

DOCKET SECTION

LabOne, et al. T-4

**BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268**

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Postal Rate and Fee Changes, 1997)
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Docket No. R97-1

DIRECT TESTIMONY

OF

**NEAL W. SCHMUTZLER
Facilities Manager
Clinical Reference Laboratory, Inc.**

ON BEHALF OF

**LabOne, Inc.
Osborn Laboratories, Inc.
Clinical Reference Laboratory, Inc.**

Communications with respect to this document may be sent to:

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Osborn Laboratories, Inc.,
Clinical Reference Laboratory, Inc.

Due Date: February 20, 1998

DIRECT TESTIMONY OF NEAL W. SCHMUTZLER

1
2 My name is Neal W. Schmutzler and I am the Facilities Manager at Clinical
3 Reference Laboratory, located at 8433 Quivira Road, Lenexa, Kansas 66215. I have
4 been with the laboratory for about four years and it is my responsibility to produce the
5 clinical specimen collection kits ("kits") we supply to our clients and to distribute them
6 for insurance risk assessment purposes. I also manage the various services we use to
7 return the kits to the laboratory such as Airborne Express, Federal Express, U.S.
8 Mails, commercial flights, and private couriers. This testimony is given in response to
9 the United States Postal Service ("USPS") proposal to assess a \$.50 per piece surcharge
10 on our kits, which are considered Hazardous Medical Materials (HMM).

11 Clinical Reference Laboratory has worked closely with the various personnel at
12 the U.S. Post Office to assure that our mailing pieces meet or exceed USPS'
13 requirements. We have been submitting our kits for approval since we began in 1988.

14 Over the years, we have received a number of suggestions on our mailing pieces
15 by USPS representatives and have, in all cases, changed our pieces to meet the
16 requirements of the USPS. We have gone to a brighter color of purple on our mailing
17 envelope in order to make it easier for Post Office personnel to spot them in the mail
18 stream. We have also gone to a plastic bag, which has welded seams and a patented
19 leakproof seal. This packaging change was three to five times more expense than the
20 regular plastic bag used before. We have also changed our instructions in some kits at
21 the suggestion of the Postal Department to make it easier for our clients to package our
22 kits properly for mailing.

1 We have worked closely with Mr. Robert J. Garcia, supervisor of Mails, GPO
2 Box Section, Kansas City, Missouri where we have our business reply permit. A hold
3 out bin is assigned to Clinical Reference laboratory, and this is where we pick up our
4 mail. We monitor the Leakage Logs kept by the Maintenance Department of the GPO
5 to ensure the integrity of our mail pieces, with the help of our Sales Consultant, Mr.
6 Eric Soriano of the U.S. Postal Service. Clinical Reference Laboratory has had no
7 incidents reported in the Leakage Logs for the last three years.

8 There is considerable discussion, in Mr. Currie's direct testimony, of hazardous
9 material charges imposed by other carriers (Currie pp 12-13). The rationalization is
10 put forth that the surcharge will increase the conformity of the Postal Service price
11 structure with private contractors. Mr. Currie's assumptions here are mistaken. The
12 majority of clinical specimens sent to laboratories is by Federal Express or Airborne
13 Express in special lab packs. For all laboratories with any appreciable volume, these
14 lab packs are provided at no charge, not the \$.75 each that Mr. Currie infers is a
15 hazardous materials charge. In fact, express carriers have actually realized significant
16 processing savings to themselves plus service enhancements to the customer by using
17 lab packs.

18 Mr. Currie , in his direct testimony at page 16, assumes that the majority of
19 clinical/diagnostic specimens average \$2.00-\$3.00, and states that the level of the
20 surcharge has been set with these typical prices in mind (Currie p 16). Our average
21 postage charge per package for clinic specimens is \$.68 and this proposed surcharge
22 represents a 74% increase to Clinic Reference Laboratory. If we put aside the adverse
23 economic consequence of a 74% increase, the fact remains that clinical specimens

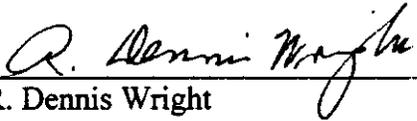
1 simply do not contribute to the special handling, training, and clean-up costs as
2 assumed in Mr. Currie's testimony. Clinical specimens should not be grouped together
3 with truly hazardous materials such as solvents, medical wastes, and etiologic agents.

4 We at Clinical Reference Laboratory have worked very hard to be a good
5 business partner with the U.S. Postal Service. The proposed surcharge of \$.50 per
6 piece of HMM mail would have a very adverse economic impact on us.

CERTIFICATE OF SERVICE

I hereby certify that I have this date served the instant document on all participants of record in this proceeding in accordance with Section 12 of the Rules of Practice.

Date: February 20, 1998.



R. Dennis Wright