THE NEW PAMA MATH

Optimizing revenue and profitability through integrated technology solutions

05.01.2019

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Format

- Part 1 - Presentation
- Approx 15 Mins
- Outcome
  - Understand market landscape, factors driving change

- Part 2 – Panel Discussion
- Approx 30 mins
- Outcome
  - Discuss PAMA, the economic impact on the lab, and how groups are applying integrated technology solutions to enable value-based care

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Panel Participants

Don Flott

- Sr. Director of Utilization Management and Integration Services, Mayo Clinic Laboratories

David Figueredo

- National Vice President, Sales, Technology Enabled Services, Change Healthcare

Ben Gold

- Product Manager, NDSC. a Change Healthcare Company

Michele Judge

- Senior Director Clinical Services, Change Healthcare

Sarah Boyd Simonson

- Director, Lab Client Management, Change Healthcare

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Ben Gold

Ben Gold works for National Decision Support Company (NDSC) as the lead product manager for CareSelect Lab and CareSelect Blood, both in partnership with Mayo Clinic. Ben drives product strategy to enable providers to transition to value-based care and deliver a single standard of care across their institution. Before NDSC, Ben worked for Epic managing enterprise EMR implementations for U.S. academic medical centers and international audits for customers across the world. Ben received in B.A. in Philosophy with honors from Rutgers University-New Brunswick. In his spare time, he is an avid squash player, oenophile, and lives in Madison, WI, with his wife and 2 cats.

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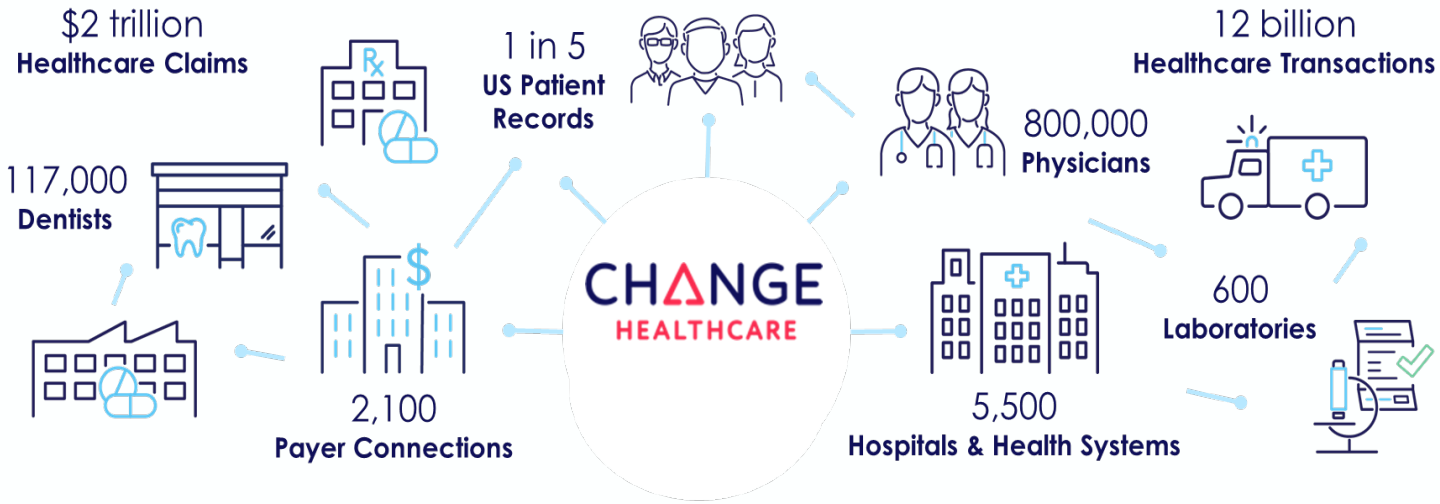
Change Healthcare:

We are a $3 billion global healthcare company and one of the largest independent healthcare IT companies in the United States, with a singular focus on healthcare technology and services.



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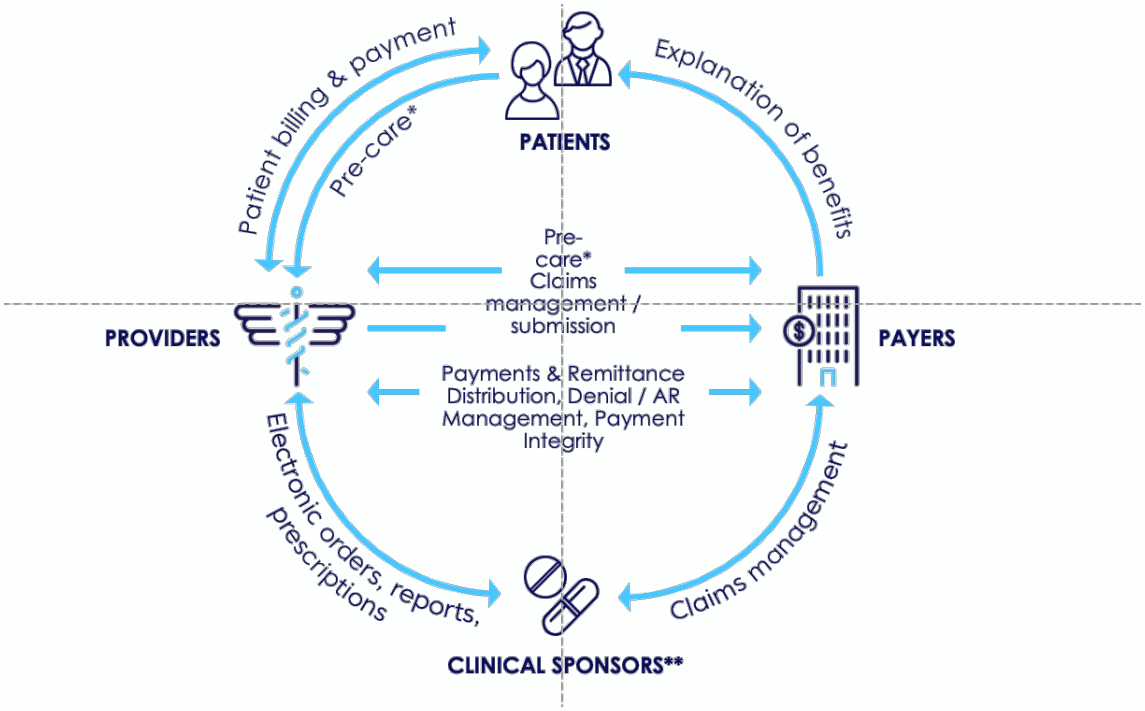
Change Healthcare's Intelligent Healthcare Network™ enables communication between all stakeholders



