

Payment Policy

Title	Modifier JW – Drug amount discarded/not administered to any patient and Modifier JZ – Zero drug amount discarded/not administered to any patient		
Number	CP.PP.400.v2.0		
Last Approval Date	04/07/25	Original Effective Date	08/31/16
Cross Reference	<ul style="list-style-type: none"> <i>National Drug Code (NDC) Billing Guidelines – Professional Claims</i> <i>National Drug Code (NDC) Billing Guidelines – Outpatient Facility Claims</i> 		

Coverage of any service is determined by a member's eligibility, benefit limits for the service or services rendered and the application of the Plan's Medical Policy. Final payment is subject to the application of claims adjudication edits common to the industry and the **Plan's professional or facility services claims coding policies**. Reimbursement is restricted to the provider's scope of practice as well as the fee schedule applicable to that provider.

Purpose	To define when the Plan recognizes services submitted with Modifier JW or JZ that are submitted on a CMS 1500 paper claim or 837P electronic claim form or on a facility claim form UB-04/CMS-1450 paper claim or an ANSI 837I electronic claim form.
Scope	Applies to all Premera Blue Cross, Premera Blue Cross Blue Shield of Alaska, LifeWise Health Plan of Washington, LifeWise Assurance Company, and Premera Blue Cross HMO lines of business and products.
Policy	<p>Reimbursement for discarded/non-administered or wasted drugs applies only to single-use vials or packages. Multi-use vials or excessive volume single use vials are not reimbursed for discarded or wasted amounts of the drug.</p> <p>Discarded/non-administered or wasted drug amounts from a single use vial must be identified by appending modifier JW- <i>Drug amount discarded/not administered to any patient</i> to the HCPCS drug procedure code.</p> <p>If no amount of a single use vial was discarded or wasted and all of the drug was administered, modifier JZ- <i>Zero drug amount discarded/not administered to any patient</i> must be appended to the HCPCS drug procedure code.</p> <p><u>Modifier JW - Drug amount discarded/not administered to any patient</u></p> <p>The Plan recognizes modifier JW appended to a procedure code to represent the wasted/non-administered/discarded portion of a drug HCPCS procedure code. This modifier is valid ONLY when appended to a drug HCPCS procedure code for a single use vial or single use package. Use of modifier JW on multi-dose vials (a vial intended for use with multiple patients) is not appropriate.</p> <p>When modifier JW is added to any wasted/unused drug or biologic single use vial or single use package, documentation must be present in the member's medical record specifying the discarded wasted/unused portion of the single use vial or single use package and specifying the portion of the drug that was administered to the member.</p> <p>The administered portion of the drug must be billed on one claim line with an appropriate HCPCS procedure code and National Drug Code (NDC). The wasted/unused discarded portion of the drug must be billed on a second line with the same HCPCS procedure code and NDC along with modifier JW on the HCPCS procedure code.</p>

Billed Units submitted with the HCPCS procedure code appended with modifier JW represent the discarded wasted/unused portion of the drug for the HCPCS procedure code measurement. Billing for fractional units of the wasted drug is not valid and will not be accepted.

Billed Units submitted on the HCPCS procedure code without modifiers represent the portion administered to the member. Fractional units of the administered drug are not valid and will not be accepted. The combined total of these billed units must represent the total number of units in the single use vial or single use package.

The units billed should correspond with the smallest dose (vial) available for purchase from the manufacturer(s) that could provide the appropriate dose for the patient while minimizing or eliminating any wastage. When a larger dose (vial) is used, excessive volumes of waste will not be reimbursed.

When billing for any drug or biologic single use vial or single use package with a drug HCPCS procedure code, the NDC number associated with the drug administered/wasted is also required to be submitted in order to be reimbursed. This NDC number can be found either on the drug package or drug vial. The NDC number should also include the quantity administered and wasted and the basis of measurement for each (milligrams, milliliters, grams, etc.).

If **no portion** of the single use vial or single use package was administered, the drug cannot be billed as discarded. If **no portion** of the single use/dose vial or single use/dose package was wasted and **all of the drug was administered**, refer to the section below regarding Modifier JZ.

For wastage of any portion of a single use/dose vial or single use/dose package for a drug billed with a HCPCS “not otherwise classified” (NOC) drug procedure code such as, but not limited to, J3490, J3590 or C9399, modifier JW is required to be reported for any wasted portion of drugs from single dose vials and single dose drug packages that are billed with an NOC HCPCS procedure code.

