Modifiers JW & JZ – Drugs and Biologicals, Wastage and/or Discarded Amounts

Last Updated: 5/14/2025 **Last Reviewed: 5/14/2025** **Originally Effective: 12/1/2006**

Last update includes payment policy changes, subject to 28 TAC §3.3703(a)(20)(D)? No

If yes, Texas Last Update Effective Date: n/a **Policy #: RPM015**

Scope

Companies: Moda Partners, Inc. and its subsidiaries & affiliates (All) **Provider Contract Status:** Any

Claim Forms: CMS1500 & CMS1450 (paper and electronic versions) **Claim Dates:** All

Reimbursement Guidelines

A. General Policy Statement

We follow CMS requirements for all claims and all lines of business.

1. Providers and suppliers are required to report the JW modifier on all professional and outpatient facility claims for separately reimbursable drugs and biologicals (hereafter, drugs) with unused, wasted, and/or discarded amounts (hereafter, discarded amounts or wastage) from single-dose vials, single-dose containers or single- use packages (hereafter, single-dose containers).
2. Also, the amount of discarded drug(s) must be clearly documented in the medical record.
3. Effective July 1, 2023, providers and suppliers are required to report the JZ modifier on all professional and outpatient facility claims for separately reimbursable drugs from single-dose containers when there are no discarded amounts.
4. Practitioners and facilities are expected to care for and administer drugs and biologicals to patients in such a way as to use the drugs in the most efficient manner, minimize waste, and in a clinically appropriate manner.[1, 5, 6]

B. NDC Numbers

Please include NDC numbers in addition to the HCPCS code when billing for drugs, to facilitate accurate pricing of the drug supply.

C. Correct Reporting of Units

Units of service must be reported correctly.

Each HCPCS/CPT code has a defined unit of service for reporting purposes. A physician or facility should not report units of service for a HCPCS/CPT code using a criterion that differs from the code's defined unit of service.[3]

D. Discarded or Wasted Amounts

1. Discarded or wasted amounts of drug from multi-dose vials are not eligible for reimbursement.
2. Discarded or wasted amounts of drug will be reimbursed **only** when all of the following requirements are met:
   a. The drug is only supplied in single-dose containers.
      The determination of a single-dose or single-use vial is based on FDA-approved labeling.[4]
   b. The drug must be considered separately payable and eligible for wastage reimbursement under CMS guidelines.[8, 9, 10]
   c. The physician's orders for the drug must be clearly and completely documented in the medical record. When the physician order for the drug is written in terms of patient specific factors (weight, body surface area, etc.), records documenting current measurements of those specific factors must also be included with the records provided for review.

d. The amount of drug administered, and the amount discarded must be clearly and completely documented in the medical record.
   i. If the drug is wasted in the Pharmacy area at the time the infusion is mixed and prepared, the Pharmacy Dispense documentation must reflect the amount of drug prepared for administration and the amount of drug wasted. An example of acceptable documentation is:

> **Ipilimumab**
> **GIVEN**: 276 mg
> Pharmacy dispense: NDC: 00003232711 Dispensed/Waste: 76mg/24mg
> Pharmacy dispense: NDC: 00003232822 Dispensed/Waste: 200mg/0mg
> Pharmacy plan: Dispense/Waste: 276/0mg
> Given Dose/Discard: 276/0mg
> Given Date: 4/16/2019
> Given Time: 10:06 am
> Given By: Jane Doe, RN

   ii. If during administration the drug is discontinued before completion for any reason, and the medication administration record (MAR) must include:
      1) The reason for discontinuation.
      2) The date and time the additional drug was discarded,
      3) The amount discarded (an estimate of the amount or cc's remaining is acceptable),
      4) The name, licensure, and signature of the person who administered the drug.
      5) If a separate person performed the discontinuation and wastage, the name, licensure and signature of that person is also needed.
   iii. A charge capture report is not considered part of the medical record and is not acceptable documentation to support drug wastage charges.
      See Example of a Charge Capture Report in the Appendix.

e. The amount of drug that is actually administered to the member is billed on one line on the claim.
f. The amount of drug that was wasted or discarded is billed separately on a second line item, with modifier JW attached.[1]
g. Reimbursement will be allowed for only the minimum amount of drug above what was ordered to arrive at the nearest whole vial using the vial size and dose that result in the smallest possible discarded amount.
   i. For example:
      1) If the physician orders for the patient to receive 180 mg of the drug in question, and the drug is manufactured in both a 100 mg single-use vial and a 150 mg single-use vial, then we will only reimburse for 20 mg of wastage (the result of using two 100 mg vials).

