



COLLEGE of AMERICAN
PATHOLOGISTS

2016 Annual Report

Improving Health

Your Diagnosis—
Precise and Accurate



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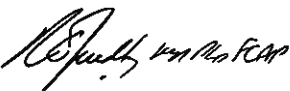
President's Letter

A clinical diagnosis determines the direction and pace of treatment, regardless of the prognosis. For many, the diagnosis represents a pivot point in their life, a point at which priorities shift, attitudes alter, and healing can begin. That same conviction led a small group of pathologists to meet on a wintry Chicago day 70 years ago to form the College of American Pathologists—an organization that supports us as pathologists so we can support people in the most critical moments of their lives.

In 2016, our CAP helped us strengthen our capabilities to meet the needs of those who rely on us—people like Barry Nelson, a patient advocate who spoke at CAP16 and who was initially told there was little room for hope when he received his metastatic lung cancer diagnosis. In this annual report, you'll see pathologists and oncologists as partners bringing the promise of immunotherapy to Barry. We're just beginning to understand that the future of personalized cancer treatment begins with us.

Pathologists can bring certainty during uncertain times. Today, our elected leaders are having critical conversations about the Affordable Care Act and the future direction of health care. During these times of complexity, our expertise lies in driving precision and applying science to medicine to give patients the peace of mind and answers they need. As we fight for our patients, our CAP fights for us. Our advocacy efforts on Capitol Hill continue to reap benefits for pathologists and patients alike.

For those who wonder where we are headed as a specialty, take a long look at our proud history. Like our founders in 1946, we are pathologists who innovate to meet changing needs, improving lives every day. And as the needs and rules change, we will adapt and prosper.



Richard C. Friedberg, MD, PhD, FCAP
President



CEO's Letter

"I have to keep looking because I don't want to miss anything."

Those words from Rebecca C. Obeng, MD, PhD, a second-year resident at Emory University, epitomize the pathologist's dedication to precision and accuracy in patient care. Her words resonate with all CAP staff and inspire us to ensure we don't miss anything in CAP operations and management.

Laboratory Improvement Programs, as strong as ever, boasts nearly 8,000 CAP-accredited laboratories around the world. Proficiency testing continues to grow; in 2016 we developed more than 25 new Surveys and anatomic pathology education programs for 2017, offering more than 650 programs overall.

At CAP16, our annual meeting, we had a strong showing of pathologists, a record number of CME registrations, and more exhibitors than ever before.

In 2016, the CAP met and exceeded our financial targets. Our customer service measurements are positive, bolstered by the introduction of the Performance Analytics Dashboard, which is enriching the customer experience with more convenience and efficiency.

Our membership numbers remain strong, and—perhaps of special interest to Dr. Obeng—our special outreach to new-in-practice pathologists was quite successful.

From the vantage point of our 70th anniversary year, I see both a history and a future of leadership, innovation, and contributions to patients and medicine. As we "keep looking," we won't miss opportunities to honor our founding pathologists by investing in what matters most to you—excellence in pathology and laboratory medicine for healthier lives of the patients we serve.



Stephen Myers
Interim Chief Executive Officer



Our accuracy, our expertise, and our commitment—that's the certainty our patients count on and the trust they put in us.

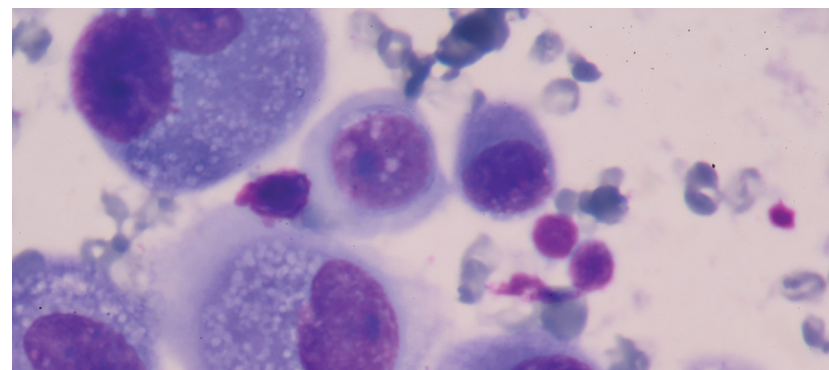
Introduction

Healing starts with an accurate diagnosis. Pathologists play a pivotal role working with their clinical colleagues in delivering the best care possible for patients. They understand the human body at the microscopic level and provide the answers that unlock the mysteries of disease.

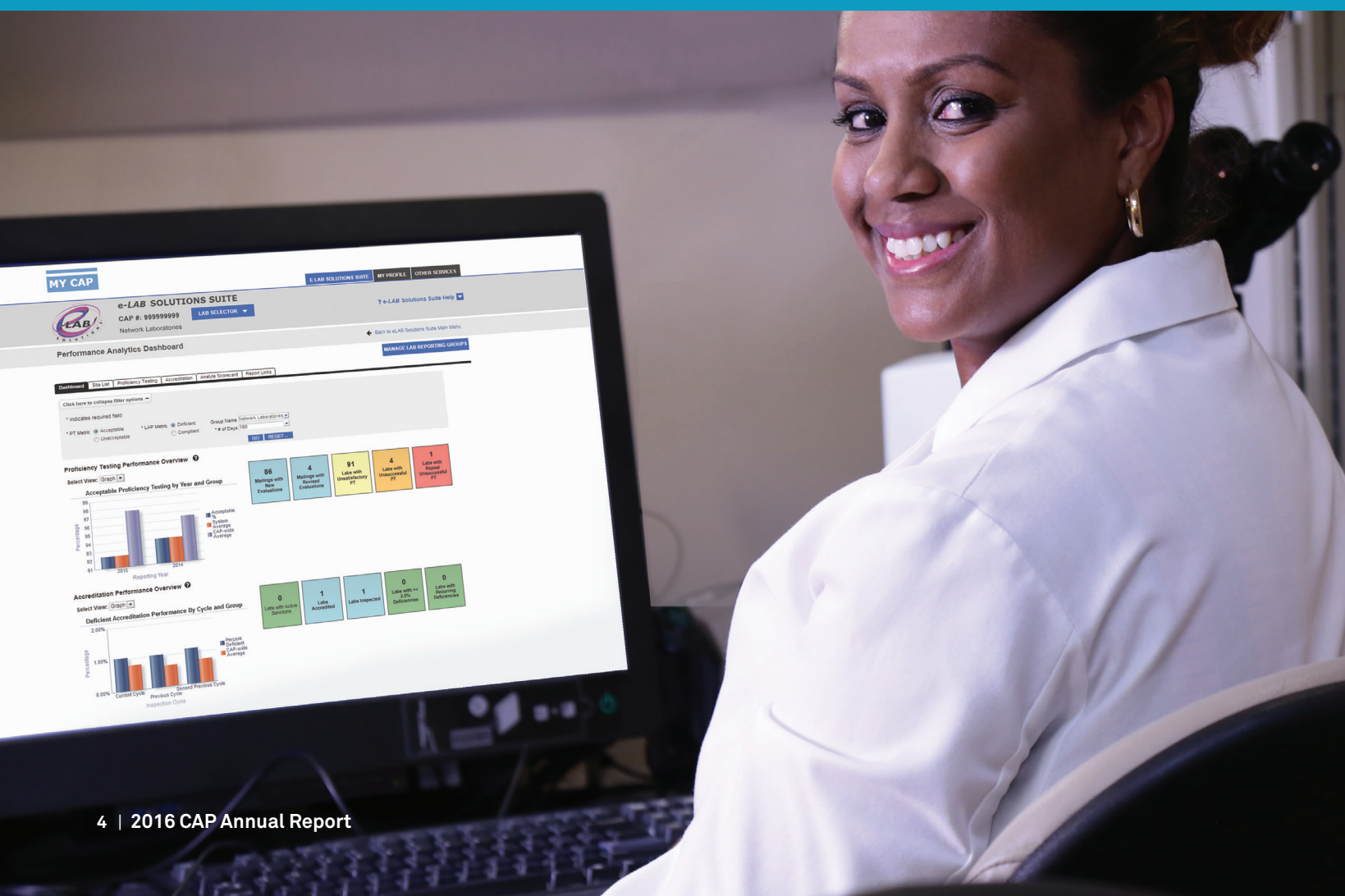
In an ever-evolving health care landscape, the CAP helps pathologists navigate everything from emerging technology to new payment models and a changing regulatory environment. Staff works hand-in-hand with members to understand pathologists' needs and provide the programs and services necessary to meet them.

