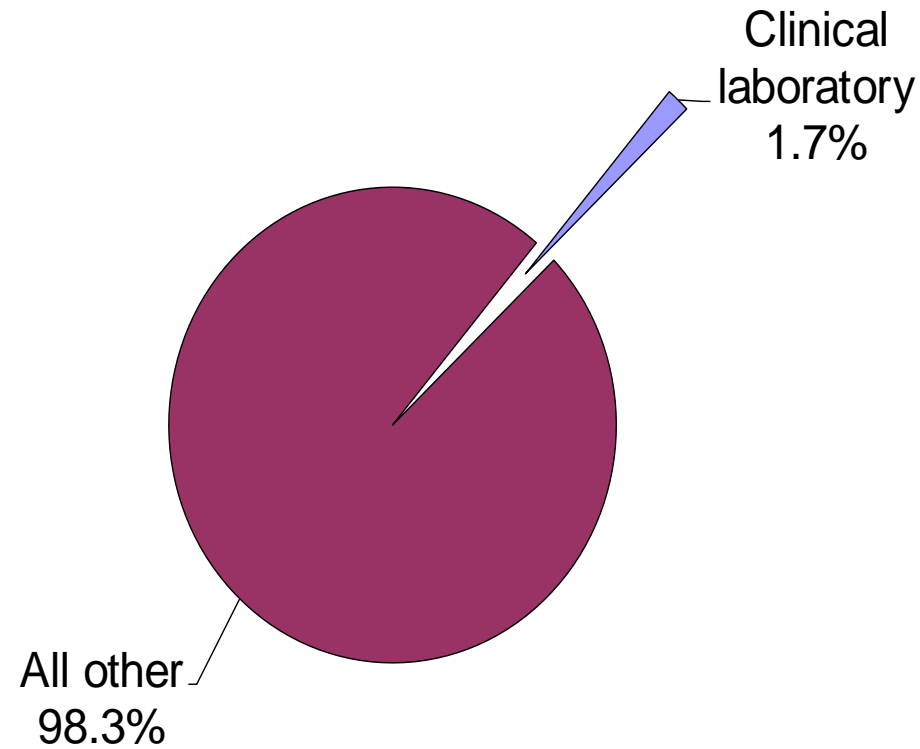


The Clinical Laboratory Fee Schedule Represents Only 1.7% of Total Medicare Program Spending

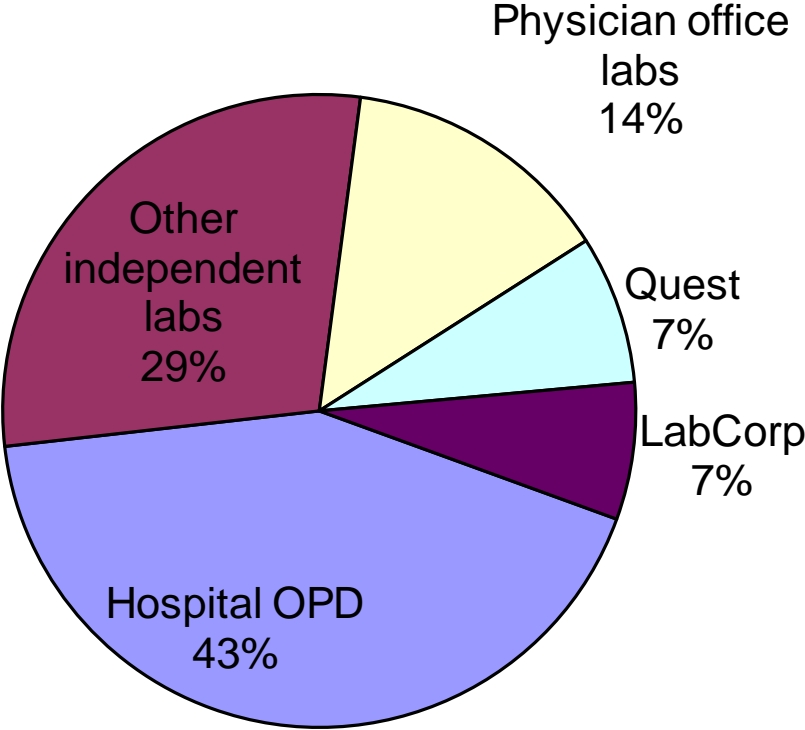


Source: Medicare Payment Advisory Commission: A Data Book: Health Care Spending and the Medicare Program, June 2015, page 201

