

Saving Access to Laboratory Services Act (SALSA) Unlikely 2022

PAMA Delay Likely 4Q 2022

A bipartisan and bicameral bill introduced by Sens. Brown (D-OH) and Burr (R-NC) on June 22, 2022 reduces Medicare cuts to laboratory services. SALSA offers provisions to promote laboratory services accessibility for the elderly. A draft of this bill is found [here](#). We view passage as more likely in 2023+, with a short-term clinical lab fix in mid-December, when the CR expires.

- **Some clinical lab relief is likely to pass by year-end, but it is unlikely to be the SALSA Act.** The SALSA Act has wide bipartisan support, in both the Senate and House by Sens. Brown (D-OH) and Burr (R-NC), along with Reps. Bill Pascrell (D-NJ), Scott Peters (D-CA), Richard Hudson (R-NC), Gus Bilirakis (R-FL) and Kurt Schrader (D-OR). See bill details below.
- **The SALSA Act score is about \$6 B, which is an untenable score for year-end policies.** With a likely mixed Congress post mid-terms, we do not see major policy passing during the lame duck session of Congress.
- **A more likely scenario is PAMA delay.** A one year delay saves ~ \$780 M. Given the savings score, we see higher odds of passage, along with a commitment to work on SALSA/permanency more generally in the next Congress. See *PAMA of 2014* background below.

SALSA ACT

- **Two lead clinical lab advocacy groups, American Clinical Laboratory Association (ACLA) and National Independent Laboratory Association (NILA), are advocating for SALSA passage.** Read ACLA's statement [here](#) and NILA's statement [here](#). SALSA would decrease reimbursement pay cuts to the clinical lab industry, which has been a crucial part of America's public health response, during the COVID pandemic and now with monkeypox spread. However, these reductions would cost Congress dollars, which can be a fight as offsets would be needed.
- **SALSA would fix the 'inaccurate representation of the market' which led to large Medicare cuts to clinical laboratories.** *PAMA of 2014* called for CMS to set prices for laboratory tests based on median private payer rates so that Medicare would decrease spending. However, the formula excluded labs which had *higher* reimbursement rates, leading to lower Medicare Clinical Laboratory Fee Schedule (CLFS) payments. Key SALSA provisions are outlined below:
 - Establish representative pool of samples for all widely available tests (tests whose (1) Medicare reimbursement rate is under \$1,000 and (2) number of laboratories paid for tests exceed 100). Aims to decrease administrative burden on laboratories and CMS while correcting current below market Medicare rates (starting on or after Jan 1, 2026).
 - Each year of data collection, a list of widely available clinical diagnostic laboratory tests must be published to the Federal Register, which may burden CMS.
 - Increase of the length between data collection from every 3 years to every 4 years. This will decrease data collection burdens and increase CLFS payment stability.
 - Exclude MA rates as they tend to not reflect the market and skew rates downward.
 - Option to exclude manual remittance. This includes physically mailed in payments if they do not exceed 10% of laboratory claims.

- Implement limitations on annual payment reductions (0% decrease cap for 2023, 2.5% cap for 2024, and 5% cap for 2025 and each year following). Implement cap on payment increases (2.5% for 2023 and 2024, 3.75% for 2025 and 2026, and 5% for each year following).
- **Industry contends that PAMA cuts could reach \$13B, three times initial projection.** In 2018 when PAMA was implemented, it was initially projected by CBO to be \$2.5B in cuts to reimbursement rates over 10 years. However, there has been \$4B in cuts in just three years. PAMA has been delayed as of three times, but without Congressional intervention is said to bring additional cuts as much as 15% starting January 1, 2023. These cuts, initially said to be \$600M, could rise to \$1.5B annually.
- **BACKGROUND & NEXT STEPS:** Clinical labs have received fixes in Congressional legislation in years past: (1) Consolidated Appropriations Act, 2019, (2) Coronavirus Aid, Relief, and Economic Security (CARES) Act - Laboratory Access for Beneficiaries (LAB) Act, year-end spending bill, 2020, (3) another delay to PAMA cuts, 2021. Hill staff are wary of clinical labs coming to the table each year for payment relief, but there is a pre-Christmas vehicle for relief (for all industries, not just labs), which we think will come to fruition in likely mid-December 2022 (Budget bill). If history is any guide, we see a one year delay passing December 2022, along with Medicare extenders, when Congress is address the budget when the CR ends Dec 16. SALSA is likely to pass in some form 2023+ .