



Institutional Billing for No Cost Items

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Related Change Request (CR) Number: 10521

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Implementation Date: June 29, 2018

PROVIDER TYPES AFFECTED

This MLN Matters® article is intended for Institutions (Part A) billing Medicare Administrative Contractors (MACs) for no cost items provided to Medicare beneficiaries.

WHAT YOU NEED TO KNOW

Change Request (CR) 10521 provides clarification of the billing instructions specific to drugs provided at no cost when claims processing edits prevent drug administration charges from being billed when the claim does not contain a covered/billable drug charge. This is not a new policy but a reminder of the policy in place. Please make sure your billing staffs are aware of this clarification.

Background

The Medicare Claims Processing Manual Chapter 32 - Billing Requirements for Special Services section 67.2 outlines institutional billing for no cost items as follows.

Institutional providers should not have to report the usage of a no cost item. However, for some claims (for example, Outpatient Prospective Payment System (OPPS) claims), providers may be required to bill a no cost item due to claims processing edits that require an item (even if received at no cost) to be billed along with an associated service (for example, a specified device must be reported along with a specified implantation procedure).

For OPPS claims, when a drug is provided at no cost, claims processing edits prevent drug administration charges from being billed when the claim does not contain a covered/billable drug charge. Therefore, for drugs provided at no cost in the hospital outpatient department, providers must report the applicable drug HCPCS code and appropriate units with a token charge of less than \$1.01 for the item in the covered charge field and mirror this less than \$1.01 amount reported in the non-covered charge field. Providers must also bill the corresponding drug administration charge with the appropriate drug administration CPT or HCPCS code.

ADDITIONAL INFORMATION

The official instruction, MM10521, issued to your MAC regarding this change is available at <https://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/2018Downloads/R4013CP.pdf>.

If you have any questions, please contact your MAC at their toll-free number. That number is available at <https://www.cms.gov/Research-Statistics-Data-and-Systems/Monitoring-Programs/Medicare-FFS-Compliance-Programs/Review-Contractor-Directory-Interactive-Map/>.

DOCUMENT HISTORY

Date of Change	Description
March 30, 2018	Initial article released.

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