



POINT OF CARE



PAMA IS HERE

Navigating change and aligning your organization for success

This speaker program is sponsored by Abbott Point of Care

This material is intended for U.S. audience only
Proprietary and confidential — do not distribute

CHOOSE TRANSFORMATION

PANELISTS



PETER KELLY

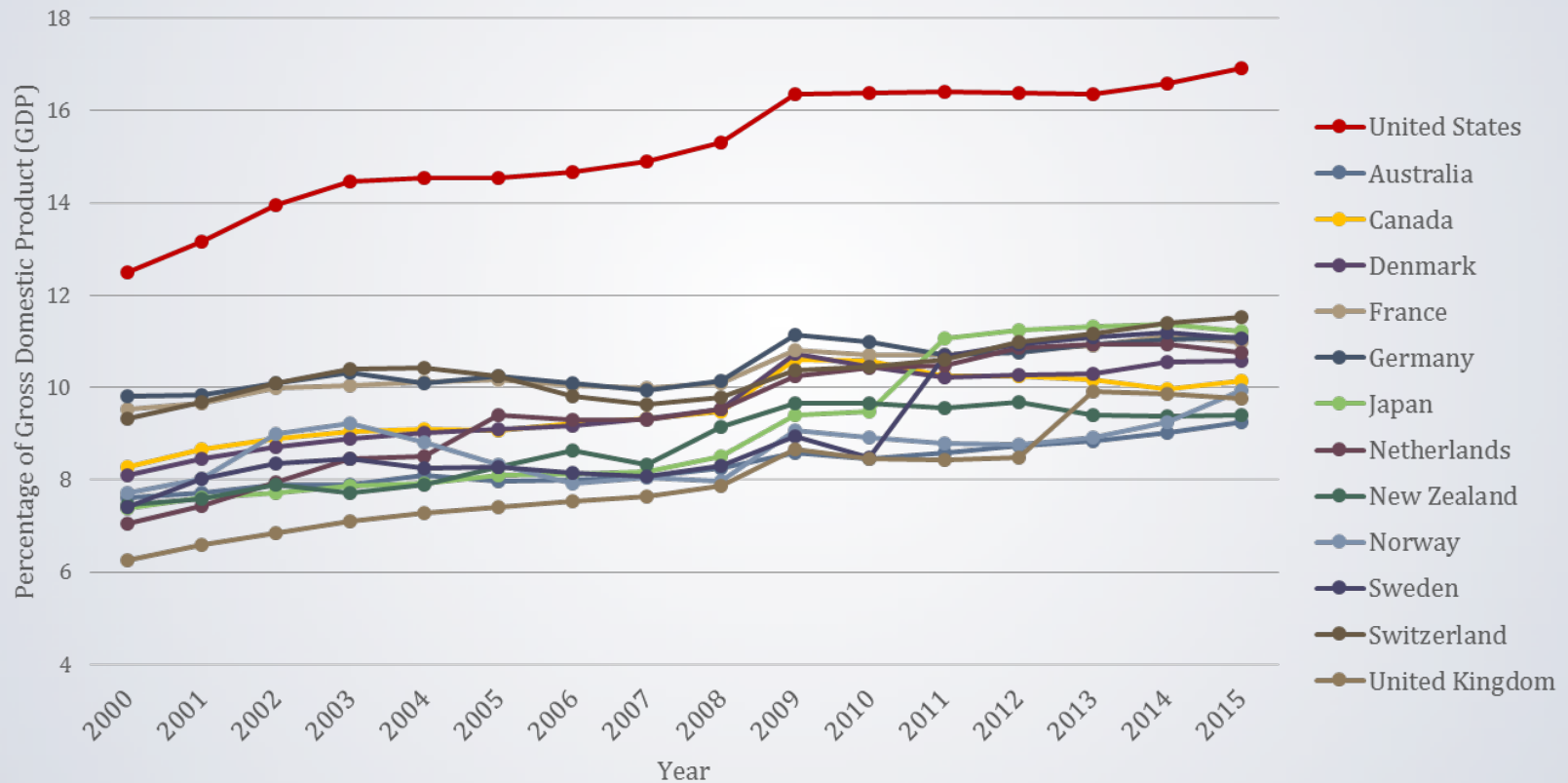
**Divisional Vice President,
Corporate Reimbursement & Strategic Initiatives
Abbott Government Affairs**

OBJECTIVES

-
- Describe the reimbursement environment leading to PAMA
 - Identify PAMA payment impacts for Medicare Part B (outpatient) lab services and hospitals
 - Discuss how the elimination of automated test panels (ATP) codes will affect reimbursement.
 - Review how specific point of care assays are impacted by the new payment rates.

