UnitedHealthcare Community Plan

REIMBURSEMENT POLICY
CMS-1500 and UB-04
Policy Number 2023R6004A

Discarded Drugs and Biologicals Policy, Professional and Facility

IMPORTANT NOTE ABOUT THIS REIMBURSEMENT POLICY

You are responsible for submission of accurate claims. This reimbursement policy is intended to ensure that you are reimbursed based on the code or codes that correctly describe the health care services provided. UnitedHealthcare Community Plan reimbursement policies uses Current Procedural Terminology (CPT®), Centers for Medicare and Medicaid Services (CMS) or other coding guidelines. References to CPT or other sources are for definitional purposes only and do not imply any right to reimbursement.*

This reimbursement policy applies to all health care services billed on CMS 1500 forms and UB04 forms. Coding methodology, industry-standard reimbursement logic, regulatory requirements, benefits design and other factors are considered in developing reimbursement policy.

This information is intended to serve only as a general reference resource regarding UnitedHealthcare Community Plan's reimbursement policy for the services described and is not intended to address every aspect of a reimbursement situation. Accordingly, UnitedHealthcare Community Plan may use reasonable discretion in interpreting and applying this policy to health care services provided in a particular case. Further, the policy does not address all issues related to reimbursement for health care services provided to UnitedHealthcare Community Plan enrollees.

Other factors affecting reimbursement supplement, modify or, in some cases, supersede this policy. These factors include, but are not limited to: federal &/or state regulatory requirements, the physician or other provider contracts, the enrollee's benefit coverage documents, and/or other reimbursement, medical or drug policies.

Finally, this policy may not be implemented exactly the same way on the different electronic claims processing systems used by UnitedHealthcare Community Plan due to programming or other constraints; however, UnitedHealthcare Community Plan strives to minimize these variations.

UnitedHealthcare Community Plan may modify this reimbursement policy at any time by publishing a new version of the policy on this Website. However, the information presented in this policy is accurate and current as of the date of publication.

UnitedHealthcare Community Plan uses a customized version of the Optum Claims Editing System known as iCES Clearinghouse to process claims in accordance with UnitedHealthcare Community Plan reimbursement policies.

**CPT® is a registered trademark of the American Medical Association*

Application

This reimbursement policy applies to UnitedHealthcare Community Plan Medicaid products.
This reimbursement policy applies to services reported using the UB-04 Form, the 1500 Health Insurance Claim Form (a/k/a CMS-1500) or their electronic equivalents or their successor forms. This policy applies to all products, all network and non-network providers, including, but not limited to, non-network authorized and percent of charge contract hospitals, ambulatory surgical centers, physicians, and other qualified health care professionals.

Policy

Overview

This policy describes reimbursement guidelines for appropriately reporting discarded drugs and biologicals, identified by modifier JW, administered from single use vials, single use packages, and multi-use vials. Providers may be reimbursed for discarded drugs and biologicals when appropriately reported based on the policy reimbursement guidelines.

All services described in this policy may be subject to additional UnitedHealthcare Community Plan reimbursement policies including, but not limited to, the CCI Editing Policy and Maximum Frequency per Day.

Reimbursement Guidelines

When a physician, hospital or other provider or supplier must discard the remainder of a single use/dose vial (SDV) or other single use/dose package after administering a dose of the drug or biological, reimbursement may be made for the amount of drug or biological discarded as well as the dose administered, up to the amount of the drug or biological as indicated on the vial or package label.

When billing drugs, units of service must be billed in multiples of the dosage specified in the full CPT/HCPCS descriptor. This descriptor does not always match the dose given. The units billed should, where possible, correspond with the smallest dose (vial) available for purchase from the manufacturer(s) that could provide the appropriate dose for the patient, while minimizing any wastage.

- Example of vial size selection, the CPT/HCPCS code for Drug A indicates 1 unit = 30 mg. Drug A is available from the manufacturer in 60mg and 90 mg vials. The amount prescribed for the patient is 48 mg. If the provider uses a 90 mg vial to administer the dose, the provider may only submit 2 units (rather than 3 units) as the doses available from the manufacturer allow the prescribed amount to be administered with a 60 mg vial.

The JW modifier is only permitted to be used to identify discarded amounts from a single vial or single package drug or biological. It is inappropriate to append JW modifier to a multi-dose vial (MDV).

