



COLLEGE of AMERICAN
PATHOLOGISTS

The Final 2017 Medicare Physician Fee Schedule's Impact on Pathology Services

Patrick E. Godbey, MD, FCAP

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Mark S. Synovec, MD, FCAP

Jonathan L. Myles, MD, FCAP

John Scott, VP CAP Policy and Advocacy



Final 2017 Medicare Physician Fee Schedule

- **2017 Medicare Physician Fee Schedule was released on November 2**
 - CAP members received a *STATLINE* Alert with initial analysis of this final ruling
- **CAP will continue to engage with the Centers for Medicare & Medicaid Services (CMS)**
 - Including formal comments due January 1

Agenda

- **CAP Policy and Advocacy**
- **2017 Fee Schedule and Reimbursement Policy Overview**
- **Specific Pathology Reimbursement Changes**
- **Questions**

Welcome

Patrick E. Godbey, MD, FCAP

- **Governor, CAP Board of Governors**
- **Chair, CAP Council on Government and Professional Affairs**



Welcome

Mark S. Synovec, MD, FCAP

- **Advisor, Council on Government and Professional Affairs**
- **Liaison, AMA House of Delegates**
- **Vice Chair, AMA CPT Editorial Panel**



Welcome

Jonathan L. Myles, MD, FCAP

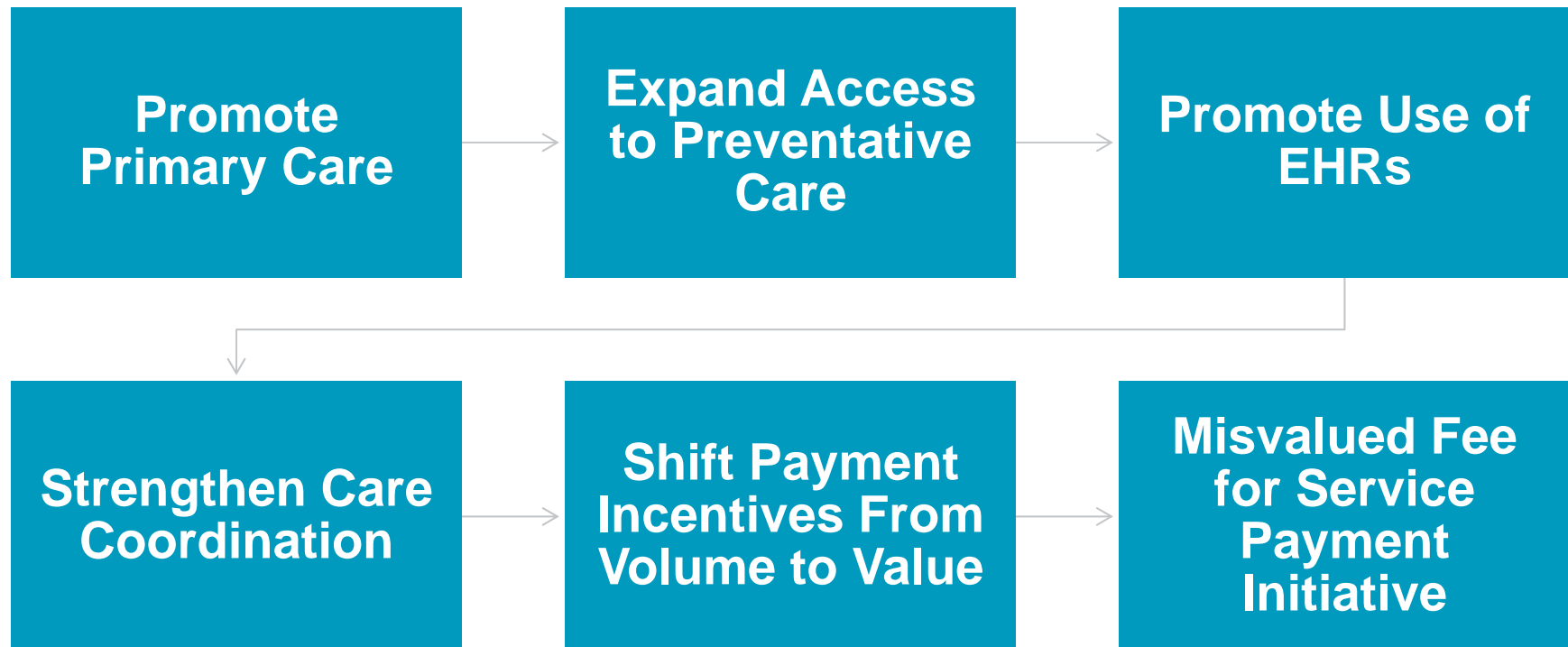
- **Chair, CAP Economic Affairs Committee**
- **Pathology Advisor to the AMA-RUC**



