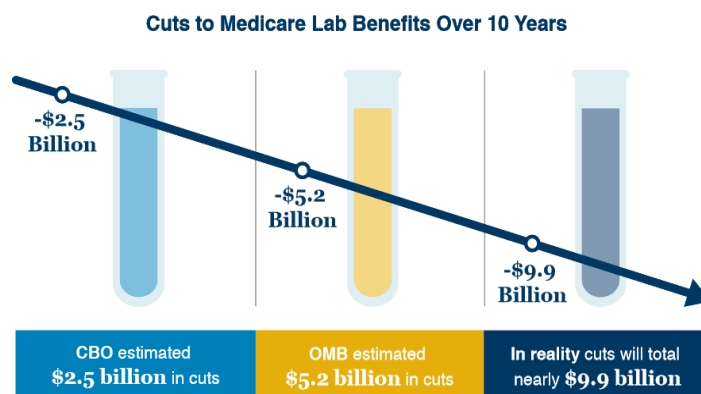


Protecting Patient Access to Medical Tests Through Fair Test Reimbursement

Congress enacted the Protecting Access to Medicare Act (PAMA) in 2014 to modernize the Clinical Laboratory Fee Schedule (CLFS) and establish a uniform market-based payment system. To accomplish this, the Centers for Medicare and Medicaid Services (CMS) was instructed to aggregate payment data from all significant sectors of the laboratory market and set rates that accurately represent those real-world prices.

The data reporting process used by CMS was significantly flawed: Payment information was collected from less than 1% of U.S. laboratories, and of participating labs, large commercial laboratories submitted 90% of the data despite performing only 50% of tests in the U.S. These large laboratories take advantage of efficiencies of scale, allowing them to charge lower rates than other labs on a per-test comparison. This skewing of the data toward lower rates discounts more holistic data from other critically important labs.



Americans living in rural and underserved areas often depend on outreach laboratories in hospitals and nursing facilities that operate with thin profit margins. Adequate Medicare reimbursements are crucial for these laboratories to remain financially viable. PAMA cuts will force laboratories to shut down operations, eliminate tests, lay off employees, and reduce services for patients.

The next round of data reporting used to set rates under PAMA has been delayed to provide time for the Medicare Payment Advisory Commission (MedPac) to assess CMS' rate setting methodology, and to allow relevant laboratories to implement processes that will enable them to submit payment data.



CMS continues to rely on data from less than 1% of the nation's laboratories, an error that has already led to severe cuts to the most common routine lab tests.

AACC calls on Congress to address the flaws in PAMA and advance legislation to:

- Ensure continued patient access to vital laboratory testing.
- Make certain that the private payer data collected by CMS accurately represents all segments of the clinical laboratory market, including national independent, community and rural independent, hospital outreach, and physician office laboratories.
- Provide a transparent process to allow for the validation of the data collected by CMS.