

# Study shows displaying lab costs upfront can save money

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Health care costs continue to go up, and physicians control more than 80 percent of those costs. Could providing physicians with real-time information about the cost of what they order help to restrain excessive testing? This is the question addressed in an article in the *Journal of General Internal Medicine*, published by Springer. The research project was led by Daniel Horn of the Massachusetts General Hospital's Division of General Medicine in the US, and is among the first to focus on the impact that the passive display of real-time laboratory costs can have within a primary care, non-academic setting.

The study was conducted among 215 [primary care physicians](#) working in Atrius Health, an alliance of six non-profit medical groups, and a home health and hospice agency in Massachusetts, where an integrated electronic health record system is used. Physicians in the intervention group received real-time information on laboratory costs for 27 individual tests when they placed their electronic orders, while the control group did not. Changes in the monthly laboratory ordering rate between the intervention and control groups were compared for 12 months before and six months after the intervention started. Six months after the intervention, all physicians taking part in the study were also asked to assess their attitudes regarding costs and cost displays.

The researchers found a significant decrease in the ordering rates of both high and low cost range tests by physicians to whom the costs of the tests were displayed electronically in real-time. This included a significant relative decrease in ordering rates for four of the 21 lower cost

laboratory tests, and one of six higher cost laboratory tests.

In addition, physicians were generally very receptive to the intervention. A majority (81 percent) reported that the exercise increased their knowledge regarding costs of care and requesting real-time cost information on an expanded set of health care services.

"Our study demonstrates that [electronic health records](#) can serve as a tool to promote cost transparency, educate physicians and reduce the use of potentially unnecessary [laboratory tests](#) by integrating the relative cost of care into providers' decision-making processes," writes Thomas D. Sequist, MD, MPH, of Atrius Health, the senior author on the study who believes that reducing overuse of unnecessary [health care services](#) such as laboratory testing is important in controlling the rising costs in the US health care system. "It's like putting price labels on goods you buy in the supermarket. When you know the prices, you tend to buy more strategically."

**More information:** Horn, D.M. et al (2013). The Impact of Cost Displays on Primary Care Physician Laboratory Test Ordering, *Journal of General Internal Medicine*, [DOI: 10.1007/s11606-013-2672-1](https://doi.org/10.1007/s11606-013-2672-1)

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