

Department of Health and Human Services
Office of Inspector General



Office of Evaluation and Inspections

DATA SNAPSHOT

December 2024 | OEI-09-24-00350

**Total Medicare Part B Spending
on Lab Tests Decreased in 2023,
Driven in Part by Less Spending on
COVID-19 Tests**



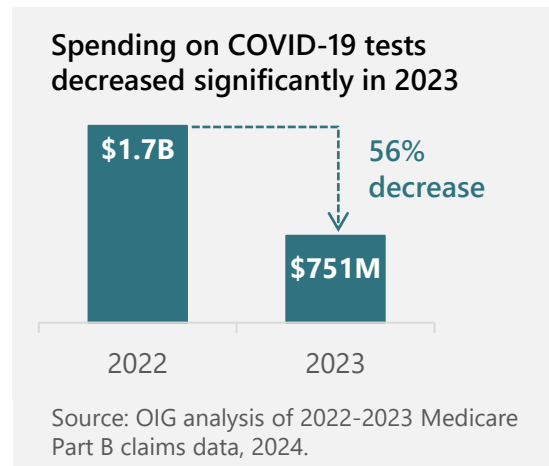
December 2024 | OEI-09-24-00350

DATA SNAPSHOT

Total Medicare Part B Spending on Lab Tests Decreased in 2023, Driven in Part by Less Spending on COVID-19 Tests

Key Takeaways

- In 2023, total Medicare Part B spending on clinical diagnostic laboratory tests (lab tests) decreased by 5.4 percent from total lab test spending in 2022.
- Spending on COVID-19 tests decreased significantly in 2023 due to several factors, including the widespread availability of over-the-counter COVID-19 tests.
- Medicare Part B spending on genetic tests has steadily increased over the last 10 years.



Why OIG Did This Review

- This review is part of an effort to help control Medicare lab test spending. The Protecting Access to Medicare Act of 2014 (PAMA) required that Medicare Part B payment rates align with rates paid by private payors.¹ To provide oversight that these efforts were helping to control lab test spending, Congress also mandated that OIG publicly release an annual analysis of the top 25 tests based on Medicare spending and conduct analyses that OIG determines appropriate. This data snapshot provides an analysis of Medicare Part B payments for lab tests in 2023, including an analysis of the top 25 tests.
- From 2018 through 2020, [CMS](#) implemented new Medicare Part B lab test payment rates. In 2021, new payment rates were to go into effect; however, changes in legislation have delayed any rate changes. The next payment rate changes are scheduled for January 1, 2027.²

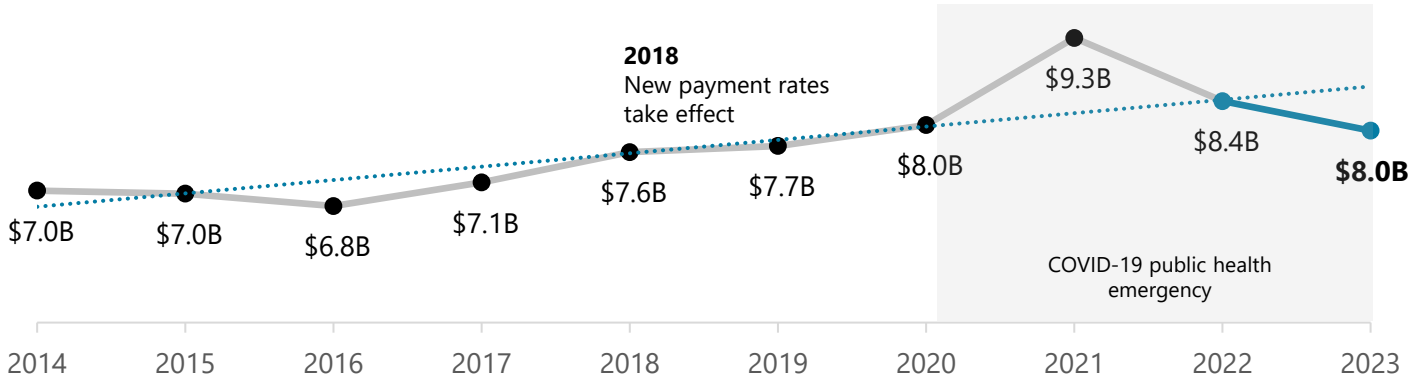
What OIG Did

We analyzed Medicare Part B claims data for lab tests paid for under the Medicare Clinical Laboratory Fee Schedule (CLFS) in 2023. We identified key statistics and trends for total Medicare Part B spending on lab tests, including the top 25 lab tests on the basis of total spending. Totals and percentages are calculated with source data and may not reflect rounding of annual figures presented in the charts.

