



COLLEGE of AMERICAN
PATHOLOGISTS



2019

ANNUAL REPORT

YOUR DIAGNOSIS
AND TREATMENT

PRECISE AND ACCURATE

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FINANCIAL REPORT

**THE WORK OF THE CAP
HAPPENS BECAUSE OF THE
STAUNCH ENGAGEMENT OF
MEMBERS WHO DEDICATE
THEIR TIME AND EXPERTISE.**

CAP Strengthens Pathologists and Laboratories

Building scientific expertise, advancing careers, and helping pathologists run successful laboratories and practices are at the heart of what the College of American Pathologists does. This organization empowers members to harness their collective energy to become the best pathologists they can be and receive fair compensation for their work. The ultimate goal is to improve the health of our patients by diagnosing disease accurately and guiding effective therapy.

In 2019, the CAP lobbied Congress to protect patients from surprise medical bills and fought to both relieve regulatory burdens for pathologists and eliminate cuts to their reimbursement. We continued to ensure quality in laboratory medicine by adding and revising requirements for accreditation checklists, developing innovative proficiency testing programs, and releasing new cancer protocols. In everything we did, we listened to members and responded to their needs through practical education offerings, opportunities to network with peers, and new dynamic experiences.



The work of the CAP happens because of the staunch engagement of members who dedicate their time and expertise. They partner with highly skilled staff to serve their fellow members, customers, and patients in a dynamic, evolving health care environment. Change requires a strong, steady hand to guide the profession into the future. When pathologists succeed, patients win.

President Patrick Godbey, MD, FCAP, and
Chief Executive Officer Stephen Myers

Laboratory Excellence Begins with the CAP

Quality and excellence in laboratory medicine are what patients and clinicians expect. The CAP is committed to its members and customers, working with them as they partner with other clinicians to provide accurate test results and ensure high-quality patient care. The CAP delivers on this commitment through a comprehensive range of laboratory quality solutions that help manage the routine and esoteric in laboratory testing.

A multitude of members lead premier laboratory quality solutions, among them accreditation and proficiency testing (PT). These members lend their knowledge and expertise to provide leading-edge science for programs relied on by laboratories in more than 100 countries for daily operations and patient care.

The CAP's PT program develops innovative programs addressing emerging technologies, ensuring state-of-the-art patient care. It provides PT to more than 22,700 laboratories worldwide. The CAP introduced 22 new programs into its already comprehensive offering, bringing the total to 722 PT programs overall. The Laboratory Accreditation Program, accrediting more than 8,000 laboratories across the globe, assists laboratories in managing the changes in laboratory medicine and technology through self- and on-site inspection. The CAP's unique inspection process fosters the exchange of ideas and best

practices among pathology and laboratory medicine peers, offering professional development and learning opportunities for all involved. Laboratories enrolled in CAP accreditation seek to do more than check the boxes to meet regulatory requirements—they are committed to quality improvement for the benefit of their patients.

Accreditation Checklists Guide Quality Improvement

Laboratory Accreditation Program inspection teams use 21 discipline-specific checklists with specific requirements to guide them as they partner with laboratories on their quality improvement journey. The checklists help laboratories:

- Maintain compliance with Centers for Medicare & Medicaid Services (CMS) regulations
- Improve the quality of laboratory services
- Stay up to date with changes in laboratory medicine best practices

CAP members lead the annual accreditation checklists updates through their work on many accreditation and PT committees. This attention to the checklists is a crucial part of the CAP's commitment to strengthen quality and excellence in laboratory medicine. Members' mastery of daily pathology and

laboratory medicine practice supplies the leading-edge science and technology in the checklists, benefitting the clinicians and patients who rely so heavily upon accurate laboratory testing.

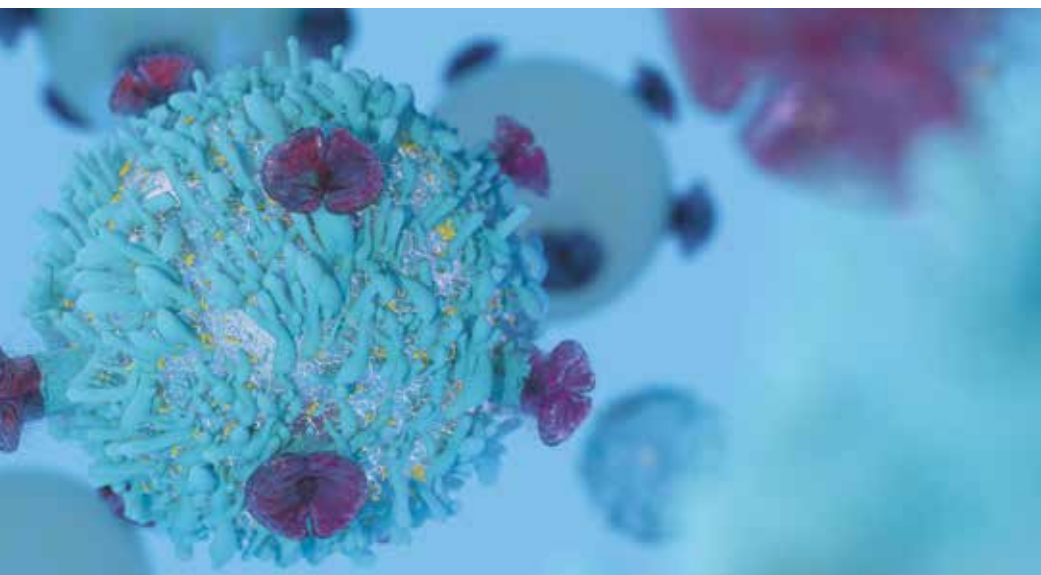
In the 2019 accreditation checklist edition, the CAP added 130 new requirements and revised approximately 290 requirements, with the most significant changes in the checklist for microbiology, molecular pathology, and biorepository.

In addition to the Laboratory Accreditation Program, the CAP offers the Biorepository, Reproductive, and Forensic accreditation programs. The CAP 15189 program offers the ISO 15189 international quality standard for medical laboratories. This distinct approach complements the Laboratory Accreditation Program by adding the ISO 15189's process rigor and systems management approach, helping laboratories probe deeper into process control, root cause analysis, and preventive action in their operations.

The CAP's commitment to laboratories extends beyond quality solutions and includes the development of essential resources, such as cancer protocols, biomarker templates, and evidence-based guidelines. Members lead the development of these resources as they monitor the ever-changing technology landscape.

PATIENTS AROUND THE WORLD CAN TRUST THE INTEGRITY OF THEIR LABORATORY RESULTS BECAUSE OF THE CAP'S COMMITMENT TO QUALITY.

Laboratory Excellence Begins with the CAP (continued from page 3)



Essential Resources Strengthen Cancer Reporting

In 2019, members of the Cancer and Pathology Electronic Reporting Committees led the release of 98 revised cancer protocols and biomarker templates, in addition to two new generic biopsy and resection templates. Key revisions included World Health Organization Blue Book updates and improvements to lymph node and margin sections, along with a new technical format of the electronic Cancer Checklist (eCC) template files. The new releases provided improved functionality, easier navigation of the data entry form viewer, and an updated eCC file comparison tool enabling users to easily see differences from one release to the next.

