



For Immediate Release

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OIG Report Misses Opportunity to Address Modernizing Medicare Laboratory Payments

Washington D.C. – The National Independent Laboratory Association (NILA), representing independent community and regional laboratories throughout the United States is deeply troubled by the recommendations released by the OIG for significant cuts to Medicare lab payments and increased costs on Medicare beneficiaries for lab services. If acted on, NILA believes the OIG recommendations would threaten access to testing services for millions of Medicare beneficiaries, including those who reside in skilled nursing facilities.

The OIG report compared the Medicare payment rates of only 20 specific laboratory tests, which are not representative of the overall testing market—which includes over 1000 tests. Rates were compared to Medicaid, at a time when many state Medicaid budgets are strained and reimbursement levels for health care services across the board are very low. Additionally, the report only includes data from independent and physician office-based laboratories, ignoring hospital laboratories, which make up the rest of the clinical laboratory market.

“There are clear oversights and omissions in the approach taken by the OIG to examine the laboratory market,” stated Dr. Mark Birenbaum, NILA’s Administrator, “but what is most concerning are the recommendations that the OIG makes from this limited review, which would devastate the small and mid-size clinical laboratory market today,” said Birenbaum.

Since 2011 (the year that data was analyzed for the OIG report) clinical laboratories have received significant cuts in reimbursement, including a cut to pay for a short-term fix in Medicare physician payments (known as SGR) and another cut through sequestration. These cuts are on top of a cumulative 20 percent cut implemented through health reform—five direct fee cuts and a permanent provider productivity adjustment.

“This is death by a thousand cuts for the nation’s community laboratories,” stated Birenbaum. “NILA is very concerned the OIG would make such drastic and baseless recommendations without considering the impact such changes would have on access to community-based laboratory services.”

“If Congress and the Administration want to improve patient health outcomes and reduce health care expenditures, laboratories must be considered a key partner in meeting those goals. Labs provide the data that drives 70 percent of medical decision making. NILA wants to work in partnership with policymakers to modernize the laboratory fee schedule to ensure that tests are appropriately valued and that lab services remain available in communities throughout the United States to support clinical decision making,” says Birenbaum. “Blind direct fee cuts and copays are not the answer to reform and it’s time to get beyond that discussion.”

The National Independent Laboratory Association (NILA) is a trade association for clinical laboratories that provides a forum for the sharing of technical and business expertise. NILA focuses on business/management issues facing laboratories, such as marketing/sales, contracting with managed care companies, finding and keeping good employees, financial management, expanding test menus, managing growth, competing with big, publicly traded laboratories, and acting on legislative and regulatory issues facing the laboratory industry.

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