CPT copyright 2023 American Medical Association. All rights reserved. Fee schedules, relative value units, conversion factors and/or related components are not assigned by the AMA, are not part of CPT, and the AMA is not recommending their use. The AMA does not directly or indirectly practice medicine or dispense medical services. The AMA assumes no liability for data contained or not contained herein. CPT is a registered trademark of the American Medical Association.

Total Medicare Part B Laboratory Spending in 2023

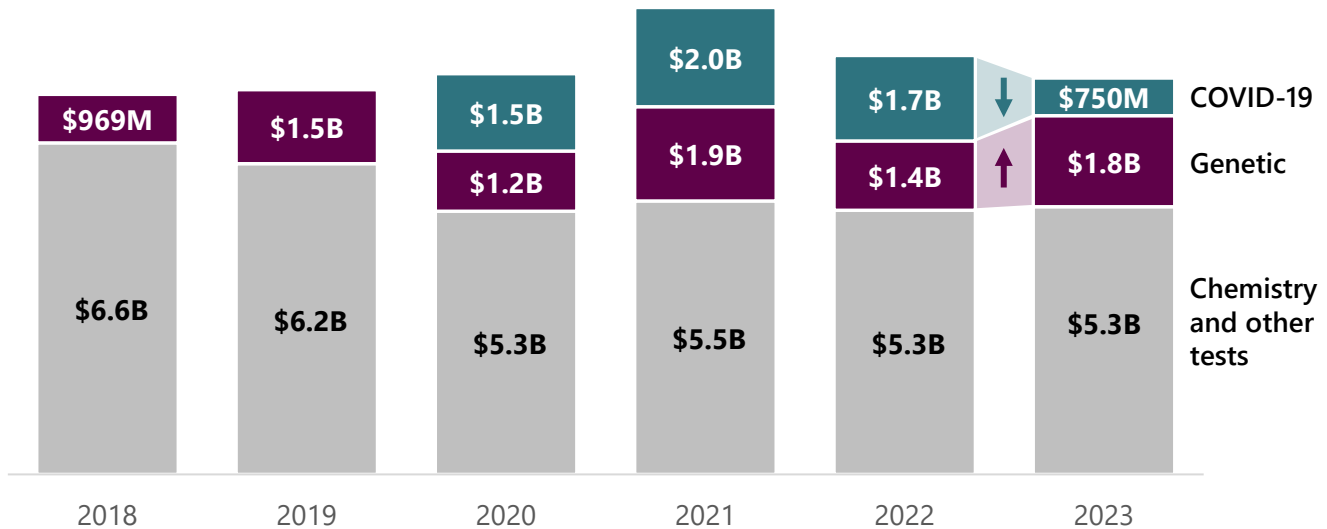
Medicare Part B spent \$8.0 billion on lab tests in 2023, a 5.4 percent decrease from 2022. Over the last 10 years, lab test spending showed growth between 2014 and 2021, with peak spending during the COVID-19 public health emergency.



Source: OIG analysis of 2014-2023 Medicare Part B claims data, 2024. On January 31, 2020, the Secretary of Health and Human Services declared COVID-19 a public health emergency. The COVID-19 public health emergency declaration expired on May 11, 2023.

Total Medicare Part B Laboratory Spending by Category

After peaking in 2021, Medicare Part B spending on COVID-19 tests continued to decline, showing a sharp drop in spending in 2023. Chemistry and other tests, such as blood tests and drug tests, have accounted for the largest share of Medicare Part B's total spending on lab tests consistently since 2018 when new payment rates went into effect.³ In addition, total spending on genetic tests has fluctuated over the last 5 years.

