Understanding the 2015 Proposed Medicare Fee Schedule

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Overview

- Initial review of the 2015 Medicare fee schedule
- Update on CMS' code revaluations
- Specific pathology services in the fee schedule
- Physician Quality Reporting System (PQRS) and value-based modifier (VBM)
- Update to local coverage determinations (LCDs) process
- Questions and answers
Proposed 2015 Medicare Physician Fee Schedule

- Proposed fee schedule released on July 3
- CAP leadership is analyzing and commenting on fee schedule’s impact on pathologists
- The CAP will collaborate with other stakeholders on our responses
- Comments to CMS due September 2
- Final 2015 fee schedule expected to be released on or about November 1
Proposed 2015 Medicare Physician Fee Schedule

CMS' initial fee schedule estimate shows 1% increase in pay to pathologists (PC, TC, global) in 2015.

Independent laboratories, a 3% increase

However, CMS' estimates will likely change in the final fee schedule.
CMS Initiative to Revalue High-Volume Services

- Health Care Reform empowered CMS to review reimbursement for all high-volume physician services
- Allows agency to redistribute funds to primary care
- Review of high-volume pathology codes flagged by CMS in 2011 continues in 2015 and beyond
- 1,200 codes, many from other specialties, have been reviewed
PAMA Expanded Misvalued Code Initiatives

- Protecting Access to Medicare Act of 2014 (PAMA) further expands CMS’ misvalued code authority starting in 2017
- Threatens pathology by targeting:
  - Codes billed in multiple units
  - Codes with low RVUs billed together
  - Codes with payment differences across sites of service
2015 Fee Schedule: Specific Pathology Services

- Prostate biopsy codes
  - If accepted, proposal effective January 1, 2015
  - CMS proposes to use one G code (G0416) to report prostate biopsy services, regardless of number of specimens.
  - Applies to all prostate biopsy specimens, including 1-9
  - Other prostate G codes and 88305 would no longer be used to report prostate biopsies.
  - CMS believes the service is misvalued.
  - CMS seeks input on payment level for next year.
2015 Fee Schedule: Specific Pathology Services

- Link pathology payment rates to hospital rates
  - CAP persuaded CMS to withdraw the proposal in 2013, but the agency plans to bring it back.
  - PAMA expands legal authority to review payments across sites of service.
  - No 2015 payment changes based on site of service, but CMS did request more information.
  - CMS seeks comment on utilizing hospital cost data for valuing payment for physician services.
2015 Fee Schedule: Specific Pathology Services

- CAP continues its opposition to linking payments to hospital rates
  - CAP updating/verifying current data to prevent future rulemaking
  - CMS review could cause 2015 TC/global payment changes
2015 Fee Schedule: Misvalued Codes

- Pathologists already have had global payment for 28 codes revalued.
- Practice expense for TC of 22 additional codes also reviewed for 2015.
- CMS added 80 codes to its misvalued list.
- 1 pathology service
  - 88185, add-on code used to bill the TC of flow cytometry.
2015 Fee Schedule: Transparency in Ratesetting

- CMS proposes to alter process for changing reimbursement for codes identified in the misvalued code initiative.
  - Proposal would increase transparency
  - CMS would only set physician rates after the public had an opportunity to comment.
- This would avoid situations like the process for the IHC G code policy in 2014.
CMS Initiative to Revalue High-Volume Services

- Immunohistochemistry
  - CMS created G codes for 2014
  - CAP advocating for alternative to G codes
  - Await final rule
CMS Initiative to Revalue High-Volume Services

- In Situ Hybridization Services
  - Action deferred on revaluation for 2014 payment rates
  - Payment changes anticipated for 2015
  - CAP is engaged in NCCI coding edit relief
2015 Fee Schedule: PQRS

• CMS proposes accepting three new pathology measures developed by the CAP to the Physician Quality Reporting System (PQRS).
  o Lung cancer reporting (biopsy/cytology)
  o Lung cancer reporting (resections)
  o Melanoma reporting

• Increases number of pathology measures to eight

• CAP will provide education on reporting 2015 PQRS measures after the final rule is published.
New PQRS measure:

**Lung cancer reporting (biopsy/cytology specimens)**

- **Eligible Specimens:**
  - Lung biopsy or cytology specimens with a diagnosis of primary non-small cell lung cancer (NSCLC).

