



March 11, 2013

The Honorable Max Baucus
Chair, Committee on Finance
U.S. Senate
219 Dirksen Senate Office Building
Washington, DC 20510

Dear Chairman Baucus:

Recently, a number of deficit reduction plans have suggested establishing a co-payment for all federal health services, including laboratory testing, as a means of cutting health spending. This is not a new proposal, but one that has been reviewed and repeatedly rejected by lawmakers. AACC shares congressional concerns about this proposal and opposes the establishment of a Medicare beneficiary co-payment for clinical laboratory services.

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 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."

Senator Baucus
March 11, 2013
Page Two

The cumulative effect of payment reductions in the Affordable Care Act, and the subsequent cuts in the 2012 sustainable growth rate extension legislation, already will decrease laboratory payments by more than 20 percent over the next decade. We are concerned that additional cuts may force some facilities to go out-of-business. AACC urges you to reject any efforts to adopt this flawed policy.

By way of background, AACC is the principal association of professional laboratorians--including MDs, PhDs and medical technologists. AACC's members develop and use chemical concepts, procedures, techniques and instrumentation in health-related investigations and practice 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 medicine and its applications to health care. If you have any questions, please call me at (410) 328-8672, or Vince Stine, PhD, Director, Government Affairs, at (202) 835-8721.

Sincerely,

A handwritten signature in black ink, appearing to read "Robert Christenson", enclosed in a thin black rectangular border.

Robert Christenson, PhD, DABCC, FACB
President, AACC