



March 9, 2015

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

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

Dear Chairman Hatch and Ranking Member Wyden:

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 a majority of medical decision-making is based on clinical laboratory testing. Furthermore, clinical laboratory testing are referral-based services, 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 cost-sharing 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.

Indeed, 26 percent of the average Social Security benefit in 2010 was spent on Medicare premiums and existing cost-sharing. Given that half of all beneficiaries nationwide live on less than \$23,500 each year, yet spend 17 percent of their limited incomes on health care, the federal government should not saddle them with even more out of pocket health care expenses.

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 cost-sharing 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 cost-sharing 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