



California Society of Dermatology & Dermatologic Surgery

November 14, 2012

Mr. John Mendoza
Acting Chief of Fee for Service and Rates Development Division
Post Office Box 997413 M.S. 4612
Sacramento, CA 95899-7413
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RE: AB 1494 Clinical Laboratory Rate Setting Methodology Comments

Dear Mr. Mendoza,

Thank you for the opportunity to comment on behalf of CalDerm on the current proposal to establish a clinical laboratory rate setting methodology pursuant to Assembly Bill 1494, Statutes of 2012.

CalDerm is concerned that this proposal lacks clarity and could result in overly burdensome requirements for its members. From the proposal and from statements made at the Department's November 5 meeting, we infer that it is the intent of the Department to require all entities that bill Medi-Cal for covered clinical laboratory procedure codes to submit payment data for each CPT/HCPCS code from all payers. If this is correct, our members will be overwhelmed by the volume of required data and the staff time required to collect it. Since this requirement applies to any provider of clinical lab services that billed the Medi-Cal program, CalDerm members performing microbiology and surgical pathology services would be obligated to submit the required data elements for all provided procedures/codes.

We request that you limit those who are required to submit data only to high-volume billers of Medi-Cal and that you, additionally, narrow that information to be submitted. We believe this will not only reduce the skewing of data (since volume plays a key role in establishing an acceptable rate) but will also distribute the administrative burden commensurate with the level of participation in the Medi-Cal program.

In your efforts to achieve the goals of AB 1494, it is important that this program not set rates so low as to limit participation in the Medi-Cal program only to the largest participants, such as national laboratories. Whatever short term gains may be realized by this, they will be offset by the loss benefit to patients of specialized, accessible and locally obtainable office-based services.

Sincerely,

Tom Riley

Government Relations Director

Cc: Nancy Chen, MD, CalDerm President
Karmi Ferguson, CalDerm Executive Director