Lab Test Cost Awareness Sways Ordering Behavior

BY MARY ELLEN SCHNEIDER

FROM THE ANNUAL MEETING OF THE SOCIETY OF HOSPITAL MEDICINE

GRAPEVINE, TEX. – Policy makers are scrambling for ways to bring down health care spending, but what if it were as simple as telling physicians how much things cost?

A new study by hospitalists at Johns Hopkins Hospital in Baltimore, which looks at the impact of displaying cost data on laboratory tests, shows that physicians' behavior is affected by seeing the price of the tests they order.

To see how having cost data at the time of order entry would affect behavior, researchers at Johns Hopkins compiled a list of both the most frequently ordered and the most expensive laboratory tests in their hospital, based on 2007 data. Costly tests were only included in the study if they were ordered at least 50 times during the year. The researchers then randomized the tests to be either active tests or concurrent controls. For active tests, the researchers displayed the price, based on 2008 Medicare allowable cost figures, on the hospital's computerized provider order entry (CPOE) system. For example, a blood gas was listed at $28.25 and a heme-8 lab was $9.37 each.

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DR. FELDMAN

During the 6-month intervention period from November 2009 to May 2010, there was a mean decrease of about $15,692 per test for the lab tests in which cost data was displayed in the CPOE as compared with a baseline period exactly 1 year earlier.

For all 31 of the active tests, there was a combined decrease of about $486,000, resulting in a 10% reduction among tests in which the costs were displayed. The active test costs dropped from $4,877,439 to $4,390,979. Among the group of 31 control tests, in which cost information was not listed on the CPOE, there was a mean increase of $1,718 per test. Overall, costs for the control group went up about $53,000 for all 31 tests.

The total number of tests that were ordered in the active group fell from 458,518 during the baseline period to 417,078 during the intervention. In the control group, however, the number of tests rose from 142,196 to 149,455 during the study period.

Dr. Leonard Feldman, who was one of the study investigators and is in the department of medicine at Johns Hopkins, said the results did not come as a surprise.

"I think many of us do recognize that a lot of these tests and imaging studies that are done are unnecessary," Dr. Feldman said during the annual meeting of the Society of Hospital Medicine.

Physicians order unnecessary tests for a number of reasons, he said, ranging from defensive medicine to patient expectations. But another reason is a lack of awareness of how much the tests cost, he said. "We, as doctors, have a limited understanding of diagnostic and nondrug therapeutic costs," Dr. Feldman said. "We just have no idea, mostly, how much things cost when we go to order them."

While the study appears to show a relatively simple and inexpensive way to reduce the ordering of tests, Dr. Feldman acknowledged that the study had some limitations. For example, the study looked at only costs and does not include data on how the change in orders might have affected patient outcomes. And the intervention period was only 6 months. Dr. Feldman said more time would be needed to show whether physicians would begin to ignore the costs over time. Similarly, costs were only displayed for 31 tests during the study. It's unclear if displaying all laboratory test costs would have the same effect on behavior, Dr. Feldman said. ■

VITALS

Major Finding: Displaying laboratory cost data for 6 months resulted in a savings of $15,692 per test, a 10% reduction from baseline. Control tests increased by about $1,718 per test.

Data Source: Laboratory cost data from Johns Hopkins Hospital in Baltimore, Md.

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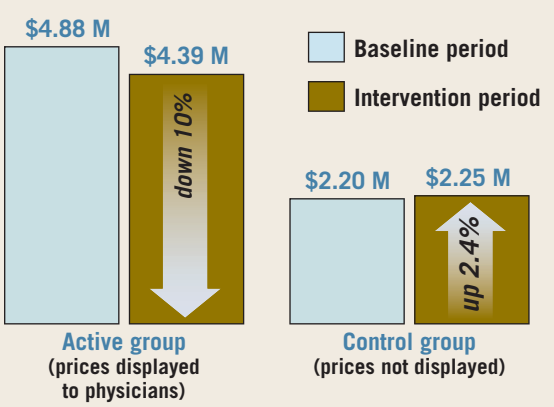
Changes in Total Cost for Tests Ordered



