CLMA
THE RESOURCE FOR LABORATORY PROFESSIONALS

Support Allied Health Education

Congressional Action Requested
The American Society for Clinical Laboratory Science (ASCLS), Clinical Laboratory Management Association (CLMA) and American Society for Clinical Pathology (ASCP) urge Members of Congress to cosponsor the Allied Health Reinvestment Act (AHRA). The Senate version of this bill is S. 605. Discussions are underway on a House companion bill. We also urge Members of Congress to restore funding for the Title VII Allied Health Programs to their FY 2005 levels of $300 million.

What Does the AHRA Do?
The Allied Health Reinvestment Act (AHRA) provides incentives for individuals to pursue allied health careers. The legislation does this via programs to support students interested in allied health careers and the academic institutions that train them. The legislation also assists with faculty development and provides for public service announcements to increase interest in allied health careers.

Why is the AHRA Needed?
Patient access to quality health care services relies, in part, on an adequate supply of well-trained allied health professionals. Unfortunately, many allied health fields, including the field of clinical laboratory science, are plagued by severe workforce shortages. The U.S. Department of Labor projects that approximately 15,000 medical laboratory professionals will be needed each year through 2014. Unfortunately, *the programs preparing tomorrow's laboratory workforce train only about a third of what is needed.* Fewer than 5,000 individuals are graduating each year from accredited training programs.

Personnel shortages raise concern about laboratory staff workload and turnover. Today, increasing numbers of laboratory professionals are working second jobs or extra shifts. Personnel turnover is also an increasing problem. With competition for qualified laboratory personnel intensifying, annual turnover rates for some categories of laboratory personnel exceed 20 percent. Because of the difficulty in finding qualified staff, medical laboratories are increasingly turning to temporary staff (many of whom may already be working full- or part-time clinical laboratory jobs) to handle the patient testing workload.

Another concern is the aging laboratory work force, reflecting the fact that the pace at which younger, newly trained laboratory professionals are entering the laboratory workforce is not keeping pace with retirements. An aging workforce can be more

vulnerable to the adverse health and safety risks often associated with shift work. Approximately 40 percent of the laboratory workforce is within ten years of retirement.

To make matters worse, our nation's capacity to train new laboratory professionals has declined substantially over the past ten years. According to the National Accrediting Agency for Clinical Laboratory Sciences, school closings have reduced the number of laboratory professionals being trained annually. The number of educational programs for laboratory professionals has declined more than 30 percent over the last ten years, from 637 programs in 1994 to 435 programs in 2004. The number of individuals graduating from these educational programs has declined by more than a third over the past decade, from 6,783 graduates in 1994 to 4,390 in 2004.

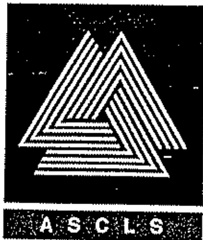
What Impact Do Allied Health Professionals Have on Patient Care?

The contributions allied health professionals make to patient care can not be overstated. In the case of laboratory professionals, the role these allied professionals play in patient care is impressive. Approximately 60-70 percent of all patient diagnoses are based, at least in part, on laboratory test results. Ensuring our nation possesses the qualified laboratory professionals needed to provide prompt, quality testing services is imperative to quality patient care.

Can the AHRA Make a Difference?

We believe the AHRA *will* make a difference. AHRA builds on the important contributions of the Title VII Allied Health Education Programs, such as the *allied health and other disciplines program*. This Title VII program has provided grants for several institutions to develop innovative programs, including those serving clinical laboratory professionals, that serve not just patients in states where these programs are located but also patients in other states as well. The University of Nebraska, for example, was a recipient of several of these grants. According to data from the Health Research and Services Administration, Nebraska has more than 128 laboratory professionals per 100,000 residents—almost twice the number of Wyoming and one of the highest concentrations of laboratory personnel per capita in the United States. Unfortunately, due to cuts in funding for the *allied health and other disciplines grants program*, funding for the University of Nebraska program and others serving clinical laboratory science have been eliminated.

Given that laboratory and allied health jobs have often been ranked among the best jobs by the *Jobs Rated Almanac*, we believe that establishing programs to promote interest in these careers and stabilize the academic programs that train them will help address personnel shortages. This will improve our ability to meet the health care needs of our nation's patient population while simultaneously providing rewarding career opportunities. We urge your support of allied health education to make these shared goals a reality.



