

CLINICAL LABORATORY COALITION

Committed to Ensuring Access to Quality Laboratory Services

July 7, 2011

The Honorable Harry Reid
Majority Leader
U.S. Senate
522 Hart Senate Office Building
Washington, DC 20510

The Honorable Mitch McConnell
Minority Leader
U.S. Senate
317 Russell Senate Office Building
Washington, DC 20510

Dear Majority Leader Reid and Minority Leader McConnell:

The undersigned laboratory and health care organizations, representing America's community, regional, and national laboratories, their employees, practitioners, and the Medicare patients we serve ask that you object to the inclusion of Medicare Part B coinsurance on clinical laboratory services as part of the debt ceiling negotiations.

Laboratory coinsurance will simply shift health care costs to seniors, many of whom live on fixed or limited incomes or reside in long term care facilities with no ability to pay; add billions of dollars in unnecessary costs to our health care system; result in job losses, and jeopardize the ability of laboratories to continue serving the most vulnerable beneficiaries in Medicare.

Coinsurance threatens the viability of hundreds of community and regional laboratories across the United States that provide services to the majority of the Medicare population today. If coinsurance is put in place, laboratories will receive a reduction in their Medicare reimbursement and will then be expected to collect the coinsurance amount from beneficiaries. Collection from beneficiaries will prove impossible in many cases, as laboratories are different than physician practices in that they frequently receive only a Medicare ID number instead of a patient's full contact information; only receive a blood specimen and do not interact with the patient; or provide services to a long term care beneficiary at a nursing facility where most residents are no longer responsible for their own health decision making. For the laboratories that primarily care for Medicare beneficiaries in long term care and home care settings, collection of coinsurance is further challenged by the fact that most of these beneficiaries are dual-eligibles, meaning they are covered by Medicare and Medicaid, and under existing law, laboratories would be prohibited from collecting their coinsurance from Medicaid.

The significant cost imposed on laboratories for collecting coinsurance is not just anecdotal. The median cost of a laboratory claim under Medicare is about \$30. If Congress imposes a coinsurance of 20% on laboratory services covered under Medicare Part B, the majority of coinsurance bills will be \$6 or less. We know from our experience with private insurance that

significant amounts of coinsurance are not collectable today and that collection costs can range from \$12.00-\$18.00 a claim when considering the cost to produce the bill and duplicate bills, provide postage, track the bills, and utilize a collection agency for uncollected payments. The cost of collection is staggering when considering that coinsurance on Medicare Part B laboratory services will require laboratories to generate at least 200 million bills annually to beneficiaries.

The cost to our health care system of collecting the laboratory coinsurance far exceeds any savings members of Congress or the Administration believes can be achieved and places the burden of this cost largely on America's laboratories. At the very least, an adjustment to the Medicare laboratory fee schedule to sustain this increased cost for doing business would be necessary, further increasing health care spending. Otherwise, this situation would be intolerable, particularly for small laboratory businesses, causing many laboratories to limit or drop their participation in Medicare Part B, and therefore, severely limiting access to care for our most vulnerable seniors.

A 2000 Institute of Medicine (IOM) report on Medicare laboratory payment policy recommended against beneficiary coinsurance, concluding that "cost-sharing is unlikely to significantly reduce overuse or increase the detection of fraud and abuse; it could create barriers to access for the most vulnerable Medicare beneficiaries; and it would be financially and administratively burdensome for laboratories, patients, and the Medicare program..." In 2011, the Congressional Budget Office did not include laboratory coinsurance or co-pays in the savings options presented to Congress.

Levying coinsurance on beneficiaries for laboratory services is also 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 – as laboratory tests are at the center of prevention and early detection. In fact, through the passage of the *Patient Protection and Affordable Care Act*, coinsurance and cost-sharing for recommended preventive benefits was eliminated for new private plans available through the health insurance exchanges, including clinical laboratory tests for cholesterol, diabetes, colorectal cancer, and cervical cancer. Implementing laboratory coinsurance for Medicare beneficiaries goes in exactly the opposite direction.

Our organizations respectfully request that you work to protect access to clinical laboratory services for Medicare beneficiaries by opposing the implementation of coinsurance for Medicare Part B clinical laboratory services.

Thank you for considering this request.

Sincerely,

American Association for Clinical Chemistry
American Association of Bioanalysts
American Clinical Laboratory Association
American Medical Technologists
American Society for Clinical Laboratory Science
American Society for Clinical Pathology

America's Blood Centers
Clinical Laboratory Management Association
Coalition for 21st Century Medicine
Laboratory Corporation of America Holdings
National Independent Laboratory Association
Quest Diagnostics Incorporated
Sonic Healthcare USA