COMPLIANCE ALERT

TO: Compliance Alert Distribution List

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SUBJECT: Global Use of JW Modifier for Drug Wastage

DATE: May 26, 2016 updated June 10, 2016 with new implementation date

This compliance alert is relevant to all departments who submit charges to Medicare Part B for drugs and biologicals.

The Centers for Medicare and Medicaid’s (CMS) Publication 100-04, Medicare Claims Processing Manual, Chapter 17, Section 40, provides the policy on the use of the JW modifier for discarded Part B drugs and biologicals. Currently, Medicare contractors have discretion on whether or not to require the use of the JW modifier. Effective January 1, 2017 CMS is revising the policy and will require uniform use of the JW modifier for all Medicare claims with discarded Part B drugs and biologicals.

Along with the requirement for use of the JW modifier for claim submission; providers must also document the discarded drugs or biologicals in the patient’s medical record.

The JW modifier should not be used in conjunction with Competitive Acquisition Program (CAP) drugs and biologicals. For information on CAP drugs, see subsection 100.2.9.

Multi-use vials are not subject to payment for discarded amounts of drug or biological. The JW modifier is only applied to the amount of drug or biological that is discarded. For example, a single use vial contains 100 units of a drug, 95 units are administered and...
5 units are discarded. The 95 unit dose is billed on one line while the discarded 5 units are billed on another line with the JW modifier.

The JW modifier is not permitted when the actual dose of the drug or biological administered is less than the billing unit. For example, one billing unit for a drug is equal to 10mg of the drug in a single use vial. A 7mg dose is administered and the other 3mg are discarded. The 7mg dose is billed using one billing unit that represents 10mg. Billing another unit on a separate line with the JW modifier for the discarded 3mg would result in an overpayment. 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.

Please feel free to contact the Office of Physician Billing Compliance at (904) 244-3006 if you have any questions about this upcoming change in Medicare policy.