

before the meeting. Placing a limit on presentations is a prerogative of the Panel Chair and must at times be done in order to allow all interested parties to make presentations on agenda items. However, we will take all of the concerns into consideration when scheduling future meetings.

3. Recommendations of the Advisory Panel and Our Responses

January 2003 Meeting

In this section, we consider the Panel's recommendations affecting specific APCs. The Panel based its recommendations on claims data for the period April 1, 2002 through September 30, 2002. This data set comprises a portion of the data that will be used to set 2004 payment rates. APC titles in this discussion are those that existed when the APC Panel met in January 2003. In a few cases, APC titles have been changed for this final rule, and, therefore, some APCs do not have the same title in Addendum A as they have in this section.

The Panel's agenda included APCs that our staff believed violated the 2 times rule as well as APCs for which comments were submitted. As discussed below, the Panel sometimes declined to recommend a change in an APC even though the APC appeared to violate the 2 times rule. In section II.B of the August 12, 2003 proposed rule, we discuss our proposals regarding the 2 times rule based on the April 1 through December 31, 2002 data that we used to determine the final 2004 APC relative weights. Section II.B (68 FR 47977) of the August 12, 2003 proposed rule also details the criteria we used when deciding to propose exceptions to the 2 times rule.

Unless otherwise specified in each of the following discussions of the APC Panel's recommendations, our proposed actions are finalized in this final rule.

a. Debridement and Destruction

APC 0012: Level I Debridement & Destruction

APC 0013: Level II Debridement & Destruction

We expressed concern to the Panel that APCs 0012 and 0013 appear to violate the 2 times rule. In order to remedy these violations, we asked the Panel to consider the following changes:

(1) Move the following codes from APC 0013 to APC 0012:

HCPCS	Description
11001	Debride infected skin add-on.
11302	Shave skin lesion.
15786	Abrasion, lesion, single.

HCPCS	Description
15793	Chemical peel, nonfacial.
15851	Removal of sutures.
16000	Initial treatment of burn(s).
16025	Treatment of burn(s).

(2) Move code 11057 (Trim skin lesions, over 4) from APC 0012 to APC 0013.

The Panel agreed with our staff and recommended that we make these changes. We proposed to accept the Panel's recommendation.

However, we received comments from a group of hospitals concerning the proposed change for CPT code 15851, removal of sutures under anesthesia (other than local), same surgeon. In their comments, the hospitals noted that the descriptor for CPT codes 15851 and 15850 (removal of sutures under anesthesia (other than local), other surgeon, were virtually identical with the exception of which surgeon performs the suture removal. The commenters did not believe that the identity of the surgeon could result in a significant difference in resource costs to the hospital. Our clinical staff agree and believe that the difference in hospital median costs derived from our claims data may be due to a misunderstanding about the coding. For 2004, we have decided that we will place both CPT codes for suture remove under anesthesia in APC 0016.

b. Excision/Biopsy

APC 0019: Level I Excision/Biopsy

APC 0020: Level II Excision/Biopsy

APC 0021: Level III Excision/Biopsy

We expressed concern to the Panel that APCs 0019 and 0020 appear to violate the 2 times rule. In order to remedy these violations, we asked the Panel to consider the following changes:

(1) Move the following HCPCS codes from APC 0019 to a new APC:

HCPCS	Description
11755	Biopsy, nail unit.
11976	Removal of contraceptive cap.
24200	Removal of arm foreign body.
28190	Removal of foot foreign body.
56605	Biopsy of vulva/perineum.
56606	Biopsy of vulva/perineum.
69100	Biopsy of external ear.

The APC Panel recommended that we make these changes, and we proposed to do so in our August 12, 2003 proposed rule.

(2) Move the following HCPCS codes from APC 0020 to APC 0021:

HCPCS	Description
11404	Removal of skin lesion.
11423	Removal of skin lesion.
11604	Removal of skin lesion.
11623	Removal of skin lesion.

The Panel recommended that we not change the structure of APCs 0019, 0020, and 0021 at this time in the interest of preserving clinical homogeneity. In August, we proposed to accept the Panel's recommendation that we make no changes to the structure of these APCs for 2004. However, following our review of the median costs developed for the final rule, using a more complete set of claims for services from April through December 2002, we determined that CPT codes 11404 and 11623 should be moved to APC 0021. We plan to place these APCs on the Panel's agenda for the 2005 update.

c. Thoracentesis/Lavage Procedures and Endoscopies

APC 0071: Level I Endoscopy Upper Airway

APC 0072: Level II Endoscopy Upper Airway

APC 0073: Level III Endoscopy Upper Airway

We expressed concern to the Panel that APCs 0071 and 0072 appear to violate the 2 times rule. In order to remedy these violations, we asked the Panel to consider the changes below.

Move the following HCPCS codes as described below:

TABLE 1.—HCPCS CODES FINAL TO BE REDISTRIBUTED FROM APCs 0071 AND 0072 TO APCs 0071, 0072, AND 0073

HCPCS	Description	2003 APC	2004 APC
31505	Diagnostic laryngoscopy.	0072	0071
31575	Diagnostic laryngoscopy.	0071	0072
31720	Clearance of airways.	0072	0073

The Panel recommended that we make the above changes. We proposed to accept the Panel's recommendation, with the exception of CPT code 31720. After reviewing an additional quarter of claims data that were not available at the time the Panel convened, placement of CPT code 31720 into APC 0072 better reflects its resource consumption. Therefore, we proposed to keep CPT code 31720 in APC 0072.