

Anthem BCBS “Rate Alignment” Means Big Cuts For Some Pathology Services

Anthem BCBS plans across the country are rolling out a new “rate alignment” strategy that equalizes reimbursement rates for clinical lab and pathology services regardless of whether the service is provided by a hospital-based lab or pathology group or an independent lab. Historically, hospital-based providers have received higher reimbursement rates than independent labs.

Anthem BCBS in Missouri was ground zero for the new strategy. Effective November 1, 2018, hospital-based pathologists in Missouri saw their 88305-26 rate from BCBS drop to \$14.43 per interpretation versus the previous rate of \$66.

“The more than 70% reduction was so severe that we initially thought it was a typo,” notes Mick Raich, CEO at the auditing and consulting firm Vachette Pathology (Sylvania, OH).



Mick Raich

Raich says that Vachette clients in California, Indiana, Ohio and Wisconsin, have recently received “material change” notices from Anthem warning of fee schedule adjustments that will become effective in July-August for commercial PPO and traditional plans. Other states that have reportedly received similar notices from Anthem include Colorado, Georgia and Virginia. Raich believes it may only be a matter of time before Anthem BCBS plans in all other states make similar fee schedule changes. In total, Anthem’s BCBS and other health plans cover 41 million members in 25 states. Raich notes that BCBS represents the second biggest payer (after Medicare) for many pathology groups and labs.

Anthem has described the rationale for its new fee schedule policy as follows:

“Anthem members should experience the same out of pocket costs regardless of site of service. Anthem updated their professional fee schedules to align compensation for lab rates in all settings. This change helps drive a consistent out-of-pocket cost experience based on services rendered.”

Ann Lambrix, Vice President of Client Services at Vachette, notes that Anthem’s rate changes for pathology vary greatly depending upon the state and type of service. However, she notes that, on average, Anthem’s professional and technical rates are going down.

In Ohio, for example, Anthem BCBS rates for hospital-based pathologists for 88305-26 are set to increase from \$45.42 to \$53.01 effective July 10. However, the rate for 88342-26 is decreasing from \$50.73 to \$16.34, representing a 68% decline, while 88342-TC is scheduled to drop by 35% to \$29.66.

In California, Anthem’s rates for hospital-based pathologists for 88305-26 are set to decrease from \$36.67 to \$24.13 effective July 1.

Lambrix notes Anthem BCBS’s new rate for 88305-26 in Missouri (at \$14.43) looks way off base when compared with BCBS plans in other states as well as Medicare’s national rate of \$40. She says that Anthem may be reconsidering its rate changes in Missouri after receiving significant pushback from pathologists.



Ann Lambrix

Lambrix says that some pathology groups in Missouri are considering dropping their contracts with Anthem BCBS and going out of network. But this is difficult because most hospital-based pathology groups have contracts with their hospitals that require them to remain in-network with major insurers such as BCBS.

In addition, many Anthem BCBS plans send reimbursement checks for non-network provider services directly to the patient/member, along with an Explanation of Benefits (EOB). Non-participating providers are responsible for collecting payment directly from patients (a difficult task).

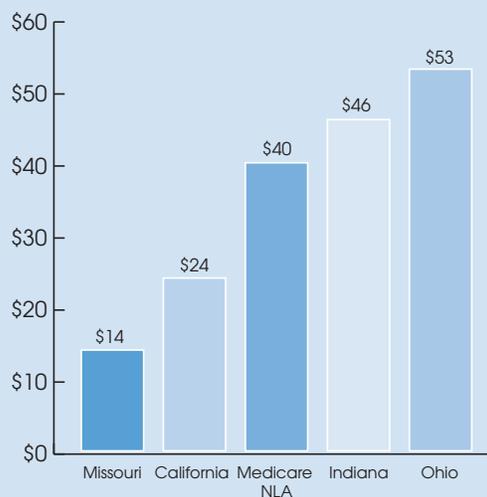
Anthem's New Uniform Clinical Lab Fee Schedule

Meanwhile, Anthem's new rate alignment strategy is also equalizing reimbursement rates for clinical lab testing. Its new clinical lab fee schedule seems to pay uniform rates throughout the country, unlike its pathology rates which still vary widely by state.

Anthem's new rate for lipid panel testing (CPT 80061) is being set at \$6.02 for both non-facilities (i.e., independent labs and POLs) as well as for facilities (i.e., hospital labs). This represents a rate equal to just 40% of the current Medicare CLFS rate of \$14.88.

Anthem's rates for other high-volume codes, including PSA Total (CPT 84153), Complete CBC (CPT 85025) and liquid-based Pap testing (CPT 88175), are set at approximately 40-50% of current Medicare rates.

New Anthem BCBS Rates for 88305-26 (Professional reads)



Source: Anthem, Vachette Pathology and CMS

Sample of Anthem's New Clinical Lab Reimbursement Rates

CPT	Description	Anthem Non-facility Rate	Anthem Facility Rate	2019 Medicare Rate
80053	Metabolic Panel	\$5.99	\$5.99	\$11.74
80061	Lipid Panel	\$6.02	\$6.02	\$14.88
81025	Urine Pregnancy test	\$5.17	\$5.17	\$8.61
84153	PSA Total	\$10.42	\$10.42	\$20.44
85025	Complete CBC w/auto diff wbc	\$3.68	\$3.68	\$8.63
87804	Influenza assay w/optic	\$16.00	\$16.00	\$16.55
87880	Strep A assay w/optic	\$9.92	\$9.92	\$16.53
88175	Cytopath c/v auto fluid redo	\$15.01	\$15.01	\$29.44

Source: Anthem Inc.

Reprinted with permission from *Laboratory Economics*.