



Blue Cross
Blue Shield
of Michigan

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Blue Cross Blue Shield of Michigan Reimbursement Policy

These documents are not used to determine benefits or reimbursement. Please reference the appropriate certificate or contract for benefit information.

Enterprise:	Blue Cross Blue Shield of Michigan
Department	Medical Affairs
Effective Date:	01/01/2007
Next Review Date	4 th Quarter 2022

Topic: Billing of Drug Wastage

Background:

Medicare currently pays for the wastage of drugs and biologicals. The program provides payment for the billing of the portion of the drug that is discarded once the vial/container is opened and after the appropriate dosage for the patient's need is administered. When the patient does not consume the entire single-use vial or package and the remaining drug is not used, the remaining drug is considered "wasted".

BCBSM encourages physicians to schedule patients in such a way that they can administer drugs most efficiently. However, if the physician must discard the remainder of a vial or other package after administration to a BCBSM patient, then BCBSM will cover the cost of the drug discarded along with the amount of the drug administered. The coverage of discarded drugs is only applicable to single use vials. Multi-use vials are not subject to payment for discarded amounts of drug. Wastage will be payable at BCBSM's approved fee for the drug or biological. Drugs should be billed using the appropriate J Code or specific CPT/HCPCS code along with the appropriate modifier. If no specific CPT or HCPCS code exists, an appropriate Not Otherwise Classified Code (NOC, e.g. J3490) should be used.

BCBSM will pay for the wastage of single-use drugs or biologicals (infused or injected) that must be discarded should the agent not be entirely consumed during the patient's treatment.

Reimbursement Policy Statement:

Billing for drug wastage is payable for BCBSM contracts.

Scope:

This policy applies to all underwritten, ASC, and self-funded contracts, pending customer review

BCBSM Policy History

Policy Effective Date	BCBSM Signature/Review Date	Comments
01/01/2007	01/25/2007	Policy established
01/01/2007	07/31/2015	Annual review – no revisions
01/01/2007	09/07/2016	Annual review – updated background language and added Medicare information
01/01/2007	9/27/2017	Annual review – Medicare claims processing information added
1/01/2007	10/05/2018	Annual review – no revisions
1/01/2007	9/24/2019	Annual review – no revisions
1/01/2007	11/05/2020	Annual review – CMS links updated
1/01/2007	11/11/2021	Annual review – CMS links updated

Medicare Information:

When a physician, hospital, or other provider or supplier must discard the remainder of a single-use vial or other single-use package after administering a dose/quantity of the drug or biological to a Medicare patient, the program provides payment for the amount of the 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.

Effective January 1, 2017, when processing claims for drugs and biological, (except those provided under the Competitive Acquisition Program for Part B drugs and biologicals (CAP)), local contractors shall require the use of the modifier JW to identify unused drugs or biological from single use vials or single use packages that are appropriately discarded. This modifier, billed on a separate line, will provide payment for the amount of the discarded drug or biological. For example, a single use vial that is labeled to contain 100 units of a drug has 95 units administered to the patient and 5 units discarded. The 95 unit dose is billed on one line, while the discarded 5 units will be billed on another line by using the JW modifier. Both line items would be processed

for payment. Providers must record the discarded amounts of drugs and biological in the patient's medical record.

The JW modifier is only applied to the amount of drug or biological that is discarded. A situation in which the JW modifier is not permitted is when the actual dose of the drug or biological administered is less than the billing unit. For example, one billing unit of the drug is equal to 10 mg 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 10 mg. 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 separate line item with the JW modifier would result in overpayment. Therefore, 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.

Note: Multi-use vials are not subject to payment for discarded amounts of drug or biological.

Medicare Claims Processing (PUB. 100-04), Ch. 17, trans. 40, p. 25; update effective 8/28/2020.
<https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/Downloads/clm104c17.pdf>

MLN Matters CMS: <https://www.cms.gov/Outreach-and-Education/Medicare-Learning-Network-MLN/MLNMattersArticles/Downloads/MM9603.pdf>