Commercial Reimbursement Policy

Subject: **Pharmaceutical Waste – Professional and Facility**	
Policy Number: **C-11031**	Policy Section: **Drugs**
Last Approval Date: **01/01/2022**	Effective Date: **01/01/2022**

Disclaimer

These policies serve as a guide to assist you in accurate claims submissions and to outline the basis for reimbursement if the service is covered by a member's Anthem Blue Cross and Blue Shield (Anthem) benefit plan. The determination that a service, procedure, item, etc. is covered under a member's benefit plan is not a determination that you will be reimbursed. Services must meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis as well as to the member's state of residence. You must follow proper billing and submission guidelines. You are required to use industry standard, compliant codes on all claim submissions. Services should be billed with Current Procedure Terminology (CPT) codes, Healthcare Common Procedure Coding System (HCPCS) codes and/or Revenue codes. The codes denote the services and/or procedures performed. The billed code(s) are required to be fully supported in the medical record and/or office notes. Our policies apply to both participating and non-participating professionals and facilities as indicated.

If appropriate coding/billing guidelines or current reimbursement policies are not followed, we may:

- *Reject or deny the claim*
- *Recover and/or recoup claim payment*

These policies may be superseded by provider or State contract language, or State, Federal requirements or mandates. We strive to minimize delays in policy implementation. If there is a delay, we reserve the right to recoup and/or recover claims payment to the effective date, in accordance with the policy. We reserve the right to review and revise these policies periodically when necessary. When there is an update we will publish the most current policy to the website

Policy

The Health Plan allows reimbursement for single-dose vial (SDV) pharmaceutical waste reported by a provider using the appropriate claim form.

The Health Plan expects that any non-self-administered drug/biologic dosage prepared from a SDV, procured by the provider and administered to the member, be medically appropriate for treating the member's condition, and calculated in the most efficient manner to optimize utilization and minimize pharmaceutical waste unless provider, state, federal, or CMS contracts and/or requirements indicate otherwise.

Modifier JW is not permitted when the actual dose of a covered drug/biologic administered from a single dose vial is **less than** the billing unit defined by a specific Healthcare Common Procedure Coding System Level II (HCPCS) code. The provider may bill the Health Plan and that drug/biologic administered will be eligible for reimbursement and the remaining amount will be discarded.

- For example, the descriptor text for HCPCS code J2175 is "injection, meperidine hydrochloride, per 100 mg." If the administered dose of this drug is 97 mg and 3 mg are discarded, J2175 is reported with one unit on one line and the allowance for J2175 is eligible for reimbursement. Billing for one unit on a separate claim with modifier JW for 3 mg of discarded drug would result in overpayment.

The Health Plan expects that a facility will have a pharmaceutical waste management system in place. The Health Plan also expects the facility to utilize the most cost effective vial or combination of vials of pharmaceutical when procuring and preparing a dose for administration to avoid pharmaceutical wastage.

Modifier JW must be appended to a specific HCPCS code when the actual dose of a covered drug/biologic administered from a single dose vial is **more than** the billing unit represented by the HCPCS code. The unused

portion of the drug/biologic not administered is considered to be pharmaceutical waste and may be eligible for separate reimbursement. In this scenario, the provider should report the HCPCS code for the drug/biologic on one line with the actual units administered indicated and the amount discarded/wasted should be reported on a separate line of the same claim with the modifier JW appended to the specific HCPCS code being reported.

- When the dosage required to minimize waste is unavailable, the provider should use the next efficient and medically appropriate unit(s) to ensure minimization of pharmaceutical waste and the additional units may be eligible for reimbursement.
    - For example, if a SDV contains 100 units, the HCPCS code indicates 10 units, and 95 units are administered to a member, the provider would report the HCPCS code with 10 units and the 5 unit wastage is eligible for reimbursement within the reported units and not reported separately.
- By contrast, if a SDV contains 100 units, the HCPCS code indicates 1 unit, and 40 units are administered to a member, then the pharmaceutical should be reported on two lines with the first line indicating the 40 units administered and the second line with 60 units and modifier JW to indicate the wasted units and both lines are eligible for reimbursement.
- As stated above, the Health Plan expects the provider to utilize the most cost effective vial or combination of vials for administration in order to minimize wastage.
    - For example, when a pharmaceutical is available in 20 units and 100 units and the patient only requires 40 units the expectation is the provider will use two 20 unit vials when available rather than using a 100 unit vial, administering only 40 units, and wasting 60 units.

NOTE: In addition to the amount of the drug/biologic administered to the patient, the date, time, amount discarded, and the reason for the wasted amount should be documented in the patient's medical record.

The Health Plan does not reimburse for any pharmaceuticals which are not administered to a member and/or that are deemed contaminated, expired, or considered waste due to spillage or breakage.

Related Coding

Modifier	Description	Comment
JW	Drug amount discarded/not administered to any patient	Unused portion of the drug/biologic not administered may be eligible for reimbursement

Policy History

01/01/2022	Effective 01/01/2022. Added facility language to existing professional policy.
09/01/2019	New policy template: Removed description section and added definition section
05/24/2019	Biennial review approved: Policy language updated; removed a sentence from the third paragraph, removed the word maximum; updated definitions; new policy template
10/01/2016	Biennial review approved
07/01/2015	Biennial review approved
11/01/2013	Biennial review approved
12/08/2012	Initial policy approval and effective date

References and Research Materials

This policy has been developed through consideration of the following:

- Centers for Medicare & Medicaid Services (CMS)
- Centers for Disease Control and Prevention (CDC)
- Optum 360: 2021

Definitions

Pharmaceutical Waste	The discarded amount not administered to any patient
Single-Dose/Single-Use Vial	A drug or biologic package that allows only one dose to be withdrawn for administration by injection or infusion
General Reimbursement Policy Definitions	

Related Policies and Materials

None

Use of Reimbursement Policy

This policy is subject to federal and state laws, to the extent applicable, as well as the terms, conditions, and limitations of a member's benefits on the date of service. Reimbursement Policy is constantly evolving and we reserve the right to review and update these policies periodically.