In this report, we invite you to explore
the work we continue to do to

- *Advance Quality*
- *Mobilize Members*
- *Maintain Strength*



Managing today's laboratory just got easier. A new dashboard offers performance you can measure and accuracy you can trust.



Advance Quality

When people have their blood drawn or tissue samples taken for a biopsy, they expect to know the cause of their illness, so their health care provider can initiate the best treatment. Or they may just want to know the status of their health when it's a routine checkup. They trust the laboratory to provide accurate test results. Trust—that's what the CAP stands for. It's earned over time through precision, accuracy, and a commitment to quality improvement.

In 2016, the CAP accredited approximately 8,000 laboratories with 21 discipline-specific checklists, offering the quality practices that are essential to providing world-class patient care. More than 23,000 laboratory sites enroll in our more than 650 proficiency testing (PT) programs to gain the right knowledge to ensure reliable, accurate patient diagnoses.

Proficiency Testing Recognized With ISO Accreditation

We believe that participating in high-quality PT is paramount for laboratories worldwide to ensure accurate patient results. In 2016, the CAP achieved accreditation to the ISO 17043 standard, a set

of best practices specific to PT providers. This milestone event is part of the CAP's multiyear effort to develop and formalize its quality management system.

The new accreditation aligns the CAP's PT programs with an internationally recognized standard important to PT participants as many of our international participants are required by their governments to obtain PT from an ISO-accredited provider. The CAP's accreditation to ISO 17043 ensures that more laboratories can choose to participate in the world's most comprehensive PT program.

Online Dashboard Offers Performance You Can Measure

Partnering with laboratories in their quest to provide the best care for patients, the CAP launched a new tool giving laboratories a simplified, daily view of their PT and accreditation performance data with our Web-based Performance Analytics Dashboard.

Every laboratory enrolled in CAP accreditation or PT, or both, has access to this tool. In the past, laboratories had to manually piece together performance data. The new

dashboard provides daily performance updates with visual alerts for quicker action that minimizes patient risk and offers graphic trend analysis to proactively identify potential problems. The quicker a laboratory can identify performance issues, the sooner it can make corrections and continue providing accurate patient results.

HER2 Testing and Bone Marrow Reporting Guidelines Improve Cancer Care

Patients with gastroesophageal cancer may benefit from targeted therapies, and now physicians have a guideline to determine viable treatment options. The CAP partnered with the American Society of Clinical Oncology (ASCO) and the American Society for Clinical Pathology (ASCP) to publish an evidence-based clinical practice guideline on HER2 testing for these patients. This guideline, the 11th from the CAP Pathology and Laboratory Quality Center (the Center), recommends that HER2 status be included in the diagnosis of gastroesophageal adenocarcinoma.

Another newly released guideline standardizes synoptic reporting for bone

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marrow samples. Diagnosing advanced blood cancers is often complex because these diseases can be difficult to distinguish from a variety of noncancer causes. The evidence-based recommendations help pathologists and laboratories address the most relevant diagnostic and prognostic information.

The Center’s work on guidelines includes four updates and seven new guidelines in progress and addresses the rapidly evolving world of molecular oncology testing. At USCAP’s 2016 annual meeting, the CAP reached a large international audience by hosting a companion society meeting that attracted a standing-room-only crowd to discuss what molecular tests are essential for patient treatment versus those that are more experimental. Lessons learned at that meeting will help pathologists make more informed decisions that will positively impact patient care.

Protocols Guide Accurate Cancer Reporting

The CAP developed 66 cancer protocols that guide how pathologists stage cancer and impact treatment for

patients. More than 200 pathologists and clinicians partnered to begin revising the CAP Cancer Protocols to reflect content from the American Joint Committee on Cancer (AJCC) Cancer Staging Manual, 8th edition.

“The overall goal is for pathologists nationwide to produce a report that is standardized as much as possible to include information clinicians would need to enhance how they treat a patient,” said Kelly Butnor, MD, FCAP, from the University of Vermont Medical Center and lead author of the CAP’s lung cancer protocol.

When the CAP partners with clinicians on protocols, they’re able to align surgical methods and get more precise reporting. For example, a cancer center in Ontario noticed that one area of the city reported higher stages of colon cancer than others. After using our electronic cancer checklist, pathologists discovered irregularities in tumor excision that led to inaccuracies in staging. The data we provided helped them correct the problem and return to consistent, accurate reporting.

Over 3,800 pathologists in the United States and Canada are now using the CAP electronic Cancer Checklists (eCC) to streamline reporting on their surgical pathology cancer cases, with 71 newly licensed sites reported in 2016. In alignment with the national Cancer Moonshot initiative, the Pathology Electronic Reporting (PERT) Committee and staff continued work on funded initiatives with the Centers for Disease Control and Prevention (CDC), the California Department of Public Health, and the Office of the National Coordinator for Health Information Technology to help advance cancer report quality, data sharing, and other work toward improved patient outcomes.

