

# **TALKING POINTS FOR SENATORIAL OFFICES**

## **Seniors Should Not Be Forced to Pay \$23 Billion for Laboratory Testing!**

### **Laboratory Co-payments Will Hurt Medicare Beneficiaries**

**Call Your Senators, ask for their Health Legislative Assistant (if not available, ask for anyone else who works on health issues) and Tell Them:**

- I am calling on behalf of the clinical laboratory community to express my strong opposition to congressional efforts to raise over \$23 billion to pay for health care reform by imposing a 20% co-payment on clinical laboratory services that Medicare beneficiaries receive. **These co-payments will shift the costs of the Medicare program to senior citizens on fixed incomes and force them to incur an additional \$23 billion in out-of-pocket expenses.**
- Local independent community and hospital labs take care of our most vulnerable seniors in rural areas and nursing homes. This co-payment provision – which amounts to a 20-25% cut in laboratory reimbursement -- **will quickly put many small, community laboratories out of business with no one to replace their services for these most vulnerable seniors.**
- The majority of the top 100 laboratory procedures will result in a co-payment of less than \$2.50. Whoever is promoting this idea does not understand laboratory services. Millions of specimens are tested daily at low cost. **The cost of collecting these co-payments will exceed the amount of the co-payments!**
- **Implementation of the lab co-payment will require over one quarter of a million bills to be mailed EVERY DAY.** In addition to the burden and confusion these 134 million bills will create for seniors, the cost of collecting over \$23 billion in these small amounts will many times exceed the co-payment itself.
- **It will cost more than \$6 to collect each co-payment.** Labs will spend \$23 billion or more to try to collect \$23 billion – **much of which will never be collected** – thus, the net “cut” to labs could even exceed \$23 billion or up to a 25% “cut” in lab reimbursement.

Background Information:

In 1984, with the support of the Health Care Financing Administration (HCFA), Congress eliminated Medicare beneficiary co-payments for clinical laboratory tests. However, the Senate is currently considering co-payments for laboratory services as a way to pay for health care reform.

Lab services co-payments – an idea rejected by IOM: The Institute of Medicine (IOM), in its December 2000 report, "*Medicare Laboratory Payment Policy: Now and In the Future*," weighed in against imposing co-payments for laboratory services in Medicare, stating:

*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; and it would be financially and administratively burdensome for laboratories, patients, and the Medicare program depending upon its design.*

The laboratory industry has already offered other meaningful savings that will contribute to slowing the growth of health care costs and support policies that produce real scoreable savings. In fact, Medicare payment amounts for clinical laboratory services have been reduced by about 40 percent in real (inflation-adjusted) terms. The Congressionally mandated update for clinical labs has been completely eliminated 10 of the last 12 years, and over the past 21 years, clinical labs have only received 5 full updates.