

Advocacy Update: Ringing in 2023

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PRACTICE POINTS

- New digital pathology codes proposed by the American Medical Association can be used starting January 1, 2023.
- A proposed 2023 fee schedule negatively impacting dermatology practices was published by the Centers for Medicare & Medicaid Services in July 2022.
- Advocacy involvement provides a collaborative collective voice for our specialty to help our patients improve their care.

We review the new digital pathology codes released on July 1, 2022, that will go into effect January 1, 2023. We also discuss the proposed physician fee schedule published by the Centers for Medicare & Medicaid Services in July 2022 that will negatively impact dermatology practices. Finally, we present the American Academy of Dermatology Association (AADA) advocacy priorities.

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New Year, New Codes: A Win-Win for Digital Pathology

In July 2022, the American Medical Association *CPT (Current Procedural Terminology)* Editorial Panel released 13 new digital pathology add-on Category III codes for 2023 that the College of American Pathologists successfully advocated for inclusion.¹ These codes are for reporting additional clinical staff work and service requirements associated with digitizing glass microscope slides for primary diagnosis (Table). They go into effect on January 1, 2023.

Although there is no additional compensation with the new Category III codes, dermatopathology laboratories will be able to report when they have made a diagnosis using digital pathology. The new *CPT* codes will provide payers with data they need to directly understand the utilization and increased value of digital pathology, which will bring dermatopathology laboratories one step closer to receiving additional reimbursement for digital interpretation.

The adoption of digital pathology has been accelerating in the United States but still lags behind many European

countries where reimbursement for digital pathology has been established for many years. Many of the barriers to digital pathology have improved—cloud storage is more affordable, scanners have a higher throughput, digital pathology platforms have improved, and the US Food and Drug Administration has granted approvals for digital pathology. Digital pathology allows for more efficient workflow, which results in increased productivity and a reduction in turnaround times. It also allows for a wide spectrum of clinical applications and more innovation as well as research and educational applications.

The new Category III codes cannot be reported solely for archival purposes (eg, after the Category I service has already been performed and reported), solely for educational purposes (eg, when services are not used for individual patient reporting), solely for developing a database for training or validation of artificial intelligence algorithms, and solely for clinical conference presentations (eg, tumor board interdisciplinary conferences).

The new codes are a major victory for the adoption and future compensation for digital pathology.

New Year, New Cuts: Proposed 2023 Medicare Policy and Payment Changes for Dermatologists

The United States Spent \$3.8 Trillion on Health Care in 2019: Where Did It Go?—In 2019, approximately \$3.8 trillion was spent on health care in the United States (Figure 1). Physician services accounted for approximately 15% of total health care spending.²

Medicare Payments for Physician Services—Medicare payments for physician services are determined by a relative value unit (RVU) multiplied by a conversion factor (CF). Relative value units were set up in 1992 by what is now the Centers for Medicare & Medicaid Services, and they calculated the time it took a physician to complete a task or RVU and multiplied it by \$32.00 (CF).³

Thirty years later—in 2022—the CF is \$34.61. If the CF had increased with inflation, it would be \$59.00. If the Proposed Rule is adopted, the 2023 fee schedule payment formula would decrease by 4.4% (to \$33.08)

