

Reimbursement Policy
Discarded Drugs and Biologicals Policy: Professional and Facility Reimbursement
Committee Approval Date: 06/02/2022
<p>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 the Member’s plan. Services must meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis. 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 CPT codes, 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. Unless otherwise noted within the policy, our policies apply to both participating and non-participating providers and facilities. If appropriate coding/billing guidelines or current reimbursement policies are not followed, MHHP may reject/deny claim, recover/recoup payment or adjust the reimbursement to reflect the appropriate services and/or procedures performed. These policies may be superseded by mandates in provider contracts, or state, federal or CMS requirements. System logic or setup may prevent the loading of policies into the claims platforms in the same manner as described; however, MHHP strives to minimize these variations.</p>
<p>References: https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf</p>

Policy Statement

Reimbursement is based on discarded drugs and biologicals rules in accordance with federal and local guidelines for drugs and biologicals administered from single use vials, single use packages, and multi-use vials. Providers and facilities may be reimbursed for discarded drugs and biologicals if appropriately reported based on the reimbursement policy.

Drugs and Biologicals

MHHP covers drugs and biologicals that are furnished incident to a physician’s service provided that the drugs or biologicals are not usually self-administered by members who take them. Generally, drugs and biologicals are covered if they meet the following requirements:

- They meet the definition of drugs or biologicals.
- They are not normally self-administered.
- They meet all the general requirements for coverage of items as incident to a physician’s services.

- They are reasonable and necessary for the diagnosis or treatment of the illness or injury for which they are administered according to accepted standards of medical practice.
- They are a covered service.
- They have not been determined by the FDA to be less than effective.

Discarded Drugs and Biologicals

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. However, 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 MHP Medicare Advantage member, payment must be made for the amount of the drug or biological discarded along with the administered amount, up to the amount of the drug or biological as indicated on the vial or package label. The medical record documentation must clearly state the amount of the drug or biological administered as well as the amount of the drug or biological wasted. When submitting Medicare claims, units of service (UOS) should be reported in the multiples of the dosage included in the long HCPCS code descriptor. If the dosage given is not a multiple of the number provided in the HCPCS code description, the provider shall round up to the nearest whole number in order to express the number as a multiple. The units billed must correspond with the smallest dose (vial) available for purchase from the manufacturer(s) that could provide the appropriate dose for the member. Any amount of the drug or biological billed as wastage from a single-dose vial, must actually be discarded and may not be used for another patient. **NOTE: Multi-use vials are not subject to payment for any discarded amounts of the drug or biological.**

JW Modifier

CMS guidelines state to report the drug or biological amount administered on one line. Then, on a separate line you may report the amount of the amount of the drug or biological discarded with the JW modifier. Additionally, the amount discarded and identified with the JW modifier must be equal to at least one billing unit.

Billing Examples

- The HCPCS for Drug A indicates 1 unit = 10 mg. Drug A is available from the manufacturer in 60 mg and 90 mg single use vials. 42 mg was administered to the member from a 90 mg single use vial. The provider may bill 5 units as administered in one line and may bill 1 unit discarded with the JW modifier on a separate line. The provider may not bill 4 units with the JW modifier because 60 mg vials were available from the manufacturer.
- The HCPCS for Drug B indicates 1 unit = 1 mg. Drug B is available in 3 mg single use vials. 2.5 mg was administered to the member from a 3 mg single use vial. The provider may only bill 3 units as administered and no discarded drug may be billed.
- Drug C is only available in a single use vial that accounts to 100 units. Three patients are seen that day that will each be administered 30 units of Drug C. The last patient is a MHP Medicare Advantage member. The provider bills 30 units of Drug C for each of the first two patients. For the last patient, the provider may bill 30 units of Drug C as administered and then may bill on 10 units of Drug C as discarded on a separate line with the JW modifier.

Summary

MMHP will align with CMS in determining reimbursement for discarded drugs or biologicals.

Memorial Hermann *Advantage* HMO is provided by Memorial Hermann Health Plan, Inc., a Medicare Advantage organization with a Medicare contract. Enrollment in this plan depends on contract renewal.

Memorial Hermann *Advantage* complies with applicable Federal civil rights laws and does not discriminate on the basis of race, color, national origin, age, disability or sex.

ATENCIÓN: Si habla español, tiene a su disposición servicios gratuitos de asistencia lingüística. Llame al 855.645.8448 (TTY 711).