

June 8th 2010
Statement of the
Pennsylvania Association of Pathologists
In Support of
House Bill 2521

The Pennsylvania Association of Pathologists, a state medical society representing many practicing pathologists in Pennsylvania, strongly urges your support for House Bill 2521 to require transparency in the billing of anatomic pathology services.

Under current Pennsylvania law patients are **not** required to be made aware in writing of the actual cost of anatomic pathology services (i.e. Pap Tests and biopsies) when these services are billed by a physician that ordered but who did not supervise or perform such services. This legislation would require a referring physician to provide written disclosure to the patient or payer regarding: 1) the name of the pathologist or laboratory that actually performed the anatomic pathology service and 2) the actual amount paid for such service.

Patients benefit when they know the actual cost of pathology services and the identity of the laboratory that provides the service. American Medical Association (AMA) ethics policy expressly requires referring physicians to disclose certain information regarding laboratory providers and actual cost of laboratory services. Specifically, AMA Ethics Policy 6.10 states: "When it is not possible for the laboratory bill to be sent directly to the patient, the referring physician's bill to the patient should indicate the actual charges for laboratory services, including the name of the laboratory, as well as any separate charges for the physician's own professional services."

Notwithstanding this AMA ethics policy, many referring physicians in Pennsylvania do not provide this disclosure because current Pennsylvania law does not require such transparency and also, we believe, because some physicians are concealing markup charges within patient and payer bills for biopsies and Pap tests.

The disclosure of "actual costs" for anatomic pathology services will help deter these "markup" charges on anatomic pathology services (i.e. Pap Tests and biopsies) by requiring transparency in the billings for these services. "Markup" charges occur when a referring physician sends a tissue specimen or Pap smear to a laboratory and asks that the laboratory bill the physician instead of the patient, or patient's insurance company, for the service. The physician will then bill the patient or the insurance company at a higher price and profit from the difference. **The transparency mandated under this bill will ensure that such markup charges cannot be concealed in a patient bill for anatomic pathology services.** Thus, this bill will ensure that no patient awaiting a possible cancer diagnosis is financially exploited by a *concealed markup charge*.

In total, 14 states, over two decades, have enacted disclosure legislation for pathology services (Arizona, Connecticut, Delaware, Florida, Louisiana, Maine, Maryland, Nebraska, New Jersey, North Carolina, Tennessee, Texas, Utah and Vermont.) This model language for disclosure to patients of actual charges for anatomic pathology is consistent with laws enacted in these states. **Furthermore, this legislation has also received the endorsement of the Pennsylvania Medical Society.** We believe that this legislation is a necessary consumer and patient protection measure and should be enacted in Pennsylvania. Thank you.