



Issue: Medicare Cuts to Pathology Services

CAP Position: The CAP requests that Congress pass legislation to provide additional relief from the Medicare payment cuts scheduled to take effect in 2024 to help fund payment increases for evaluation and management services. Absent congressional action, pathologists face Medicare payment cuts of 2.75% in 2024 even with the 1.25% conversion factor adjustment Congress provided physicians at the end of 2022. These cuts combined with the lack of an inflationary update to the Medicare Economic Index represent significant negative financial factors.

Background: Pathologists are physicians who specialize in the diagnosis of disease. The expertise they provide drives treatment decisions that optimize outcomes for patients. They play an integral role in the diagnosis of diseases such as cancer (breast, prostate, cervical, leukemia, kidney), hepatitis, cirrhosis, and the novel coronavirus (COVID-19). The pandemic brought to the forefront the vital role of pathologists and the value that they bring to medicine. In general, pathologists in hospitals and independent laboratories around the country are responsible for developing and/or selecting new test methodologies, validating, and approving testing for patient use, and expanding the testing capabilities of the communities they serve to meet emergent needs. Pathologists also assure compliance with laboratory regulatory and accreditation standards, while preventing overuse or improper application of tests. The influence of pathology services on clinical decision-making is pervasive and constitutes a critical infrastructure and foundation of appropriate care.

As a result of reimbursement increases for primary care, pathologists, and other hospital-based physicians are experiencing payment reductions to offset the costs to those physicians who deliver more office visit-based services (e.g., oncologists, endocrinologists, rheumatologists, internists, and family practitioners). The instability caused by the pandemic exposed fissures in our nation's laboratory infrastructure, including high-cost equipment, staffing, and the need for critical supplies. The expertise and analysis pathologists provide is essential to test for, treat, and arrest the spread of COVID-19, its variants, existing diseases, and prepare for and mitigate future outbreaks.

While Congress has taken action to address some of these fiscal challenges by mitigating some of the recent Medicare Physician Fee Schedule (MPFS) cuts, payment continues to decline. According to an American Medical Association analysis of Medicare Trustees data, when adjusted for inflation, Medicare payments to clinicians have declined by 22% from 2001–2021. Additionally, the MPFS lacks an annual inflationary update, even though clinicians — many of whom are small business owners — contend with a wide range of shifting economic factors, such as increasing administrative burdens, staff salaries, office rent, and purchasing of essential technology when determining their ability to provide care to Medicare patients. The absence of an annual inflationary update, combined with statutory budget neutrality requirements, further compounds the difficulties pathologists face in managing resources to continue caring for patients in their communities.

Laboratory workforce shortages have been exacerbated by increased demand, pipeline issues, burnout, and the COVID-19 public health emergency. As people leave the laboratory system, the strain felt by those left behind reaches a breaking point leaving pathologists and other laboratory staff unable to keep up with the demand for necessary and essential diagnostic services. The result can manifest into increased wait times in the emergency department, longer time before receiving a diagnosis of cancer, potential for increased errors in testing and delays in specimen collection and turnaround time for laboratory results. From wellness visit check-ups to other non-covid related diseases such as diabetes, heart failure and cancer, and now mpox, laboratories are a critical component of ensuring the health of all Americans. Finally, because of inflation, the cost of doing business is increasing, margins are being squeezed in both directions and becoming unsustainable where expenses exceed revenue.



Now more than ever patients and their treating physicians are relying on the expertise of pathologists. Pathologists and the services they provide, including ensuring laboratory quality in communities across the United States, are at the foundation of our health care system. In short, with workforce shortages, preparing for future pandemics, and inflationary pressures, now is the time to invest in our nation's laboratory infrastructure, not erode it. **Therefore, the CAP urges Congress to pass legislation to provide additional relief from the Medicare cuts scheduled to take effect in 2024. This desperately needed relief will help provide crucial short-term financial stability until permanent, bipartisan payment reforms are enacted.**