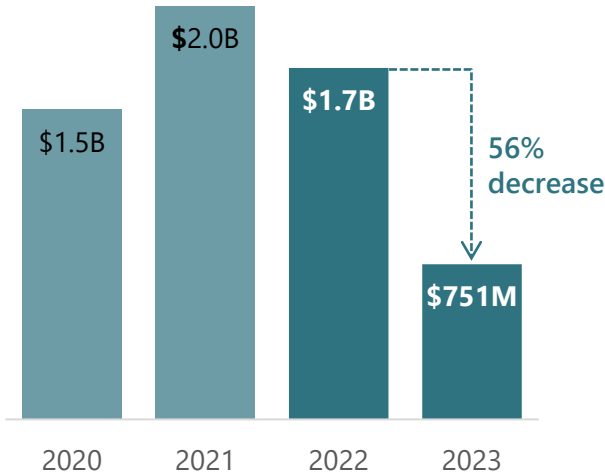


Source: OIG analysis of 2018-2023 Medicare Part B claims data, 2024. Because of rounding, spending in the lab test categories may not sum to the total spending for the year.

Medicare Part B COVID-19 Tests: Spending and Utilization

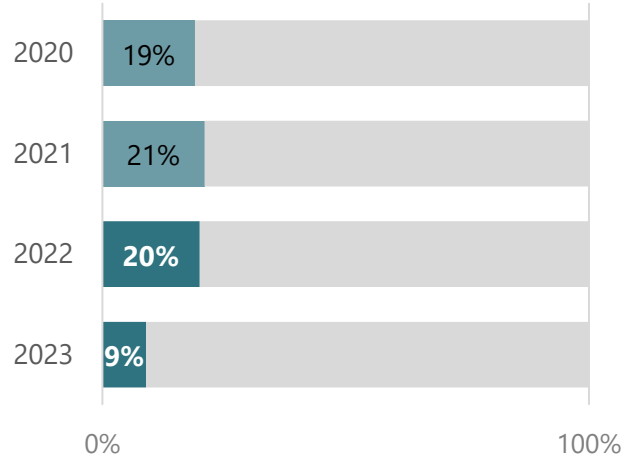
Total Medicare Part B spending on COVID-19 tests decreased in 2023 due to factors such as Medicare no longer paying for five COVID-19 testing related payments when the public health emergency ended on May 11, 2023, a decline in the number of COVID-19 cases in the United States, and widespread availability of over-the-counter COVID-19 tests.^{4,5,6} During the COVID-19 public health emergency, Part B spending and volume on COVID-19 tests peaked in 2021.

Spending on COVID-19 tests decreased by 56 percent in 2023.



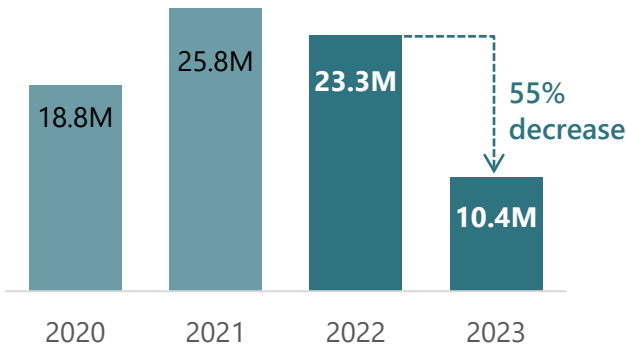
Source: OIG analysis of 2020-2023 Medicare Part B claims data, 2024.

Share of spending on COVID-19 tests accounted for 9 percent of Medicare Part B spending in 2023.



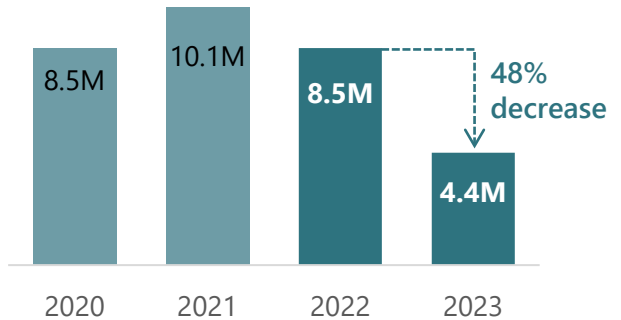
Source: OIG analysis of 2020-2023 Medicare Part B claims data, 2024.

Volume of COVID-19 tests decreased by 55 percent.⁷



Source: OIG analysis of 2020-2023 Medicare Part B claims data, 2024.

