

# SALSA: The Saving Access to Laboratory Services Act



Clinical laboratories are an essential component of our health care delivery system. Reimbursement cuts imposed by the Protecting Access to Medicare Act of 2014 (PAMA) have decimated the laboratory industry, and made it difficult for laboratories to prepare to address public health threats. PAMA resulted in three consecutive years of up to 10 percent cuts each year (up to 30% total) for many of the most common clinical 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 and threaten patient access to essential diagnostic testing.

## About NILA

The National Independent Laboratory Association (NILA) represents community, regional, and health system clinical laboratories, many of which serve rural and underserved urban communities. These laboratories provide a wide variety of vital laboratory services including general biochemistry testing, genetic testing, infectious disease testing, toxicology, hematology, and more.

**Please cosponsor  
SALSA  
(S.1000/H.R.2377)**

## SALSA is bipartisan, bicameral legislation that 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.

# 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 for laboratory tests. 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 payment rates for clinical laboratory tests. Unfortunately, the flawed implementation of PAMA, which collected data from fewer than one percent of laboratories and sampled private payer rates from the two largest national independent laboratories, resulted in extreme reimbursement rate cuts—as much as 30-60 percent per test—deeply harming regional and community independent clinical laboratories.

## Inflation is Hurting Our Laboratories

General market conditions impact laboratories as much as any other industry. Laboratories have struggled to cover increasing expenses for years. Recently, more than 20 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.

- Plummeting reimbursement rates brought on by PAMA have resulted in increased consolidation in the laboratory market, threatening access to essential clinical laboratory testing.
- There were a total of 148 independent laboratory closures in 2020 based on CLIA certificate terminations. The number of independent laboratory closures has been on the rise since 2011.

## NILA Member Testimonial

“At our lab, prices are increasing for both raw materials and disposable lab supplies. Because of the squeeze, we are prioritizing clients with direct patient pay and moving away from third party payors. The denial and reimbursement rate from most payors makes our collection efforts more costly than it is worth. So, there is a triple squeeze: supply costs increasing, reimbursement decreasing, and collection efforts are prohibitively costly.”

**Congress must enact SALSA before the end of the year to maintain and increase competition in the laboratory market and ensure the nation is better positioned to respond to future public health threats.**