



February 9, 2018

MO HealthNet Division
615 Howerton Ct., 2nd Floor
Jefferson City, MO 65109
Attn: Nanci Nikodym

RE: Public Comment for Laboratory Reimbursement

DELIVERED ELECTRONICALLY

Dear Ms. Nikodym:

The American Clinical Laboratory Association (ACLA) strongly opposes MO HealthNet Division's (MHD) proposal to "reduce reimbursement rates for Laboratory services from 100% of the Medicare rate to 80% of the most current Medicare allowed laboratory rates."¹ The proposed cuts are drastic, unnecessary, and may threaten Medicaid beneficiary access to critical laboratory services used in the prevention, diagnosis, and monitoring of disease.

ACLA is a not-for-profit association representing the nation's leading clinical and anatomic pathology laboratories, including national, regional, specialty, ESRD, hospital and nursing home laboratories. The clinical laboratory industry employs nearly 277,000 people directly and generates over 115,000 additional jobs in supplier industries. Clinical laboratories are at the forefront of personalized medicine, driving diagnostic innovation and contributing more than \$100 billion to the nation's economy.

In Missouri, clinical laboratories employ over 6,000 people, provide over \$425 million in wages, and pay over \$70 million in state taxes. The clinical laboratory industry has an economic impact of \$2.1 billion in the state of Missouri.² ACLA members serve a significant Medicaid population and have a direct stake in ensuring that laboratory services remain accessible to all Medicaid beneficiaries. We respectfully submit these comments to assist your efforts to improve both the quality and access of care.

Laboratories serving Missouri Medicaid beneficiaries are already facing unprecedented reimbursement cuts in both the Medicare and Medicaid programs. Payment rates for many laboratory tests on Medicare's Clinical Laboratory Fee Schedule (CLFS) were slashed by as much as 10% beginning in January 2018, with additional cuts scheduled for 2019 and 2020 totaling nearly 30% as a result of implementation of the Protecting Access to Medicare Act of 2014 (PAMA). Since Missouri Medicaid rates are based off of Medicare rates, MHD will realize significant savings in laboratory services in 2018 without this proposed change, and additional

¹ <https://dss.mo.gov/mhd/files/public-notice-lab-reimbursement-180111.pdf>

² <http://acla.guerrillaeconomics.net/a9d14334-2afd-411f-b5ac-51e57cc0977a>

savings are expected in future years. The proposed 20% cut to Medicaid payments rates, on top of PAMA reductions, will reduce reimbursement to a level that will threaten patient care.

Patient access to laboratory services is already at risk as a result of PAMA cuts, especially for vulnerable patients, and patients in rural and underserved areas where there are relatively few providers. Furthermore, those rural providers have a disproportionately larger percentage of Medicare patients than urban providers, exposing those providers and patients to greater risk of access loss when Medicare cuts occur. By breaking the 100 percent Medicaid link with Medicare, these providers will not only have to manage the Medicare cut, but will also have to manage a deeper Medicaid cut.

The proposed MHD Medicaid cut, in addition to Medicare cuts, may leave providers no choice but to discontinue laboratory services for Medicaid patients as the rates will be less than what it costs to provide care. 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.”³

A reduction in patient access is counter to MHD’s given intent of this proposed change. The change will not ensure access, efficiency, and quality of care; rather, it will be detrimental to this objective. ACLA therefore urges MHD not to move forward with this proposed change, but to maintain the 100 percent link between Medicaid and Medicare. Even without implementing a reduction, MHD will still realize substantial savings as CMS has already implemented PAMA cuts to Medicare rates for 2018.

Thank you for the opportunity to comment on the proposed laboratory changes. If there are any questions regarding our letter, please contact me, at swest@acla.com or (202) 637-9466.

Sincerely,

A handwritten signature in black ink, appearing to read "Sharon West", with a long horizontal flourish extending to the right.

Sharon West
Vice President, Legal & Regulatory Affairs, ACLA

³ https://www.ssa.gov/OP_Home/ssact/title19/1902.htm