



Medicare Part B Spending on Clinical Diagnostic Laboratory Tests in 2022

Key Takeaways

- In 2022, total Medicare Part B spending on clinical diagnostic laboratory tests (lab tests) decreased by 10 percent from total lab test spending in 2021.
- Medicare Part B spending on lab tests has experienced an upward trend since 2014, the first year OIG began this series of annual analysis required by PAMA.
- Because payment rates for individual lab tests did not change in 2021 and 2022, changes in spending were primarily driven by changes in the volume of tests.
- Decreases in spending and volume occurred for most, but not all, individual lab tests and for each category of tests—COVID-19 tests; genetic tests; and chemistry and other tests.

What OIG Did

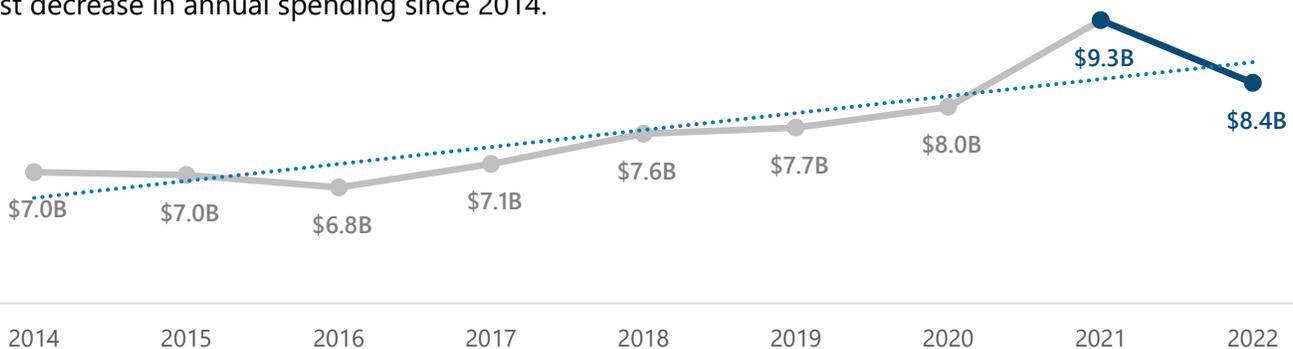
In this report, we analyzed Medicare Part B claims data for lab tests paid for by the Centers for Medicare and Medicaid Services (CMS) under the Clinical Laboratory Fee Schedule (CLFS) in 2022. We identified key statistics and trends for total Medicare spending on lab tests, including the top 25 lab tests on the basis of total spending.

Protecting Access to Medicare Act of 2014 (PAMA)

To help control lab test spending, PAMA required that Medicare Part B payment rates align with rates paid by private payors.¹ From 2018 through 2020, CMS implemented new Medicare Part B lab test payment rates. From 2021 through 2023, changes in legislation have delayed any rate changes; the next payment rate changes are scheduled for January 1, 2026.² Since 2014, OIG has been reporting on lab test spending in Medicare Part B as mandated by PAMA.

