

# SALSA: The Saving Access to Laboratory Services Act



As the COVID-19 pandemic made clear, clinical laboratories are an essential component of our health care delivery system. Reimbursement cuts imposed through the Protecting Access to Medicare Act of 2014 (PAMA) have decimated the laboratory industry, particularly community and regional clinical laboratories that serve rural and underserved communities. PAMA resulted in three consecutive years of 10% cuts for many of the most common laboratory tests and left many laboratories without the resources to respond quickly to the COVID-19 pandemic. If left in place, future PAMA cuts will continue to weaken community and regional clinical laboratories.

SALSA is a bipartisan, bicameral bill that would protect community and regional clinical laboratories from drastic reimbursement cuts in 2023 and future years. The legislation will repair the flawed data reporting and rate setting methodology put in place by PAMA by implementing a predictable and statistically valid methodology that incorporates rates from all sectors of the laboratory market.

## In summary, SALSA would:

- Require CMS to use a statistically valid, representative sample of the laboratory market to determine Clinical Laboratory Fee Schedule (CLFS) rates for widely available clinical diagnostic tests.
- Reduce the frequency of required data reporting periods from every three years to every four years, easing the burden on laboratories.
- Provide laboratories with permanent protections against excessive cuts by lowering the cap on cuts from 15% to 5% annually.
- Ensure sustainability for the Medicare program by phasing in a cap on rate increases for widely available tests of 5% each year.

**Please cosponsor *The Saving Access to Laboratory Services Act (S.4449/H.R.8188)***

# PAMA Background



## **PAMA created an unequal playing field**

PAMA (2014) overhauled the Medicare Part B Clinical Laboratory Fee Schedule (CLFS). The goal of PAMA was to establish a single national fee schedule based on private-payer rates. Under PAMA, clinical laboratories are required to report their private-payer rates on a test-by-test basis along with associated test volumes. CMS collected this data and used it to calculate new Medicare rates. Unfortunately, the flawed implementation of PAMA resulted in extreme reimbursement rate cuts, deeply harming regional and community independent laboratories.

The initial implementation of PAMA over-sampled private payer rates from the largest national independent laboratories. This led to artificially low payments across the CLFS. Data from a more representative sample of the entire laboratory industry (independent, hospital, and physician office laboratories) will more appropriately capture the rates paid across all laboratory sectors.

## **Falling Prices and Increasing Costs Threaten Our Laboratory Infrastructure**

- General market conditions impact laboratories as much as any other industry. Laboratories have struggled to cover increasing expenses for years. Recently, more than twenty states raised their minimum wage, with more states expected to follow. At the same time, increased costs of supplies are impacting laboratories across the country.
- Community and regional clinical laboratories were essential to the COVID-19 response. At the height of the pandemic, patients waited days—or even weeks—to receive the results from COVID-19 tests. These early delays occurred because the largest national independent laboratories could not keep up with demand, and community and regional laboratories were struggling to access supplies and invest in large testing platforms. Eventually, investment by smaller community and regional clinical laboratories helped to increase test volumes and decrease turnaround time.
- Any cuts to laboratory reimbursement will make it harder for community and regional clinical laboratories to respond to public health emergencies.
- Plummeting reimbursement rates brought on by PAMA have resulted in increased consolidation in the laboratory market, threatening access to essential diagnostic testing.

**By enacting SALSA, Congress can maintain and increase competition in the laboratory market and ensure the nation is better positioned to respond to future public health threats.**