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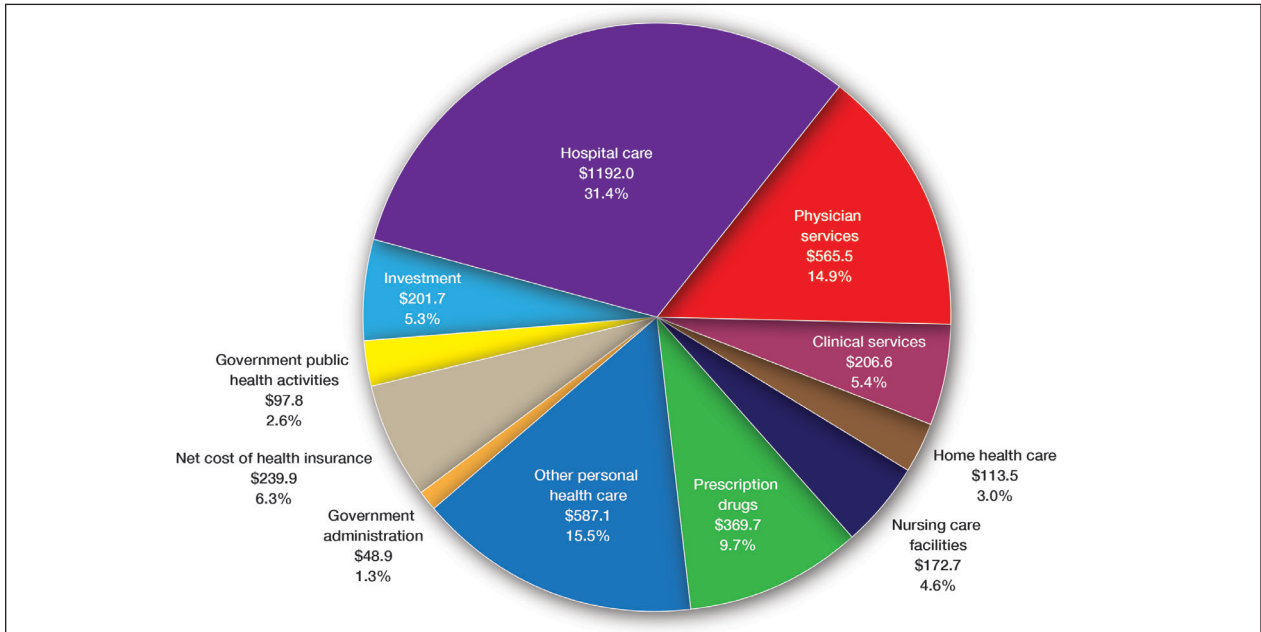


FIGURE 1. The United States spent \$3795.4 billion on health care in 2019. Where did it all go? Data from the Centers for Medicare & Medicaid Services.²

Digital Pathology¹

CPT code	Add-on code ^a	Long descriptor
88302	+0751T	Digitization of glass microscope slides for level II, surgical pathology, gross and microscopic examination
88304	+0752T	Digitization of glass microscope slides for level III, surgical pathology, gross and microscopic examination
88305	+0753T	Digitization of glass microscope slides for level IV surgical pathology, gross and microscopic examination
88307	+0754T	Digitization of glass microscope slides for level V, surgical pathology, gross and microscopic examination
88309	+0755T	Digitization of glass microscope slides for level VI, surgical pathology, gross and microscopic examination
88312	+0756T	Digitization of glass microscope slides for special stains, including interpretation and report, group I, for microorganisms (eg, acid fast, methenamine silver)
88313	+0757T	Digitization of glass microscope slides for special stains, including interpretation and report, group II, all other (eg, iron, trichrome), except stains for microorganisms, stains for enzyme constituents, or immunocytochemistry and immunohistochemistry
88314	+0758T	Digitization of glass microscope slides for special stains, including interpretation and report, histochemical stain on frozen tissue
88319	+0759T	Digitization of glass microscope slides for special stains, including interpretation and report, group III, for enzyme constituents
88341	+0761T	Digitization of glass microscope slides for immunohistochemistry or immunocytochemistry, per specimen, each additional single antibody stain procedure
88342	+0760T	Digitization of glass microscope slides for immunohistochemistry or immunocytochemistry, per specimen, initial single antibody stain procedure
88344	+0762T	Digitization of glass microscope slides for immunohistochemistry or immunocytochemistry, per specimen, each multiplex antibody stain procedure
88360	+0763T	Digitization of glass microscope slides for morphometric analysis, tumor immunohistochemistry (eg, HER2/neu, estrogen receptor/progesterone receptor), quantitative or semiquantitative, per specimen, each single antibody stain procedure, manual

Abbreviation: CPT, Current Procedural Terminology.

^aList separately in addition to code for primary procedure.

relative to that of the 2022 fee schedule (\$34.61), which is a decrease of 8.2% since 2019 (\$36.04). This decrease is due to expiration of the 3% increase to Medicare fee schedule payments for 2022 required by the Protecting Medicare and American Farmers from Sequester Cuts Act and the required budget neutrality adjustment required by changes in RVUs. Medicare physician payment has declined 22% from 2001 to 2022 (Figure 2).^{4,5}

The adjustments to the CF typically are made based on 3 factors: (1) the Medicare Economic Index; (2) expenditure target “performance adjustment”; and (3) miscellaneous adjustments, including those for “budget neutrality” required by law.

