The State of the College, The State of Transformation

Charles Roussel
Chief Executive Officer
College of American Pathologists
The College is Healthy.

- Income statement and balance sheet are strong
- Revenues are up, but less than plan
- We are managing to margin
- Investments are increasing
2010 Strategic Priorities:

• Continue strengthening our technology platform

• Revise strategies for education, as well as sales and marketing

• Expand international, new business development, and STS capabilities
2010 Strategic Priorities:

• Continue to improve core operations and reduce costs

• Make the case for transformation; drive marquis programs like the Center and the Institute; launch policy development capability
CAP-Ogilvy
Base-Line Research
Three Transformation Campaign Goals

- Strengthen the image of pathologists
- Support the CAP health policy agenda
- Mobilize CAP members, encourage Transformation participation and adoption
Research Method

- Ogilvy conducted four online surveys between January 20 – February 10, 2010
  - 1,199 CAP U.S. Members
    - 10% of the CAP membership base, excluding international and emeritus members; cross-section of engagement
  - 509 Non-Pathologist Physicians
    - 202 PCPs, 307 Specialists (78 Dermatologists, 77 Gastroenterologists, 76 OB/GYNs, and 76 Oncologists)
Research Method

– 239 “Beltway Influentials”
  • DC metro area, college-educated, professional, HHI $75K+ media-engaged, follow public policy issues and the healthcare debate

– 502 “Health-Engaged Americans”
  • Actively involved in managing health and following health issues in the news
Findings: CAP Members

• 70% of CAP members believe that transformation of the specialty is very important

• 90% believe that improving the image of the specialty among all audiences is important
Findings: CAP Members

• 68% of CAP members say that change must occur on both image and substantive levels.

• Greater member engagement with the CAP is associated with higher readiness for change.
Findings: Other Physicians

- While satisfaction with pathologist services is strong, relationships with pathologists are more limited.

- For most physicians pathology services = a report; very few regularly consult directly with pathologists.
Findings: Beltway Influentials

• Are supportive of making it easier for doctors to work together to deliver the best care for individual patients

• Are supportive of fostering the scientific breakthroughs that will deliver more personal diagnoses to individual patients
Findings:
Health-Engaged Americans

• Have a minimal understanding of the level of pathologists’ involvement in their care

• Majority do not associate pathologists with either diagnosis or treatment decisions; they believe the doctor who ordered the test who is responsible
Findings:
Health-Engaged Americans

• Receptivity to increased consultation with patients is highest among health-engaged Americans and lowest among physicians; pathologists themselves are divided on this issue.
Take Aways:

• The CAP is healthy, and we will continue to invest in our business to fund the transformation.

• Members support the need for transformation. The College has to provide specific, actionable recommendations and resources to enable it.
House of Delegates/Residents Forum
State of the Residents Forum

John J. Cangelosi, MD
Chair, Residents Forum
We’re Heading Up!
UP - Attendance at Residents Forum Spring and Fall Meetings Continue to Set Records
UP - Registration here is 134
UP – 76 Training Programs
UP – 90% of all Pathology Residents
Our Future Looks Bright
We Are Behind The Butterfly!
We Are 100% Sold On Transformation
Knowledge
Is Power
We Are In This Together
We want to know more!
We’re Playing an Influential Role in Pathologists’ Future

- Input on Specialty Fellowship Match
- Standardized Fellowship Application
- Board Preparation and Online Resources
- External Rotations
- Graduated Responsibilities
- Job Market Survey
Launching A Wiki
Washington, DC

Bridging the Gap from Residency to Practice

New in Practice Panel

Transformation and Center

Molecular Medicine and Biomarkers in AP
We are engaging residents!

We are making solid and consistent progress!

