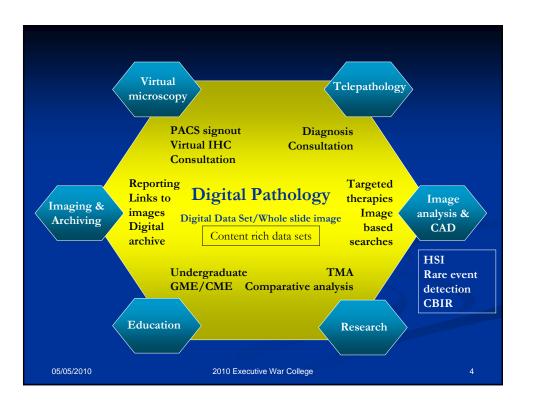


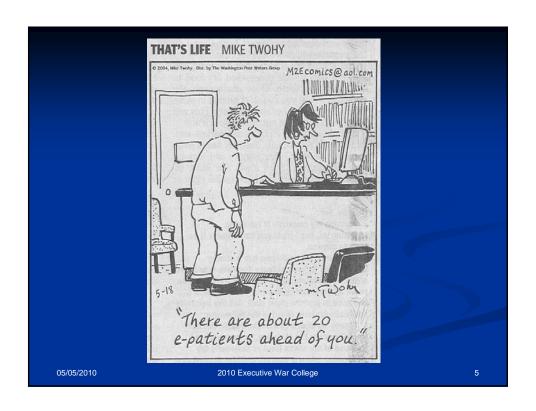
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Disclosures Clarient, Inc. – Consulting agreement Digital Pathology Blog – Educational sponsors Aperio Aurora MSC BioImagene Definiens Digital Pathology Consultants i-Path MEDTING Omnyx SlidePath Ventana

Goals Digital pathology applications — defined and use ROI Cost-effectiveness Models





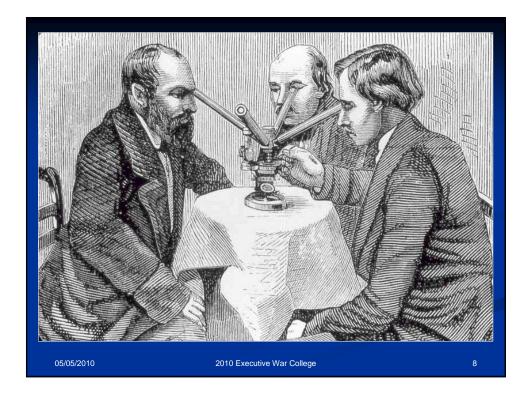
Digital Pathology is

- Direct patient care
- Education and clinical conferences at a distance
- Administrative/organizational meetings at a distance
- Image enhanced pathology
- Integration with LIS/EMR
- Part of Pathology 2.0

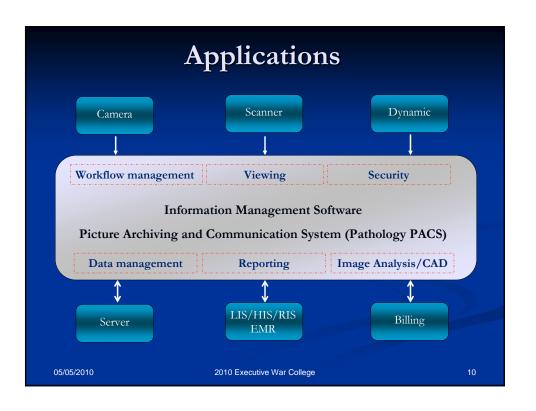
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Projected Whole-Slide Scan Times with Evolving Platforms 2009: ■ Best Possible: 1:30 (minutes) ■ Typical: 5:00-8:00 2012 ■ Best Possible: 0:12 ■ Typical: 2:00 2018 ■ Best Possible: 0:03 With high compression ■ Typical: 0:20 algorithms for clinical use ■ Worst Case: 4:00 05/05/2010 2010 Executive War College





Changes in Technology

- Images diagnostically equivalent to conventional light microscopy
- Disk space, network speed and processing power cost lower and more efficient

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Why telepathology?

