

## 2024 Lab Trend Report Highlights

Avalon is pleased to offer its fourth annual Lab Trend Report which demonstrates how clinical laboratory testing is changing in the face of technological advancements and shifting healthcare needs.

### LAB TESTING IS A KEY COMPONENT OF THE HEALTHCARE SYSTEM

**\$46B**

The clinical laboratory testing market in the U.S. was valued at \$46 billion in 2022

**6.5%**

The lab testing market is expected to grow 6.5% per year from 2024 to 2030

**14 Billion**

Roughly 14 billion clinical lab tests are performed every year in the U.S., making them the most utilized medical benefit.

**70%**

Laboratory testing affects ~70% of downstream treatment decisions.

**30%**

More than 30% of clinical lab tests conducted in the U.S. are inappropriate or unnecessary.

### ROUTINE TESTING

Routine testing represents 90% of all clinical lab testing utilization. Avalon's analysis of routine testing trends among our client's shows stable general testing, decreased COVID spend, better mix and management for optimized care.

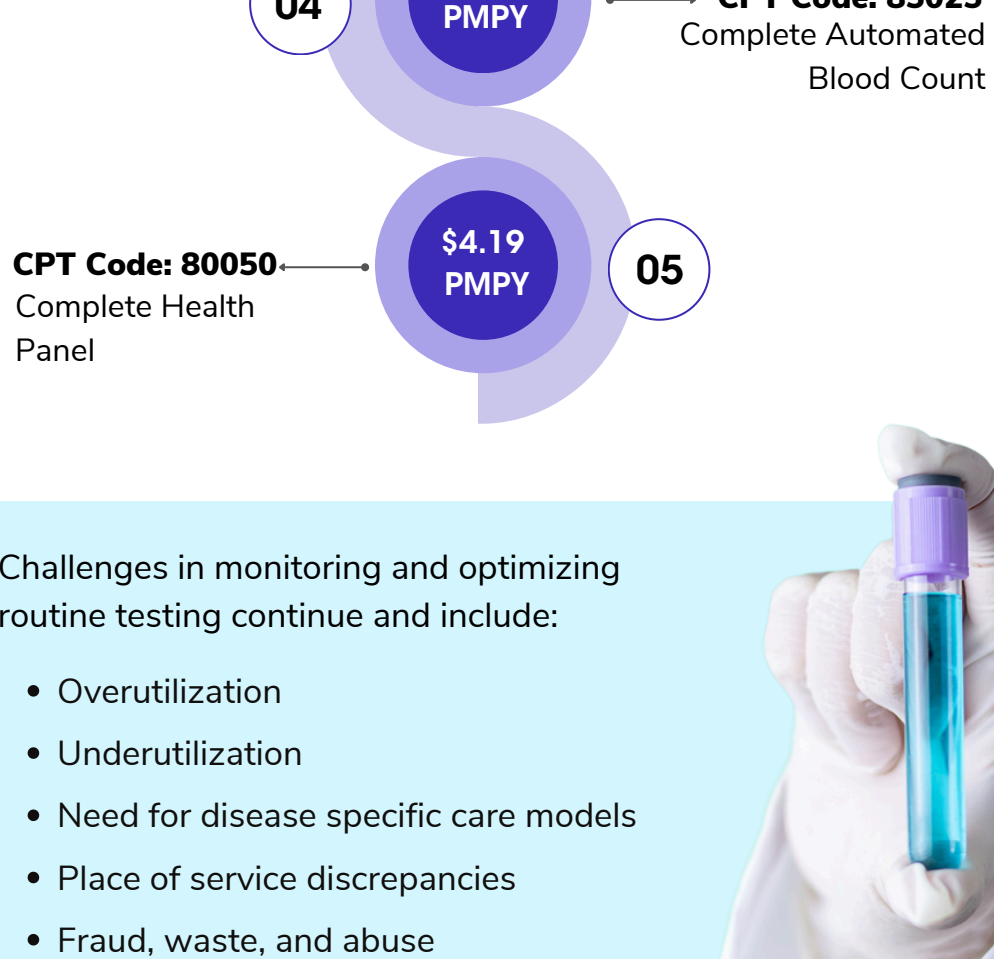
**90%**

Routine lab testing accounts for 90% of utilization

**\$175**

Average spend on routine lab tests was \$175 PMPY in 2023

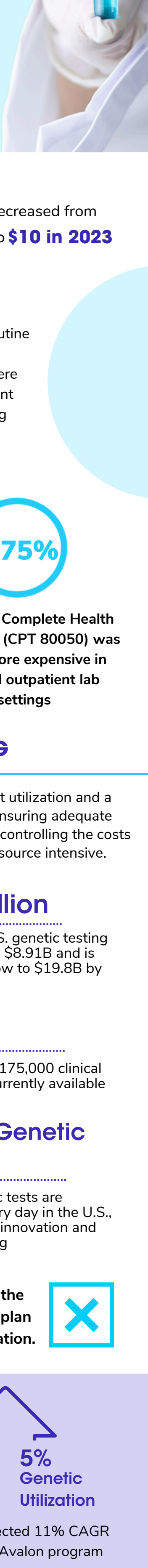
In 2023, out of the 100 million routine lab tests that Avalon managed, we identified the top five routine lab tests across all business lines in terms of per member per year (PMPY) spend.



