



Price Gouging in a Public Health Crisis:

Out-of-Network COVID-19 Test Costs Continue to Far Exceed In-Network Costs

The COVID-19 pandemic is an unprecedented public health crisis that has strained health systems around the world, causing extraordinary patient suffering and economic upheaval. From the beginning, health insurance providers have taken decisive action to ensure Americans get the care they need where and when they need it, including [working with providers](#) to assure that cost is not a barrier for diagnosing or treating COVID-19.

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.

New data shows that as a result, price gouging in COVID-19 testing continues as a significant problem.

In October 2020, AHIP conducted a second 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 found that almost a quarter (23%) of all claims for COVID-19 tests were from out-of-network test providers. And many out-of-network test providers charged prices for COVID-19 tests that far exceeded the average cost of in-network tests (\$130).²

Compared to the results of the first [\(July 2020\) survey](#), plans reported a higher share of COVID-19 tests being administered out-of-network and a higher share of claims for COVID-19 tests with costs far exceeding the average. For health insurance providers who responded to both surveys, the share of out-of-network tests increased by 14%. Similarly, the share of claims for diagnostic and antibody tests for COVID-19 that cost more than 50% of the average cost (\$185) increased by almost 10%. At the time of our prior study antigen tests were not included due to their newness to the market.

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 nearly half of diagnostic tests and a third of antibody and antigen tests—a 10% increase since July.

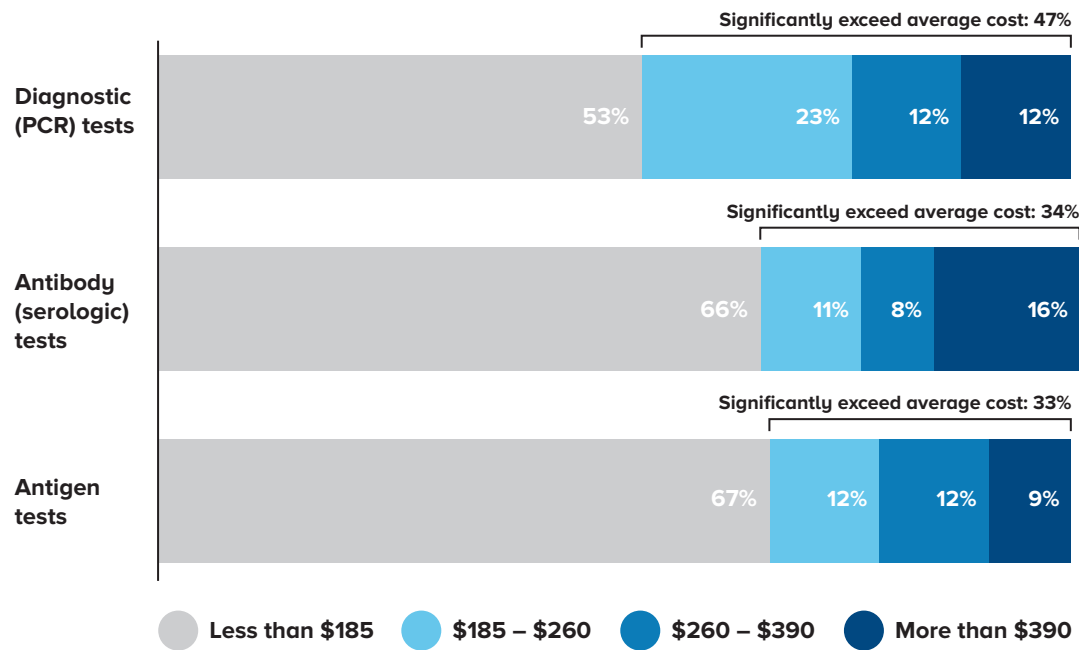
Nearly a quarter of COVID-19 tests are administered out-of-network—a 14% increase since July.

Between 9% and 16% of out-of-network test claims charged more than \$390 (three times the average cost).

1 AHIP survey on pricing of COVID-19 tests in the commercial market was fielded to all AHIP member health plans with enrollment in the commercial market. AHIP received 22 responses from plans representing 76% of commercial enrollment of AHIP member plans. Responses were weighted by enrollment

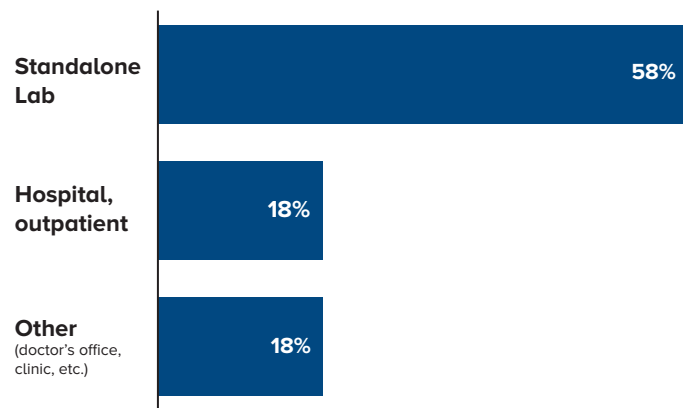
2 Thresholds were chosen to begin at 150% of the average cost to avoid capturing the normal variation around the average.

Share of Out-of-Network Claims for COVID-19 Tests Significantly Exceeding Average Test Costs



The majority (58%) of out-network tests with prices exceeding the average cost were administered in a lab setting followed by outpatient hospitals and physician offices and clinics. Inpatient hospitals are not included in this estimate because they do not charge for laboratory tests separately.

Most High-Priced Out-of-Network Tests Administered by Standalone Labs



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:

- Congress should make the financial investment needed to ensure that Americans have access to all necessary COVID-19 testing.
- 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.