

COVID-19 Test Prices

A LOOK-BACK ON TRENDS IN COVID-19 TESTING PRICES

The COVID-19 pandemic has been an unprecedented public health crisis that has strained health systems around the world, causing extraordinary patient suffering and economic upheaval. However, expanded access to COVID-19 testing and the widespread availability of COVID-19 vaccines were key to reducing the spread of the virus in recent months. As we look ahead to the remainder of 2021 and plan for the future, it is important to understand trends in COVID-19 testing and pricing. While great progress has been made, recent data on COVID-19 testing prices show that price gouging by certain providers continues to be a widespread problem.

In the Spring of 2020, health insurance providers proactively eliminated patient cost-sharing for COVID-19 diagnostic testing and treatment. Following these actions, Congress passed the Coronavirus Aid, Relief, and Economic Security (CARES) Act. The CARES Act requires health insurance providers offering comprehensive health insurance coverage (individual market, coverage through work, Medicare, Medicaid) to provide access to medically necessary COVID-19 testing without cost-sharing. The CARES Act also requires health insurance providers to pay the listed cash price for COVID-19 tests in the absence of a contract, thus eliminating their ability to negotiate more affordable test prices.

Taking steps to eliminate any potential for COVID-19 price gouging is key to ensure testing continues to be widespread and affordable for Americans.

54%

On average, a COVID-19 test in the commercial market costs \$130. In contrast, **out-of-network test providers charged significantly higher (more than \$185) prices for more than half (54%) of COVID-19 tests in March 2021**—a 12% increase since the beginning of the pandemic. The share of most egregious charges (more than \$390) decreased from 12% to 7% during the same period.

27%

More than a quarter (27%) of COVID-19 tests in March 2021 were administered out-of-network—a 6% increase since the beginning of pandemic.

5%

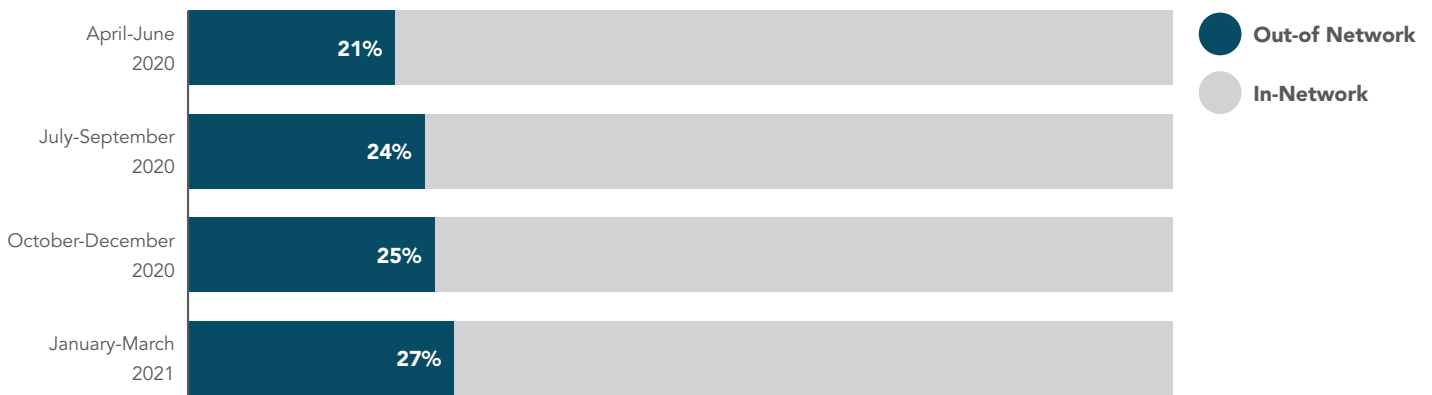
The share of COVID-19 tests at high-cost locations (hospitals and emergency departments) has declined from 18% in the first quarter to **only 5% in the fourth quarter of the pandemic.**

Price gouging in COVID-19 testing continues as a significant problem.

In May-June 2021, AHIP conducted a survey of health insurance providers in the commercial market to gather information on prices charged by out-of-network providers for diagnostic, antibody, and antigen tests for COVID-19.¹ The survey results show that despite the increasing availability and greater variety of types of COVID-19 tests that came on the market over the course of the year, the share of tests performed by out-of-network providers has moderately increased over time from 21% at the beginning of the public health emergency (PHE) to 27% by the one-year mark.