More than 6,000 pathologist FTEs are licensed to use the eCC and the CAP electronic Forms and Reporting Module (eFRM) tools for diagnostic cancer reporting

in their laboratory information system and workflow.

In addition, the CAP kicked off a new vendor engagement program in 2019 to help validate the implementation of Cancer Protocol content within laboratory information system (LIS) vendor software. The CAP worked closely with five major vendors to test the eCC functionality, helping to ensure that pathologists can efficiently report on their cancer cases no matter which LIS vendor they use in their workflow.

The CAP continued work on grants from the Centers for Disease Control and Prevention and the California Department of Public Health to further address cancer reporting standardization, structure, and transmission using national health information technology (HIT) standards. These initiatives support continued eCC product development, including technical and functional

improvements, pathologist and cancer registrar educational activities, and promotion of downstream data usage for quality reporting and surveillance activities.

Evidence-Based Guidelines Drive Excellence in Care

The members of the CAP's Pathology and Laboratory Quality Center for Evidence-Based Guidelines (the Center) collaborated or partnered with nearly 20 professional societies and patient advocacy organizations. Together, they furthered the specialty by developing evidence-based guidelines and bringing them to the forefront of clinical decision making. Joint efforts such as these ensure that the practice of pathology is fully represented and its practitioners seen as invaluable members of the clinical care team, advancing excellence in patient care.

In 2019, the Center published the "Quantitative Image Analysis of HER2 Immunohistochemistry for Breast Cancer" guideline and hosted four open comment periods for the following guidelines in development:

- Estrogen and Progesterone Receptor Testing in Breast Cancer: American Society of Clinical Oncology/CAP Guideline Update
- Biomarker Testing for the Diagnosis of Diffuse Gliomas

Laboratory Excellence Begins with the CAP (continued from page 4)

- Laboratory Detection and Initial Diagnosis of Monoclonal Gammopathies
- Validating Whole Slide Imaging for Diagnostic Purposes in Pathology: Guideline Update

Upon publication, the guidelines in progress will further demonstrate the CAP's ongoing commitment to developing guidelines for the benefit of clinicians and patients alike.

Technology Advancements Secure Pathology's Role in Health Care

Council on Scientific Affairs (CSA) committee members lead the analysis of advancements and

changes in technologies that will impact pathology and laboratory medicine. As part of the analysis, members determine the best way to communicate and provide resources to assist pathologists in preparing for, understanding, and/or learning how to use new technologies.

In 2019, the CAP began an initial collaboration with the American College of Radiology (ACR) on artificial intelligence (AI) issues. The Informatics Committee led a CAP19 session for the CAP, the ACR, the Association of Pathology Informatics, and the Digital Pathology Association to discuss

opportunities for collaboration on AI, machine learning, and structured reporting. The session culminated with an agreement to work collaboratively on machine learning development issues facing both pathologists and radiologists, as well as a pilot to demonstrate the integration of radiology and pathology structured reporting. Further, the CSA and the Council on Government and Professional Affairs collaborate to track and act upon AI and machine learning regulatory issues. This collaboration ensures that the pathologist's voice is represented, as these technologies will have broad impact on the specialty.



LIVING OUR QUALITY MISSION

22,706

laboratories using the CAP's PT

1,965

pathologists participating in on-site inspections

8,077

CAP-accredited laboratories

CAP Advocates for Patients and Pathologists

CAP Influences Congress on Surprise Bills

As Congress debated legislation addressing unexpected out-of-network services to patients, the CAP stood shoulder-to-shoulder with other specialists to protect the value of physician services delivered to patients. Representing pathologists, the CAP and its members sought to protect the right to be reimbursed fairly for out-of-network services and preserve the ability to negotiate fair contracts with insurers for services.

During the CAP's annual Hill Day in May 2019, more than 80 pathologist members discussed how Congress could protect patients from surprise medical bills stemming from unexpected out-of-network care provided at in-network hospitals. Insurance companies have attempted to use the surprise billing issue to institute government-set pay rates for medical care provided out-of-network. At 160 meetings with congressional offices, CAP members asked legislators to:

- Hold patients unexpectedly treated by out-of-network physicians financially harmless when insurers don't cover care.
- Set network adequacy standards requiring insurance companies to contract with the requisite number of providers needed for in-network hospitals.
- Take patients out of the middle by creating a fair market out-



of-network reimbursement rate using independent databases and a dispute resolution process.

In a major demonstration of advocacy strength, more than 1,500 pathologists then used the CAP's grassroots action network to send 12,000 messages to congressional offices. They asked lawmakers to support their positions in legislation introduced in the House of Representatives. A targeted advertising campaign

further augmented pathologists' messages in publications read by policy influencers in Congress throughout the year. In July, lawmakers introduced legislation representing positions advocated by the CAP. By the end of 2019, more than 100 representatives, all contacted by the CAP, co-sponsored the legislation.

THE CAP FOUGHT TO PROTECT PATIENT HEALTH AND ENSURE FAIR REIMBURSEMENT FOR PATHOLOGISTS.

CAP Advocates for Patients and Pathologists (continued from page 7)



The CAP's political action committee, PathPAC, kept pathologists' messages visible and in central focus throughout the year. Member donations to PathPAC amplify the voices of all pathologists in Washington, DC. During the first year of the 2020 cycle, PathPAC donated more than \$215,000 to members of key congressional committees with jurisdiction over health care policy and leadership, as well as to doctors in or running for Congress. In addition to donating to PathPAC, CAP members also attended several in-district events with members of Congress, hosted fundraisers, and flew to Washington to join their elected officials at fundraisers.

CAP Fights to Protect Value of Pathology Services

The CAP strongly opposed actions by public and private insurance payers to decrease and diminish the value of pathology services to patients. Not only did the CAP fight efforts to cut reimbursements to pathologists, its direct actions in 2019 yielded increases in payment for pathologists.

For example, to correct practice expense variables used in Medicare reimbursement, the CAP submitted an extensive list of pathology supplies and equipment invoices to the Centers for Medicare & Medicaid

Services (CMS). Previously, the CMS reset prices for more than 2,000 medical supply and equipment items used to calculate payments for services on the Medicare Physician Fee Schedule. However, the CAP found errors in several prices and sought to correct them. Because of the CAP's advocacy and efforts, the CMS updated 36 direct practice expense supplies and equipment prices, adding \$30 million to Medicare payment to pathology services.

CAP Advocates for Patients and Pathologists (continued from page 8)

The surgical pathology code 88307 in the Hospital Outpatient Payment System also came under threat. Initially, the CMS proposed lowering the Hospital Ambulatory Payment Classification for 88307 by 46%. However, after consideration of a CAP analysis, the CMS decided to maintain the ambulatory payment classification assignment for 88307 in 2020.

