



March 1, 2013

The Honorable Max Baucus  
Chairman  
Committee on Finance  
U.S. Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

The Honorable Orrin Hatch  
Ranking Member  
Committee on Finance  
U.S. Senate  
219 Dirksen Senate Office Building  
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Hatch:

We, the undersigned, applaud your leadership in strengthening the Medicare program for current and future beneficiaries. However, we would like to express our opposition to a widely-discussed reform concept: Medicare beneficiary cost-sharing for clinical laboratory services.

This particular modification to the Medicare program would be harmful to both beneficiaries and clinical laboratories. Specifically for beneficiaries, requiring coinsurance of any form for clinical laboratory services under Medicare will shift costs directly to them. While in some instances having beneficiaries pay a portion of their health care services may be prudent, in the case of clinical laboratory services it would be both onerous and impractical. Patients do not determine which lab tests are medically necessary for them to receive; instead, those decisions are made by their personal clinicians according to individual needs. Note that 70% of medical decision-making is based on clinical laboratory testing. Clinical laboratory testing is a referral-based service, and only once the tests are ordered for patients by health care professionals does the clinical laboratory receive the requisition and perform the tests. Since the patient is not directly ordering the tests, adding coinsurance is unlikely to change beneficiary utilization behavior, and therefore will not result in health care cost savings. Rather, the end result is just a shift in payer from the Medicare program and/or Medigap to the beneficiary.

In addition, costs incurred by individual labs – as well as for the Medicare program -- would increase due to the additional administrative and collection burdens. Collecting coinsurance is uniquely difficult and inefficient for clinical laboratories because there often is no face-to-face encounter between lab and patient, which causes significant obstacles to obtaining accurate patient information and having realistic opportunities for collection.

In summary, we strongly believe imposing coinsurance for clinical laboratory services under Medicare is not in the best interests of beneficiaries, clinical laboratories, the Medicare program, and our health care system at large.

Thank you for considering our position.

Sincerely,

AARP

ACLA