CAP Policy and Advocacy



Policy Drivers of Health Care Reform



CAP Now and Future Policy Agenda

**Protect the
value of
pathology
services**

**Ensure
pathologists
can adapt to
new
payment
models**

**Sustain a
favorable
laboratory
regulatory
environment**

**47% of pathology CPT codes
have been targeted by CMS
since 2006**





Cumulative Medicare Part B Payments for Pathology Codes by CMS increased 51% since 2006



CAP Advocacy on Medicare Payment

- **CAP continues to advocate the CMS on Medicare reimbursement:**
 - **Advocating directly to the CMS throughout the year through face-to-face meetings**
 - **Via the CAP's seat at the AMA/Specialty Society Relative Value Scale Update Committee**
 - **Submitting formal comments on fee schedules and other Medicare regulations**

2017 Physician Fee Schedule and Reimbursement Policy Overview



Payment for Pathology Services CY 2017

Specialty	Allowed Charges (millions)	Impact of Work RVU Changes	Impact of PE RVU Changes	Impact of MP RVU Changes	Combined Impact
Pathology	\$1,135	0%	-2%	0%	-1%
Independent Laboratory	\$706	0%	-5%	0%	-5%

- Reflects averages by specialty (based on Medicare utilization)
- For individual physicians and practices, the impact depends on mix of services and payers (Medicare and non-Medicare)
- Physicians receive pay from other Medicare payment systems
 - For instance, independent laboratories receive only 17% of their Medicare revenue from the PFS



Overall Adjustment to Physician Services for 2017

- **Medicare Access and CHIP Reauthorization Act of 2015 (MACRA) required a 0.5% increase**
- **By law, CMS is required to achieve savings through the misvalued code initiative**
 - **CMS fell short of its target of 0.5%**
- **2017 fee schedule conversion factor is \$35.89, an increase from \$35.80 in 2016**

Payment for Pathology Services Due to Misvalued Code Initiatives

- **CMS finalized some increases sought by the CAP for pathology services, including:**
 - **Microslide consultations**
 - **Prostate G-code**
 - **Tumor morphometric immunohistochemistry**
 - **Pathology add-on services**
- **CMS finalized updates to many of the payment rates and accepted some of CAP's and American Medical Association (AMA) Relative Value Update Committee's (RUC) recommendations**



Payment for Pathology Services Due to Misvalued Code Initiatives

- **CMS finalized decreases in the physician work and practice expense of some services**
 - **Flow Cytometry**
- **Reductions in Total RVUs of 20% or greater will be phased in over a two year period**
- **CMS considers a 19% reduction as the maximum 1 year reduction for any service**

Work RVUs for Pathology Add-on Services

- **Due to the CAP's advocacy, the CMS again increased the value of add-on services for immunohistochemistry, immunofluorescence studies, and in situ hybridization**
 - **For IHC (PC), CMS will decrease the current 25% gap between the valuation base and add-on codes to a 20% in 2017**
 - **This policy change represents a \$4.06 million increase in payment to pathologists based on Medicare volume**
 - **\$3.81 million of this impact is attributed to CPT code 88341**
 - **CAP continues to maintain the difference in physician work from the base code to the add-on service is diminutive**

Misvalued Code Initiative

Potentially Misvalued Codes Listed in the Final 2016 Medicare Physician Fee Schedule

Code	Short Description
10022	FNA w/image
36516	Apheresis selective
38221	Bone marrow biopsy
88185	Flow cytometry/TC add-on
88189	Flow cytometry/read 16 & >
88321	Microslide consultation
88360	Tumor immunohistochemical/manual
88361	Tumor immunohistochemical/comput

Reimbursement Policy Changes

- **CMS had proposed in 2016 to impact pathologists practice expense RVUs by making wide-ranging standardizations to clinical labor tasks and time across codes**
 - **CAP advocated that pathology services are unique and should not be subject to blanket standardizing edits**
 - **Importantly, CMS did not appear to consider how differing batch and block sizes across codes would interact with the new standard times**
 - **The Agency mostly agreed with the CAP and only finalized 6 of the 17 proposed standardizations. In the 2017 final ruling CMS stated they are taking no further action at this time**
 - **The CAP continues to work with the agency on this and other practice expense issues**

Specific Pathology Reimbursement Changes



Work RVUs for Pathology Add-on Services

CPT Code	DESCRIPTION	Work RVU 2015	Work RVU 2016	Final Work RVU 2017	% Change in Work RVU 2016 – 2017
88350	Immunofluor addl antibody stain	NA	0.56	0.59	5%
88341	Immunohisto addl antibody	0.42	0.53	0.56	6%
88364	In situ hybridization addl probe (FISH)	0.53	0.67	0.70	4%
88369	M/phmtrc alys ISH quant/semiq manual addl single probe	0.53	0.67	0.70	4%
88373	M/phmtrc alys ISH quant/semiq computer assist addl single probe	0.43	0.43	0.58	35%

