

March 9, 2018

Ms. Seema Verma, Administrator  
Centers for Medicare and Medicaid Services  
7500 Security Boulevard  
Baltimore, MD 21244

***DELIVERED ELECTRONICALLY***

Dear Administrator Verma,

We are writing to call your attention to recent reductions in reimbursement rates for laboratory services by some state Medicaid agencies and to request your assistance in educating the agencies and addressing the impact of their actions so that access to critical laboratory services by Medicaid recipients is not further compromised. Our organizations represent a diverse cross section of clinical laboratory stakeholders, including physicians, independent laboratories, and laboratories serving hospitals and other facilities. Our members serve vast Medicaid populations and have a direct stake in ensuring that laboratory services remain accessible to all Medicaid recipients.

Some Medicaid agencies that base reimbursement on the Medicare Clinical Laboratory Fee Schedule (CLFS) recently implemented significant reductions in their Medicaid laboratory reimbursement rates, soon after the CLFS rates were reduced significantly as a result of the implementation of Sec. 216 of the Protecting Access to Medicare Act (PAMA). The reductions in addition to those implemented under PAMA are drastic, unnecessary, and may threaten access to critical laboratory services used in the prevention, diagnosis, and monitoring of disease.

We urge you to educate state Medicaid agencies by issuing a State Medicaid Director letter and an Informational Bulletin regarding the recently-implemented PAMA cuts and remind them of their obligation to provide Medicaid reimbursement for laboratory services that is sufficient to ensure access to those services. In addition, where a state plan amendment is required to implement rate reductions, we urge CMS to reject such proposed amendment, given the likely adverse impact of further reductions on continued access to laboratory services for Medicaid recipients.

Laboratories serving Medicaid recipients are already facing unprecedented reimbursement cuts in both the Medicare and Medicaid programs. Payment rates in 2018 for many laboratory tests on Medicare's Clinical Laboratory Fee Schedule (CLFS) are as much as 10% lower than 2017 rates, with additional reductions of 20% scheduled for 2019 and 2020 under PAMA. Since many state Medicaid programs base their rates on Medicare rates, state Medicaid programs will realize significant savings in laboratory services in 2018 without taking any action of their own, and additional changes are expected in future years. The recent reductions in Medicaid

reimbursement for laboratory tests recently adopted by some states, layered on top of PAMA reductions, will reduce Medicaid reimbursement for laboratory services to a level that will threaten patient care.

Patient access to laboratory services is already at risk due to PAMA cuts, especially for vulnerable patients and patients in rural and underserved areas where there are relatively few laboratory providers. Furthermore, those rural providers have a disproportionately larger percentage of Medicare patients than urban providers, which exposes those providers to greater losses as a result of the recent Medicare cuts. These providers not only have to manage Medicare cuts to laboratory reimbursement, but potentially also even deeper Medicaid reimbursement cuts.

Section 1902(a)(30)(A) of the Social Security Act requires payments to be “sufficient to enlist enough providers so that care and services are available under the plan at least to the extent that such care and services are available to the general population in the geographic area.”<sup>1</sup> The Medicaid reimbursement rate reductions, in addition to Medicare cuts, may leave providers no choice but to discontinue laboratory services as the rates will be less than what it costs to provide care.

Thank you for your consideration. If there are any questions regarding our letter, please contact me at [jkhani@acla.com](mailto:jkhani@acla.com) or (202) 637-9466.

Sincerely,

American Clinical Laboratory Association  
American Medical Technologists  
American Society for Clinical Laboratory Services  
American Society for Clinical Pathology  
Association of Public Health Laboratories  
Clinical Laboratory Management Association  
College of American Pathologists  
Medical Group Management Association  
National Association of the Support of Long Term Care  
New York State Clinical Laboratory Association  
New York State Society of Pathologists  
National Independent Laboratory Association  
Point of Care Testing Association

cc: Timothy Hill, Acting Director, Center for Medicaid and CHIP Services  
Calder Lynch, Senior Counselor to the Administrator for Medicaid

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<sup>1</sup> [https://www.ssa.gov/OP\\_Home/ssact/title19/1902.htm](https://www.ssa.gov/OP_Home/ssact/title19/1902.htm)