- Rapid consultation on cases
- Provide capability to have subspecialty experts review challenging cases (added value)
- Provide a peer review capability for single/isolated pathologist
- Distance independent diagnoses
- Manpower shortages and wide spread geography
- Pathology 2.0

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Established Practices

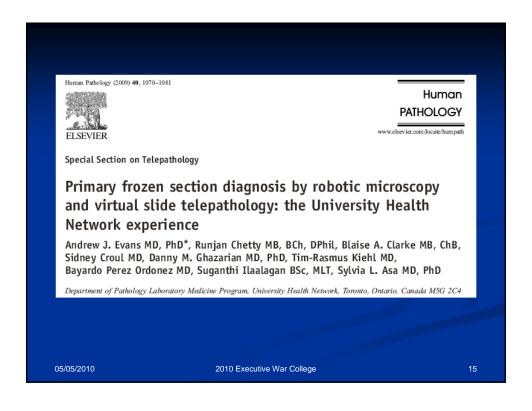
- Frozen section
- Routine surgical pathology
- Consultation (second, expert, QA/QC)
- GME/CME (ABP, USCAP, CAP, ASC)

Provisional Practices

- Cytopathology (Z-stack focusing)
- Clinical microscopy

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Why Telepathology at UHN?

- No on-site at AP frozen section service at TWH for ~10 years
- Tissue sent to TGH up 1 hour TAT
- Lack of timely intraoperative frozen section support.
- Small volume frozen section requirement

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Telepathology QS Procedure

- Only when the result will directly influence intraoperative management
- The pathologist can give the surgeon the answer they are looking for
- The information sought at frozen section cannot be obtained by other means

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Telepathology QS Procedure

- Single pieces of tissue EIT
 - Tissue Identification
 - Tissue for Intraoperative Staging
 - Resection Margins
- > 3 separate specimens or complicated dissection | orientation

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UHN Telepathology Experience/Outcomes

- 674 primary FS diagnoses (350 by RM and 314 by WSI)
- 95% of which were for neurosurgical cases.
- Average of 9.98 minutes RM decreased to 2.71 minutes with WSI
 - 26% of cases requiring < 1 minute/slide and
 - 43% of cases < 2 minutes/slide.
 - Smears were examined in addition to FS slides in 30% of the WSI cases.
- Diagnostic accuracy was 98% for both WSI and RM, however the use of WSI has markedly improved pathologist satisfaction.

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UHN Telepathology: Due Diligence Before Going Live

- Medical Malpractice Insurance Provider
 - Canadian Medical Protective Association (CMPA)
 - Telepathology will not affect coverage
- UHN Medical Advisory Committee
 - SOP presented for approval
- Federal Health Protection Branch Ottawa
 - Telepathology does not involve "medical devices" (no direct contact between instrument and patient) no HPB approval required
- Surgeon Education
 - Demonstrating the robotic microscope/slide scanner
 - Essential to get surgeon buy-in!

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From the conventional microscope to the digital slide scanner in routine diagnostic histopathology

Sten Thorstenson, MD

Medical Director

Department of Pathology and Cytology

Kalmar County Hospital

Kalmar, Sweden

Presented @ Pathology Visions 2009, San Diego

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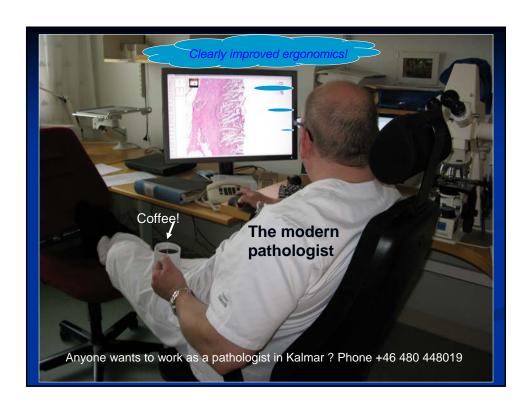
Kalmar today

- >60000 histopathology slides have been scanned
- 24 hr scanning (2 Aperio Scanscope XT)
- 1.5 years of routine histopathology diagnostics
- >75% of the routine histopathology is diagnosed digitally
- 10 years experience of digital telepathology frozen section service.
- Some clinicopathological conferences digitally
- Individual digital slide conferencing (on demand from clinicians)

