

August 30, 2019

Seema Verma, Administrator
Centers for Medicare and Medicaid Services
Department of Health and Human Services
Attention: CMS-1715-P
Mail Stop C4-26-05
7500 Security Boulevard
Baltimore, MD 21244-1850

Re: Medicare Program; CY 2020 Revisions to Payment Policies under the Physician Fee Schedule and Other Changes to Part B Payment Policies; Proposed Rule; CMS-1715-P

Dear Administrator Verma,

The American Association of Physicists in Medicine (AAPM)¹ is pleased to submit comments to the Centers for Medicare and Medicaid Services (CMS) in response to the August 24, 2019 *Federal Register* notice regarding the 2020 Medicare Physician Fee Schedule (MPFS) proposed rule.

Medical Equipment Prices

Beginning in 2019, CMS finalized a proposal to update the Direct Practice Expense (PE) inputs for medical equipment and supply pricing. To address significant changes in payment, CMS is phasing in the new direct PE inputs over a four-year period from 2019-2022.

CMS initiated a market research contract with StrategyGen to conduct an in-depth and robust market research study to update the MPFS direct practice expense inputs for medical equipment and supplies. While the AAPM supports CMS efforts to update equipment and supply pricing to reflect current costs, the AAPM also believes that the final post-transition pricing for certain medical equipment items used for cancer care are inaccurate, including some price modifications by CMS in the 2019 MPFS final rule with comment period. **The limited stakeholder input and lack of transparency of the contractor process and specific inputs (i.e. manufacturer name, model and price) used to develop updated pricing are concerning.** In particular, the AAPM believes the two (2) medical equipment items shown in Table 1 remain significantly undervalued relative to fair market pricing.

¹ The American Association of Physicists in Medicine (AAPM) is the premier organization in medical physics, a broadly-based scientific and professional discipline encompassing physics principles and applications in biology and medicine whose mission is to advance the science, education and professional practice of medical physics. Medical physicists contribute to the effectiveness of radiological imaging procedures by assuring radiation safety and helping to develop improved imaging techniques (e.g., mammography CT, MR, ultrasound). They contribute to development of therapeutic techniques (e.g., prostate implants, stereotactic radiosurgery), collaborate with radiation oncologists to design treatment plans, and monitor equipment and procedures to insure that cancer patients receive the prescribed dose of radiation to the correct location. Medical physicists are responsible for ensuring that imaging and treatment facilities meet the rules and regulations of the U.S. Nuclear Regulatory Commission (NRC) and various State regulatory agencies. AAPM represents over 7,000 medical physicists.

Table 1

Equipment Item	2018 Price	2020 Proposed Price	2022 Final Price	Percentage Change Over 4-Year Transition Period
ER003 HDR Afterload System, Nucletron - Oldelft	\$375,000	\$253,787	\$132,575	-64.6%
ER083 SRS System, SBRT, Six Systems, Average	\$4,000,000	\$3,486,861	\$2,973,722	-25.7%

The 2018 price for the Nucletron Oldelft High Dose Rate (HDR) Afterload System (ER003) was \$375,000. CMS established a fully transitioned price of \$132,575, a 64.6 percent pricing reduction. We think that StrategyGen may have included updated pricing for a less costly electronic brachytherapy system used to treat non-melanoma skin cancer. This equipment type would not be utilized with procedures that utilize a HDR afterloader (i.e. CPT 77767, 77768, 77770, 77771 and 77772). Alternatively, the new recommended price may represent an equipment upgrade or refurbished equipment. Due to the lack of transparency, we are not able to verify the specific types of medical equipment used to determine the new pricing for ER003, but it is clearly in error.

By way of example, SRS system, Linac (ER082) and SRS system, SBRT, six systems (ER083) systems are similar in both technological complexity and pricing in the current marketplace, yet the new recommended pricing would value the latter (\$2,973,722) at a small fraction of the former (\$4,195,100).

All equipment items shown in Table 1 have recommended prices that are below industry standards. Given the high cost of these items and their substantial utilization in certain radiation oncology delivery codes, it is imperative that CMS inputs accurately reflect the marketplace pricing.

Barriers currently exist that prevent the sharing of invoices for use in valuation, including concerns about protecting non-disclosure agreements, and proprietary information. These restrictions make it increasingly difficult to produce invoices that support the actual costs of acquiring these expensive pieces of equipment used by radiation oncologists in the treatment of cancer.

The AAPM recommends that CMS conduct additional research regarding fair and accurate market pricing for medical equipment items ER003 and ER083.

Appropriate payment for medical physics services, radiology and radiation oncology procedures is necessary to ensure that Medicare beneficiaries continue to have full access to diagnostic imaging and high quality cancer treatments. We hope that CMS will consider these issues for the 2020 Medicare Physician Fee Schedule final rule. Should CMS staff have additional questions, please contact Wendy Smith Fuss, MPH at (904) 844-2487.

Sincerely,



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