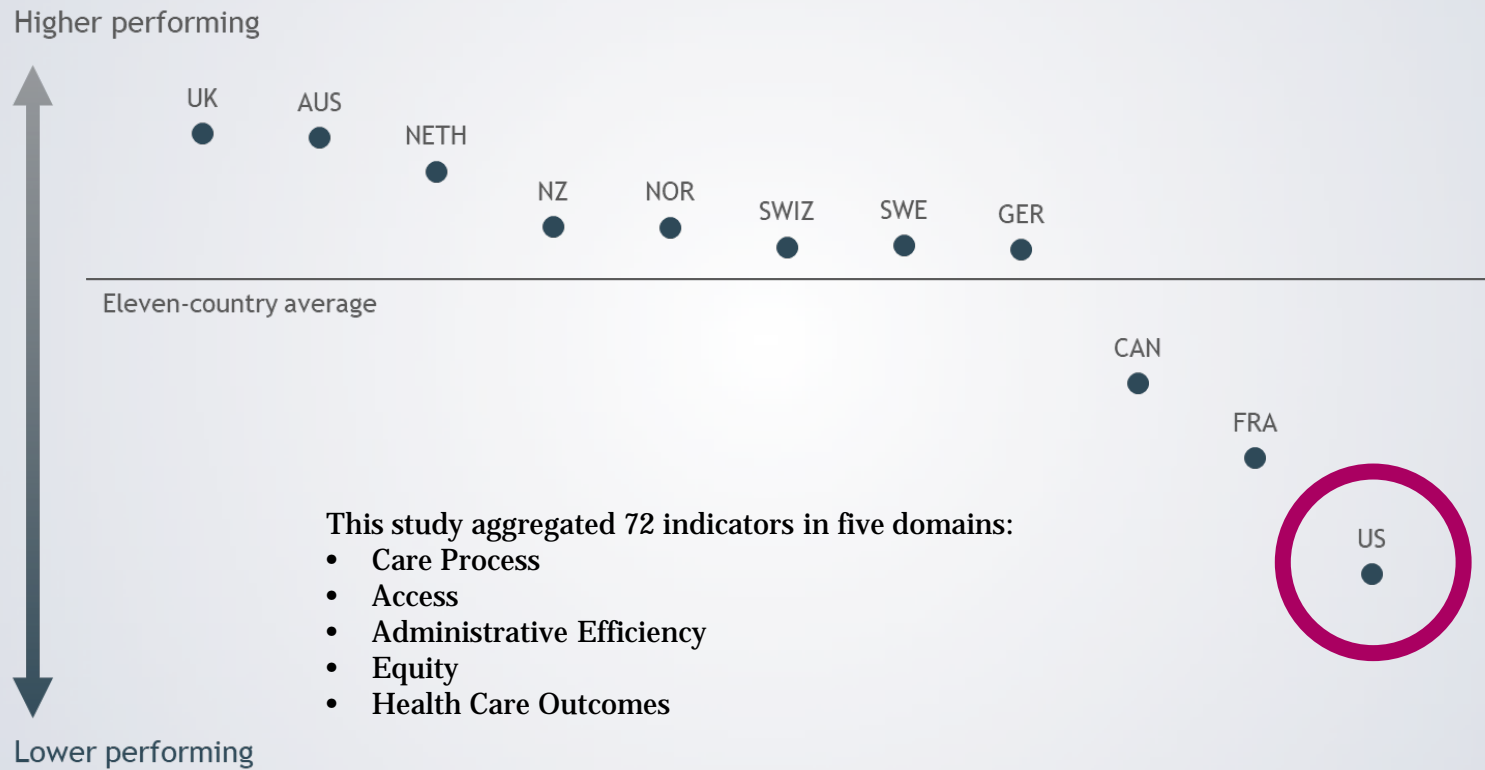
COMPARING HEALTHCARE EXPENDITURE BY COUNTRY

The U.S. spends more