REPORT HIGHLIGHTS

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Medicare Paid Claims That Were Not in Accordance With the Over-the-Counter COVID-19 Test Kits Demonstration Quantity Limitation

Why OIG Did This Audit

- CMS launched the Over-the-Counter COVID-19 Test Demonstration (the Demonstration) to cover and pay for up to eight over-the-counter (OTC) COVID-19 tests per calendar month for Medicare enrollees (monthly quantity limit). The Demonstration period ran from April 4, 2022, through May 11, 2023. Medicare no longer covers or pays for OTC COVID-19 tests.
- Media outlets reported that some Medicare enrollees complained of having received Medicare-covered OTC COVID-19 tests that they did not order, need, or want—a signal that individuals may have been using enrollees' Medicare information to improperly bill the Federal Government. We performed an initial analysis of Medicare claims data and determined that some enrollees received more OTC COVID-19 tests than the quantity limit allowed under the Demonstration.
- This audit assessed whether Medicare paid claims for OTC COVID-19 tests in accordance with the Demonstration quantity limit.

What OIG Found

Medicare may have paid up to $454 million in potentially improper payments to providers for 38.7 million OTC COVID-19 tests furnished to nearly 3.2 million enrollees that exceeded the monthly quantity limit. These potentially improper payments primarily occurred because CMS did not implement nationwide system edits to prevent multiple Medicare Administrative Contractors from paying providers for claims for OTC COVID-19 tests that exceeded the quantity limit. As such, this systemic vulnerability allowed providers to improperly bill Medicare for excessive OTC COVID-19 tests.

In addition, we identified 95,955 Medicare enrollees (less than 1 percent of all enrollees) who collectively received 4.4 million OTC COVID-19 tests more than the 112-quantity limit for the duration of the Demonstration period.

What OIG Recommends

We recommend that, for items or services for which the Medicare program establishes a quantity limit, CMS use the results of this audit to research and determine the best method(s) (e.g., nationwide system edits) to detect and prevent improper payments to providers.

CMS did not indicate concurrence or nonconcurrence with our recommendation but detailed the actions that it took after the Demonstration period ended to prevent further improper payments for OTC tests.