

We have reviewed the submitted PEAC recommendations and propose to accept them. The complete PEAC recommendations and the revised CPEP database can be found on our web site. (See the Supplementary Information section of this proposed rule for directions on accessing our web site.)

**g. Repricing of Clinical Practice Expense Inputs—Supplies**

We use the practice expense inputs (the clinical staff, supplies, and equipment assigned to each procedure) to allocate the specialty-specific practice expense cost pools to the procedures performed by each specialty. The costs of the original inputs assigned by the CPEP were determined by our contractor, Abt Associates, based primarily on 1994 and 1995 pricing data from supply catalogs. In addition, for many items on the equipment and supply list, the associated costs were based on the recommendations of a CPEP panel member, rather than on actual catalog prices. Subsequent to the CPEP panels, equipment and supply items have also been added to the CPEP data, with the costs of the inputs provided by the relevant specialty society.

In the August 2, 2001 proposed rule (66 FR 40378), we proposed updates and revisions to the clinical staff salary data which were finalized in the final rule published November 1, 2001 (66 FR 55255). In that final rule, we also indicated that in future rulemaking we would be proposing updates to the supply and equipment inputs that are used in the CPEP database. We, therefore, contracted with a consultant to assist us in obtaining the current price for each supply item in our CPEP database. The consultant has been able to determine the current prices for most of the supply inputs and has submitted documentation for the proposed new pricing from vendor catalogs or websites. Whenever possible, multiple sources were obtained for frequently used supplies so that a typical price could be determined.

In addition, we asked the consultant to help identify and clarify those supplies for which the original descriptions in the CPEP database are too general to price (for example “laser” or “antigen”) or are otherwise unidentifiable. Our consultant worked closely with the specialty societies to ensure that accurate information was obtained in identifying as many of these supplies as possible.

Addendum D contains the proposed new unit prices for supply items when current pricing was obtained, as well as new descriptions when needed. A more detailed spreadsheet can be found on our Web site, (<http://www.cms.hhs.gov/physicians/pfs>), that contains additional information regarding the sources used to price each item.

There are items that have either not yet been identified or for which pricing information has not yet been found. These supply items are included in Table 1 below. In this table we have identified the supply code (if assigned), the existing item description, unit and price, the procedures or specialties associated with the item, as well as the proposed new description and standardized unit of use. We have also identified items for deletion from the database. We are requesting that commenters, particularly the relevant specialty groups, provide us with the needed pricing information with appropriate documentation. Whenever possible, multiple sources of documentation should be provided so that a typical price can be determined. If we are not able to obtain any verified pricing information for an item, we may eliminate it from the database.

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