

# Self-Administered Drugs used in the Outpatient Hospital Emergency Room

---

Claim Adjustment Reasons Code 16/Remittance Remark Code N56 a service line rejection always found when using revenue code 0637.

Policy: [Medicaid Provider Manual](#) (MPM) Chapter “Billing & Reimbursement for Institutional Providers” Section 7.14 Drugs Administered on Premises. [CMS latest ruling regarding Self-administered drugs](#).(SAD) This link goes to the US Department of Health and Human Services Office of Inspector General (OIG) statement to support circumstances/requirements/guidelines as these charges no longer have to be billed to the Medicare or Medicaid beneficiary.

Hospitals will not be subject to OIG administrative sanctions if they discount or waive amounts that Medicare or Medicaid beneficiaries owe for Noncovered SADs the beneficiaries receive in the outpatient hospital settings, subject to all of the following conditions:

- This Policy Statement applies only to discounts on, or waivers of, amounts Medicare or Medicaid beneficiaries owe for Noncovered SADs that the beneficiaries receive for ingestion or administration in outpatient settings (a beneficiary is not considered an outpatient if the only service received from the hospital is the dispensing of a drug for subsequent self-administration);
- Hospitals must uniformly apply their policies regarding discounts or waivers on Noncovered SADs (e.g., without regard to a beneficiary’s diagnosis or type of treatment);
- Hospitals must not market or advertise the discounts or waivers; and
- Hospitals must not claim the discounted or waived amounts as bad debt or otherwise shift the burden of these costs to the Medicare or Medicaid programs, other payers, or individuals.