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LAB Act Passes: PAMA Reporting Delayed

Background on PAMA

The Protecting Access to Medicare Act of 2014 (PAMA) was enacted to determine fair and reasonable rates for clinical laboratory tests. However, the methodology for doing so was flawed from the start, often resulting in misleading data and, therefore, inaccurate and deflated rates for such tests. This is relevant to laboratories who may be forced to accept artificially lower rates for Clinical Diagnostic Laboratory Tests (CDLTs) that are not Advanced Diagnostic Laboratory Tests (ADLTs). According to the original PAMA legislation, Medicare rates for CDLTs could be lowered by up to 10% per year in 2019 and 2020 and up to 15% per year in 2021, 2022, and 2023.

LAB Act Passes

In an attempt to fix the flawed data from PAMA reporting, legislators passed the LAB Act (Laboratory Access for Beneficiaries) in December of 2019 as part of a year-end spending package. This legislation delays PAMA reporting of clinical lab data by a year to ensure every lab that should be reporting is reporting. The following chart shows how data collected will be used to set future Medicare rates for CDLTs:

CDLT Rates	Based on Reporting Period	Reduction Cap
2020	January 1, 2017 – May 30, 2017	10%
2021	January 1, 2017 – May 30, 2017	15%
2022	January 1, 2021 – March 31, 2021	15%
2023	January 1, 2021 – March 31, 2021	15%

As shown above, the data collected in 2017 will continue to be used to set Medicare rates for CDLTs through 2021. However, between January 1st, 2021 and March 31st, 2021, applicable laboratories will be required to report data which will then be used to determine future Medicare rates under the CLFS (Clinical Laboratory Fee Schedule). Specifically, the delayed reporting is aimed at ensuring that underrepresented sectors, such as hospital outreach data, is collected and given adequate weight to accurately represent the true median rate of laboratory testing. As an added measure, the LAB Act requires an independent third party to conduct a study on how to improve data collection and rate setting in the future.

Information provided by APS Medical Billing, January 2020

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Who are the Applicable Laboratories?
There are four aspects considered when determining if a laboratory has applicable status or not. These considerations are as follows:

- Is the laboratory certified under CLIA (Clinical Laboratory Improvement Amendments)? This certification applies to all laboratories that perform tests on human specimens for health purposes and is required to receive Medicare payment.
- Does the CLIA-certified laboratory bill Medicare Part B under its own NPI (National Provider Identifier)? The NPI is the standard unique health identifier used by health care providers for billing Medicare and other payors.
- Does the laboratory meet the majority of Medicare revenues threshold? A laboratory qualifies if it receives more than 50% of its *total* Medicare revenues from payments under the Medicare CLFS and/or Medicare PFS (Physician Fee Schedule).
- Does the laboratory meet the low expenditure threshold? A laboratory qualifies if it receives more than $12,500 in Medicare revenues from the CLFS during the data collection period.

If a laboratory can answer yes to the above questions, it is likely an applicable laboratory and will be required to report to CMS. APS will continue to work on this programming and reporting to make sure that each of our clients who fall in this category are meeting the reporting requirements. We will also continue to participate in webinars on this topic and will update our clients as more information is learned.

For more information on PAMA, see our earlier article on "What You Need to Know About PAMA": https://apsmedbill.com/newsletters/2016-09/what-you-need-know-about-pama.