on healthcare than other nations

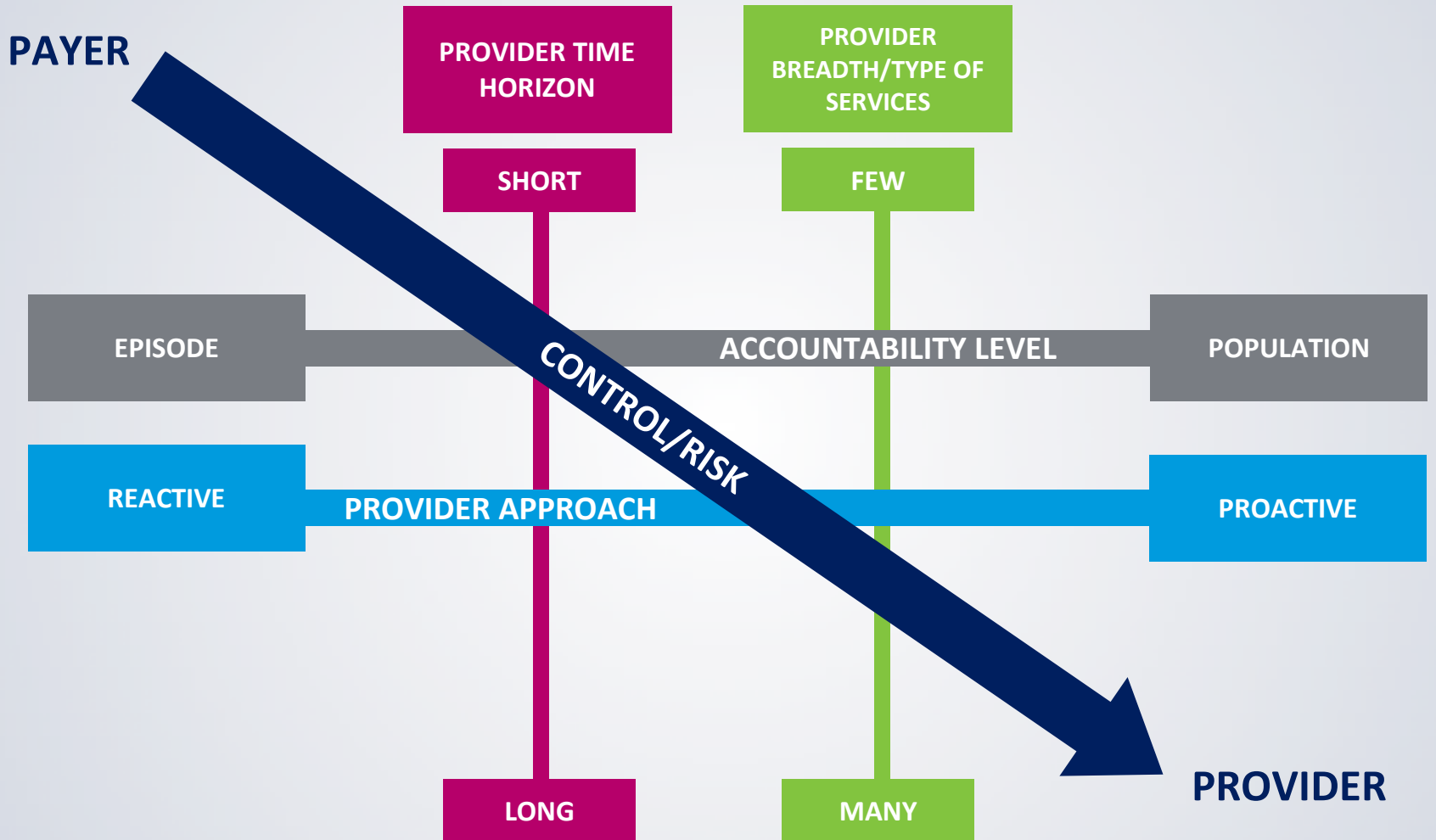


HEALTHCARE SYSTEM PERFORMANCE SCORES