7,964
CAP-accredited laboratories

2,471
on-site inspections

23,197
laboratories using CAP proficiency testing

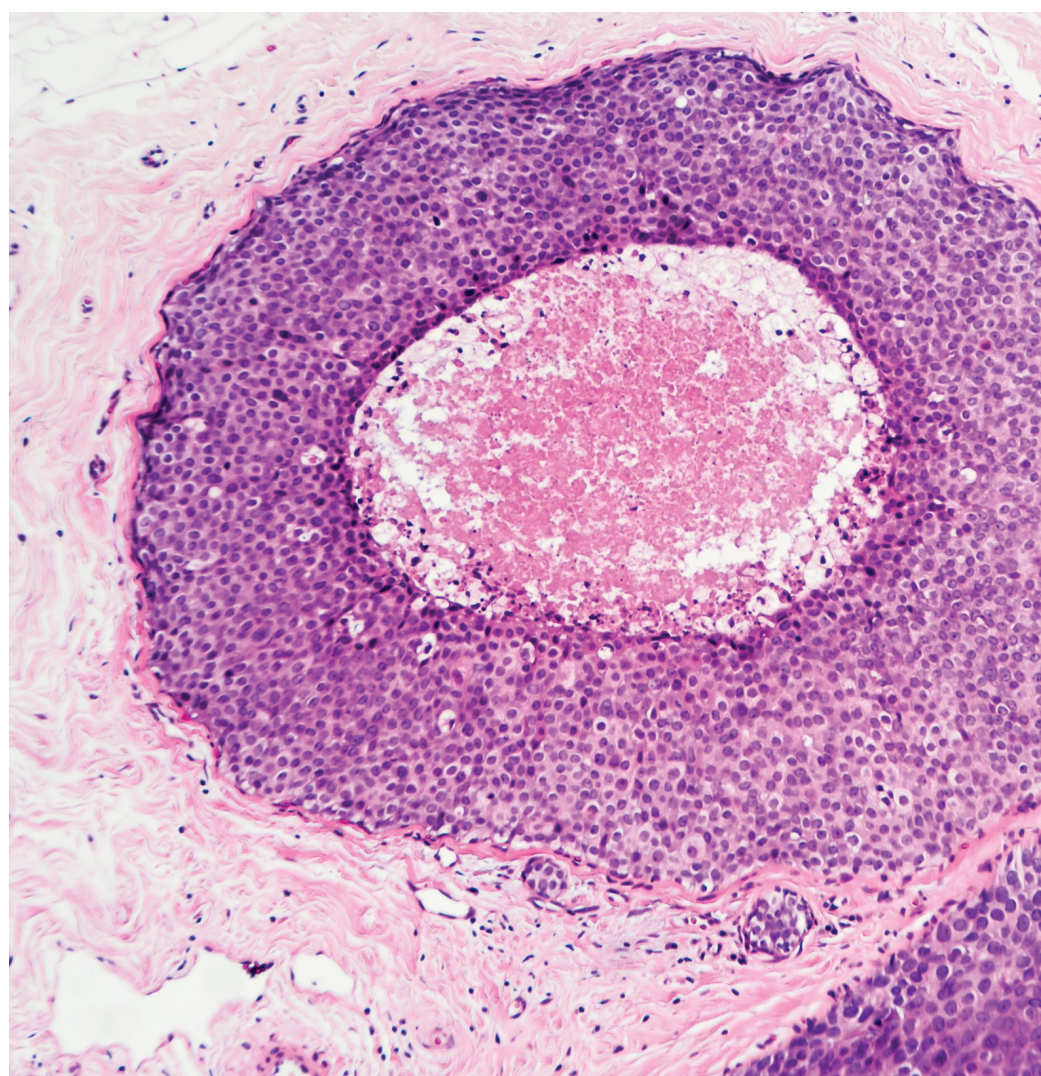
129,896
hours provided by CAP inspection teams

Living Our
Quality Mission

Pathologist Advances Quality Through Precision Medicine

“I want to guarantee for all patients that pathology has stepped up to ensure the quality of the specimens to get the most accurate test results for their care.”

Carolyn C. Compton, MD, PhD, FCAP



Almost 50 years after America declared the “war on cancer,” pathologists are fighting on the battlefield of biology, using molecular analysis and precision medicine to better understand, diagnose, and guide treatment for cancer.

Carolyn C. Compton, MD, PhD, FCAP, stands on the front lines, leading the CAP’s Preanalytics for Precision Medicine Task Force.

“Everything in precision medicine is dependent upon the quality of the starting material—the molecular integrity of the biospecimen from the patient,” she said.

Regulations exist to ensure quality in the laboratory environment, the proficiency of the people testing samples, and the performance characteristics of the test itself. However, Dr. Compton, who is chief medical officer for the National Biomarker Development Alliance, contends that little attention is given to the specimen being tested.

“My crusade is to fix this, for every sample, for every patient,” she said.

The one enforced standard that exists for maintaining molecular quality of specimens is the ASCO/CAP guideline for HER2 testing in breast cancer. When false positive and false negative results occur, it’s often because of preanalytics, which involve everything that happens to a specimen before it ever gets to a laboratory to be analyzed.

While a patient is in surgery and the specimen is still in the body, the medical team is giving the patient drugs and cutting off the blood supply; and when the specimen is removed, it is still without a blood supply and is subjected to a dramatic change in temperature. The cancer tissue is still alive, reacting to these biologic stressors; in addition, unstable biomolecules may degrade.

“As a pathologist, you have no way of knowing if the results of a molecular analysis reflect the biology of the patient’s disease or just artificial changes that have been introduced because we haven’t safeguarded the molecular integrity of the sample,” said Dr. Compton.



Carolyn C. Compton, MD, PhD, FCAP

Her goal is to set new standards for specimen quality in genomic medicine and use them to influence accreditation requirements in the CAP’s Laboratory Accreditation Program.

“I want to guarantee for all patients that pathology has stepped up to ensure the quality of the specimens to get the most accurate test results for their care,” she said.

Health care is changing rapidly with new reimbursement models and regulations—through it all, the CAP is your voice. Our team of 26 advocacy professionals works hard to promote your value and protect your interests at the state level and in Washington, DC.

Mobilize Members

CAP Prepares Members for MACRA

Navigating value-based payments in this new era of health care reform can be challenging. Patients deserve the best care possible and pathologists need to be recognized for the tremendous value they bring to care. As the health care landscape shifts, we're fighting to make sure patients and pathologists win.

The CAP advocated for substantial changes to physician payment reforms under the Medicare Access and CHIP Reauthorization Act (MACRA). The CAP's advocacy efforts successfully added a provision to MACRA that ensures pathologists have flexibility to participate in new reimbursement models. Here are the top five things you need to know about what we've done to help pathologists succeed under the new changes:

1. Extending the life of the quality measures developed by the CAP for pathologists, which allows CAP members to receive credit under the Physician Quality Reporting System and the new Merit-based Incentive Payment System (MIPS) program. For 2017, the CAP secured the inclusion of all eight of its quality measures.
2. Ensuring the broadest number of pathologists qualify for the non-patient-facing physician distinction and, as a result, receive additional latitude under MIPS. In the Centers for Medicare & Medicaid Services' (CMS') final MACRA regulation, the agency increased the number of pathologists qualifying for its definition of non-patient-facing clinicians.
3. Incorporating a wide array of services pathologists can use to demonstrate participation in clinical practice improvement activities. The CMS has provided special consideration for non-patient-facing specialties, such as pathology, by minimizing requirements for improvement activities.
4. Developing alternative measures of how pathologists contribute to controlling use of health care resources and how pathologists advance care through the use of health information technology.
5. Researching pathology-specific physician-focused payment models as an alternative payment model (APM) for pathologists.

In addition, the CAP laid the foundation to establish a Qualified Clinical Data Registry (QCDR) option for pathologists. A QCDR is a CMS-approved entity that collects medical and/or clinical data for the purpose of patient and disease tracking to foster improvement in the quality of care provided to patients. The CMS is basing reimbursement on how well pathologists adhere to its quality standards. The CAP ensures pathologists can comply with new value-based payment models. As part of the CAP's advocacy strategy, our registry will ease compliance with quality reporting requirements and provide a simplified mechanism pathologists can use to provide high-quality services to their patients and meet the new Medicare MIPS program requirements. The CAP's registry is set to launch before the 2018 MACRA performance period.

Advocacy Victories

Protecting the Value of Pathology Services

The CAP protected the value of several pathology services in the Medicare program. Specifically beginning in 2017, Medicare will increase reimbursements for some pathology add-on services, microslide consultations, prostate biopsy services, and morphometric tumor immunohistochemistry. The overall changes to professional Medicare reimbursement for pathologists in 2017 represent a \$4.5 million increase in payment to pathologists. Of these gains, \$4 million is a result of the CAP's efforts to increase payment for pathology add-on services, with \$3.8 million attributed to increases in the immunohistochemistry add-on code.

Ensuring Informed and Transparent Medicare Coverage Decisions

The CAP worked with federal lawmakers to introduce the Local Coverage Determination (LCD) and Clarification Act of 2016, HR 5721 and S 3392, which will improve transparency and accountability when Medicare contractors set policies for physician services provided to Medicare beneficiaries. In addition to more than a dozen sponsors in the House and Senate, 75 state and national pathology organizations, patient advocacy groups, and national cancer organizations have urged members of Congress to support the bill's passage.

