IOWA HOSPITAL ASSOCIATION

October 21, 2026

The Honorable Mehmet Oz, M.D.
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244

Re: Preliminary CY 2027 Clinical Laboratory Fee Schedule Payment Rates

Dear Administrator Oz:

On behalf of the Iowa Hospital Association (IHA), representing Iowa hospitals and health systems, we appreciate the opportunity to comment on the Centers for Medicare & Medicaid Services' (CMS) preliminary calendar year (CY) 2027 Clinical Laboratory Fee Schedule (CLFS) payment rates.

IHA recognizes that CMS is implementing statutory requirements under the Protecting Access to Medicare Act (PAMA), as subsequently modified by Congress. However, we are concerned that the preliminary CY 2027 rates would significantly reduce Medicare reimbursement for commonly performed laboratory services and further strain hospitals' ability to maintain access to laboratory testing.

For hospitals providing outreach and reference laboratory services, these reductions could further widen the gap between the cost of maintaining local diagnostic capacity and Medicare reimbursement. This is particularly concerning in Iowa, where hospitals often serve as essential access points for diagnostic services in rural and underserved communities.

Preliminary analysis indicates the CY 2027 CLFS changes could reduce Medicare reimbursement to Iowa hospitals by nearly $2 million in 2027. Because this estimate may not capture the impact on all Iowa hospitals or all Medicare laboratory services, the actual financial effect could be greater. The analysis also does not include Medicare Advantage, meaning it may not reflect the full financial impact on Iowa hospitals. These reductions would add to existing financial pressures on hospitals and could make it more difficult to sustain the laboratory infrastructure patients and communities rely on, particularly in rural areas where a local hospital laboratory may be among the most accessible sources of diagnostic testing. Timely access to laboratory testing is fundamental to diagnosis, treatment decisions, chronic disease management and emergency care.

These reductions also highlight concerns with the data used to establish CLFS rates. A market-based payment methodology can only produce reliable rates when the underlying data adequately represents the full laboratory market. IHA remains concerned that hospital outreach and other laboratory settings are not sufficiently represented in the private-payer data, potentially resulting in reimbursement that does not accurately reflect the broader market or the realities of maintaining

laboratory access.

As CMS finalizes the CY 2027 CLFS, IHA urges the agency to carefully evaluate the completeness and representativeness of the underlying data and provide greater transparency regarding the laboratories represented, including greater detail on the extent to which hospital laboratories are represented in the private-payer data used to establish CLFS rates. CMS should also provide transparency regarding anomalies or outliers in the reported data and its approach to codes for which sufficient private-payer data were not reported. Greater visibility into the composition of the underlying data would help stakeholders assess whether the resulting rates reflect the full laboratory market. CMS should also closely consider the effect significant reimbursement reductions could have on Medicare beneficiaries' continued access to laboratory services.

Finally, IHA recognizes that a sustainable solution to the shortcomings of the current PAMA methodology ultimately requires congressional action. We encourage CMS to provide Congress with the data and technical assistance necessary to advance meaningful reforms. IHA supports the bipartisan Reforming and Enhancing Sustainable Updates to Laboratory Testing Services (RESULTS) Act, H.R. 5269/S. 2761, as an important step toward establishing a more representative, accurate and sustainable Medicare laboratory payment system.

Thank you for considering our comments and for your continued work to ensure Medicare beneficiaries have access to essential diagnostic services.

Sincerely,

Chris Mitchell
President/CEO
Iowa Hospital Association