

## Internal Medicine Coding Alert

### Medicare News: Notice Changes In JW Modifier To Report Drug Wastage

**Watch for new Medicare ruling on JW modifier for discarded drugs.**

If you are losing out on revenue due to discarded drugs or biologicals that were going to waste after a portion of the whole was utilized, you can now heave a sigh of relief. A new Medicare ruling on discarded drugs is bound to bring in cheer to every practice, including yours, as you can now claim separately for the unused portion of the drug that had to be discarded.

Mark your calendars for January 1, 2017 on this date, the new **Centers for Medicare & Medicaid Services** (CMS) change request (CR 9603) for the JW modifier (Drug amount discarded/Not administered to any patient) will go into effect regarding Part B drugs and biologicals and how they are submitted to Medicare administrative contractors (MACs), CMS says in MLN Matters article MM9603, released last month.

**Benefit:** The change will be a boon to offices who are hemorrhaging cash due to unused drugs/biologicals. When a provider treats a patient with a single-use vial of a drug, and doesn't use the entire portion, the rest of the vial often gets thrown away. With modifier JW, you'll be able to report the entire vial supply in certain situations.

The change will be welcomed by anyone who has lost money on single-use vials of drugs, says **Marvel Hammer, RN, CPC, CCS-P, ACS-PM, CPCO**, owner of MJH Consulting in Denver, Co.

"This is great news for providers who have been confused about when to use the JW modifier," Hammer explains. "Obviously, this change will eliminate lost revenue due to unused portions of drugs and biologicals." The change allows physicians to bill for the whole bottle even though only part has been administered and means practices won't lose money on the unused portion.

#### Medicare Makes Blanket Decision on JW

This CR will provide the definitive modifier JW rules for all MACs. Formerly, each MAC determined whether or not providers had to append modifier JW to the code to reflect that they hadn't used some of the drug. 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.

In the article, CMS say, "Effective January 1, 2017, providers are required to:

- Use the JW modifier for claims with unused drugs or biologicals from single use vials or single use packages that are appropriately discarded (except those provided under the Competitive Acquisition Program (CAP) for Part B drugs and biologicals) and
- Document the discarded drug or biological in the patient's medical record when submitting claims with unused Part B drugs or biologicals from single use vials or single use packages that are appropriately discarded."

**Benefit:** Reporting modifier JW will allow payment for the amount of discarded drug or biological, in certain situations, CMS reports.

For instance, let's say your provider treats a patient with 95 units of a single-use 100-unit vial of a drug and discards the

remaining 5 units. According to section 40 of chapter 17 of the Medicare Claims Processing Manual, which provides policy detailing the use of the JW modifier, you would code for the 95 units of the drug on one line, and the 5 remaining units on another line with modifier JW appended.

### **Remember, JW Not for All Unused Drugs**

The CR does not open the door to using 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.

Here is an 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, Hammer explains.

According to section 40 of Chapter 17 of the Medicare Claims Processing Manual, "Multi-use vials are not subject to payment for discarded amounts of drug or biological."

"As noted in MM9603, the JW modifier is also not used on claims for Competitive Acquisition Program (CAP) drugs," observes a coding specialist. "For CAP drugs, see subsection 100.2.9 of Chapter 17 of the Medicare Claims Processing Manual for additional discussion of the discarded remainder of a vial or other packaged drug or biological in the CAP," he mentions.

**Resource:** To read the transmittal for yourself, go to: <https://www.cms.gov>. Then, type in "R3508CP" in the search box in the right corner of the page. On the results page, click on the "R3508CP □ Centers for Medicare & Medicaid Services" link. You can also read the MLM article at [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).