Codify by AAPC

Outpatient Facility Coding Alert

JW Modifier Update: Have You Met the JW Modifier Usage Mandate?

Learn the do's and don'ts for reporting discarded drugs.

Is your facility prepared to report drug wastage with the JW modifier on all of your Medicare Part B claims? Make sure you know when and how to report this once optional and now mandatory modifier before it's too late.

Don't miss: Providers and suppliers must report the JW modifier on Part B drug claims for discarded drugs and biologicals, CMS said in a Q&A about the new national requirement to use modifier JW, effective Jan. 1, 2017.

"CMS's intent for requiring the JW modifier is certainly understandable towards the goal of efficient and proper clinical usage of drugs/biologicals, but documentation in the patient's health record will be a big key," says **Peggy Pugh, RN, CPC, CPC-H, CIPP/G, CCP**, President at Coding Concepts**,** Greater Pittsburgh Area.

Get the Basics Right

The JW modifier indicates "Drug amount discarded/Not administered to any patient."

When to use: Report JW when you are unable to finish off the entire quantity even after administering the requisite dose to the patient, and must discard the remaining drug. In other words, modifier JW indicatesthe amount of a Single Dose Vial (SDV) or single use package that was left out post administration to the patient, according to CMS MLN matters document MM9603.

Example: Suppose you have a vial with 50 units of a drug and the HCPCS description is "per unit." You administer 45 units and have to discard the remaining 5 units. You will bill 45 units separately and the discarded 5 units with modifier JW.

Know Where You Can Apply the JW Modifier

According to the CMS Q&A document, you can report the JW modifier to all separately payable drugs which are assigned status indicators G (Pass-Through Drugs and Biologicals) or K (Nonpass-Through Drugs and Nonimplantable Biologicals, Including Therapeutic Radiopharmaceuticals) payable under the OPPS; given that the provider documents an unused or discarded amount.

The settings most likely to report this JW modifier include:

- Physician's offices
- Hospital outpatient settings for beneficiaries who receive drugs incident to physicians' services.
- Critical access hospitals (CAHs) because there is separate payment for drugs in the CAH setting.

"Teamwork and training efforts to identify opportunities where using JW is a must when providing single use drugs, and tying together the specific documentation required with billing efforts will likely be the biggest hurdle," Pugh says.

Know When Not to Report the JW Modifier

It is equally important to know when not to use this modifier, so that you don't end up wasting your precious time in cases where JW is not asked for in the first place.

To begin with, when product repackaging is carried out, for example in a hospital pharmacy, it may not be possible to quantify discarded quantities of drugs and associate them with a beneficiary, particularly when batch preparation of

CPT® 2023 American Medical Association. All rights reserved.

Codify by AAPC

products is being done. CMS advises against reporting a JW modifier here.

Also, CMS says in its Q&A document that you do not need to use the JW modifier for:

- Drugs that are not separately payable, such as packaged OPPS drugs or drugs administered in the FQHC or RHC setting. Their payment is included in the RHC's all-inclusive rate or the FQHC's prospective payment system rate for the patient's visit.
- Drugs paid under the Part B drug Competitive Acquisition Program (CAP). The CAP remains on hold and there is no current list of CAP medications.
- Drugs that are from multiple dose vials or packages.
- Overfill wastage.
- Drugs assigned status indicator N (Items and Services Packaged into APC Rates) under the OPPS.
- Fractional billing units, when the actual dose of the drug administered is less than the HCPCS billing unit.
- Claims for hospital inpatient admissions that are billed under the Inpatient Prospective Payment System.

Example: If the billing unit is for 10 mg of a single-use drug, it would not be appropriate to use the JW modifier even if you only administered 8 mg of the drug and wasted 2 mg, Pugh says. That's because the only option is to bill for 'one unit' of the drug, or the entire 10mg, regardless. It would be considered overbilling in this instance to submit the 2mg wasted as a separate line item with JW on your claim form.

Master the Fine Art of Filing Claims with JW

To identify and monitor billing and payment for discarded drugs under Medicare Part B, your provider will need to report the amount used on one line, and report the JW modifier on a separate claim line.

Case Scenario: In a hospital pharmacy, on a busy day, the provider prepares multiple doses of a specific single dose drug in advance of when they are needed for a group of patients. Later, the provider is not able to specifically quantify the wastage. How do you report the JW modifier here?

In this scenario, according to the CMS Q &A document, where the quantity of discarded drug cannot be quantified, you may not easily be able to report the JW modifier. Remember, you report the JW modifier on hospital outpatient claims for single-dose drugs and biologicals, to quantify the amount of drug from a single-use or single-dose package that is discarded by the provider, and obtain payment for it.

"In such situations, where the quantity of discarded drug cannot be quantified, CMS states that the JW modifier is not required," says **Sarah Goodman, MBA, CHCAF, CPC-H, CCP, FCS**, president of the consulting firm SLG, Inc., in Raleigh, N.C. "However, it is still recommended that you review and update internal policies and procedures to address such instances."

"Ensuring compliance in billing for the actual dosage administered and the amount discarded, while being aware of the assigned billing unit so as not to submit an overpayment will also require a great deal of attention to detail," Pugh says.

Do you bill in dollars or units? Ask the payer: In general, you need to include a charge with the billed units of service on each line on the claim, according to the CMS Q&A. However, it is safer to have specific billing policies or guidance from your local MAC on this.

Keep a Watch on Change to Inpatient Status

You will also need to watch out for any changes of patient status midway through the treatment.

At times, you may come across cases where a patient receiving treatment as an outpatient is admitted as an inpatient later based on the provider's clinical decision. In such cases, where the 3-day/1-day payment window applies, all the hospital outpatient services (and associated charges), including drugs and biologicals, furnished to a beneficiary during the 3 days/1 day prior to the beneficiary's inpatient admission would be considered as inpatient services and would be included on the claim for the inpatient admission, CMS advises.

CPT® 2023 American Medical Association. All rights reserved.

Codify by AAPC

Note: As your claim now turns into an inpatient claim payable under the Inpatient Prospective Payment System (IPPS), you can forget about reporting the JW modifier here, because drugs and biologicals are not separately payable under IPPS.

Final takeaway: Be extra specific referring to the exact amounts of drugs you used, documenting appropriately, and selecting the most appropriate code in order to correctly bill the drugs. Make sure your provider accurately documents the dosage administered, as well as the volume wasted.

"So all in all, it may require additional time and work for no additional reimbursement, but with such a mandate, providers will need to find the best way to comply," Pugh says.

Note: For more information on this modifier, also read https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf.

Read the CMS Q&A here:
www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Downloads/JW-Modifier-FAQs.pdf.

For the documentation requirements in detail, see "Get the Best Out of JW Modifier Coding with Proper Documentation" in Outpatient Coding Alert, Vol. 5, No.7.

CPT® 2023 American Medical Association. All rights reserved.