



One Prince Street
Alexandria, VA 22314-3318
📞 703.838.0033
📠 703.548.1890

October 21, 2026

The Honorable Dr. Mehmet Oz
Administrator
Centers for Medicare & Medicaid Services
7500 Security Boulevard
Baltimore, MD 21244-1850

Re: Preliminary Calendar Year (CY) 2027 Medicare Clinical Laboratory Fee Schedule Payment Rates

Dear Administrator Oz:

On behalf of AMGA, 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 and the supporting private payor data released on September 21, 2026.

Founded in 1950, AMGA is a trade association leading the transformation of healthcare in America. Representing multispecialty medical groups and integrated systems of care, we advocate, educate, innovate, and empower our members to deliver the next level of high performance health. AMGA is the national voice promoting awareness of our members' recognized excellence in the delivery of coordinated, high-quality, high-value care. More than 177,000 physicians practice in our member organizations, delivering care to more than one in three Americans. Our members are also leaders in value-based care delivery, focusing on improving patient outcomes while driving down overall healthcare costs.

On September 21, 2026, CMS released preliminary CY 2027 CLFS rates based on private payor data collected under the Protecting Access to Medicare Act of 2014 (PAMA). This is the first full round of private payor data CMS used to set CLFS rates since the initial reporting period in 2017, as Congress has repeatedly intervened. The Consolidated Appropriations Act (CAA), 2026, delayed PAMA-related payment reductions for the remainder of 2026 but cleared the way for CMS to collect updated data every three years.

CMS estimates that Medicare pays approximately 16% more than private payors for laboratory services and projects the new rates will save approximately \$1 billion annually. Of the approximately 1,500 codes with private payor data, roughly 1,171 have weighted median rates below current CY 2026 payment levels. The steepest reductions are in molecular pathology and genomic sequencing, with declines in the low-20% range, and in microbiology, immunology, and chemistry, with declines of roughly 16% to 19%. By statute, annual payment reductions are capped at 15% per code and will be phased in over three years from 2027 through 2029. CMS anticipates finalizing CY 2027 rates in November 2026, effective January 1, 2027.

Many AMGA members operate their own clinical laboratories, ranging from physician office laboratories to high-volume in-house reference laboratories. These laboratories allow our members to deliver same-day results, coordinate care across specialties, and effectively manage patients with chronic diseases efficiently. The preliminary CY 2027 rates would reduce payment for roughly 1,171 of the approximately 1,500 codes with private payor data and, for many of our members, threaten the viability of these laboratories.

AMGA urges CMS to take any available administrative actions and to work with Congress to pursue durable reforms of the CLFS rate-setting process. Specifically, we are providing comments on the following:

- **Representativeness of the Private Payor Data:** For some AMGA members, the preliminary rates would push Medicare payment below what private payors actually pay, suggesting the weighted medians do not reflect the full market. AMGA urges CMS to release information on which types of laboratories reported data and to correct or exclude data that does not reflect the broader market before finalizing CY 2027 rates.
- **Impact Beyond Medicare:** Because many commercial and Medicare Advantage contracts are tied to the CLFS, the reductions will extend well beyond Medicare. CMS' estimated \$1 billion in annual savings understates the total financial effect on providers.
- **Patient Access:** Reductions of this magnitude will force some medical groups to scale back or close their laboratories, reducing timely access to care and accelerating consolidation.

Detailed comments on each follow.

Representativeness of the Private Payor Data

Comment: *For some AMGA members, the preliminary rates would push Medicare payment below what private payors actually pay, indicating that the underlying private payor data does not reflect the full laboratory market. AMGA urges CMS to provide greater transparency into which laboratories reported data and to correct or exclude data that is not representative of the broader laboratory market before finalizing CY 2027 rates.*

Congress enacted PAMA to establish market-based Medicare rates for laboratory services, and therefore, the Medicare rates should rest on data that reflects the full market for laboratory testing. While private payors may pay less than Medicare for many tests today, the experience of AMGA members shows that the preliminary rates can overshoot the rates that medical group laboratories actually receive in the market.

For example, a multispecialty medical group and AMGA member that performs more than one million laboratory tests per year compared its reimbursement for its 10 highest-reimbursed tests across Medicare, Medicare Advantage (MA) plans, and its four highest-volume commercial payors. In CY 2026, its private payor rates for these tests ranged from 4% to 74% below Medicare. Under the preliminary CY 2027 rates, however, Medicare would pay less than its private payors for six of those 10 tests, even with the 15% annual limit in place. Medicare accounts for 50% to 55% of the group's laboratory receipts. When the group applied the

preliminary rates to its billed codes, it found that 63% of those codes are slated for the full 15% reduction allowed in CY 2027.

This gap suggests that the reported data may be weighted toward a narrow segment of the market, such as large independent laboratories with substantial negotiating leverage and economies of scale. Many physician offices and medical group laboratories fall below PAMA's reporting thresholds or are otherwise not "applicable laboratories," so their private payor rates are not captured in the data that will set their Medicare payment.

