Why '07 reimbursement rates are down six percent

Pathologists can expect a six percent reduction in their reimbursement rates this year as a result of changes in the 2007 Medicare physician fee schedule regulations issued in November by the Centers for Medicare and Medicaid Services. The cuts would have totaled 11 percent on average had it not been for lobbying last year by the College and the medical community that helped pass the federal Tax Relief and Health Care Act of 2006 in the final hours of the 109th Congress. That law, H.R. 6111, stops the five percent cut for Medicare pay-
ments the CMS proposed in the final regulations. The five percent cut, based on the flawed sustainable growth rate formula that Congress and the CMS use as a budgetary tool to penalize physicians when total expenditures exceed a certain target, was seen as necessary in 2007 to meet expenditure targets.

Though the legislation staved off the cut, it is only a short-term fix. If the SGR formula is not reformed, physicians can expect an additional 10 percent in cuts in 2008. The CAP will continue to work this year with the medical community to advocate for an overhaul of the SGR formula.

The six percent reduction reflects a combination of changes to the work relative values for pathology and other specialties as part of the third five-year refinement of work RVUs in November 2004 by recommending recommendations from the public on codes that are under- or overvalued. In response, the CAP request-
ed that the following pathology services be included in the refinement effort:

- 88306: Surgical pathology, gross and microscopic examination, level VI.
- 88321: Consultation and report on unfixed slides prepped elsewhere.
- 88323: Consultation and report on unfixed material requiring preparation of slides.
- 88325: Consultation, comprehensive, with review of records and specimens, with report on unfixed material.

The CAP then collected and presented evidence to the AMA/Specialty Society RVU Update Committee that these four codes were undervalued and should be increased because there had been changes in cancer protocols and the content of work. The committee recommended an increase in the work RVUs for these four codes based on CAP-presented information and submitted its recommendation to the CMS. Subsequently, the CMS announced that it agreed with the data brought forward by the College and the committee’s recommendation to increase the

Effect of five-year review and budget neutrality adjustments on selected codes

<table>
<thead>
<tr>
<th>CPT code</th>
<th>2006 work RVU</th>
<th>2007 work RVU</th>
<th>CAP proposed increase to work RVU</th>
<th>Net increase after budget neutrality adjustment</th>
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</thead>
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<tr>
<td>88306</td>
<td>2.40</td>
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<td>10%</td>
<td>10%</td>
</tr>
<tr>
<td>88307</td>
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<td>88310</td>
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<tr>
<td>88315</td>
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<td>15%</td>
<td>15%</td>
</tr>
</tbody>
</table>

5-year review of physician work values

Pathology codes. The Omnibus Budget Reconciliation Act of 1990 requires the CMS to review all relative values at least every five years and make needed adjustments. The CMS initiated the third five-year refinement of work RVUs in November 2004 by recommending recommendations from the public on codes that are under- or overvalued. In response, the CAP requested that the following pathology services be included in the refinement effort:

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Reference:


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