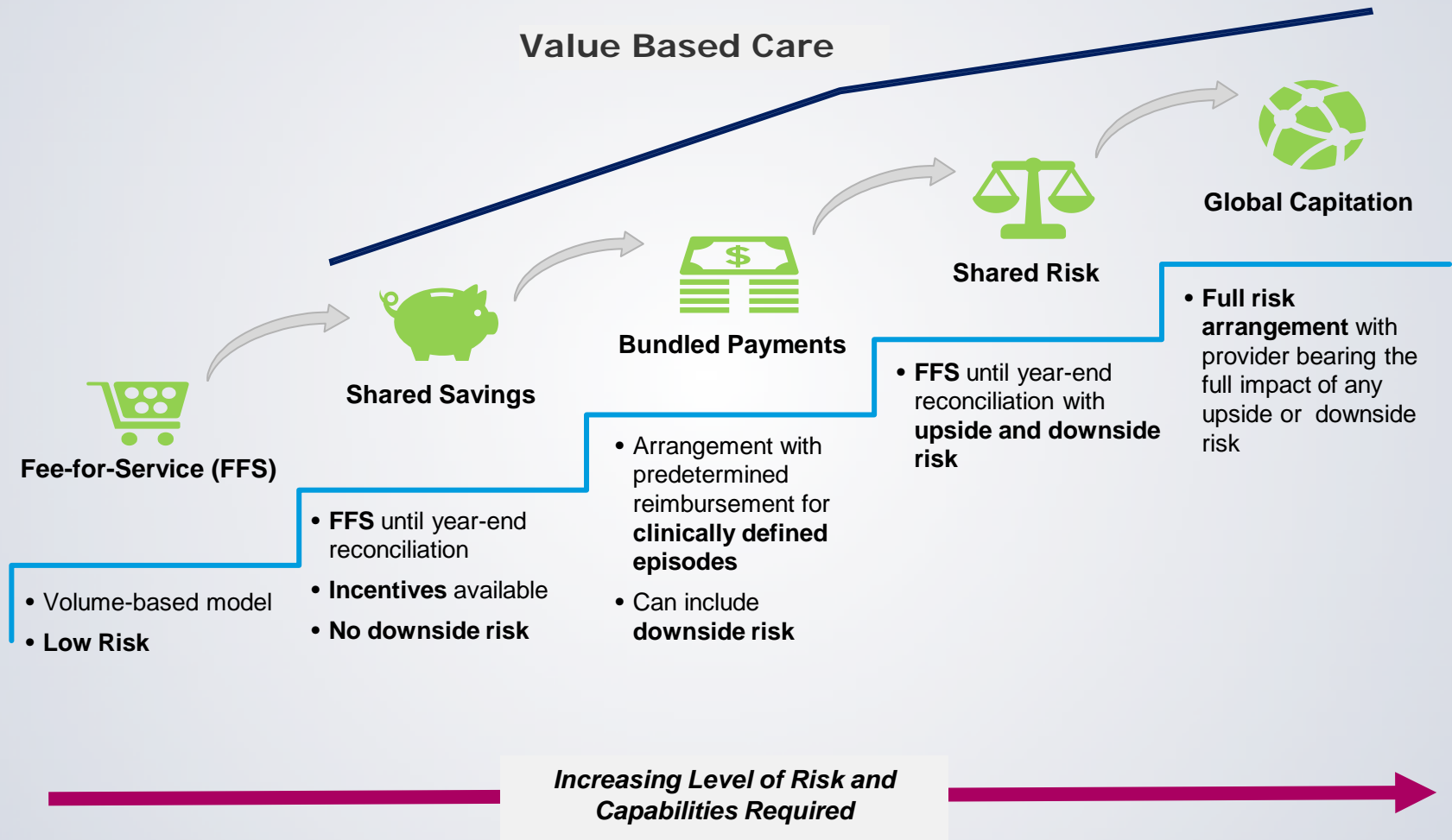
... yet achieves lower health system performance.