The CAP is already fighting scheduled cuts to pathologists in 2021 as a result of a new plan that reimburses evaluation and management (E/M) services at a higher rate and decreases payments to non-E/M services billed by specialists.

CAP Battles for Fair Payments in the Courts

As part of its advocacy to protect the value of laboratory services, the CAP joined a lawsuit led by the American Clinical Laboratory Association (ACLA) against the Department of Health and Human Services (HHS). The suit sought to correct HHS execution of Medicare clinical laboratory fee schedule (CLFS) reforms. Previously, the CAP filed an amicus brief in support of ACLA's appeal to overturn a US District Court's decision that dismissed the lawsuit. ACLA, the CAP, and others argued that how the HHS defined the applicable laboratories required for data collection was, in practice, arbitrary and capricious.



A US Court of Appeals judge ruled in the CAP's favor on July 30 by reversing the lower court's decision to dismiss the case. The Court of Appeals stated that federal courts do have jurisdiction to decide the merits of a challenge to the federal government's administration of CLFS reforms enacted in the Protecting Access to Medicare Act (PAMA) of 2014.

The 2014 PAMA law drastically changed the CLFS by requiring reimbursements for clinical laboratory services to be based on private rates. The CAP has sought to ensure these reimbursements are accurate and reflect all sectors of the clinical laboratory market. However, the CAP has found flaws in the private-market data collection

process and subsequently advocated for changes to the PAMA statute and resulting regulatory implementation.

CAP Advocates for Patients and Pathologists (continued from page 9)



The CAP is working to strengthen state pathology societies and their local advocacy programs across the country.

State Pathology Societies Receive CAP Support

To strengthen the pathology profession nationwide, the CAP partnered with state pathology societies to bolster advocacy efforts at the local level. In recent years, the CAP's state advocacy program has worked with pathology societies in dozens of state capitals to support legislation that improves patient access to pathology services and reduces administrative burdens on laboratories.

Specifically, the CAP has partnered with state pathology societies on:

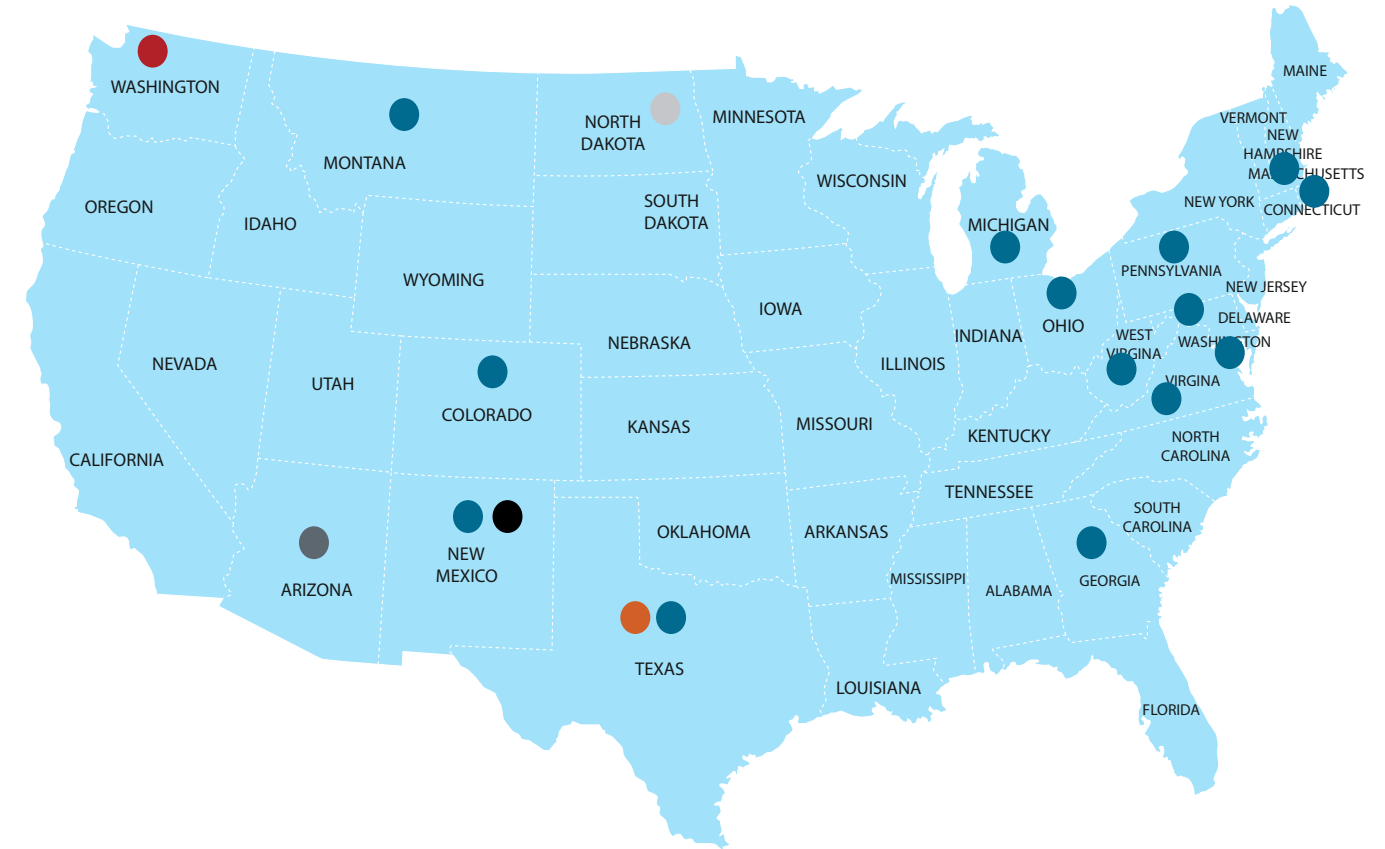
- Out-of-network billing legislation and regulation in 14 states: Colorado, Connecticut, Georgia, Maryland, Massachusetts, Michigan, Montana, New Mexico, Ohio, Pennsylvania, Texas, Virginia, Washington, and West Virginia.

- In particular, Washington became the 15th state to enact a law protecting patients from the additional costs of out-of-network physician services at in-network hospitals and the third state to enact a statutory requirement holding health plans accountable for hospital-based physician network adequacy.

- The CAP assisted the Texas Society of Pathologists with legislative language to ensure an out-of-network law did not raise scope of practice concerns and provided pathologists with an arbitration system to resolve payment disputes with health plans.

