

December 1, 2010

The Honorable Sandy Levin
Chairman
House Ways and Means Committee
Washington, DC 20515

The Honorable Dave Camp
Ranking Member
House Ways and Means Committee
Washington, DC 20515

Dear Chairman Levin and Ranking Member Camp:

The undersigned organizations, representing laboratories, hospitals, laboratory professionals, physicians, and the patients we serve, urge you to extend in the lame duck session an expiring provision that would ensure hospitals can continue to rely on independent laboratories to provide surgical pathology services to patients without disruption, increased costs and additional administrative burdens.

Since Medicare's inception, independent laboratories have received direct payments from Medicare for both specimen preparation -- known as the technical component (TC), and the diagnosis -- known as the professional component (PC). These payments reflect tests performed on patient biopsies to detect cancer and other disease. However, since 2001, Congress, through a "grandfather" provision, has curbed implementation of a harmful CMS regulation that would eliminate direct payments for the TC of these diagnostic services provided to hospital patients.

The "grandfather" applies to services delivered to any hospital that used an independent laboratory for surgical pathology TC services as of July 22, 1999. Most recently, as part of the *Patient Protection and Affordable Care Act*, Congress maintained the "grandfather" through December 31, 2010. However, without further congressional action, this protection will expire at year's end.

Without the "grandfather," hospitals and laboratories would need costly and administratively complex new billing systems and procedures, stretching already scarce resources. Nearly a quarter of the nation's hospitals could be affected, limiting patient access to important medical testing. Hospitals that have arrangements with independent laboratories do so to provide quality services in the most efficient manner possible.

The burden would fall especially hard on small, rural hospitals. In fact, these hospitals may be unable to continue providing surgical services in their local communities, requiring patients to travel far from their homes to obtain needed surgery. Health care providers are already being asked to do more with less and, our smaller hospitals need the stability that an extension of the "grandfather" would provide.

Again, we urge you to extend the TC "grandfather" during this lame duck session of Congress.

Sincerely,

American Association for Clinical Chemistry
American Clinical Laboratory Association
American Hospital Association
American Medical Technologists
American Society for Clinical Laboratory Science
American Society for Microbiology
College of American Pathologists
National Independent Laboratory Association
National Rural Health Association
The American Society for Clinical Pathology