Modifier JZ – Zero drug amount discarded/not administered to any patient

The Plan recognizes modifier JZ appended to a procedure code to indicate that **no amount** of a single use drug or single use drug package was discarded or wasted but that **all** of the drug was administered. This modifier is only valid when appended to a drug HCPCS procedure code for a single use drug vial or a single use drug package and is not appropriate for use with multi-dose drug vials.

When billing for any drug or biologic single use vial or single use package with a drug HCPCS procedure code, the NDC number associated with the drug administered is required to be submitted in order to be reimbursed. This NDC number can be found either on the drug package or drug vial. The NDC number should also include the total quantity administered and the basis of measurement (milligrams, milliliters, grams, etc.).

For HCPCS NOC drug procedure codes such as, but not limited to, J3490, J3590 or C9399, which is administered in full, modifier JZ is required to be reported for drugs

administered from single dose vials and single dose drug packages that are billed with a HCPCS NOC drug procedure code.

Adverse Drug Reactions

If a patient develops an adverse reaction to an infusion when a **single dose drug vial or single use drug package** has already been mixed/prepared in an infusion bag and partially administered, it may not be possible to identify the exact portion of the drug that **WAS** administered and that which **WAS NOT** administered or wasted.

In the case of an adverse reaction encountered by a patient, the infusion drug that was partially administered should be billed in its entirety with modifier JW and **all the units** for the single dose vial drug/single use drug package along with an **appropriate “adverse effect” diagnosis code for the specific drug.**

Inclusion of an “adverse effect” diagnosis code for the drug administered will support the billing of the entire single dose/single use drug as “wasted.” This does **NOT** apply to any infusion from a multi-dose drug vial or package. The associated NDC number, quantity of NDC units and basis of measurement for the drug are required to be billed with the HCPCS drug procedure code.

The patient’s medical record must fully document that the patient had an adverse reaction to the infusion drug and that the infusion was terminated shortly after it was started.

Infusions for which **NO** portion of the infusion was administered cannot be billed with modifier JW to represent the infusion was never administered and therefore wasted.

Adverse effect diagnosis codes for the specific drug administered as an infusion can be found in the “Table of Drugs and Chemicals” in the current ICD-10-CM Diagnosis codebook.

Suppliers of Drugs

When a provider only supplies or dispenses drugs and does not administer them (e.g., suppliers or pharmacies that ship the drug to the patient’s home), it may not be possible to identify the exact portion of the drug that **WAS** administered and that which **WAS NOT** administered or wasted.

If such a provider **only supplies or dispenses** but does not actually administer to a patient nor participate in the preparation process of a single use drug vial or a single use drug package, the provider must bill that single dose vial on **one line** with an appropriate HCPCS drug procedure code appended with modifier JZ, and the total number of units supplied or dispensed to the patient.

However, if such a provider was involved in the **preparation of the drug before supplying** the drug to the patient, the provider must bill in accordance with the billing guidelines outlined above for the administered and wasted portions of the drug. For example:

- If there were amounts discarded before supplying the drug to the patient, the provider must use **multiple lines** to bill the single dose vial drug administered and wasted.

	<ul style="list-style-type: none"> ○ The amount of drug prepared to be administered is billed on one line with the HCPCS drug procedure code with NO modifier and the corresponding number of units. ○ The wasted or discarded amount is billed on a second claim line with the same HCPCS drug procedure code appended WITH modifier JW and the number of units discarded during the preparation process. ● If there were NO amounts discarded during the preparation process, the provider must bill that single dose vial on one line with an appropriate HCPCS drug procedure code appended with modifier JZ, and the total number of units supplied or dispensed to the patient.”
Codes and Coding Guidelines	<p>To submit a claim for wasted drugs, submit two separate claim lines:</p> <ul style="list-style-type: none"> ● Claim line #1: <ul style="list-style-type: none"> ○ HCPCS code for drug portion administered appended with NO modifier ○ Number of HCPCS units given to the patient ○ NDC number, NDC unit quantity, and NDC basis of measurement for drug administered (see the National Drug Code (NDC) Billing Guidelines-Professional Claims Payment Policy) ○ Billed amount ● Claim line #2: <ul style="list-style-type: none"> ○ The same HCPCS code for the portion of the drug wasted appended with modifier JW ○ Number of HCPCS units wasted ○ NDC number, NDC unit quantity, and NDC basis of measurement for drug amount wasted (see the National Drug Code (NDC) Billing Guidelines-Professional Claims Payment Policy) ○ Billed amount <p>Documentation in the patient’s medical record must clearly indicate the number of units administered and the number of units discarded.</p> <p>To submit a claim for a totally administered drug with NO wastage, submit a single claim line:</p> <ul style="list-style-type: none"> ● HCPCS code for drug administered in full appended with modifier JZ ● Number of HCPCS units administered to the patient ● NDC number, NDC unit quantity, and NDC basis of measurement for drug fully administered (see the National Drug Code (NDC) Billing Guidelines-Professional Claims Payment Policy) ● Billed amount <p>Documentation in the patient’s medical record must indicate that the total number of units in the single use vial were fully administered with no wastage.</p>

