UPDATE: OIG work plan targets Medicare Part B lab services

Rick L. Hindmand | Wednesday, January 29, 2020

In October 2019 and now in January 2020, the U.S. Department of Health and Human Services Office of Inspector General (OIG) released updates to its Work Plan highlighting its efforts to review compliance with Medicare Part B billing requirements for diagnostic clinical laboratory services.

In a previous post, we discussed the October 2019 Work Plan update announcing the OIG's intent to review Part B payments for urine drug testing (UDT) services for Medicare beneficiaries with substance use disorder (SUD)-related diagnoses. The OIG observed that 2018 Medicare fee-for-service data showed improper payment rates of almost 30% for laboratory testing, including UDT, and nearly 72% for drug testing involving 22 or more drug classes.

This month, OIG updated its Work Plan to add compliance reviews of Medicare Part B payments for clinical lab services under 42 CFR 410.32(a), which sets forth Part B billing standards for ordering and supervising laboratory and other diagnostic tests. The OIG intends to focus its review on clinical laboratory services that may be at risk for overpayments, and specifically identified improper use of claim line modifiers for code pairs as well as genetic testing and UDT services as examples. This most recent Work Plan update provides links to the OIG's February 2018 report (which found Medicare overpayments of $66.3 million for specimen validity tests billed in combination with UDTs) and its October 2018 report (which found inadequate documentation by a laboratory to support travel allowances for specimen collection).

All laboratories, physician practices and institutions providing or billing for clinical lab services should be

aware that the areas referenced in these Work Plan updates (e.g., genetic testing, UDT services and code pair modifiers), and perhaps other types of clinical lab tests, are on the OIG's radar as enforcement priorities, and should consider conducting self-audits on their billing and coding processes to ensure compliance with billing and other requirements. The OIG has warned that it may use the results of these upcoming reviews to identify laboratories and other institutions which are routinely submitting improper claims. Once identified, such labs or other institutions could be subject to educational audits, fraud and abuse audits, overpayment demands or other reviews and sanctions.

For questions or assistance, contact one of the attorneys listed below.

Rick L. Hindmand