



American  
Clinical Laboratory  
Association

**Statement of the  
American Clinical Laboratory Association  
to the Subcommittee on Health of the U.S. House Committee on Ways and Means  
Expiring Medicare Provider Payment Policies  
September 21, 2011**

The American Clinical Laboratory Association (ACLA) congratulates Chairman Herger and the Subcommittee on Health for holding this hearing on expiring Medicare provider payment policies. ACLA represents clinical laboratories throughout the country, including local, regional, and national laboratories. ACLA member companies provide clinical diagnostic laboratory services to Medicare beneficiaries receiving services in physician offices, hospitals, nursing homes and many other settings. Our comments today address the technical component (TC) of physician pathology services provided to hospital inpatients and outpatients.

Since the beginning of the Medicare program, independent laboratories have been allowed to bill Medicare directly for both the technical component and the professional component (PC) of physician pathology services provided to hospital inpatients and outpatients. Technical component services include things such as specimen processing and slide preparation while professional services involve a pathologist's interpretation of the specimen. These physician services are vital to the operation of a successful surgical service in a hospital and include pathological examination of tissue removed during surgery, such as tumors, inflammatory tissue and biopsies, to determine whether and what disease is present.

Over the years many hospitals have chosen to have physician pathology services provided by independent laboratories for a variety of reasons. Some hospitals lack the surgical volume that would support an in-house pathology practice. Other hospitals choose to send specimens out because the independent laboratory, by taking in referrals from multiple sites, can provide more sophisticated diagnostic techniques for a wider range of cases than a single hospital can afford for its patients alone.

Since the beginning of 2001, Congress – through a “grandfather” exemption - has acted to limit implementation of a harmful CMS regulation that would eliminate Medicare payments to independent laboratories for surgical pathology technical component services provided to hospital patients. This “grandfather” applies to services delivered to any hospital that has used an independent laboratory for TC services as of July 22, 1999. Over time, Congress has reaffirmed this policy repeatedly. A permanent solution, however, is necessary to ensure uninterrupted access for Medicare beneficiaries to these critical health care services. Representative Geoff Davis (KY) introduced legislation in early July that would make permanent the current “grandfather” provision allowing independent laboratories to bill Medicare for the technical component of surgical pathology services for hospital patients. The bill, the Physician Pathology Services Continuity Act of 2011, HR 2461, is co-sponsored by Rep. Mike Ross (AR). We urge Congress to take up and pass this legislation.

Again, ACLA applauds Chairman Herger and the entire Subcommittee on Health for holding this important hearing. ACLA looks forward to continuing to work with the Committee on addressing the need for a permanent solution to the TC Grandfather for physician pathology services.