and/or “HER2 positive” and

receive the corresponding adjustment if every member of that pool reported valid clinical and staging data for at least 90% of their total attributed episodes for the relevant performance period.

Lung cancer episodes and small intestine/colorectal cancer episodes will be classified as “never-metastatic” if valid clinical and staging data are not reported for that episode, or if the episode is attributed to an EOM participant that did not meet the 90% reporting threshold described above.

Breast cancer episodes will be classified as “never-metastatic and not HER2 positive” if valid clinical and staging data are not reported for that episode, if reporting for that episode is incomplete (i.e. only HER2 status or only metastatic status are reported), or if the episode is attributed to an EOM participant that did not meet the 90% reporting threshold described above.

All EOM participants will be subject to data validation audits, which may include validation of staging and clinical data reported to the EOM Innovation Support Platform.

Experience Adjuster

As described in section 4.1.2 of the EOM Payment Methodology, CMS calculates a unique experience adjuster for each EOM participant and applies this experience adjuster during the calculation of benchmark prices for each performance period episode attributed to that EOM participant. In Version 1.0 of the EOM Payment Methodology, this section incorrectly described an interim step in the calculation of the experience adjuster, in which CMS calculates seven cancer type-specific blended experience adjusters by averaging the national, regional, and EOM participant-specific ratios of actual expenditures to predicted expenditures for each included cancer type.

Version 1.0 incorrectly stated that the relative weights given to the national, regional, and EOM participant-specific ratios depend on the EOM participant’s overall number of attributed baseline period episodes (across all included cancer types.) In fact, the weights given to the national, regional, and EOM participant-specific ratios when calculating the blended adjuster for a specific included cancer type depend on the EOM participant’s number of attributed baseline period episodes of that particular cancer type. A corrected version of Table 3 is presented below.

Table 3: Weighting of National, Regional, and EOM Participant-Specific Ratios to Calculate Cancer Type-Specific Blended Experience Adjusters

EOM Participant’s Number of Attributed Episodes During Model Baseline Period (Cancer Type-Specific)	National Ratio Weight (Cancer Type-Specific)	Regional Ratio Weight (Cancer Type-Specific)	EOM Participant-Specific Ratio Weight (Cancer Type-Specific)
Fewer than 50 episodes	50%	50%	0%
50 to 99 episodes	50%	30%	20%
100 or more episodes	50%	15%	35%