Medicare Physician Payments Compared With Other Provider Types and Inflation—The proposed Medicare physician payment policy is unsustainable for outpatient dermatologists. Practice overhead has increased markedly since 1992. Other service providers, such as those in skilled nursing facilities and hospitals (Figure 3), have received favorable payment increases compared with practice cost inflation and the Consumer Price Index.³⁻⁶ Flat reimbursement affects all physicians who accept insurance, as even private insurers base their reimbursement on Medicare.

In addition, there are other issues resulting in decreased physician payments when evaluation and management services are reported with same-day procedures using modifier -25 as well as preserving or finding alternative strategies for 10- and 90-day global period payments for medical procedures. When Medicare cuts physician payments, dermatologists find it difficult to own and operate their own practices, resulting in health market consolidation, limited competition, increased health care costs,

limited patient access to care, and decreased quality of health care.

Medicare Payment Reform—Medicare payment reform is necessary to stop annual payment cuts and create a stable predictable payment system that ensures patient access to quality, value-based care. Medicare physician payment reform needs to happen at a national level. The American Academy of Dermatology Association (AADA) is working with the House of Medicine and the medical specialty community to develop specific proposals, such as “Characteristics of a Rational Medicare Physician Payment System,” to reform Medicare’s payment system.⁷ Advocacy groups, including the AADA, have been working to mitigate the proposed 2023 cuts by engaging with Congress and urging them to act before these changes go into effect on January 1, 2023.

Make Advocacy Your New Year’s Resolution: AADA’s Top Advocacy Priorities

The AADA’s top priority is Medicare payment policies.³ In addition, the AADA is working on drug access and cost by cutting the bureaucratic red tape caused by prior authorization (PA) and step therapy policies. The AADA collaborates with manufacturers, the health care community, policymakers, private payers, pharmacists, pharmacy benefit managers, and patients to minimize and/or eliminate barriers that patients face in accessing needed medications. Specifically, the AADA advocates for legislation that limits obstacles associated with health insurance step therapy requirements, streamlines PA, and prohibits mid-year formulary changes.⁸

Step therapy requires that patients first try a medication specified by the insurance company; the therapy must fail before the patient is placed on the medication originally

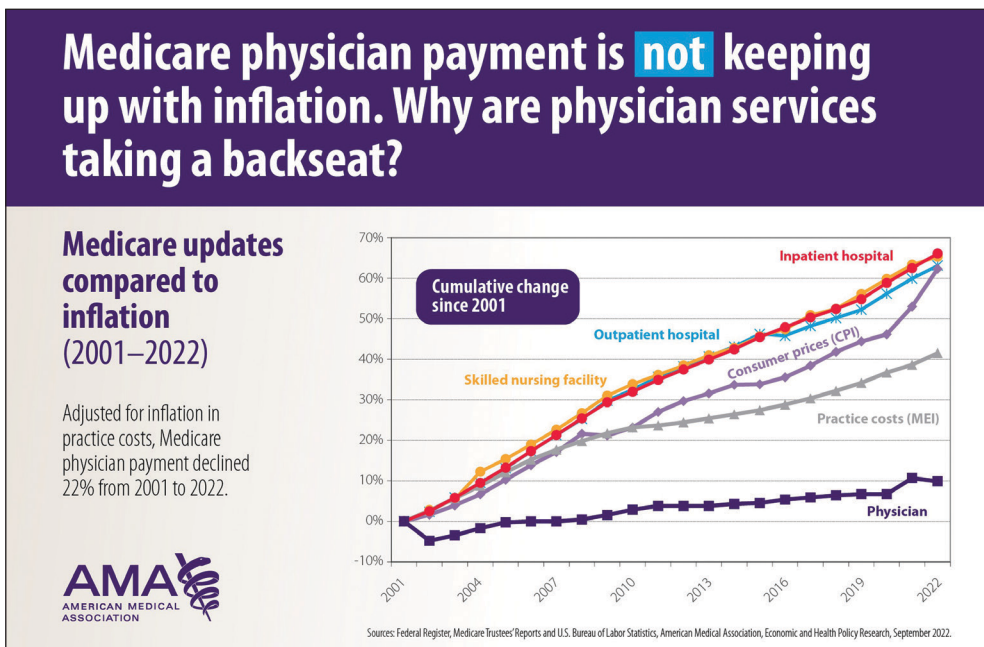


FIGURE 2. Medicare physician payments compared with other provider types and inflation. CPI indicates Consumer Price Index; MEI, Medicare Economic Index. Reprinted with permission from the American Medical Association.⁵