We are excited about the future!
Update from the CAP Political Action Committee (PathPAC)

Richard A. Bernert, MD, FCAP
Chair, PathPAC

Crystal Rose, MD
Junior Member, PathPAC
2009 PathPAC Fundraising

- 2,545 CAP Contributors
- $833,946 raised
- 272 pathologists gave $1,000 or more
- Average contribution was $327
2009 PathPAC Progress Report

✓ 19% increase in contributors
✓ 24% increase in revenue
## CAP House of Delegates PathPAC Participation

<table>
<thead>
<tr>
<th>Year</th>
<th># of Delegates Contributing</th>
<th>Total PathPAC Revenue from Delegates</th>
<th>Average Contribution</th>
<th>H o D PathPAC Participation Rate</th>
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<td>2008</td>
<td>120</td>
<td>$63,210</td>
<td>$526</td>
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<tr>
<td>2009</td>
<td>140</td>
<td>$89,059</td>
<td>$636</td>
<td>61%</td>
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House of Delegates
2009 Progress Report

✓ 20% increase in average contribution
✓ 16% increase in participation
✓ 40% increase in revenue
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<tr>
<th>States with 100% PathPAC Participation (15)</th>
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<tbody>
<tr>
<td>Alaska</td>
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<td>Wyoming</td>
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<td>RF Delegates</td>
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2009 PathPAC Participation among CAP Residents

Good News -

- PathPAC Participation among Residents TRIPLED in 2009
- PathPAC Revenue from Residents increased by 160%
2009 PathPAC Participation from CAP Residents

Bad News -

✓ Only 73 Residents made a contribution to PathPAC
✓ Only 15% of the Residents Forum made a contribution to PathPAC
House of Delegates & Residents Forum

To Do List:

- Contribute to PathPAC TODAY!
- Attend the PathPAC Reception TONIGHT!
- Recruit your fellow delegates and other colleagues to join PathPAC!
PathPAC’s To Do List:

✓ Renew, Renew, Renew all past contributors in 2010!

✓ Expand Contributor Base

How will PathPAC Do This?
INCREASED TRANSPARENCY!

✓ Tell PathPAC contributors where YOUR money goes!

✓ Demonstrate to wary CAP members that PathPAC is bipartisan and “not beholden to any political party”
PathPAC Contributions for the 2009-2010 Election Cycle

Through March 17th, PathPAC has contributed:

- $250,000 to 100 candidates such as Xavier Becerra, Mary Bono Mack, Chuck Grassley and Blanche Lincoln for their re-election campaigns.
- $262,100 to 32 Leadership PACs & National Campaign Committees such as the DCCC, NRCC, DSCC, NRSC
PathPAC is Bipartisan

For the 2009-2010 Election Cycle, PathPAC has contributed:

• $281,655 to Democratic candidates (55%)
• $230,445 to Republican candidates (45%)
Did you know?

You can go to www.FEC.gov and review EVERY contribution PathPAC has ever made?

You can go to www.opensecrets.org and see how PathPAC stacks up against “the competition”?

Just ask PathPAC staff or the PathPAC Board of Directors if you have a question regarding where your money will go!
PathPAC Needs your Help!

• Yes, we need your contributions, but we also need your input!

• As of today, there are 11 open Senate races and 25 open House races – this number will increase!
We need your help to meet these candidates, host laboratory tours and teach them about Pathology.

The PathPAC Board will use your input, the candidate’s record and commitment to work with Pathologists in the district or state to decide if the candidate qualifies for a campaign contribution from PathPAC.
PathPAC
The Voice for Pathology
Please contribute TODAY!
Health Care Reform Update

House of Delegates
March 20, 2010
Agenda

- State of Play
- Key Provisions that Impact Pathology
- Implementation Timeline
- Risks and Opportunities
State of Play: Reconciliation

Saturday

– House Rules Committee will meet, craft, and pass a rule governing debate surrounding H.R. 4872, the reconciliation bill.

Sunday

– Full House of Representatives will vote to pass the Senate health care reform bill. Once passed, the bill will be sent to the President and signed into law.

– Afterwards, the full House of Representatives will then vote on H.R. 4872, the reconciliation bill

– Once H.R. 4872 is passed, it will be sent to the Senate for consideration.
Key Provisions that Impact Pathology

- Independent Payment Advisory Commission
- Primary Care Bonuses
- Mis-valued CPT Codes
- Medical Home, ACOs and Bundled Payments
- Physician Quality Reporting Initiative
- Comparative Effectiveness Research
- Clinical Laboratory Fee Schedule
- Self-Referral of Physician Services
- Medical Liability Reform
Dangling Issues: SGR; TC Grandfather

- Congress enacted temporary SGR fix - expires April 1st

- The Senate has passed H.R. 4213, which includes SGR fix until October 1. The House still needs to vote on the bill.

