Clinical laboratory services represent less than 2% of all Medicare annual spending.

Source: Medicare Payment Advisory Commission: A Data Book: Health Care Spending and the Medicare Program, June 2014, page 198
The Lab Medicare Market: Smaller Laboratories Comprise the Backbone for Delivery of Medicare Lab Services

2013 Medicare Spending, Clinical Lab Fee Schedule ($9.3B total)

- Hospital OPD: 43%
- Other independent labs: 29%
- Physician office labs: 14%
- Quest: 7%
- LabCorp: 7%

Source: Direct Research, LLC analysis of Medicare LDS SAF 5% claims files, 2013
Sources of Supplemental Coverage for Non-Institutionalized Fee-for-Service Medicare Beneficiaries (2012)

- Private, Employer Sponsored: 39%
- Medicaid: 18%
- Private, Medigap: 28%
- No Supplemental Coverage (Medicare Only): 14%
- Other Public: 1%

Payment of coinsurance not guaranteed for Medicare-only and Medicaid populations

Source: Fee-for-service population percentages calculated from MedPAC, A Data Book: Health care spending and the Medicare program, June 2014, Chart 3-1.
Beneficiaries’ Illness Burden Drives Medicare Lab Test Use

Medicare Fee-for-Service Clinical Lab Spending Per Capita by Beneficiary Disease Burden, 2013

Medicare Lab Test Use, 2013

Total
- Users: 29 M
- Payments: 9.3 $B
- Tests: 650 M
- Claims: 217 M

Per-Capita
- Users: 81%
- Payments: 256 $M
- Tests: 18.1 M
- Claims: 6.0 M

Note: M = million, B = billion

Source: Direct Research LLC calculation from 2013 5% sample LDS SAF claims and enrollment data.
Note: Chronic condition categories taken from the US DHHS multiple chronic conditions initiative.
Cost of Collecting Coinsurance Would Often Exceed the Amount Owed

Distribution of claims assuming average $3.50 cost of collection

Collection of coinsurance would require 143 million new claims to secondary payers and beneficiaries.

Source: Direct Research, LLC calculation from 2013 5% sample LDS SAF carrier and hospital OPD claims.