

## Understanding the One-Year Delay to PAMA Implementation and Its Implications for Laboratories

In a significant development for the healthcare and clinical laboratory industries, the U.S. Congress has once again approved a one-year delay to the implementation of the Protecting Access to Medicare Act (PAMA). This marks the sixth consecutive year that PAMA-related reimbursement cuts and price reporting requirements have been postponed. For laboratories nationwide, this delay presents both opportunities and ongoing uncertainty. APS Medical Billing is committed to keeping its clients informed on key regulatory changes that impact reimbursement and operations. This white paper provides an overview of the latest delay, its implications, and the ongoing advocacy for reform.

### Overview of PAMA

The Protecting Access to Medicare Act (PAMA) was enacted to modernize the way Medicare reimburses clinical diagnostic laboratory tests. PAMA requires laboratories to report the prices they receive for clinical diagnostic services from private payers, which are then used to set Medicare reimbursement rates. This approach aims to align Medicare payments with the market, but many industry stakeholders argue that the methodology disproportionately impacts smaller, independent labs and threatens their financial sustainability.

Without intervention, the latest PAMA-mandated reimbursement cuts were set to take effect at the beginning of 2025, potentially affecting laboratory services across the country. However, Congress' passage of a continuing resolution (CR) this week includes a provision to delay these cuts for another year.

### Legislative Action and Implications

On Wednesday, both the U.S. House of Representatives and the Senate passed a continuing resolution that will delay the implementation of PAMA's price cuts until 2026. The bill was then signed into law by President Joe Biden.

This one-year delay provides temporary relief for clinical laboratories that would have faced significant reductions in Medicare reimbursement. However, this stopgap measure leaves laboratories in a state of regulatory uncertainty, as the fundamental challenges posed by PAMA remain unaddressed.

### Ongoing Advocacy for PAMA Reform

The American Clinical Laboratory Association (ACLA), along with other stakeholders in the lab industry, has been vocal in its support for permanent reforms to PAMA. The organization has consistently advocated for the Saving Access to Laboratory Services Act (SALSA), which would introduce a number of critical changes to PAMA's reimbursement methodology and reporting requirements.

In a statement issued this week, ACLA President Susan Van Meter expressed satisfaction with the latest delay, stating that the organization is "pleased that Congress has delayed pending reductions." However, she emphasized the need for long-term legislative solutions, noting that "permanent PAMA reform is necessary to preserve access to laboratory services, especially for those serving vulnerable patient populations."



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SALSA, which is supported by many industry stakeholders, seeks to correct the perceived flaws in PAMA's market-based pricing model by implementing a more sustainable reimbursement structure. If enacted, it would ensure that Medicare payments for lab services reflect the true cost of providing these critical tests while preventing further erosion of reimbursement rates.

### **The Road Ahead for Laboratories**

For laboratories that rely on Medicare reimbursement, the temporary relief offered by the one-year delay is significant, but it is not a permanent solution. As discussions around SALSA and other PAMA-related reforms continue, it is important for labs to stay informed and engaged with industry advocacy efforts.

The one-year delay of PAMA implementation offers short-term reprieve, but it also highlights the ongoing need for comprehensive legislative reform to protect the financial stability of laboratories. As stakeholders continue to push for permanent changes through initiatives like SALSA, APS Medical Billing remains dedicated to supporting our clients through expert billing services and informed guidance on regulatory issues. If you have additional questions, please contact your Practice Manager.