



May 25, 2005

Kathleen P. Utgoff, PhD
Commissioner
Bureau of Labor Statistics
2 Massachusetts Avenue, NE
Room 4040
Washington, D.C. 20212-0001

Re: Addition of a PPI for Blood and Organ Banks

Dear Commissioner Utgoff:

Thank you for your letter of March 3, 2005 indicating your decision to add the Blood and Organ Banks, North American Industry Classification System industry code 621991 to the Bureau of Labor Statistics (BLS) Producer Price Index (PPI) program. We are grateful for your support and that of the Centers for Medicare and Medicaid Services.

The blood collection industry is unique in terms of its direct link to the public health and safety of the U.S. population and the acquisition of its raw material (whole blood) exclusively from voluntary donations by the public. No other industry must establish a trust with a volunteer donor in order to ensure availability of the product, protect the voluntary nature of its raw material source and establish reasonable pricing to pay for the direct and indirect costs of providing a unique life saving therapy. Every effort must be made to ensure that new patient health and safety measures are taken into account as the new PPI is created for the blood and organ banks industry.

As BLS implements this decision, we would like to offer our assistance as well as the following comments and recommendations:

- The following blood products are key, high volume products used in transfusion medicine that should be included in the PPI survey: red blood cells (with or without leukoreduction), single donor platelets, whole blood derived platelets (random donor, with or without leukoreduction), and fresh frozen plasma and plasma.
- Costs associated with ongoing blood testing and processing should be included as price changes in the new PPI, since these procedures are required either by federal regulation, voluntary accrediting agencies or as standard of care to protect the public's health and safety and to ensure that the all blood collected in the country

meets the same safety standards. As new and emerging diseases and conditions affect the nation's blood supply, additional testing or processing will be necessary to maintain the safest possible blood. Thus, tracking the price of a *safe* unit of blood over time should be BLS's goal, rather than developing a portfolio of blood products that reflects the costs of providing safe blood at only one point in time historically. Moreover, hospitals and other facilities that purchase blood products typically have no option but to purchase these products subject to testing and processing requirements. These blood product testing and processing requirements maintain the standard of care in the blood collection industry. There are no other products that could substitute for these blood products.

- Should BLS decline to include costs associated with ongoing testing and processing of blood in the PPI, we urge the Bureau to separately account for and report on blood product price increases attributable to blood testing and processing changes and improvements in technology to ensure the safety and/or availability of blood in the United States. This would provide CMS and Congress with important data about real cost increases associated with these changes. We believe policy-makers would want this information as part of their ongoing interest in ensuring access to safe blood through appropriate reimbursement. There is precedent for such a request. We understand that the Bureau currently reports automobile prices in a fashion that reflects price changes due to federally mandated and non-mandated safety improvements. [See BLS press release 04-2351 (Nov. 16, 2004).]

We realize that it will take several years for this initiative to produce data for CMS to use in its market basket calculations. It would be helpful for us to know BLS's estimated time frame for producing this information. In its recently published inpatient rule, CMS proposes to use the PPI for finished goods excluding food and energy as a proxy for blood and blood products. The use of this index and others that do not specifically measure changes in prices for transfusion medicine products is problematic. Therefore, we urge BLS to hasten the implementation of the new PPI as soon as may be feasible.

As the new PPI is implemented, we stand ready to assist in any way possible. We will contact your office shortly regarding scheduling a meeting to discuss these issues further. If you have any questions or require additional information, please contact Theresa Wiegmann of the AABB at 301-215-6554. Again, we thank you for your decision and we look forward to working with you and your staff.

Sincerely,

AABB
America's Blood Centers
American Red Cross
American Hospital Association
Advanced Medical Technology Association (AdvaMed)

Cc: Stephen K. Heffler
Bonnie Murphy