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COVID-19 Tests Had Significant Impact On Medicare Part B Spending, HHS Study Finds

by [Brian Bossetta](#)

COVID-19 diagnostics drove up Medicare Part B spending in 2020, while use of non-COVID-19 diagnostics significantly declined, according to a study from the Office of Inspector General for the US Department of Health and Human Services.

Not only was the COVID-19 pandemic created by a novel virus, but it also necessitated novel testing to diagnose the infection. This resulted in a surge of new spending, according to a [study](#) from the Office of Inspector General (OIG) for the US Department of Health and Human Services (HHS).

Overall Medicare Part B spending on both COVID-19 and non-COVID-19 diagnostics increased from \$7.7bn in 2019 to \$8bn in 2020, the study found, driven by \$1.5bn in new spending on COVID-19 tests, \$1bn of which was allocated to for rapid tests.

Melissa Rumley, public affairs specialist in the OIG's office, told *Medtech Insight* that the HHS considers the spending on COVID-19 tests as "new spending" because they didn't exist prior to the pandemic. "When noting 'new spending' on COVID-19 tests, we are referring only to tests paid for by Medicare Part B in 2020," Rumley said.

At the same time Part B spending for COVID-19 tests increased, spending on non-COVID-19 tests decreased \$1.2bn in 2020 as the pandemic first took hold of the country.

Aside from COVID-19 tests, Part B spending for all other tests as a group in 2020 decreased by 16% from 2019 to \$6.5bn, driven by a decline in overall health care use during the pandemic, as well as a further reduction in payment rates for some tests as required by the Protecting Access to Medicare Act (PAMA) of 2014, according to the OIG's report.

When it was enacted, PAMA changed how the Centers for Medicare and Medicaid Services (CMS)

set payment for lab tests by aligning Medicare rates with private rates. PAMA included a Congressional mandate that OIG publicly release an annual analysis of the top 25 tests based on Medicare Part B spending, which is why the OIG's office conducted and published this study.

“Research suggests that delays of such lab tests could have a long-lasting impact on the health of some Medicare Part B beneficiaries.” – US Office of Inspector General, HHS

For the study, the OIG analyzed claims data for lab tests performed in 2020 that the CMS paid for under the Clinical Laboratory Fee Schedule (CLFS). These tests are covered under Medicare Part B and do not include COVID-19 tests provided by community testing programs or tests that Medicare paid for under other payment systems, such as the payment system for critical access hospitals or the Hospital Outpatient Prospective Payment System.

The study identifies the [top 25 lab tests](#) based on Medicare spending for tests performed in 2020 as well as key statistics and emerging trends, including Medicare spending by procedure code and test category.

Although non-COVID-19 testing rebounded in the second half of 2020, according to the study, the number of those tests paid for by Medicare Part B during the full year declined by 12%. For example, there was a 12% decline in volume for chemistry tests – the largest category by both volume and spending – from 174 million tests in 2019 to 153 million in 2020.

Chemistry tests measure the level of a chemical, such as a protein, electrolyte or hormone, in a specimen. Providers use these tests to monitor a patient's organ function and general health status.

As the study points out, lab tests have always played a critical role in providing important diagnostic information so providers and beneficiaries can make appropriate treatment decisions.

This became even more important in 2020 as the pandemic gripped the country and taxed all aspects of the US health care system, including diagnostics.

The decline in volume for non-COVID-19 tests, the OIG says, raises questions about the potential impacts on beneficiary health. Further, the decrease in testing coincided with the height of COVID-19-related economic shutdowns, which affected many parts of the health care

sector.

“If Medicare beneficiaries delayed or avoided preventative health care services, they may not have received important tests, such as cancer screenings, that are medically necessary but not urgent,” the study says. “Research suggests that delays of such lab tests could have a long-lasting impact on the health of some Medicare Part B beneficiaries.”

COVID-19, the study concludes, will continue to have an impact on Medicare Part B spending on lab tests as the pandemic continues while testing strategy continues to evolve as test technology and availability adjust to emerging variants of the disease.