

## HALF OF OCM PROVIDERS COULD LOSE MONEY UNDER TWO-SIDED RISK

Avalere says about half of providers in the voluntary Oncology Care Model (OCM) could end up owing CMS money if they join a two-sided risk model with less downside than CMS' initial offering -- the initial two-sided risk option included in the OCM could lead more than 70% of participants to owe money, according to Avalere's analysis.

The Oncology Care Model (OCM) started in 2016 and ends in 2021. The program is voluntary and includes six-months episodes of care plus per-beneficiary monthly payments. Avalere notes that all OCM participants are in a one-sided risk track, meaning they can share savings with CMS but aren't responsible for any losses. But beginning in July 2019, Avalere says, CMS plans to require OCM participants that haven't received a performance-based payment in the first four performance periods to switch to two-sided risk where they would have to pay back CMS for missed targets or exit the program.

"Many practices that could be required to switch to 2-sided risk will likely face recoupment payments to CMS in future performance periods," said Avalere consultant Biruk Bekele in the analysis. "The decision to drop out of the OCM or switch to the new track will be decided on a practice-by-practice basis and will depend on many factors."

CMS allowed practices to join the demo's initial two-sided risk track in 2017, but one lobbyist following the issue said no one took up that option. However, Avalere also notes the agency recently announced an alternative track that offers less downside risk by creating a neutral zone where providers don't earn payments from CMS, but also don't owe the agency anything.

Avalere looked at these two tracks and modeled how practices would perform under the status quo and both two-sided risk tracks. The analysis found that under the original two-sided risk track, about 70% of providers would owe CMS money, based on their performance in the first two performance periods of the model, but that drops down to 55% under the alternative two-sided risk track,

based on practices' performance during the first performance period of the OCM, and about 50% based on their performance in the second performance period. About 20% of providers would be in the neutral zone under the alternative two-sided risk track, while 33% would earn bonuses, based on how practices performed in the second performance period.

"Similar to the challenges that have faced the Medicare Shared Savings Program, CMS may need to further evaluate how quickly organizations can transition to taking on downside risk in the OCM," said Avalere Associate Principal Richard Kane in the analysis.

Ted Okon, executive director of the Community Oncology Alliance, said that while the innovation center team has made important changes to the OCM, the model "is simply not ready for prime time as a viable oncology payment reform model."

"This is especially true for practices forced to assume two-sided risk, which could bankrupt them," he said.

Avalere on Friday in a separate analysis said that per-episode costs for participants in the OCM were 3% higher than CMS' risk model predicted during the demo's first performance period and 2% higher than predicted during the second performance period. The analysis says that could be because of key factors missing from CMS' prediction model.

"If the OCM's Prediction Model underestimates actual costs, then success for practice participants becomes more difficult," said Lance Grady, managing director at Avalere. "We expect CMS to continue to improve the model, as it recently said it would incorporate stage-of-tumor information for breast, lung, and prostate cancers into the Prediction Model."

At press time, CMS had not responded to questions on the voluntary uptake of two-sided risk and whether the agency intends to stick with the requirement that plans move to two-sided risk in July if they haven't earned a performance-based payment. ■