PRESS RELEASE

California Association of Health Plans

IN CASE YOU MISSED IT

California Healthline

[COVID Testing Has Turned Into a Financial Windfall for Hospitals and Other Providers](#)

Sacramento, CA— As the COVID-19 crisis continues, California Healthline has reported on how hospitals and other medical providers are charging astronomical prices for COVID-19 testing. With hundreds of millions of COVID-19 tests being conducted under loose price rules, some hospitals and clinics are experiencing a financial windfall.

California's health plans are urging California lawmakers to consider this reality before supporting legislative efforts to force health plans to divert critical premium dollars from patient care to providers' pockets without any demonstrated need.

Here are some key excerpts from the California Healthline article, which sheds light on how COVID-19 testing has been a "bonanza" for providers:

"*Hospitals are charging up to $650 for a simple, molecular covid test that costs $50 or less to run, according to Medicare claims analyzed for KHN by Hospital Pricing Specialists (HPS). Charges by large health systems range from $20 to $1,419 per test, a new national survey by KFF shows. And some free-standing emergency rooms are charging more than $1,000 per test…*

"*…As the pandemic enters its second year, no procedure has been more frequent than tests for the virus causing it. Gargantuan volume — 400 million tests and counting, for one type — combined with loose rules on prices have made the service a bonanza for hospitals and clinics, new data shows…*

"*…Insurers and other payers "have no bargaining power in this game" because there is no price cap in some situations, said Ge Bai, an associate professor at Johns Hopkins Bloomberg School*

*of Public Health who has studied test economics. **When charges run far beyond the cost of the tests "it's predatory," she said. "It's price gouging."***

*"…**The listed charge for a basic PCR covid test at Cedars-Sinai Medical Center in Los Angeles is $480.** New York-Presbyterian Hospital lists $440 as the gross charge as well as the cash price. Those amounts are far above the $159 national average for the diagnostic test, which predominated during the first year of the pandemic, at more than 3,000 hospitals checked by HPS…*

*"…**Billing by hospitals and clinics from outside insurance company networks can be especially lucrative because the government requires insurers to pay their posted covid-test price with no limit…***

*"…There's a problem with the federal law" on test prices, said Sabrina Corlette, co-director of the Center on Health Insurance Reforms at Georgetown University. **"The CARES Act requires insurers to pay the full billed charge to the provider. Unless they've negotiated, their hands are tied."***

"…But even in-network payments can be highly profitable…

"…Sticker shock from covid tests has gotten bad enough that Medicare set up a hotline for insurance companies to report bad actors, and states across the country are taking action…

"…In December, the Kansas Insurance Department investigated a lab whose cash price was listed at nearly $1,000. State legislatures in both Minnesota and Connecticut have introduced bills to crack down on price gouging since the pandemic began…

"…If these astronomical costs charged by unscrupulous providers are borne by the health plans and insurers without recompense, consumers will ultimately pay more for their health care as health insurance costs will rise," Justin McFarland, Kansas Insurance Department's general counsel, wrote in a Dec. 16 letter."

[Read the Full Article Here](#)