

REPORT HIGHLIGHTS



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Potential Vulnerabilities in CMS's Oversight of Medicare Providers' Billing of Selected Outpatient Drugs

Why OIG Did This Data Brief

- Medicare Part B provides coverage for certain outpatient drugs. Providers use procedure codes on Medicare outpatient claims to identify drugs administered to enrollees. Providers use [CMS](#) crosswalk files to select and bill the procedure code associated with the drug code. CMS contracts with Medicare Administrative Contractors (MACs) to, among other things, process and pay Part B claims.
- Our analysis of CMS claims data with dates of service from April 1, 2024, through March 31, 2025, found that providers billed 160,918 Part B claim lines for outpatient drugs with 577 unique procedure codes that did not match the procedure codes associated with the drug codes included on the claim lines.
- We analyzed these claim lines to highlight providers' billing trends and patterns and to identify any vulnerabilities in CMS's oversight of these billings.

What OIG Found

Our analysis of 160,918 claim lines for outpatient drugs billed with procedure codes that did not match the procedure codes associated with the drug codes in the crosswalk files showed:

- Six procedure codes were associated with 62 percent of these outpatient drugs.
- Two provider types (critical access hospitals and short-term acute-care hospitals) billed for 99 percent of these outpatient drugs.
- One short-term acute-care hospital billed for 7 percent of these outpatient drugs.

We identified two potential vulnerabilities related to CMS's and MACs' oversight of providers' billing of drugs:

- They did not have system edits to ensure providers used the correct procedure code when billing for outpatient drugs.
- Their provider education activities did not address billing for drugs using procedure codes that match those associated with the drug codes in CMS crosswalk files.

Our review of 30 nonstatistically sampled claim lines found that providers billed for outpatient drugs using incorrect procedure codes for 24 claim lines. Of the remaining six claim lines, providers billed for the correct Healthcare Common Procedure Coding System (HCPCS) codes and National Drug Codes (NDCs) on three claims lines and billed for the correct HCPCS codes but included the incorrect NDCs on the other three claim lines.

This data brief does not contain any specific recommendations to CMS. However, information in this data brief may help CMS and the MACs strengthen future oversight to ensure that providers correctly bill for outpatient drugs and protect taxpayer dollars.