

CLINICAL LABORATORY COALITION

Committed to Ensuring Access to Quality Laboratory Services

November 29, 2012

The Honorable Max Baucus
United States Senate
511 Hart Senate Office Building
Washington, DC 20510

The Honorable Orrin G. Hatch
United States Senate
104 Hart Senate Office Building
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch:

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 end of year fiscal matters, including sequestration and the pending Medicare SGR cuts to physicians. We specifically urge you to oppose any additional reductions in the Medicare Part B Clinical Laboratory Fee Schedule, which was cut by Congress earlier this year. Further reductions to the fee schedule—whether through a direct cut or the imposition of new laboratory cost sharing requirements—gravely threaten laboratory providers’ ability to serve their communities and specifically meet the needs of the Medicare population.

Clinical laboratory testing represents approximately 1.6 percent of all Medicare spending, yet it has been subject to significant freezes in payments 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 deal passed in February of this year (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 or 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. Cuts to clinical laboratories will threaten seniors’ access to tests needed for physicians to manage chronic health conditions. Independent clinical laboratories will be forced to make drastic economic decisions to ensure their viability in a difficult market. As demonstrated in a recent survey conducted by the George Washington University, a significant number of small and mid-size independent clinical laboratories operate on very low margins, with profit margins that do not exceed 3 percent. Additional cuts are not an option if these laboratories are to grow or even retain their ability to serve Medicare beneficiaries. For other laboratories, additional cuts to laboratory reimbursement will likely lead to even further workforce reductions, threatening both economic recovery and patient care.

A 2000 Institute of Medicine (IOM) report on Medicare laboratory payment policy recommended against beneficiary cost sharing, asserting that the cost for laboratories to collect a copay or coinsurance will often exceed the amount of the actual cost sharing amount. Additionally, in 2011, the Congressional Budget Office (CBO) did not include laboratory coinsurance or co-pays in the savings options presented to Congress. In its reports to Congress, the Medicare Payment Advisory Commission (MEDPAC) also did not include any recommendation for cost sharing on laboratory services.

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 and the implementation of cost sharing for Medicare Part B clinical laboratory services. Both issues affect our ability to provide necessary services that drive over 70 percent of medical decision making. Laboratories are an integral partner in your ultimate effort to improve care delivery and reduce health care costs, with lab 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 your goals without compromising the quality and availability of care 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.

Thank you for considering this request.

Sincerely,

Acupath Laboratories, Inc.
AdvaMedDx
Aegis Sciences Corporation
Agendia Inc.
American Association of Bioanalysts
American Association for Clinical Chemistry
American Clinical Laboratory Association
American Esoterics Laboratories
American Medical Technologists
American Society for Clinical Laboratory Science
American Society for Clinical Pathology
American Society for Microbiology
Atlantic Diagnostic Laboratories
BD
Biomedical Laboratories
Brookside Clinical Laboratory, Inc.
CBLPath, Inc.
Central Coast Pathology Laboratory
Cepheid

Citrano Medical Laboratories, Inc.
Clinical Laboratories of Hawaii, LLP
Clinical Laboratory Management Association
Clinical Pathology Laboratories, Inc.
Clinical Pathology Laboratories Mid Atlantic
Clinical Pathology Laboratories Southeast
Diagnostic Laboratory Medicine
Eastside Clinical Laboratory, Inc.
Greenwood Medical Laboratory, Inc.
Health Diagnostic Laboratory, Inc.
Interpath Laboratory, Inc.
Laboratory Partners Inc.
MedLab Inc.
Modern Diagnostic Laboratory, Inc.
National Independent Laboratory Association
North Coast Clinical Laboratory, Inc.
Novartis
Ortho Clinical Diagnostics
Pathology Laboratories, Inc.
Physician's Automated Laboratory, Inc.
Piedmont Joint Venture Laboratory, Inc.
ReproSource, Inc.
Rheumatology Diagnostics Laboratory, Inc.
Roche Diagnostics Corporation
Shiel Medical Laboratory
Siemens Healthcare Diagnostics
Sonic Healthcare USA, Inc.
Southwestern Medical Laboratory, Inc.
Sunrise Medical Laboratories, Inc.
TriCore Reference Laboratories
Western Health Sciences

cc: Members of the U.S. Senate Committee on Finance