

June 6, 2012

The Honorable John Boehner
Speaker of the House
U.S. House of Representatives

The Honorable Steny Hoyer
Minority Whip
U.S. House of Representatives

The Honorable Eric Cantor
Majority Leader
U.S. House of Representatives

The Honorable Nancy Pelosi
Minority Leader
U.S. House of Representatives

The Honorable Kevin McCarthy
Majority Whip
U.S. House of Representatives

The Honorable James Clyburn
Assistant Minority Leader
U.S. House of Representatives

Dear Speaker Boehner, Majority Leader Cantor, Majority Whip McCarthy, Minority Leader Pelosi, Minority Whip Hoyer and Assistant Minority Leader Clyburn:

The undersigned laboratory and health care organizations, representing America's clinical laboratories, the clinical and technical professionals employed in those labs, and the patients we serve, ask that you pass legislation to repeal the medical device excise tax. Implementation of this massive tax—estimated to be \$30 billion in new taxes—will adversely impact patient care and health care innovation while substantially increasing the cost of health care. As purchasers and users of health care equipment and medical devices, the laboratory community is part of the economic engine, and this tax is anticipated to increase our overall cost of doing business. We fundamentally believe that in this case, a tax on one is a tax on all.

New and additional taxes have far-reaching implications on a health care industry already under immense pressure. The laboratory industry, in particular has faced significant cuts already. We took a 20 percent cut to the Clinical Laboratory Fee Schedule (CLFS)—9 percent from a direct fee schedule reduction; 11 percent from a productivity adjustment over 10 years—through the Affordable Care Act, and in 2013 we will be hit with an additional 2 percent cut to the fee schedule to pay for this year's short-term SGR patch. These cuts on top of the looming 2 percent cut from sequestration amount to a death by a thousand cuts, threatening the viability of hundreds of community and regional laboratory employers across the United States.

As employers, our business reality is already startling, as Medicare payment amounts for clinical laboratory testing have been reduced by about 40 percent in real (inflation-adjusted) terms over the past 20 years. These cuts destroy medical innovation and the ability to bring new lab tests to market. For independent community laboratories, any additional cuts—direct on laboratory fees or indirect from the device excise tax—threaten their existence and cannot be absorbed.

Our organizations respectfully request that you recognize the consequences any additional cuts will have on the laboratory community, pass legislation to repeal the device excise tax, and work to oppose any further reductions in the CLFS this year. If we can provide additional information, please contact Julie Allen at (202) 230-5126 or julie.allen@dbr.com.

Sincerely,

AdvaMedDx
American Association for Clinical Chemistry

American Association of Bioanalysts
American Esoteric Laboratories

American Medical Technologists
Brookside Clinical Laboratory, Inc.
CBL Path
Clinical Laboratories of Hawaii, LLP
Clinical Laboratory Management Association
Clinical Pathology Laboratories Inc.
Clinical Pathology Laboratories Mid-Atlantic

Clinical Pathology Laboratories South East
National Independent Laboratory Association
Pathology Laboratories Inc.
Physicians Automated Laboratories
Shiel Medical Laboratory
Sunrise Medical Laboratories

cc: House of Representatives