

United States Senate

WASHINGTON, DC 20510

December 11, 2007

The Honorable Max Baucus
Chairman
Senate Finance Committee
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Ranking Member
Senate Finance Committee
United States Senate
Washington, DC 20510

Dear Chairman Baucus and Ranking Member Grassley:

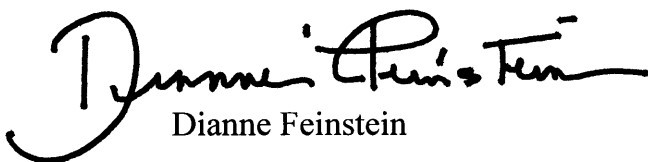
We write to you today to urge you to include legislative language that repeals Medicare's demonstration project to competitively bid clinical laboratory services in any appropriate Medicare legislation moving this year. As you know, the Centers for Medicare and Medicaid Services (CMS) have chosen the greater San Diego metropolitan area as the first of two sites where the demonstration projects will take place.

Section 302(e) of the Medicare Prescription Drug, Improvement and Modernization Act of 2003 (MMA) requires the Secretary of the Department of Health and Human Services (HHS) to conduct a demonstration program on competitive bidding for clinical laboratory services. The purpose of the demonstration is to determine whether competitive bidding can be used to provide quality Part B clinical laboratory services at a price below current Medicare reimbursement rates.

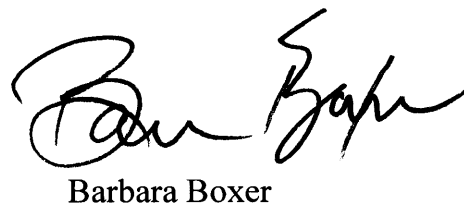
Chief among our concerns is the risk that competitive bidding could put many smaller labs out of business, compromising the widespread and ready access to laboratory services that Medicare beneficiaries currently enjoy. This effect will be particularly troublesome for beneficiaries in nursing homes or needing home care.

We look forward to working with you to facilitate the repeal of the competitive bidding demonstration project. Thank you for your consideration of our request.

Sincerely,



Dianne Feinstein



Barbara Boxer