

CLINICAL LABORATORY COALITION

Committed to Ensuring Access to Quality Laboratory Services

February 26, 2014

The Honorable Harry Reid
United States Senate
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
United States Senate
317 Russell Senate Office Building
Washington, DC 20510

The Honorable Richard J. Durbin
United States Senate
711 Hart Senate Office Building
Washington, DC 20510

The Honorable John Cornyn
United States Senate
517 Hart Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid, Majority Whip Durbin, Minority Leader McConnell, and Minority Whip Cornyn:

On behalf of the undersigned organizations—representing America’s community, regional, hospital-based, and national clinical laboratories; the laboratory professionals who provide care for the Medicare patients we serve; and diagnostic manufacturers—we ask that you protect access to Medicare Part B clinical laboratory services as you work to address the pending Medicare Sustainable Growth Rate (SGR) cuts to physician reimbursement. We specifically urge you to oppose any additional across-the-board reductions in the Medicare Part B Clinical Laboratory Fee Schedule (CLFS). In the CY 2014 Physician Fee Schedule Final Rule, CMS outlined its plan to undertake a review of laboratory test payment rates and propose adjustments to rates beginning in 2014. This CLFS review is the first of its kind and creates the risk of double-digit regulatory cuts, as the agency has carved broad review authority for itself. Any additional statutory cuts to the CLFS on top of CMS-initiated reductions would devastate laboratory providers’ ability to serve their communities and meet the needs of the Medicare population.

Over the last year, the laboratory community has been working closely with the Senate Finance Committee, House Energy and Commerce Committee, and House Ways and Means Committee to examine ways to appropriately modernize the way laboratories are paid under Medicare. The laboratory community has presented reform options, and we want to continue to work with Congress to ensure that this is done in a way that preserves beneficiaries’ access to laboratory services. Across-the-board cuts to the CLFS do nothing to modernize the fee schedule. Cuts devastate the ability of local laboratories to continue to serve their communities and provide cost-effective care to chronically ill populations, including skilled nursing facility residents.

Laboratory testing represents less than 2 percent of all Medicare fee-for-service spending, yet it has been subject to significant payment rate freezes and cuts over the last two decades—especially in the past three years. These cuts include a cumulative 20 percent reduction implemented through the Affordable Care Act; another 2 percent cut to the laboratory fee schedule, as a result of the short term SGR patch passed in FY 2013 (representing 15 percent of the offset to pay for the SGR deal); and another 2 percent cut to Medicare laboratory services through sequestration.

In some clinical laboratories, especially those serving rural communities and nursing home populations, 60 percent or more of their patient-base consists of Medicare beneficiaries. Any additional cuts cannot be absorbed without adversely impacting patient care. Additional cuts will translate into workforce reductions that threaten economic recovery and a decrease in lab capacity that will threaten seniors' access to tests needed for physicians to manage chronic health conditions.

Our organizations respectfully request that you work to protect access to clinical laboratory services for Medicare beneficiaries and oppose further reductions in the laboratory fee schedule. Direct cuts affect our ability to provide necessary services that influence nearly 70 percent of medical decision-making. Laboratories are an integral partner in the overall effort to improve care delivery and reduce health care costs—with laboratory tests serving as the foundation for the diagnosis and clinical management of conditions like heart disease, cancer, and diabetes. We want to work with you to achieve these goals without compromising the quality and availability of care that Medicare beneficiaries deserve.

If you have any questions, or if we can provide additional information, please contact Julie Allen with the Clinical Laboratory Coalition (202.230.5126 or julie.allen@dbr.com), or any of the organizations represented below.

Sincerely,

AdvaMedDx
 Allermatrix, Inc.
 American Association for Clinical Chemistry
 American Association of Bioanalysts
 American Clinical Laboratory Association
 American Esoteric Laboratories
 American Esoteric Laboratories Central
 American Esoteric Laboratories East
 American Esoteric Laboratories Southeast
 American Medical Technologists
 American Society for Clinical Laboratory
 Science
 American Society for Microbiology
 BD
 Biomedical Laboratories
 Brookside Clinical Laboratory
 CBLPath, Inc.
 Central Coast Pathology
 Clinical Laboratories of Hawaii, LLP
 Clinical Laboratory Management Association
 Clinical Pathology Laboratories, Inc.
 Clinical Pathology Laboratories Southeast

East Side Clinical Laboratory
 Grifols
 Health Diagnostic Laboratory, Inc.
 Health Network Laboratories
 Hologic
 Interpath Laboratory
 Laboratory Corporation of America Holdings
 Lima Pathology Labs
 MedLabs Diagnostics
 National Independent Laboratory Association
 NMS Labs
 Ocean County Medical Laboratory
 Pathology Laboratories, Inc.
 Physician's Automated Laboratory, Inc
 Quest Diagnostics Incorporated
 Shiel Medical Laboratory
 Siemens Healthcare Diagnostics
 Sonic Healthcare USA
 Sunrise Medical Laboratories - Chantilly
 Sunrise Medical Laboratories - NY
 Sunrise Medical Laboratories - Winchester
 Western Health Sciences

Cc: House of Representatives; Senate