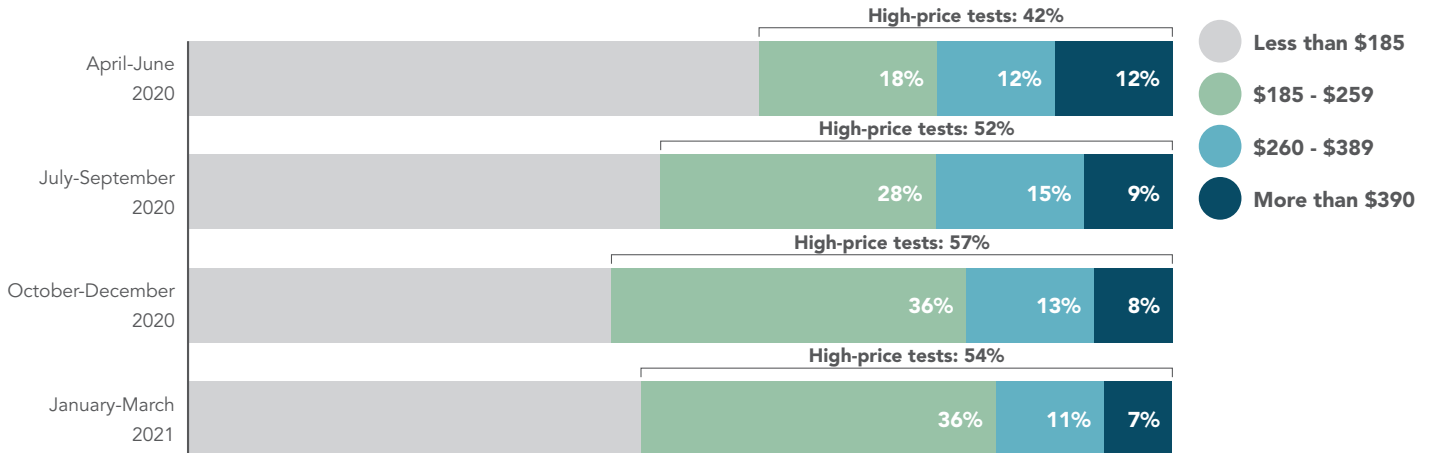
¹ The enrollment-weighted survey data includes 17 responses from plans representing 80% of commercial enrollment of AHIP member plans.

Share of COVID-19 tests performed by out-of-network providers



The share of the most egregiously priced tests, more than three times the average cost, has decreased over time from 12% at the first quarter of the PHE to 7% in the fourth quarter. In contrast, the share of tests charging 50% to 100% above the average costs has doubled in the same time period from 18% to 36%. The overall share of high-priced COVID-19 tests costing more than \$185 has increased from 42% to 54% in the same time period.

High-priced out-of-network COVID-19 tests (diagnostic, antigen, and antibody)

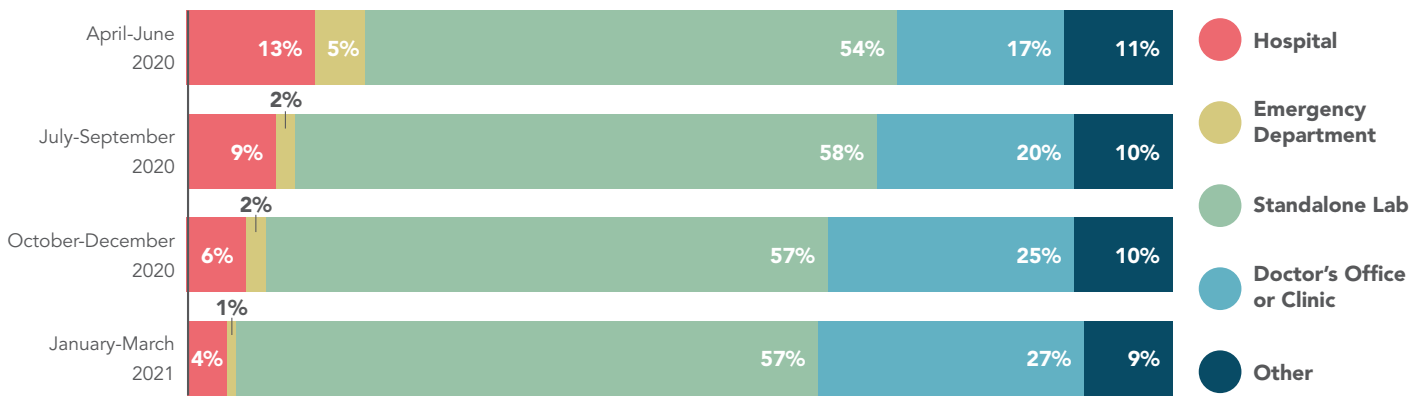


Note: Average cost for COVID-19 test in the commercial market is \$130.

The decreasing share of the most egregiously priced COVID tests may be explained by the shift in the testing location. While early in the public health emergency, hospitals and emergency departments conducted a sizable share of tests, 13% and 5% respectively, by March 2021 their share of tests dropped considerably to only 4% and 1% respectively. In contrast, the share of tests performed at standalone labs increased from 54% to 57%. Similarly, the share of tests performed at physician offices and clinics has increased from 17% to 27%.

Since tests conducted in standalone labs and physician offices generally cost less than tests conducted in hospitals and emergency departments, the shift in the testing location has led to fewer providers charging more than \$390 per test.

Testing site for out-of-network COVID-19 tests



How Can This Price Gouging of Americans Be Stopped?

Everyone should be able to get the COVID-19 tests they need, whether they have health insurance coverage or not. To stop price gouging:

- Throughout the PHE, Congress should eliminate the ability for price gouging to occur by setting a reasonable market-based pricing benchmark for tests delivered out of network.
- Policymakers should accelerate the availability of consumer-friendly, rapid, and accurate tests that lower costs and mitigate the capacity and supply constraints of providers and labs.
- The Administration should ensure that all available COVID-19 tests, both manufacturer-developed and laboratory-developed, meet appropriate standards for accuracy.