

Report on Medicare Compliance Volume 33, Number 8. March 04, 2024 JZ Modifier Is Ripe for Internal Audit; Health System Got Good Results

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Now that the JZ modifier is in effect—and CMS has warned that providers may face audits—it's a good time to put their compliance with the new modifier to the test.

The JZ modifier is used to inform CMS that no drugs from a single-use vial were discarded. Since July 1, 2023, hospitals and other providers and suppliers have been required to report either the new JZ modifier when they don't waste drugs or biologicals from a single-use vial, or the longstanding JW modifier when they do waste drugs from a single-use vial. Medicare reimburses hospitals for wasted drugs when they append the JW modifier so money is at stake on the claims, but there's more to it now with the addition of the JZ modifier in terms of new requirements for pharmaceutical manufacturers to pay Medicare rebates for excessive waste in connection with vial sizes.

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