CAP Advocates for Patients and Pathologists (continued from page 10)

CAP/STATE PATHOLOGY PARTNERSHIPS

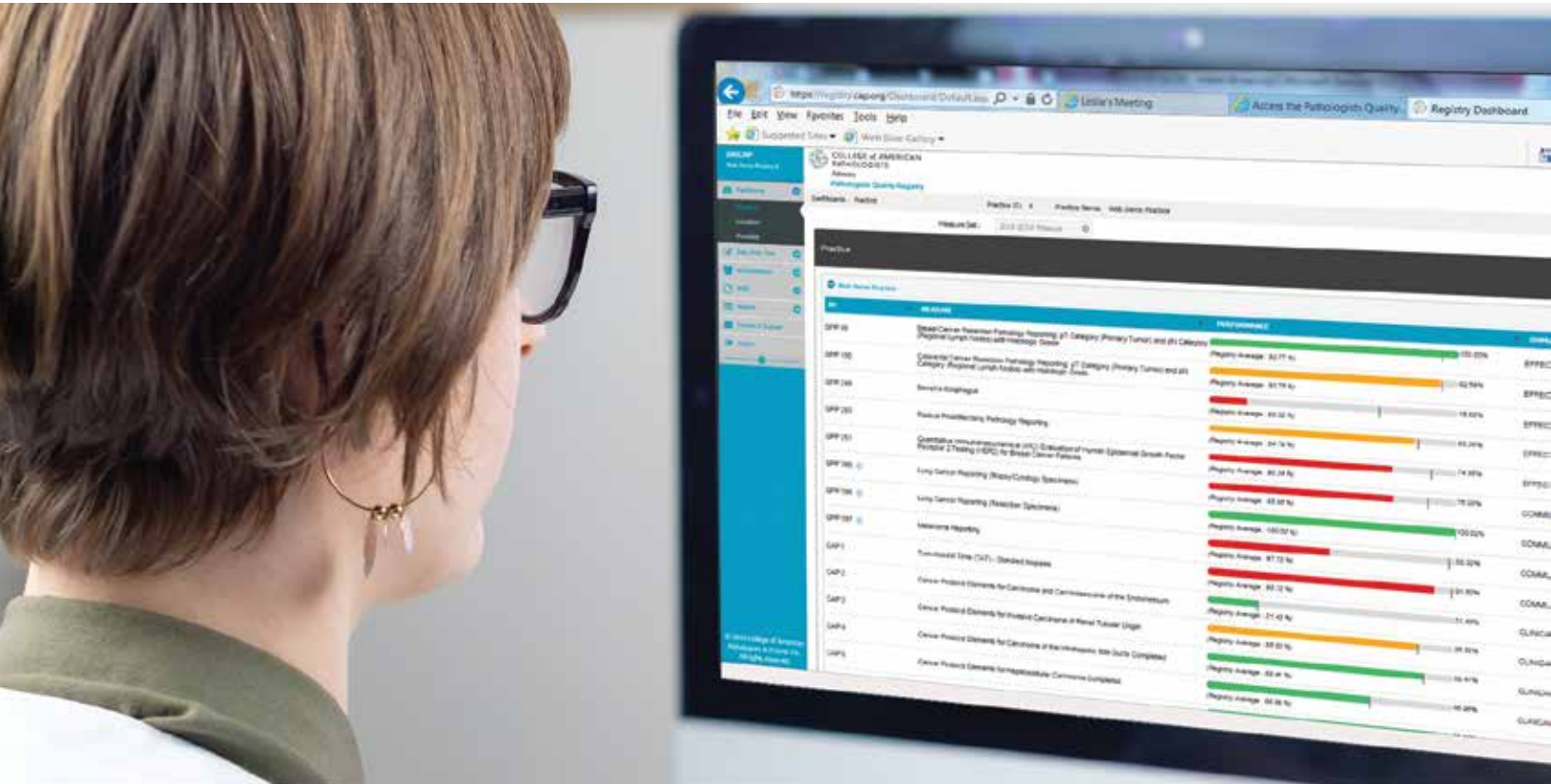


- The New Mexico Society of Pathologists and the CAP successfully averted passage of an out-of-network payment formula that could have slashed reimbursement for certain pathology services. Specifically, the proposed formula would have established payment at the 60th percentile of health plan allowed rates, based upon data derived from an independent database.

- In response to concerns raised by the Arizona Society of Pathologists and the CAP, the Arizona Health Care Cost Containment System amended its standards for assessing Medicaid managed care organizations to address the need for adequate access to pathology and laboratory services. In addition, a new law established pathologists' legal authority to order genetic/molecular testing on patient specimens without an additional informed consent requirement.

- Because of one CAP member's advocacy, North Dakota enacted legislation effectively allowing patients to receive second opinions from out-of-state pathologists and physicians without the requirement for state licensure. Mary Ann Sens, MD, PhD, FCAP, is credited with leading the legislation's passage on behalf of the CAP.

CAP Advocates for Patients and Pathologists (continued from page 11)



Pathologists Quality Registry Hits More Than 1,000 Enrollees

In a demonstration of leadership, trust, and advocacy strength on behalf of pathologists, more than 1,000 pathologists chose the Pathologists Quality Registry in 2019. As the preeminent quality registry tool for pathologists, the Pathologists Quality Registry ensures practices can demonstrate their value and get paid fairly for the high-quality services they provide to patients.

The CAP developed the registry, first launched in 2017, to give pathologists the best opportunities for success in Medicare's Quality Payment Program and the Merit-based Incentive Payment System (MIPS). The Pathologists Quality Registry allows pathologists to stop payment penalties tied to MIPS by providing a consolidated platform for all their reporting needs, including benchmarking reports that can be used to improve quality and demonstrate pathologists' value.

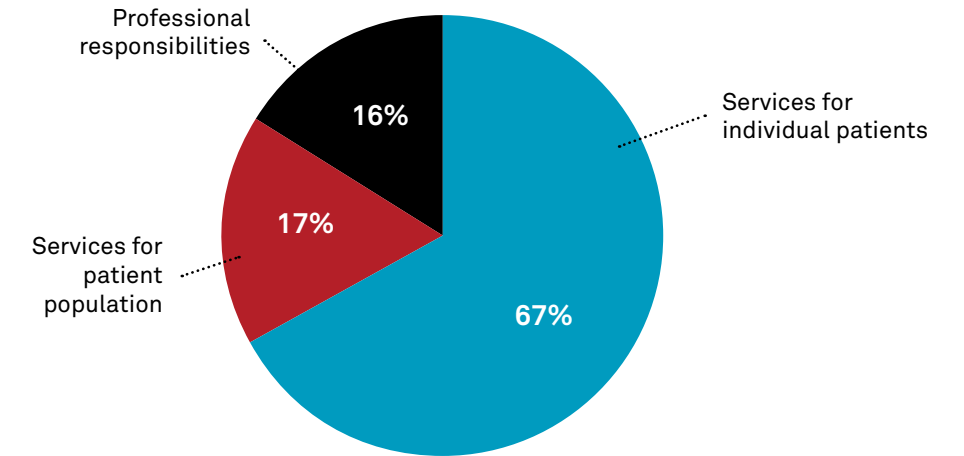
The CAP and its staff experts worked with more than 100 practices to provide one-on-one support to ensure their success in the MIPS program. Pathologists took advantage of the many ways of submitting data to the registry, including automated data integration with laboratory information systems, billing company data, or web data entry options.

