



COLLEGE of AMERICAN  
PATHOLOGISTS

# The 2016 Medicare Physician Fee Schedule's Impact on Pathology Services

---

Jonathan L. Myles, MD, FCAP  
W. Stephen Black-Schaffer, MD, FCAP  
Diana M. Cardona, MD, FCAP  
John Scott, VP CAP Policy and Advocacy

November 5, 2015

# 2016 Medicare Physician Fee Schedule

- **Final 2016 Medicare Physician Fee Schedule was released on October 30**
  - Proposed fee schedule published in July
  - CAP members received a *STATLINE* Alert with initial analysis of the final rule
- **CAP will continue to engage with the Centers for Medicare & Medicaid Services (CMS)**
  - Including formal comments due December 29

# Agenda

- **Payment for Pathology Services**
- **Reimbursement Policy Changes**
- **Quality Reporting Initiatives**
- **Questions**

# 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**



# Welcome

**Diana M. Cardona, MD, FCAP**

- **EAC Measures & Performance Assessment Subcommittee Chair**



# Payment for Pathology Services



# Payment for Pathology Services

Specialty	Allowed Charges (millions)	Impact of Work RVU Changes	Impact of PE RVU Changes	Impact of MP RVU Changes	Combined Impact
Pathology	\$1,330	4%	4%	0%	8%
Independent Laboratory	\$834	1%	7%	0%	9%

\*Does not equal sum of RVU columns due to rounding.

- **Reflect 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 83% of their Medicare revenue from CLFS**



# Payment for Pathology Services

- **CMS finalized partial increases sought by the CAP for pathology services, including**
  - Immunohistochemistry
  - In situ hybridization
- **CMS implemented an update to many of the payment rates and accepted some of CAP's and American Medical Association (AMA) Relative Value Update Committee's (RUC) recommendations**
- **CMS implemented cuts to prostate biopsy services**

# Payment for Pathology Services

- **Protecting Access to Medicare Act (PAMA) of 2014 established a new annual target for reductions in expenditures resulting from adjustments to the relative values of misvalued codes**
- **New statute sets a 1% annual target**
  - **CMS achieved 0.23% net reduction on targeted services**
- **CMS applied a 0.77% across-the-board cut to all physician fee schedule services**

# Prostate Biopsy Services

- **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

CPT Code	MOD	DESCRIPTOR	2015 Payment	2016 Payment	Percentage Change
G0416		Prostate biopsy, any mthd	\$649.32	\$533.84	-17.8%
G0416	26	Prostate biopsy, any mthd	\$182.90	\$158.00	-13.6%
G0416	TC	Prostate biopsy, any mthd	\$466.42	\$375.83	-19.4%

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

# Prostate Biopsy Services

CPT Code	MOD	DESCRIPTOR	2015 Payment	2016 Payment	Percentage Change
G0416		Prostate biopsy, any mthd	\$649.32	\$533.84	-17.8%
G0416	26	Prostate biopsy, any mthd	\$182.90	\$158.00	-13.6%
G0416	TC	Prostate biopsy, any mthd	\$466.42	\$375.83	-19.4%

- **Due to the TC review and shifts in medical service volume from the change in the description of service, the payment for these services decreased significantly. These decreases will be phased in over two years, barring any other changes to the 2017 values.**
- **CMS anticipates a RUC recommendation for the work RVU for 2017. The CMS may then alter the work RVU for 2017.**

# Immunofluorescent Studies

CPT Code	MOD	2015 Work RVU	2016 Work RVU	2015 PE RVU	2016 PE RVU	2015 Payment	2016 Payment	Percentage Change
88346		0.86	0.74	2.21	1.85	\$111.03	\$93.87	-15.5%
88346	26	0.86	0.74	0.35	0.31	\$43.84	\$38.34	-12.6%
88346	TC	0.00	0.00	1.86	1.54	\$67.20	\$55.53	-17.4%
88350*		NA	0.56	NA	1.45	NA	\$72.37	NA
88350*	26	NA	0.56	NA	1.22	NA	\$28.66	NA
88350*	TC	NA	0.00	NA	0.23	NA	\$43.71	NA

\* 88350 is a new CPT code for 2016

**For CPT 2016, the Panel revised 88346, created add-on code 88350, and deleted 88347.**

**88346 - Immunofluorescence, per specimen; initial single antibody stain procedure**

**88350 - Immunofluorescence, per specimen; each additional single antibody stain procedure (List separately in addition to code for primary procedure)**

# Payment for Pathology Add-on Services

CPT Code	DESCRIPTION	Work RVU 2015	Work RVU 2016	Change in Work RVU	Percentage Change in Work RVU
88350	Immunofluor addl antibody stain	NA	0.56	NA	NA
88341	Immunohisto addl antibody slide	0.42	0.53	0.11	26%
88364	In situ hybridization addl probe(fish)	0.53	0.67	0.14	26%
88369	M/phmtrc alys ish quant/semi q addl probe	0.53	0.67	0.14	26%

# Payment for In Situ Hybridization

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88368		Insitu hybridization manual	\$109.24	\$115.01	5%
88368	26	Insitu hybridization manual	\$41.32	\$41.20	0%
88368	TC	Insitu hybridization manual	\$67.91	\$73.81	9%
88369		M/phmtrc alys ish quant/semi q addl probe	\$74.02	\$108.56	47%
88369	26	M/phmtrc alys ish quant/semi q addl probe	\$25.15	\$31.89	27%
88369	TC	M/phmtrc alys ish quant/semi q addl probe	\$48.87	\$76.67	57%
88377		M/phmtrc alys ishquant/semi multiplex	\$214.88	\$412.02	92%
88377	26	M/phmtrc alys ishquant/semi multiplex	\$65.76	\$66.28	1%
88377	TC	M/phmtrc alys ishquant/semi multiplex	\$149.12	\$345.74	132%