- H.R. 4231 also includes an retroactive extension of the TC “grandfather” until December 31.

- This TC is also included in the health care reform bill.
Independent Payment Advisory Board

• 15 Member Advisory Board: submits legislative proposals to the President and Congress to reduce Medicare spending.

• IPAB is expressly prohibited from rationing care, increasing revenues, changing benefits, eligibility, beneficiary cost sharing.

• Congress which must vote on proposal to reduce spending.
Primary Care Bonuses

• Beginning in 2011, provides primary care practitioners, as well as general surgeons practicing in underserved area with a 10% bonus under Medicare for five years.

• Senate-passed bill dropped an earlier provision that would have required a 0.5% reduction in Medicare payments to specialties in order to offset the cost of the primary care and general surgery bonuses.
Mis-valued CPT Codes

• Directs HHS to identify and review RVUs for potentially mis-valued CPT codes.

• The Secretary may use existing processes for recommendations on review and adjustment.

• The CAP is working through the RUC now to revalue the anatomic pathology codes.
Medical Home and ACO Pilots

• Establishes new CMS Center for Innovation to test payment and service delivery models; to recommends models for demonstration projects. Successful models can be expanded.

• Establishes pilot programs, beginning in 2012:
  – Medical Home
  – Accountable Care Organizations

• Builds upon existing HHS coordinated care demonstration projects built around shared incentive compensation model.

• Provides Secretary new authority to explore bundled payments.
Physician Quality Reporting Initiative

• Extends bonus payments for 2011 (1%), 2012 (0.5%), 2013 (0.5%) and 2014 (0.5%)

• Beginning in 2015, imposes penalties for unsuccessful participation are 1.5%.

• Every year thereafter the penalties are 2%.

• Provides an additional 0.5% bonus through 2014 for physicians reporting quality data to the PQRI via maintenance of certification.
Comparative Effectiveness Research

• Establishes an independent Comparative Effectiveness Institute overseen by a 17 Member Board of Governors.

• Mixture of representation of stakeholders: clinicians, health care practitioners, consumers or patients, researchers, and third party payers.

• CER findings may not be construed as mandates for payment, coverage, or treatment, or used to deny care.

• Findings must also support the advancement of personalized medicine.
Clinical Lab Fee Schedule

• Senate bill cuts CLFS 1.75% between 2011-2015.

• Original Senate proposal called for an annual fee to assessed on clinical laboratory revenue at an estimated cost of $750 million.

• Senate replaced fee with the creation of a new “productivity adjustment” calculated off of estimated annual increases in economic productivity as determined by the US Department of Labor.

• Senate bill prevents the “productivity adjustment” from reducing the CLFS below 0.

• A freeze in the CLFS is the worst case scenario between 2011-2015.
Physician Self-Referral

Amends the in-office ancillary services exception under the Stark law so that ordering physicians are required to:

1) Disclose to patients in writing any ownership interest in imaging services (MRI, CT, PET) at the time services are ordered and provide alternative providers of such services

2) Secretary granted authority to extend provision to other health services determined by HHS
Medical Liability Reform

- Provides $50 million for grants for states to develop, implement, and evaluate alternatives to tort litigations.

- Preference will be given to states that have developed alternatives in consultation with relevant stakeholders and that have proposals that are likely to enhance patient safety by reducing medical errors and adverse events that are likely to improve access to liability insurance.
Implementation timeline

2010
• Mis-valued Codes
• Self-referral
• CER

2011
• Primary Care Bonuses
• CLFS Adjustments
• Medical Malpractice Reforms

2012
• ACO, Medical Home Pilots

2013-2015
• Medicare Commission
• PQRI Penalties
Conclusions...

• Health Care Reform - on the verge of enactment!

• Risks and Opportunities for Pathology

• Payment Reform: Downward Pressure on Fee for Service, Shared Incentive Models; Bundled Payments

• Delivery System Reform: Coordinated Care ala the Medical Home and Accountable Care Organizations

• Science Advances -- Personalized Health Care
Discussion