

Criteria for reimbursement decisions 2020 Alliance

Los Angeles, CA
Digital Pathology
Health Plan / Payer Perspective

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2020
CONFIDENTIAL



Frank R Dookie, MBA

- ❖ 3rd party Payor Experience (2003-2019)
 - ❖ Humana (2007-2019)
 - ❖ Private Consulting Firm (2003-2007)
 - ❖ Laboratory contract/payment (development and negotiations)
 - ❖ Payor-Provider (MD, Hospital, Laboratory) Policy and Strategy (reimbursement (bundled payment, Value Based, FFS)
 - ❖ \$600,000,000 annual agreements
- ❖ Pharmacia Diagnostics
 - ❖ 2+ years laboratory consulting
 - ❖ Medical testing and reagent segment
- ❖ LabCorp
 - ❖ 11+ years in sales/marketing and Operations
 - ❖ \$135,000,000 annual revenue



Transformative Thoughts

Laboratory Medicine –

“You don’t have to be sick to use it”.

Commodity?

Invisible Value?

Runs the full spectrum of medicine

Predictive

Outcomes improvement

Who really funds healthcare - American Tax Payer... Inter-relation of all...

Drivers of healthcare price?

Value creators for the patient?

What’s missing - Trust and Dialogue



Table 94 (page 1 of 2). National health expenditures, average annual percent change, and percent distribution, by type of expenditure: United States, selected years 1960–2015

Excel and PDF versions (with more data years and standard errors when available): <http://www.cdc.gov/nchs/hus/contents2016.htm#094>.

[Data are compiled from various sources by the Centers for Medicare & Medicaid Services]

Type of national health expenditure	1960	1970	1975	1980	1990	2000	2009	2014	2015
	Amount, in billions								
National health expenditures	\$27.2	\$74.6	\$133.3	\$255.3	\$721.4	\$1,369.7	\$2,494.7	\$3,029.3	\$3,205.6
Health consumption expenditures	24.7	67.0	121.1	235.5	674.1	1,286.4	2,355.7	2,878.4	3,050.8
Personal health care	23.3	63.1	113.2	217.0	615.3	1,162.0	2,114.2	2,562.8	2,717.2
Hospital care	9.0	27.2	51.2	100.5	250.4	415.5	779.7	981.0	1036.1
Professional services	7.9	19.8	34.7	64.5	207.3	387.5	668.2	792.8	840.2
Physician and clinical services	5.6	14.3	25.3	47.7	158.4	288.7	498.7	597.1	634.9
Other professional services	0.4	0.7	1.3	3.5	17.3	36.6	67.2	82.8	87.7
Dental services	2.0	4.7	8.0	13.3	31.6	62.1	102.3	112.8	117.5
Other health, residential, and personal care	0.4	1.3	2.9	8.4	23.8	63.9	123.4	151.5	163.3
Home health care ¹	0.1	0.2	0.6	2.4	12.5	32.3	67.3	83.6	88.8
Nursing care facilities and continuing care retirement communities ¹	0.8	4.0	8.0	15.3	44.7	85.0	134.9	152.6	156.8
Retail outlet sales of medical products	5.0	10.6	15.8	25.9	76.5	177.8	340.8	401.4	432.0
Prescription drugs	2.7	5.5	8.1	12.0	40.3	121.0	252.7	297.9	324.6
Durable medical equipment	0.7	1.7	2.8	4.1	13.8	25.2	37.8	46.6	48.5
Other nondurable medical products	1.6	3.3	4.9	9.8	22.4	31.6	50.3	56.9	59.0
Government administration ²	0.1	0.7	1.5	2.8	7.2	17.1	29.6	41.2	42.6
Net cost of health insurance ³	1.0	1.9	3.4	9.3	31.6	64.2	137.9	195.3	210.1
Government public health activities ⁴	0.4	1.4	3.0	6.4	20.0	43.1	74.1	79.0	80.9
Investment	2.5	7.5	12.2	19.9	47.3	83.3	139.0	150.9	154.7
Research ⁵	0.7	2.0	3.4	5.4	12.7	25.5	45.4	45.9	46.7
Structures and equipment	1.8	5.6	8.8	14.4	34.6	57.8	93.6	105.0	108.0

<https://healthpayerintelligence.com/news/top-10-healthcare-spending-categories-in-the-united-states>

Anatomic Pathology From a Health Plan Perspective



JAV ADVISORS Corp.
Your Healthcare Technology Advisors

Many plans separate discussion - hospital affiliated activities vs outpatient (md) support.

ASC is a separate discussion.

Risk Groups - Risk contract implication, value based reimbursement (RBRVS model with budgeted pool).

Nice to have is not reimbursed, proven improvement in detection rate and lower overall cost is reimbursed.

Major Concern - Distinctive, not “another one” (duplicative)

Must remind medicine you are the MD’s MD...

What we need to bring to the “party” - Plan of action,,,, “Here is an opportunity to become more efficient”: 1) Via population management, not just sick-care. 2) Increase surveillance, while lowering cost.



Consideration for coverage

FDA, CMS (coverage/rates), AMA, Local CMS Payer, Medicaid (state vs health plan)?

Commercial vs Medicare Advantage Payors

Algorithm Used, Standards, Pre-Analytics Variables

CPT code, PLA-code, global/tc/pc, utilization increase/improvement?

Replace? Added cost?



Use Currently accepted models or Develop a new one?

For tomorrows payer discussion...

Radiology Model?

Cytology Model?

Breast Cancer Model?

Current 88304-09/88311-13/88360/88361 Model?

Genomic Testing Models?

Scoring/weighing each?



Expertise

- ❖ **Marketing** - competitive intelligence, product development, launching, leads, pricing
- ❖ **Sales** - business plan, staffing, headcount
- ❖ **Regulatory** - LDT, FDA, clinical trials
- ❖ **Reimbursement** - CMS, 3rd party payors
- ❖ **Operation** - IT, procurement, integration
- ❖ **Finance** - budget, M&A, investment, JV



Steve Barbee

- ❖ 16+ years in Digital Pathology & Cytology
 - ❖ JAV - AI and Digital Pathology Advisors
 - ❖ DigiPath - digital pathology slide scanner
 - ❖ BiImagene - digital pathology slide scanner and image analysis for breast/prostate cancer; sold to Roche
 - ❖ Trestle - digital pathology slide scanner; sold to Zeiss
 - ❖ CEO, President and Vice President of numerous private and public companies

- ❖ 25+ years in Information Technology

Richard Faherty



- ❖ 30 years in executive lab roles
 - ❖ BioReference Labs (\$1B revenue) – 20+ years
 - ❖ OPKO (1,000,000 paps per year)
 - ❖ Cytology, pathology, & hematology lab
 - ❖ Information technology
 - ❖ Corporate finance
 - ❖ Legal operations

- ❖ 25+ years in information technology



Eric Stoppenhagen

- ❖ 20+ years in pathology & cytology
 - ❖ Served as CEO, CFO, and President;
 - ❖ SpartanMicro, CEO
 - ❖ DigiPath, CEO & CFO
 - ❖ AuraSource, Inc., CFO

- ❖ Expert areas as JD and CPA; George Washington Univ
 - ❖ SEC Reporting & Business transaction
 - ❖ Accounting controls
 - ❖ Legal & Human resources
 - ❖ Information technology