

Payment for Laboratory Services

KATHY HANSEN. DON LAVANTY

Laboratories, along with many other healthcare providers, have been ‘squeezed’ for many years now by the payment policies of the outpatient Medicare program (Part B), and by those of managed care organizations. As has been stated frequently, this has converted the laboratory from the status it historically enjoyed of a ‘profit center’ to a ‘cost center’. An illustration of this dilemma is the fact that the Medicare Fee Schedule payments for outpatient laboratory tests have been frozen at the same level, without even a consumer price index (CPI) increase, for nine of the past 13 years. We all know that our employers’ costs have not remained stable during that time—we certainly hope that our salaries have not been frozen—so this is an issue of concern to all laboratorians, whether they are in management or not.

ASCLS has taken the lead for many years by including equitable payment for laboratory services in the issues presented at its Legislative Symposium. Nearly every year, one of the ‘leave-behind’ papers which we discuss with our Senators and members of Congress addresses Medicare payment for laboratory services. In addition, ASCLS is an active participant in the Clinical Laboratory Coalition, which has the slogan “Committed to Ensuring Access to Quality Laboratory Services”. Other groups which are members of the Coalition include: AdvMed; American Association of Bioanalysts (AAB); American Association for Clinical Chemistry (AACC); American Clinical Laboratory Association (ACLA); American Medical Technologists (AMT); American Society of Clinical Pathologists (ASCP); American Society for Microbiology (ASM); and CLMA – Leadership in Clinical Systems Management.

Support for the position of the laboratory has been heard strongly from a report commissioned by Congress and published by the Institute of Medicine (IOM) in December 2000. (See details in the Washington Beat column in the Spring 2001 issue of *Clinical Laboratory Science*.) The IOM’s recommendations lend the support of an independent non-governmental commission to positions that ASCLS has taken over the years.

During the late summer of 2001, two companion bills were introduced in the Senate and the House of Representatives: S1066 sponsored by Senator Orrin Hatch (R-UT) and HR 1798 sponsored by Representative Jennifer Dunn (R-WA). ASCLS and the laboratory community were hopeful that the passage of a version of these bills would have lifted the five year freeze before the fifth year began in October 2001. There were also provisions that would address more expeditious and fair adoption of, and price setting for, new tests. This effort was put on hold by the events of September 11 and the change in focus for Congress. Ironically, ASCLS members and rep-

resentatives of other Coalition organizations were in Washington the morning of September 11 to lobby on behalf of Dunn/Hatch.

Now that Congress has reconvened for the 2002 session, ASCLS is carefully watching legislation that will affect laboratory reimbursement, and also watching for provisions in the Bush administration budget that could affect laboratories. There is concern that the slowdown in the economy might cause the administration or Congress to propose extending the freeze. Or other strategies that ASCLS has opposed in the past could be raised again. Examples are the imposition of a co-pay for Medicare beneficiaries for laboratory tests, or perhaps a competitive bidding process among laboratories to provide services to Medicare. Fortunately, at the date of this writing, none of these three items is part of the administration’s budget proposal, nor have they been proposed in legislation introduced to date.

Dunn/Hatch itself has not been brought back to this Congress for consideration. However, there are some new pieces of legislation that address some of the reimbursement concerns that ASCLS and the Coalition are working to support. One of these is the Medicare Appeals, Regulatory, and Contracting Improvements Act, S1738 (MARCIA). This is a broad Medicare reform bill. The Coalition has contacted Senators and members of Congress who sit on the committees that will review the bill to urge inclusion of language originally in the Dunn/Hatch bill about new tests in the MARCIA bill. The portion in question addresses the IOM recommendation for “an open, timely, and accessible process” for incorporating new tests into the Medicare Laboratory Fee Schedule.

In addition, ASCLS supports the Medicare Laboratory Services Act of 2001 (HR 3388), introduced on November 30, 2001 by Representatives Phil English of PA and Peter Deutsch of FL. This bill focuses specifically on the reimbursement for specimen collection (venipuncture) which was set at \$3.00 seventeen years ago and has never changed. It may never have completely covered the cost of a venipuncture, but with the increased costs of safer needles and other safety devices, as well as rising personnel costs, it is obviously quite inadequate now. The bill would raise the specimen collection fee to \$5.25, which is the level it would have reached had CPI adjustments been applied for the last 17 years.

These are two very specific but important issues for the economic viability of the laboratories we all work in. The ASCLS Government Affairs Committee counts on its members to help contact their Senators and Representatives in support of these pieces of legislation and others that may come along. Our history of activism is a long and proud one!