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ISSUE BRIEF
Competitive Bidding

Legislative Background

A demonstration of competitive bidding was first called for by Congress in the Balanced Budget Act of 1997 ("BBA"). The BBA directed the Health Care Financing Administration (now the Centers for Medicare and Medicaid Services ("CMS")) to implement up to five demonstrations of competitive bidding, including one for clinical laboratory services. The "Medicare Prescription Drug, Improvement, and Modernization Act of 2003" ("MMA") directed the Secretary of the Department of Health and Human Services ("HHS") to conduct the demonstration program called for in the BBA. Further, the MMA limited the demonstration to those clinical laboratory tests furnished without a face-to-face encounter between the Medicare beneficiary and the hospital personnel or physician performing the test. An initial report to Congress from HHS on the demonstration was due by December 31, 2005, but was not submitted to Congress until April 2006. CMS submitted two rounds of draft applications forms for clinical laboratories that were required to bid in April and July. Change Request 5205 (August 1, 2006) and Change Request 5359 (November 1, 2006 were prepared by CMS that provides additional background and clarification for entities seeking to determine if they are required to bid.

The President's FY 08 HHS budget calls for: (1) a "national" competitive bidding program for clinical laboratory services in the 2008-2011 time period; and, (2) a $110 million reduction in the reimbursement of clinical laboratory services in FY 2008 and $2.4 billion over ten years.

Status of the Demonstration

CMS has named Research Triangle Institute ("RTI") as its research contractor for the demonstration and announced its selections for the Technical Expert Panel ("TEP"), which will provide recommendations to CMS and RTI on technical, operational, and laboratory performance issues. The TEP met more than once in 2005. CMS and representatives of RTI and the TEP conducted an Open Door Forum ("ODF") in August 24, 2005, to update the clinical laboratory industry on the status of the demonstration and their proposed framework for the implementation of the demonstration.

Despite promises made by Centers for Medicare and Medicaid Services ("CMS") Mark McClellan to the clinical laboratory industry, there have been no further Open Door Forums or other communication regarding the metropolitan statistical areas selected, the tests to be included within the demonstration, the steps taken to assure patient access to services, the measures for maintaining the quality of services provided, and the bid package. The Clinical Laboratory Coalition has repeatedly requested another ODF to resolve issues associated with the demonstration, but CMS will not hold another ODF until the first MSA site is selected and the bid solicitation package is released.

We do know that entities falling within the following categories must bid or would not be allowed to participate for the bid period: (1) independent clinical laboratories, (2) hospitals providing outreach services for nonpatients that receive more than $100,000 annually in revenues from Medicare, (3) physician office laboratories generating more than $100,000 annually in revenues from Medicare, and, (4) all other providers of clinical laboratory services that generate more than $100,000 annually in revenues from Medicare where those services are provided as the result of a "face to face" encounter.

ASCLS, ASCP and CLMA Position:

ASCLS, ASCP and CLMA oppose competitive bidding for procuring clinical laboratory services for the following reasons:

1. It is anti-competitive. The clinical laboratory is already highly competitive given the diversity of independent clinical laboratories, hospitals and physician office laboratory options available to patients and physicians in most metropolitan areas. However, the effect of competitive bidding will be to reduce the number of clinical laboratory service providers in a community, by virtue of CMS allocating market share to the bid winners, which will enable the bid "winners" to subsequently hold a dominant position in the market following the demonstration.
2. It will restrict physician choice. Physicians select their preferred clinical laboratory for many reasons, including patient convenience, the quality of the service they receive, the accuracy and timeliness of the results. During the demonstration they may not longer be able to use the clinical laboratory of their choice if that laboratory service provider is not a "bid winner" under the demonstration.
3. It will impact patient care. Patients may have to travel considerable distances at great inconvenience in order to use the bid winning clinical laboratory. This may result in patients not receiving those services due to the hassle of using the bid winning laboratory. Further, there is great concern that the bid winning laboratory will seek to reduce the frequency of pick-ups or test turnaround times in hard to serve geographical areas or at sites where a high level of service is needed but the cost to provide that service is very high, such as skilled nursing facilities.

ASCLS, ASCP and CLMA are particularly concerned that The President's FY 2008 Budget proposes implementation of competitive bidding before the demonstration has even been conducted. Further, the FY 2008 Budget assumes budgetary savings from the implementation of competitive bidding before CMS has received a single bid and the demonstration can be assessed to determine if savings are, in fact, realized or before it can be determined whether there are significant impacts to patients or providers that may result in greater overall costs to the Medicare program.

We urge Congress to oppose the demonstration project and any attempt to implement the demonstration. It is also premature to fully implement competitive bidding until the impact of the demonstration project, if it goes forward, can be fully analyzed.