

# News from the Committee on Small Business

**Nydia M. Velázquez, Chairwoman**



For Immediate Release  
August 4, 2007

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## Velázquez Introduces Legislation to Repeal CMS Proposed Competitive Bidding Project Bill Will Stop Proposal Threatening the Future of Small Laboratories

WASHINGTON – The Centers for Medicare and Medicaid Services’ (CMS) has proposed a bidding process which will have a major impact on the number of small, local laboratories that provide Medicare services, resulting in compromised access to health care in local communities. Today, Chairwoman Nydia M. Velázquez introduced HR 3435, *The Community Clinical Laboratory Fairness in Competition Act of 2007*, to repeal the Medicare competitive bidding demonstration project for clinical laboratory services, preventing the negative effects it would have on the nation’s small laboratories and the patients who depend on their services.

“This new process would essentially allow the government to pick and choose the losers and winners here,” said Chairwoman Velázquez. “If this proposal is allowed to go forward, many small labs will suffer in their ability to serve patients. CMS clearly ignored how small firms are able to offer quality and urgent lab service. The legislation I am introducing would rectify this omission and ensure small laboratories are able to continue serving their communities.”

The CMS proposal would institute a bidding process to restrict the number of labs that are able to provide Medicare services. Under the initiative, larger firms, which already control 70 percent of the market, will be able to develop a system that addresses the actual marketplace for lab services. There are nearly 5,000 small clinical providers in the country that provide high quality service to a wide variety of patients, including vulnerable and underserved communities such as rural areas and nursing homes. If this process is implemented, these labs will lose existing relationships with health care providers which they have worked with for years. The ultimate cost for this system will fall on communities and individual patients, who will suffer most from the lack of critical health services.

“This process cannot be allowed to proceed as it has currently been proposed,” said Chairwoman Velázquez. “Small businesses too often bear the brunt of the consequences when costs are being cut and this CMS proposal is no exception - this legislation will ensure that small laboratories and their patients are not put in that position.”

The Committee held a hearing on July 25, to hear testimony on the impact the CMS proposal would have on the nation’s community laboratories and their patients. Witnesses discussed the detrimental effects such a system would have on their firms and how CMS failed to adequately consult with small labs to address their needs. The National Independent Laboratory Association (NILA), which represents small, community laboratories and the American Clinical Laboratory Association (ACLA), an advocate for the clinical laboratory industry have both voiced their support for the repeal of the CMS proposal included in Chairwoman Velázquez’ bill. The legislation would also create a small business advocacy board that CMS would need to consult before implementing any plan regarding Medicare B payments to clinical laboratories.

“CMS has shown that they are unwilling to listen to the concerns of small laboratories, but this bill will ensure that the needs of small firms’ are not ignored,” said Chairwoman Velázquez. “These laboratories are a vital piece of the health care system, particularly in underserved areas, and I urge my colleagues to support this legislation to allow them to continue serving the communities that rely on their services.”

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