- **Pathologist Action:**
  - Tumors are classified into specific histologic type (squamous cell carcinoma, adenocarcinoma, etc.) OR are classified as NSCLC-NOS with an explanation included in the pathology report.
New PQRS measure:  
**Lung cancer reporting (resection specimens)**

- **Eligible Specimens:**
  - Resection specimens of primary lung carcinoma

- **Pathologist Action:**
  - Reports should include the pT category, pN category and for non-small cell lung cancer, histologic type (squamous cell carcinoma, adenocarcinoma and NOT NSCLC-NOS).
New PQRS measure: Melanoma reporting

- **Eligible Specimens:**
  - Excisions for primary malignant cutaneous melanoma.

- **Pathologist Action:**
  - Pathology reports should include the \( pT \) category and a statement on tumor thickness, the presence of ulceration and mitotic rate.
2015 Fee Schedule: PQRS

• In 2014, PQRS reporting activity will determine which physicians receive a payment penalty in 2016.

• CMS proposes to take a similar approach in 2015 with PQRS reporting affecting 2017 payments.

• 2017 PQRS penalty = 2%
  o Penalty is based on 2015 PQRS activity

• Eligible physicians must report on nine measures, or on all that apply to their practices, to avoid the penalty.
2015 Fee Schedule: Value-Based Modifier

- Apply to all physicians in 2017
  - However, modifier is based on 2015 performance
- Penalty increases to 4%; bonuses up to 4% or higher
- No negative adjustment to physicians in groups < 10 if they successfully report PQRS measures
- Groups with 10 or more eligible professionals subject to quality tiering.
- CAP has proposed an alternative methodology
2015 Fee Schedule: Value-Based Modifier

- CMS alluded to the CAP proposal in the fee schedule.
- CMS is considering allowing hospital-based physicians to use the hospital value-based purchasing program in future years.
  - The hospital value-based purchasing program could be a component of the VBM calculation.
- CMS would propose any changes in future rulemaking.
  - How hospital performance would be included?
2015 Fee Schedule: 2017 PQRS and VBM Penalties

- Failure to report PQRS in 2015 could mean a -6% payment adjustment in 2017 for eligible pathologists.
- Reporting PQRS measures stops the VBM and PQRS penalties

-2% + -4% = -6%
2015 Fee Schedule: LCD Process

- After PAMA, the CMS rescinds its overhaul of the clinical laboratory fee schedule (CLFS).
  - Future rulemaking will address PAMA mandate regarding the CLFS.
- CMS plans to streamline process for making local coverage decisions (LCDs); end Carrier Advisory Committee (CAC) reviews of every LCD.
- Local Medicare administrative contractors (MACs) decide which LCDs need CAC review.
2015 Fee Schedule: Molecular diagnostics

- CMS considers expanding processes of the MolDx program to making decisions on all clinical diagnostic laboratory tests.

- CMS notes that “multiple molecular diagnostic tests designated to diagnose the same disease may rely on different underlying technologies, and, therefore, have significantly different performance characteristics... Because of these complexities, we have an obligation to consider the evidence at a granular level...”
2015 Fee Schedule: Molecular diagnostics, LCDs

- Further CMS plans to encourage MACs to "collaborate on such policies across jurisdictions."
- New process would allow any person or entity to request a local coverage determination (LCD).
- Draft LCD would be published and made available for public comment.
- Medicare contractors would be required to respond to comments within 45 days.
MAC publishes draft LCD; 30-calendar day comment period begins

MAC responds to public comments within 45 days

LCD effective immediately upon publication
Resources

- cap.org
- STATLINE
- Twitter: @Pathologists
- CAP ’14 September 7-10
- 2015 CAP Policy Meeting May 4-6
Questions and Answers: Today’s Presenters
Dr. Cardona and Dr. Myles