42 C.F.R. § 512.255

Determination of participant-specific professional episode payment and participant-specific technical episode payment amounts.

(a) Thirty days before the start of each PY, CMS provides each RO participant its case mix and historical experience adjustments for both the PC and TC as calculated in paragraphs (c)(3) and (4) of this section. If an RO participant is not eligible to receive a historical experience adjustment or case mix adjustment as described under paragraph (c)(7) of this section, then CMS provides a zero value for those adjustments.

(b) Any episode used to calculate the participant-specific professional episode payment amounts and the participant-specific technical episode payment amounts for an RO participant is subject to the exclusions described in § 512.250(b)(1) and (2).

(c) CMS calculates the participant-specific professional episode payment amounts and participant-specific technical episode payment amounts for each included cancer type using the following:

(1) *Trend factors.* For every PY, CMS adjusts the national base rates for the PC and TC of each cancer type by calculating a separate trend factor for the PC and TC of each included cancer type.

(2) *Geographic adjustment.* CMS adjusts the trended national base rates prior to applying each RO participant's case mix and historical experience, and prior to applying the discounts and withholds, for local cost and wage indices based on where RT services are furnished, as described by existing geographic adjustment processes in the OPPS and PFS.

(3) *Case mix adjustment.* CMS establishes and applies a case mix adjustment to the national base rate after the trend factor and geographic adjustment have applied. The case mix adjustment reflects episode or RO episode characteristics that may be beyond the control of RO participants such as cancer type, age, sex, presence of a major procedure, death during the episode, and presence of chemotherapy.

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