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**Congress of the United States**  
**House of Representatives**  
Washington, DC 20515

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December 29, 2017

The Honorable Seema Verma  
Administrator  
Centers for Medicare & Medicaid Services  
U.S. Department of Health and Human Services  
7500 Security Boulevard Baltimore, MD 21244

Dear Administrator Verma:

I am writing to express my immediate concern with the final payment rates for the 2018 Clinical Laboratory Fee Schedule and urge you to delay the implementation of these rates while a solution is put in place to address the flawed data that was used to derive these new payment rates. The rates set by the Centers for Medicare and Medicaid Services (CMS) last month are based on a significantly deficient data collection process, which resulted in unreliable and unsustainable rates that fall short of the ultimate goal of establishing a market-based system and ensuring the public is not overpaying labs for services.

Rather than create a market-based system, these new rates will likely result in less competition and ultimately higher prices for consumers. Specifically, I am concerned that these new rates will make it harder for regional and community clinical laboratories to operate sustainably. Without these facilities that historically charge patients lower prices, future Clinical Laboratory Fee Schedules would be based on rates charged by the largest providers. We have seen many times what happens when payment rates are determined by the largest players in the industry: the taxpayers lose.

Since this will likely result in the consolidation of laboratory services, it will make it harder for people in rural and underserved communities to access regular clinical laboratory testing. Additionally, decreasing competition in this industry will increase prices for consumers across the country. Our healthcare system is best served by robust competition that challenges labs to provide the best services at the lowest prices to consumers. And since the government pays for so many laboratory services, the end result will be a higher bill for the taxpayers.

I encourage you to work with laboratories and Congress to revise the PAMA statute to ensure an appropriate representation of the clinical laboratory market is included in any process for determining payment rates. The current data is based on less than one percent of the clinical laboratory market and does not include a representative sample of the different types of clinical laboratories in this country. A new approach is needed that considers all segments of the clinical laboratory market.

I urge you to suspend the implementation of the final payment rates before January 1, 2018 to allow time to address these serious concerns before we put our nation's laboratory infrastructure and patients at risk. Clinical laboratory tests are an essential part of health care providers' decision-making process and they are a low cost, vital piece of chronic disease management in this country. Thank you in advance for your attention to this important issue.

Sincerely,



Raja Krishnamoorthi  
Member of Congress

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