

## Report in Brief

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U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES  
**OFFICE OF INSPECTOR GENERAL**



### Why OIG Did This Review

Specimen validity testing is used to analyze urine specimens to determine whether they have been adulterated or tampered with. Prior OIG work found that Medicare improperly paid providers that had billed for medically unnecessary specimen validity tests in combination with urine drug tests. Our preliminary review of claims for this audit identified other providers (i.e., clinical laboratories and physician offices) that billed for specimen validity tests that were at risk of noncompliance with Medicare billing requirements.

Our objective was to determine whether payments made to providers for specimen validity tests complied with Medicare billing requirements.

### How OIG Did This Review

Our audit covered \$67 million in Medicare Part B payments for tests that we identified as those that can be used to perform specimen validity testing billed in combination with urine drug tests and that had dates of service from calendar years 2014 through 2016. The same individual tests used for specimen validity testing may be medically necessary if performed to diagnose certain conditions. If a claim line for a specimen validity test included a diagnosis code that indicated the test might have been medically necessary, we removed the claim line from our review. After removing such claim lines, we arrived at a population of claims with Medicare payments totaling \$66.3 million.

## Medicare Improperly Paid Providers for Specimen Validity Tests Billed in Combination With Urine Drug Tests

### What OIG Found

Payments made to providers for specimen validity tests did not comply with Medicare billing requirements. Specifically, Medicare improperly paid 4,480 clinical laboratories and physician offices a total of \$66.3 million for specimen validity tests billed in combination with urine drug tests. Centers for Medicare & Medicaid Services (CMS) officials explained that medically necessary tests used to diagnose certain conditions (which include the same tests that can be used to validate urine specimens) that are performed on the same day as a urine drug test for a single beneficiary should be a rare occurrence.

The improper payments occurred because providers did not follow existing Medicare guidance, and CMS's system edits were not adequate to prevent payment for specimen validity tests billed in combination with urine drug tests. Improper payments decreased but continued to be made during our audit period as Medicare guidance was updated and CMS introduced new automated system edits. Although CMS implemented on April 1, 2016, a system edit designed to identify and prevent these improper payments, we still identified \$1.8 million in improper payments from April 1 through December 31, 2016. At this observed rate, these improper payments would total \$12.1 million over a 5-year period. By strengthening its system edits and educating providers on properly billing for specimen validity and urine drug tests, CMS could save an estimated \$12.1 million over 5 years.

### What OIG Recommends and CMS Comments

We recommend that CMS (1) direct the Medicare contractors to recover the \$66.3 million in identified improper payments and (2) strengthen its system edits to prevent improper payments for specimen validity tests and instruct the Medicare contractors to educate providers on properly billing for specimen validity and urine drug tests, which could result in savings of an estimated \$12.1 million over a 5-year period.

CMS concurred with both of our recommendations and provided information on actions that it had taken or planned to take to address our recommendations. CMS stated that a medical review would be necessary to determine whether claims were paid properly and requested that we provide the necessary data to follow up on the status of the payments. We will provide the necessary data to CMS.