Notes: Each group consisted of 31 laboratory tests.
Source: Dr. Feldman

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Lawmakers Challenge Pricing

Four members of Congress have asked URL Pharma to justify its price for Colcrys (colchicine), a treatment for gout flares that was approved in 2009. The Philadelphia-based drug maker charges nearly $5 per pill, whereas the colchicine products that Colcrys replaced – never approved by the Food and Drug Administration – used to cost about 10 cents. In a letter, Sen. Herb Kohl (D-Wis.), Rep. Henry Waxman (D-Calif.), Rep. Frank Pallone, Jr. (D-N.J.), and Rep. Diana DeGette (D-Colo.) asked the company's president for the cost of the clinical trials that led to the approval of Colcrys, how the initial list price was established, how much the company spends to market and manufacture the drug, and the expected profits. A spokesman said the company welcomes the inquiry and intends to cooperate fully. In a statement, the company said it had invested tens of millions of dollars in research on safe dosing of the drug, and that it is striving to make Colcrys more affordable through patient-assistance programs. For example, a patient with a family of four and a household income of $88,000 a year can get a 30-day supply of Colcrys for $5, the company said.

Multispecialty Groups Pay Better

Specialists working in multispecialty practices had higher starting salaries last year than did those in single-specialty groups, according to new data from the Medical Group Management Association. Multispecialty groups paid a median $258,677 in guaranteed compensation, whereas single-specialty practices paid $240,598 to specialists. But the opposite was true in primary care: The median first-year guaranteed salary of $172,400 in single-specialty group practices, while multispecialty groups paid $165,000. The median annual compensation for rheumatologists during their first year after residency, including physicians in fellowships, was $190.000. "First-year" compensation for rheumatologists, excluding those just out of residency or in fellowships, was $205,000. The figures come from the association's Physician Placement Starting Salary Survey.

Arthritis Patients Lack Support

Many arthritis patients, especially women, feel that they don't get much sympathy, according to a survey sponsored by supplement maker Flexcin International. In the April online survey of 1,350 arthritis sufferers, 78% of women said they receive little or no support from their families. In contrast, 65% of men said they were satisfied with the level of support they received. "There can be a great divide in the way men and women communicate, which includes listening," Flexcin CEO Tamer Elsafy said in a statement. The 12-question survey was open to patients with various types of arthritis, gout, lupus, and other joint-related pain, illness, or disability. About 65% of the respondents reported that they had arthritis, osteoarthritis, psoriatic arthritis, or septic arthritis.

Older Americans Doing Just Fine

Older Americans beat out all other age groups on various measures of well-being, with higher scores on healthy behaviors, work satisfaction, and access to necessities, according to a Gallup poll. Americans older than age 65 years scored 69 out of 100 on a well-being index, which measures physical, mental, social, and emotional health. Adults aged 18-29 years scored 68, those aged 30-44 scored 67, and people aged 45-64 trailed with a score of 65. The survey report indicated that seniors tend to be less sad and depressed than any other age group, although they fall slightly behind others in physical health.

Agency Seeks Biosimilars Advice

The FDA asked the public for its input on imposing user fees on makers of generic biologic products, or biosimilars. The agency is fulfilling a requirement under the Biologics Price Competition and Innovation Act of 2009, which became part of the Affordable Care Act. Under the law, the FDA is due to submit its recommendations to Congress in January 2012. User fees would be collected beginning in fiscal 2013.

State is Tipping Toward Tech

More than half of California primary care physicians now use electronic health records, with groups of more than 50 physicians significantly more likely than smaller practices to use EHRs, according to a report from the California Healthcare Foundation. Only 20% of solo practices reported using EHRs, compared with 80% of practices with more than 50 physicians. In all, 40% of the state's primary care physicians said they routinely order lab tests and track results electronically. Similarly, electronic prescribing technology was available in 42% of practices, the report said. Fewer than half of primary care physicians communicate with patients by e-mails. Although 40% of practices had implemented e-mail systems, only 30% of physicians said they routinely use e-mail to communicate with patients and 44% said they never do. The foundation pulled data from several national and state surveys that were taken in 2008-2011.

–Mary Ellen Schneider