

CMS Manual System	Department of Health & Human Services (DHHS)
Pub 100-04 Medicare Claims Processing	Centers for Medicare & Medicaid Services (CMS)
Transmittal 13255	Date: June 6, 2025
	Change Request 14081

SUBJECT: Internet-Only Manual (IOM) Update: Addition of Section 70.2 to Publication 100-04, Chapter 17 –Billing Zero Charges for Drug Line Items Provided at No Cost

I. SUMMARY OF CHANGES: The purpose of this Change Request (CR) is to update Publication 100-04, Chapter 17 of the IOM through the addition of Section 70.2. This manual update provides billing instructions for the submission of drug claims with zero charges.

EFFECTIVE DATE: July 1, 2025

**Unless otherwise specified, the effective date is the date of service.*

IMPLEMENTATION DATE: July 7, 2025

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
N	17/70/70.2/Billing Zero Charges for Drug Line Items Provided at No Cost

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

Pub. 100-04	Transmittal: 13255	Date: June 6, 2025	Change Request: 14081
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II. GENERAL INFORMATION

A. Background: CMS is updating Publication 100-04, Chapter 17 of the IOM with the addition of Section 70.2 to provide billing instructions for the submission of zero-charge line items for drugs provided at no cost.

B. Policy: According to the Social Security Act (SSA) Section 1861(v)(1)(A), the reasonable cost of any service is the cost actually incurred, excluding any part of an incurred cost found to be unnecessary in the efficient delivery of needed health services. If a provider does not purchase a drug, but provides the administration service, the physician cannot bill Medicare for the drug. However, the administration of the drug, regardless of the source, is a service that represents an expense to the physician. Therefore, administration of the drug is payable if the drug would have been covered when purchased by the physician.

Under such circumstances, to avoid drug administration code denials, a drug code must be present on the same or prior claim and \$0.00 should be entered for the billed amount of the drug.

III. 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	
14081.1	The Medicare Contractors shall be aware of the manual updates in Pub 100-04: Chapter 17, section 70.2.		X							

IV. PROVIDER EDUCATION

Medicare Learning Network® (MLN): CMS will develop and release national provider education content and market it through the MLN Connects® newsletter shortly after we issue the CR. MACs shall link to relevant information on your website and follow IOM Pub. No. 100-09 Chapter 6, Section 50.2.4.1 for distributing the newsletter to providers. When you follow this manual section, you don't need to separately

track and report MLN content releases. You may supplement with your local educational content after we release the newsletter.

Impacted Contractors: A/B MAC Part B

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

VI. CONTACTS

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

VII. FUNDING

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ATTACHMENTS: 0

Medicare Claims Processing Manual

Chapter 17 - Drugs and Biologicals

Table of Contents
(Rev. 13255; Issued: 06-06-25)

Transmittals for Chapter 17

70.2 – Billing Zero Charges for Drug Line Items Provided at No Cost
(Rev. 13255; Issued: 06-06-25 Effective: 07-01-25; Effective: 07-07-25)

According to the Social Security Act (SSA) Section 1861(v)(1)(A), the reasonable cost of any service is the cost actually incurred, excluding any part of an incurred cost found to be unnecessary in the efficient delivery of needed health services. If a provider does not purchase a drug, but provides the administration service, the physician cannot bill Medicare for the drug. However, the administration of the drug, regardless of the source, is a service that represents an expense to the physician. Therefore, administration of the drug is payable if the drug would have been covered when purchased by the physician.

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