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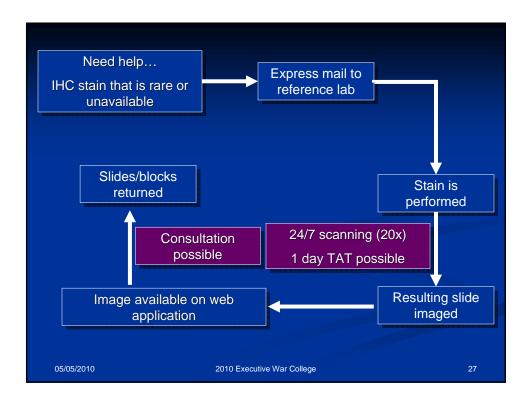


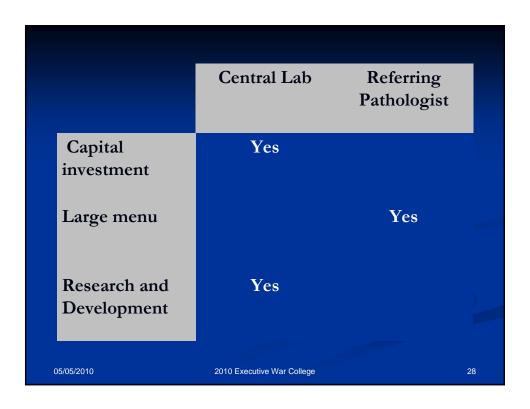
Virtual IHC Business Model

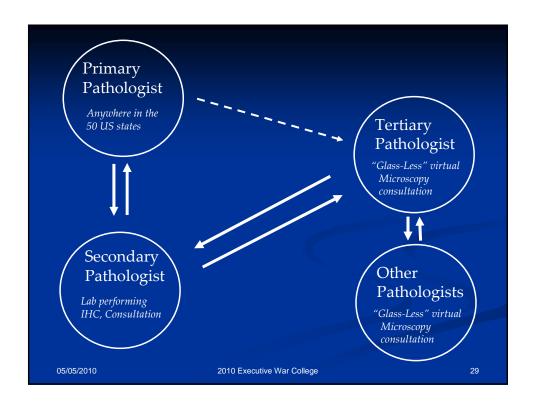
- Large laboratories partnering with pathologists or pathology groups
- Large laboratory performs technical component
- Pathologists performs professional component

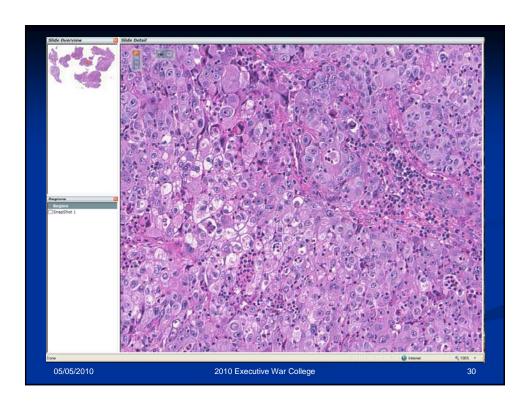
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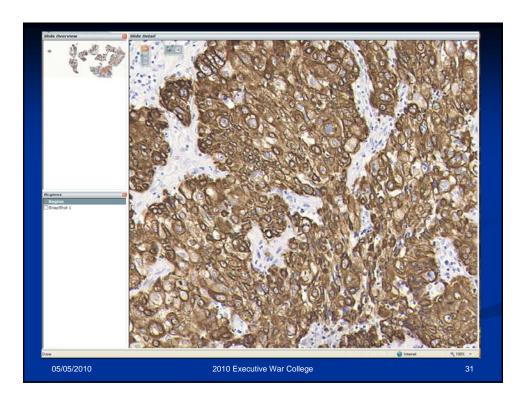
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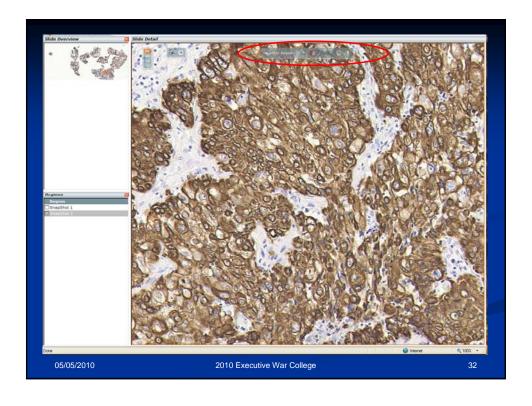


