

# **Medicare Clinical Diagnostic Laboratory Fee Schedule Modernization Act of 2009 (HR 1452)**

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## Why Modernize the CLFS?

- Adopted in 1984 with no fundamental review in 25 years
- Laboratories have suffered real cuts and are paid at rates lower than 1984 when adjusted for inflation
- Laboratories struggle to hire and retain qualified personnel
- Introduction of new technology is stifled
- Adequate payment is needed to ensure access in all patient care settings
- Health care reform must not occur at the expense of leaving clinical laboratory services 25 years in the past



## IOM Study

- *"Medicare Laboratory Payment Policy: Now and in the Future"*
  - ✓ Released to Congress in December 2000
  - ✓ Reviewed current reimbursement policy
  - ✓ Analyzed several alternative payment options
- Made 12 recommendations to update laboratory payment
- Only three have been acted upon by Congress and CMS

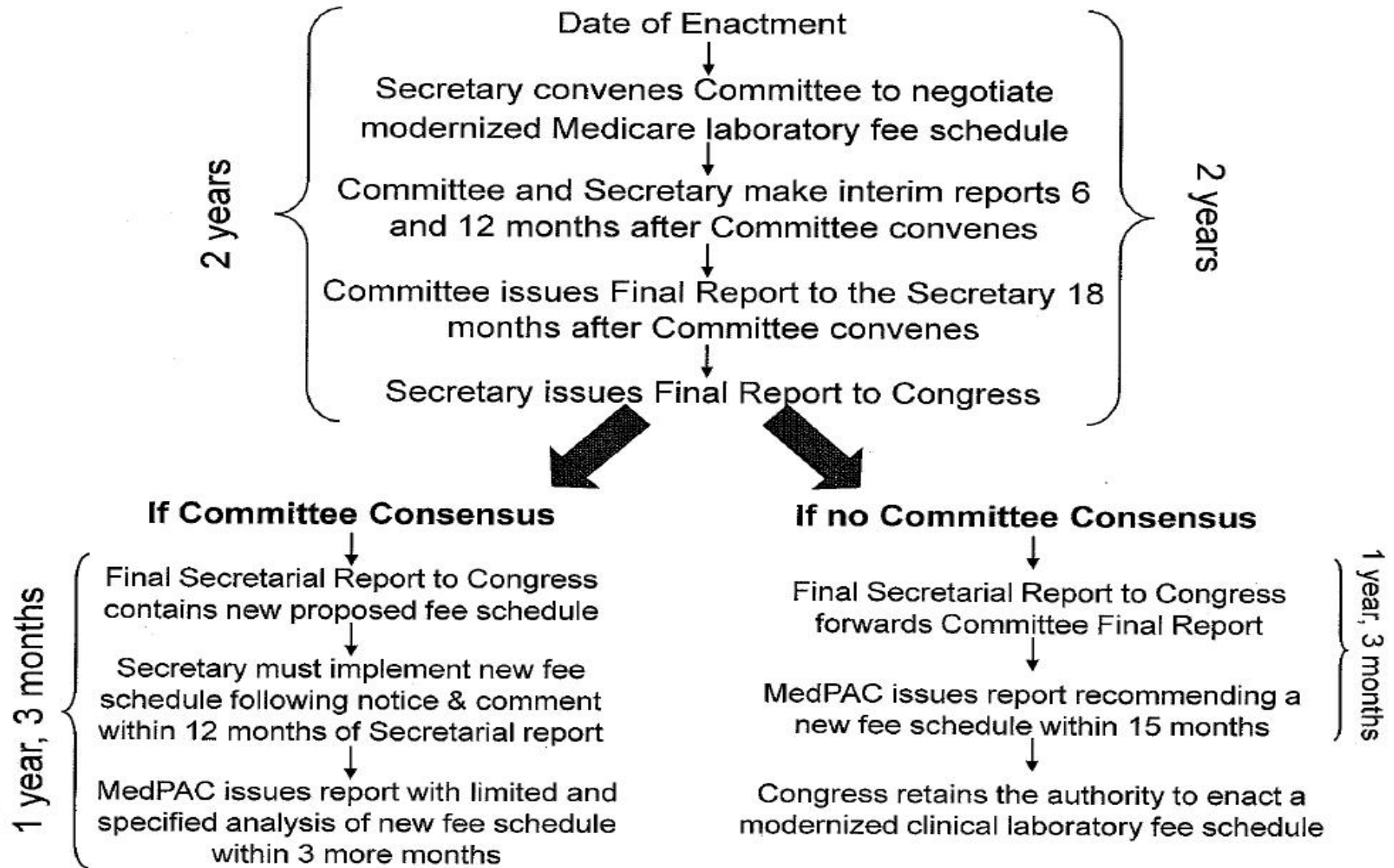


## **Clinical Diagnostic Laboratory Fee Schedule Modernization Act of 2009**

- Introduced March 11, 2009 by Reps. Bart Stupak (MI) and Michael Burgess (TX)
- Purpose:
  - ✓ To ensure access to the best and most advanced testing available
  - ✓ To modernize the CLFs to reflect cost and value
  - ✓ To involve relevant stakeholders
  - ✓ To create a mechanism for periodic revisions and inflationary updates
- Accomplished through Negotiated Rulemaking



## Overview of H.R. 1452





## Negotiated Rulemaking Committee

- Composed of 21 members-19 voting and 2 non-voting
- Voting members appointed from defined list of stakeholders to include patients, physicians, non-physician providers, a health economist, hospitals, scientific experts, all types of laboratory provider settings
- HHS Secretary and MedPAC Chair appoint 2 non-voting members



## Mandatory Elements for NegReg

- Access by all Part B beneficiaries to quality laboratory services
- Design that establishes a single, rational and national fee schedule
- Mechanisms to periodically revise the fee schedule to reflect new technology and account for changes in cost, value and utilization of laboratory tests
- Maintenance of budget neutrality over the first year assuming regular adjustments (including the consumer price index ("CPI") update recently enacted by the Congress)



## Mandatory Elements for NegReg

- Mechanisms to ensure automatic annual inflationary updates
- Transition period to establish blended payments that will phase in the new fee schedule in an efficient and fair manner and
- No beneficiary cost sharing



## Elements to Consider

- Greater administrative simplicity and efficiency by reducing the number of differential payment rates in existence
- Mechanisms to address the unique reimbursement problems laboratories face as indirect providers, including requirements that laboratories must rely on ordering providers to supply diagnosis codes



## Results of Committee Action

- If consensus is reached, Committee's proposal is basis for final regulation to the maximum extent within the legal obligations of HHS
  - ✓ Final regulation effective January 1<sup>st</sup> of following year
- If no consensus, Congress retains authority to enact modernized fee schedule



## Role of MedPAC

- If consensus is reached, MedPAC will report on the following:
  - ✓ Access to high quality testing
  - ✓ Adequacy of periodic review and inflationary update process
- If consensus is not reached, all of the above plus recommending a new CLFS



## Specimen Collection Fee

- Section 102 amends the SSA to adjust the specimen collection fee
- Increases specimen collection fee to \$6.04 for 2010
- This amount reflects past CPI updates for inflation
- Provides annual CPI update moving forward.