

CLINICAL LABORATORY TESTING: Life Saving Care Faces Crippling Cuts



Protect Access to Life-Saving Laboratory Tests

Despite significant reductions in Medicare payments for clinical laboratory services in recent years, new proposals before Congress suggest even deeper cuts, including to the Clinical Laboratory Fee Schedule, which faces a \$9.6 billion cut in the President's Fiscal Year 2014 Budget, among other proposals. Congress must protect laboratory services from future cuts that can threaten Medicare beneficiary access to life-saving diagnostics and treatment, potentially put American seniors at risk.

► **THREAT #1: Untenable Reductions in Medicare Payments**

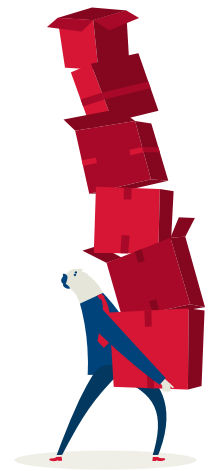
Since 2009, Congress has passed three laws cutting Medicare payments for life-saving clinical laboratory services, which result in an up to 23 percent cut over the next ten years (2013-2022). Reasons for stopping additional Medicare cuts to clinical laboratory services include:

1. Clinical laboratory services have experienced a disproportionate level of cuts in recent years when compared to Medicare overall despite the fact that 70% percent of all clinical decisions in America are guided by clinical lab testing.
2. Further erosion of Medicare payments for lab services will lead to patient access challenges, threaten needed health care jobs and hinder research and innovation.

► **THREAT #2: Unworkable Beneficiary Copayment**

Calls for cost-sharing within the Medicare laboratory services benefit fail to recognize the unique environment in which laboratories operate, the patient population and the limited relationship labs have with the beneficiary.

1. More than one-fourth of the Medicare beneficiaries laboratories serve are low-income and/or do not have supplemental insurance, signaling that these copays would be difficult to collect.
2. Patients rarely interact with the laboratory that performs their tests, therefore offering no direct contact with the beneficiary to collect a copayment.
3. The cost of collecting the copayment will outweigh the copay itself, meaning labs will lose money before the first collection attempt.



► **THREAT #3: Unsuitable Competitive Bidding Policy**

The expansion of competitive bidding to laboratory services is a flawed policy, which has proven to be so complex and difficult to implement that Congress repealed a CMS demonstration project for lab services in 2008. These same reasons exist for preventing a competitive bidding policy today:

1. Laboratory services are extremely specialized and cannot all be provided by one single lab in one geographic location.
2. Laboratory services are distinctly different from devices and should be treated differently.
3. Competitive bidding policies do not affect provider behavior or beneficiary utilization.



American
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