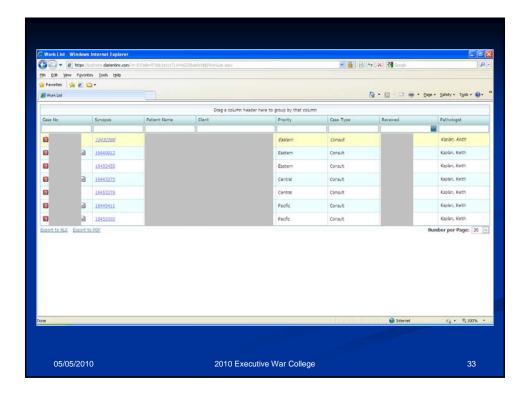












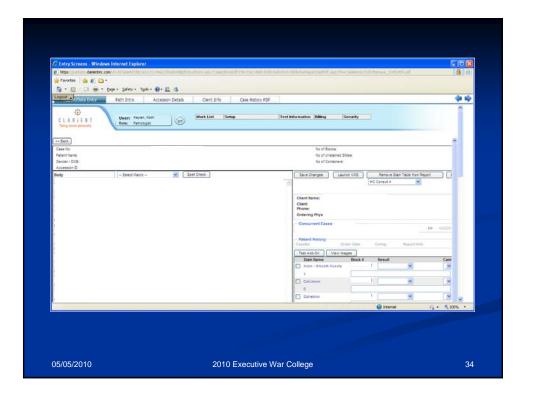
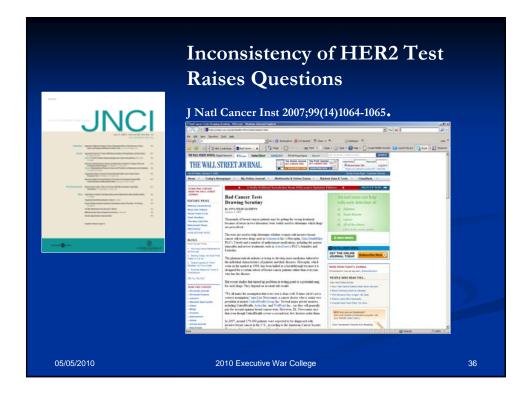


Image Analysis

- Image analysis for quantitative immunohistochemical stains
 - Machines are good at counting
 - They are not very good at thinking
 - Good reproducibility
 - Better information
 - Associated increase in billing codes relative to manual IHC

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American Society of Clinical Oncology/College of American Pathologists Guideline Recommendations for Human Epidermal Growth Factor Receptor 2 Testing in Breast Cancer

Antonio C. Wolff, M. Elizabeth H. Hammond, Jared N. Schwartz, Karen L. Hagerty, D. Craig Allred, Richard J. Cote, Mitchell Dowsett, Patrick L. Fitzgibbons, Wedad M. Hanna, Amy Langer, Lisa M. McShane, Soonmyung Paik, Mark D. Pegram, Edith A. Perez, Michael F. Press, Anthony Rhodes, Catharine Sturgeon, Sheila E. Taube, Raymond Tubbs, Gail H. Vance, Marc van de Vijver, Thomas M. Wheeler, Daniel F. Hayes

Archives of Pathology and Laboratory Medicine: Vol. 131, No. 1, pp. 18-43.

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Preanalytic Time to fixation Method of tissue processing Time of fixation Type of fixation Analytic Assay validation Equipment calibration Use of standardized laboratory procedures Training and competency assessment of staff Type of antigen retrieval Test reagents Use of standardized control materials Use of automated laboratory methods Postanalytic Interpretation criteria Use of image analysis Reporting elements Quality assurance procedures Laboratory accreditation Proficiency testing Pathologist competency assessment Abbreviation: HER2, human epidermal growth factor receptor 2. 05/05/2010 2010 Executive War College