Total Spending in 2022

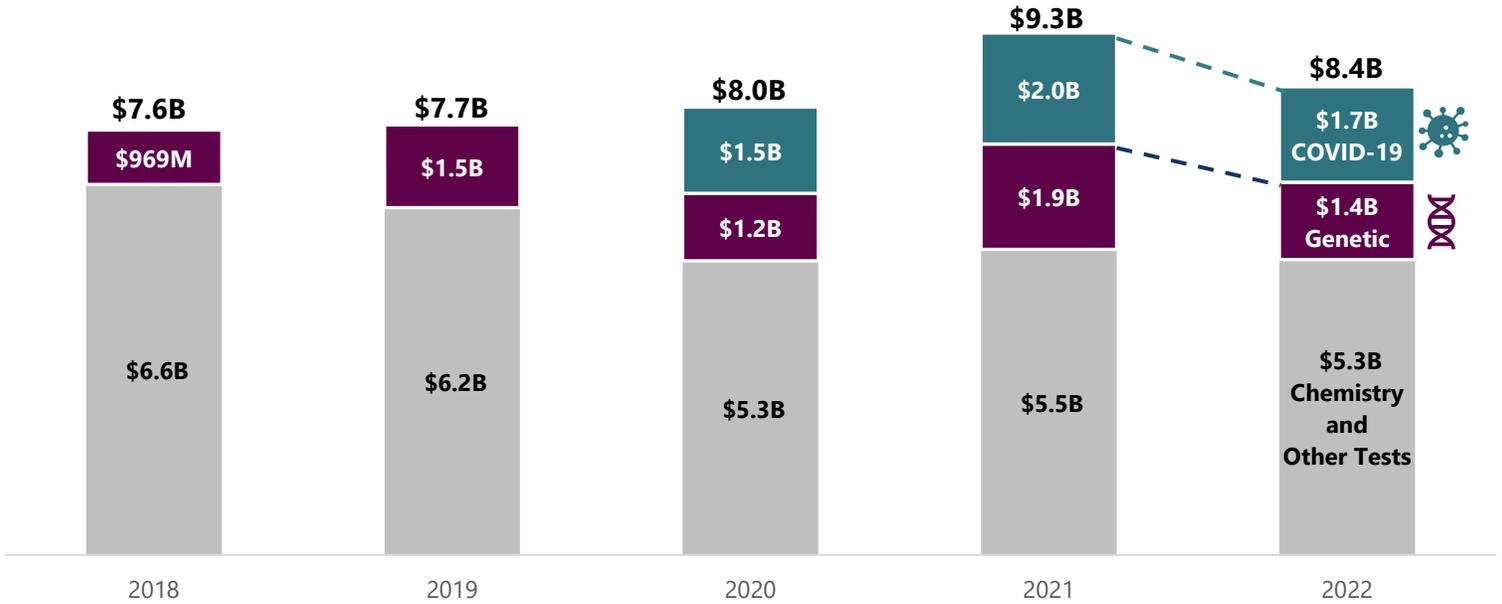
Total Medicare Part B spending grew between 2014 and 2022, with a sharp increase to \$9.3 billion in 2021 and a drop to \$8.4 billion in 2022. The 10-percent decrease in spending on lab tests in 2022 marks the largest decrease in annual spending since 2014.



Source: OIG analysis of 2014-2022 Medicare Part B claims data, 2023.

Total Spending by Category

Medicare Part B spent less on COVID-19 and genetic tests in 2022 compared to 2021. The largest share of Medicare’s Part B total spending on lab tests continued to be for chemistry and other tests.



Source: OIG analysis of 2018-2022 Medicare Part B claims data, 2023. Because of rounding, spending in the lab test categories may not sum to the total spending for the year.

COVID-19 Tests

Medicare Part B spending on COVID-19 tests decreased by 14 percent in 2022.

Total Medicare Part B spending on COVID-19 tests decreased from \$2.0 billion in 2021 to \$1.7 billion in 2022. Widespread availability of at-home COVID-19 tests and the overall decline in the number of COVID-19 cases may have led to a decrease in demand for laboratory (lab)-performed COVID-19 tests in 2022.^{3,4}



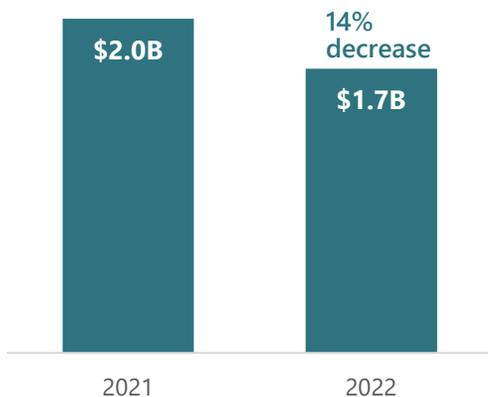
COVID-19 tests represented a smaller share of Medicare Part B spending for lab tests in 2022. COVID-19 tests accounted for 21 percent of spending for lab tests in 2021 compared to 20 percent in 2022.



