

*Healthcare Banking Bulletin*

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*A New Modifier for Discarded Drugs*

Discarded drugs have had a tumultuous history in healthcare. Though there are ways to bill for discarded drugs it can be challenging to receive adequate compensation for the amount wasted and the time taken to bill for them.

Discarded drug amounts occur when a single-use physician administered drug contains substantially more than can be administered in that single visit. In many cases, the amount packed into single-use vials is well-aligned to the services being rendered. There are times, however, when the amount packaged is much higher than can ever be administered based on clinical best practice.

In 2017, to curb the waste of medications and administrative burden on providers who have to file for refunds, the Departments of Health and Human Services (HHS) began tracking the prevalence of discarded drugs through the use of modifier “JW”. The JW Modifier means the “discarded drug not administered” the purpose is to provide quantitative data to the Centers for Medicare & Medicaid Services (CMS). This is mandatory for both providers and suppliers and requires that medical records well document information related to the discarded drug.



Last year new rulemaking was finalized which mandates the use of another modifier related to discarded drug amounts, modifier “JZ”. Effective July 1, 2023, providers and suppliers are required to report the JZ modifier on all claims that bill for drugs from single-dose containers that are separately payable under Medicare Part B when there are no discarded amounts”.

**So, what does this mean for providers?**

For single-dose container drugs and biologicals which are separately reimbursable under Medicare Part B:

- If you do have discarded drug amounts you must report modifier JW
- If you do not have discarded drug amounts you must report modifier JZ

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This means that either way you have to apply a modifier to these claims and properly document in the encounter documentation.

MODIFIER	SHORT DESCRIPTOR (28-character limit)	LONG DESCRIPTOR
JW	Discarded drug not administered	Drug amount discarded/not administered to any patient
JZ	Zero drug wasted	Zero drug amount discarded/not administered to any patient

Source: <https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/downloads/jw-modifier-faqs.pdf>

### References

For additional information on the JW or JZ modifiers, navigate to the CMS Discarded Drugs and Biologicals FAQ here: <https://www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/downloads/jw-modifier-faqs.pdf>

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