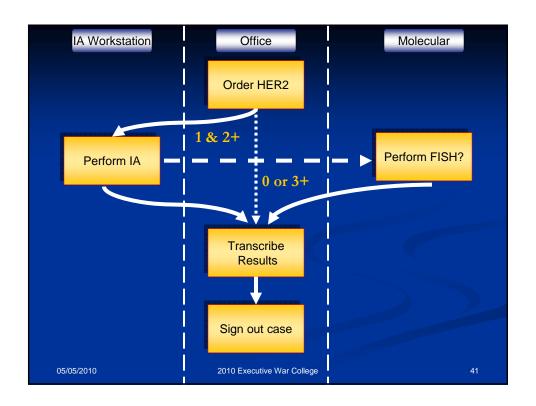


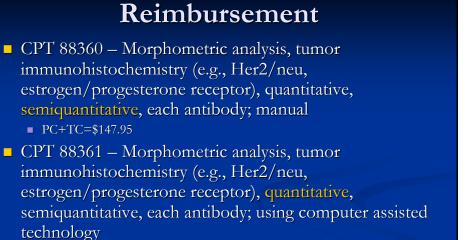
Conclusions

- IA appears to be more accurate than MA in HER2 IHC, particularly for 2+ cases (FISH non-amplified)
- Algorithms appeared to overscore or underscore a minority of cases, particularly 1+ IHC cases (FISH nonamplified)
- Pilot study suggests a role for IA in 2+ cases to avoid unnecessary FISH testing in overscored cases
- Cost and time required for WSI analysis may still be prohibitive for routine clinical use without added resources in the laboratory for IA.

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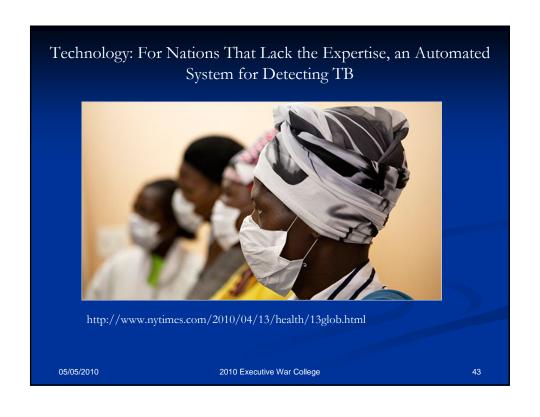




- 88361 PC+TC=\$229.16 ∆(TC+PC)=\$81.21
- HER2 FISH
 - 88368 PC+TC=\$710.00

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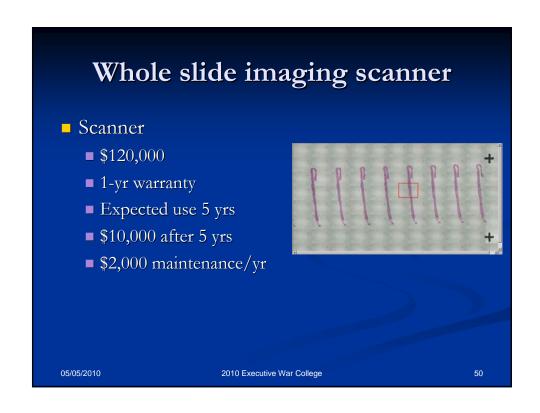




The 'Scenario' Watertown, SD Solo pathologist retiring 110 miles away Low frozen section volume 5,000 surgicals/year 20 frozen section slides/week Histology lab fully staffed (No IHC) Pathology assistant







Cost Scenar	rio 1: Hire I	Pathologist	
Fixed cost			
Pathologist		\$230,000	
Pathology assistant		\$65,000	
■ Histotech		\$36,000	
■ Secretary		\$30,000	
■ Courier service		\$6,000	
Histology lab		\$8,000	
■ Frozen section lab		\$1,000	
■ Variable cost			
■ Frozen section supp		\$5,000	
Histology supplies		\$50,000	
■ Total		\$431, 000	
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	Cost Scenario	2: Driving	
■ Gas ■ Loss of	productivity	\$9,000 \$115,000	
□ Time lo	ost	priceless	
□ Total	= #2 + (#1 - pa) $= $124,000 + 2	thologist's salary) 01,000	
	= \$325,000		
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Cost Scenario 3: Buy Scanner				
■ Fixed cost				
■ Scanner	\$24,000			
■ Pathologist assistant	\$65, 000			
■ Courier service	\$12, 000			
■ Frozen section lab	\$1,000			
■ Variable cost				
■ Frozen section supplies	\$5,000			
■ Total	\$107,000			
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Hire Pathologist Fixed cost Pathologist PA	\$230,000	Buy Scanner Fixed cost Scanner	\$24,000	
\$65,000 Histotech Secretary Courier service Histology lab Frozen section lab Variable cost	\$36,000 \$30,000 \$6,000 \$8,000 \$1,000	 PA \$65,000 Courier service Frozen section lab Variable cost Frozen section supp 	\$12,000 \$1,000 \$5,000	
Frozen section suppHistology supplies	\$5,000 \$50,000			
Total	\$431,000	■ Total	\$107,000	

