



September 2, 2003

The Honorable William H. "Bill" Frist  
United States Senate  
Washington, DC 20510

Dear Senator Frist:

The American Medical Group Association (AMGA) urges you – a Medicare Reform conferee – to oppose any provision in the final Medicare compromise proposal that requires a beneficiary co-payment for clinical diagnostic testing. In addition to such a requirement being a cost burden to seniors, it would impose a relatively exorbitant financial tax on medical group practices and laboratories for administrative billing and collection procedures.

Providers' administrative costs would increase several fold in excess of the amounts collected, and under the Medicare fraud and abuse statutes, providers are mandated to pursue co-payment collections regardless of their ability to recoup these costs.

Included in the Senate version of Medicare reform is a provision that would impose a 20% co-payment for beneficiaries' Part B clinical diagnostic laboratory tests and services conducted in a physician office, a hospital-based laboratory, or an independent laboratory.

Of no small importance is the Institute of Medicine's (IOM) evaluation of the negative impact of such a proposal in its 2002 report, *Medicare Laboratory Payment Policy: Now and in the Future*. The IOM researchers found it would increase laboratories and physicians' offices collection costs and bad debt, would add to the complexity of providers' accounting and collection procedures, and would impose a cost burden on beneficiaries.

The most commonly administered tests would result in such small collectible amounts in co-payments that the merit of collection is dubious, considering the cost of collection. To illustrate, under S. 1, the Medicare fees and co-payments of the most frequent tests are shown below:

Test Name	Medicare Fee	Co-payment
Glucose	\$2.53	\$0.51
CBC	\$9.88	\$1.98
Comprehensive Metabolic Profile	\$14.77	\$2.96

Providers' administrative costs, including record keeping and generating several bills, would rapidly exceed any possible savings – leading to higher overall medical costs.

To avoid increasing the costs of medical care without accruing benefits, to recognize the financial plight of most Medicare beneficiaries, the AMGA urges you to ensure the exclusion of any clinical laboratory co-payments in the Prescription Drug and Medicare Improvement Act of 2003 Conference Report.

Sincerely,

Donald W. Fisher, Ph.D.  
President and CEO