Under Medicare Part B, fewer COVID-19 tests were performed by labs in 2022. The volume of COVID-19 tests that Medicare Part B paid for decreased from 25.8 million tests in 2021 to 23.3 million tests in 2022 (10-percent decrease).⁵



Fewer Medicare Part B enrollees received a lab-performed COVID-19 test in 2022. The number of enrollees who received COVID-19 tests decreased from 10.1 million enrollees in 2021 to 8.5 million enrollees in 2022 (16-percent decrease).

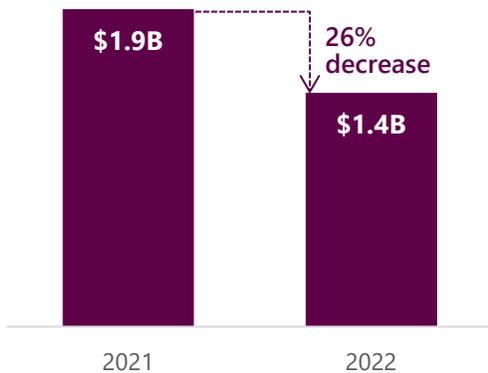


Source: OIG analysis of 2021-2022 Medicare Part B claims data, 2023.

Genetic Tests

Medicare Part B spending on genetic tests decreased by 26 percent in 2022.

Total Medicare Part B **spending** on genetic tests decreased from \$1.9 billion in 2021 to \$1.4 billion in 2022. The decrease in spending for genetic tests is driven largely by a sharp decrease in spending for molecular pathology tests, from \$829 million in 2021 to \$259 million in 2022 (69-percent decrease). This genetic test category has received scrutiny due to potential fraudulent billing activities by providers.⁶



Source: OIG analysis of 2021-2022 Medicare Part B claims data, 2023.



Genetic tests represented a smaller share of Medicare Part B spending for lab tests in 2022. It accounted for 20 percent of spending for lab tests in 2021 compared to 17 percent in 2022.



Under Medicare Part B, fewer genetic tests were performed in 2022. The volume of genetic tests that Medicare Part B paid for decreased from 2.8 million tests in 2021 to 1.7 million tests in 2022 (39-percent decrease).



The number of procedure codes for genetic tests that Medicare Part B paid for increased from 365 codes in 2021 to 382 codes in 2022.

Top 25 Lab Tests

Total spending for the top 25 Medicare Part B lab tests decreased in 2022, with decreases in volume for 15 individual tests and increases for the remaining 10 tests.

Total spending on the top 25 Medicare Part B lab tests decreased by 13 percent, from \$5.5 billion in 2021 to \$4.8 billion in 2022. Despite the decline in total spending for COVID-19 tests, the COVID-19 test with procedure code U0003 (line 1 on the next page) accounted for the largest Medicare Part B spending among all lab tests covered by the CLFS in 2022 (\$663.5 million). In addition, all four genetic tests in the top 25 had increased spending. Although these four genetic tests had relatively low volume, they significantly contributed to Medicare Part B's total spending on lab tests due to their high rates. Payment rates for these tests ranged from \$508.87 to \$5,000.00 per test.