      2) If the provider only has 150 mg single-dose containers on hand on the date of service in question and two 150 mg vials are used for the 180 mg dose, 120 mg will be wasted. In this instance, we will still only reimburse for 20 mg of wastage. The remaining 100 mg of wasted drug is excess wastage that is not eligible for reimbursement and becomes a business expense or loss incurred by the billing provider due to not having the 100 mg vials available when needed.
   ii. Any excess wastage amount (billed with modifier JW but greater than the minimum wastage amount possible as described above) will be denied to provider write off as bundled or included in the reimbursement for the drug administered.

Should extenuating circumstances not allow for vial optimization and minimizing wastage, a written appeal with an explanation may be submitted for review by Pharmacy Services for a possible rare exception to allow the full amount of wastage.

3. Any excess drug billed without modifier JW which is above what is ordered or administered and documented will be denied to provider write off as not documented or supported in the medical record.

4. Claim reviews and audits for this and other concerns will be conducted by our staff and/or our business associates (contracted claim review vendors). When records are received in response to the records request, the items received are deemed to be the total documentation needed to support the services billed; any items later received are deemed not to have existed at the time the claim was submitted.
   a. Amended records will not be accepted once the audit review is complete. Missing documentation not included in the initial records submitted will be accepted for reconsideration
   b. Therefore, it is the responsibility of the billing provider to ensure that their responses to records requests are both prompt and complete.
   c. If the physician's order, drug administered, and amount wasted or discarded are not clearly, completely, and properly documented in the medical records supplied for review, any excess billed amounts will be denied to provider write-off due to the insufficient documentation.

5. Denials of drug amounts following a claim review/audit may be disputed by submitting a written appeal.
   a. The documentation submitted for appeal consideration should include a written explanation of how the records provided for the original review support the items and quantities billed, and how the number of billed units was calculated from those physician's orders and records.
   b. Additional records not submitted for the original review cannot be considered in the appeal process.

E. When No Drug is Wasted

Effective July 1, 2023, modifier JZ must be reported on all claim line items for drugs eligible for separate reimbursement when there is no discarded amount from single-dose containers.[4, 5, 6]

F. Wastage Status Must Be Declared with Modifier JW or JZ

1. CMS requirements for drug wastage are followed for all types of plans.

2. Effective for dates of service beginning July 1, 2023, all claims for separately reimbursable drugs from single-dose containers must be billed with either modifier JW to declare the amount of wastage or modifier JZ to declare the full amount was given and there was no wastage.

3. Effective for dates of service beginning October 2, 2023, procedure codes of separately reimbursable drugs with single-dose containers billed without either modifier JW or JZ will be denied for missing a required modifier.

4. Claims for procedure codes of separately reimbursable drugs with single-dose containers billed without either modifier JW or JZ for dates of service July 1, 2023 through October 1, 2023 may be subject to audits and denials for missing a required modifier.

G. For Further Questions

For further questions about the use of modifiers JW and JZ, please see:

- "Discarded Drugs and Biologicals – JW Modifier and JZ Modifier Policy Frequently Asked Questions."[6]
- "CY2023 Part B Final Rule, Implementing Requirements for Manufacturers of Certain Single-dose Container or Single-use Package Drugs To Provide Refunds With Respect to Discarded Amounts - Refundable Single-Dose Container or Single-Use Package Drug." [8]

Definitions

Acronyms/Abbreviations

Acronym	Definition
CMS	Centers for Medicare and Medicaid Services
CPT	Current Procedural Terminology
eMAR	Medication Administration Record, electronic version
HCPCS	Healthcare Common Procedure Coding System (acronym often pronounced as "hick picks")
MAR	Medication Administration Record
NCD	National Drug Code
RPM	Reimbursement Policy Manual (e.g., in context of "RPM052" policy number, etc.)

Definition of Terms

Term	Definition
Medication Administration Record (MAR or eMAR)	The report or document that serves as a record of the drugs administered to a patient at a facility by a health care professional. This document must contain the following minimum information: Patient first & last name, name of drug, dose of drug, route of administration, date of administration, time of administration, signature (name) and title of person administering. For single-dose containers, if any drug wastage, note the amount wasted.
Multi-use Multi-dose	FDA-approved labeling for the drug indicates the product is safe to use for dispensing multiple doses within a specified period of time from when the seal is initially broken/opened.
Single-use Single-dose	FDA-approved labeling for the drug indicates the product is not safe to use for dispensing multiple doses and must be discarded after the first dose is dispensed.

