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Medicare Policy Clarified for Prolonged Drug and Biological Infusions Started Incident to a Physician's Service Using an External Pump

Provider Types Affected

This MLN Matters® Special Edition article is intended for all physicians and hospital outpatient departments submitting claims to Medicare Administrative Contractors (MACs) for prolonged drug and biological infusions started incident to a physician's service using an external pump. **Note that this article does not apply to suppliers' claims submitted to Durable Medical Equipment MACs (DME MACs).**

What You Need to Know

Medicare pays for drugs and biologicals which are not usually self-administered by the patient and furnished "incident to" physicians' services rendered to patients while in the physician's office or the hospital outpatient department. In some situations, a hospital outpatient department or physician office may:

- purchase a drug for a medically reasonable and necessary prolonged drug infusion,
- begin the drug infusion in the care setting using an external pump,
- send the patient home for a portion of the infusion, and
- have the patient return at the end of the infusion period.

In this case, the drug or biological, the administration, and the external infusion pump is billed to your MAC. **However, because prolonged drug and biological infusions started incident to a physician's service using an external pump should be treated as an incident to service, it cannot be billed on suppliers' claims to DME MACs.**

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Background

Under section 1861(s)(2)(A) of the Social Security Act (the Act), Medicare will pay for drugs and biologicals which are furnished “incident to” a physician’s professional service. Under section 1861(s)(2)(B) of the Act, Medicare will pay for drugs and biologicals which are not usually self-administered by the patient furnished as “incident to” physicians’ services rendered to outpatients. In order for Medicare to pay for a drug or biological under section 1861(s)(2)(A) or (B) of the Act, the physician or hospital (respectively) must incur a cost for the drug or biological. Generally, the administration of drugs or biologicals covered by Medicare under the “incident to” benefit (1861(s)(2)(A) and (B)) will start and end while the patient is in the physician’s office or the hospital outpatient department under the supervision of a physician.

However, in some situations a hospital or office may purchase a drug for a medically reasonable and necessary prolonged drug infusion, then begin the drug infusion in the care setting using an external pump, send the patient home for a portion of the infusion duration, and have the patient return at the end of the infusion period. In this case, the drug or biological continues to be covered under section 1861(s)(2)(A) and (B) of the Act and is billable to the MAC even though the entire administration of the drug or biological did not occur in the physician’s office or the hospital outpatient department. Also, the drug or biological continues to meet the requirements for the “incident to” benefit as the physician or hospital incurred a cost for the drug or biological and the administration of the drug began in a physician’s office or hospital “incident to” a physician’s service. For the administration of the drug, the physician supervision rules under [42 CFR §410.26\(b\)\(5\)](#) and [42 CFR §410.27 \(a\)\(1\)\(iv\)](#) and [CMS Publication 100-02, chapter 15](#), section 50.3 apply only while the patient is present in the physician’s office or hospital outpatient department. CMS does not provide specific coding guidance; however, appropriate drug administration codes for this situation would describe the services that are provided by the physician or hospital (for example, intravenous infusion, patient monitoring) while the patient is in the office or the outpatient setting.

Medicare’s payment for the administration of the drug or biological billed to the MAC will also include payment for equipment used in furnishing the service. Equipment, such as an external infusion pump used to begin administration of the drug or biological that the patient takes home to complete the infusion, is not separately billable as durable medical equipment for a drug or biological paid under the section 1861(s)(2)(A) and (B) incident to benefit. The MAC may direct use of a code described by CPT or an otherwise applicable HCPCS code for the drug administration service. If necessary, the MAC may direct use of a miscellaneous code for the drug administration if there is no specified code that describes the drug administration service that also accounts for the cost of equipment that the patient takes home to complete the infusion that they later return to the physician or hospital.

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Additional Information

If you have any questions, please contact your MAC at their toll-free number. That number is available at <http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/index.html> under - How Does It Work.

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