

June 2016 (Revised)

CMS Policy Change: Unused or Discarded Drugs

The Centers for Medicare & Medicaid Services (CMS) has released a change request on how to report unused or discarded drugs. The change will go into effect with all Medicare Administrative Contractors (MACs) effective January 1, 2017.

The policy change requires standardization among all MACs regarding the use of the JW modifier. This modifier - *Drug amount discarded/not administered to any patient* - was first introduced in 2003. Currently it is up to your MAC to enforce or require use of the JW modifier. However as of January 1, 2017 the JW modifier will be required by all MACs on any claim lines requesting payment of drugs or biologicals that are unused. Providers will also be required to record the discarded amounts of drugs and biologicals in the patient's medical record.

How to use the JW modifier

Consider a situation in which a single dose vial contains 100 billable units when only 95 units are administered to the patient and the remaining 5 units of the single dose vial are discarded. The drug or biological will be billed on two claim lines. The first line will be for 95 units. The second claim line will include a JW modifier and 5 units. Both claim lines will be paid. However, this policy change and uniform use of the JW modifier allows CMS to effectively track billing and payments for discarded drugs and biologicals.

The JW modifier is only applicable to single dose vials, it does not apply to multi-dose vials nor to drugs purchased under the Competitive Acquisition Program ([CAP](#)). Further, the modifier does not apply if the actual drug administered is less than one billing unit of the drug. For example, if the billing unit is 10mg and only 7mg's are administered, you would not bill a second line for the unused amount.

Next Steps

Be certain that your billing team knows about this new policy, especially if your MAC did not previously require the use of modifier JW. Also, make sure you are documenting in the patient's record any drugs and biologicals that are left unused or discarded from a single dose vial. Being aware of CMS policy changes will help you keep your own billing and documentation policies up-to-date.

For more information please see the following links to the CMS publications:

[CMS Transmittal 3530](#) shows the changes that will be implemented in the Medicare Claims Processing Manual, Chapter 17 – Drugs and Biologicals

[CMS MLN Matters MM9603](#) is the CMS article notifying physicians, providers and suppliers of the policy change.

[CMS Transmittal 3538](#) updates the effective date from July 1, 2016 to January 1, 2017