Additional Benefits to Integrating Digital Pathology into Practice

■ Tumor boards/Conferences/Teaching



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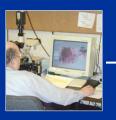
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- Consults
 - No slides sent through mail
 - Possibly faster TAT
 - However, additional stains = old way





Versus



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Quick Review of Groups Goals

- Provide excellent service to clinicians
 - Frozen section interpretation
 - Quick turn around time
- Harness combined knowledge of staff
- Use pathologists' time efficiently
- Use technology to improve service
 - Additional tests
 - Faster TAT
 - Expansion

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Limitations/Weaknesses

- Fewer (same) people doing more
- Technical cost considerations
- Use may not justify expense (# of FS)
- Back up plan
 - A difficult case is a difficult case
 - Technical problems
- Intangible benefits
 - Face on the lab/Morale
 - Clinical laboratory functions
 - Direct communication/interaction with clinicians

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Is it worth it?

- It depends volume/cost & time of travel
- Utilize existing personnel to manage risk
 - Negate solo-pathologist/risk management
 - Consult with colleagues
 - Rapid subspecialty consultation
- Lose intangible benefits
 - PR Face-to-face discussion with clinicians
 - Morale

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Is it worth it?

- Leverage technology into clinical business practice
- Transplant biopsy services
- Toronto General Hospital brain frozens
- Canadian provincial services networks
- DOD/VA
- Scandinavia/Europe
- Emerging markets Asia/India

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Lessons learned Viscons learned 2010 Executive War College 62

General

- Technology diffusion & adaptation
 - "Technology is the easy part, changing hearts and minds is the hard part."
- IT issues
- Human resources/personnel
- Sustainability
 - "Almost as good as light microscopy"
 - Not exactly the same human user interface
 - As fast as glass

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Insurance & Medicolegal Issues

- Check with local carriers and providers
- Telemedicine law and lawyers
- Nuances of clinical practice will dictate

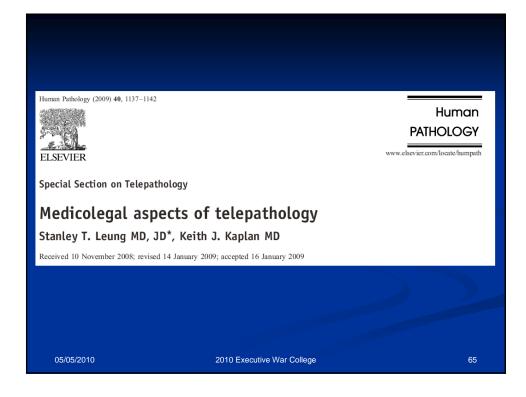




It is agreed that no coverage is provided for liability arising out of the insured's activities performed for or in conjunction with Walter Reed Army Medical Center, telepathology, or the State of Pennsylvania.

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3. Malpractice and liability

There is little case law that addresses the unique liability issues that could arise in telemedicine. Indeed, the state regulation of torts and medical malpractice usually leads to administrative remedies prior to adjudication by the courts. Thus, it is unlikely that a case would rise to the level of an appellate court in order to establish such case law.

The traditional tort or malpractice analysis should be performed in evaluating telemedicine liability:

- Duty
- (Is there a PPR? Foreseeable plaintiff?)
- Breech of the duty
- (Has standard of care been met?)
- Damage caused by Breech
- (Is there a remedy at law or equity?)
- Proximate Cause
 - (1. Actual "but for...", substantial factor? 2. Foreseeable injury?)

