



June 27, 2011

The Honorable Don Young
United States House of Representatives
2314 Rayburn House Office Building
Washington, DC 20515

Dear Representative Young:

The American Clinical Laboratory Association (ACLA) represents the leading providers of laboratory services in the United States. We are writing to convey our serious concerns about the possible imposition of coinsurance for clinical laboratory services provided under Medicare, as part of a larger proposal outlined by the Congressional Budget Office for “uniform coinsurance.” ACLA opposes coinsurance for laboratory services as it shifts a portion of the costs of laboratory services to the beneficiary, will threaten the viability of hundreds of small and regional laboratories providing vital services to Medicare’s most vulnerable beneficiaries, and will be extremely difficult for laboratories to collect because they do not generally have a face to face or billing relationship with patients.

Furthermore, levying coinsurance on seniors for laboratory services is at significant odds with demonstrated congressional intent to encourage more prevention and early detection of chronic diseases such as diabetes, heart disease, kidney disease and cancer – and laboratory tests are at the center of prevention and early detection. In fact, through the passage of the *Patient Protection and Affordable Care Act (PPACA)*, coinsurance and cost-sharing for recommended preventive benefits was eliminated, including clinical laboratory tests for cholesterol, diabetes, colorectal cancer, and cervical cancer. Implementing uniform coinsurance could effectively repeal those provisions of PPACA.

Since approximately 70% of Medicare beneficiaries have at least one chronic condition, 38% have two to four, and 7% have more than five, taking steps to prevent or best manage these conditions would certainly reduce Medicare expenditures; indeed, 75% of all current program costs are for the care of chronic conditions.

The burden of this proposal will not be borne by beneficiaries alone, because clinical laboratories will be forced to bill for and collect these coinsurance amounts. And unlike other providers, laboratories rarely have face to face interactions with patients, which makes coinsurance collection difficult, and in some cases, impossible. Moreover, since the average coinsurance payment would be just \$6.65, the administrative costs to clinical laboratories for the billing and collection of many tests will far exceed the amount of the coinsurance. This increased administrative burden would come on the heels of a cumulative 20% cut to the clinical laboratory sector sustained through implementation of PPACA.

Moreover, the coinsurance proposal would be particularly devastating to small laboratories and regional laboratories providing the majority of testing services for those who are homebound and in assisted living or skilled nursing facilities. For these small laboratories, Medicare Part B represents up to 80 percent of their revenues. Three million Medicare beneficiaries receive laboratory services in these settings, and more than half are either indigent or are dual eligibles with Medicaid coverage. It is unlikely more than 5% of the proposed 20% coinsurance will be collectable by these small laboratories, resulting in a staggering 15% reduction in revenue which exceeds by several times their profit margins.

As a result, the most likely scenario is that the majority of the 3 million annual Medicare beneficiaries in nursing home or assisted living facilities and the homebound will lose access to these vital services. These beneficiaries will have to be transported – many by ambulance – to a physician’s office, a hospital, emergency room, or other laboratory site to have their specimens drawn.

Therefore, ACLA respectfully requests you to protect access to clinical laboratory services for Medicare beneficiaries by opposing the implementation of coinsurance for Part B clinical laboratory services.

Thank you for considering this request.

Sincerely,

A handwritten signature in cursive script, appearing to read 'Alan Mertz', is positioned below the word 'Sincerely,'.

Alan Mertz,
President