- **The greatest impacted add-on service, 88341, is estimated to provide over \$3.81 million in additional Medicare reimbursement**



Work RVUs for Microslide Consultation Services

CPT Code	DESCRIPTION	Work RVU 2016	Work RVU 2017
88321	Consultation and report on referred slides prepared elsewhere	1.63	1.63
88323	Consultation and report on referred material requiring preparation of slides	1.83	1.83
88325	Consultation, comprehensive, with review of records and specimens, with report on referred material	2.50	2.80

- **CMS targeted the microslide consultation code family as potentially misvalued**
- **The CAP's effort resulted in no reduction to the 88321, 88323 work RVUs and a 12% increase to the work RVU to 88325**

CMS will decrease the 88323 TC by 19% and the global by 6%



Prostate Biopsy Services

BACKGROUND

- In 2009, CMS created four G-codes for the surgical pathology of prostate saturation biopsy services
- CMS changed the set of descriptors in 2013, 2014, and in 2015
- 2015 changes eliminated codes G0417, G0418, and G0419, and revised the descriptor for G0416 – the code would apply to all prostate biopsy specimens regardless of the number of specimens or technique used to obtain the biopsy
- CMS stated this simplified the coding and mitigated overutilization incentives

Prostate Biopsy Services

BACKGROUND

- For 2015, G0416 was identified by CMS as a potentially misvalued service
- The AMA RUC and CMS evaluated the TC direct practice expense inputs and the PC in 2015 because they were based on outdated information and a coding structure that no longer exists

Prostate Biopsy Services (PC)

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	2017 Payment	2016-2017 Percentage Change
G0416	26	Prostate biopsy, any method	\$182.90	\$157.90	\$186.26	18%
G0416	TC	Prostate biopsy, any method	\$466.42	\$376.30	\$304.70	-19%
G0416		Prostate biopsy, any method	\$649.32	\$534.20	\$490.96	-8%

- **CAP sought increases to the professional component of the prostate G-code**
- **As a result of this effort, the CMS proposed to increase the physician work component of G0416 from 3.09 to 3.60**
 - **This represents a 17% increase**

Prostate Biopsy Services (TC)

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	2017 Payment	2016-2017 Percentage Change
G0416	26	Prostate biopsy, any method	\$182.90	\$157.90	\$186.26	18%
G0416	TC	Prostate biopsy, any method	\$466.42	\$376.30	\$304.70	-19%
G0416		Prostate biopsy, any method	\$649.32	\$534.20	\$490.96	-8%

- **The CMS also proposes further reductions to the TC payment for prostate services**
- **Due to the TC review and the change in the description of service, the payment for these services decreased significantly**
- **Changes in total RVUs will be phased-in over a 3 year period**

Payment for Flow Cytometry

- In its 2016 rulemaking, CMS included cuts to flow cytometry codes TC codes 88184 and 88185 as the agency previously identified the services as overvalued
- The CMS is phasing in further TC reductions over the next three years
- CMS also targeted the professional component of flow cytometry
- The 2017 changes includes additional reductions to the professional and technical component valuations of the flow cytometry codes
- The CAP engaged with a variety of stakeholders, the AMA RUC, and CMS in an attempt to reinstate some of the previously identified reductions to these codes

Payment for Flow Cytometry

CPT Code	DESCRIPTION	2015 Payment	2016 Payment	2017 Payment	% Change 2016-2017
88184	Flow cytometry/ TC 1 marker	\$94.51	\$76.26	\$61.73	-19%
88185	Flow cytometry/TC add-on	\$57.49	\$46.55	\$37.68	-19%
88187	Flow cytometry/read 2-8	\$72.59	\$73.04	\$59.22	-19%
88188	Flow cytometry/read 9-15	\$92.35	\$93.09	\$75.37	-19%
88189	Flow cytometry/read 16 & >	\$113.91	\$114.22	\$92.59	-19%

Payment for Immunohistochemistry

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	2017 Payment	% Change 2016-2017
88342	26	Immunohisto initial antibody stain	\$36.65	\$37.26	\$37.32	0%
88342	TC	Immunohisto initial antibody stain	\$54.26	\$70.22	\$71.06	1%
88342		Immunohisto initial antibody stain	\$90.91	\$107.48	\$108.38	1%
88341	26	Immunohisto addl antibody	\$21.92	\$27.95	\$29.79	7%
88341	TC	Immunohisto addl antibody	\$45.99	\$62.70	\$62.45	0%
88341		Immunohisto addl antibody	\$67.91	\$90.64	\$92.23	2%
88344	26	Immunohisto per specim multiplex	\$40.25	\$40.84	\$40.91	0%
88344	TC	Immunohisto per specim multiplex	\$77.26	\$132.92	\$133.86	1%
88344		Immunohisto per specim multiplex	\$117.50	\$173.77	\$174.78	0%



