

June 1, 2017

To: All Benefitted Employees, Retirees, and Dependents

From: Employee Benefits Committee

Re: 1,000% Difference in Lab Costs at Different Labs

The Employee Benefits Committee (EBC) has determined there are significant **differences in the cost of claims** for similar procedures between independent labs (such as Quest Diagnostics and LabCorp), and three outpatient labs operated locally by St. Agnes Medical Center.

The EBC **compared the cost for identical blood draw procedures** conducted at an independent lab and at a St. Agnes lab. The St. Agnes lab costs were **1,000% greater than the cost** for the same procedure at the independent lab.

Further analysis determined the average cost per claim for all blood draw claims over the past 18 months were:

A) \$634 per claim; at St. Agnes Medical Center Outpatient Labs

B) \$60 per claim; at independent labs such as Quest Diagnostics and LabCorp

If our **members did not utilize** the St. Agnes outpatient labs, and instead used independent labs, there would be an estimated annual **savings of nearly \$1 million** to our employee operated health plan.

EBC Recommendation:

All benefitted employees, their dependents, and retirees should Refrain from using the following labs for blood draw procedures:

- Outpatient Labs Operated by St. Agnes Medical Center
 - 1303 E. Herndon Ave. (at St. Agnes Medical Center Outpatient - first floor)
 - 4770 W. Herndon Ave. (at St. Agnes Wellness Center Laboratory – Northwest)
 - 275 W. Herndon (at Peachwood Medical Group)

(Exception: If it is medically necessary to use only St. Agnes outpatient labs, then the member/dependent should continue to use the St. Agnes labs.)

Why is there a difference in costs? Medical Centers are allowed to “upcharge” services (known as “facility charges”) performed at a Medical Center to help cover overhead costs for operating the Center. Medical Centers can legally “upcharge” services provided at an outpatient facility, if the facility is operating under the “umbrella” of the Medical Center.

Should you have questions, please contact your EBC member at your site/department, our Benefits office, and/or Steve Ward.