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### Vial Size Is a Focus in Drug-Waste Audits; CMS Requires Smallest Size

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By Nina Youngstrom

When Steve Gillis, director of compliance coding, billing and audit at Partners HealthCare in Boston, spoke on revenue cycle hot topics at a Health Care Compliance Association regional conference on Sept. 11, he ranked billing for drug waste up there with two areas associated with the pandemic: billing for COVID-19 MS-DRGs and coding Q3014 versus G0463 for outpatient services.<sup>[1]</sup> Based on audits,<sup>[2]</sup> Gillis is particularly concerned that hospitals are vulnerable to overpayments for drug waste that could have been avoided if they had used the smallest vial size available.

Recovery audit contractors (RACs) have been looking at compliance with Medicare rules on drug waste, as indicated on claims with the JW modifier (except when audits were suspended by CMS through early August because of the public health emergency). When the JW modifier was introduced in 2017 for drug waste, which made it a good target for auditors, the focus was on whether hospitals documented the waste. “No one was looking at whether the amount of waste was reasonable,” Gillis said. Now the RACs are also eyeing whether hospitals “billed waste in accordance with the smallest available vial size.”

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