

CMS Doubles Medicare Payment for High-Capacity COVID-19 Tests

- *The administration announced it will increase Medicare payment to \$100 for high-throughput COVID-19 tests.*
- *The move is intended to increase testing capability for vulnerable populations, such as Medicare beneficiaries.*
- *Payment policy may continue to be used to incentivize R&D, production, and uptake of COVID-19-related products.*

The Centers for Medicare & Medicaid Services (CMS) **announced** earlier today that they would **nearly double Medicare payment for lab tests that use high-throughput technologies to rapidly diagnose large numbers of COVID-19 cases**. The announcement represents a step by the administration to expand COVID-19 testing, particularly among vulnerable populations such as Medicare beneficiaries. CMS Administrator Seema Verma noted that the move to nearly double funding “is an absolute game-changer for nursing homes, where risk of Coronavirus infection is high among our most vulnerable.”

- **Background.** The administration has announced several steps to increase testing capabilities among vulnerable populations, such as the elderly. On March 30, 2020, CMS announced that Medicare will pay new specimen collection fees for COVID-19 testing for homebound and non-hospital inpatients, to help facilitate the testing of homebound individuals and those unable to travel. Additionally, CMS took action to allow healthcare systems, hospitals, and communities to set up testing sites to identify COVID-19-positive patients in a safe environment.

CMS explained **Medicare will up payment to \$100 for clinical diagnostic lab tests making use of high-throughput technologies** capable of increased testing capacity and faster results. The technology targeted by the announcement can process more than 200 tests a day, but requires specially trained technicians and more time-intensive processes to assure quality. The increased payment will **immediately go into effect for tests processed after April 14, 2020**, and will be available throughout the duration of the COVID-19 national emergency. The administration clarified that for other COVID-19 laboratory tests not targeted by this change, local Medicare Administrative Contractors (MACs) remain responsible for developing the payment amount in their respective jurisdictions. MACs are currently paying approximately \$51 for those tests.

By increasing payments for high-throughput tests while leaving slower methods at a lower rate, CMS is incentivizing the adoption of the more rapid tests which are valuable for their ability to quickly and accurately screen potential COVID-19 cases. It is possible that this **use of payment policy to promote development, production, and uptake of a favored product may be replicated** for other COVID-19-related services down the road. Given CMS’ market power,

providers are likely to respond to shifts in payment policy that favor one service over another or incentivize the use of a certain method.