Top 25 Lab Tests

	Test Description (Procedure Code)	2022 payment rate	2022 volume (millions)		Volume change from 2021	2022 spending (millions)
1	COVID-19 test: Infectious agent detection by nucleic acid for COVID-19, high-throughput (U0003)	\$75.00	9.0	↓	-28.4%	\$663.5
2	Blood test, comprehensive group of blood chemicals (80053)	\$10.56	38.7	↓	-2.2%	\$410.3
3	Blood test, lipids (80061)	\$13.39	25.6	↓	-3.4%	\$338.6
4	Blood test, thyroid stimulating hormone (84443)	\$16.80	19.3	↓	-3.0%	\$320.3
5	Complete blood cell count, automated test (85025)	\$7.77	36.8	↓	-2.9%	\$287.9
6	Genetic test: Gene analysis (colorectal cancer) (81528)	\$508.87	0.5	↑	8.0%	\$269.2
7	Vitamin D-3 level (82306)	\$29.60	8.8	↓	-2.5%	\$257.5
8	COVID-19 test: Infectious agent detection by nucleic acid (DNA or RNA); severe acute (U0005)	\$25.00	9.9	↓	-19.3%	\$244.6
9	Detection test by nucleic acid for organism (87798)	\$35.09	6.5	↑	6.6%	\$224.4
10	COVID-19 test: Any technique, high-throughput technologies (U0004)	\$75.00	2.5	↓	-14.7%	\$186.3
11	Hemoglobin A1C level (83036)	\$9.71	18.2	↓	-2.1%	\$176.2
12	Drug test(s), definitive, 22 or more drug class(es) (G0483)	\$246.92	0.7	↓	-16.0%	\$168.4
13	Testing for presence of drug, by chemistry analyzers (80307)	\$62.14	2.3	↓	-8.0%	\$142.1
14	Drug test(s), definitive, 15-21 drug class(es) (G0482)	\$198.74	0.6	↓	-4.5%	\$122.9
15	Parathormone (parathyroid hormone) level (83970)	\$41.28	2.6	↑	3.3%	\$103.3
16	COVID-19 test: Amplified DNA or RNA probe detection of severe acute respiratory syndrome (87635)	\$51.31	1.8	↓	-8.3%	\$94.8
17	COVID-19 test: Detection test by immunoassay technique for severe acute respiratory syndrome (87426)	\$-	2.7	↑	2.2%	\$93.8
18	Genetic test: Test for detecting genes associated with breast cancer (81519)	\$3,873.00	0.02	↑	2.0%	\$93.3
19	Genetic test: Test for detecting genes associated with cancer (81455)	\$2,919.60	0.03	New to top 25		\$91.5
20	Cyanocobalamin (vitamin B-12) level (82607)	\$15.08	5.9	↑	1.3%	\$87.9
21	Blood test, basic group of blood chemicals (Calcium, total) (80048)	\$8.46	9.7	↓	-5.8%	\$84.2
22	Drug test(s), definitive, 1-7 drug class(es) (G0480)	\$114.43	0.7	↓	-4.3%	\$81.8
23	COVID-19 test: Respiratory infectious agent detection by RNA for severe acute respiratory (0241U)	\$142.63	0.6	New to top 25		\$81.2
24	Genetic test: Gene analysis of 55-74 genes associated with solid organ cancer in cell-free (0242U)	\$5,000.00	0.02	↑	82.7%	\$80.5
25	PSA (prostate specific antigen) measurement, total (84153)	\$18.39	4.2	↑	0.2%	\$76.6
Total Medicare Part B spending on the top 25 lab tests in 2022: \$4.8 billion						

Sources: OIG analysis of 2021–2022 spending on lab tests in Medicare Part B, 2023. Payment rates are from the 2022 CLFS. Local Medicare Administrative Contractors are responsible for developing the payment amount for claims they receive for some newly created procedure codes until Medicare establishes national payment rates (e.g., procedure code 87426, line 17).

The five-character codes and descriptions included in this data snapshot are obtained from Current Procedural Terminology (CPT®), copyright 2022 by the American Medical Association (AMA). CPT is developed by the AMA as a listing of descriptive terms and five-character identifying codes and modifiers for reporting medical services and procedures. Any use of CPT outside of this data snapshot should refer to the most current version of the Current Procedural Terminology available from AMA. Applicable FARS/DFARS apply.

