

Local Coverage Article: Billing and Coding: Patients Supplied Donated or Free-of-Charge Drug (A55044)

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Contractor Information

CONTRACTOR NAME	CONTRACT TYPE	CONTRACT NUMBER	JURISDICTION	STATE(S)
Noridian Healthcare Solutions, LLC	01111 - MAC A	01111 - MAC A	J - E	California - Entire State
Noridian Healthcare Solutions, LLC	01112 - MAC B	01112 - MAC B	J - E	California - Northern
Noridian Healthcare Solutions, LLC	01182 - MAC B	01182 - MAC B	J - E	California - Southern
Noridian Healthcare Solutions, LLC	01211 - MAC A	01211 - MAC A	J - E	American Samoa Guam Hawaii Northern Mariana Islands
Noridian Healthcare Solutions, LLC	01212 - MAC B	01212 - MAC B	J - E	American Samoa Guam Hawaii Northern Mariana Islands
Noridian Healthcare Solutions, LLC	01311 - MAC A	01311 - MAC A	J - E	Nevada
Noridian Healthcare Solutions, LLC	01312 - MAC B	01312 - MAC B	J - E	Nevada
Noridian Healthcare Solutions, LLC	01911 - MAC A	01911 - MAC A	J - E	American Samoa California - Entire State Guam

CONTRACTOR NAME	CONTRACT TYPE	CONTRACT NUMBER	JURISDICTION	STATE(S)
				Hawaii Nevada Northern Mariana Islands

Article Information

General Information

Article ID

A55044

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10/01/2015

Article Title

Billing and Coding: Patients Supplied Donated or Free-of-Charge Drug

Revision Effective Date

04/28/2020

Article Type

Billing and Coding

Revision Ending Date

N/A

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Retirement Date

N/A

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CMS National Coverage Policy

N/A

Article Guidance

Article Text:

The Medicare Program provides limited benefits for outpatient drugs. The program covers drugs that are furnished "incident to" a physician's service, provided that the drugs are not usually self-administered by the patients who take them, and is reasonable and necessary for the diagnosis or treatment of the illness or injury according to accepted standards of medical practice.

In order to meet all the general requirements for coverage under the "incident to" provision an FDA approved drug or biological must be furnished by a physician and administered by the physician or by auxiliary personnel employed by the physician and under the physician's personal supervision.

The charge, if any, for the drug or biological must be included in the physician's bill and the cost of the drug or biological must represent an expense to the physician.

- Pharmacies cannot bill Medicare Part B for drugs furnished to a physician for administration to a Medicare beneficiary.
- Pharmacies, suppliers and providers cannot bill Medicare Part B for drugs dispensed directly to a beneficiary for administration "incident to" a physician service, such as refilling an implanted drug pump.
- Providers can bill Medicare only when such drugs are purchased by the physician, from the pharmacy, and administered in the physician's office.

Donated or Free-of-Charge Drug

To avoid a chemotherapy or other drug administration code denial, a drug code must be present on the same or prior claim. Enter the below information in the appropriate Part A or Part B electronic claim or the equivalent Part A UB04 or Part B CMS-1500 claim form.

- Part A
 - Loop 2400 Segment SV202-7 or Box 80
 - Enter "Drug Donated"
 - Enter code description, strength and dosage - if billing a Not Otherwise Classified (NOC) HCPCS code

- Loop 2400 Segment SV202-2 or Box 44
 - Enter drug (HCPCS) code
 - Loop 2300 Segment CLM02 or Box 47 and 48
 - Enter \$0.01 for the billed amount
- Part B
 - Loop 2400 Segment SV101-7 for the 5010A1 837P or Item 19
 - Enter "Drug Donated"
 - Enter code description, strength and dosage - if billing a Not Otherwise Classified (NOC) HCPCS code
 - Loop 2400 Segment SV101-2 or Item 24D
 - Enter drug (HCPCS) code
 - Loop 2300 CLM02 or Item 28
 - Enter \$0.01 for the billed amount

This will allow the claim processing system to register the drug claim as being allowed which should allow the administration.

NOTE: Per the "incident to" guidelines explained above and in the CMS Internet-Only Manual (IOM) Publication 100-02, Chapter 15, Sections 50 and 50.3 ([MBPM](#)). Providers are **NOT** allowed to instruct their patients to purchase the drug themselves and then bring them to the provider's office for administration. If the drug is not supplied as a donation or free of charge, then the provider must provide the drug under incident to guidelines.

Coding Information

CPT/HCPCS Codes

N/A

CPT/HCPCS Modifiers

Group 1 Paragraph:

N/A

Group 1 Codes:

CODE	DESCRIPTION
JW	DRUG AMOUNT DISCARDED/NOT ADMINISTERED TO ANY PATIENT

ICD-10 Codes that Support Medical Necessity

N/A

ICD-10 Codes that DO NOT Support Medical Necessity

N/A

Additional ICD-10 Information

N/A

Bill Type Codes:

Contractors may specify Bill Types to help providers identify those Bill Types typically used to report this service. Absence of a Bill Type does not guarantee that the policy does not apply to that Bill Type. Complete absence of all Bill Types indicates that coverage is not influenced by Bill Type and the policy should be assumed to apply equally to all claims.

N/A

Revenue Codes:

Contractors may specify Revenue Codes to help providers identify those Revenue Codes typically used to report this service. In most instances Revenue Codes are purely advisory. Unless specified in the article, services reported under other Revenue Codes are equally subject to this coverage determination. Complete absence of all Revenue Codes indicates that coverage is not influenced by Revenue Code and the article should be assumed to apply equally to all Revenue Codes.

N/A

Other Coding Information

N/A

Revision History Information

REVISION HISTORY DATE	REVISION HISTORY NUMBER	REVISION HISTORY EXPLANATION
04/28/2020	R3	This article was converted to a Billing and Coding article effective 04/28/2020. No other updates were made.
06/29/2018	R2	Added "and 48" to the Part A information for Loop 2300.
04/01/2018	R1	Changed the Title to Patients Supplied Donated or Free-of-Charge Drug and added Part A electronic and UB04 Form billing information and Part B electronic billing information.

Associated Documents

Related Local Coverage Document(s)

Article(s)

Related National Coverage Document(s)

N/A

Statutory Requirements URL(s)

N/A

Rules and Regulations URL(s)

N/A

CMS Manual Explanations URL(s)

N/A

Other URL(s)

N/A

Public Version(s)

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- Donated
- Drug
- Supplied
- Free-of-Charge