Modifier Definitions

Modifier	Modifier Description & Definition
Modifier JW	Drug amount discarded/not administered to any patient
Modifier JZ	Zero drug amount discarded/not administered to any patient

Related Policies

A. "Moda Health Reimbursement Policy Overview." Moda Health Reimbursement Policy Manual, RPM001.

Sources

1. CMS. *Medicare Claims Processing Manual* (Pub. 100-4). Chapter 17 – Drugs and Biologicals, § 40.
2. Verhovshek, G. John, MA, CPC. "Drug Waste = Money." AAPC. August 20, 2010. April 7, 2011 < http://news.aapc.com/index.php/2010/08/drug-waste-money/>.
3. CMS. *National Correct Coding Initiative Policy Manual*. Chapter 1 General Correct Coding Policies, § A.
4. CMS. "New JZ Claims Modifier for Certain Medicare Part B Drugs." *MLN Matters,* MM13056, June 2, 2023. https://www.cms.gov/files/document/mm13056-new-jz-claims-modifier-certain-medicare-part-b-drugs.pdf .
5. CMS. "Discarded Drugs and Biologicals: Updated FAQs on JW & JZ Modifiers." MLN Connects Newsletter, Friday, July 27, 2023. 2023-07-27-MLNC. https://www.cms.gov/outreach-and-education/outreach/ffsprovpartprog/provider-partnership-email-archive/1368246344/2023-07-27-mlnc .

6. CMS. “Discarded Drugs and Biologicals – JW Modifier and JZ Modifier Policy Frequently Asked Questions.” Last updated: December 4, 2023; last accessed January 5, 2024. https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/downloads/jw-modifier-faqs.pdf .
7. CMS. “New JZ Claims Modifier for Certain Medicare Part B Drugs.” MLN Connects Newsletter, June 15, 2023, 2023-06-15-MLNC. https://www.cms.gov/outreach-and-education/outreach/ffsprovpartprog/provider-partnership-email-archive/2023-06-15-mlnc .
8. CMS. “CY 2023 Payment Policies Under the Physician Fee Schedule and Other Changes to Part B Payment and Coverage Policies; Implementing Requirements for Manufacturers of Certain Single-dose Container or Single-use Package Drugs To Provide Refunds With Respect to Discarded Amounts - Refundable Single-Dose Container or Single-Use Package Drug.” See sections III.A.3.a-c, pages 69719 - 69724. Published November 18, 2022; Effective January 1, 2023; Last accessed September 19, 2023. https://www.federalregister.gov/documents/2022/11/18/2022-23873/medicare-and-medicaid-programs-cy-2023-payment-policies-under-the-physician-fee-schedule-and-other .
9. CMS. “Medicare Program Discarded Drugs and Biologicals – JW Modifier and JZ Modifier Policy Frequently Asked Questions.” See question #7. Last accessed January 5, 2024. https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/downloads/jw-modifier-faqs.pdf .
10. CMS. “Medicare Program Discarded Drugs and Biologicals – JW Modifier and JZ Modifier Policy Frequently Asked Questions.” See question #18. Last accessed January 5, 2024. https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/downloads/jw-modifier-faqs.pdf .

Policy History

Reminder: The most current version of our reimbursement policies can be found on our provider website. If you are using a printed or saved electronic version of this policy, please verify the current information by going to: https://www.modahealth.com/medical/policies_reimburse.shtml

Date	Summary of Update
5/14/2025	Acronyms & Related Policies updated. Formatting updates. No policy changes.
1/10/2024	Resources updated. No policy changes.
9/20/2023	Clarified drug wastage is only reimbursed when drug is separately payable and eligible for wastage reimbursement under CMS guidelines. Resources updated. No policy changes.
8/9/2023	General update for new CMS modifier JZ. Clarified correct reporting of units & extenuating circumstances. Acronyms & Resources updated. Definition of Terms added. No policy changes.
12/14/2022	Idaho added to Scope. Acronyms updated. Formatting updates. Clarified wastage documentation requirements re: Pharmacy wastage during infusion preparation vs. discontinuation of infusion administration. (This change is subject to 28 TAC.) Policy History section added. Entries prior to 2022 omitted (in archive storage).
7/6/2011	Policy document initially approved by the Reimbursement Administrative Policy Review Committee & initial publication.
12/1/2006	Original Effective Date (with or without formal documentation). Policy based on Claims Management administrative decision based on CMS optional instructions to local Medicare Administrative Contractors (pre-6/19/2016 version) [1]