Methodology

Analysis: We based this report on our analysis of Medicare Part B claims data for lab tests performed in 2022 and reimbursed under the CLFS payment system. Through our analysis, we identified key statistics and trends for Medicare spending on lab tests. We analyzed Medicare spending and test volume by procedure code and category. Test volume is based on the number of units for which labs billed Medicare. We calculated total spending for 2022 and compared that to the results from previous years. In previous years, we presented spending on “chemistry tests” separate from the “other tests” category. Because spending in each of these two categories has remained relatively stable over the years, for 2022, we combined “chemistry tests” spending with “other tests” spending.

We did not include tests paid for under other payment systems, such as the payment system for critical access hospitals or the Hospital Outpatient Prospective Payment System. Many of the lab tests performed in outpatient settings (such as hospitals, skilled nursing facilities, and dialysis facilities) are paid for under Medicare payment systems other than the CLFS. We did not include claims for physician interpretation of tests. At-home and over-the-counter tests are paid for under Medicare payment systems other than the CLFS, which were also not included in this analysis.

Labs bill for each test on the CLFS using a Healthcare Common Procedure Coding System (HCPCS) code, which we refer to as a “procedure code.” The HCPCS is divided into two systems, referred to as Level I and Level II. Level I HCPCS codes are composed of Current Procedural Terminology (CPT) codes. Level II HCPCS codes are established by CMS primarily for items, supplies, and non-physician services not covered by CPT codes. We used CPT categories for all tests on the CLFS, except tests used to diagnose COVID-19, which were analyzed as a group. For HCPCS Level II codes that are unique to the CLFS, we used categories previously assigned by CMS.

- **COVID-19 tests.** We used CPT test codes and HCPCS codes to identify 26 COVID-19 tests that were authorized for payment in 2022. This set of codes includes viral tests, antibody tests, and respiratory panel tests that include COVID-19 in the panel. We included in our analysis only tests paid for by Medicare Part B. Tests that Medicare Part B enrollees received through other programs, such as community testing efforts, were not included unless they were paid for by Medicare Part B. For analysis by Medicare enrollee, we identified enrollees by using the Health Insurance Claim Numbers on the claims.
- **Genetic tests.** We used CPT test codes and HCPCS codes to identify 382 genetic tests that were authorized for payment in 2022. This set of codes includes molecular pathology tests, multianalyte algorithmic assays, genomic sequencing procedures, and proprietary lab analysis tests.
- **Top 25 lab tests.** We identified the top 25 lab tests on the basis of total spending in 2022 for each procedure code and calculated total spending for these tests. For this group of tests, we calculated the change in the volume of test units paid for by Medicare from 2021 to 2022.

Data Source: We used claims data from the National Claims History Physician/Supplier Part B claim files and National Claims History Outpatient files. The Physician/Supplier Part B files primarily include claims from independent labs and physician office labs. The Outpatient files primarily include claims from hospital labs.

Limitations: Analysis for this report was conducted on claims that Medicare Part B had processed by June 2023. Data from past reports used the 16-month or 17-month files and, thus, may be marginally different from the set of claims used in 2023. However, this set of claims is comparable to the 16-month and 17-month files.

Standards: We conducted this study in accordance with the *Quality Standards for Inspection and Evaluation* issued by the Council of the Inspectors General on Integrity and Efficiency.

Acknowledgments and Contact

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This report was prepared under the direction of Blaine Collins, Regional Inspector General for Evaluation and Inspections in the San Francisco regional office, and Abby Amoroso and Michael Henry, Deputy Regional Inspectors General.

To obtain additional information concerning this report, contact the Office of Public Affairs at Public.Affairs@oig.hhs.gov. OIG reports and other information can be found on the OIG website at oig.hhs.gov.

