AMERICAN SOCIETY OF PLASTIC SURGEONS®
THE PLASTIC SURGERY FOUNDATION™

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September 11, 2017

Seema Verma, Administrator
Centers for Medicare & Medicaid Services
Department of Health and Human Services
Attn: CMS-1678-P
7500 Security Blvd, Mail Stop C4-26-05
Baltimore, MD 21244-1850

Via Electronic Submission: http://www.regulations.gov

Re: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs Proposed Rule for 2018 (CMS-1678-P)

Dear Administrator Verma:

The American Society of Plastic Surgeons (ASPS) appreciates the opportunity to provide comments on the Centers for Medicare and Medicaid Services (CMS) Proposed Rule for the Hospital Outpatient Prospective Payment System (HOPPS) and Ambulatory Surgical Center (ASC) Payment System and Quality Reporting for CY 2018, published in the July 20, 2017 *Federal Register*.

ASPS is the largest association of plastic surgeons in the world, representing more than 7,000 members and 94 percent of all American Board of Plastic Surgery board-certified plastic surgeons in the United States. Plastic surgeons provide highly skilled surgical services that improve both the functional capacity and quality of life of patients. These services include the treatment of congenital deformities, burn injuries, traumatic injuries, hand conditions, and cancer reconstruction. ASPS promotes the highest quality patient care and professional and ethical standards and supports education, research, and public service activities of plastic surgeons.

We are pleased to see that in this proposed rule, the Agency has taken steps to alleviate some of the many concerns about the HOPPS payment program that ASPS has expressed in past comment letters. In response to the request for feedback on policy and modifications outlined in this Proposed Rule, ASPS offers the following comments.

Proposed High Cost/Low Cost Threshold for Packaged Skin Substitutes

In 2014, CMS implemented a policy to package skin substitutes into the payment for the associated surgical procedures. To promote stability in the APC assignments and to improve homogeneity among APCs, each skin substitute was placed in a "high" or "low" cost group based on a weighted average cost

for all skin substitute products. Any new packaged skin substitute product without pricing information would be assigned to the lost cost category. Recognizing that the average sales price may disadvantage products sold in large sizes, in 2015, the Agency introduced the concept "average mean unit cost," to further refine how established and new products would be placed into appropriate reimbursement groups and ultimately paid. The new policy forced some products that were in the "high" cost group into the "low" cost group. By 2017, CMS was using a geometric mean unit cost (MUC) or Per Day Cost (PDC) to categorize products by a dollar threshold; once again shifting products from one cost group to another. The results have introduced significant variations in payment policy, as well as total reimbursement from year to year for services that include skin substitutes. This has been a source of frustration for many surgeons.

In this proposed rule, CMS has indicated it is willing to limit year-to-year fluctuations in the reimbursement formula for skin substitutes, while further study of the issue takes place. For 2018, services identified as high cost in 2017 would remain in that category, and any new skin substitute products without claims data to calculate a geometric MUC or PDC will be assigned to a cost category based on the product's average sales price (ASP) plus 6 percent, wholesale acquisition (WAC) plus 6 percent, or 95 percent of average wholesale price (AWP).

ASPS appreciates the Agency's willingness to address price fluctuations and supports the need for further study of the process used to reimburse for skin substitutes. We concur that new skin substitutes with pricing information should be assigned to a cost category based on the product's ASP plus 6%, wholesale acquisition (WAC) plus 6 percent, or 95 percent of average wholesale price (AWP). We remain concerned, however, that without specific edits to alert the need for reporting packaged skin substitutes when appropriately provided during a surgical procedure, the Agency will continue to make reimbursement decisions based on faulty data.

As such, and to ensure quality care and fair pricing, ASPS encourages the Agency to develop claim edits as well as educational materials to alert providers of the need to report skin substitutes and to develop web-based learning modules to provide information on how a standardized reporting process for skin substitute products can help provide stability in the reimbursement calculations of surgical procedures that frequently require skin substitute products.

Quality Reporting

The Hospital Outpatient Quality Reporting (OQR) Program is generally aligned with the quality reporting program for hospital inpatient services, with a focus on measures that have a high impact and support national priorities for improved quality and efficiency of care. To the extent possible, the Agency tries to align quality metrics of the various quality reporting programs.

In this proposed rule, the Agency is seeking feedback on the inclusion of social risk factors to improve outcomes. ASPS concurs that this type of data may offer the potential to better calibrate cost and

quality scores. It may also remove incentives to discourage treatment of patients who might negatively impact a hospital's performance score. This should positively impact patient access to care, as hospitals would no longer be financially rewarded for treating only patients it believes will positively impact its performance on quality and cost metrics. We would however, ask the Agency to be mindful of unintended consequences, such as increased reporting burdens, when implementing changes to existing metrics.

Conclusion

ASPS appreciates the ability to provide comments on proposed changes to the Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems and Quality Reporting Programs and looks forward to working with CMS to ensure future program requirements remain fair and adequate. Should you have any questions about our comments, please contact Catherine French, ASPS Health Policy Manager, at cfrench@plasticsurgery.org or at (847)981.5401.

Sincerely,

Debra Johnson, MD

President, American Society of Plastic Surgeons

cc: Lynn Jeffers, MD – ASPS Board Vice President of Health Policy & Advocacy
Andrea Pusic, MD – ASPS Board Vice President of Research
Steve Bonawitz, MD – Chair, ASPS Healthcare Delivery Subcommittee
William Wooden, MD – Chair, ASPS Quality and Performance Measurement Committee
Mark Villa, MD – Chair, ASPS Coding and Payment Policy Subcommittee