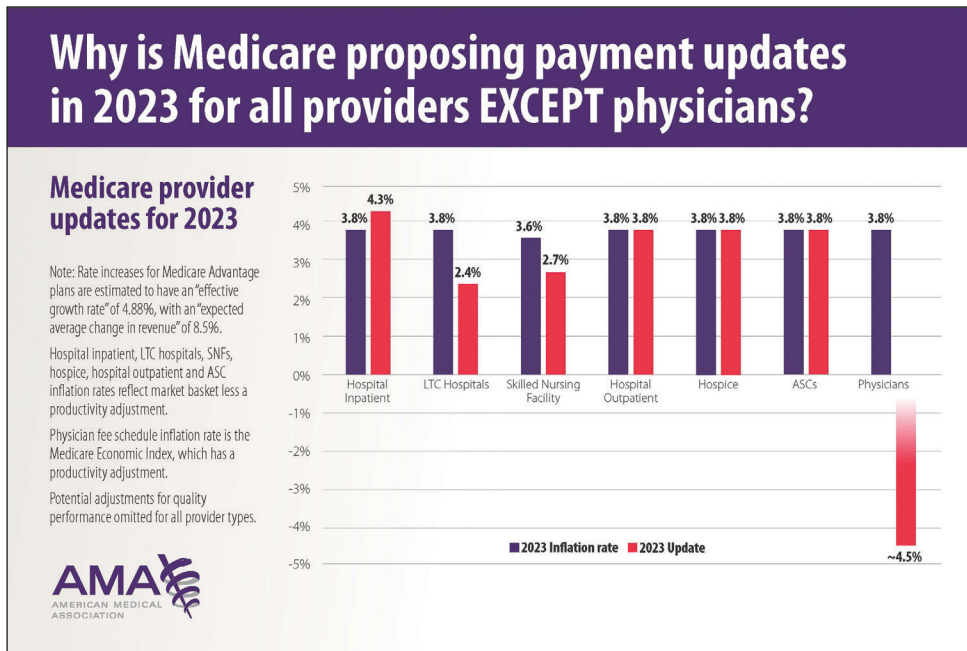


FIGURE 3. Medicare physician payments compared with other provider types. ASC indicates ambulatory surgical centers; LTC, long-term care; SNF, skilled nursing facility. Reprinted with permission from the American Medical Association.⁵

prescribed by the provider. Regarding PA, the AADA tries to ensure that determinations are standardized, requires the speed of determinations to be quantified and minimized, and ensures that PA and appeals policies do not unduly burden physicians or patients in accessing optimal drug therapy.⁸

Another advocacy priority is telehealth. The AADA is advocating for legislation on expansion of telehealth in underserved areas and modifications to state licensure requirements, liability issues, and reimbursement for store-and-forward technology. The AADA is involved in protecting scope of practice, truth in advertising, and access to specialty care, as well as monitoring legislation and regulation concerning the potential environmental impact of sunscreen ingredients, indoor tanning restrictions, and skin cancer prevention.⁸

Advocacy Matters and Makes a Difference—It is important to learn about and support advocacy priorities and efforts and join forces to protect your practice. The AADA advocacy priorities are to protect the value of dermatology services, mobilize dermatologists for political action, ensure dermatologists can participate in new payment models, and strengthen the profession.⁹ Physician advocacy is no longer an elective pursuit. We need to be involved and engaged through our medical societies to help patients, communities, and ourselves. All of us are in it together, and a collaborative collective voice can make a difference. Take action, join the AADA, and contact Congress today to stop Medicare payment cuts (<https://takeaction.aad.org/>).

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