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Appendix

Prior Office of Inspector General Reports on Medicare Part B Spending and Payment Rates for Lab Tests

Medicare Part B Spending on Lab Tests Increased in 2021, Driven By Higher Volume of COVID-19 Tests, Genetic Tests, and Chemistry Tests	OEI-09-22-00400	December 2022
COVID-19 Tests Drove an Increase in Total Medicare Part B Spending on Lab Tests in 2020, While Use of Non-COVID-19 Tests Decreased Significantly	OEI-09-21-00240	December 2021
Federal COVID-19 Testing Report: Data Insights from Six Federal Health Care Programs*	PRAC Health Care Subgroup	January 2021
Despite Savings on Many Lab Tests in 2019, Total Medicare Spending Increased Slightly Because of Increased Utilization for Certain High-Priced Tests	OEI-09-20-00450	December 2020
Medicare Laboratory Test Expenditures Increased in 2018, Despite New Rate Reductions	OEI-09-19-00100	August 2020
Medicare Payments for Clinical Diagnostic Laboratory Tests in 2017: Year 4 of Baseline Data	OEI-09-18-00410	September 2018
Setting Medicare Payment Rates for Clinical Diagnostic Laboratory Tests: Strategies To Ensure Data Quality	OEI-09-17-00050	July 2018
Medicare Payments for Clinical Diagnostic Laboratory Tests in 2016: Year 3 of Baseline Data	OEI-09-17-00140	September 2017

Changing How Medicare Pays for Clinical Diagnostic Laboratory Tests: An Update on CMS's Progress	OEI-09-16-00100	September 2016
Medicare Payments for Clinical Diagnostic Laboratory Tests in 2015: Year 2 of Baseline Data	OEI-09-16-00040	September 2016
Medicare Payments for Clinical Laboratory Tests in 2014: Baseline Data	OEI-09-15-00210	September 2015
Comparing Lab Test Payment Rates: Medicare Could Achieve Substantial Savings	OEI-07-11-00010	June 2013
Variation in the Clinical Laboratory Fee Schedule	OEI-05-08-00400	July 2009

*This report was released by the Pandemic Response Accountability Committee Health Care Subgroup and included analysis of Medicare Part B claims for COVID-19 tests performed between February 1, 2020, and August 31, 2020.

Sources

¹ PAMA, P.L. No. 113-93 (April 2014), § 216(a). See also 42 CFR 414.507(a).

² CMS, *Clinical Laboratory Fee Schedule*. Accessed at [Summary of Private Payor Rate-Based Medicare Clinical Laboratory Fee Schedule \(cms.gov\)](#) on December 12, 2023.

³ Medicare Part B began covering up to eight over-the-counter (OTC) COVID-19 tests in April 2022. CMS, *COVID-19 Over-the-Counter Tests*. Accessed at [COVID-19 Over-the-Counter Tests](#). For information about free OTC COVID-19 tests for individuals with private health insurance or group health plan coverage, see U.S. Department of Health and Human Services, *Biden-Harris Administration Requires Insurance Companies and Group Health Plans to Cover the Cost of At-Home COVID-19 Tests, Increasing Access to Free Tests*. Accessed at <https://www.hhs.gov/about/news/2022/01/10/biden-harris-administration-requires-insurance-companies-group-health-plans-to-cover-cost-at-home-covid-19-tests-increasing-access-free-tests.html> on November 3, 2023.

⁴ CDC, *Trends in United States COVID-19 Hospitalizations, Deaths, Emergency Department (ED) Visits, and Test Positivity by Geographic Area*. Accessed at https://covid.cdc.gov/covid-data-tracker/#trends_weeklyhospitaladmissions_select_00 on November 3, 2023.

⁵ We excluded procedure code U0005 from this analysis. This code is an add-on code and can only be included on claims with procedure codes U0003 and U0004. CMS Ruling 2020-1-R2. Accessed at <https://www.cms.gov/files/document/cms-ruling-2020-1-r2.pdf>.

⁶ OIG, *Trends in Genetic Tests Provided Under Medicare Part B Indicate Areas of Possible Concern* ([A-09-20-03027](#)) December 16, 2021.