



# Issue Brief

## **Federal Issue: Medicare Payment for Pathology Services in 2014**

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### **Legislative Ask:**

Congress must make CMS withdraw cuts in the 2014 Medicare Physician Fee Schedule proposed rule that will threaten patients' access to vital pathology services, such as analyzing human tissue in order to diagnose skin, colon, ovarian, breast and prostate cancer as well as leukemia and lymphoma. Independent laboratories in local communities may have to stop providing some or all of these services. These drastic cuts would impact patients, lab quality, and result in layoffs for health care workers.

### **CAP Position:**

CAP opposes this new round of cuts to pathologists and pathology practices.

CMS' proposal to link payment for pathology services to rates paid in the hospital outpatient prospective payment system fails to take into consideration the technical costs associated with specific individual codes and fails to recognize the distinct costs of physician services.

We believe CMS is overstepping its authority in proposing to pay for physician services using hospital-based payments. By law, CMS is required to base physician payments on the resources required to perform the service. Hospital payments are not determined using such a resource based approach.

CAP supports the existing AMA-RUC process for valuing physician service codes. This process involves many stakeholders, including CAP. The AMA-RUC has shown itself to be accurate and fair, and has been thoroughly vetted over many years.

### **Status:**

On July 8, 2013, CMS proposed a change to link payment for 211 physician services, including 39 pathology services, to hospital outpatient rates as part of its "misvalued code" initiative. If finalized as proposed, Medicare will radically cut the technical

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component (TC) and global payments (TC and professional component) for many pathology services by over 50% and as much as 80% for certain services performed on non-hospital patients.

The proposed 2014 cuts focus largely on Medicare TC and global payments. Of the 211 codes impacted, the 39 pathology services account for nearly 70% of the cuts from this proposed policy change. Other impacted specialties include radiology, oncology, vascular surgery, neurology as well as interventional radiology.

### **Top Ten Reductions to Pathology Services Based on Volume and Proposed Change:**

The codes listed in the chart below encompass pathology services for cancers such as breast, bladder, esophageal, lung, digestive, colon, prostate, thyroid and leukemia.

88307	Global	Tissue exam by pathologist	-50%
88342	Global	Immunohistochemistry	-27%
88312	Global	Special stains group 1	-46%
88313	Global	Special stains group 2	-45%
88112	Global	Cytopath cell enhance tech	-22%
88185	TC	Flowcytometry/tc add-on	-75%
88309	Global	Tissue exam by pathologist	-30%
88173	Global	Cytopath eval fna report	-25%
88367	Global	Insitu hybridization auto	-60%
88108	Global	Cytopath concentrate tech	-39%

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