



News Release

For Immediate Release

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Province Missed Out on Millions in Laboratory Savings: Auditor General

(TORONTO) Ontario could have saved millions of dollars on laboratory tests in the health sector if it had more promptly updated the nearly 20-year-old list of prices it pays private-sector community labs for tests, Auditor General Bonnie Lysyk says in her *2017 Annual Report*, tabled today in the Legislative Assembly.

“At a time when the provincial health-care sector is being squeezed from all sides, savings of tens of millions of dollars a year could be used for other public services,” Lysyk said after her Report was tabled.

Since 1999, the Ministry of Health and Long-Term Care (Ministry) has made no major updates to the list of prices that it pays private-sector community labs to perform tests, even though there have been many technological advances over the years that have reduced lab-testing costs. It plans to finally implement a new price list in 2017/18. If this new price list had been in effect in 2015/16, the Ministry would have paid about \$39 million less that year alone.

Lab services involve the collection, testing and analysis of patient specimens to help health-care professionals make decisions on diagnosis and treatment. In 2015/16, the Ministry spent about \$2 billion to fund 260 million tests.

Our audit found that lab services are generally provided to Ontarians in a safe manner, and accurate lab-test results are generally provided to health-care professionals in a timely manner.

However, there are several areas relating to cost-effectiveness, accessibility, and performance measurement and reporting of lab services that need improvement. Among them:

- Although a new community lab price list will be implemented in 2017/18, the Ministry did not utilize cost information from the largest two private-sector community labs, responsible for the majority of community lab testing, to develop the price list.
- Opportunities exist for the Ministry to save money by conducting more in-province genetic testing. Between 2011/12 and 2015/16, the Ministry paid over \$120 million (U.S.) related to 54,000 specimens sent out of the country. The Ministry’s own experiences and those of other provinces show that there can be cost savings by performing genetic testing in-province.
- The Ministry needs to do more to reduce unnecessary testing, which results in the overuse of lab services, wastes patients’ time, and drives health-care costs higher. Where the Ministry has reduced unnecessary testing (e.g., the number of people eligible for vitamin D testing), the results do not appear to have led to sustainable long-term reductions in testing.
- The Ministry has performed only a limited number of reviews of billings by physicians who perform lab tests on their patients. The audit identified 120 family and general practice physicians with large test volumes and billings; in 2015/16, the 15 highest each performed between about 75,000 and 182,000 tests, and billed between about \$600,000 and \$1.4 million.
- Physicians do not require a licence to perform in-office lab testing, and are not required to participate in the province’s quality management program. This was raised in previous audits by the Auditor General in 1995 and 2005, as well as in external studies, but the Ministry has taken no action over the past two decades.

- The Ministry has not regularly evaluated whether currently uninsured tests for community patients, such one used to measure protein cancer antigen in a patient's blood, should be funded, even though many have become widely accepted as medically necessary and are funded by other provinces.

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