Challenges in monitoring and optimizing routine testing continue and include:

- Overutilization
- Underutilization
- Need for disease specific care models
- Place of service discrepancies
- Fraud, waste, and abuse

**Avalon clients spend and utilization was stable versus industry trend of 2-5% compound annual growth rate (CAGR).**



COVID testing spend decreased from **\$33 in 2022** to **\$10 in 2023**

### Place of Service Matters

When comparing lab charges for common routine tests, the outpatient services sites (generally hospital labs) and physician office settings were considerably more expensive than independent labs. The price differential has been increasing over time. Hospital outpatient lab prices are growing faster than independent labs.

**46%**

Hospital outpatient lab prices are growing faster than independent labs, with 46% rise in price in 2023 versus 2022

**475%**

Price of a Complete Health Panel Test (CPT 80050) was 475% more expensive in hospital outpatient lab settings

### GENETIC TESTING

Genetic tests make up ~10% of all lab test utilization and a disproportionate ~30% of all lab spend. Ensuring adequate access to quality testing while appropriately controlling the costs has become increasingly complex and resource intensive.

**\$19.8 Billion**

In 2022, the U.S. genetic testing market reached \$8.91B and is expected to grow to \$19.8B by 2032

**175,000**

There are over 175,000 clinical genetic tests currently available

**10 New Genetic Tests**

10 new genetic tests are introduced every day in the U.S., reflecting both innovation and premium pricing

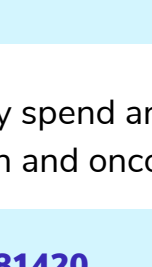
Miscellaneous CPT code 81479 is #1 on the list for being non-compliant with health plan policies as determined by prior authorization.



**8% Genetic Spend**

**5% Genetic Utilization**

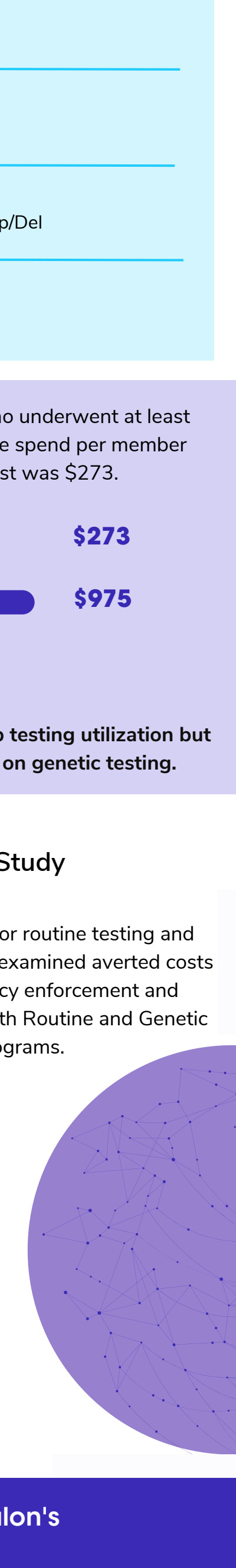
Genetic spend is up 8% YoY (versus expected 11% CAGR increase from industry trends related to Avalon program management).



**Overall increase in genetic testing spend was greater than the increase in utilization suggesting worsened mix and increase cost of genetic tests.**

Challenges in monitoring and optimizing genetic testing continue and include:

- Coding: ~40,000 tests coded under CPT 81479
- Quality control
- Pricing
- Clinical utility



The top 5 genetic tests by spend are driven by fetal and child health and oncology.

**01**

**CPT Code: 81420**  
Fetal Chromosomal Aneuploidy

**02**

**CPT Code: 81220**  
CFTR Gene Com Variants

**03**

**CPT Code: 81519**  
Oncology Breast mRNA

**04**

**CPT Code: 81162**  
BRCA1&2 Gen Full Seq Dup/Del

**05**

**CPT Code: 81416**  
Exome Sequence Analysis

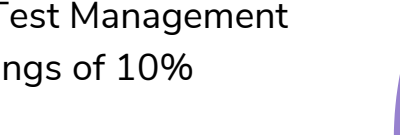
The average lab spend per member who underwent at least one genetic test was \$975 and average spend per member who had at least one routine test was \$273.

**Routine Lab Testing**



**\$273**

**Genetic Lab Testing**



**\$975**

**3.6x**

**Routine testing accounts for 90% of lab testing utilization but spend per member was 3.6x higher on genetic testing.**

### Averted Cost Case Study

A case study of ~4.5 million members for routine testing and ~6.1 million members for genetic testing examined averted costs attributed to Avalon's automated policy enforcement and utilization management strategies for both Routine and Genetic Testing Management programs.

**10% SAVINGS**

Avalon Routine Test Management averted cost savings of 10%

**35% SAVINGS**

Avalon Genetic Test Management averted cost savings of 35%

**Access the Full Version of Avalon's Lab Trend Report [Here](#)**

This report shows how lab testing is an essential part of the patient journey and the doorway to better health and cost savings. Every day, Avalon works to help our clients reduce waste in routine testing and assist with the challenging arena of genetic test decision-making.

**To learn more about how Avalon's solutions can help your organization, get in touch with us at: [avalon-insights@avalonhcs.com](mailto:avalon-insights@avalonhcs.com)**

This information is based on Avalon's 2024 Lab Trend Report. To access the full report, please visit <https://www.avalonhcs.com/2024-lab-trend-report/>