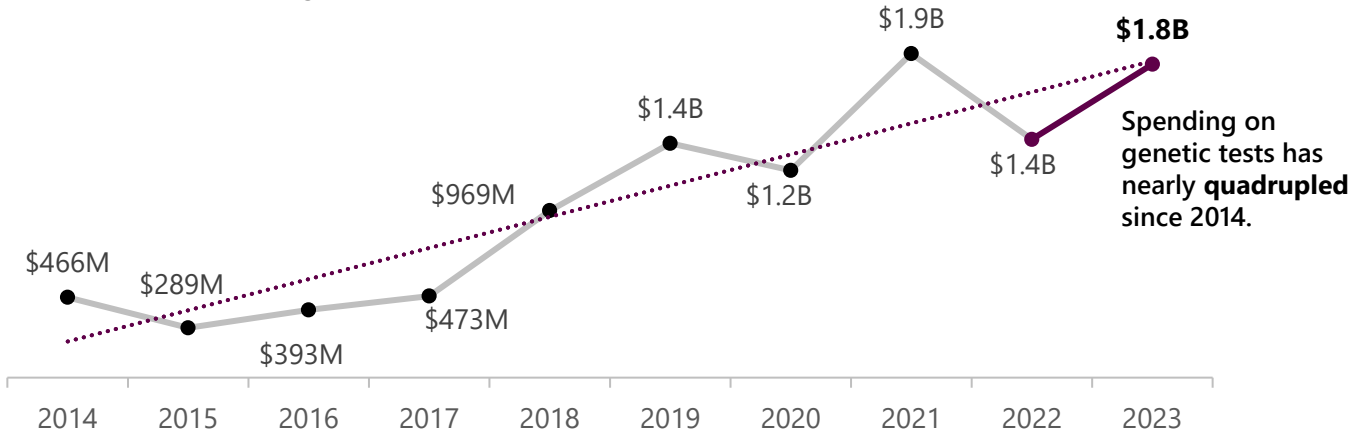
Number of enrollees who received COVID-19 tests decreased by 48 percent.



Source: OIG analysis of 2020-2023 Medicare Part B claims data, 2024.

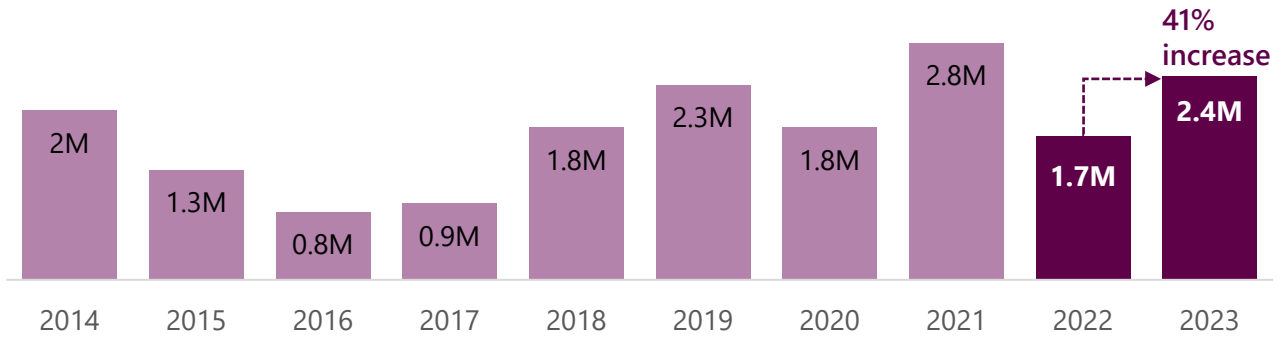
Medicare Part B Genetic Tests: Spending and Utilization

Total Medicare Part B spending on genetic tests increased by 32 percent from 2022 to 2023. Although spending on genetic tests has fluctuated year-to-year over the last 10 years, overall it has been steadily increasing between 2014 and 2023. In 2023, spending on genetic tests was nearly a quarter of total Medicare Part B spending.



