

New OIG report recommends Medicare contractors recover more than \$66M in improper payments



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The Office of Inspector General (OIG) recently issued a report entitled “Medicare Improperly Paid Providers for Specimen Validity Tests Billed in Combination with Urine Drug Tests.” In this report, the OIG found that payments made to providers for specimen validity testing did not comply with Medicare billing requirements. The OIG found that Centers for Medicare and Medicaid Service (CMS) paid clinical laboratories and physician offices \$66.3 million dollars for specimen validity testing billed in conjunction with urine drug tests. It concluded that these payments were made because the providers did not follow existing Medicare guidance.

Specimen validity testing can be medically necessary if used to diagnose certain conditions such as urinary tract infections or kidney stones. However, if the test is used to determine if a specimen is adulterated then the test results “are not being used to manage a beneficiary’s specific medical problem” and are not a separately billable service covered by Medicare.

In the past few years, CMS has updated its billing requirements, HCPCS codes and system edits as efforts to prevent improper payments for specimen validity testing billed in conjunction with urine drug tests. Although these efforts have been somewhat successful, the OIG still identified \$4.3 million in payments for 2016 alone. Additionally, as of the report publication, seven of the eight CMS contractors have local coverage determinations which specify that tests to validate urine specimens are not allowable. CMS also created new HCPCS codes for certain urine drug tests which include specimen validity testing in their descriptions and payments.

In the report, OIG made two recommendations to CMS:

1. That CMS direct the Medicare contractors to recover the \$66.3 million in identified improper payments.
2. That CMS strengthen its system edits to prevent improper payments for specimen validity tests and instruct Medicare contractors to educate providers on properly billing for specimen validity and urine drug testing.

In response, CMS agreed with both recommendations and requested additional information from the OIG so it could undertake a medical review of the claims identified by OIG to determine if the claims were properly paid.

This could lead to a new round of medical records requests and overpayment demands focused on payments for specimen validity testing when billed with urine drug testing.

For more information or questions, contact one of the McDonald Hopkins healthcare attorneys listed below.



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