THE PAYMENT AND DELIVERY REFORM SPECTRUM



PROVIDERS ARE USING A RANGE OF VALUE-BASED PAYMENT MODELS IN THE DELIVERY OF CARE





POINT OF CARE



PAMA IS HERE

(Protecting Access for Medicare Act)

CLFS PRIOR TO PAMA

- CLFS rates set using historical data, with different rates for all 50 states
- CMS released yearly reimbursement updates for each test
- Rates were adjusted minimally – if at all – for inflation
- Medicare rates quickly exceeded private payer rates paid to large reference laboratories



PAMA HIGHLIGHTS

Protecting Access to Medicare Act of 2014



MEDICARE PART B (Outpatient)

PAMA impacts Outpatient fee-for-service CMS billings. Inpatient DRG payments and the Ambulatory Payment Classification (APC) payment model remains unchanged.



ONE NATIONAL SCHEDULE

Previously, individual states had their own fee schedule. Now, all providers of Medicare Part B lab services nationwide will receive same reimbursement rate for lab tests.



MARKET-BASED PAYMENT

CMS now establishes payments based on private insurance rates. Selected labs report information on private payor rates and test volumes to CMS. Payment amount for each test is based on weighted median private payor rate for that test.



PHASED-IN REDUCTIONS

CMS instituted guardrails limiting the payment rate decrease by no more than 10% per year over the course of the next 3 years, and 15% per year the following 3 years.

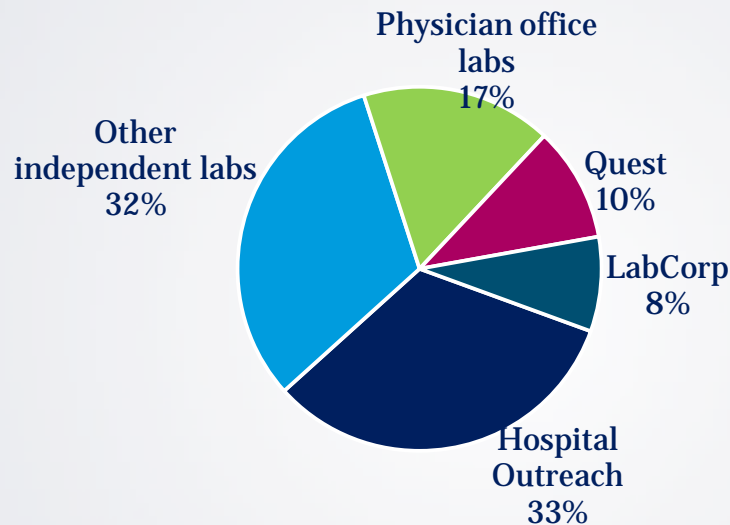
PANELISTS



Dr. Charles Root
Chief Executive Officer
CodeMap, LLC

DATA COLLECTION IS A CRITICAL WEAKNESS

2015 Medicare Spending, Clinical Lab Fee Schedule (\$8.3B total)



Most clinical laboratories EXCLUDED from reporting
Few labs POs, Hospital Labs or smaller independent labs reported
Data do not represent the actual private market for labs billing Medicare

WHO WILL BE IMPACTED?

MEDICARE PART B (OUTPATIENT)

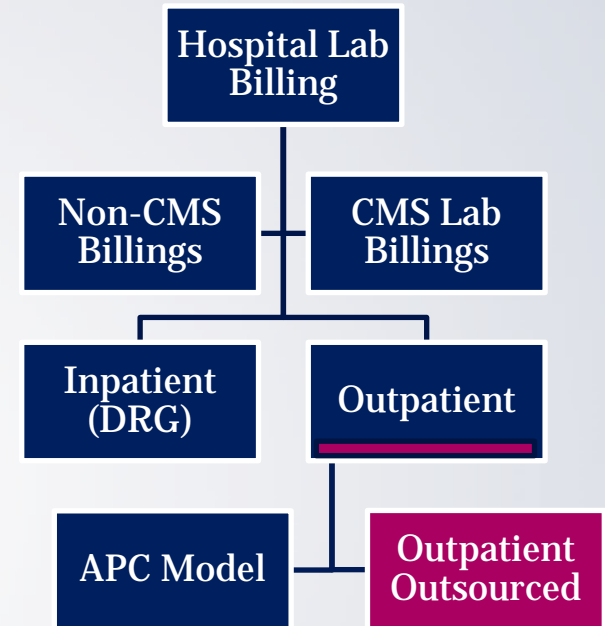
- Hospital Outreach
- Reference Labs
- Physician Office
- ASC/LTC/Others
- Rates can/will spillover to Medicaid and commercial pricing



HOW ARE HOSPITALS IMPACTED?




