



September 27, 2011

The Honorable Jon Kyl
United States Senate
730 Hart Senate Office Building
Washington, DC 20510

Dear Senator Kyl:

The Budget Control Act of 2011 created the Joint Select Committee on Deficit Reduction to cut federal spending by at least \$1.5 trillion over the next 10 years. As a member of that bipartisan panel, you will be forced to make difficult choices. The American Association for Clinical Chemistry (AACC) recognizes the challenges you face and stands ready to work with you and the Committee in solving this dilemma. We do not, however, believe the establishment of laboratory copayment is the answer.

Laboratory test results are routinely used to make medical decisions. Physicians and other health care providers use laboratory tests to diagnose, monitor and treat health conditions ranging from high cholesterol and diabetes to cardiac disease and AIDS. We are concerned that the adoption of a Medicare beneficiary co-payment may discourage many people from getting valuable laboratory tests that are vital to their care.

A 2000 Institute of Medicine (IOM) report, *"Medicare Laboratory Payment Policy: Now and In the Future,"* prepared at the request of Congress, echoed these concerns, stating that:

"The current policy of not requiring beneficiary cost sharing for Medicare outpatient clinical laboratory services should continue. Cost sharing is unlikely to significantly reduce overuse or increase the detection of fraud and abuse; it could create barriers to access for the most vulnerable Medicare beneficiaries."

AACC is also concerned about the financial and administrative burdens a co-payment could have on clinical laboratories, particularly smaller community-based laboratories serving rural areas, nursing homes and other underserved populations.

According to the same IOM study:

"A co-payment of 20 percent - on average - would be less than \$2.30 for the 100 highest dollar volume tests. The average number of tests per patient claim in some laboratories is 2.5, but the cost of producing and sending a letter could be more than \$5." As a result, the IOM concluded "administering co-payments is impractical because the cost to the laboratory of billing and collecting the co-payment will often exceed the expected payment amount."

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More recent data indicates that the adoption of a 20 percent copayment would generate more than 215 million bills to Medicare beneficiaries (including 3 million to Arizona residents), with 70 million of those bills at less than \$2. This data re-enforces the IOM's earlier observation.

AACC is particularly concerned that the costs of the laboratory copayment, in addition to the nearly \$10 billion in payment reductions levied on clinical laboratories as part of health care reform, may force some facilities, particularly in rural areas, to go out-of-business. AACC urges you to reject any efforts to adopt this flawed, costly policy.

By way of background, AACC is the principal association of professional laboratory scientists--including MDs, PhDs and medical technologists. AACC's members develop and use chemical concepts, procedures, techniques and instrumentation in health-related investigations and work in hospitals, independent laboratories and the diagnostics industry worldwide. The AACC provides international leadership in advancing the practice and profession of clinical laboratory science and its application to health care. If you have any questions, please call me at (314) 362-0194, or Vince Stine, PhD, Director, Government Affairs, at (202) 835-8721.

Sincerely,

A handwritten signature in cursive script that reads "Ann M. Gronowski".

Ann M. Gronowski, PhD
President, AACC