Magnifying the Voice of Pathologists

At the 2016 CAP Policy Meeting during its Annual Hill Day, 77 pathologists attended at least 126 meetings at House and Senate offices to urge members of Congress to support transparency and accountability in the Medicare LCD process. The CAP Policy Meeting, which drew 115 CAP members, featured presentations from leaders at the CMS and Food and Drug Administration (FDA); Harold Miller, an expert on physician leadership in Advanced Alternative Payment Models; David Gregory, CNN political analyst; and Peter Hart and Ed Goeas, nationally recognized pollsters.

Protecting Pathology's Scope of Practice

As a result of CAP advocacy, the Department of Veterans Affairs (VA) withdrew a proposal to permit full practice authority for laboratory services to VA advanced practice registered nurses. The VA proposed a regulation to allow its nurses to perform and supervise laboratory testing, and the proposal was strongly opposed by the CAP. We believe patients are best served when only licensed pathologists are allowed to review slides and confirm diagnoses. The VA significantly changed the proposal and further clarified its intent to not have nurses take over the role of laboratory specialists.

Ensuring a Favorable Regulatory Environment for Laboratories and Pathologists

The CAP provided leadership and engaged with key stakeholders on the federal oversight of laboratory-developed tests (LDTs). With lawmakers evaluating a legislative alternative to the FDA's draft LDT oversight guidance document, the CAP lobbied for its legislative proposal, which takes the least burdensome path to providing LDT oversight. The CAP advocated for its LDT principles with federal administrative officials, members of Congress, patients, physician associations, and laboratory groups. While the FDA deferred action on its proposal in November, the CAP will continue to lead and participate in discussions with stakeholders on any development of an oversight approach that ensures accurate and reliable test results for patients.

Advocating for More Favorable PAMA Rules

The CAP achieved progress on six advocacy positions for the implementation of clinical laboratory fee schedule (CLFS) reform under the Protecting Access to Medicare Act (PAMA).

The 2014 PAMA law reformed how Medicare calculates reimbursement for clinical laboratory services. PAMA requires the CMS to use the private payor data submitted by laboratories to set payment rates on the CLFS, starting in 2018.

The CAP engaged with stakeholders in both the laboratory community and beyond, as well as the CMS, to mitigate PAMA rules initially proposed by the agency overseeing Medicare. As a result, the final PAMA regulation is more favorably aligned with the CAP's objectives for how the PAMA law is executed. The CAP's advocacy objectives improved the final PAMA regulation by:

- Affording additional time for laboratories to meet requirements
- Promoting a weighted median upon which CLFS rates will be based that is more representative of all laboratory types and settings than initially proposed
- Minimizing administrative burden associated with reporting requirements
- Limiting civil monetary penalty liability
- Preserving coding structure and processes for CLFS services
- Avoiding Medicare Administrative Contractor (MAC) consolidation of coverage and/or payment for CLFS services

Advocacy Victories

CAP Advocacy at the State Level

In 2016, the CAP, working with state pathology societies, advocated at the state level with the following successes:

- Led a coalition of pathology organizations and numerous national and state patient advocacy groups to secure a commitment from the New York State Department of Health to repeal the regulation prohibiting pathologists from responding to patient inquiries on their pathology and laboratory test results.
- Secured enactment in Tennessee of the CAP Model legislation to require accountable care organizations (ACOs) to have a clinical laboratory testing advisory board with pathologists' involvement.
- Collaborated on enactment in New York of "Pathologist Assistant" licensure legislation that establishes and codifies an appropriate scope of practice for that profession, consistent with current medical practice.
- Directly led and collaborated with a broad coalition of medical societies at the state and national level to block health insurance payment limitations on out-of-network balance billing in Colorado, New Jersey, Rhode Island, New Hampshire, and Pennsylvania.
- Advocated in multiple states, including New Hampshire, Washington, and Nevada, and with the federal government, in collaboration with patient groups and other medical specialties, for adoption of pathology and hospital-based physician network adequacy requirements for health plans, with California being the first state to adopt such regulations this year.
- Authored and led multistakeholder advocacy efforts to modernize an outdated New Jersey clinical laboratory oversight law that promotes and protects pathologist's scope of practice and qualifications in oversight of the laboratory.

PathNET and PathPAC

CAP members used PathNET's online Action Center to communicate and send more than 1,500 messages to Congress urging their support for the CAP's LCD legislation. Eight of the 14 House cosponsors signed onto the bill specifically because of one-on-one personal grassroots engagement by CAP members. At the state level, grassroots campaigns were deployed in Tennessee and New Jersey on out-of-network legislation and also on ACO legislation in Tennessee. PathNET and PathPAC also successfully rolled out two new benefits this year: a quarterly newsletter and *STATLINE* profiles that recognize our grassroots and political action committee champions. This is in addition to ongoing joint PathNET/PathPAC benefits, such as quarterly conference calls with members of Congress and access to exclusive webinars.

During the 2016 cycle, PathPAC donated over \$424,000 to elected officials in the House and Senate who have jurisdiction on health care issues. In recognition of our donors, PathPAC hosted its annual contributor thank-you and networking reception at CAP16 in Las Vegas with over 150 pathologists in attendance—a record for this event.

Practice Leader Survey Report

To inform CAP advocacy and policy, we fielded the 2016 Practice Leader Survey to gather data from individual pathology practices regarding their economics, demographics, and market trends. As a benefit to CAP members, the survey report was published on cap.org before CAP16. Data from the new survey will help CAP leaders determine what advocacy issues are most important to pathology practices.

CAP Gives Members a Voice on Capitol Hill

Dozens of CAP members visited Capitol Hill to meet with lawmakers and seek their support for vital public policy issues that impact the specialty of pathology.



Health care is evolving rapidly with new payment and care delivery models that significantly impact both patients and pathologists. David L. Gang, MD, FCAP, was one of dozens of members who visited lawmakers as part of the CAP's annual Hill Day to advocate for improving local coverage determinations (LCDs), which limit Medicare coverage of certain items and services. His passion for this issue is deeply personal.

Doctors diagnosed Dr. Gang's wife with breast cancer and determined through molecular testing that she had a low risk for recurrence and didn't need chemotherapy.

"Chemotherapy would have been devastating for her at age 67. It would have been awful," he said. "We're not receiving Medicare, and we're lucky our insurance company paid for the testing. But some people can't afford it; and with the LCD, they'd have to pay thousands of dollars out of pocket for the test."

That's the message Dr. Gang had for the staff of Senator

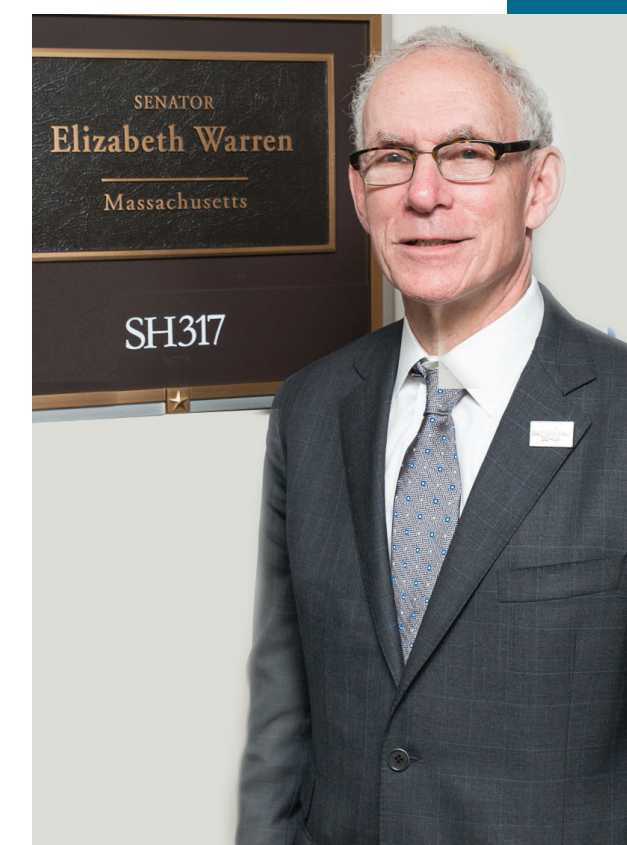
Elizabeth Warren (D-Mass.). "The CAP gave me a voice on the Hill, and I was able to tell my story," he said.