Accordingly, AMGA urges CMS to:

- Publish test volume data not only by HCPCS code, but also by laboratory type, including independent laboratories, hospital outreach laboratories, and physician office laboratories to demonstrate representativeness of the data.
- Identify and correct codes where the reported data is thin, concentrated among a small number of reporters, or includes apparent reporting errors or outliers.
- Explain how it validated the accuracy and completeness of the reported data before using it to set national payment rates.

Impact Beyond Medicare

Comment: Because many private payor contracts are tied to the CLFS, the preliminary rates will reduce reimbursement well beyond Medicare. CMS' estimate of \$1 billion in annual savings does not capture the full financial effect on medical groups and their laboratories.

Many AMGA members have commercial and MA contracts that set laboratory payment as a percentage of the Medicare CLFS. Members describe that commercial rates tied to Medicare can be contracts indexed to a fixed base year and others to the current year's fee schedule. For contracts indexed to the current year, every reduction CMS finalizes flows directly into commercial reimbursement. The result is a compounding cut that reaches far beyond Medicare's share of a laboratory's volume.

This same member projects that, based on its January through August 2026 volume, the preliminary rates would reduce its laboratory receipts by approximately \$200,000 in the first year alone. That reduction exceeds the laboratory's entire operating margin. With reductions continuing to phase in through 2029, the cumulative effect will be larger still.

CMS has also signaled that it expects these rates to inform pricing decisions beyond Medicare, including in Medicaid and the Affordable Care Act (ACA) Exchanges. That makes the accuracy of the underlying data even more important. Before finalizing the preliminary rates, AMGA urges CMS to assess and publish the expected impact on total laboratory reimbursement across payers, not only on Medicare spending.

Patient Access and Market Consolidation

Comment: Reductions of this magnitude will force some medical groups to narrow their test menus, outsource testing, or close their laboratories altogether, reducing patients' timely access to care and accelerating consolidation in the laboratory market.

In-house laboratories are integral to the coordinated care that multispecialty medical groups deliver. When a patient's results are available during or shortly after a visit, care teams can adjust treatments the same day, avoid unnecessary return visits, and better manage chronic conditions such as diabetes, heart failure, and kidney disease. Moving testing to distant external reference laboratories would lengthen turnaround times, delay clinical decision-making, and fragment care.

These payment reductions are occurring at a time when laboratory operating costs are rising sharply. AMGA members report acute shortages of medical laboratory technicians and technologists, driving up compensation costs, and difficulty recruiting laboratory managers with the necessary credentials to oversee and direct high-complexity testing. This member reports that if the final rates mirror the preliminary rates, it will likely be forced to close its laboratory, potentially disrupting access to timely testing for patients.

These reductions cannot be seen in isolation from other Medicare payment pressures facing medical groups in CY 2027, including the reduction in the CY 2027 proposed Physician Fee Schedule (PFS) conversion factor. As AMGA noted in its CY 2027 PFS comments, continued Medicare payment reductions may force practices to reduce or cut services and staffing, consolidate with larger health systems, or shut down altogether. The closure of independent and group-based laboratories would shift testing to large national laboratories and hospital systems, further concentrating the market, which runs counter to the Administration's goals of fostering competition and lowering costs for patients.

Recommendations

Comment: AMGA urges CMS to use the administrative authority available to it to improve the accuracy of the CY 2027 rates and to work with Congress on durable reform of the CLFS rate-setting process.

AMGA recognizes that the PAMA methodology and the 15% annual cap on reductions are set in statute. Within that framework, AMGA recommends that CMS:

1. Release a breakdown of test volume by laboratory type, as described above, and extend the opportunity for stakeholders to review and comment once that information is available.
2. Review codes with limited or highly concentrated data and correct apparent reporting errors and outliers before finalizing rates.
3. Publish an impact analysis that accounts for the effect of the rates on total laboratory reimbursement across payers, including contracts indexed to the CLFS.
4. Monitor laboratory closures, test-menu reductions, and turnaround times following implementation, and report the findings publicly.

AMGA also urges CMS to work with Congress to reform the CLFS rate-setting process to ensure that rates reflect a representative sample of the laboratory market, including physician office and medical group laboratories, and provide stable, predictable payment. Until such reform is enacted, AMGA supports Congressional action to delay or limit the CY 2027 reductions, consistent with Congress's prior interventions to mitigate PAMA's impact. However,

reimbursement for clinical laboratory services should be stable and transparent and should not depend on repeated legislative intervention to prevent disruption to patient care.

Conclusion

We thank you for your consideration of our comments. Should you have questions, please do not hesitate to contact AMGA's Darryl M. Drevna, senior director of regulatory affairs, at 703.838.0033 ext. 339 or at ddrevna@amga.org.

Sincerely,

A handwritten signature in cursive script that reads "Jerry Penso".

Jerry Penso, M.D., M.B.A.
President and Chief Executive Officer, AMGA