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NATION'S COMMUNITY CLINICAL LABORATORIES JEOPARDIZED BY PRESIDENT'S 2014 BUDGET PROPOSAL TO DRASTICALLY CUT CLINICAL LABORATORY REIMBURSEMENT

(Washington, DC) – The National Independent Laboratory Association (NILA), representing small and mid-sized community clinical laboratories, opposes the President's 2014 budget proposal to further reduce Medicare payments for clinical laboratory services by an additional \$9.460 billion over ten years. Medicare's Part B clinical laboratory services were cut by 20 percent to implement the Affordable Care Act and have already received an additional 4% in cuts to offset the costs of addressing physician payment adjustments as well as sequestration.

"Clinical laboratory services represent just 1.6 percent of total Medicare spending, yet clinical laboratories have been targeted for drastic cuts. The reality is that these cuts devastate the community clinical laboratories that provide services to seniors across the country, including those in long term care facilities," says Mark S. Birenbaum, Ph.D., Administrator of NILA. "These small and mid-sized laboratories simply cannot sustain these cuts."

"As the Administration seeks to implement the Affordable Care Act and focus on improving health quality and reducing health care costs, the value placed on clinical laboratory services should be all the greater. Laboratory tests help health care providers make better health care decisions and ensure the right care is provided at the right time," adds Birenbaum.

NILA believes laboratories have a critical role to play in development of new care delivery models, but community clinical laboratories are being forced into a corner and are already having to make difficult economic decisions to stay viable in a difficult economy.

In some clinical laboratories, particularly those serving rural communities or nursing home populations, 60 percent or more of their patients are Medicare beneficiaries. NILA is concerned that additional cuts of the magnitude suggested in the President's budget cannot be absorbed without affecting patient access to services.

A 2012 survey conducted by the George Washington University revealed that many small and mid-sized community clinical laboratories operate on very tight budgets, with profit margins not exceeding 0-3 percent. "With such low profit margins, these laboratories cannot continue to operate and be an essential partner in the effort to improve health care delivery and reduce health care costs if the cuts proposed in the President's 2014 budget are adopted," concludes Birenbaum.

NILA wants to partner with Congress and the Administration to protect access to clinical laboratory services and develop better solutions toward addressing health care spending concerns. The answer is not to cut a small segment of the Medicare program that is essential to improving care and reducing health care costs.

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