

# Outpatient Facility Coding Alert

## Reader Question: Modifier JW Will Help Make Up for Discarded Drugs

**Question:** Our pain management practice is losing quite a bit of money on discarded drugs; we often don't need the entire single-use vial of a drug, meaning we have to throw the remaining quantity away ☹️ and not get paid for it. Is there a way to get paid for unused portions of drugs?

New Mexico Subscriber

**Answer:** On July 1, things will change concerning how you report discarded drugs for Medicare. That's the day the new CMS change request (CR 9603) for the JW modifier (Drug amount discarded/not administered to any patient) goes into effect, CMS says in MLN Matters article MM9603.

This CR will provide blanket rules for reporting modifier JW for all Medicare payers. Formerly, each Medicare Administrative Contractor (MAC) determined whether or not providers had to append modifier JW to the code to reflect that some of the drug was wasted. In an effort to standardize policies, CMS is now requiring everyone to use the JW modifier, as well as including a note in the patient's chart on the discarded drug.

"Effective July 1, 2016, claims for discarded drug or biological amount not administered to any patient, shall be submitted using the JW modifier," CMS says in the article. "Also, effective July 1, 2016, providers must document the discarded drugs or biologicals in [the patient's] medical record."

**Benefit:** Reporting modifier JW on a separate line will provide payment for the amount of discarded drug or biological, in certain situations, CMS reports.

**Example:** Let's say you use 95 units of a single-use 100-unit vial of a drug and discard the remaining 5 units. The HCPCS code for the drug is per 1 unit. According to CMS transmittal R3508, you would code for the 95 units on one line, and the 5 units on another line with modifier JW appended.

That's not to say you'll use modifier JW in all discarded drug/biological situations. CMS does prohibit coding for the discarded drug with JW when "the actual dose of the drug or biological administered is less than the billing unit," CMS reports.

**Example:** "One billing unit for a drug is equal to 10mg of the drug in a single use vial. A 7mg dose is administered to a patient, while 3mg of the remaining drug is discarded. The 7mg dose is billed using one billing unit that represents 10mg on a single line item," CMS reports.

**Explanation:** "The single line item of 1 unit would be processed for payment of the total 10mg of drug administered and discarded. Billing another unit on a separate line item with the JW modifier for the discarded 3mg of drug is not permitted because it would result in overpayment. Therefore, when the billing unit is equal to or greater than the total actual dose and the amount discarded, the use of the JW modifier is not permitted," CMS continues.

Medicare also makes clear that the JW modifier is only for single-use vial or package drugs and biologicals. According to chapter 17 of the Medicare Claims Processing Manual: "Multi-use vials are not subject to payment for discarded amounts of drug or biological."

**Analysis:** This is great news for providers who have been confused about when to use the JW modifier. The change

allows physicians to code for the whole bottle of a drug or biological, even though only part has been administered. Obviously, this change will eliminate lost revenue due to unused portions of drugs and biologicals.

**Link:** For more information on the JW modifier change, visit

[www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9603.pdf](https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9603.pdf).