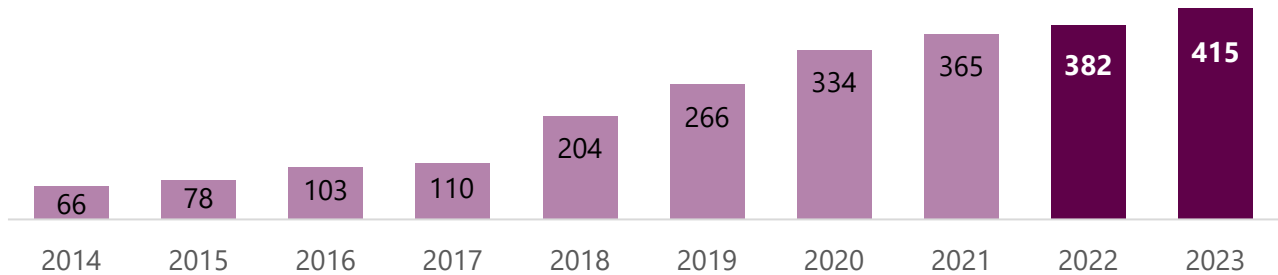
Source: OIG analysis of 2014–2023 Medicare Part B claims data, 2024.

Volume of genetic tests increased by 41 percent from 2022 to 2023.



Source: OIG analysis of 2014–2023 Medicare Part B claims data, 2024.

Number of genetic test procedure codes listed on the CLFS has steadily increased over the decade, reaching 415 codes in 2023.



Source: OIG analysis of 2014–2023 Medicare Part B claims data, 2024.

Top 25 Lab Tests by Medicare Part B Spending

Total Medicare Part B spending for the top 25 lab tests decreased by 16 percent, from \$4.8 billion in 2022 to \$4.0 billion in 2023.

The next page displays spending and volume for the top 25 lab tests. Most notably:

The top three tests by spending were under the category of chemistry and other tests, which totaled \$1.1 billion dollars in Medicare Part B spending.⁸ These three tests – specifically blood tests with procedure codes 80053, 80061, and 84443 (lines 1 to 3) – are among the most common tests that providers routinely use to monitor a person’s health. These three codes have been three of the top four tests since new payment rates took effect in 2018.

Procedure code 80053 returned as the top test by Medicare Part B spending, since the COVID-19 pandemic began in 2020.

Most COVID-19 tests in the top 25 saw drops in volume and spending; the exception was the COVID-19 test with procedure code 87637 (line 15), which was new to the top 25 in 2023. Notably, the COVID-19 test with procedure code U0003 (line 12) had an 83 percent decrease in volume in 2023, partly due to CMS ending payments for the test and ending use of the procedure code in May 2023.⁹ In 2022, U0003 was the lab test with the largest Medicare Part B spending.

All genetic tests in the top 25 saw increases in volume and spending. In particular, volume for a genetic test for detecting genes associated with cancer (line 9) grew 59 percent. Genetic tests, as a category in the top 25, had the highest payment rates – ranging from \$508.87 to \$5,000.00.

Top 25 Lab Tests by Medicare Part B Spending

	Test Description (Procedure Code)	2023 payment rate	2023 volume (millions)	Volume change from 2022	2023 spending (millions)
1	Blood test, comprehensive group of blood chemicals (80053)	\$10.56	38.6	0%	\$405.1
2	Blood test, lipids (cholesterol and triglycerides) (80061)	\$13.39	25.3	-1% ↓	\$332.3
3	Blood test, thyroid stimulating hormone (TSH) (84443)	\$16.80	19.2	0%	\$316.0
4	Genetic test: Gene analysis (colorectal cancer) (81528)	\$508.87	0.6	13% ↑	\$301.0
5	Detection test by nucleic acid for organism, amplified probe technique (87798)	\$35.09	8.5	32% ↑	\$292.4
6	Complete blood cell count (red cells, white blood cells, platelets), automated (85025)	\$7.77	36.5	-1% ↓	\$282.3
7	Vitamin D-3 level (82306)	\$29.60	8.7	-2% ↓	\$250.9
8	Hemoglobin A1C level (83036)	\$9.71	18.4	0%	\$176.0
9	Genetic test: Test for detecting genes associated with cancer (81455)	\$2,919.60	0.05	59% ↑	\$145.2
10	Drug test(s), definitive, 22 or more drug class(es) (G0483)	\$246.92	0.6	-13% ↓	\$145.1
11	Testing for presence of drug, by chemistry analyzers (80307)	\$62.14	2.1	-8% ↓	\$129.1
12	COVID-19 test: Infectious agent detection by nucleic acid (DNA or RNA); severe acute (U0003)	\$75.00	1.6	-83% ↓	\$115.0
13	Drug test(s), definitive, 15-21 drug class(es) (G0482)	\$198.74	0.6	-9% ↓	\$110.5
14	Genetic test: Gene analysis of 55-74 genes associated with solid organ cancer in cell-free (0242U)	\$5,000.00	0.02	31% ↑	\$104.8
15	COVID-19 test: Detection test by multiplex amplified probe technique for severe acute (87637)	\$142.63	0.7	New to top 25	\$103.6
16	Parathormone (parathyroid hormone) level (83970)	\$41.28	2.6	1% ↑	\$103.1
17	Genetic test: Test for detecting genes associated with breast cancer (81519)	\$3,873.00	0.03	2% ↑	\$94.7
18	Cyanocobalamin (vitamin B-12) level (82607)	\$15.08	6.2	5% ↑	\$91.9
19	COVID-19 test: Respiratory infectious agent detection by RNA for severe acute respiratory (0241U)	\$142.63	0.6	-1% ↓	\$79.9
20	Blood test, basic group of blood chemicals (calcium, total) (80048)	\$8.46	9.3	-4% ↓	\$79.4
21	Drug test(s), definitive, 1-7 drug class(es) (G0480)	\$114.43	0.7	-4% ↓	\$77.8
22	COVID-19 test: Amplified DNA or RNA probe detection of severe acute respiratory syndrome (87635)	\$51.31	1.5	-17% ↓	\$76.4
23	PSA (prostate specific antigen) measurement, total (84153)	\$18.39	4.2	0%	\$76.2
24	Genetic test: mRNA gene expression analysis of 22 genes in prostate tumor tissue (81542)	\$3,873.00	0.02	New to top 25	\$71.7
25	Drug test(s), definitive, 8-14 drug class(es) (G0481)	\$156.59	0.5	New to top 25	\$70.5

