Claims Payment Policy

Subject: Modifiers JW and JZ

Application: Medicare Advantage and Commercial Products
Policy number: CP2011102
Related policies: Common CPT and HCPCS Modifiers

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Overview

This policy outlines Humana's billing requirements and reimbursement for a charge reported with *modifier JW* or *JZ*.

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Medicare Advantage and Commercial Payment Policy

In addition to the policy, claims payments are subject to other plan requirements for the processing and payment of claims, including, but not limited to, requirements of medical necessity and reasonableness and applicable referral or authorization requirements.

Humana expects each healthcare provider to administer drugs and biologicals, collectively referred to as drugs, efficiently and in a clinically appropriate manner. This includes using multi-dose vials or packages when available and clinically appropriate. Humana also expects providers to use the combination of available single-dose vials or packages that results in the least amount of discarded drug.

For example, if:

- A drug is only available in single-dose 500 milligram and 120 milligram vials,
- 540 milligrams are administered, and
- The Healthcare Common Procedure Coding System (HCPCS) code defines one base unit of the code as 10 milligrams,

Then five of the 120 milligram vials should be used, resulting in a discarded amount of 60 milligrams (6 units). It is not appropriate to use a combination of one 500 milligram vial and one 120 milligram vial, resulting in a discarded amount of 80 milligrams (8 units).

Humana reimburses for the discarded amount of a drug when all of the following criteria are satisfied:

- The drug is a covered expense,
- The discarded amount is the remainder of a single-dose vial or package used to treat the patient, and
- The drug is billed as described below.

When those criteria are satisfied, Humana reimburses no more, for the total administered and total discarded, for a drug than the amount appropriate, in dollars, for the *efficient administration amount* of the drug.

Billing For a Discarded Amount

When, as discussed above, a discarded amount is reimbursable for a date of service, the billing provider must submit two lines, as described below, using the HCPCS code appropriate for that drug for that date of service:

The number of *base units* submitted for each of the two lines must be calculated using the appropriate unit size indicated by the HCPCS code description.

The first of the two lines must indicate the number of *base units* appropriate for the amount administered to the patient, with fractions rounded up to the next highest whole number of *base units*.

For example, if:

- 14 milligrams are administered and
- The HCPCS code defines one *base unit* of the code as 10 milligrams,

Then the first of the two lines must indicate 2 units of the HCPCS code because the 14 milligrams administered are one base unit of the HCPCS code and a fraction of a second base unit of the HCPCS code.

Drug code	Modifier	Number of units
XXXXX	–	2

The second of the two lines, with *modifier JW* appended, must indicate the number of *base units* that is the difference between the *efficient administration amount* and the number of *base units* indicated on the first of the two lines.

Continuing the example above, if:

- 14 milligrams are administered,
- The HCPCS code defines one base unit of the code as 10 milligrams, and
- Of the vials available for provider purchase, the amount that results in the least amount of discarded drug is one 30 milligram vial

Then the second of the two lines must indicate 1 unit of the HCPCS code because

- The efficient administration amount is 30 milligrams,
- The number of base units for the efficient administration amount is 3, and
- The difference between the number of base units for the efficient administration amount (3) and the number of base units indicated on the first of the two lines (2) is 1.

Drug code	Modifier	Number of units
XXXXX	–	2
XXXXX	JW	1

For each of those two lines, the provider must submit a charge amount that is the charge amount applicable per *base unit* multiplied by the number of *base units* indicated for that line.

Continuing the example above:

Drug code	Modifier	Number of units	Charge
XXXXX	–	2	$20
XXXXX	JW	1	$10

For each drug with a reimbursable discarded amount for a date of service, the combined amount charged for both lines must not exceed the total charge that would be appropriate if, for the *efficient administration amount*, the provider had administered all of each vial or package used.

If the number of *base units* that would be appropriate for the billing of the first of two lines equals the number of *base units* for the *efficient administration amount*, then, instead of submitting two lines, the provider submits only one line with *modifier JZ*.