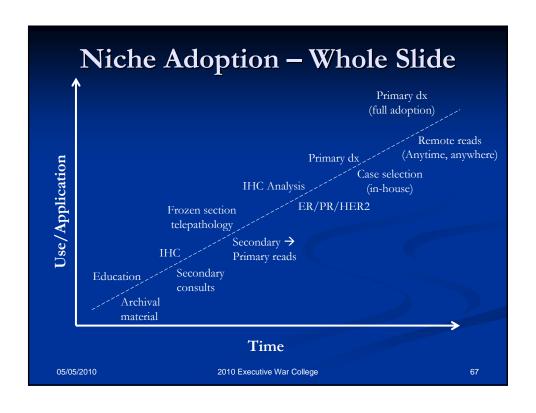
Seven states have general exceptions to their state licensure laws that applied specifically to telemedicine. Alabama, Indiana, and Minnesota do not require out-of-state physicians to obtain a license to practice medicine from their home states if the physician does not practice in their state frequently. However, only Alabama provides a definition of "frequent" in its regulations:

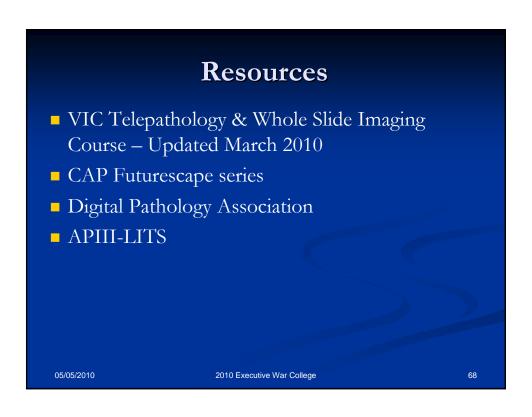
if such practice occurs less than ten (10) times in a calendar year or involves fewer than ten (10) patients in a calendar year or comprises less than one percent (1%) of the physician's diagnostic or therapeutic practice [11].

Illinois and Tennessee do not require a license if the physician is merely providing a second opinion. New Jersey and Washington do not require a license if the physician does not open a physical practice in the state or accept calls in the state. Thus, it would seem that in Illinois, Tennessee, New Jersey, or Washington state, the practice of telepathology, in an exclusively consultative role as a pathologist providing a second opinion to another pathologist in the state where the patient resides, would fall under such exceptions. However, all 7 states require that the out-of-state physician has an unrestricted license to practice medicine in the location of the distant physician in order to qualify for these exceptions.

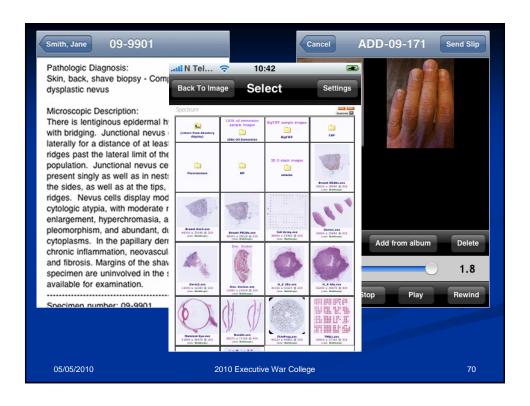
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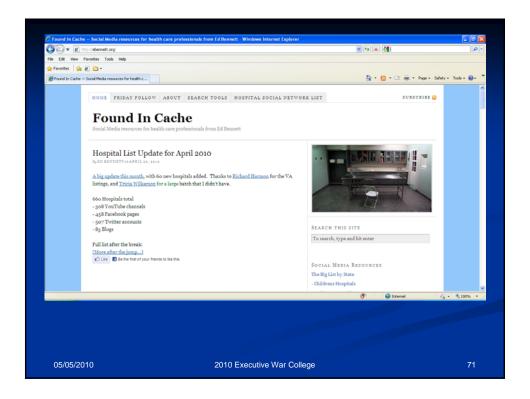
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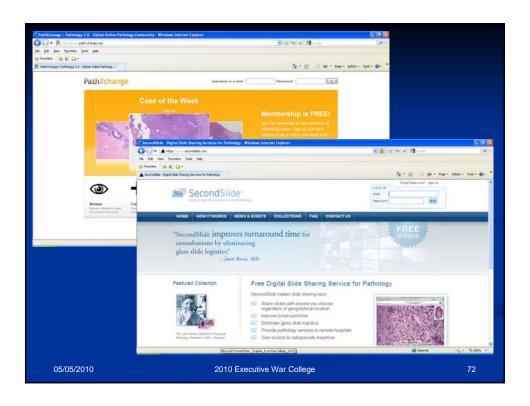












Conclusions

- Digital pathology functional performance is adequate and improving
- Those who gain entry now are less likely to fall behind
- Gain a competitive advantage

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