CAP Advocates for Patients and Pathologists (continued from page 12)

2019 Practice Characteristics Survey Report

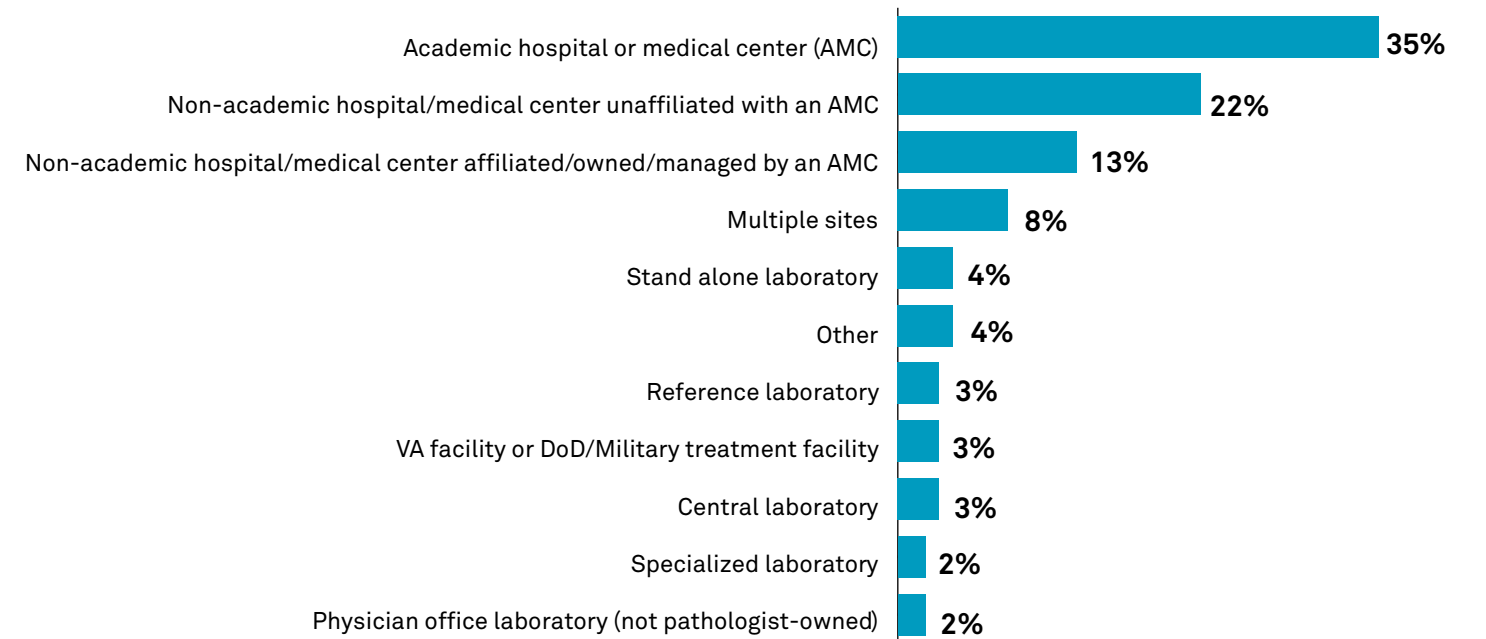
The CAP published the 2019 Practice Characteristics Survey, providing a primary source of basic data on board-certified pathologists, how they practice, and how they are being compensated. The 2019 survey, which was the 11th edition since 1994, also tracked changes that occurred in the workforce among board-certified pathologists.

AVERAGE TIME SPENT DURING A PARTICULAR WORKWEEK



NOTE: N=946

PATHOLOGISTS PRACTICE SETTINGS



NOTE: Other includes government-owned facility, forensic laboratory and autopsy center, blood center or bank bank

Pathologists Benefit from CAP Membership

Pathologists Advance Profession and Make Impact

From federal and state advocacy to laboratory quality solutions programs and outstanding education offerings, the CAP delivers value to its members. At its core, the CAP is a professional membership organization focused on delivering the services and programs members need to make people healthier.

In 2019, the CAP addressed the evolving needs of its diverse membership and invested in key benefits and services to meet them. New educational offerings include Pathology in the Park and innovative education options at the annual meeting.

As this nation's largest professional association focused exclusively on the interests of board-certified pathologists, the CAP is the premiere association for practicing pathologists to build upon their expertise and grow their careers. As a leader, the CAP continued to improve its online systems and resources. Based on member feedback, the organization adopted easier to use, more convenient options for member dues payment and section/purchase of online learning programs.

The CAP empowers pathologists by giving them the business, people management, and education resources they need to run successful, profitable practices. In 2019, members took advantage of the Practice Management Workshop as well

as quarterly virtual Community of Practice roundtable discussions led by subject matter leaders. The CAP supported practices through value-based care tools and resources that reflected current needs. These included a 15-page comprehensive glossary on business terms for pathologists, a sample pathology services agreement in addition to guides for hospital contracts and billing.

Through these comprehensive offerings, the CAP continued to provide a competitive advantage for its members by delivering benefits and services they value. Total CAP membership is strong, with nearly 18,000 members. More than 85% of Fellows renewed their membership year-over-year. In addition, new member recruitment remains healthy, reaching early-career pathologists and recruiting nearly 85% of pathology residents to become CAP Junior Members.

Members Influence Lawmakers and Develop Expertise

Pathologists should be represented everywhere to address the issues affecting them and their specialty. That involves building and sustaining viable state societies throughout the United States. In 2019, the Board of Governors approved seven new initiatives to support state pathology societies, set to begin in 2020. These initiatives build upon existing support through CAP leader speakers,

affiliate agreements, and a joint providership program offering continuing medical education (CME), as well as other grassroots education in the communities where members live and work.

Also, in 2019, the joint providership program served 18 organizations with 49 accredited CME activities, impacting more than 1,850 physicians. The CAP expanded the program to award Self-Assessment Module (SAM) credits with society-sponsored education programs. Twelve state society programs were able to offer SAM credits to conference attendees.

Every pathologist who participates in a state society can take advantage of networking opportunities and advocacy support. If legislation is proposed that puts pathologists at risk, they have the strength to advocate at the state level as well as influence the national impact on the specialty.

In an evolving health care landscape, pathologists need the knowledge, relationships, and expertise to navigate change, enhance their careers, and sustain the specialty. CAP19 offered excellent opportunities to explore the latest in emerging science, improve laboratory and practice management skills, and advocate for pathology.

AT ITS CORE, THE CAP IS A PROFESSIONAL MEMBERSHIP ORGANIZATION FOCUSED ON DELIVERING THE SERVICES AND PROGRAMS MEMBERS NEED TO MAKE PEOPLE HEALTHIER.

