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President's 2008 Budget - Competitive Bidding Proposal

(Washington, DC) - The American Clinical Laboratory Association (ACLA) finds the President's budget proposal to "integrate competitive bidding into payment of clinical laboratory services," as a threat to the quality of, and access to, critically important laboratory services. This proposal appears to be the same as was included and subsequently rejected in the 2007 budget.

Alan Mertz, President of ACLA, is concerned that "competitive bidding for laboratory services will not work in Medicare and will adversely impact the quality of, and access to, laboratory services for seniors. Clinical laboratories provide highly complex medical services to Medicare beneficiaries – unlike the delivery of health care equipment or supplies, which are usually standard and interchangeable."

A widespread competitive bidding program will reduce the number of labs serving the community. Losing bidders will no longer be able to provide laboratory services to Medicare beneficiaries and may be forced to close their doors altogether. This will negatively impact the continuity of patient care and result in a reduction in the widespread and ready access to laboratory services that Medicare beneficiaries currently enjoy. As an example, beneficiaries may be forced to travel to a new unfamiliar location to have blood drawn and nursing home beneficiaries could lose ready access to services. Reducing laboratory capacity will also reduce the availability of and access to services for all residents of the community.

Competitive bidding, by its very nature, places emphasis on price. Given that laboratory services account for only 1.6% of Medicare spending, but impact an estimated 70% of medical decisions, such an outcome is penny wise and pound foolish. Overall, Medicare payment amounts for clinical laboratory services have been reduced by about 40 percent in real, inflation-adjusted terms between 1984 and 2004. The reduction in real terms will continue to accumulate through 2008 under current law. Over the last ten years, Medicare clinical laboratory fees have received the lowest cumulative payment updates among all major Medicare provider types.

In summary, ACLA is convinced that no bidding model for clinical laboratory services, whether limited regionally or nation-wide, will meet the objective to provide clinical laboratory services at fees below current Medicare reimbursement rates, while simultaneously maintaining quality and access to care.

ACLA represents local, regional and national clinical laboratories throughout the United States.

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