



July 31, 2019

Gail K. Boudreaux, President
and Chief Executive Officer
Anthem Blue Cross and Blue Shield, Inc.
120 Monument Circle
Indianapolis, IN 46204

Dear Ms. Boudreaux:

On behalf of the members of the American Society for Clinical Pathology, I am writing to urge Anthem Blue Cross and Blue Shield to reverse its plans to reduce payment rates for pathology and laboratory medicine services, as outlined in Anthem Blue Cross and Blue Shield's recent amendment to its agreement(s), effective September 1, 2019. Anthem's cuts have generated considerable angst within national and state pathology and laboratory organizations as well as national, regional and local pathology groups and clinical laboratories due to their potential adverse financial impact on the pathology and laboratory medicine communities as well as the potential negative effect on patients. As a result, these payment rates could influence pathologists and clinical laboratories to decline to participate in-network with Anthem, increasing the likelihood that patients could be exposed to out-of-network costs.

The ASCP is a 501(c)(3) nonprofit medical specialty society representing more than 100,000 members. Our members are board certified pathologists, other physicians, clinical scientists (PhDs), certified medical laboratory scientists/technologists and technicians, and educators. ASCP is one of the nation's largest medical specialty societies and is the world's largest organization representing the field of pathology and laboratory medicine. As the leading provider of continuing education for pathologists and medical laboratory personnel, ASCP enhances the quality of the profession through comprehensive educational programs, publications, and self-assessment materials.

Anthem Blue Cross and Blue Shield's recently announced rates for many high-volume pathology and clinical laboratory services are *exceedingly* low in comparison to Medicare's payment amounts.

In Missouri, Anthem announced it will reduce payment for CPT 88305-26 (Level IV - Surgical pathology, gross and microscopic examination) from \$66 to \$14.43, a cut of almost 80 percent. Medicare's rate of \$39.64 is almost triple Anthem's new Missouri rate. In Ohio, the payment rate for 88342-26 (Immunohistochemistry, antibody, 1st stain) is being cut from \$50.73 to \$16.34, almost 70 percent, while CPT 88342-TC is being cut 35 percent to \$29.66. The result is that Medicare's payment of \$37.12 for the professional component will be 127 percent more than the Anthem rate while the Medicare TC payment of \$71.36 will be 140 percent more than the Anthem rate. In California, Anthem's has already cut CPT

code 88305-26 (Level IV - Surgical pathology, gross and microscopic examination) from \$36.67 to \$24.13, a reduction of almost 35 percent. In contrast, Medicare's rate (\$39.64) is almost 65 percent more than Anthem's rate.

Our understanding of the new Anthem payment structure is that it establishes a national uniform rate for laboratory services, much like the Medicare clinical laboratory fee schedule (CLFS). However, in contrast with these rates, Anthem's planned rates for clinical laboratory services are similarly low. Anthem intends to reimburse CPT 80053 (Metabolic panel) at \$5.99, about half of the revised Medicare CLFS payment of \$11.74. For CPT 85025 (Complete blood cell count), Anthem's rate of \$3.68 is only 57 percent of the Medicare CLFS rate of \$8.61. For CPT 80061 (Lipid Panel), Anthem's payment (\$6.02) is 46 percent lower than the Medicare amount, \$11.23. Similarly, Anthem's payment for CPT 84153 (PSA total) is about half the CLFS payment of \$20.44.

ASCP is concerned that the payment rates Anthem plans to implement are unreasonably low and in many cases do not cover the costs of performing these services. Moreover, in reviewing Anthem's announcement of its planned rate cuts, we were unable to find any information explaining why Anthem's payment rates are being cut so significantly and what methodology Anthem used to arrive at these rates. As a result, ASCP is asking Anthem Blue Cross and Blue Shield to explain the methodology it used to create this fee schedule and to explain the rationale for these cuts.

Moreover, we are unaware of other medical specialties being affected by such significant rate cuts. We would like to know why pathology and laboratory medicine have been singled out for these cuts. We believe targeting pathology and laboratory medicine reveals a fundamental lack of understanding of the value of these services to patient care.

Pathology services and laboratory testing plays a significant role in quality patient care. It provides providers and patients with essential information necessary to diagnose disease, treat illness, and monitor health status. Technological innovations have greatly increased the scope, quality and complexity of laboratory services, providing real and tangible benefits to providers and patients. These advances helped established personalized medicine as the standard of care, enabling scientists and providers to detect disease at earlier stages, to identify a person's susceptibility to disease before symptoms occur, and to predict which treatments will optimize outcomes, all through the use of gene-based and other molecular diagnostic laboratory tests. But cuts in payment rates for laboratory tests, such as those proposed by Anthem Blue Cross and Blue Shield, will undermine the pace of these technological innovations as the ability of clinical laboratories to engage in the use of cutting-edge technology will be severely limited.

ASCP requests the following from Anthem:

- (1) Explain why it is changing its fee schedule for pathology and laboratory services;

- (2) Explain the methodology used by Anthem to establish its new pathology and laboratory fees;
and
- (3) Outline the economic impact the new rates will have on pathology practices and clinical laboratories in each state effected by these rate cuts.

Based on the significant negative impact the proposed rates will have on patients as well as the pathology and laboratory medicine community, ASCP strongly urges Anthem to immediately cease implementation of these reduced payments pathology and laboratory services. ASCP looks forward to hearing from you regarding our concerns. Please do not hesitate to contact me, or Matthew Schulze, Director, ASCP Center for Public Policy, at (202) 735-2285.

Sincerely,



Melissa P. Upton, MD, FASCP
President, ASCP

CC: Candice Black, DO, New Hampshire Society of Pathologists
Shaoxiong Chen, MD, PhD, Indiana Association of Pathologists
Bryan Coffing, MD, Colorado Society of Clinical Pathologists
Lori J. Elwood, MD, Ohio Society of Pathologists
Matthew R. Foster, MD, Virginia Society of Pathologists
Mary Elizabeth Fowkes, MD, PhD, New York Society of Pathologists
William G. Frederick, MD, PhD, Connecticut Society of Pathologists
Matthew R. Fries, MD, Georgia Association of Pathologists
Amy Gewirtz, MD, Kentucky Society of Pathologists
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