KNOWLEDGE-SHARING SUCCESSES

496

live and online educational courses offered to pathologists and laboratory professionals

167

courses that offered SAM credits to pathologists

61,451

CME activities completed by physicians

93%

of CME educational course rated as 4.2 or greater on a 5.0-point scale in overall value

~1,000

committee positions with CAP members serving to promote advocacy, learning, laboratory improvement, and professional development

33

scientific committees, comprising 510 member experts, met regularly to pioneer and update CAP programs

>1,400

professionals who attended CAP19, the CAP's annual meeting, with pathologists accessing more than 85 CME courses, including 41 SAMs

~14,000

pathologists who received our peer-reviewed journal, *Archives of Pathology & Laboratory Medicine*

~44,000

professionals who subscribed to our monthly trade publication, *CAP TODAY*



Pathologists Benefit from CAP Membership (continued from page 15)



Three new full-day workshops on Genitourinary Pathology, Inspector Training, and Quality Improvement added to the broad education program. Members received numerous networking opportunities throughout the meeting.

The CAP continues to expand and enhance its offerings to better meet members' need for innovative, personalized, and accessible education with maximum flexibility. Registration for the first-ever Pathology in the Park conference opened last summer. This exciting, family-friendly destination CME program offers pathologists the opportunity to combine top-quality breast pathology, gastrointestinal pathology, and hematopathology education with diverse recreational activities at Tenaya Resort in Yosemite National Park. Participants will earn up to 20 CME/SAM

credits. The CAP enhanced online education, too. New design approaches including bite-sized learning, interactive video, and self-directed learning were incorporated in seven new and improved Laboratory Medical Direction online courses released at the end of 2019.

The CAP makes it easier for pathologists to fulfill American Board of Pathology (ABPath) Continuing Certification requirements. To reduce members' ongoing CME reporting burden, the CAP implemented automated transmission of CME, SAM, Part IV, and Patient Safety completion data to ACCME/ABPPPath on behalf of diplomates who provide consent. Additionally, the CAP offered expanded opportunities for education attendees to earn SAM credits without completing a scored post-test, as was previously required.

While offering new education opportunities, the CAP also released three new publications in 2019, helping pathologists and laboratory professionals remain current. The new titles are:

- *Medical Kidney Diseases: Morphology-based novel approach to renal biopsy*
- *Laboratory Administration for Pathologists, 2nd ed.*
- *Clinical Toxicology Testing, 2nd ed.*

Members Harness Their Power

When members want their voices heard and the CAP needs feedback on critical issues impacting pathology, the House of Delegates (HOD) provides that leadership. The HOD comprises the largest body within the CAP, with nearly 500 elected members throughout the United States and Canada. HOD members actively engage in emerging issues important to the profession and inform CAP leadership of member needs on these issues. The HOD partners with CAP councils and committees, providing input to ensure programs, products, and services meet member needs. It also actively supports advocacy efforts and state pathology societies' initiatives. The HOD cultivates future leaders, providing a gateway to leadership within the CAP.

Pathologists Benefit from CAP Membership (continued from page 18)



In many ways, the HOD acts as a force multiplier that amplifies the overall impact in high-priority areas for the CAP. All of this is possible due to highly engaged and active members who are passionate about their profession and channel that energy through the HOD.

The Residents Forum plays a key role in developing the pathology leaders of tomorrow. Participation in this group provides many opportunities for personal and professional growth. Serving as a Residents Forum Executive Committee (RFEC) member offers leadership training and management skill enhancement. A complement to clinical training, this experience will serve residents well at every stage of their careers. The robust resources produced by residents for residents yield invaluable tools for the life-long learner,

along with the intangible benefits acquired during networking with peers and pathology leaders from across the country.

The CAP represents pathologists at every stage of their careers. Fewer medical students are choosing pathology often because of a lack of exposure to the specialty. Residents Forum members strongly voiced their concern about this at the 2018 annual meeting. The RFEC responded in 2019 by outfitting the Medical Student Forum with an updated webpage that hosts videos, articles, podcasts, and slide decks to fill in these gaps. Engagement in the Medical Student Forum has flourished and continues to grow since the webpage's launch in August 2019.

Members Tell Their Stories and Make an Impact

The Engaged Leadership Academy continues to provide members with a unique experience of professional development, skill building, and training in messaging and communication designed to help them articulate and demonstrate the critical role pathologists play in diagnosing disease. To date, 278 ELA graduates are now part of the Engaged Leaders Network, a group of pathologist leaders who participate in a wide variety of activities to demonstrate the value of pathologists to patients, the public, elected officials, their own institutions, and other professional colleagues.

Pathologists Benefit from CAP Membership (continued from page 19)



The pathologists of tomorrow are sitting in high school science classrooms today. In 2019, the CAP invited 30 high school STEM (science, technology, engineering, and mathematics) students to tour the clinical laboratory at Orlando Health—Orlando Regional Medical Center during CAP19. Laboratory Director Lizardo Cerezo, MD, FCAP, and members of his staff participated in the tour by showing students just how a laboratory works and highlighting the pathologist’s role in diagnosing disease. The CAP produced a video of the tour that received thousands of views and shares on social media.

Once again, thanks to engaged members, the CAP took to the airways with a 26-city satellite media tour, providing straight talk on vaping and how it affects the lungs. Also, radio listeners nationwide learned how the

microbiome aids pathologists in diagnosing disease.

One member launched an innovative program inviting patients into her laboratory to see their cancer up close under the microscope. The CAP produced a video highlighting the pathologist-patient consultation that Lija Joseph, MD, FCAP provides at Lowell General Hospital in Massachusetts. A comprehensive digital advertising campaign for this program targeted consumers interested in health and those using the internet to research cancer and other diseases. This campaign reached 3.2 million people via impressions and garnered more than 20,000 YouTube video views.

In 2019, the CAP promoted pathologists through a four-month digital advertising campaign targeting health care

executives and hospital leaders. Pathologists are leaders at their hospitals, working on important initiatives that drive quality. The CAP helps make sure health care administrators and executives know the important work being done in the laboratory.

Members Save Lives and Grow As Leaders

Underserved women with limited access to health care often live with and die from undiagnosed breast and cervical cancers. In 2019, the CAP Foundation’s See, Test & Treat® programs provided free cancer screenings at 13 sites across the United States and diagnosed seven new cases of cancer. The program expanded in New York, and two new states were added — Indiana and Hawaii.

At the Hawaii See, Test & Treat, pathologists diagnosed two cases of cancer, one breast and one cervical, in two different patients. Thanks to the hospital’s onsite resources, the patient with the abnormal Pap test had same-day biopsies showing CIN 3, an abnormality in the cells that line the cervix. See, Test & Treat connected the patient with a medical team for follow-up care after definitive surgery showed invasive cervical cancer.

While patients receive the life-saving benefit of early cancer detection, the pathologists who run See, Test & Treat programs

Pathologists Benefit from CAP Membership (continued from page 20)

become leaders in their hospitals/health systems and communities. They partner with their CEOs, health executives, and other physician specialists to bring a multidisciplinary team together for this vital service to their communities.

