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# Justified wastage: Appropriately applying the –JW modifier

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Beginning on January 1, 2017, healthcare providers were mandated to report the –JW on Part B claims when seeking reimbursement from traditional Medicare for discarded drugs/biologicals obtained from single-dose vials or other single-use packaging. Now that this requirement has been in place for more than a year, if you haven't already, you may want to review internal processes related to the application of this modifier to ensure your organization is receiving proper reimbursement for discarded drugs/biologicals.

## JW's background and purpose

The –JW modifier is defined per the Healthcare Common Procedure Coding System (HCPCS) as "Drug amount discarded/not administered to any patient."[1] Medicare's *Claims Processing Manual* provided written instructions for the billing of discarded drugs/biologicals well before the use of modifier –JW was required.[2] These instructions identify that the Medicare program provides reimbursement for both the discarded *and* the administered drug/biological amounts from a single-use package up to the dosage indicated on the packaging label, but they also encourage providers to promote scheduling patients in a manner in which drugs/biologicals are used both appropriately and efficiently. Collectively, these instructions encourage avoidance of drug/biological wastage, but when there is an appropriate need to discard the remainder of a single–use-packaged drug/biological, Medicare will allow payment for the administered *and* the discarded amounts.

Medicare allows reimbursement of separately payable, Part B discarded drugs/biologicals (except those provided under the Competitive Acquisition Program) obtained from single-dose vials or single-use packages up to the dosage indicated on the packaging label. This does *not* include the amount of drug/biological overfill that may be purposefully placed in the package by the manufacturer to account for contents lost as a result of preparation. Providers must use the smallest package size available from the manufacturer or the package size that is the closest to the patient's prescribed dosage amount. Documentation of both the administered portion and the discarded portion of the drug/biological must be included in the patient's record. When billing for the discarded drug/biological, a line item for the discarded amount with the –JW modifier appended in addition to a line item for the administered amount (with no –JW modifier) is required unless, together, these amounts are less than the HCPCS dosage definition assigned to that drug/biological. Use of the –JW modifier does not apply to drugs/biologicals that are: (1) drawn from multi-dose vials, (2) submitted on inpatient claims, or (3) not separately payable (such as those assigned to Outpatient Prospective Payment System status indicator N).[3]