

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:

ARUP Laboratories is a national reference laboratory based in Salt Lake City, Utah. Our clients consist of national, regional, and community laboratories throughout the United States. ARUP also serves hospital laboratories and academic medical centers. ARUP's clients provide services to diverse populations, including rural and low-income health care providers.

On behalf of ARUP's clients, and the patients they serve, we urge the Centers for Medicare and Medicaid Services (CMS) to immediately address and remedy the deficient data collection process used to establish CMS's Clinical Laboratory Fee Schedule.

Under the Protecting Access to Medicare Act of 2014 (PAMA), Congress directed CMS to establish a market-based reimbursement rates for laboratories throughout the United States. CMS lists its payment rates in its Clinical Laboratory Fee Schedule. In setting the payment rates, CMS collected and relied on certain private payer data. Unfortunately, the payer data was based on less than five percent of the laboratory market. The data sources used to set the preliminary rates appear to represent a limited segment of the laboratory industry and are based upon skewed data assessment.

As a result, the payment rates do not accurately reflect market-based reimbursement levels across the United States. Specifically, the data does not provide an accurate weighted median of actual private payer rates for most laboratory tests. The payment rates will significantly reduce access to clinical laboratory testing for Medicare beneficiaries, especially in rural areas and post-acute settings.

As a result, the proposed schedule outlines drastic cuts to many high-volume routine tests currently performed by numerous hospitals, small community and critical access hospital labs, physician office labs, and nursing homes. These segments will be negatively impacted and may lead to decreased patient care options.

Because the Payment Rates are based on insufficient payer data, they will inevitably result in significantly reducing Medicare beneficiaries' access to clinical laboratory testing. This reduced access will most severely impact Medicaid beneficiaries in rural areas, and patients in post-acute settings. Therefore, ARUP strongly urges CMS to suspend the implementation of the Payment Rates until CMS can address and remedy the deficiencies in its payer data collection process.

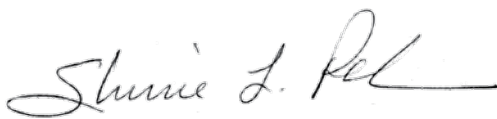
ARUP, in solidarity with the laboratory industry, requests that CMS:

- Implement and oversee a transparent private payer data collection process that includes not only national laboratories, but also regional, community, and rural laboratories; and
- Implement amended payment rates based on complete private payer data.

CMS's data collection process should include **all** clinical laboratory stakeholders. And by considering all laboratory market segments, CMS will ensure quality care for all Medicare patients. We urge you to suspend implementation of the payment rates to permit CMS to collect data from all segments of the laboratory industry, and to implement payment rates based on complete payer data.

Thank you for considering ARUP's objections to the Payment Rates. If you have any questions, please feel free to contact us at the number below.

Sincerely,



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