

Outpatient Facility Coding Alert

Modifiers: Get Familiar With Modifier JW Use in OPPTS Settings

See how guidelines differ in outpatient facility settings.

When billing and reporting for the use of drugs and biologicals in your hospital-based outpatient department, it's important to take numerous factors into consideration. After reporting the respective procedure, your next step in the process is to appropriately bill out for the type and amount of drug the physician administers. While that can be tricky in its own right, it gets even more complicated when you've got to factor in the amount of drug or biological discarded.

That's where modifier JW (Drug Amount Discarded/Not Administered to Any Patient) comes into play. If you're unfamiliar with modifier JW - or need a refresher on how exactly to utilize this lesser-known modifier, then you may benefit from this handy guide. What's more, you'll want to take note of how the reporting guidelines for modifier JW differ under the Outpatient Prospective Payment System (OPPS).

Keep reading for all you need to know to bill out your discarded drugs and biologicals using modifier JW.

Refresh Your Modifier JW Knowledge

The Centers for Medicare and Medicaid Services (CMS) outlines modifier JW as "a Healthcare Common Procedure Coding System (HCPCS) Level II modifier used on a Medicare Part B drug claim to report the amount of drug or biological (hereafter referred to as drug) that is discarded and eligible for payment under the discarded drug policy."

Additionally, CMS goes on to explain that the modifier JW policy "applies to providers and suppliers who buy and bill drugs and is intended to track discarded amounts of drugs that occur as a result of the preparation of a drug dose for administration to a beneficiary." CMS explains that in the appropriate instances where a provider or supplier must discard a portion of a drug or biological, reimbursement will be made for both the amount of drug or biological administered and the amount discarded.

Apply Modifier JW for Single-Use Vials, Packing

"Modifier JW applies to single-use vials of medication, not multi-use vials, and documentation is key," explains **Jennifer M. Connell, CPC, COC, CENTC, CPCO, CPMA, CPPM, CPC-P, CPB, CPC-I, CEMA, CEMC**, owner of E2E Health Solutions in Victoria, Texas. More specifically, when considering what drugs and biologicals are eligible for modifier JW use, you must first confirm that the drugs are designated as "single-use or single dose on the FDA-approved label or package insert," according to CMS guidelines.

If your provider is administering a drug from a multiple-dose vial or multiple-dose packaging, you may not consider modifier JW for any discarded amount.

Know When Not to Append JW

There's one instance in which coders should not consider the use of modifier JW to report discarded units of a drug or biological. The Medicare Claims Processing Manual, Chapter 17, Section 40, states the following:

- "A situation in which the JW modifier is not permitted is when the actual dose of the drug or biological administered is less than the billing unit."

This means that when one billing unit represents more than the amount of the drug or biological the provider administers, you should not report the discarded drug. For example, if 1 unit of drug X represents 100 mg (per the HCPCS description), and the provider only injects 75 mg of the drug and discards the remaining 25 mg, you would not

report the drug code with modifier JW appended since the physician's dosage did not meet the amount of one billing unit.

Modifier JW will typically be used in physician's offices and hospital outpatient settings. Specifically, CMS explains that modifier JW will most often be reported for patients who receive drugs "incident-to" physician's services. CMS also allows for modifier JW use in Critical Access Hospitals (CAHs).

On the other hand, modifier JW should not be reported in a Rural Health Clinic (RHC) or a Federally Qualified Health Center (FQHC) as drug and biological payments are included in each facility's respective payment system.

Finally, modifier JW is also not reported for any claims billed under the Inpatient Prospective Payment System » (IPPS). "However, although the modifier is not required on these types of claims, chart documentation should still include the amounts administered and wasted when applicable," advises **Sarah L. Goodman, MBA, CHCAF, COC, CCP, FCS**, of SLG, Inc. Consulting in Raleigh, North Carolina.

Factor in OPPS Status Indicators

When billing under the OPPS, you may assign modifier JW to any and all "separately payable drugs assigned status indicators G (Pass-Through Drugs and Biologicals) or K (Non-Pass-Through Drugs and Non-implantable Biologicals, Including Therapeutic Radiopharmaceuticals) for which there is an unused or discarded amount." This means that for any drugs assigned status indicator N (Items and Services Packaged into APC Rates), modifier JW is not necessary.

Additionally, you should not consider any revenue code requirements when reporting codes with modifier JW. As CMS outlines, "the requirements for using the JW modifier are independent of revenue codes reporting."

Consider This Modifier JW Example

Scenario: Botulinum toxin injection by direct laryngoscopy. The provider administers 44 units from a 100-unit single-dose vial.

Since code J0585 (Injection, onabotulinumtoxinA, 1 unit) has a status indicator K, you may separately report this service when billing under the OPPS.

You will report HCPCS code J0585 (Injection, onabotulinumtoxinA, 1 unit) on two separate lines to indicate the amount used and the amount discarded. On the first line, you will report J0585 x 44 to identify the amount administered. On the second line you will report J0585-JW x 56 to identify the amount discarded.

Billers' note: Reporting the discarded amount with modifier JW on a separate line is mandatory, according to CMS. You may not report on one line with the amount used and an adjusted price.