For Jennifer Laudadio, MD, FCAP, laboratory-developed tests concern her, along with the increased regulatory burden on laboratories.

"We need to understand the issues facing our practices so we can provide the highest quality care for our patients and get adequately reimbursed for the services we provide," Dr. Laudadio said. "The CAP provides the awareness and lets us know where there are potential threats to our specialty."

One of the greatest uncertainties in health care right now is the move from a fee-for-service model to a value-based one. John C. Moad, MD, FCAP, joined the CAP's Federal and State Affairs Committee to help show the value of pathologists to health care organizations and to fight for adequate reimbursement.

"Being able to serve in this way is an honor and a privilege," Dr. Moad said.



David L. Gang, MD, FCAP

"The CAP is the voice of pathologists. There is no one else who recognizes pathologists and helps protect patients this way."

Partnership Offers Promise and Precision in Immunotherapy

“Ultimately, as pathologists, we understand what these cancers look like, understand the diversity of tumor types, and understand the diversity of microenvironment responses to these tumor types. We need to harness that expertise to develop better biomarkers. Pathologists will play a critical role in that next step.”

Lynette M. Sholl, MD, FCAP

The man hadn’t slowed down in years. He worked as a consultant and traveled often for business. Then one day Barry Nelson woke up to find the left side of his neck swollen and by the end of the week, doctors had diagnosed him with advanced lung cancer, stage III B.

“I didn’t have any fear,” Nelson said, relying on his strong faith.

After several rounds of chemotherapy and radiation, Nelson was told he was going to die. He needed to accept the inevitable. He refused.

Nelson turned to Christopher Lathan, MD, lung cancer specialist and medical oncologist at Dana-Farber Cancer Institute. Promising to fight for him, Dr. Lathan tried chemotherapy and other treatments that left Nelson with neuropathy, lethargy, and rashes that blistered and bled. Each scan of Nelson’s lungs revealed the same result: Nothing was working.

Like an army of soldiers on the battlefield, Nelson’s cancer kept advancing; and that’s when Dr. Lathan used the special weapons in his arsenal: immunotherapy and a team approach.

“People have identified which receptors help the cancer cell shroud itself from detection; these drugs block that interaction, and your immune system can recognize the cancer,” said Dr. Lathan.

Oncologists rely heavily on pathologists like Lynette M. Sholl, MD, FCAP, of Dana-Farber when making these critical, life-and-death treatment decisions. A judicious use of tumor tissue for diagnostic immunochemistry is vital so the care team can retain that tissue for molecular and PD-L1 testing.

“Ultimately, as pathologists, we understand what these cancers look like, understand the diversity of tumor types, and understand the diversity of microenvironment response to these tumor types,” said Dr. Sholl. “We need to harness that expertise to develop better biomarkers. Pathologists will play a critical role in that next step.”

“If we don’t understand the information from the pathologist, we could pick the wrong treatment or a patient



Barry Nelson

could get the wrong therapy,” said Dr. Lathan.

Nelson trusted immunotherapy and his care team. After his third treatment, the cancer retreated—the tumor shrinking more than 25%.

“I know that the pathologist is the foundation for how the house is built around the treatment process,” said Nelson. “Now I’m living with lung cancer, and it’s not growing. To me, I’m healed.”



Membership in the CAP brings significant value to pathologists, giving them the necessary tools to translate science into medicine. It's pathologists who engage with the CAP to create the protocols, checklists, and evidence-based guidelines that keep people safe and healthy. Our learning opportunities provide pathologists with the right knowledge to make the right diagnoses.



Maintain Strength

CAP Invests in Its Members

CAP membership grew among pathologists who have been in practice between one and ten years, cementing the future of the organization and the specialty. We offer members the educational courses to maintain certifications, career resources that prepare them to transition from residency training to full-time employment, and insight on the latest technology to position them for the future.

A new Fellow onboarding program directed at new-in-practice members helps them connect to relevant and timely CAP resources so they can take full advantage of their membership. Our goal is to find out what their interests and needs are and establish a relationship that's sustainable and meaningful throughout their careers.

General CAP membership levels remained stable at 17,293 members, with 94% of newly board-certified pathologists becoming CAP Fellows. In addition, nine out of ten dues-paying Fellows retained their CAP membership. And the relationship with the CAP begins early, as approximately 80% of pathology residents are members.

The CAP cares about what members value most and renewed that commitment in 2016. We're researching what members appreciate, want, and need so we can provide those services.

Courses Keep Members Up to Date

Staying at the forefront of diagnostic medicine is critical for pathologists in their work to improve people's health. In 2016, the CAP offered a wide variety of education, including highly focused training in emerging areas through its Advanced Practical Pathology Programs offered at a special bundled price.

The CAP launched the new Learning Dashboard, an exclusive member benefit, at CAP16. The customized dashboard allows members to monitor progress toward meeting American Board of Pathology maintenance of certification requirements and provides links to easily find additional continuing medical education (CME), Self-Assessment Modules (SAMs), and patient safety programs. The CAP simplified and improved its user experience for the largest CME programs—Performance Improvement Program in Surgical Pathology

(PIP), Papanicolaou test (PAP), and Nongynecologic Cytopathology Program (NGC)—by adding online instruction and cutting the number of steps in the process in half.

Our newest offering, Lab Hacks for the New-in-Practice Pathologist, is an education pilot program targeted at members with one to five years in practice and designed to address common issues pathologists face in their first few years in practice. It includes 17 online courses covering laboratory management, laboratory administration, and information management.

Knowledge-Sharing Successes

549

live and online education courses offered to pathologists and laboratory professionals; 189 of these courses offer SAM credit for pathologists

>58,000

CME activities completed by physicians

90%

of CME educational courses rated as 4.20 or greater on a 5-point scale in overall value by participants

~1,300

pathologists registered for the CAP16 annual meeting accessing 95 CME/continuing education (CE) courses of which more than half were new this year

>80%

of CME participants responded “very much so” or “for the most part” as their intention to apply what they learned to their current responsibilities

35+

scientific committees, comprising more than 400 experts, met regularly to pioneer and update CAP programs

14,000

pathologists received our peer-reviewed journal, *Archives of Pathology & Laboratory Medicine*

48,000

professionals subscribed to our monthly trade publication, *CAP TODAY*

Knowledge-Sharing Successes

Pathology Resident Finds Support in the CAP

“The CAP cares about resident education and is a great source of networking and career development. People have mentored me and shown their dedication to the success of pathologists in training.”

Rebecca C. Obeng, MD, PhD, MPH

Growing up as a child in Ghana, Rebecca C. Obeng, MD, PhD, MPH, had aspirations to be a doctor. She discovered pathology during medical school at the University of Virginia and marveled at the ability to understand diseases by observing human tissue under the microscope.

“I absolutely love trying to understand what’s happening to the organ systems,” said Dr. Obeng.

When she doesn’t spot a tumor or lymphatic invasion, that’s when she’s most on high alert.

“That’s when I spend even more time looking,” she said. “I have to because I don’t want to miss anything.”

Dr. Obeng uses the CAP guidelines for staging cancer.

“When we go to tumor boards, we make a particular diagnosis and talk about what treatment that patient will get,” she said. “We have to be careful about the language we use and be cognizant of how the clinicians in the field use certain terminology.

That’s where the guidelines come in.”

