



COLLEGE of AMERICAN
PATHOLOGISTS

Understanding the 2016 Medicare Physician Fee Schedule Proposed Rule

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Welcome

George F. Kwass, MD, FCAP

- **Chair, CAP Council on
Government and Professional
Affairs**



Welcome

Jonathan L. Myles, MD, FCAP

- **Chair, CAP Economic Affairs Committee**
- **Pathology Advisor to the AMA-RUC**



Welcome

**W. Stephen Black-Schaffer, MD,
FCAP**

- **Vice Chair, CAP Economic
Affairs Committee**



Agenda

- **CAP Policy and Advocacy**
- **Payment for Pathology Services**
- **Quality Reporting Initiatives**
- **Questions**

CAP Policy and Advocacy

- **Proposed 2016 Medicare Physician Fee Schedule was released on July 8**
 - CAP members received a STATLINE Alert with initial analysis of the proposed rule.
- **CAP will engage with the Centers for Medicare & Medicaid Services (CMS)**
 - Including formal comments on the proposed fee schedule due September 8
- **CMS to finalize the 2016 Fee Schedule in the Fall**

CAP Policy and Advocacy

- **Led by Council on Government and Professional Affairs (CGPA)**
 - **Economic Affairs Committee (EAC)**
 - **Federal and State Affairs Committee (FSAC)**
 - **Often works alongside other CAP councils (eg, Council on Scientific Affairs)**

CAP Policy and Advocacy

Goal of our Now and Future Policy Agenda is to influence public policy to sustain and advance the specialty in today's health care environment and position the specialty for success in the evolving payment landscape.

Payment for Pathology Services



Payment for Pathology Services

(A) Specialty	(B) Allowed Charges (mil)	(C) Impact of Work RVU Changes	(D) Impact of PE RVU Changes	(E) Impact of MP RVU Changes	(F) Combined Impact**
INDEPENDENT LABORATORY	\$823	1%	8%	0%	9%
PATHOLOGY	\$1,316	4%	4%	0%	8%

Our estimates of changes in Medicare revenues for PFS services compare payment rates for CY 2015 with proposed payment rates for CY 2016 using CY 2014 Medicare utilization. The payment impacts in this proposed rule reflect averages by specialty based on Medicare utilization. The payment impact for an individual physician could vary from the average and would depend on the mix of services the practitioner furnishes. The average percentage change in total revenues would be less than the impact displayed here because practitioners and other entities generally furnish services to both Medicare and non-Medicare patients.

Payment for Pathology Services

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88184	TC-only	Flowcytometry/ 1 marker	\$94.51	\$58.50	-38%
88185	TC-only	Flowcytometry/ add-on	\$57.49	\$17.69	-69%
88312	Global	Special stains group 1	\$98.10	\$100.38	2%
88312	26	Special stains group 1	\$28.03	\$28.53	2%
88312	TC	Special stains group 1	\$70.07	\$71.86	3%
88313	Global	Special stains group 2	\$68.27	\$70.05	3%
88313	26	Special stains group 2	\$12.58	\$12.64	0%
88313	TC	Special stains group 2	\$55.70	\$57.41	3%
88314	Global	Histochemical stains add-on	\$75.10	\$78.36	4%
88314	26	Histochemical stains add-on	\$23.00	\$23.11	0%
88314	TC	Histochemical stains add-on	\$52.10	\$55.25	6%

Payment for Pathology Services

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88341	Global	Immunohisto antibody slide	\$67.91	\$91.72	35%
88341	26	Immunohisto antibody slide	\$21.92	\$28.17	28%
88341	TC	Immunohisto antibody slide	\$45.99	\$63.55	38%
88342	Global	Immunohisto antibody stain	\$90.91	\$108.69	20%
88342	26	Immunohisto antibody stain	\$36.65	\$37.55	2%
88342	TC	Immunohisto antibody stain	\$54.26	\$71.14	31%
88344	Global	Immunohisto antibody slide	\$117.50	\$176.58	50%
88344	26	Immunohisto antibody slide	\$40.25	\$41.16	2%
88344	TC	Immunohisto antibody slide	\$77.26	\$135.41	75%

Payment for Pathology Services

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88304	Global	Tissue exam by pathologist	\$45.99	\$46.94	2%
88304	26	Tissue exam by pathologist	\$11.86	\$11.92	0%
88304	TC	Tissue exam by pathologist	\$34.14	\$35.03	3%
88305	Global	Tissue exam by pathologist	\$73.30	\$74.39	1%
88305	26	Tissue exam by pathologist	\$39.17	\$39.72	1%
88305	TC	Tissue exam by pathologist	\$34.14	\$34.67	2%
88307	Global	Tissue exam by pathologist	\$307.59	\$316.32	3%
88307	26	Tissue exam by pathologist	\$86.24	\$88.11	2%
88307	TC	Tissue exam by pathologist	\$221.35	\$228.21	3%
88309	Global	Tissue exam by pathologist	\$466.78	\$479.54	3%
88309	26	Tissue exam by pathologist	\$152.36	\$155.63	2%
88309	TC	Tissue exam by pathologist	\$314.42	\$323.90	3%

Payment for Pathology Services

- **CMS proposed to support increases sought by the CAP for pathology services, including:**
 - Immunohistochemistry
 - In situ hybridization
- **CMS proposed to update payment rates and accept the majority of CAP's and American Medical Association (AMA) Relative Value Update Committee's (RUC) recommendations.**

