

2018 Medicare payment cuts for clinical testing

The AMA and impacted Federation Member Organizations and COLA continue to urge Congress to fix the inappropriate and detrimental Medicare cuts to the routine laboratory tests under PAMA. COLA has developed a new survey questionnaire to help us gather data on the impact of the first 10% cut (effective January 1), and how the future cuts will impact your in-office laboratory services. This information is essential to our discussions with Members of Congress.

Please complete the short survey, Protecting Access to Medicare Act (PAMA).

New payment rates went into effect on Jan. 1, 2018 for rapid point-of-care testing performed in a physician's office. These rates have resulted in significant cuts for most clinical tests including those performed during a patient's medical appointment with their treating physician.

Payment reductions could be severe

For tests that are commonly performed in a physician's office, the payment amounts generally represent 35-45% reductions from current rates. These reductions will be phased-in, with cuts limited to 10% per year in each of the next 3 years.

However, these 10% cuts are compounded, so the rate paid in 2019 will be a 10% reduction of the 2018 rate, which will have already been subjected to a 10% cut. The 2020 rate will receive a 10% reduction from the already reduced 2019 rate.

Patient access could be impacted

It is widely assumed that many, if not all, physicians who offer such tests to their patients during an office visit will not be able to absorb these reductions.

A number of practices have reported that they already offer these services at cost or very limited margins. While some may be able to absorb the initial 10% reduction, it is unlikely that they will be able to sustain the full reduction in payment phased-in over 3 years.

Discontinuing this service is unlikely to cause direct financial burdens on practices, but patients will face additional barriers to clinical testing. Patients will have reduced access to testing services, particularly those in rural or other underserved areas.

Timeline of AMA's commitment to improvement

In 2014, Congress passed the Protecting Access to Medicare Act (PAMA), which requires CMS to implement a new market-based payment system for clinical laboratory testing services paid on the Clinical Laboratory Fee Schedule (CLFS)—this includes payment for rapid point-of-care testing performed in a physician's office.

CMS is currently in the process of implementing these PAMA provisions, which involved extensive data collection in 2016 by certain laboratories including a subset of physician office based laboratories.

Validation of data

Due to significant data integrity concerns, the AMA continues to urge CMS to validate the data collected before proceeding to finalize new payment rates. A targeted market-segment survey would also provide CMS, Congress and all stakeholders with a clear understanding of payment differences in different segments of the laboratory market.

The AMA has been working to avert inappropriate payment cuts to clinical testing since the release of the PAMA proposed rule in 2015.

Opposition to PAMA

The AMA and Federation opposed passage of PAMA as it was a patch for the sustainable growth rate in April 2014 and physician organizations were advocating for repeal and replace. The clinical laboratory provisions were inserted into PAMA with no debate or public vetting due to advocacy by the clinical laboratory and device manufacturer associations.

The AMA submitted detailed comments to CMS on the proposed rule, indicating the probable adverse impact on Medicare and Medicaid beneficiaries if CMS failed to ensure accurate data was collected reflecting private payer payments in all laboratory settings.

Partnerships for strategy

The AMA has engaged closely with impacted Federation member organizations to determine the potential impacts and best path forward for physicians on this issue. The AMA has also collaborated with several impacted laboratory community stakeholders to develop recommendations and strategy.

The AMA met with CMS and HHS officials and staff of the U.S. Senate and U.S. House of Representative committees with jurisdiction over the Medicare program, all of whom have expressed concern, but have not yet moved to take action.

AMA letters addressing PAMA impact

- PAMA proposed rule – 2015 (PDF)
- Federation letter to CMS on reporting period extension – March 2017 (PDF)
- Letter to CMS on AMA recommended solution – June 2017 (PDF)
- Federation Letter to CMS – September 2017 (PDF)
- AMA CY 2018 physician fee schedule comments on PAMA – August 2017 (PDF)
- Laboratory stakeholder letter to CMS – October 2017 (PDF)
- AMA comments to CMS on PAMA proposed rates – October 2017 (PDF)

PAMA resources for physicians

- CMS PAMA regulations/payment rate information
- Near Patient Testing Matters advocacy site
- AMA comments to CMS CLFS Annual Public Meeting – July 2017 (PDF)
- AMA PAMA overview (PDF)