As an active member of the Residents Forum, Dr. Obeng connects with pathologists who help her build a career in the specialty.

“The CAP cares about resident education and is a great source of networking and career development,” she said. “People have mentored me and shown their dedication to the success of pathologists in training.”

Engagement with the CAP began early, and she plans to stay involved throughout her career. She received the CAP Foundation Leadership Development Award, which will enable her to attend the 2017 CAP Policy Meeting in Washington, DC. Her long-term goal is to continue to advance the field and to contribute to scientific discovery. She also hopes to work with disadvantaged communities worldwide, including Ghana, and provide services in anatomic pathology.



Rebecca C. Obeng, MD, PhD, MPH





Pathologists Secure Future and Expand Reach

Members Have a Voice

The House of Delegates partners with the CAP Board of Governors and councils to advance the specialty of pathology, providing critical input and feedback. More than 500 active CAP members serve as delegates to the House of Delegates, helping the CAP be responsive and relevant in the ever-changing environment of health care. Delegate membership grew by 82 members and active engagement increased by 9%. This body is a springboard where new leaders gain valuable experience and knowledge. Many members of the Board of Governors started out as delegates.

Many of the future leaders in pathology come from the Residents Forum, which provides a pathway for CAP Junior Members or residents to influence the profession. Resident delegates representing accredited pathology residency programs gather bi-annually to network and broaden their knowledge through educational sessions. A significant achievement that boosted participation was the Residents Forum's Career Connection program, which matches employers with job

seekers. Also, interest among residents in leadership-opportunity roles increased with 23 candidates running for seven open positions on the committee.

The future of the profession requires advocates who can clearly communicate their value to patient care. Through the Engaged Leadership Academy, 40 CAP members were trained in professional presentation and communications skills to help them be effective leaders and strong advocates for the specialty. The 2.5-day training helped them shape and deliver effective messages and provided opportunities to practice their skills before employing them in their practice and community. After graduating from the training, participants become members of the Engaged Leadership Network, a group of 174 CAP members committed to demonstrating the value of pathology. In 2016, network members generated \$896,000 in publicity value for the profession of pathology, meaning that a dollar value is assigned based on the news story length, type of

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media channel, and number of impressions for the media outlet.

Members Engage in Practical Informatics

The rise of big data and next-generation sequencing are driving the demand for clinical informatics, inspiring new ways to understand patient health information. In March 2016, the Informatics Committee published the first version of the Clinical Informatics Resource Guide that serves as an online and printed resource to members on relevant topics. Committee members provide ongoing complimentary webinars on informatics topics, such as integrating clinical decision support and patient engagement in value-based laboratory services. Our informatics experts also work with the Health and Human Services Office of the National Coordinator for Health Information Technology to develop the interoperability standards for laboratory information systems.

Pathologists Shine in Media

The value pathologists bring to diagnosis, treatment, and health is vital, and it's being showcased in media. Our proactive media relations efforts yielded a 50% increase in news stories that mentioned CAP

members compared to 2015; the CAP was mentioned 15% more often as well.

The increased coverage also positioned the CAP and its members as thought leaders in health care.

Following the death of singing and song-writing superstar Prince, a CAP member performed the singer's autopsy. This member, several other CAP members, and the CAP were featured in hundreds of related stories about opioid abuse, why toxicology testing can take weeks, and the question of privacy around celebrity autopsy results.

When the Cancer Moonshot initiative was announced early in the year, the CAP highlighted the role the CAP plays in better reporting to cancer registries and promoted the attendance of CAP President Richard C. Friedberg, MD, PhD, FCAP, at moonshot meetings, including one at the White House.

From stories on breast and skin cancer patients to educational pieces that take viewers behind the scenes in the laboratory, 17 videos were produced for patient and public audiences. The videos reached millions through digital advertising campaigns and partnerships with



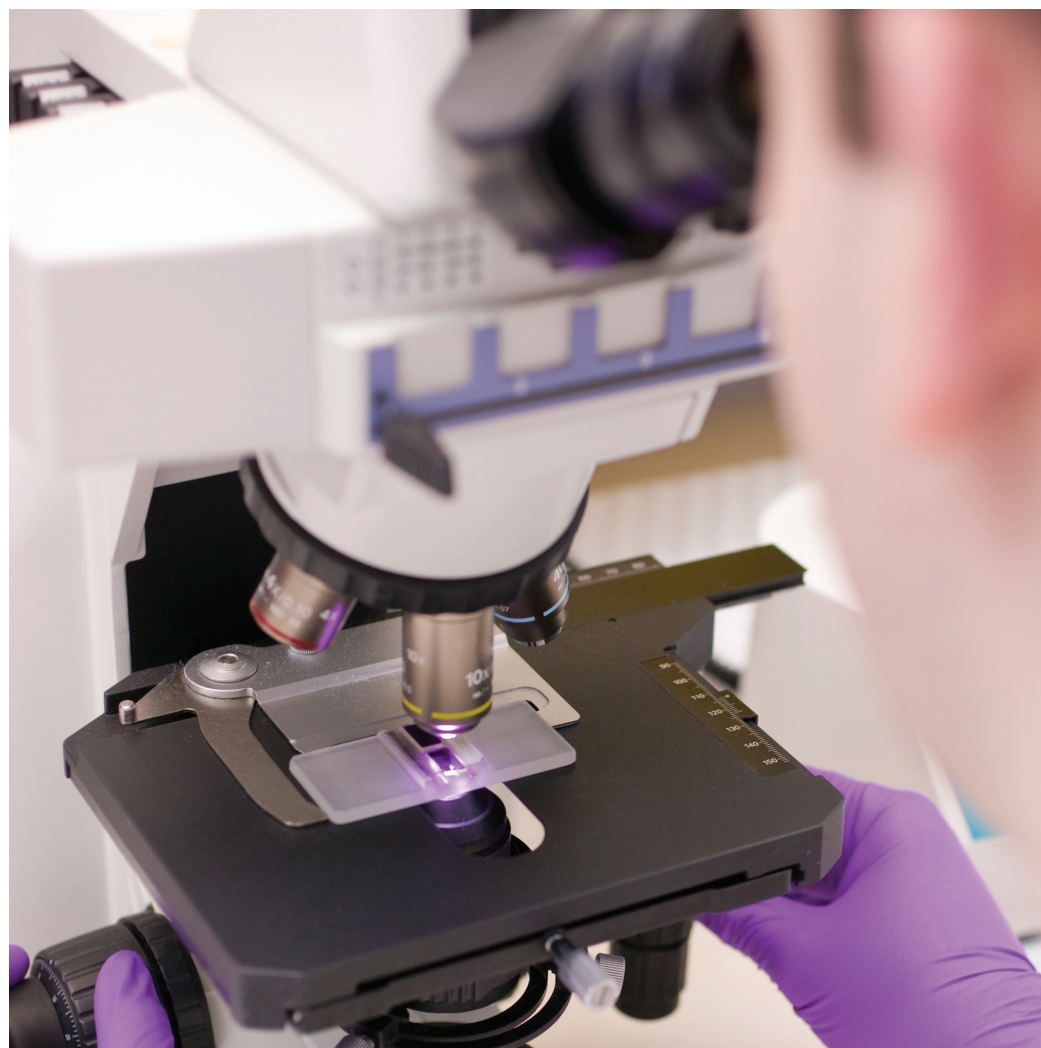
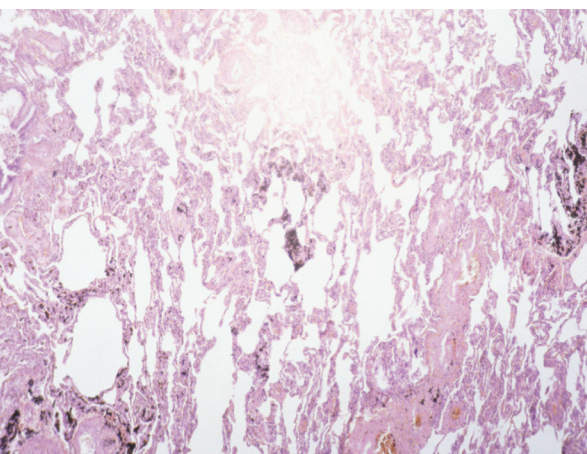
organizations that placed them in patient waiting areas of clinics nationwide. Also, CAP members shared the videos in their own organizations and with their social media networks.

