

July 11, 2011

The Honorable Harry Reid  
Majority Leader  
U.S. Senate  
S-221, The Capitol  
Washington, DC 20510

The Honorable Mitch McConnell  
Minority Leader  
U.S. Senate  
S-230, The Capitol  
Washington, DC 20510

The Honorable John Boehner  
Speaker  
U.S. House of Representatives  
H-232, The Capitol  
Washington, DC 20515

The Honorable Nancy Pelosi  
Minority Leader  
U.S. House of Representatives  
H-204, The Capitol  
Washington, DC 20515

Dear Majority Leader Reid, Minority Leader McConnell, Speaker Boehner, and Minority Leader Pelosi:

We, the undersigned organizations, represent the interests of a broad cross-section of our nation's Medicare beneficiaries as well as the health care providers who care for them.

While we believe it is critically important for our nation's fiscal health to address the deficit, we are deeply concerned by a number of proposals in the Congress that ask Medicare beneficiaries and providers to bear the lion's share of the responsibility. Specifically, we are concerned about the possible implementation of "uniform Medicare coinsurance," which would include a new 20% coinsurance on laboratory services. This proposal will dramatically affect access to clinical laboratory services for beneficiaries and particularly for those who experience chronic conditions which require routine diagnostic testing and screening to manage. In fact, clinical laboratory testing is such a vital element of patient care that it drives 70% of all medical decision-making, and yet it comprises just 2% of all spending in the Medicare program.

Levying coinsurance on seniors for laboratory services is at significant odds with demonstrated congressional intent to encourage more preventive care and disease management. This is particularly important given that 70% of Medicare beneficiaries have at least one chronic condition, and 38% have two to four conditions to manage. Indeed, the *Patient Protection and Affordable Care Act* (PPACA) fully recognized the cost effectiveness of laboratory and diagnostic testing by eliminating coinsurance and cost-sharing for preventive services, including clinical laboratory tests for cholesterol, diabetes, colorectal cancer, and cervical cancer, among others. The benefits of these provisions would be eliminated if uniform coinsurance is implemented and millions of Americans living with chronic diseases like diabetes, heart disease, kidney disease, and cancer will be adversely affected.

Uniform coinsurance creates Medicare savings by shifting a portion of the costs of services to the beneficiary, which the Institute of Medicine has reported could cause access issues for clinical laboratory services, especially for those beneficiaries without supplemental coverage. In fact, the Congressional Budget Office stated in its December 2008 Budget Options report regarding lab coinsurance that "[b]ecause of those costs, some Part B enrollees might forego valuable or needed laboratory testing, potentially hindering timely and effective clinical decision-making." Further, a new Kaiser Family Foundation report found that income levels for Medicare beneficiaries often don't cover their monthly expenses and fail to keep pace with rising health care and other costs of living, resulting in these older and disabled Americans either delaying or forgoing altogether necessary medical care, such as preventive tests and screening, dental care, and eye care. Estimates show that as a result of this policy, Medicare beneficiaries would have to shoulder at least \$24 billion in additional payments for clinical laboratory tests alone.

For those beneficiaries receiving home health or skilled nursing facility (SNF) services, this policy could put their access to timely laboratory testing in serious jeopardy. Because the tests most frequently performed on SNF and home health patients are routine, low-margin services, the cost of collection would often exceed the coinsurance. This untenable situation would be exacerbated by the fact that coinsurance is largely uncollectible from dual eligibles. Therefore, those laboratories serving primarily home health and skilled nursing facilities will find it impossible to stay in business with a likely 20% cut in revenue. The impact on patients is just as detrimental since if lab services are not available either at home or in the SNF, these patients will have to be transported to a doctor's office, hospital, or laboratory site to have their specimens drawn. And due to the non-ambulatory nature of these patients, the means for such transportation is typically an ambulance. Moreover, in the event that a test must be done immediately, and where no scheduled appointment is available, the patient has no choice but to resort to the emergency room, resulting in increased Medicare program costs for ambulance transport and an emergency room visit – in addition to the costs of the lab test(s).

Therefore, if the ultimate goal is to reduce Medicare expenditures, it is counterproductive to erect barriers discouraging beneficiaries from receiving critical diagnostic and monitoring tests, the results of which help beneficiaries best manage their health, and avert much higher costs to the program because of delayed care.

Therefore, as you consider deficit reduction options, on behalf of those Medicare beneficiaries who rely on clinical laboratory testing to maintain their quality of life, we respectfully request that you reject Medicare uniform coinsurance. Thank you.

Sincerely,

Alliance for Aging Research  
American Clinical Laboratory Association  
American Public Health Association  
Action AIDS  
AIDS Alliance for Children, Youth and Families  
AIDS Institute  
Alzheimer's Foundation of America  
Association of Jewish Aging Services  
Children's Cardiomyopathy Foundation  
Coalition for 21st Century Medicine  
Community Access National Network  
Defeat Diabetes Foundation  
Genetic Alliance  
Hypertrophic Cardiomyopathy Association  
National Committee to Preserve Social Security and Medicare  
National Patient Advocate Foundation  
Renal Physicians Association  
Preventive Cardiovascular Nurses Association  
SADS (Sudden Arrhythmia Death Syndromes) Foundation  
Siemens Healthcare Diagnostics  
Sudden Cardiac Arrest Association  
The American Cancer Society Cancer Action Network  
The National Consumer Voice for Quality Long-Term Care  
Trust for America's Health  
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