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## ACLA OBJECTS TO "COMPETITIVE BIDDING" FOR LAB SERVICES IN PRESIDENT'S BUDGET

(Washington) – The American Clinical Laboratory Association (ACLA) today voiced opposition to a provision in the President's budget that prematurely expands competitive bidding for laboratory services in Medicare.

"The Centers for Medicare and Medicaid Services has not even launched its competitive bidding demonstration project for laboratory services," said ACLA President Alan Mertz. "To expand competitive bidding for lab work nationwide before we've even begun testing it on a pilot basis is most unwise. Prudence dictates that we see the pilot results first."

ACLA warned that the emphasis on obtaining the best price, which is inherent in the competitive bidding process, will reduce quality and limit access to needed lab services, hurting Medicare patients.

"In an attempt to drive down lab costs in the short run, competitive bidding could well cause higher, not lower, health care costs in the long run," said Mertz. "It certainly would impair access and quality of care."

Unlike other areas where a piece of equipment or commodity supply is involved and competitive bids might be appropriate, clinical laboratory work is a complex medical *service*.

"Physicians rely on lab testing to make the best, most appropriate clinical decisions," Mertz said. "This misguided proposal is penny-wise and pound-foolish."

For example, an \$11.54 blood sugar test can save tens of thousands of dollars on diabetic complications such as amputation, blindness and renal disease. An \$18 lipid panel can prevent thousands of dollars in spending on advanced heart disease. If full implementation of competitive bidding saves a dollar or two on tests (and this is no certainty), Mertz said, but leaves seniors without access to these tests, any "gain" will be a loss many times over for taxpayers and beneficiaries.

Laboratory testing accounts for a mere 1.6 percent of Medicare spending, ACLA noted. Medicare payment for lab services is already down 40 percent over the past 20 years, and the rates are frozen until 2008. Yet lab testing guides some 60 percent of medical decisions.

Many problems could arise from blindly expanding competitive bidding of laboratory services. There are more than 250 million lab tests for Medicare beneficiaries each year, and more than 1,000 kinds of lab tests performed in more than 13,000 hospital and independent labs and over 100,000 doctors' offices. No single laboratory offers every test, serves all Medicare patients or reaches the entire nation, and some laboratory tests are unique to a single laboratory.

"This misguided proposal should be rejected," Mertz said.

ACLA is an association that represents local, regional and national independent clinical laboratories throughout the United States.

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