We established YourPathologist.org, a patient- and public-facing website with content to further engage people about the role of the pathologist in their diagnoses.

Every Slide Is Personal for One Pathologist

“I want people to know that pathologists are their advocates. We provide the best test with all the best information to drive the best treatment and outcome for that individual.”

Guillermo G. Martinez-Torres, MD, FCAP



Every biopsy specimen has a case number. Every number belongs to someone waiting anxiously for answers about his or her health. And every now and then, that patient wants to sit with Guillermo G. Martinez-Torres, MD, FCAP, at the multiheaded microscope.

“I vividly remember diagnosing breast cancer in a 28-year-old woman who was documenting her journey,” he said. “She called me because she wanted to see her cancer under the microscope.”

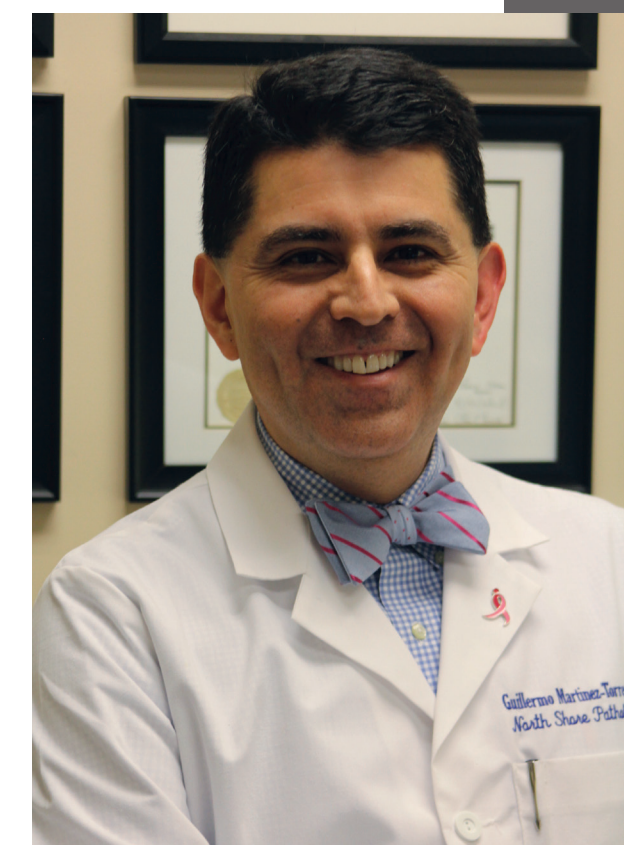
The woman, who is a professional photographer, was capturing her diagnosis, treatment, and survival. She saw the artistic beauty in her tumor, an aggressive form of cancer that occurs among young women in the United States. When she saw it for the first time, she burst into tears and exclaimed, “It’s so beautiful.”

“It was special because I love to teach,” said Dr. Martinez-Torres. “Educating patients like her is special to me, as it makes it personal and shows patients who we are and what we do.”

Dr. Martinez-Torres serves as president of Milwaukee-based North Shore Pathologists and is an active member of the CAP and the CAP Foundation’s Board of Directors. He also represents Wisconsin in the CAP’s House of Delegates.

The tireless work of the CAP to advance the specialty and bring awareness of the role of pathologists helps Dr. Martinez-Torres tell the story of the value he brings to medicine.

“I want people to know that pathologists are their advocates,” he said. “We provide the best test, with all the best information to drive the best treatment and outcome for that individual.”



Guillermo G. Martinez-Torres, MD, FCAP

See, Test & Treat® Spotlights Pathologists' Impact on Communities

Mary Brown's sister died of breast cancer, but Mary couldn't afford a Pap test or a mammogram.

It had been nine years since Darlinda Page had either test.

Maria Elena has a family history of cancer but no insurance.

Those are just three of the approximately 700 medically underserved women who received free cervical and breast cancer screening and health education from the CAP Foundation's See, Test & Treat. The diagnostic skills of pathologists saved women's lives.

- 700+ women
- 31 pathologists
- 9 cities
- 332 mammograms
- 451 Pap tests
- 200 HPV tests

The outcomes were powerful: Abnormal Pap results ranged from 10%–20%, and abnormal mammogram results ranged from 6%–23%, far above the national average. All women presenting with abnormal results were treated that day or were referred to follow-up care in their community. The generous support of CAP members and staff make it possible for the CAP Foundation to help women in need.

The CAP Foundation also generously provides resident and fellow new-in-practice grants to enhance their leadership, educational, and research opportunities. A total of 35 grants were awarded this year.

Every member dollar donated to the CAP Foundation goes to support CAP members, whether in See, Test & Treat funding or leadership and research grants.



Secretary-Treasurer’s 2016 Financial Report

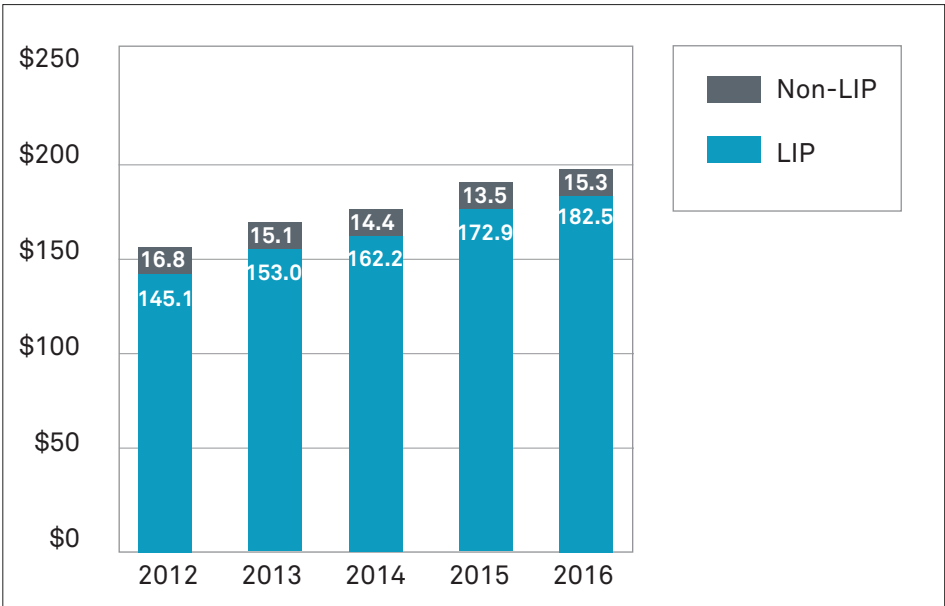
Fiscal year 2016 was another successful year for the CAP. We continue to grow, carefully manage costs, and maintain a strong balance sheet—all of which are critical to our ability to serve patients, pathologists, and the public, and foster excellence in the practice of pathology and laboratory medicine worldwide for years to come.

