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Congress of the United States
House of Representatives

November 9, 2017

The Honorable Seema Verma
Administrator
Centers for Medicare and Medicaid Services
200 Independence Ave SW
Washington, DC 20201

Dear Administrator Verma,

I write today to express concerns about the preliminary payment rates for the Calendar Year 2018 Medicare Clinical Laboratory Fee Schedule. Unfortunately, these preliminary rates fail to adequately account for many of the issues I have raised with your agency as it has worked to implement the changes to the clinical laboratory payment system required by the Protecting Access to Medicare Act (P.L. 113-93). I strongly urge you to address these concerns before finalizing the CY 2018 payment rates.

As you know, the PAMA requires the replacement of the current Clinical Laboratory Fee Schedule with a market-based payment system, which is established based on data from a first-of-its-kind, mandatory reporting system in which "applicable laboratories" report all of their private payment rates and test volumes to the Centers for Medicare and Medicaid Services (CMS). I hope we can agree that in order to have Medicare payment rates that are truly reflective of market prices, the data needs to be robust and representative of the entire laboratory community.

I have repeatedly raised concerns about limitations on the ability of certain laboratories to report market data and the potential that this may skew the data. As a result, I have urged CMS to expand the universe of laboratories that are required to report or, at the very least, allow laboratories that fall outside the narrow definition of "applicable laboratory" to voluntarily report data. The Department of Health and Human Services Office of the Inspector General estimated that only five percent of laboratories (12,547 laboratories) would be required to report data to CMS under the PAMA. However, as you know, the preliminary payment rates released by CMS were based on data from less than one percent of laboratories (1,942 laboratories). Taken together, I question whether this lower-than-expected reporting rate and the exclusion of some sectors of the laboratory community have impacted the ability of CMS to determine an accurate weighted median of private payer rates. I urge you to address these issues before finalizing the CY 2018 payment rates.

Thank you in advance to your attention to this matter. I look forward to working with you to ensure that payment rates under the Clinical Lab Fee Schedule are truly reflective of market prices.

Sincerely,

Bill Pascrell, Jr.
Member of Congress