

**Value in Treatment
Participation Agreement**

Amendment to Section VI and Appendix B

2022 Amendment No. 1

CMS is unilaterally amending the Value in Treatment Participation Agreement (the "**Agreement**") between _____ ("**Participant**") and the Centers for Medicare & Medicaid Services ("**CMS**") to implement recent changes in the law related to budget sequestration.

CMS is authorized pursuant to Section XVI.D of the Agreement to amend the Agreement or any Appendix thereto without the consent of the Participant as necessary to comply with applicable federal or State law, regulatory requirements, accreditation standards or licensing guidelines or rules.

CMS is unilaterally amending the Agreement to comply with recent changes in federal law. The Protecting Medicare and American Farmers from Sequester Cuts Act (P.L. 117-71), enacted on December 10, 2021, extended the temporary suspension of Medicare sequestration that was first enacted from May 1, 2020 through December 31, 2020 under section 3709 of the Coronavirus Aid, Relief, and Economic Security Act, then extended through March 31, 2021 under section 102 of Division N of the Consolidated Appropriations Act, 2021, and then extended again through December 31, 2021 under section 1 of H.R. 1868 – To Prevent Across-the-Board Direct Spending Cuts, and for Other Purposes. Under section 2 of the Protecting Medicare and American Farmers from Sequester Cuts Act, the temporary suspension of Medicare sequestration is further extended through March 31, 2022. Section 2 also states that for the period April 1, 2022 through June 30, 2022, Medicare sequestration will be set to 1%, and that starting on July 1, 2022, Medicare sequestration will be set to 2%.

To implement these changes in federal law, CMS is amending the Agreement to apply sequestration to the Performance-Based Incentive Payments ("**PBIP**") and to permit CMS to apply a sequestration percentage reduction in an amount other than 2% to any PBIP or care management fee ("**CMF**") payments made to the Participant during the period of April 1, 2022 through June 30, 2022.

In light of the foregoing, CMS amends the Agreement as follows:

1. **Application of Sequestration to the PBIP.** Section VI.D.2 of the Agreement is hereby amended in its entirety to read as follows:
 2. *CMS will calculate the amount of the Participant's PBIP, if any, for the Performance Year based on the total amount withheld from the CMF payments made to the Participant for the Performance Year, in accordance with Section VI.B.2 and Appendix B, reduced by any applicable Medicare sequestration percentage reduction.*

2. **Calculation of CMF Payments with Quality Withhold & Medicare Sequestration Adjustment.** Section III.B of Appendix B of the Agreement is hereby amended in its entirety to read as follows:

B. Calculation of CMF Payments with Quality Withhold & Medicare Sequestration Adjustment. The CMF payment made to the Participant is subject to a PBIP quality withhold (No withhold in PY1; 5% in PY2; 10% in each Performance Year thereafter) and, if a sequestration order is in effect, an adjustment to account for sequestration.

Specifically, the amount of the CMF for each ViT Code claim submitted for the calendar quarter in which OUD Treatment Services were furnished to a Participating Beneficiary under ViT is calculated as \$125 per Participating Beneficiary per month, minus the applicable PBIP quality withhold and any applicable Medicare sequestration adjustments. This adjusted amount is then multiplied by three to reflect the three-month duration of the calendar quarter. The calculation formulas applicable to each Performance Year are reflected below.

Performance Year 1 (2021)

$$\begin{aligned} \text{CMF per Participating Beneficiary per Month (PBPM)} &= \$125 - [10\% \\ &\text{withhold } (\$125)] + (2\% \text{ sequestration rate } ((90\%(\$125)))) = \$125 - [(\$12.50) \\ &+ (\$2.25)] = \$110.25 \text{ PBPM} \end{aligned}$$

$$\begin{aligned} \text{CMF per Participating Beneficiary per Quarter (PBPQ)} \\ &= \text{CMF Payment PBPM} * 3 \text{ months} = \$375.00 \text{ PBPQ} \end{aligned}$$

**Note that the calculation above uses 0% as the sequestration rate because budget sequestration was suspended for the duration of Performance Year 1 (2021).*

Performance Year 2 (2022)

$$\begin{aligned} \text{CMF per Participating Beneficiary per Month (PBPM)} &= \\ & \$125 - [(5\% \text{ withhold } (\$125))] + \\ & (2\% \text{ sequestration rate } ((95\%(\$125)))) = \$125 - [(\$6.25) + \\ & (\$2.38)] = \$116.37 \text{ PBPM} \end{aligned}$$

$$\begin{aligned} \text{CMF per Participating Beneficiary per Quarter (PBPQ)} \\ &= \text{CMF Payment PBPM} * 3 \text{ months} = \$349.11 \text{ PBPQ} \end{aligned}$$