In addition to See, Test & Treat grant funding, the CAP Foundation awarded 25 scholarships to residents, fellows, and medical students to support leadership development and advanced training opportunities in informatics and translational diagnostics. Twelve medical students interested in pathology received a travel stipend to attend CAP19. The medical student award continues to provide recipients the chance to meet a diverse group of physicians dedicated to delivering the highest quality of patient care in pathology and laboratory medicine. Seventy-five percent of medical student awardees described their experience as a career-changing opportunity. All 10 of the 2018 medical student awardees are now enrolled in or seriously considering pathology residency programs.

Employees Practice Wellness and Give Back

A talented, engaged staff partners with members to advance the specialty of pathology and laboratory medicine. The CAP’s dedication to staff health and wellness received special recognition



from ComPsych Corporation, the world’s largest provider of employee assistance programs. The CAP was honored as a Silver winner of the 15th-annual Health at Work Awards. From supporting employees in managing debt, stress, and weight to providing free health screenings, the organization promoted wellness throughout the year.

In recognition of the CAP’s qualities as a socially responsible employer, Companies That Care once again named the CAP to its Honor Roll. This national list recognized employers for outstanding workplace practices and active community involvement, especially in the areas of education, diversity, and inclusion.

The daily work of supporting pathologists to make people healthier reflects a strong

commitment to social responsibility. However, CAP employees made an even bigger investment in their communities by marking more than 500 volunteer hours in 2019. For example, Katherine Hermina, a technical buyer in the purchasing department, traveled to rural Vietnam where she worked with Habitat for Humanity to build houses for local families in need. Many employees used their time away from work to support education, hunger relief, blood drives, care for the elderly, and more as a hands-on way to pay it forward. Also, the Community Outreach Task Force rallied staff to help charitable organizations, focusing on areas where staff work and live.

A Strong Year for the CAP

To ensure the CAP can meet the needs of its members for years to come, we set and actively monitor annual financial goals. I am pleased to report that 2019 was another strong year for the CAP.

Total operating revenues for the year ended December 31, 2019, were \$231.4 million—0.6% better than the Board-approved 2019 target and a 6.1% increase over fiscal year 2018.

Revenue from Laboratory Quality Solutions, which includes proficiency testing and laboratory accreditation, grew 6.5% over 2018. These programs benefit pathologists, clinicians, and patients and—at 92.8% of total revenues—remained the primary source of funding for other CAP member benefits. We continue to experience strong growth in strategic international markets, with 19.9% of Laboratory Quality Solutions revenues coming from outside of the United States. All other revenue grew by 2.1% in 2019.

In addition to operating revenue, investment earnings were \$20.0 million in 2019, reflecting the increase in market value of our portfolio. As do many organizations, the CAP invest a portion of our portfolio in

alternative investments to diversify our risk and sustain needed returns. Pursuant to new accounting rules effective January 1, 2019, we now adjust alternative investments to their estimated market value on a quarterly basis.

We continued to actively manage costs across all departments while investing in the right member benefits. Total operating expenses were \$228.4 million, an increase of 2.8% from 2018 and 2.4% better than 2019 budget.



Secretary-Treasurer Richard R. Gomez, MD, FCAP



THE CAP'S GOAL—AS A NONPROFIT ORGANIZATION—IS TO PROVIDE THE GREATEST VALUE TO THE GREATEST NUMBER OF MEMBERS.

PROGRAM REVENUE	2019 AMOUNT (MILLIONS USD)	% OF TOTAL OPERATING REVENUE
Proficiency Testing	\$ 164.8	71.2%
Laboratory Accreditation	50.0	21.6%
Periodical and Published Materials	5.6	2.4%
Membership Dues	3.9	1.7%
Structured Data	2.9	1.3%
Learning	2.6	1.1%
Other	1.6	0.7%
Total Operating Revenues	\$ 231.4	100.0%
Investment Earnings /(Loss) ¹	20.0	8.7%
Total Revenues	\$ 251.4	108.7%

¹ 2019 investment earnings reflect change in accounting for alternative investment, which are now adjusted to their current estimated market value on a quarterly basis.

A Strong Year for the CAP (continued from page 23)

Cost of personnel and benefits (net of capitalized amounts)—our largest expense category—was \$91.9 million, or 40.2% of total expenses in 2019. This expense was 4.4% below budget, partially due to timing of hiring and better than anticipated insurance costs. The Compensation Committee continuously monitors our personnel and benefits cost against external benchmarks, ensuring our ability to attract and retain the right talent in a sustainable way.

In addition to building internal capabilities, the CAP also selectively engages outside services to obtain more cost-effective solutions for ongoing operations and for unique expertise on projects or infrequent needs. In 2019, the cost of outside services (net of capitalized amounts) was \$24.4 million, or 10.7% of total expenses.

Cost of materials and onsite inspections—our second largest expense category—was \$73.0 million, or 31.9% of total expenses. This category includes payments to outside vendors for test kits, the cost of shipping those kits to more than

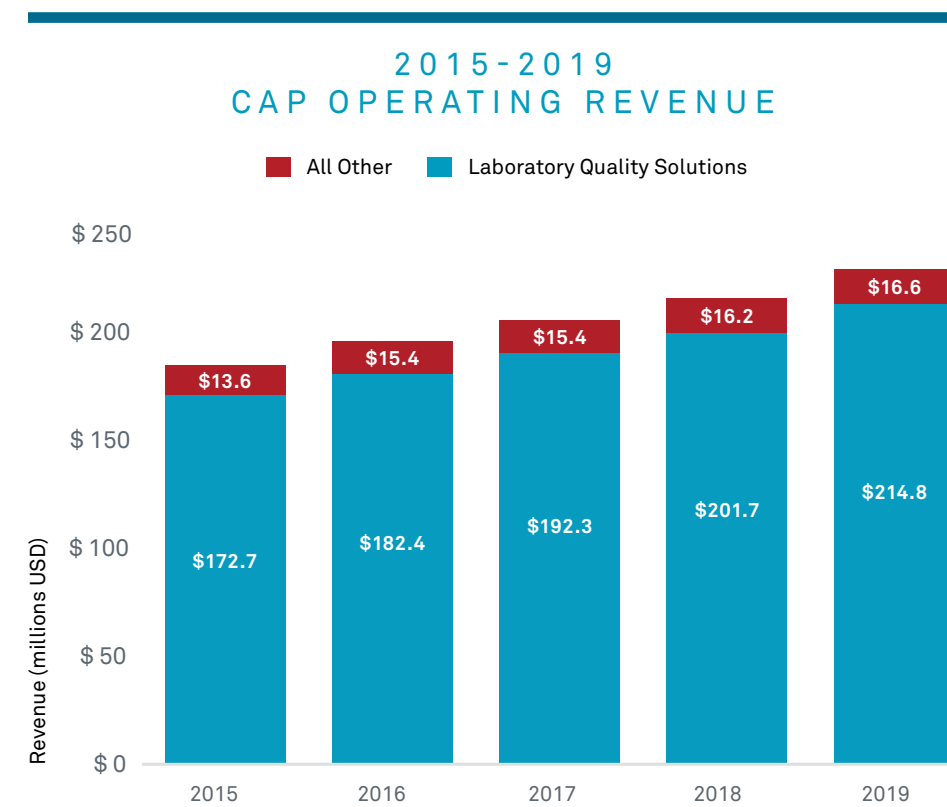
EXPENSE CATEGORY	2018 AMOUNT (MILLIONS USD)	% OF TOTAL EXPENSES
Personnel and Benefits ²	\$ 91.9	40.2%
Cost of Materials and Onsite Inspections	73.0	31.9%
Outside Services ²	24.4	10.7%
Depreciation and Amortization	12.5	5.5%
Rental and Maintenance	8.6	3.8%
Council and Committee Expenses	6.2	2.7%
Travel	4.9	2.1%
Office Expense	3.3	1.5%
General and Administrative	1.4	0.6%
Other	2.2	1.0%
Total Expenses	\$ 228.4	100.0%