CMS guidelines state to report the drug amount administered on one line, and on a separate line report the amount of drug not administered (discarded) with modifier JW appended to the associated CPT/HCPCS code. When more than one vial is administered with different National Drug Codes (NDCs), each NDC used should be reported on a separate claim line along with the appropriate units given from each vial. An additional line is then added indicating the discarded units with modifier JW. The JW modifier is only applicable to the amount of the drug discarded and not the amount administered.

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 7 mg dose is administered to a patient while 3 mg of the remaining drug is discarded. The 7 mg dose is billed using one billing unit that represents 10mg on a single line item. The single line item of 1 unit would be processed for payment of the total 10 mg of drug administered and discarded. Billing another unit on a separate line item with the JW modifier for the discarded 3 mg of drug is not permitted because it would result of an overpayment.

To ensure that an overpayment is not received, providers and facilities must always roll the amount administered **UP** to the next bill unit, then roll **DOWN** to the previous bill unit when reporting the amount of drug discarded.

- For example, if a CPT/HCPCS code is reportable in 10 mg increments and you administered 77 mg from a 100 mg SDV, you may report 8 units as administered on one line and on a separate line report 2 units with modifier JW appended to the CPT/HCPCS to indicate the amount discarded.

The amount of the drug administered as well as the discarded drug or biological must be documented in the patient's medical record.

Definitions	
Discarded Drug or Biological	The amount of a single use/dose vial or other single use/dose package that remains after administering a dose/quantity of a drug or biological

State Exceptions	
California	The JW modifier is a noncovered modifier and the state has an exception to the JW modifier requirement of the policy.
Florida	The JW modifier is a noncovered modifier and the state has an exception to the JW modifier requirement of the policy.
Kansas	JW modifier requirement applies to Medicare Crossover Claims only and state is excluded from reimbursement policy.

Kentucky	Kentucky Medicaid does not recognize modifier JW on Professional claims therefore the portions of the policy related to JW modifier does not apply.
Missouri	The JW modifier is a noncovered modifier and the state has an exception to the JW modifier requirement of the policy.
New Jersey	The JW modifier is a noncovered modifier and the state has an exception to the JW modifier requirement of the policy.
North Carolina	North Carolina is not administered by this policy.
Washington	Washington Medicaid does not allow modifier JW on Professional & Facility claims therefore the portions of the policy related to JW modifier does not apply to Washington Medicaid
Washington DC	Washington DC is exempt from policy

Questions and Answers	
1	**Q:** Is the JW modifier required on single dose drug or biological when submitting a CPT/HCPCS code for the discarded portion. **A:** In order for a discarded drug or biological to be considered for reimbursement, the modifier JW is required to be appended to the CPT/HCPCS code representing the discarded amount.
2	**Q:** Can a provider submit a claim for the discarded amount of a medication when they have used a partial vial of drug or biological and there is not another patient who could receive the same drug? **A:** Providers are encouraged to schedule patients in such a way that a provider can use the drug most efficiently. However, if the provider must discard the remainder of a single use vial or single use package after administering part of it to a patient, the provider may submit the CPT/HCPCS code with the JW modifier on a separate line for the amount of the drug or biological discarded along with the amount of drug or biological administered.
3	**Q:** Is the JW modifier applicable when the dose administered is less than the CPT/HCPCS billing unit? **A:** No, The JW modifier is not applicable because fractional billing units should not be submitted.
4	**Q:** Should all units given be reported on one claim line when more than one vial is given with different NDC numbers? **A:** No. Each NDC used should be reported on a separate claim line along with the appropriate units given from each vial. An additional line is then added indicating any discarded units with modifier JW.

Resources

American Medical Association, Current Procedural Terminology (CPT®) and associated publications and services.

Centers for Medicare and Medicaid Services, Healthcare Common Procedure Coding System, HCPCS Release and Code Sets

Centers for Medicare and Medicaid Services, CMS Manual System and other CMS publications and services

History	
7/28/2023	Policy Version Change Header: Branding updated Reimbursement Guidelines: Updated History section: Entries prior to 7/28/2021 archived
8/7/2022	Policy Version Change State Exceptions: Kentucky added History section: Entries prior to 8/7/2020 archived
04/10/2022	Policy Version Change State Exceptions: North Carolina added
2/25/2022	Policy Version Change State Exceptions: Arizona removed
2/1/2022	Policy Date and Version Change State Exceptions: Washington DC added History section: Entries prior to 2/1/2020 archived
3/1/2019	Policy implemented by UnitedHealthcare Community & State
9/12/2018	Policy approved by the Payment Policy Oversight Committee