CMS Manual System	**Department of Health & Human Services (DHHS)**
Pub 100-04 Medicare Claims Processing	**Centers for Medicare & Medicaid Services (CMS)**
Transmittal 4013	**Date: March 30, 2018**
	Change Request 10521

SUBJECT: Institutional Billing for No Cost Items

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to clarify billing instructions for Institutional Billing for No Cost Items.

EFFECTIVE DATE: January 1, 2009
**Unless otherwise specified, the effective date is the date of service.*
IMPLEMENTATION DATE: June 29, 2018

Disclaimer for manual changes only: The revision date and transmittal number apply only to red italicized material. Any other material was previously published and remains unchanged. However, if this revision contains a table of contents, you will receive the new/revised information only, and not the entire table of contents.

II. CHANGES IN MANUAL INSTRUCTIONS: (N/A if manual is not updated)
R=REVISED, N=NEW, D=DELETED-*Only One Per Row.*

R/N/D	CHAPTER / SECTION / SUBSECTION / TITLE
R	32/67/67.2/Institutional Billing for No Cost Items

III. FUNDING:
For Medicare Administrative Contractors (MACs):
The Medicare Administrative Contractor is hereby advised that this constitutes technical direction as defined in your contract. CMS does not construe this as a change to the MAC Statement of Work. The contractor is not obligated to incur costs in excess of the amounts allotted in your contract unless and until specifically authorized by the Contracting Officer. If the contractor considers anything provided, as described above, to be outside the current scope of work, the contractor shall withhold performance on the part(s) in question and immediately notify the Contracting Officer, in writing or by e-mail, and request formal directions regarding continued performance requirements.

IV. ATTACHMENTS:

Business Requirements
Manual Instruction

Attachment - Business Requirements

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I. GENERAL INFORMATION

A. Background: Clarification was needed to the billing intructions 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.

B. Policy: No new policy is being implemented.

II. BUSINESS REQUIREMENTS TABLE

"Shall" denotes a mandatory requirement, and "should" denotes an optional requirement.

Number	Requirement	Responsibility								
		A/B MAC			DME MAC	Shared-System Maintainers				Other
		A	B	HHH		FISS	MCS	VMS	CWF	
10521.1	A/B MACs (Part A) should be aware of the policy regarding Institutional Billing for No Cost Items on claims.	X								

III. PROVIDER EDUCATION TABLE

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
10521.2	MLN Article: A provider education article related to this instruction will be available at http://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/ shortly after the CR is released. You will receive notification of the article release via the established "MLN Matters" listserv. Contractors shall post this article, or a direct link to this article, on their Web sites and include information about it in a listserv message within 5 business days after receipt of the notification from CMS announcing the availability of the article. In addition, the provider education article shall be	X				

Number	Requirement	Responsibility				
		A/B MAC			DME MAC	CEDI
		A	B	HHH		
	included in the contractor's next regularly scheduled bulletin. Contractors are free to supplement MLN Matters articles with localized information that would benefit their provider community in billing and administering the Medicare program correctly.					

IV. SUPPORTING INFORMATION

Section A: Recommendations and supporting information associated with listed requirements: N/A

"Should" denotes a recommendation.

X-Ref Requirement Number	Recommendations or other supporting information:

Section B: All other recommendations and supporting information: N/A

V. CONTACTS

Pre-Implementation Contact(s): Fred Rooke, fred.rooke@cms.hhs.gov

Post-Implementation Contact(s): Contact your Contracting Officer's Representative (COR).

VI. FUNDING

Section A: For Medicare Administrative Contractors (MACs):
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ATTACHMENTS: 0

Medicare Claims Processing Manual
Chapter 32 - Billing Requirements for Special Services

67.2 – Institutional Billing for No Cost Items
(Rev.4013, Issued: 03-30-18, Effective: 01-01-09, Implementation: 06-29-18)

Generally speaking, institutional, providers should not have to report the usage of a no cost item. However, for some claims (e.g., hospital 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 (e.g., 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 noncovered charge field. Providers must also bill the corresponding drug administration charge with the appropriate drug administration CPT or HCPCS code.

For OPPS claims, providers must report a token charge of less than $1.01 for the item in the covered charge field, along with the applicable HCPCS modifier (i.e., modifier –FB) appended to the procedure code that reports the service requiring a device. For more information on billing no cost items under the OPPS, refer to Chapter 4, §20.6.9 and 61.3.1 of this manual.

By billing in this way, the provider is accomplishing four things:

1) Communicating to the contractor that the provider is not seeking payment for the no cost item;

2) Reflecting, with completeness and accuracy, all services provided to the patient;

3) Preventing the line item or claim from being rejected/denied by system edits that require an item to be billed in conjunction with an associated procedure (such as implantation or administration procedures);

4) Assuring that the patient and provider are not held liable for any charges for the no cost item.

Future updates will be issued in a Recurring Update Notification.