Hospital labs bill in 3 ways:

1. Inpatient **Diagnosis Related Group (DRG)** bundled payments
2. Outpatient **Ambulatory Payment Classification (APC)** bundled payments
3. **Fee-For-Service (FFS)** or outreach testing



PAMA only impacts Outpatient FFS CMS billings (Medicare Part B)
Make sure your hospital understands how much labs testing mix is truly impacted by PAMA

STAKEHOLDER ANALYSIS IMPACT

SPECIMEN SOURCE	LOCATION	PAYMENT	PAMA IMPACT
Hospital Inpatient 	Hosp. Core Lab	Bundled into DRG	None to Hosp.
	Hosp. POC	Bundled into DRG	None to Hosp.
	Ref. Lab	Billed to Hosp. Bundled into DRG	None to Hosp or Ref. Lab
Hospital Outpatient 	Hosp. Core Lab	Bundled into clinic/ ED visit payment	None to Hosp.
	Hosp. POC	Bundled into clinic/ ED visit payment	None to Hosp.
	Ref. Lab	Billed to Hosp. Bundled into clinic/ ED visit payment	None to Hosp. or Ref. Lab
Physician Office 	Hosp. Core Lab	Individually paid under Part B	10% cuts to Hosp. Lab
	Phys. Office Lab	Individually paid under Part B	10% cuts to Phys. Office Lab
	Ref. Lab	Individually paid under Part B	10% cuts to Ref. Lab.

AUTOMATED TEST PANELS (ATPs)

- A pricing methodology that groups laboratory tests performed automatically at a single time.
- There are 23 CPT codes for chemistry analytes that CMS currently pays as bundled services.

Example	Total	Per Test
5 tests bundled as ATP05	\$10.73	\$2.15
8 tests bundled as ATP08	\$11.60	\$1.45
12 tests bundled as ATP012	\$12.39	\$1.03
23 tests bundled as ATP023	\$16.64	\$0.72

Under PAMA, CMS will pay each test at the individual code level and not as a bundle

i-STAT 6+ CARTRIDGE EXAMPLE



6+	Procedure Code	Individual Reimbursement	ATP
Sodium	84295	\$6.60	5 Automated Tests \$10.73
Potassium	84132	\$6.31	
Chloride	82435	\$6.31	
Glucose	82947	\$5.39	
BUN	84520	\$5.42	
Hematocrit	85014	\$3.25	\$3.25
TOTAL		\$33.28	\$13.98

<https://www.codemap.com/>

Providers should always consult the appropriate coding definitions and ensure that billing codes most appropriately reflect the procedure actually performed by the patient. The existence of a code and/or payment amount is not a guarantee of coverage or payment, and third party payor policies may limit coverage for tests based on specific medical necessity criteria. Providers should consult applicable third party payor coverage policies when submitting claims.

REIMBURSEMENT FOR POINT OF CARE TESTS UNDER PAMA

POC tests are generally paid at a higher rate than reference laboratory tests as illustrated by the following PAMA data:

- 80047 Metabolic panel w/ionized calcium
↗ Increases from \$11.60 to \$13.73, **18.36% increase**
- 87804 Influenza w/direct optical observation
↗ Increases from \$16.44 to \$16.55, **0.67% increase**
- 87880 Strep A w/direct optical observation
↗ Increases from \$16.44 to \$16.53, **0.55% increase**



SUMMARY

- ✓ The impact of PAMA is based on where the testing is delivered.
- ✓ Despite the ongoing reporting procedures debate, it is unlikely PAMA reimbursement rates will change.
- ✓ Current PAMA rates do not represent the marketplace. Ensure your organization is accurately collecting what is owed.
- ✓ Today's commercial payments are the basis for tomorrow's Medicare payments.
- ✓ POC testing is uniquely positioned with increased reimbursement rates for a significant number of panels.
- ✓ The role of POC testing will become more important in a value-based healthcare system that focuses on prevention vs sick care.





Abbott

057129-A

Copyright 2017 Abbott | Abbott Point of Care, 400 College Road East, Princeton, NJ 08540
i-STAT and CHOOSE TRANSFORMATION are trademarks of the Abbott Group of Companies
i-STAT System is for *in vitro* diagnostic use only.