The Lab Medicare Market: Smaller Laboratories Comprise the Backbone for Delivery of Medicare Lab Services

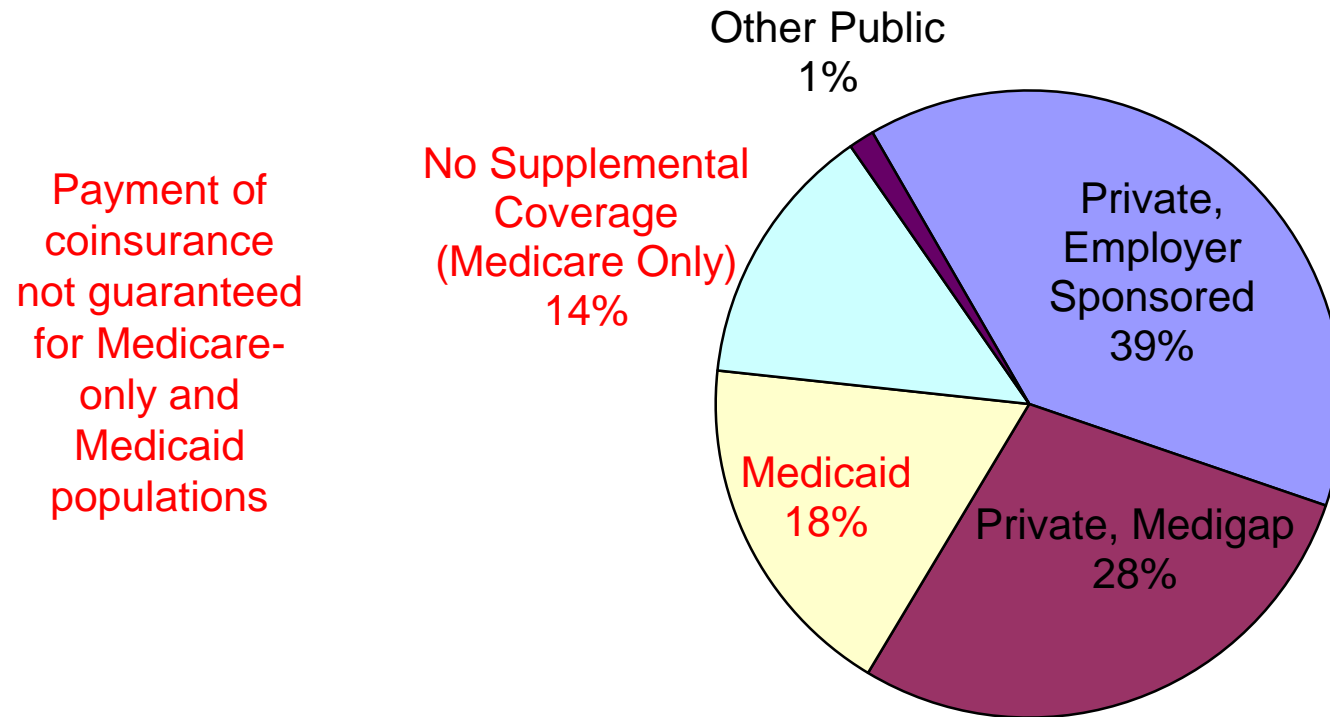


2013 Medicare Spending, Clinical Lab Fee Schedule (\$9.3B total)



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)



