

described in the April 7, 2000 final rule. That is, we would recalibrate the weights based on claims and cost report data for outpatient services. We propose to use the most recent available data to construct the database for calculating APC group weights. For the purpose of recalibrating APC relative weights for CY 2004, the most recent available claims data are the approximately 115 million final action claims for hospital outpatient department services furnished on or after January 1, 2002 and before January 1, 2003. We then eliminated the following 45.7 million claims because many of these claims were for services that are not paid under OPPTS: Claims in the first quarter of calendar year 2002; claims for bill types other than OPPTS bill types; claims for services furnished in Maryland, Guam, and the Virgin Islands. We matched the 69.3 million claims that were paid under the OPPTS to the most recent cost report filed by the individual hospitals represented in our claims data. The APC relative weights would continue to be based on the median hospital costs for services in the APC groups.

A. Data Issues

1. Period of Claims Data Used

We propose to use claims for the period beginning April 1, 2002 through and including December 31, 2002 as the base for the CY 2004 OPPTS. The statute requires that we take into account new cost data and other relevant information and factors in reviewing and revising the weights, and we believe that this period will give us the most recent costs. We chose not to include the claims for the period beginning on January 1, 2002 through March 31, 2002 because they were used to set the payment rates for the 2003 OPPTS and we believe that the most recent 9 months of claims data will result in payment rates that are most representative of the current relative costs of hospital outpatient services.

The claims base used to calculate the proposed payment weights and payment rates in this proposed rule is not the totality of claims on which the final weights and rates will be based. The use of this claims base is due to (1) a lag in claims submission by providers; (2) a statutory limit on the date before which no claim can be paid; and (3) the additional processing time it takes for the claims data to be included in the national claims history, which is the source of our claims data. For these reasons, the claims data used for this proposed rule are for the period of services furnished between April 1, 2002 and November 1, 2002. However,

when the final weights and rates are calculated, we will have access to approximately 95 percent of the claims data for services furnished from April 1, 2002 through December 1, 2002.

2. Treatment of "Multiple Procedure" Claims

We have received many requests asking that we ensure that the data from claims that contain charges for multiple procedures are included in the data from which we calculate the CY 2004 relative payment weights. Those making the requests believe that relying solely on single-procedure claims to recalibrate APC weights fails to take into account data for many frequently performed procedures, particularly those commonly performed in combination with other procedures.

We agree that optimally, it is desirable to use the data from as many claims as possible to recalibrate the relative payment weights, including those with multiple procedures. We identified certain multiple-procedure claims that could be treated as single-procedure claims, enabling us to greatly increase the number of services used to develop the APC payment weights for CY 2003. However, several inherent features of multiple procedure claims prevented us from using all of them to recalibrate the payment weights. We discussed these obstacles in detail in the August 9, 2002 proposed rule (67 FR 52092, 52108 through 52111), and the November 1, 2002 final rule (67 FR 66718, 66743 through 66746).

For the CY 2004 OPPTS, we propose several changes to how we handle and use claims data to enable us to use more claims in the creation of median costs on which our payment weights and rates are based. Specifically, we propose to expand the number of HCPCS codes that we ignore for purposes of creating a pseudo single claim from claims that contain other separately payable HCPCS codes. We also looked at dates of service on packaged HCPCS codes and packaged revenue centers, and propose, where possible, to attribute the charges to major, separately payable HCPCS codes based on the codes' dates of service. Our complete discussion of the use of data to set the weights for CY 2004 OPPTS follows in section III.B of this proposed rule.

Expansion of the list of codes to be ignored in creation of single claims. For CY 2003 OPPTS, we ignored the presence of HCPCS codes 93005, 71010, and 71020 to create pseudo single claims where there was one remaining separately paid, major HCPCS code on the claim. This enabled us to attribute the costs of packaged HCPCS codes and

packaged revenue centers to the remaining separately paid HCPCS codes and, therefore, to use the charge data on the claim. We did this based on our belief that these three separately payable HCPCS codes would not have charges related to them that would be placed in packaged HCPCS codes or packaged revenue centers. Instead, we believe that the charges found in the packaged HCPCS or packaged revenue centers would be appropriately associated with the only other separately payable HCPCS that remained on the claim when these codes are ignored.

For CY 2004 OPPTS, we propose to expand the list of HCPCS codes that we would ignore for purposes of creating pseudo single claims. On claims that contain other separately payable HCPCS, we propose to ignore the HCPCS codes in the APCs identified in Table 9. As with HCPCS codes 93005, 71010, and 71020, we believe that these codes are highly unlikely to have charges that are found in packaged HCPCS or in packaged revenue centers. Therefore, we believe that they can be ignored for the purpose of creating a pseudo single claim from the remaining charges on the claim. We solicit comments on the proposed methodology to create pseudo single claims, on the list of codes in Table 9 that we propose to ignore, and whether there are other low cost services that we could ignore in using this methodology. We also request comments on whether we should use the charges for the codes in the APCs in Table 9 to create pseudo single claims to be used in setting the median costs for these APCs.

Use of dates of service to create single claims. For CY 2003, we did not use dates of service to attribute charges on packaged HCPCS and packaged revenue centers to major separately payable HCPCS codes. For CY 2004, we propose to use dates of service on HCPCS codes and on packaged revenue centers to attribute charges to a major payable HCPCS code where the dates of service match. We can only use this approach where there are different dates of service for the separately payable major HCPCS codes. Where there are multiple major payable HCPCS codes on a claim with the same date, we cannot use this approach because there is no way to tell to which major payable HCPCS code the charges from the packaged HCPCS or packaged revenue center belong. Moreover, where the hospital does not provide dates for all packaged revenue centers, we cannot attribute charges based on the date of service.

We believe that this methodology yields more single claims than if we did not use dates of service. However,