² Amounts for personnel and benefits and outside services have been reduced by the capitalized expenses of \$2.5 million and \$3.1 million, respectively.

22,700 laboratory sites in over 100 countries, and worldwide inspector travel costs. This expense grew by 5.4% compared to 2018, commensurate with growth in revenue from Laboratory Quality Solutions. We continue to seek the most efficient ways to deliver our growing programs in an

increasingly complex global environment, mitigating costs and accelerating delivery times, especially to our international customers. In 2019, we automated shipping documentation, which should reduce foreign processing fees charged by our packagers.

A Strong Year for the CAP (continued from page 24)



Depreciation and amortization expense was \$12.5 million, or 5.5% of total expenses in 2019. This non-cash expense is largely related to significant past investments to update our information systems. As we transition to cloud technologies, we expect to spend less on software and hardware purchases (with a corresponding reduction to depreciation and amortization) and more on software rental and maintenance expense. The Board of Governors continues to

monitor our progress against the five-year strategic technology plan approved in 2018 to help the CAP operate more efficiently and effectively while also responding to member and customer feedback.

With both revenue and expenses better than budget, and investment earnings of \$20.0 million, 2019 net income (excess revenue over expenses after investments and adjustments) was \$23.0 million. The Board

also monitors earnings before interest, depreciation, and amortization (EBIDA), minus capital expenditures (CapEx) to ensure we break even in the long term. In 2019 the CAP again exceeded this target—achieving EBIDA less CapEx of \$8.7 million and positioning itself well for future investments.

A Strong Year for the CAP (continued from page 25)

We continued to fund programs that meet our members' top needs. As the only 501(c)(6) membership organization representing pathologists, the CAP spent \$8.6 million in direct expenses to advocate on behalf of pathologists in Washington D.C. and beyond.

We also invested \$7.1 million into high-quality practical learning which evolved with your needs.

We led development of evidence-based guidelines, helped members build critical skills, funded the Pathologists Quality Registry, and expanded the reach of structured data solutions. The CAP balance sheet remains strong, with total assets as of December 31, 2019 of \$277.0 million, including reserves of \$89.1 million. Assets net of liabilities were \$73.0 million.

The CAP's goal—as a nonprofit organization—is to provide the greatest value to the greatest number of members. Your CAP remains financially strong and well positioned to support the future of pathology and laboratory medicine worldwide.

ASSET CLASS	BALANCE AS OF DECEMBER 31, 2019 (MILLIONS USD)
Cash and Cash Equivalents	\$ 47.9
Accounts Receivable	95.6
Other Current Assets	8.9
Land, Buildings, and Equipment, Net of Accumulated Depreciation	31.7
Investment and Other Long-Term Assets ³	92.8
Total Assets	\$ 277.0
Less: Total Liabilities	204.1
Net Assets	\$ 72.9

³ Investment balance reflects change in accounting for alternative investment, which are now adjusted to their current estimated market value on a quarterly basis.

GROWING AND EVOLVING

\$231.4M

operating revenue—
up 6.1% over 2018

\$8.6M

spent in support of
advocacy initiatives
to lobby on behalf
of the interests of pathologists

\$214.8M

revenue from
Laboratory Quality Solutions—
6.5% growth over 2018

\$7.1M

allocated toward advancing
comprehensive learning
programs for members

\$3.9M

revenue from member dues

\$8.7M

EBIDA
minus capital expenditures

\$228.4M

expenses—up 2.8%
over 2018

\$23.0M

earnings net of
noncash expenses

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President

Emily Ellen Volk, MD, MBA, FCAP
President-elect

Richard R. Gomez, MD, FCAP
Secretary-Treasurer

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Alfred Wray Campbell, MD, MBA, FCAP

Rajesh C. Dash, MD, FCAP

Mary Elizabeth Fowkes, MD, PhD, FCAP

Eric F. Glassy, MD, FCAP

Jennifer L. Hunt, MD, MEd, FCAP

Donald Steven Karcher, MD, FCAP

Jonathan Louis Myles, MD, FCAP

Raouf E. Nakhleh, MD, FCAP

Richard Michael Scanlan, MD, FCAP

Nancy A. Young, MD, FCAP

Qihui "Jim" Zhai, MD, FCAP

Ex-Officio Members

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Chair, Residents Forum

Kathryn Teresa Knight, MD, FCAP
Speaker, House of Delegates

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President, CAP Foundation

R. Bruce Williams, MD, FCAP
Immediate Past President

Sang Wu, MD, FCAP
Vice Speaker, House of Delegates

OUR MISSION

THE COLLEGE OF AMERICAN
PATHOLOGISTS (CAP), THE LEADING
ORGANIZATION OF BOARD-CERTIFIED
PATHOLOGISTS, SERVES PATIENTS,
PATHOLOGISTS, AND THE PUBLIC
BY FOSTERING AND ADVOCATING
EXCELLENCE IN THE PRACTICE
OF PATHOLOGY AND LABORATORY
MEDICINE WORLDWIDE.

OUR VISION

PEOPLE ARE HEALTHIER
BECAUSE OF EXCELLENCE IN THE
PRACTICE OF PATHOLOGY AND
LABORATORY MEDICINE.

From left: (Standing) Dr. Nakhleh, Dr. Allen, Dr. Wu, Dr. Campbell, Dr. Myles, Dr. Scanlan, Dr. Karcher, Dr. Martinez-Torres. (Seated) Dr. Zhai, Dr. Knight, Dr. Young, Mr. Myers, Dr. Volk, Dr. Godbey, Dr. Gomez, Dr. Williams, Dr. Fowkes, Dr. Dash, Dr. Booth.



The CAP is a 501(c)(6) nonprofit membership organization under the Internal Revenue Code. The IRS designation allows the CAP to lobby for pathologists with Congress, the federal administration, and state governments, and establish a political action committee (PathPAC) to participate in the political process. Our member-elected Board of Governors provides financial and operational oversight and sets strategic direction.



COLLEGE of AMERICAN
PATHOLOGISTS

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