

PAMA – An Urgent Threat to Laboratory Infrastructure



The Protecting Access to Medicare Act (PAMA) completely overhauled the Medicare Part B clinical laboratory fee schedule (CLFS). Under PAMA, many (but not all) clinical laboratories must report their private payor rates on a test-by-test basis along with associated test volumes. CMS calculates "weighted medians" for each billing code from this data. This policy change has resulted in extreme reimbursement rate cuts, deeply harming regional and community laboratories.

The Impact of PAMA

- Layoffs
- Reduction of testing services to physician offices and nursing homes
- Increased test turnaround time to report results back to ordering physicians
- Broader patient access issues because laboratories are hesitant to do business with physician offices that bill Medicare and Medicaid
- Increased hospitalization of patients because STAT testing has been dropped or limited

Based on this new methodology, community and regional laboratories have experienced reimbursement rate cuts of up to 59% on some of the most common laboratory tests. Community and regional laboratories cannot sustain cuts of this magnitude because much of their revenue comes from serving Medicare and Medicaid beneficiaries. Additionally, Medicare rates for laboratory tests are enormously influential in establishing private payor rates. When Medicare reduces its rates for clinical laboratory tests, private payors are likely to follow.

Common set of tests NILA members conduct and the % cuts under CMS's final CLFS implemented 01/01/2018

Test name	Description	Uses	% Cut
Complete blood count	Measures vital blood related biodata, including red and white blood cell counts	Critical for patients with leukemia, anemia, autoimmune disorders, cancer and conditions that require regular blood monitoring	35%
Prothrombin time	Measures how quickly a patient's blood clots	Checks for bleeding problems, monitors blood thinning medication and is used to diagnose disorders such as leukemia, liver problems and immune disorders	20%
Comprehensive metabolic panel	Measures glucose levels, electrolyte and fluid balances	Examines liver and kidney function; can detect diabetes; monitors high blood pressure or the effect of medications	37%
Lipid panel	Measures and detects abnormalities in cholesterol and triglyceride levels	Used in screening and treatment for diabetes, heart disease, kidney disease, obesity, and elevated lipid levels	39%
Assay of ferritin	Determines the amount of iron stored in the body	Checks for iron storage disorders such as hemochromatosis, liver disease, rheumatoid arthritis, and some types of cancer	35%
Urine bacterial culture	Identifies bacteria in the urine that cause infection	Used to diagnose urinary tract infections, which are frequent infections in long-term care facilities	35%
Hemoglobin A1c	Measures blood glucose levels	Used to manage and control diabetes	37%
Definitive drug tests	Identifies specific drugs or metabolites in the bloodstream	Used in suspected drug overdoses and the treatment and monitoring of substance abuse disorders	59%