

CLINICAL LABORATORY COALITION
Committed to Ensuring Access to Quality Laboratory Services

February 15, 2012

The Honorable Max Baucus
United States Senate
511 Hart Senate Office Building
Washington, DC 20510

Dear Senator Baucus:

The undersigned laboratory and health care organizations, representing America's community, regional, and national laboratories and the Medicare patients we serve, ask that you oppose any cuts to the Medicare Part B Clinical Laboratory Fee Schedule as you work to address physician pay cuts. Further reductions to the fee schedule, that was just significantly cut during health reform, will threaten these businesses, negatively affecting our workforce and our ability to serve the Medicare population.

Cuts on laboratory services will not only threaten seniors' access to tests needed for physicians to manage chronic health conditions, it will also threaten the viability of hundreds of community and regional laboratories across the United States that provide services to the majority of the Medicare population. As the first point of intervention, laboratory tests serve as the foundation for the diagnosis and clinical management of conditions like heart disease, cancer, diabetes, kidney disease, and infectious diseases.

Clinical laboratories suffered deep cuts as a result of health reform. The law includes a direct and immediate cut to the Part B Clinical Lab Fee Schedule of 1.75 percent each year from 2011 through 2015. This nine percent cut is the largest cut among all Part B providers. Clinical laboratories also received another cut through the productivity adjustment—one of only a few providers subject to an immediate adjustment in 2011—resulting in an additional 11 percent cut over ten years. Together, the direct cut and the productivity adjustment result in a cumulative 20 percent cut over ten years. Laboratories are also facing up to a 2 percent cut to the fee schedule as a result of sequestration, which begins in January, 2013.

While less than two percent of all Medicare spending, clinical laboratory testing has been subject to significant freezes in payments and cuts over the last two decades. Medicare payment amounts for clinical laboratory services have been reduced by about 40 percent in real (inflation-adjusted) terms over the past 20 years. In some independent clinical laboratories, especially those serving rural communities or nursing home populations, 80 percent or more of their patient-base consists of Medicare beneficiaries. Any additional cuts will threaten their business's existence and cannot be absorbed without adversely impacting patient care.

Our organizations respectfully request that you work to protect access to clinical laboratory services for Medicare beneficiaries and oppose any further reduction in the laboratory fee schedule. These cuts affect our ability to provide necessary services that drive over 70 percent of medical decision making, allowing physicians to do their jobs. If you have any questions or if we can provide additional information, please contact Julie Allen with the Clinical Laboratory Coalition (202-230-5126 or Julie.Allen@dbr.com) or Alan Mertz with ACLA (202-637-9466 or amertz@acla.org).

Thank you for considering this request.

Sincerely,

AdvaMedDx
Agendia Inc.
American Association for Clinical Chemistry
American Association of Bioanalysts
American Clinical Laboratory Association
American Medical Technologists
American Society for Clinical Pathology
American Society for Clinical Laboratory Science
American Society for Microbiology
Becton, Dickinson and Company (BD)
Laboratory Corporation of America Holdings
National Independent Laboratory Association
Novartis
Ortho Clinical Diagnostics
Quest Diagnostics Incorporated
Roche Diagnostics Corporation
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cc: Members of the Conference Committee
House and Senate Leadership