

2027 CLFS Preliminary Rates Fact Sheet

CMS's 2027 preliminary rates for clinical laboratory services confirm the urgent need to pass the RESULTS Act.

- The current Protecting Access to Medicare Act (PAMA) rate-setting system does not give CMS access to the comprehensive and representative commercial data it needs to set market-based Medicare laboratory payment rates for the Clinical Laboratory Fee Schedule (CLFS).
- The RESULTS Act (H.R. 5269 / S. 2761) would give CMS comprehensive and representative commercial market data from a large independent and not-for-profit commercial claims database such as the FAIR Health database, providing data on nearly three times as many tests as CMS used to set 2027 preliminary rates. Using more comprehensive and representative data would help Medicare laboratory rates reflect the commercial market, as Congress intended.

Incomplete and unrepresentative data lead to inaccurate payment cuts.

- CMS is again setting rates using laboratory-reported data that overrepresent independent laboratories and significantly underrepresent hospital outreach laboratories:
 - Hospital outreach laboratories accounted for just 9.9 percent of reported private payor test volume, compared with 26 percent of Medicare CLFS test volume.
 - Independent laboratories accounted for 76.5 percent of reported private payor test volume, compared with approximately 55 percent of Medicare CLFS test volume.
 - Physician office laboratories accounted for 11 percent of reported private payor test volume, compared with 19 percent of Medicare CLFS test volume.
- Because of this flawed data collection process, CMS would reduce payment for almost 1,200 laboratory tests in 2027, including 775 facing the maximum 15 percent cut, followed by additional reductions in 2028 and 2029.
- CMS estimates that the preliminary rates will cut approximately \$1 billion annually from the CLFS, a disproportionate reduction in a \$9 billion annual payment system that represents less than 1 percent of Medicare spending.
- ACLA disputes CMS's assertion that collecting more hospital and physician laboratory data would not have significantly changed the preliminary rates.
 - ACLA's analysis of FAIR Health data shows that using comprehensive and representative commercial claims data would result in fewer test codes facing cuts in 2027 and aggregate payment reductions less than half of CMS's estimated \$1 billion cut.

America's seniors will pay the price for the broken rate-setting system.

- Deep Medicare cuts threaten seniors' access to essential laboratory testing, potentially leading to longer turnaround times, reduced test menus and closures of

smaller laboratories across the country.

- These cuts could delay screening and diagnosis, undermining timely disease detection and treatment for seniors.

The threat of cuts undermines investment in U.S. diagnostic innovation.

- Congress has repeatedly intervened on a bipartisan basis to freeze Medicare laboratory payment rates after three years of deep reductions, but continued uncertainty makes it difficult for laboratories to plan, invest in research and development, and bring new tests to patients.
- Without long-term payment reform, this uncertainty could slow innovation and patient access to next-generation diagnostics that guide personalized cancer treatment and enable earlier disease detection.

Congress has a bipartisan solution and must act now.

- The RESULTS Act would correct PAMA's flaws by giving CMS comprehensive and representative commercial claims data, reducing the reporting burden for laboratories and mitigating future payment cuts.
- The bipartisan legislation has support from more than 130 members of Congress, almost 70 leading patient and provider organizations, the GOP Doctors Caucus and the bipartisan House Problem Solvers Caucus.
- Congress must pass the RESULTS Act this year to protect patient access to laboratory testing and support a sustainable and innovative laboratory system.