

## Are Patients Required to Get Labs Done Wherever Their Provider Usually Selects?

**Patients are always allowed to choose their own laboratory testing providers** and imaging providers by federal law. Hospitals and health systems want patients in their system following the easiest path, even if it is not the most cost-effective path for the patient. **\$\$ MESH wants to help you save money \$\$** This education should help provide the most cost-effective path for each patient, even if that best path does not include MESH's lab plan savings.

Unfortunately, **physicians are frequently pressured by hospitals and health systems** in different ways to direct patients towards the hospital's lab testing facilities. But hospitals and health systems **cannot mandate** that physicians send labs exclusively to the hospital or health system labs. Hospitals and health systems often create default lab ordering in the electronic health record to hospital labs, use pre-built order sets that exclude outside labs, or cause automatic specimen routing to the hospital lab. These steps do not provide for patient choice options. These issues are typically not a provider problem. Providers are incredibly busy and paths of least resistance can make their days easier. However, we have found **they do want the most affordable options for their patients**, as long as the quality of the testing isn't affected (MESH uses the nationally known Labcorp as our lab provider).

### **What does pressure on physicians and providers often look like?**

There is often employment contract language such as 'follow hospital policies and protocols', or 'use hospital-approved vendors', and admonishment to 'support system-based care'. They can also be subjected to 'education meetings' about keeping labs in-house, and utilization reports showing internal vs external referrals, and cultural pressures ("this hurts the system"). It doesn't matter to you as the patient; You want the best price!

As you will see below **there are multiple federal laws that protect patient choices** in these areas.

There are **obvious "in-network" restrictions** that are reasonable for insurance companies to have. We are all pretty familiar with this meaning. It allows for contracting health care at better rates for patients. Everyone who has insurance **should familiarize themselves with which hospitals, health systems, specific providers, and lab / X-ray facilities are in their network BEFORE they need these services**. It will save a LOT of headaches down the road. Everybody's insurance coverages are different.

MESH does not fall under any of these concerns. When a patient's labs will not be covered by their insurance (hefty copays / co-insurance, deductible not met yet, no insurance coverage) MESH is literally the most discounted lab service provider. MESH will save you the most money when you need labs in these situations. **Hospitals and health systems do not like companies like MESH providing ways for patients to save money**. Companies like MESH bypass their strongest weapon of controlling the ordering workflow they have worked so hard to create to make the most money from patients.

### **When MESH researched about patient choices regarding lab and imaging choices, these were the outlined thoughts / responses with respect to FEDERAL LAWS on the subject:**

There isn't one single "patient choice" law, but a stack of federal laws and regulations together protect a patient's right to choose where labs and imaging are performed—and limit how much doctors or hospitals can steer, coerce, or financially benefit from referrals.

**Federal patients protections on next 2 pages**

## **Stark Law (Physician Self-Referral Law)**

### **42 U.S.C. § 1395nn**

Prohibits physicians from referring Medicare/Medicaid patients to labs or imaging centers they (or family members) have a financial interest in, unless a narrow exception applies.

Prevents doctors from steering patients to their own lab or imaging center for profit.

Forces referrals to be based on medical need, not ownership.

## **Medicare Conditions of Participation & CMS Regulations**

### **42 C.F.R. Parts 410, 482, 485**

#### **Requires providers to:**

Act in the patient's best interest

Avoid misleading or coercive referral practices

Disclose financial relationships when relevant

CMS has made clear that patients must be free to choose among qualified providers.

#### **Hospitals can't:**

Imply patients are "required" to use the hospital's labs or imaging facilities

Restrict referrals unless there's a legitimate clinical reason

Disallow patient preference

Hide cheaper cash-pay options

Deny access to labs outside the hospitals or health systems

Coerce patients through misinformation

## **No Surprises Act (Transparency Angle)**

### **42 U.S.C. § 300gg-111**

Focuses on surprise billing, but indirectly strengthens patient choice by:

Requiring clearer disclosure of network vs out-of-network status

Increasing transparency around where services are performed

Patients are better informed and less easily steered without consent.

## **FTC Act – Anti-Competition Protections**

### **15 U.S.C. § 45**

Prohibits unfair or deceptive acts and anti-competitive behavior.

#### **Why it matters for labs & imaging**

Hospitals and health systems can face FTC scrutiny if they:

Lock physicians into exclusive referral arrangements

Restrict independent labs from access by patients

Mislead patients about "required" facility use

#### **Why Healthcare Gets Extra FTC Attention**

Because healthcare markets are:

Local

Have high-costs associated with them, and are hard for consumers to navigate

The FTC has repeatedly stated that patient steering and provider lock-in are prime enforcement targets.

**Why This Matters for Patients & Independent Providers**

Protects price competition  
Preserves access to lower-cost labs and imaging  
Prevents monopolistic healthcare ecosystems  
Supports transparency and informed consent

**Bottom line**

**The FTC Act is the broadest federal protection of patient choice in lab and imaging selection**

**ERISA (for Employer Health Plans)**

**29 U.S.C. § 1001 et seq.**

Governs employer-sponsored health plans.  
Plans must follow their own terms and cannot arbitrarily deny coverage if:  
A patient chooses an in-network alternative lab or imaging center  
Helps prevent plan-level steering that conflicts with plan documents.

**What's NOT Allowed (Practically Speaking)**

Doctors or hospitals generally cannot:  
Say "you must use our lab"  
Receive money or benefits for sending patients to a specific lab  
Hide ownership interests  
Threaten delays or denial of care for choosing an outside facility

**The Bottom Line Summary of all of this**

Patient choice is protected by a web of federal laws that:  
Ban financial conflicts (Stark, AKS)  
Require transparency (CMS, No Surprises Act)  
Prevent coercion and anti-competitive behavior (FTC, ERISA)

**What independent & DTC labs do to survive (like MESH Network Services Labs)**

Provide cash-pay transparency with CLEAR PRICING (can't find that at hospitals)  
Patient-initiated lab requests  
Direct employer relationships  
Education around cost savings vs hospital markups (like this)

**\$\$ MESH wants to help you save money \$\$**