Payment for Tumor Morphometric Immunohistochemistry

- **In 2016, the CMS identified 88360 as potentially misvalued on the High Expenditure by Specialty Screen**
- **Advocacy from the CAP and others assisted in achieving increases to the TC of 88360 and 88361**
- **These services are still under CMS' review at this time and more changes in reimbursement are expected in the future**

Payment for Tumor Morphometric Immunohistochemistry

CPT Code	MOD	DESCRIPTION	2016 Payment	2017 Payment	% Change 2016-2017
88360	26	Tumor immunohistochem/manual	\$56.57	\$57.42	2%
88360	TC	Tumor immunohistochem/manual	\$65.16	\$84.70	30%
88360		Tumor immunohistochem/manual	\$121.73	\$142.12	17%
88361	26	Tumor immunohistochem/comput	\$60.87	\$61.01	0%
88361	TC	Tumor immunohistochem/comput	\$88.79	\$95.82	8%
88361		Tumor immunohistochem/comput	\$149.66	\$156.83	5%

Payment for Surgical Pathology

- **CMS' Misvalued Code Initiatives continue to scrutinize these services**
 - **Changes to the type, quantity, and price of eosin stain, as a direct practice expense item, resulted in decreases to anatomic pathology TC payment**
 - **The CAP continues to engage with the CMS and other stakeholders to address other practice expense issues**

Payment for Surgical Pathology

CPT Code	MOD	DESCRIPTION	2016 Payment	2017 Payment	% Change 2016-2017
88304	26	Tissue exam by pathologist	\$11.82	\$12.20	3%
88304	TC	Tissue exam by pathologist	\$34.37	\$29.43	-14%
88304		Tissue exam by pathologist	\$46.19	\$41.63	-10%
88305	26	Tissue exam by pathologist	\$39.74	\$39.84	0%
88305	TC	Tissue exam by pathologist	\$34.37	\$29.79	-13%
88305		Tissue exam by pathologist	\$74.11	\$69.62	-6%
88307	26	Tissue exam by pathologist	\$87.36	\$87.93	1%
88307	TC	Tissue exam by pathologist	\$224.85	\$181.96	-19%
88307		Tissue exam by pathologist	\$312.21	\$269.88	-14%
88309	26	Tissue exam by pathologist	\$154.67	\$155.40	0%
88309	TC	Tissue exam by pathologist	\$319.37	\$258.40	-19%
88309		Tissue exam by pathologist	\$474.05	\$413.80	-13%



Payment for New Skin Reflectance Confocal Microscopy CPT codes

CPT Code	Description	Work RVU	Total Non-Facility RVU	2017 Payment
96931	Reflectance confocal microscopy (RCM) for cellular and sub-cellular imaging of skin; image acquisition and interpretation and report, first lesion	0.80	4.51	\$161.86
96932	Reflectance confocal microscopy (RCM) for cellular and sub-cellular imaging of skin; image acquisition only, first lesion	0.00	2.92	\$104.80
96933	Reflectance confocal microscopy (RCM) for cellular and sub-cellular imaging of skin; interpretation and report only, first lesion	0.80	NA	\$45.94

Payment for New Skin Reflectance Confocal Microscopy CPT codes

CPT Code	Description	Work RVU	Total Non-Facility RVU	Proposed Payment
96934	Reflectance confocal microscopy (RCM) for cellular and sub-cellular imaging of skin; image acquisition and interpretation and report, each additional lesion (List separately in addition to code for primary procedure)	0.76	2.23	\$83.26
96935	Reflectance confocal microscopy (RCM) for cellular and sub-cellular imaging of skin; image acquisition only, each additional lesion (List separately in addition to code for primary procedure)	0.00	0.97	\$35.17
96936	Reflectance confocal microscopy (RCM) for cellular and sub-cellular imaging of skin; interpretation and report only, each additional lesion (List separately in addition to code for primary procedure)	0.76	NA	\$43.78

Resources



CAP

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- Read *STATLINE*
- Join PathNET, the CAP's grassroots advocacy network
- Mark your calendar:
 - [2017 CAP Policy Meeting, April 24-26, Washington, DC](#)



Additional Resources

- [November 2 STATLINE](#)
- [CAP's Impact Table](#)
- CAP Today article with RVU table to be published in December
- [CMS Resources](#) on the 2017 Medicare Physician Fee Schedule

Questions



Questions

- Additional questions, email statline@cap.org





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