Why Medicare Doesn’t Pay for Rapid At-Home COVID Tests

The laws governing traditional Medicare don’t provide for coverage of self-administered diagnostic tests.

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What group is especially vulnerable to the ravages of COVID-19 even if fully vaccinated and boosted? Seniors. And who will have an especially tough time getting free at-home covid tests under the Biden administration’s plan? Yes, seniors.

As of January 15, private insurers will cover the cost of eight at-home rapid COVID tests each month for their members — for as long as the public health emergency lasts.

Finding the tests will be hard enough, but Medicare beneficiaries face an even bigger hurdle: The administration’s new rule doesn’t apply to them.

It turns out that the laws governing traditional Medicare don’t provide for coverage of self-administered diagnostic tests, which is precisely what the rapid antigen tests are and why they are an important tool for containing the pandemic.

“While at this time original Medicare cannot pay for at-home tests, testing remains a critical tool to help mitigate the spread of COVID,” a statement from the federal Centers for Medicare & Medicaid Services said. Medicaid and CHIP cover at-home COVID tests, with no cost to beneficiaries, based on a 2021 Biden administration mandate.

Medicare patients are left to seek free tests other ways, including through the administration’s new website, covidtests.gov, and at community centers. The Medicare program does cover rapid antigen or PCR testing done by a lab without charging beneficiaries, but there’s a hitch: It’s limited to one test per year unless someone has a doctor’s order.

More needs to be done, advocates say.

The administration has changed some Medicare rules during the pandemic, including improving access to telehealth services and nursing home care, said David Lipschutz, associate director and senior policy attorney at the Center for Medicare Advocacy.

“We know that the Medicare program has significant flexibility relative to the public health emergency, and it has demonstrated it has the ability to alter the rules,” Lipschutz said. “We think they should find the flexibility to offer the covid at-home tests for free.”

Q: Why can’t the Medicare program reimburse beneficiaries for the over-the-counter tests or pick up the tab at the pharmacy as commercial health plans will do?

The services the Medicare program pays for are spelled out in federal law.

“It generally excludes over-the-counter things,” said Casey Schwarz, senior counsel for education and federal policy at the Medicare Rights Center, an advocacy group.

The public health emergency was recently extended 90 days, through mid-April, and the administration could yet decide to expand coverage. Some lawmakers in Congress are urging the administration to cover the tests.

“Demanding Medicare recipients — nearly one-fifth the population of the United States — to foot the bill out-of-pocket for at-home tests is unfair, inefficient, and will cost lives,” said Rep. Bill Pascrell Jr. (D-N.Y.), who has urged the Biden administration to expand Medicare coverage to include them.

It may not be a simple change, as these tests appear to fall into coverage gaps. Medicare Part A covers hospitalization, and Part B generally covers provider-based services like doctor visits and lab tests. Part D covers drugs.

“So there’s a little bit of a question of where this type of benefit would fit,” Schwarz said.

People in private plans sometimes pay upfront for services and then are reimbursed by their health plan. But that’s not how Medicare works. The program pays providers, not beneficiaries. So that’s another wrinkle that would have to be ironed out.

Q: So how can a Medicare beneficiary get free at-home COVID tests?

There are a couple of options. This week, the Biden administration launched a website, covidtests.gov, where anyone, including Medicare beneficiaries, can order free at-home COVID tests. One billion tests eventually will be available. Each residence initially can receive four tests.

Four tests is a far cry from the eight monthly tests that people with private insurance can be reimbursed for. But it’s better than nothing, experts say, especially when preventing the spread of COVID requires repeated testing over a period of days.

“Four tests is not a lot of tests,” said Juliette Cubanski, deputy director of the program on Medicare policy at KFF. “This is one of the most at-risk populations, and to not have the opportunity to buy at-home tests and get reimbursed puts this whole population on their back foot.”

The Biden administration is also providing up to 50 million additional free at-home tests to community health centers and Medicare-certified health clinics.

But 50 million tests won't even provide one test apiece to the 62 million Medicare beneficiaries, Lipschutz said.

About four in 10 Medicare beneficiaries are in Medicare Advantage managed-care plans. These private plans may offer free at-home tests to members, but it's not required. Enrollees should check with their plans to see whether that's an option.

Q: What other free COVID testing options are available to Medicare beneficiaries?

In traditional Medicare, beneficiaries can get rapid antigen or PCR diagnostic tests without paying anything out-of-pocket if the test is ordered by a doctor or other health care provider and performed by a lab.

The federal government has set up more than 10,000 free pharmacy testing sites across the country that Medicare beneficiaries can visit as well.

With the recent extension of the public health emergency, the situation is fluid, and Medicare beneficiaries may yet get coverage for at-home covid tests that's comparable to what privately insured people now have.

"This is all a moving target," Lipschutz said.

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