- Pre-Care includes Benefits & Eligibility Verification, Care Messaging, Credit Verification, Public Assistance, Enrollment
** Includes labs, hospital labs, radiology centers, pharmacies, etc.

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Objective Data from One Million+ Annual Mayo Patients

10 Divisions | 50+ labs | 4,500 physicians & scientists

MAYO CLINIC

Vetting through CPC & Internal Review Board

6 FTE exclusively focused on lab guidelines

- Standards
- Algorithms
- Internal/External Best Practices

Creation, Validation & Delivery of 1500+ rules in 12 modules

CareSelect® lab

In partnership with MAYO CLINIC

NDSC

- Advanced EMR workflow integration
- Content Curation Tools
- Clinical Informaticists

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Change Healthcare Technology Equation

Increase Revenue		Decrease Costs		
• Network • Revenue Cycle Management	+	• CareSelect Lab • Analytics	=	**Value, Viability, Optimized Revenue**

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Agenda

1. Learning Goals & Objectives
2. Learner Outcomes
3. Format
4. State of the Lab

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Key Learning Objectives

- Outline the industry trends and market dynamics driving the need for labs to focus on increased efficiency and profitability
- Learn how you can leverage technology to reduce over/underutilization or misuse of lab testing
- Understand the role that patient-centric technology and analytics can play in helping to reduce costs and increase revenue

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Key Outcomes

- Better position your organization to address the impact of PAMA
- Address the challenges of unreimbursed lab tests and other common areas of lab misutilization
- Grow top-line revenue with effective hospital-outreach strategies

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Market Trends

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PAMA and Repercussions

PROTECTING ACCESS TO MEDICARE ACT

Signed into law on April 1, 2014, the Protecting Access to Medicare Act of 2014 (PAMA) includes the most extensive reform of the Medicare Clinical Laboratory Fee Schedule (CLFS) since it was established in 1984. Section 216 of PAMA creates a new Section 1834A of the Social Security Act, which contains many of the CLFS reforms. Starting on January 1, 2017, most rates on the CLFS will be derived from private payor rates for laboratory services. PAMA also designates certain tests as "advanced diagnostic laboratory tests" (ADLTs); includes provisions affecting coding, coverage and oversight of the CLFS; and makes some changes to CMS's review of mis-valued codes in the Physician Fee Schedule (PFS) affecting anatomic pathology services provided by laboratories.

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CLFS

Effective January 1, 2018, the Centers for Medicare and Medicaid Services ushered in a new clinical laboratory fee schedule (CLFS), which could cut Medicare payments up to 30% over the next 3 years.

A Look at Lab Viability After PAMA

New fee schedule may result in some casualties, but opportunities exist to reduce costs, increase revenues.

Date: MAR.15.2018 // **Source:** CLN Stat

https://www.aacc.org/publications/cln/cln-stat/2018/march/15/a-look-at-lab-viability-after-pama

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M&A

Companies such as LabCorp and Quest have more sophisticated technology than most hospital labs and they tend to have more experience negotiating with both private and federal payers, who are paying less for lab tests these days.

Thus, forcing hospitals to question operational model for the lab services they provide.

April 12, 2016 01:00 AM

Quest, LabCorp forge divergent paths through M&A

ADAM RUBENFIRE

https://www.modernhealthcare.com/article/20160412/NEWS/160419982/quest-labcorp-forge-divergent-paths-through-m-a

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The Lab plays a vital role in healthcare

Margins will be impacted

- PAMA will substantially reduce Medicare payment for the highest-volume diagnostic laboratory tests—a move that will have a significant impact on laboratory margins. PAMA also may cause other rates to change over time because many health plans and state Medicaid programs base their payment levels on Medicare rates.

Value takes center stage

- Reducing low-value services, emphasis must be placed on convenience, outcomes, and reduced costs to the healthcare system and the patient.

Optimized revenue streams are critical

- As the PAMA schedule moves forward, resulting price cuts and payment pressures will amplify the significance of good financial discipline within the lab.

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The Math

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Core Business

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Panel Discussion

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Revenue Cycle Opportunities

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