

Institutional Billing for No Cost Items

Policy Update #: POLINSBIL080125

Effective Date: August 1, 2025

Current State: Sentara Health Plans follows the Centers for Medicare and Medicaid (CMS) guidelines for institutional billing for no cost items. (The Medicare claims processing manual chapter 32, billing requirements for special services section 67.2, outlines institutional billing for no cost items as follows).

Future State: Institutional providers should not have to report on the usage of a no cost item. However, 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, when a drug is provided at no cost, claim 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.

Business Owner: Network Management