Enhancing Oncology Model (EOM) Benchmarking

This factsheet summarizes the methodology for calculating benchmark amounts in EOM. For more information, see the Payment Methodology document on the EOM website.

What are the benchmark price, benchmark amount, and target amount?

Benchmark price

Represents projected Medicare expenditures for one episode (in the absence of EOM)

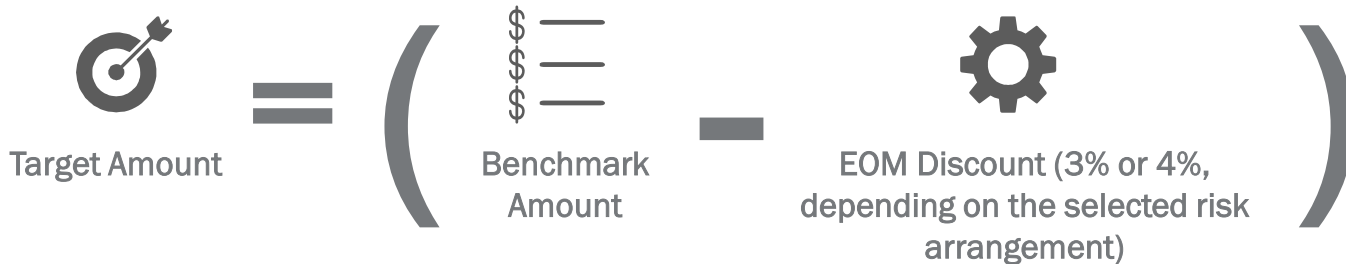### Benchmark amount

For a non-pooled participant:
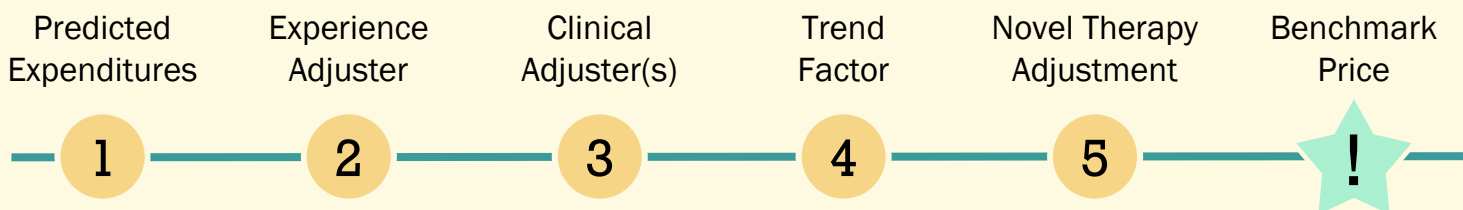Sum of benchmark prices for all episodes attributed to the participant during a performance period

For a pool:
Sum of benchmark prices for all episodes attributed to all members of the pool during a performance period
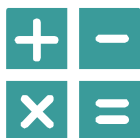
$$\text{Target Amount} = \left(\text{Benchmark Amount} - \text{EOM Discount (3\% or 4\%, depending on the selected risk arrangement)} \right)$$

What are the steps to calculate the benchmark price for an episode?

Predicted Expenditures	Experience Adjuster	Clinical Adjuster(s)	Trend Factor	Novel Therapy Adjustment	Benchmark Price
1	2	3	4	5	!

1 Calculate predicted expenditures

Using one of the seven cancer type-specific price prediction models that are based on the national set of baseline period episodes[1]

- These models account for historical variation in oncology expenditures according to beneficiary characteristics, such as age, sex, and select comorbidities (e.g., obesity, dementia, hypertension)

What are Baseline Period Episodes?

A baseline period episode represents a six-month historical period of oncology care during the model baseline period. Baseline period episodes are used to develop certain elements of the EOM payment methodology

[1] Deidentified baseline episode files are available on the EOM website.

2 Apply experience adjuster

Modifies the predicted expenditures to account for regional and participant-specific variation in the historical cost of providing oncology care

The Experience Adjuster is based on a ratio of ■ ■ (Average Actual Episode Expenditures / Average Predicted Episode Expenditures)

National	Calculated from the national set of baseline period episodes of the included cancer type
Regional	Calculated using the set of baseline period episodes of the included cancer type that are attributed to oncology physician group practices (PGPs) located <u>within the participant's region</u>
EOM Participant-Specific	Calculated using the set of baseline period episodes of the included cancer type that are attributed to that <u>EOM participant</u>

Each EOM participant's experience adjuster is a weighted average of the national, regional, and participant-specific ratios

- Weights depend on each participant's episode volume and case mix among attributed baseline period episodes: most common included cancer types are weighted most heavily
- Each EOM participant has their own unique experience adjuster, regardless of pooling status

3 Apply clinical adjusters, as applicable

Modifies the predicted expenditures for episodes involving certain cancer types based on clinical indicators

Clinical adjusters apply to specific included cancer types:
- **Ever-metastatic:** breast cancer, lung cancer, and small intestine/colorectal cancer
- **Human epidermal growth receptor 2 (HER2):** breast cancer

4 Apply the trend factor

Modifies the predicted expenditures to account for inflation, updates to treatment standards, and other changes in expenditure patterns across the oncology field as a whole

- Cancer-type specific
- Recalculated <u>every</u> performance period
- Based on expenditures for <u>episodes attributed to **non-EOM PGPs**</u>

4 ## Apply the trend factor (continued from page 2)

> ### How do Benchmarks Respond to Developments in Oncology Care?
>
> **Trend Factor**
> Adjusts for changes in average cost in oncology care outside of the model
>
> **Novel Therapy Adjuster (NTA)**
> Raises benchmark prices when an EOM participant or pool uses novel therapies above the level already reflected in the trend factor

Achieving savings in early performance periods will NOT result in a lower trend factor for later performance periods. The trend factor is based solely on changing costs among non-EOM oncology PGPs.

5 ## Apply novel therapy adjustment

The novel therapy adjustment increases a participant's or pool's benchmark prices for all attributed episodes of a specific included cancer type in a given performance period, if:

✓ The participant or pool uses newly FDA-approved oncology drugs[3] to a greater extent than non-EOM oncology PGPs

✓ The use of these novel therapies is consistent with the FDA-approved indications

Participant/pool eligible for Novel Therapy Adjustment (NTA) **if** (Proportion of expenditures from novel therapies among attributed episodes of specified cancer type **>** Proportion of expenditures from novel therapies among episodes of specified cancer type attributed to non-EOM oncology PGPs)

NTAs may only result in a <u>higher</u> benchmark price; they will <u>never lower</u> a benchmark price

! ## Arrive at the benchmark price

Steps to arrive at the benchmark price for an EOM episode:

Benchmark Price **=** Predicted Episode Expenditures (Experience Adjuster ***** Clinical Adjuster(s), if applicable ***** Trend Factor ***** Novel Therapy Adjuster)

[3] CMS will maintain a (cancer type-specific) list of novel therapies for purposes of determining NTAs.

ENHANCING ONCOLOGY MODEL