**Note that the calculation above is an example using 2% as the sequestration percentage reduction. A sequestration payment reduction is applied only if sequestration is in effect for the period in which the payment is made, and the sequestration percentage reduction may vary according to federal law.*

Performance Year 3 to 4 (2023 to 2024)

$$\begin{aligned} \text{CMF per Participating Beneficiary per Month (PBPM)} &= \\ & \$125 - [(10\% \text{ withhold}(\$125)) + \\ & (2\% \text{ sequestration rate}((90\%(\$125)))] = \$125 - [(\$12.50) + \\ & (\$2.25)] = \$110.25 \text{ PBPM} \end{aligned}$$

$$\begin{aligned} \text{CMF per Participating Beneficiary per Quarter (PBPQ)} \\ &= \text{CMF Payment PBPM} * 3 \text{ months} = \$330.75 \text{ PBPQ} \end{aligned}$$

**Note that the calculation above is an example using 2% as the sequestration*

Performance-Based Incentive Payments (PBIP)

Performance Year	Quality Withhold (%)	Formula and Specific Amount Withheld
PY 1 (2021)	Zero	<p>CMF per Participating Beneficiary per Month (PBPM) Withheld $= 0 \text{ withhold} * \\$125 \text{ PBPM} = \\$0$</p> <p>CMF per Participating Beneficiary per Quarter (PBPQ) Withheld $= \text{CMF Payment PBPM} * 3 \text{ months} = \\0</p>
PY 2 (2022)	5%	<p>CMF per Participating Beneficiary per Month (PBPM) Withheld $= 5\% \text{ withhold} * \\$125 \text{ PBPM} = \\$6.25 - (\\$6.25 * 0.02)$ $= \\$6.13$</p> <p>CMF per Participating Beneficiary per Quarter (PBPQ) Withheld $= \text{CMF Payment PBPM} * 3 \text{ months} = \\18.39</p>
PY 3 (2023)	10%	<p>CMF per Participating Beneficiary per Month (PBPM) Withheld = $10\% \text{ withhold} * \\$125 \text{ PBPM} = \\$12.50 - (12.50 * 0.02) = \\12.25</p> <p>CMF per Participating Beneficiary per Quarter (PBPQ) Withheld $= \text{CMF Payment PBPM} * 3 \text{ months} = \\36.75</p>
PY 4 (2024)	10%	<p>CMF per Participating Beneficiary per Month (PBPM) Withheld = $10\% \text{ withhold} * \\$125 \text{ PBPM} = \\$12.50 - (12.50 * 0.02) = \\12.25</p> <p>CMF per Participating Beneficiary per Quarter (PBPQ) Withheld $= \text{CMF Payment PBPM} * 3 \text{ months} = \\36.75</p>

**Note that the calculation above is an example using 2% as the sequestration percentage reduction. A sequestration payment reduction is applied only if sequestration is in effect for the period in which the payment is made, and the sequestration percentage reduction may vary according to federal law.*

- 3. Application of the Sequestration to the PBIP.** The second sentence of Section IV of Appendix B of the Agreement is hereby revised in its entirety to read as follows:
“The Participant may earn back the PBIP quality withhold, reduced by the applicable

sequestration percentage reduction (if sequestration is in effect at the time the payment is made), in the form of a PBIP if the Participant meets or exceeds the applicable performance threshold.”

- 4. PBIP Quality Withhold Calculation.** Section IV.A of Appendix B of the Agreement is hereby revised by adding the following sentence after the first sentence:

“These PBIP rates are subject to sequestration, if sequestration is in effect at the time the payment is made.”

- 5. PBIP Quality Withhold Amount.** Table 2 of Appendix B is hereby amended in its entirety to read as follows:

Table 2: Performance-Based Incentive Payments (PBIP) Quality Withhold Amount

**Note that the calculation above is an example using 2% as the sequestration percentage reduction. A sequestration payment reduction is applied only if sequestration is in effect for the period in which the payment is made, and the sequestration percentage reduction may vary according to federal law.*

- 6. Effect of Amendment.** All other terms and conditions of the Agreement shall remain in full force and effect. In the event of any inconsistency between the provisions of this amendment and the provisions of the Agreement, the provisions of this amendment shall prevail.
- 7. Effective Date.** This amendment shall be effective on December 10, 2021. While the Agreement requires CMS to provide the Practice with 30 calendar days advance written notice of any unilateral amendment, to the extent practicable, it was not practicable to provide such notice for this amendment, which takes effect retroactively to the date of enactment of the Protecting Medicare and American Farmers from Sequester Cuts Act.

[SIGNATURE PAGE FOLLOWS]

CENTERS FOR MEDICARE & MEDICAID SERVICES

Date: _____

By: _____

Arrah Tabe-Bedward, Deputy Director, Center for Medicare and Medicaid Innovation