Total Medicare Part B spending on the top 25 lab tests in 2023: \$4.0 billion

Sources: OIG analysis of 2022–2023 spending on lab tests in Medicare Part B, 2024. Payment rates are from the 2023 CLFS. CPT copyright 2023 American Medical Association. All rights reserved.

Methodology

Analysis: We based this report on our analysis of Medicare Part B claims data for lab tests performed in 2023 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 2023 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, we combined “chemistry tests” spending with “other tests” spending for 2014-2023.

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 and 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 25 COVID-19 tests that were authorized for payment in 2023. 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 from 2020 to 2023. 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 415 genetic tests that were authorized for payment in 2023. This set of codes includes molecular pathology tests, multianalyte algorithmic assays, genomic sequencing procedures, and proprietary lab analysis tests. We also analyzed the change in spending and volume on genetic tests from 2014 to 2023.

Top 25 lab tests. We identified the top 25 lab tests on the basis of total spending in 2023 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 2022 to 2023.

Data Source: In July 2024, we extracted claims data from CMS’s Integrated Data Repository. 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: We did not verify the accuracy or completeness of the claims data. The data are updated daily and are therefore subject to change.

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.

Related Reports

<u>Medicare Part Spending on Clinical Diagnostic Laboratory Tests in 2022</u>	OEI-19-23-00350	December 2023
<u>Medicare Part B Spending on Lab Tests Increased in 2021, Driven By Higher Volume of COVID-19 Tests, Genetic Tests, and Chemistry Tests</u>	OEI-09-22-00400	December 2022
<u>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</u>	OEI-09-21-00240	December 2021
<u>Federal COVID-19 Testing Report: Data Insights from Six Federal Health Care Programs*</u>	PRAC Health Care Subgroup	January 2021
<u>Despite Savings on Many Lab Tests in 2019, Total Medicare Spending Increased Slightly Because of Increased Utilization for Certain High-Priced Tests</u>	OEI-09-20-00450	December 2020
<u>Medicare Laboratory Test Expenditures Increased in 2018, Despite New Rate Reductions</u>	OEI-09-19-00100	August 2020
<u>Medicare Payments for Clinical Diagnostic Laboratory Tests in 2017: Year 4 of Baseline Data</u>	OEI-09-18-00410	September 2018
<u>Setting Medicare Payment Rates for Clinical Diagnostic Laboratory Tests: Strategies To Ensure Data Quality</u>	OEI-09-17-00050	July 2018
<u>Medicare Payments for Clinical Diagnostic Laboratory Tests in 2016: Year 3 of Baseline Data</u>	OEI-09-17-00140	September 2017
<u>Changing How Medicare Pays for Clinical Diagnostic Laboratory Tests: An Update on CMS's Progress</u>	OEI-09-16-00100	September 2016
<u>Medicare Payments for Clinical Diagnostic Laboratory Tests in 2015: Year 2 of Baseline Data</u>	OEI-09-16-00040	September 2016
<u>Medicare Payments for Clinical Laboratory Tests in 2014: Baseline Data</u>	OEI-09-15-00210	September 2015
<u>Comparing Lab Test Payment Rates: Medicare Could Achieve Substantial Savings</u>	OEI-07-11-00010	June 2013
<u>Variation in the Clinical Laboratory Fee Schedule</u>	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.