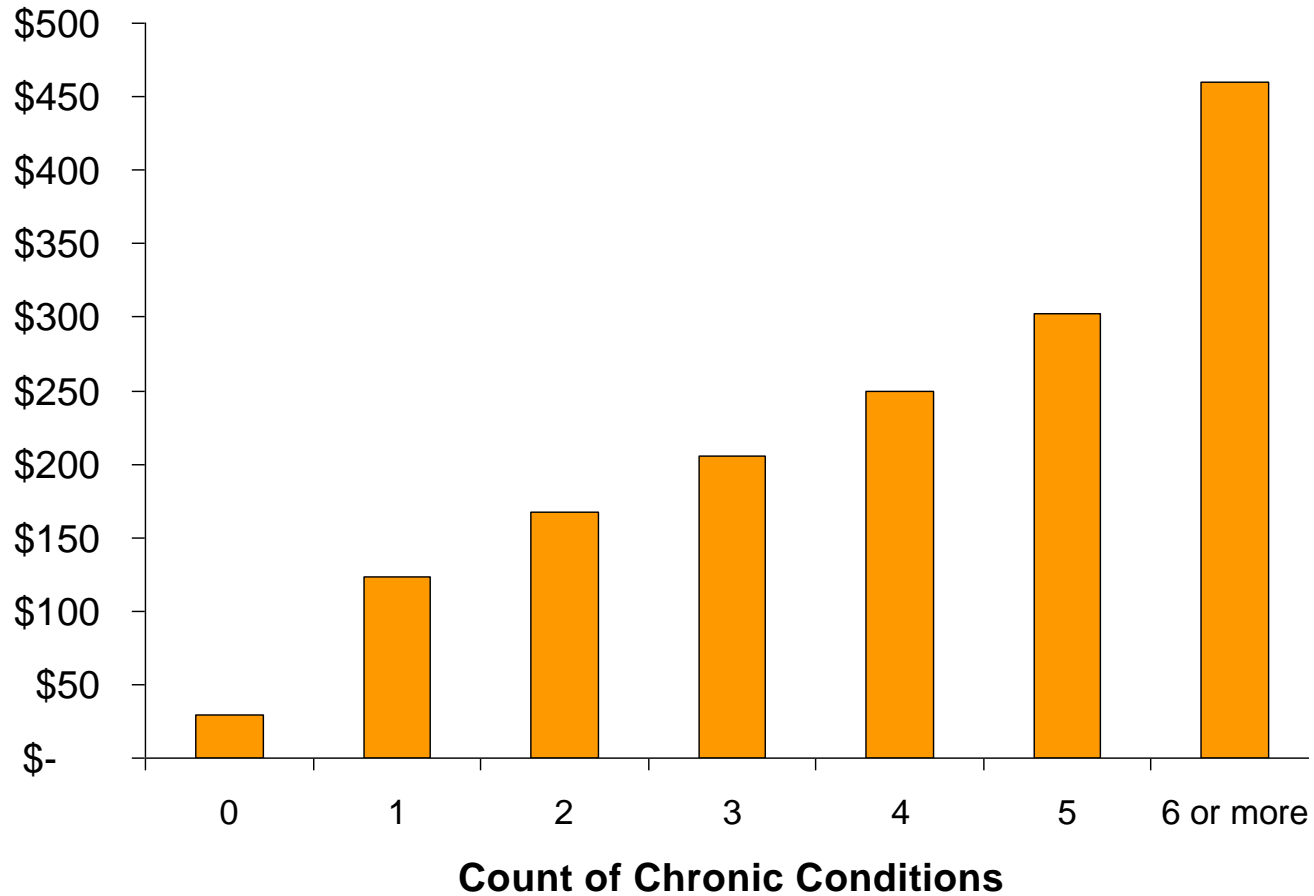
Source: Fee-for-service population percentages calculated from MedPAC, *A Data Book: Health care spending and the Medicare program*, June 2014, Chart 3-1.

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
Tests	18.1
Claims	6.0

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

