



July 31, 2026

Via Electronic Submission to MEARIS.cms.gov

Attn: Hospital Outpatient Payment (HOP) Panel

Re: Endoscopic Submucosal Dissection (ESD) APC Assignment

Description of the issue

For CY 2027, CMS proposes to replace predecessor code C9779 with separate Category I CPT placeholder codes 4XX01 for upper-GI ESD and 4XX02 for lower-GI ESD. CMS proposes to assign 4XX01 to APC 5303 at \$4,306.38 and 4XX02 to APC 5313 at \$3,233.31. The available national claims history is reported under C9779, which combined upper- and lower-GI ESD and therefore cannot establish different anatomy-specific resource costs. In the CY 2027 proposed-rule cost statistics, C9779 has 1,207 single claims, a geometric mean cost of \$5,468.16, and a median cost of \$5,751.52. The proposed upper- and lower-GI payments are approximately 21.2 percent and 40.9 percent below that cost proxy. Both successor codes describe the same technically demanding ESD procedural method and require advanced endoscopic expertise, trained personnel, anesthesia support, specialized supplies and electrosurgical equipment, substantial procedure-room time, complication readiness, and structured recovery. The proposed split may therefore understate the hospital resources required before code-specific claims exist.

Recommendations and rationale for change

Please consider reassignment of both successor ESD codes to APC 5331 for CY 2027. C9779 provides the only national claims proxy and did not distinguish upper- from lower-GI anatomy; it therefore cannot support CMS' proposed split. APC 5331 is the most coherent existing group because it includes clinically challenging and resource-intensive procedures. Within APC 5331, CPT 43497, peroral endoscopic myotomy (POEM), an advanced therapeutic endoscopic service, also requires highly specialized submucosal technique, personnel, costly devices which require an in-depth understanding of electrosurgical principles, anesthesia, management of serious procedural risks, and structured recovery.¹

APC assignment relies on clinical and resource similarity rather than exact equality to an APC payment rate. Assignment to APC 5331 would avoid an unsupported anatomy-based distinction, recognize ESD complexity, support beneficiary access, and provide a stable interim placement while hospitals develop accurate claims under 4XX01 and 4XX02.

The costs of the electrosurgical knives required to perform the ESD procedure are more closely aligned with the devices required to perform the procedures already assigned to APC 5331, which has a device offset percentage of 33.33%.

Potential consequences of not making the change

Without a change, CMS would establish materially different payment levels for two successor services even though the predecessor claims do not identify anatomy and cannot validate the proposed distinction. The \$3,233.31 payment for lower-GI ESD is substantially below the \$5,468.16 geometric mean cost and \$5,751.52 median cost reported for combined ESD under C9779. Inadequate initial payment may discourage hospitals from offering ESD, constrain beneficiary access to a minimally invasive organ-preserving treatment, and create geographic disparities in access to experienced centers. It may also encourage substitution of more invasive treatment or delay adoption while hospitals wait for payment to catch up with resource requirements. Finally, starting the new codes in different Level 3 APCs could embed an unsupported anatomy-based assumption into future rate setting and make it harder for early claims to reflect accurate charges and costs.

Olympus requests the opportunity to make a five-minute presentation at the August 24, 2026, HOP Panel meeting. The request is limited to OPPS APC configuration and does not address Physician Fee Schedule valuation or ASC payment policy. CMS may wish to reassess the successor codes after sufficient reliable, code-specific claims become available.

We appreciate CMS' partnership and the opportunity to comment on this important issue.

Sincerely,

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¹AGA Institute Clinical Practice Update: Endoscopic Submucosal Dissection in the United States
Clinical Gastroenterology and Hepatology, 2018; 17, 16-25.e1