

•**Message from Dr. Sundwall:** Health care issues are near the top of the congressional agenda and will be addressed in some fashion.

•**Clinical Laboratory Coalition Planning Meeting:** The coalition met to consider what we need to accomplish with regards to government affairs for the clinical laboratory community for the next Congress.

•**Hematology Code Billing:** ACLA wrote to CMS seeking guidance concerning how laboratories should bill for hematology codes.

•**Physician Fee Schedule:** CMS published the 2003 Medicare Physician Fee Schedule final rule on December 31, 2002.

•**Technical Component:** CMS has agreed to a one year extension to the rule allowing laboratories to bill Medicare directly for the technical components (TC) of pathology services.

**H**appy New Year! This customary greeting is heartfelt this year because I think we are all going to need each other's support and good will as we go forward in 2003. I don't recall ever feeling more sober and unsure about what the new year, and a new (the 108<sup>th</sup>) Congress will bring. Our nation stands on the brink of war with Iraq, and we are engaged in an ongoing war against terrorism. These circumstances make it very difficult to predict with any confidence what new health policies are likely to emerge from Washington. Nonetheless, health care issues are near the top of the congressional agenda and will be addressed in some fashion.

The headline of today's Washington Post front page (01/05/03) reads "Increase in Physician's Insurance Hurts Care." This both surprised and pleased me, inasmuch as I have a long-term interest and involvement with medical liability reform. Such attention to the current malpractice crisis (it seems to be a cyclical problem in our country), coupled with the Administration's support for tort reform and a Republican controlled Congress, bode well for some type of federal action.

I wouldn't put too much stock, however, in what a Republican controlled Congress will be able to do even with President Bush's support. The potential for war, the return of deficit spending, and a sluggish economy will likely inhibit significant changes. Still topping the list is adding a prescription drug benefit for Medicare recipients. Whether it is available to all, or is income indexed to limit it to those in financial need and how to pay for it, are the most serious challenges posed by establishing this popular new benefit. This is far more complicated than it might seem inasmuch as a powerful collective of health care providers continue to seek increased

Medicare payments, totaling about \$30 billion over ten years.

The growing gap between what our citizens want, and what we are willing to pay for through publicly funded and private health insurance programs will eventually lead to another effort to significantly reform our nation's health care system. We will simply have to address, sooner than later, the inefficiencies, indefensible administrative costs, and uneven access to health care in America.

We all know the essential role of clinical laboratory science and services in the detection and monitoring of disease, and in preventive medicine. So now more than ever we need to take this message to policy makers to ensure adequate funding for these services, and for an appropriate regulatory environment. I call on all ACLA member companies to help us achieve our 2003 goals and objectives (to be determined at our Annual Membership Meeting on January 14<sup>th</sup>), and I also ask you to do all you can to promote our agenda to your elected representatives and their staffs — not only from corporate headquarters, but by representatives of your laboratories throughout the country.

I look forward to representing your interests in Washington during 2003, along with my very capable colleagues, JoAnne Glisson, Vice President of Government Relations, and Cheryl Hawkins, Director of Membership Services. Our efforts coupled with yours will result in the clinical laboratory industry succeeding, even in this current sober and competitive environment.

*David N. Sundwall*

For more information regarding ACLA, please call 202-637-9466, or visit our website - [www.clinical-labs.org](http://www.clinical-labs.org)

## Clinical Laboratory Coalition Planning Meeting

The Clinical Laboratory Coalition is an informal organization of Washington representatives of the clinical laboratory industry. On December 18, the coalition met to consider what we need to accomplish with regards to government affairs for the clinical laboratory community for the next Congress. Specifically, the group agreed to consider and determine which joint efforts the coalition needs to pursue to move forward to ensure effectiveness and success; and to develop a winning strategy for working together where there is agreement, capacity, and opportunity to achieve common goals.

During the course of the meeting we reviewed issue papers outlining action steps for the coalition including: communication and outreach, fly-ins, grassroots, PAC coordination, research, and financial resources (dues.) We also identified the key issues facing the laboratory community in the next few years. These include defensive legislative issues such as competitive bidding, co-payments, CPI/fee schedule threats as well as offensive legislative issues like specimen collection fees, increasing preventive screening benefits, workforce capacity and exploring the possible effects of moving to a relative value system of payment for lab services.

## Hematology Code Billing

On December 16, 2002, ACLA wrote to CMS seeking guidance concerning how laboratories should bill for hematology codes and the various components of hematology panels. We suggested that the best approach might be for the laboratory to bill for the components individually, if they do not constitute one of the defined hematology panels, recognizing that CMS is likely to direct contractors to put edits in place to ensure that the contractor does not pay more than the price that would be paid for the panel. ACLA has been advised that CMS is working internally on a policy to resolve the issue and hopes to get back to us with that policy in the near future.

## Physician Fee Schedule

After a series of delays and false starts, the Centers for Medicare and Medicaid Services (CMS) published the 2003 Medicare Physician Fee Schedule final rule on December 31, 2002, two months after it was originally scheduled to be published. The effective date of the rule, which requires a 4.4 percent cut in the conversion factor that applies to all physician fees, is March 1, 2003. The delay is a result of a required 60-

day congressional review period before rules can take effect; it also provides physicians with an opportunity to win congressional support for legislation to replace the fee cut with an increase.

The rule includes a one year delay in implementation of the practice rule relative value change that would have cut hospital-based pathologists payments by an additional two percent and independent laboratories payments by an additional 8 percent. The College of American Pathologists is undertaking a study of the cost of independent laboratory pathology services which should be completed by the end of the second quarter of 2003 and in time for the 2004 fee schedule calculations.

## Technical Component

CMS has agreed to a one year extension to the rule allowing laboratories to bill Medicare directly for the technical components (TC) of pathology services provided to hospitals. Under the program memorandum extension, independent laboratories that provide TC services to hospitals that used independent laboratories for such services as of July 22, 1999, may continue billing Medicare directly until December 31, 2003.

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## Calendar of Events -- January 2003

<b>January 7</b>	Health Care Liability Alliance Meeting	<i>Washington, DC</i>
<b>January 8</b>	Anchor and Caduceus Society Annual Meeting	<i>Bethesda, MD</i>
<b>January 8</b>	Clinical Laboratory Coalition Meeting	<i>Washington, DC</i>
<b>January 9</b>	Confidentiality Coalition Meeting	<i>Washington, DC</i>
<b>January 9</b>	State Privacy Study Steering Committee Meeting	<i>Washington, DC</i>
<b>January 10</b>	Alliance to Improve Medicare Meeting	<i>Washington, DC</i>
<b>January 13</b>	ACLA Billing and Reimbursement Committee Meeting	<i>Washington, DC</i>
<b>January 13</b>	ACLA CPT Committee Meeting	<i>Washington, DC</i>
<b>January 14</b>	ACLA Annual Membership Meeting	<i>Washington, DC</i>
<b>January 14</b>	ACLA Laboratory Workforce Advisory Committee Meeting	<i>Washington, DC</i>
<b>January 15</b>	ACLA ESRD Committee Meeting	<i>Washington, DC</i>
<b>January 15</b>	Laboratory Health Care Coalition Meeting	<i>Washington, DC</i>
<b>January 22</b>	Clinical Laboratory Coalition Meeting	<i>Washington, DC</i>
<b>January 27</b>	Health Care Liability Alliance Annual Meeting	<i>Washington, DC</i>
<b>January 31</b>	CMS ESRD/Clinical Laboratory Open Forum	<i>Baltimore, MD</i>

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