



September 11, 2023

The Honorable Chiquita Brooks-LaSure
Administrator, Centers for Medicare & Medicaid Services
Department of Health and Human Services
7500 Security Blvd
Baltimore, MD 21244

Re: CMS–1786–P: Medicare Program: Hospital Outpatient Prospective Payment and Ambulatory Surgical Center Payment Systems; Quality Reporting Programs; Payment for Intensive Outpatient Services in Rural Health Clinics, Federally Qualified Health Centers, and Opioid Treatment Programs; Hospital Price Transparency; Changes to Community Mental Health Centers Conditions of Participation, Proposed Changes to the Inpatient Prospective Payment System Medicare Code Editor; Rural Emergency Hospital Conditions of Participation Technical Correction Proposed Rule (Vol. 88, No. 145), July 31, 2023.

Dear Administrator Brooks-LaSure:

On behalf of the Arizona Hospital and Healthcare Association (AzHHA) and our more than 80 hospital, healthcare and affiliated health system members, we are pleased to present CMS with the following comments on the hospital outpatient prospective payment system (OPPS) and ambulatory surgical center (ASC) payment system proposed rule for calendar year (CY) 2024 (referred to herein as the “Proposed Rule”).

For CY 2024, CMS proposes a market basket update of 3.0% less a productivity adjustment of 0.2 percentage points, resulting in a net update of 2.8%. **AzHHA has strong concerns about this inadequate update, especially when taken together with the underwhelming market basket increases from CY 2022 and 2023.** It does not capture either the unprecedented inflationary environment or the other persistent financial headwinds hospitals and health systems are experiencing. It also fails to account for the fact that labor composition and costs have remained extraordinarily high and that as a result, the hospital field has continued to face sustained financial pressures and workforce shortages. **Therefore, we urge CMS to examine ways to account for these increased costs to ensure that beneficiaries continue to have access to quality outpatient care. We also urge the agency to reduce the productivity cut for CY 2024 as such a cut does not align with hospital and health systems’ public health emergency (PHE) experiences related to actual losses in productivity during the COVID-19 pandemic.**

In addition, CMS proposes requiring hospitals to conform to a standardized format for the hospital price transparency machine-readable file requirements. The new format would include additional required fields, such as information on the contracting method used to derive a negotiated rate and an expected allowed amount for non-dollar rates. CMS proposes allowing hospitals two months to transition to the new standardized format following finalization of these requirements. **While the AzHHA appreciates CMS' willingness to address issues raised by hospitals with the current format, we are concerned about the additional burden the new requirements would place on hospital staff and the short timeline for implementation.**

Hospitals, often in partnership with vendors, developed their machine-readable files based on their understanding of CMS' guidance and to accommodate the different types of contracts insurers and providers have. CMS is now proposing that hospitals include far more information in their machine-readable files that would detail both the methodology used to derive a negotiated rate, as well as the amount the hospital expects to be paid based on that methodology. **The additional fields detailing the methodology (e.g., percentage, algorithm) would be incredibly burdensome to produce while meaningless for anyone outside of the hospital and insurer relationship to interpret. Moreover, it would introduce new access issues to the files based on their expanded size.**

CMS also is proposing additional modifier and drug data fields that are superfluous and burdensome to produce. The inclusion of these new data fields would significantly increase the cost to comply with the new requirements while not providing additional insights to the data users beyond what is already available in other fields. They also would vastly increase the size of the machine-readable files, making them more cumbersome to utilize. **AzHHA urges CMS not to finalize these data elements in the standardized format.**

Finally, we strongly request that CMS allow hospitals up to 18 months to adopt the new standards following the release of final technical guidance. Hospitals have already dedicated significant resources toward complying with the machine-readable file requirements. Given the complexity of these files, detailed guidance is going to be required to properly ensure that the new standard format is implemented consistently across hospitals and to avoid excessive updates to the guidance in the future. This will require collaboration between CMS and hospital technical experts and is unlikely to be completed by the time the final requirements are released. Therefore, any time less than 18 months could result in duplicating a hospital's effort for the year, resulting in substantial added cost and staff time that would be better deployed to other patient care and patient experience endeavors.

Thank you for the opportunity to comment on this rulemaking. Please feel free to contact me with any questions.

Sincerely,

A handwritten signature in black ink that reads "Amy Upston". The signature is written in a cursive, flowing style.

Amy Upston

Director of Financial Policy and Reimbursement
Arizona Hospital and Healthcare Association