Violations of Policy	<p>Violations of this policy by any party that enters into a written arrangement with the Plan may result in increased auditing and monitoring, performance guarantee contractual penalties and/or termination of the contract. Disciplinary actions will be appropriate to the seriousness of the violation and shall be determined in Plan's sole discretion.</p> <p>Violations of this policy may be grounds for corrective action, up to and including termination of employment.</p>
Exceptions	
Laws, Regulations & Standards	
References	<ul style="list-style-type: none"> • Center for Disease Control and Prevention (CDC) • Healthcare Common Procedure Coding System (HCPCS) codebook • International Classification of Diseases-Clinical Modification, Tenth edition Codebook (ICD-10 CM) • Infrastructure Investment and Jobs Act, 2021 • Centers for Medicare and Medicaid Services (CMS) Medicare Claims Processing Manual, Publication 100-04, Chapter 17-Drugs and Biologicals, Section 40 • Federal Drug Administration (FDA) • Medspan • RJ Health

Policy Owner Review	Payment Integrity Oversight Committee	
Contact	Any questions regarding the contents of this policy or its application should be directed to the Payment Integrity Department.	
Annual Review Dates	04/07/25; 11/12/24; 04/11/24; 06/06/23; 03/13/23; 02/08/23; 03/04/22; 03/23/21; 04/01/20; 05/03/19; 07/16/18; 04/19/18; 07/18/17; 07/27/16	
Version History	04/19/18	Clarification of the "Policy" section
	07/16/18	Added paragraph to explain how to bill for wasted infusions when a patient develops an adverse reaction to the infusion after administration has started.
	05/03/19	Revised the entire Policy statement to read more clearly and to include instructions on NDC Drug code billing along with the HCPCS drug code billing; Created new sub-section "Adverse Drug Reactions" and moved the paragraphs about adverse drug reactions into this section
	04/01/20	Annual review; no changes
	03/23/21	Clarified the Purpose statement to indicate that the policy pertains to Professional services billed on a CMS-1500 or 837P electronic claim forms.
	03/04/22	Annual review; no changes
	02/08/23	Annual review; no changes
	03/13/23	In the Policy section, added the fifth paragraph indicating that when multiple sized single dose drug vials are available, one or more of the smaller sized vials should be used in order to eliminate or minimize drug wastage;
	06/06/23	<ul style="list-style-type: none"> • Revised the Policy title to include Modifier JZ • Created two new sections in the Policy:

		<ul style="list-style-type: none"> ○ Modifier JW: added further clarification on the correct usage of Modifier JW ○ Modifier JZ: created a new section on the correct use of this new modifier • Created new section Codes and Coding Guidelines on how to correctly submit a claim using these modifiers
	04/11/24	<ul style="list-style-type: none"> • In the Purpose section, expanded to include facility claims to support Outpatient Facility NDC billing guidelines policy • In the Policy section, the first two paragraphs introducing Modifier JW and JZ are added. • In the Modifier JW section, in the fourth and fifth paragraphs, indicated that fractional unit billing is not valid
	11/12/24	<p>In the Policy section:</p> <ul style="list-style-type: none"> • Added a statement in the first paragraph regarding excessive volume amounts. • In the section Modifier JW-Drug Amount discarded/not administered to any patient, added a statement in the sixth paragraph which states: “When a larger dose (vial) is used, excessive volumes of waste will not be reimbursed, Reimbursement for waste will be reduced to match the dose of the smallest vial available.”
	04/07/25	<p>In the Policy section:</p> <ul style="list-style-type: none"> • Under the Modifier JW subsection, removed the phrase: “...reimbursement for waste will be reduced to match the dose of the smallest vial available” that was added during the 11/12/24 policy annual review. • Added a new section, “Suppliers of Drugs” at the end of the policy which describes how suppliers of drugs are to bill for the preparation and dispensing of drugs to patients, without actual administering the drug to a patient, when there is and is not wastage of any portion of a single dose vial.