# Payment for Pathology Services

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88184		Flowcytometry/ tc 1 marker	\$94.51	\$76.31	-19%
88185		Flowcytometry/tc add-on	\$57.49	\$46.22	-20%
88312		Special stains group 1	\$98.10	\$98.89	1%
88312	26	Special stains group 1	\$28.03	\$28.30	1%
88312	TC	Special stains group 1	\$70.07	\$70.58	1%
88313		Special stains group 2	\$68.27	\$69.15	1%
88313	26	Special stains group 2	\$12.58	\$12.54	0%
88313	TC	Special stains group 2	\$55.70	\$56.61	2%
88314		Histochemical stains add-on	\$75.10	\$78.10	4%
88314	26	Histochemical stains add-on	\$23.00	\$23.29	1%
88314	TC	Histochemical stains add-on	\$52.10	\$54.82	5%

# Payment for Immunohistochemistry

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88341		Immunohisto addl antibody slide	\$67.91	\$90.64	34%
88341	26	Immunohisto addl antibody slide	\$21.92	\$27.95	28%
88341	TC	Immunohisto addl antibody slide	\$45.99	\$62.70	36%
88342		Immunohisto initial antibody stain	\$90.91	\$107.48	18%
88342	26	Immunohisto initial antibody stain	\$36.65	\$37.26	2%
88342	TC	Immunohisto initial antibody stain	\$54.26	\$70.22	29%
88344		Immunohisto per specim multiplex	\$117.50	\$173.77	48%
88344	26	Immunohisto per specim multiplex	\$40.25	\$40.84	2%
88344	TC	Immunohisto per specim multiplex	\$77.26	\$132.92	72%

# Payment for Surgical Pathology

CPT Code	MOD	DESCRIPTION	2015 Payment	2016 Payment	Percentage Change
88304		Tissue exam by pathologist	\$45.99	\$46.22	1%
88304	26	Tissue exam by pathologist	\$11.86	\$11.82	0%
88304	TC	Tissue exam by pathologist	\$34.14	\$34.39	1%
88305		Tissue exam by pathologist	\$73.30	\$74.16	1%
88305	26	Tissue exam by pathologist	\$39.17	\$39.77	2%
88305	TC	Tissue exam by pathologist	\$34.14	\$34.39	1%
88307		Tissue exam by pathologist	\$307.59	\$312.06	1%
88307	26	Tissue exam by pathologist	\$86.24	\$87.42	1%
88307	TC	Tissue exam by pathologist	\$221.35	\$224.64	1%
88309		Tissue exam by pathologist	\$466.78	\$473.29	1%
88309	26	Tissue exam by pathologist	\$152.36	\$154.42	1%
88309	TC	Tissue exam by pathologist	\$314.42	\$318.87	1%

# Reimbursement Policy Changes



# Reimbursement Policy Changes

- **CMS proposed 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.**
  - **The CAP continues to work with the agency on this and other practice expense issues.**

# Misvalued Code Initiative

- **CMS proposes to continue its work examining potentially misvalued services**
- **This may include physician work surveys, data collection, research, and/or analyses**
- **CMS also may use analytic contractors**

# 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	Flowcytometry/tc add-on
88189	Flowcytometry/read 16 & >
88321	Microslide consultation
88360	Tumor immunohistochem/manual
88361	Tumor immunohistochem/comput

# Hospital Data

- **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.**



# Physician Self-Referral Update

- **The final rule contained two new exceptions:**
  - The recruitment of non-physician practitioners
  - Time share arrangements
- **Time share arrangements include hospitals or local physicians who make equipment and services available to an independent physician to treat patients.**
- **The timesharing can only include laboratory services, simple tests such as ones for strep throat, checking one’s glucose, or monitoring of blood thinners, that are CLIA waived.**
- **CMS stated it could not “be certain a timeshare arrangement would pose no risk of program or patient abuse”**

# Quality Reporting Initiatives



# Final 2016 Fee Schedule Highlights

- **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).**

# Pathology Measures

- **Breast Cancer Resection Pathology Reporting**
- **Colorectal Cancer Resection Pathology Reporting**
- **Barrett's Esophagus**
- **Radical Prostatectomy Pathology Reporting**
- **Immunohistochemical (IHC) Evaluation of HER2 for Breast Cancer Patients**
- **Lung cancer reporting (biopsy/cytology specimens)\***
- **Lung cancer reporting (resection specimens)\***
- **Melanoma reporting\***

# 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 will stop the 2018 PQRS penalty and automatic VBM penalty.**

# Quality Reporting Initiatives

- **VBM score is a calculation based on performance of the Group (defined by tax identification number (TIN))**
  - **Quality performance**
  - **Cost measures, which are based on the total cost of care attributed to the primary care physician**
  - **For pathology, we are considered to be average cost providers because we do not provide primary care services**

# Quality Reporting Initiatives\* (All Physicians are Subject to Quality Tiering)

## 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

- **Medicare Access and CHIP Reauthorization Act from April 2015 establishes the Merit-Based Incentive Payment System (MIPS) in 2019.**
  - MIPS scores are dependent upon quality, resource use, EHR, and clinical practice improvement activities
  - CAP provision in the law provides flexibility for pathologists in the MIPS
- **CAP will engage with CMS on the new program**



# Questions



COLLEGE of AMERICAN  
PATHOLOGISTS