Medicare Learning Network
MLN Matters®
CMS
Official Information Health Care Professionals Can Trust

MLN Matters Number: MM5520 **Related Change Request (CR) #: 5520**

Related CR Release Date: May 25, 2007 **Effective Date: July 1, 2007**

Related CR Transmittal #: R1248CP **Implementation Date: July 2, 2007**

Revisions to the Medicare Claims Processing Manual, Chapter 17, Sections 40 and 100, Regarding Discarded Drugs and Biologicals and Submission of Claims With the Modifier JW, "Drug Amount Discarded/Not Administered to Any Patient"

Note: This article was updated on July 27, 2016, to add a link **MM9603** that alerts providers to the change in policy regarding the use of the JW modifier for discarded Part B drugs and biologicals. Effective January 1, 2017, providers are required to: 1) Use the JW modifier for claims with unused drugs and biologicals from single use vials or packages that are appropriately discarded (excluding those provided under the Competitive Acquisition Program (CAP) for Part B drugs and biologicals) and 2) Document the discarded drug or biological in the patient's medical record when submitting claims. All other information remains unchanged.

Provider Types Affected

Physicians, hospitals, other providers, and suppliers who bill Medicare contractors (carriers, fiscal intermediaries (FI), regional home health intermediaries (RHHI), Part A/B Medicare Administrative Contractors (MACs), Durable Medical Equipment Medicare Administrative Contractors (DME MACs)) for administering or supplying drugs and biologicals.

What You Need to Know

CR 5520, from which this article is taken, revises the Medicare Claims Processing Manual, Chapter 17, Sections 40 and 100.2.9 to include language that references payment for administering (and discarding) both single use vials and single use packages. Specifically, the change is to clarify that Medicare will cover the amount of a single use vial or single use package of a drug or biological that was discarded along with the amount of that single use vial/package that was administered to the Medicare patient.

Background

CR 5520, from which this article is taken revises the *Medicare Claims Processing Manual*, Chapter 17 (Drugs and Biologicals), Sections 40 (Discarded Drugs and Biologicals) and 100.2.9 (Discarded Drugs and Biologicals) to ensure the proper billing of discarded drugs and biologicals in both single use vials and single use packages.

These revisions are summarized as follows:

- The Centers for Medicare and Medicaid Services (CMS) encourages physicians, hospitals and other providers to schedule patients in such a way that they can use drugs or biologicals most efficiently, in a clinically appropriate manner.
- Section 40 of Chapter 17 is amended to address single use vials/packages of drugs and biologicals. If after administering a dose/quantity of the drug or biological to a Medicare patient, a physician, hospital, or other provider must discard the remainder of a single use vial or other single use package, the program provides payment for the amount of drug or biological administered and the amount discarded, up to the total amount of the drug or biological as indicated on the vial or package label.
- Section 100.2.9 is amended to show that CMS will reimburse physicians, providers and suppliers for the amount of a drug or biological administered (and for the amount discarded) when:
- The participating competitive acquisition program (CAP) physician has made a good faith effort to minimize the unused portion of the CAP drug or biological in scheduling patients and in ordering, accepting, storing, and using the drug or biological;
- In its process of supplying the drug or biological to the participating CAP physician, the approved CAP vendor has made a good faith effort to minimize the unused portion of the drug or biological.

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

Additional Information

You can view CR 5520, the official instruction issued to your Medicare contractor, by visiting **http://www.cms.gov/Regulations-and-Guidance/Guidance/Transmittals/downloads/R1248CP.pdf** on the CMS website. You will find the revised Medicare Claims Processing Manual, Chapter 17 (Drugs and Biologicals), Sections 40 (Discarded Drugs and Biologicals) and 100.2.9 (Discarded Drugs and Biologicals) as an attachment to that CR. If you have any questions, please contact your FI, RHHI, carrier, A/B MAC, or DME MAC at their toll-free number, which may be found at **http://www.cms.gov/Research-Statistics-Data-and-**

Systems/Monitoring-Programs/provider-compliance-interactive-map/index.html on the CMS website.

For additional clarification on the use of the JW modifier, please go to **http://www.cms.gov/outreach-and-education/medicare-learning-network-mln/mlnmattersarticles/downloads/MM7095.pdf** on the CMS website.

Document History

Date	Description
July 27, 2016	The article was revised to add a link MM9603 that alerts providers to the change in policy regarding the use of the JW modifier for discarded Part B drugs and biologicals. Effective January 1, 2017, providers are required to: 1) Use the JW modifier for claims with unused drugs and biologicals from single use vials or packages that are appropriately discarded (excluding those provided under the Competitive Acquisition Program (CAP) for Part B drugs and biologicals) and 2) Document the discarded drug or biological in the patient's medical record when submitting claims.
July 12, 2013	The article was updated to reflect current Web addresses.
October 28, 2010,	The article was revised to add a link to MM7095 to clarify that Medicare contractors have the discretion as to whether the JW modifier is required to report discarded drugs and biologicals and will notify their providers of the documentation requirements, regarding the use of modifier JW.
May 29, 2007	Initial article released