


LAB REVENUE STRATEGY:

A One-, Three-, and Five-Year Outlook

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WHAT THINGS CAN CATASTROPHICALLY AFFECT YOUR BUSINESS?

- ▶ Government changes
 - ▶ Ex: 88305 TC changes to AP
- ▶ Technology changes
 - ▶ Think pizza and the internet
- ▶ Competition changes
 - ▶ Amazon and small businesses




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TRUMP WANTS MORE COMPETITION BETWEEN HEALTH SYSTEMS, YET 53% OF ALL STAND-ALONE HOSPITALS LOST MONEY BETWEEN 2012-2017!

- ▶ Executive order 10/3/19 CMS will only pay what commercial insurances pay = PAMA for hospitals.
 - ▶ Price transparency for hospitals will cause major issues
- ▶ Seema Verma
- ▶ Certificate of Need
- ▶ Medicare for All
- ▶ ACOs waiting on 2017 payments
- ▶ APMs
- ▶ Surprise billing, state vs national laws



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FEDERAL AND STATE ISSUES

- ▶ Surprise billing laws: state vs. national
- ▶ CA dialysis, rate setting
 - ▶ CO also proposing rate setting
- ▶ 2020 MPFS changes increasing E/M codes by 8-9% for 2021 payments.
 - ▶ This would result in decreases for pathology and radiology codes in order to maintain budget neutrality
- ▶ 20% decrease in inpatient volumes since 2007, outpatient growth
- ▶ More CMS, MA and MCD audits
 - ▶ Alaska self audits will be interesting test case to watch



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TECHNOLOGICAL AND WORLD CHANGES

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BLOCKCHAIN TECHNOLOGY IN HEALTHCARE

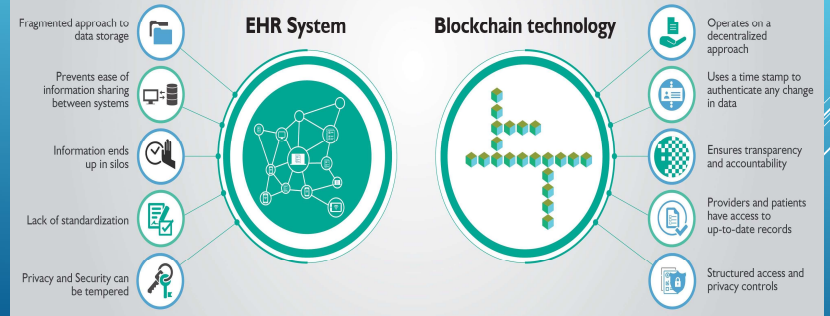


- ▶ Medical Records
- ▶ Billing/Payment



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Blockchain technology over traditional EHR System



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BLOCKCHAIN FOR MEDICAL RECORDS


- ▶ IBM
 - ▶ Partnered with Aetna, Anthem, Cigna, Sentara
 - ▶ Hyperledger Fabric
- ▶ Walmart
 - ▶ Encryption key patent
 - ▶ Retinal Scan



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USING BLOCKCHAIN FOR MEDICAL CLAIMS AND PAYMENTS

- ▶ Using a blockchain as a common platform to administer payments and adjudicate claims allows all parties involved to have a shared source of truth to access and rely on.
 - ▶ More efficient, transparent, and cost-effective.
 - ▶ Programmable payments (smart contracts) can automate steps during the transaction processing cycle in order to lower costs and speed up the claim resolution and payment remittance processes.



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Apple hires MDs



Precision Medicine



Amazon




Google Health Officer

OTHER PLAYERS ENTERING THE MARKET

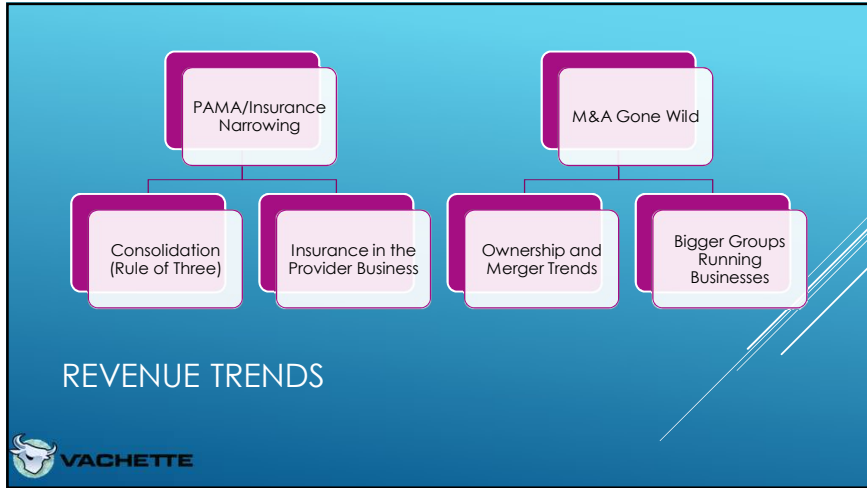


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COMPETITION/REVENUE CHANGES



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INSURANCE TRENDS

- ▶ More of a shift to outpatient, more ASC's and more prior auth's
- ▶ UHC prior-auth for non-par providers
 - ▶ UHC has 43K MDs in their Optum division
- ▶ More insurance audits will make payment harder
 - ▶ Ex: Anthem pre-payment audits, \$3M in old AR.
- ▶ Cigna reviewing flow cytometry cases
 - ▶ Cigna 5/18/19 no longer recognize modifier 90 for pass through billing.
- ▶ CMS Incorrect updated causes Anthem, Amerigroup, BCBS, Healthscope and UHC to deny (Using CO4) "inappropriate to bill 26 modifier for AP codes."
- ▶ BCBS Horizon NJ denying 88305 over 12 units for prostate, 8 for gastro and 4 for any other cases.

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CRYSTAL BALL PREDICTIONS

1 YEAR:
2020 MPFS CHANGES COULD HURT MORE PAMA
MORE CONSOLIDATION

3 YEARS:
PAMA APPROACH FOR MPFS?
NEW ELECTION CYCLE?

5 YEARS:
QUEST-AMERIPATH
SONIC-AURORA
LABCORP-PATHGROUP?

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ADDING VALUE- TESTING AND TECHNOLOGY

- ▶ What we're seeing today
- ▶ Where we're going tomorrow
- ▶ What the future holds

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What are labs doing today to drive additional revenue:

- Toxicology
- Pharmacogenomics (PGx)
- Cancer Genetics (CGx)
- Regional Testing

WHERE WE ARE TODAY

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What are labs looking for down the road:

- Going beyond the result- LAB DATA
- Digital Capabilities
- Artificial Intelligence :

WHERE WE'RE GOING TOMORROW

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What can we expect from the future

- Increased AI and more automated decision making
- Increased biomarker demand
- ???

WHAT THE FUTURE HOLDS

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FINAL THOUGHTS

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QUESTIONS?

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