Endnotes

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

² CMS, *CLFS Reporting*. Accessed at [CLFS Reporting | CMS](#) on November 28, 2024.

³ The “other test” category includes a variety of tests such as drug assay procedure tests, organ or disease-oriented panel tests, hematology and coagulation tests, and reproductive medicine procedure tests.

⁴ On May 12, 2023, the end of the COVID-19 public health emergency, CMS ended five procedure codes related to COVID-19 (G2023, G2024, U0003, U0004, and U0005). CMS, *Quarterly Update for Clinical Laboratory Fee Schedule (CLFS) and Laboratory Services Subject to Reasonable Charge Payment*. Accessed at <https://www.cms.gov/files/document/r12021cp.pdf> on December 17, 2024.

⁵ CDC, *Trends in United States COVID-19 Hospitalizations, Deaths, Emergency Department (ED) Visits, and Test Positivity by Geographic Area*. Accessed at CDC COVID Data Tracker: Trends by Geographic Area on November 18, 2024.

⁶ Medicare Part B covered up to eight over-the-counter COVID-19 tests from April 4, 2022, to May 11, 2023. CMS, *COVID-19 Over-the-Counter Tests*. Accessed at [COVID-19 Over-the-Counter Tests](#) on August 29, 2024.

⁷ 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> on August 28, 2024.

⁸ The top three tests include a chemistry test (procedure code 84443) and two organ or disease-oriented panel tests (procedure codes 80053 and 80061).

⁹ On May 12, 2023, the end of the COVID-19 public health emergency, CMS ended payments and use of the procedure code U0003. CMS, *Laboratories: CMS Flexibilities to Fight COVID-19*. Accessed at <https://www.cms.gov/files/document/laboratories-cms-flexibilities-fight-covid-19.pdf> on October 7, 2023.

Report Fraud, Waste, and Abuse

OIG Hotline Operations accepts tips and complaints from all sources about potential fraud, waste, abuse, and mismanagement in HHS programs. Hotline tips are incredibly valuable, and we appreciate your efforts to help us stamp out fraud, waste, and abuse.



TIPS.HHS.GOV

Phone: 1-800-447-8477

TTY: 1-800-377-4950

Who Can Report?

Anyone who suspects fraud, waste, and abuse should report their concerns to the OIG Hotline. OIG addresses complaints about misconduct and mismanagement in HHS programs, fraudulent claims submitted to Federal health care programs such as Medicare, abuse or neglect in nursing homes, and many more. [Learn more about complaints OIG investigates.](#)

How Does It Help?

Every complaint helps OIG carry out its mission of overseeing HHS programs and protecting the individuals they serve. By reporting your concerns to the OIG Hotline, you help us safeguard taxpayer dollars and ensure the success of our oversight efforts.

Who Is Protected?

Anyone may request confidentiality. The Privacy Act, the Inspector General Act of 1978, and other applicable laws protect complainants. The Inspector General Act states that the Inspector General shall not disclose the identity of an HHS employee who reports an allegation or provides information without the employee's consent, unless the Inspector General determines that disclosure is unavoidable during the investigation. By law, Federal employees may not take or threaten to take a personnel action because of [whistleblowing](#) or the exercise of a lawful appeal, complaint, or grievance right. Non-HHS employees who report allegations may also specifically request confidentiality.

Stay In Touch

Follow HHS-OIG for up to date news and publications.



OIGatHHS



HHS Office of Inspector General

[Subscribe To Our Newsletter](#)

[OIG.HHS.GOV](https://oig.hhs.gov)

Contact Us

For specific contact information, please [visit us online](#).

U.S. Department of Health and Human Services
Office of Inspector General
Public Affairs
330 Independence Ave., SW
Washington, DC 20201

Email: Public.Affairs@oig.hhs.gov