Payment for Pathology Services

- **88341 – Immunohistochemistry add-on code, the professional and technical component payment increased by 28% and 38%, respectively.**
- **88342 – Immunohistochemistry initial single antibody stain, the technical component and global payment increased 31% and 20%, respectively.**
- **88344 – Immunohistochemistry multiplex code, the technical component and global payment increased 75% and 50%, respectively.**

Payment for Pathology Services

- **88369 – Morphometric analysis, in situ hybridization, manual, add-on code, the professional and technical component payment increased by 28% and 59%, respectfully.**
- **88377 – Morphometric analysis, in situ hybridization, manual, multiplex code, the technical component and global payment increased 136% and 95%, respectively.**

Payment for Pathology Services

Proposed Physician Work RVU Changes					
CPT Code	Description	Work RVU 2015	Work RVU 2016	Change in Work RVU	Percentage Change in Work RVU
88346	Immunofluorescent study	0.86	0.74	-0.12	-14%
8835X	Immunofluor antb addl stain	NA	0.56	NA	NA
88341	Immunohisto antibody stain, add-on	0.42	0.53	0.11	26%
88364	In situ hybridization (eg, FISH), add-on	0.53	0.67	0.14	26%
88369	Morphometric analysis, in situ hybridization, manual, add-on	0.53	0.67	0.14	26%

Payment for Pathology Services

- **Important caveat:** The impact to 2016 pathology payment does not include the value CMS will assign to G0416 and any additional changes CMS will make in the 2016 final rule.

Payment for Pathology Services

- **CMS proposed standardizing technical component input for clinical labor tasks and time.**
 - The agency seeks comment on this proposal.
 - CAP will work with and assist the agency.
- **CMS expressed concern about direct practice expense inputs included in many pathology services.**
 - The agency seeks information about the equipment and supply inputs used
 - CAP will work with and assist the agency

Payment for Pathology Services

- **CMS continues to believe that there are various possibilities for leveraging hospital cost data in technical component methodology in the fee schedule.**
- **CAP continues to disagree with the agency's understanding of the substantial differences in the cost methodologies of the physician fee schedule and hospital cost data.**

Payment for Pathology Services

- **CMS proposes to continue its work examining potentially misvalued services.**
- **This work may include surveys, data collection, studies, and/or analyses.**

Payment for Pathology Services

Potentially Misvalued Codes Listed in the proposed 2016 Medicare Physician Fee Schedule	
Code	Short Description
10022	Fna w/image
36516	Apheresis selective
88160	Cytopath smear other source
88161	Cytopath smear other source
88162	Cytopath smear other source
88185	Flowcytometry/tc add-on
88189	Flowcytometry/read 16 & >
88321	Microslide consultation
88360	Tumor immunohistochem/manual
88361	Tumor immunohistochem/comput

Quality Reporting Initiatives



Quality Reporting Initiatives

Highlights from the proposed 2016 fee schedule

- **All eight pathology measures are retained in the 2016 Physician Quality Reporting System (PQRS).**
- **CMS clarifies pathologists billing from independent laboratories are not subject to PQRS payment adjustments.**
- **PQRS and Value-Based Modifier (VBM) programs expire after 2018 and are replaced by the new Merit-Based Incentive Payment System (MIPS).**

Quality Reporting Initiatives

- **The College is pleased that the CMS included all eight pathology measures in the 2016 PQRS.**
- **Measures include three new measures introduced in the 2015 PQRS:**
 - **Lung cancer reporting (biopsy/cytology specimens)**
 - **Lung cancer reporting (resection specimens)**
 - **Melanoma reporting**

Quality Reporting Initiatives

- **No changes to claims, registry, or electronic health record (EHR) PQRS reporting mechanisms in 2016.**
- **Pathologists working or billing in Independent laboratories are not subject to PQRS adjustments.**
- **CMS proposed to maintain PQRS reporting requirement on nine measures, or all that apply to physician scope of practice if less than nine.**
- **CAP has clarified that ACO participation satisfies PQRS requirements.**

Quality Reporting Initiatives

- **2016 PQRS will affect 2018 PQRS, VBM penalties**
 - **Separate -2% penalty under PQRS program**
 - **+/- 4% VBM adjustment for physicians in groups 10 or more**
 - **+/- 2% VBM adjustment for solo physicians, groups 2-9**
- **VBM will apply to all physicians**
- **Successful PQRS participation in 2016 can stop the 2018 PQRS penalty and automatic VBM penalty.**
- **CAP continues to analyze the rule and will engage with CMS on how the programs affect pathologists.**

Quality Reporting Initiatives

- **VBM score is a calculation based on performance of the Group (defined by tax identification number (TIN))**
 - PQRS measures
 - Cost measures, which are based on the cost of care for patients for whom the eligible professional provides a plurality of primary care services.

Quality Reporting Initiatives

Successful PQRS Participants in groups of 10 or more			
Quality/Cost	Low Cost	Average Cost	High Cost
High Quality	+4.0x* %	+2.0x* %	+0.0%
Average Quality	+2.0x*	+0.0%	-2.0%
Low Quality	+0.0%	-2.0%	-4.0%

Quality Reporting Initiatives

- **2018 will be the last year for PQRS, VBM penalties**
- **Medicare Access and CHIP Reauthorization Act from April 2015 establishes the Merit-Based Incentive Payment System (MIPS) in 2019.**
 - **MIPS scores include quality, resource use, EHR, and clinical practice improvement activities.**
 - **CAP provision in the SGR-repeal law directs the HHS Secretary to consult non office-based physicians on appropriate measures or alternatives for performance categories .**
- **CAP will engage with CMS on the new program**

Questions





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