Our total operating revenues of \$197.8 million exceeded the Board-approved 2016 budget and were led by our flagship laboratory improvement programs (LIP), encompassing proficiency testing and laboratory accreditation. LIP is both a highly valued member benefit and the key driver of our financial health. LIP revenues continue to grow at a pace of approximately 5.6% annually and remain the primary source of excess revenue for the CAP. As the North American markets for LIP are more mature, a large portion of this growth continues to come from strategic international markets, which now make up more than 15% of our total PT revenue and are roughly as profitable as a percentage of revenue as

the North American market. The sustained success of the LIP at home and abroad would not be possible without the

continued volunteer support of our members and other laboratory professionals.
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2012–2016 CAP Operating Revenue (millions USD)



Revenues

Program	Total Revenues (millions USD)	% of Total Operating Revenue
Proficiency Testing	\$ 141.8	71.7%
Laboratory Accreditation	40.7	20.6%
Periodical and Published Materials	5.2	2.6%
Membership Dues	3.7	1.9%
Learning	2.8	1.4%
Structured Data	2.2	1.1%
Other	1.4	0.7%
Total Operating Revenues	\$ 197.8	100.0%
Investment Earnings	3.1	1.6%
Total Revenues	\$ 200.9	101.6%

Secretary-Treasurer’s 2016 Financial Report

(continued from page 32)

Overall, our 2016 excess revenue over expenses before investments and adjustments for projects was right at budget, as we continue to invest in what matters most to you. As with many organizations, our largest expense continues to be our people. Attracting and retaining the right staff talent is paramount to the success of the CAP, and doing so in a sustainable way is critical to our financial viability. As a member of the Compensation Committee, I am personally involved with establishing and monitoring our market-based compensation philosophy. We continue to follow best practices and leverage independent benchmarking studies; and we recently completed a comprehensive review of our total rewards portfolio. We also continue to carefully balance the need for short- and long-term specific expertise with the financial prudence in evaluating and selectively engaging outside services to advance our mission.

At nearly 32% of total, the cost of materials and on-site inspections continues to be the CAP’s second largest expense. This captures travel expenses for our inspectors worldwide, the cost of test kits paid to outside vendors, as well as the cost of shipping those kits to more

than 23,000 laboratory sites in more than 100 countries. In 2016 we switched to UPS as our global logistics partner to better manage costs while delivering exceptional service to our customers worldwide.
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Expenses

Expense Category	2016 Total (millions USD)	% of Total Expenses
Personnel and Benefits	\$ 86.2	40.8%
Cost of Materials and On-site Inspections	67.3	31.9%
Outside Services	19.1	9.0%
Depreciation and Amortization	16.0	7.6%
Rental and Maintenance	6.2	2.9%
Council and Committee Expenses	5.5	2.6%
Travel	4.4	2.1%
Office Expense	3.4	1.6%
General and Administrative	1.4	0.6%
Other	1.8	0.9%
Total Expenses	\$211.3	100.0%

Secretary-Treasurer's 2016 Financial Report

(continued from page 33)




Similar to 2015, the CAP's 2016 income statement shows a loss of \$10.3 million as we continue to depreciate the significant prior-year investments to update our information systems. Excluding noncash expense, the CAP's strong operations generated a positive bottom line of \$6.0 million, which is about 6.0% higher than 2015 and 14.3% better than 2016 budget. Our IS spend is leveling out, and we continue to prioritize strategic projects to both increase operating efficiency and improve our member and customer experience. For example, in July we launched the Performance Analytics Dashboard, which provides our laboratory customers and members a snapshot of their accreditation and PT performance. We also continued to invest in our Learning Management System and have significantly streamlined the process for claiming CME for the PIP, PAP, and NGC programs.

We continue to invest in the success and the future of the profession. As the only 501(c)(6) membership organization representing

pathologists, the CAP is uniquely positioned to lobby on behalf of the profession. We spent \$6.8 million on advocacy and direct lobbying initiatives in 2016. We also invested more than \$5.0 million in the development and delivery of broad learning opportunities for both pathologists and laboratory professionals. Our staff, together with our volunteer members, continues to work tirelessly on critical initiatives to advance the profession, provide the most relevant benefits to the greatest number of members, and improve the customer experience in everything we do. As before, we continue to fund

development of standards; advances in informatics, genomics, and molecular medicine; and other areas affecting the profession.

I am proud to report that the state of the CAP is strong, both financially and competitively; and we are well positioned to continue our important efforts on behalf of pathologists and patients.


Richard R. Gomez, MD, FCAP
Secretary-Treasurer

Assets and Liabilities

Asset Class	Year End 2016 (millions USD)
Cash and Cash Equivalents	\$ 23.8
Accounts Receivable	85.4
Other Current Assets	7.9
Land, Buildings, and Equipment Net of Accumulated Depreciation	48.2
Investments and Other Long-Term Assets	65.0
Total Assets	\$ 230.3
Less: Total Liabilities	162.2
Net Assets as of End of Year	\$ 68.1

\$197.8 million

in operating revenue—up 6.1% over 2015

\$182.5 million

of revenue from LIP, 5.6% growth over 2015

\$3.7 million

of revenue from member dues

\$211.3 million

in expenses—up 3.1% over 2015

\$6.8 million

spent in direct support of advocacy initiatives, designated to lobby on behalf of the interests of pathology and laboratory medicine

\$5.0 million

allocated toward advancing comprehensive learning programs for members

\$6.0 million

generated in excess revenue, when excluding the noncash depreciation expense. Including the depreciation, the CAP has a \$10.3 million operating loss.

Growing and Evolving

We Create Our Future Together

Pathologists are the physicians who bring certainty during uncertain times. As a CAP member, pathologists are connected with the dedicated expertise and experience of the largest network of board-certified pathologists committed to patient care.

Our member experts have vetted what’s relevant and truly important to help pathologists elevate their practices and succeed in their careers. We’re researching new ways to prepare pathologists and keep them up to date in a fast-changing health care landscape. Our integrated offering for next-generation sequencing includes accreditation checklist requirements and proficiency testing to support accuracy in a fast-developing field. Helping clinical colleagues order the right tests at the right time is paramount for effective patient care, and the CAP will be offering new test utilization tools in 2017 to support members in this new era of value-based care.

The transition from traditional fee-for-service

to a value-based payment system is reshaping the way pathology practices operate. The CAP provides practice management resources, including a Practice Characteristics Survey, to help pathologists benchmark their performance with that of their peers.

As CAP members are committed to social responsibility through diagnostic medicine and laboratory improvement, our employees show their own commitment to the community by using paid volunteer time to meet the needs of people around the world.

From sending 800 meals to children in Thailand to supplying books and other supplies to kids in Chicago and Syria, our staff spent hundreds of volunteer hours making a difference in communities at home and around the world.

Employees made flower bouquets for people living

in assisted living and rehabilitation centers and helped grant the wishes of children with life-threatening medical conditions. They packed meals for hungry children, worked in food pantries, and donated blood.

The power of our staff working hand-in-hand with our members will continue to elevate the practice of pathology, protect the future of the profession, and ensure patients get the best care possible. We will continue to work together to *advance quality, mobilize members, and maintain strength.*

These accomplishments move us closer to ensuring accurate diagnoses, effective treatments, and a healthier society.

Our Mission

The College of American Pathologists (CAP), the leading organization of board-certified pathologists, serves patients, pathologists, and the public by fostering and advocating excellence in the practice of pathology and laboratory medicine worldwide.

Our Vision

People are healthier because of excellence in the practice of pathology and laboratory medicine.

The CAP is a 501(c)(6) nonprofit membership organization under the Internal Revenue Code. The IRS designation allows the CAP to lobby for pathologists with Congress, the federal administration, and state governments, and establish a political action committee (PathPAC) to participate in the political process. Our member-elected Board of Governors provides financial and operational oversight and sets strategic direction.



COLLEGE of AMERICAN
PATHOLOGISTS

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