For example, if:

- 40 milligrams are administered,
- The HCPCS code defines one *base unit* of the code as 25 milligrams, and
- Of the vials available for provider purchase, the amount that results in the least amount of discarded drug is two 25 milligram vials,

Then only one line is submitted and must indicate 2 units of the HCPCS code because the 40 milligrams administered are one *base unit* of the HCPCS code and a fraction of a second *base unit* of the HCPCS code.

Drug code	Modifier	Number of units
YYYYY	JZ	2

In addition to the limitations described above, Humana will deny a line reported with *modifier JW* when:

- The billing provider submitted the line with a procedure code that is not a drug code,
- The billing provider submitted that line to report a multi-dose vial or package,

- The billing provider did not also submit a line for the administered amount, without *modifier JW*, for the same drug code and date of service, or
- The combined number of units submitted for both lines exceeds the total *base units* for the *efficient administration amount*.

Billing When There is No Discarded Amount

When no amount of drug was discarded from any single-dose vial or package, Humana expects providers to report *modifier JZ* according to applicable CMS guidance. For dates of service beginning July 1, 2023, *modifier JZ* is required, in such circumstances, when reporting a drug for which *modifier JW* would have been required if there had been a discarded amount.

For example, if:

- 50 milligrams are administered,
- The HCPCS code defines one *base unit* of the code as 25 milligrams, and
- Of the vials available for provider purchase, the amount that results in no discarded drug is two 25 milligram vials,

Then only one line is submitted and must indicate 2 units of the HCPCS code because the 50 milligrams administered are two *base units* of the HCPCS code.

Drug code	Modifier	Number of units
ZZZZZ	JZ	2

Humana will deny a line reported with *modifier JZ* when:

- The billing provider submitted the line with a procedure code that is not a drug code, or
- The billing provider submitted that line to report a multi-dose vial or package.

Billing Without Modifier JW or Modifier JZ

A charge for a drug from a single-dose vial or package that requires *modifier JW* or *JZ*, as described above, will be denied if neither is reported.

Definitions of *Italicized* Terms

- ***Base unit***: For billing purposes, the specific amount of a drug that is defined in the unit measurement indicated in the drug code's long descriptor. Example: If the drug code's long descriptor defines the code as "10 mg", one *base unit* for that code is 10 milligrams.
- ***Efficient administration amount***: The total amount for the vials or packages that, in combination, represent the minimum amount necessary for use, given all the vial or package sizes available for provider purchase, to administer the appropriate amount.
- ***Modifier JW***: Drug amount discarded/not administered to any patient.
- ***Modifier JZ***: Zero drug amount discarded/not administered to any patient.

References

- Centers for Medicare & Medicaid Services website. Medicare Claims Processing Manual. Chapter 17 – Drugs and Biologicals. Section 40 – Discarded Drugs and Biologicals. www.cms.gov.
- Centers for Medicare & Medicaid Services website. Medicare Program FAQ: Discarded Drugs and Biologicals - JW Modifier and JZ Modifier Policy. www.cms.gov.
- Centers for Medicare & Medicaid Services HCPCS Level II and associated publications and services.
- American Medical Association. Coding with Modifiers: A Guide to Correct CPT® and HCPCS Modifier Usage.

General Humana Resources

- Availity – Providers can register for access to information on a variety of topics such as eligibility, benefits, referrals, authorizations, claims and electronic remittances.
- Claims processing edit notifications – Alerts of upcoming claims payment changes are posted on the first Friday of each month.
- Claims resources – Providers can find information on referrals, authorizations, electronic claim submissions and more.
- Education and news – This page can help you find clinical guidelines, educational tools, Medicare and Medicaid resources, our provider magazine and other resources to help you do business with us.
- Making it easier – This page contains an educational series for providers and healthcare professionals.
- Medical and pharmacy coverage policies – Humana publishes determinations of coverage of medical procedures, devices and medications for the treatment of various conditions. There may be variances in coverage among plans.

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