

NOVEMBER 20, 2020 | PUBLICATION

Client Alert: Centers for Medicare and Medicaid Services Introduces Dialysis and Oncology Payment Models

INDUSTRY SECTOR

Health Care

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On September 18, 2020 the Centers for Medicare and Medicaid Services (“CMS”) finalized two new payment models with the aim to reduce Medicare expenditures while improving the quality of care for Medicare beneficiaries.

First, the End-Stage Renal Choices Model (“ESRD Model”) was enacted in response to an executive order calling for increased use of home dialysis and kidney transplants for Medicare patients with chronic kidney disease. The ESRD Model aims to improve care quality and lower Medicare costs for members who need dialysis and kidney transplants. The ESRD Model allows for payment adjustments that will offer the incentive to participating end stage renal disease facilities and managing clinicians to work with beneficiaries and caregivers in the choice of treatment modality and to provide additional resources to support greater utilization of home dialysis and kidney transplantation. CMS projects the model will affect about 30 percent of kidney-care providers. The new rule goes into effect January 1, 2021 and is projected to save Medicare \$23 million over five and a half years, according to CMS.

Second, CMS finalized a radiation oncology payment model. However, on October 21 announced it would delay its rollout to July 2021 instead of January 2021 after reviewing feedback from stakeholders. The Radiation Oncology Model (“RO Model”), is expected to improve care for cancer patients who receive radiotherapy (“RT”) while lowering Medicare costs. The RO Model implements bundled payments to encourage more clinically and cost-effective treatments.

The RO Model tests whether bundled, prospective, site neutral, modality agnostic, episode-based payments to physician group practices, hospital outpatient departments (HOPD), and freestanding radiation therapy centers for radiotherapy episodes of care reduces Medicare expenditures. The RO Model requires participation from RT providers and RT suppliers that furnish RT services within randomly selected area. The areas selected for the RO Model contain approximately 30 percent of all eligible Medicare fee-for-service radiotherapy episodes nationally. The RO Model has a five-year model performance period that begins upon

its enactment in July 2021 and running through December 31, 2025. CMS projects it will save Medicare \$230 million during this period.

Please contact Danielle Paas or Jessica West at for more information or with questions.

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