

JW Modifier: Drug Amount Discarded/Not Administered to any Patient

On May 24, 2016 The Centers for Medicare & Medicaid Services (CMS), issued Change Request (CR) 9603.

**The effective date and implementation date for the -JW modifier has been changed:**

***The effective date is now January 1, 2017 and the implementation date is January 3, 2017. This means that any claim beginning on January 1, 2017 that is billed on January 3<sup>rd</sup> or later must have the -JW modifier appended when billing for discarded drugs.***

This CR will mandate all Medicare Administrative Contractors (MACs) to require all providers to report unused portions of certain drugs and biologicals (those in single use vials or single use packages) separately from the drug actually administered on outpatient claims. The unused portion is to be noted on a separate claim line with the JW modifier appended. The use of the JW modifier was previously left at the discretion of each MAC. CMS is now taking away that discretion and mandating universal use of it. The exception being drugs provided under the Competitive Acquisition Program (CAP).

Additionally, CMS is requiring that the provider ensures that there is documentation in the patient's medical record regarding the proper disposal of the unused medication. CR 9603 defines that documentation requirement as needing "specific details" regarding the disposal.

This will impact hospital Part B OP claims (TOB 131) and Part B Only inpatient claims (TOB 121).

If you are using Epic you will have to coordinate significant build in both Willow (pharmacy module) and Resolute HB claims (Hospital Billing). Begin by first identifying which drugs, at the ERX (medication) level, will be subject to the new requirements.

Claims logic needs to be amended to allow for the reporting of 2 lines of drug charges (one now with modifier JW on the unused drug line). Your organization will roll up these drug charges for all other payers, and allow for the JW modifier for Part B Medicare only claims. You must take care not break build needed for other payers in this process.

In addition to the exclusion regarding CAP drugs, the use of the JW modifier is not permitted when the actual dose of the drug administered is less than the billing unit. This could result in overpayment and poses a risk area for providers. A detailed review is merited before anything is changed.

What is The Wilshire Group's plan of implementation?

1. Convene a work group that includes representatives from pharmacy, IT Willow, IT Resolute HB (claims), Revenue Integrity, billing operations.
2. Identify the list of medications for which you bill wastage.
3. Use Willow functionality to apply/send JW modifier to HB on those medications.
4. Ensure Epic Willow uses version 2015 logic which documents how medication was disposed.
5. Ensure the JW modifier is applied appropriately for Medicare, and suppressed for non-Medicare payers.

6. Create a revenue integrity policy (or update an existing one) regarding your hospital's/system's use and compliance with JW requirements.
7. Robust testing is a must. That includes testing claims with a change in payer, both to and from Medicare. Also must include Medicare accounts going from IP to OP and vice versa. The Wilshire Group recommends taking current claims from production and reproducing them with new logic for desired outcome.

We're here to help.

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