

# PAYMENT REIMBURSEMENT POLICY



**Title:** PRP-11 Drugs and Biologicals

**Category:** PHP\_PAYMENT REIMBURSEMENT (PR)

**Effective Date:** 12/28/2023

Physicians Health Plan  
PHP Insurance Company  
PHP Service Company

## 1.0 Guidelines:

This policy applies to all network and non-network providers, including but not limited to percent of charge contract providers. This policy does not guarantee benefits or solely determine reimbursement. Benefits are determined and/or limited by an individual member's benefit coverage document (COC, SPD, etc.). The Health Plan reserves the right to apply clinical edits to all medical claims through coding software and accuracy of claim submission according to industry billing standards. Clinical edits are derived from nationally recognized billing guidelines such as the Centers for Medicare and Medicaid Services (CMS), the National Correct Coding Initiative (NCCI), the American Medical Association (AMA), and specialty societies. The Health Plan may leverage the clinical rationale of CMS or other nationally sourced edits and apply this rationale to services that are not paid through CMS but are covered by the Health Plan to support covered benefits available through one of the Health Plan's products. Prior approval does not exempt adherence to the following billing requirements. The provider contract terms take precedence if there is a conflict between this policy and the provider contract.

## 2.0 Description:

This policy applies to professional and facility claims. Health Plan reimburses medically necessary drugs and biologicals and associated administration services as supported by Health Plan contracts, policies, prior approvals, and member benefit plans. Physicians, hospitals, and other providers are expected to administer drugs and biologicals in a clinically appropriate, safe, and efficient manner.

## 3.0 Policy:

Providers must minimize waste by utilizing the most cost-effective vial and/or combination of vial sizes. Health Plan reimburses providers for the amount of the drug or biological discarded, as well as the dose administered, up to the next incremental J-code of the administered medication when a portion of the single-use package/vial is discarded. Drug and biological waste is not reimbursed if withdrawn from a multi-use vial/package. Drug and biological waste is reimbursed at the provider's contracted rate when coded correctly with the JW modifier, and the criteria of the JW modifier application are met.

Health Plan does not reimburse for drug or biological waste if discarded from a multi-use vial, when none of the drug is administered to the patient, or when a provider has not billed with the most appropriate size vial, or combination of vials, to deliver the administered dose.

Reimbursement is pursuant to the member's benefits, medical policy, and prior approval review.

Drugs and biologicals billed under the medical benefit should be procured by the provider and billed with an applicable administration code. Please refer to <http://www.phpmichigan.com/MyPHP> for formulary information.

## 4.0 Coding and Billing:

### Modifier JW

- Drug amount discarded/not administered to any patient.
- JW modifier must be applied to the amount of drug or biological that was discarded from a single-use vial/package.

- Waste must be billed on a separate line from the administered units with the JW modifier for the units not administered.
- JW modifier applied on all non-inpatient place of service claim lines.
- Criteria for billing with JW modifier
- Drug or biological is only available in a single-use vial/package.
- Units of service must be billed in multiples of the dosage specified in the CPT/HCPCS description.
- When the amount administered is not a multiple of the CPT/HCPCS code, round to the next highest unit in the CPT/HCPCS description for that code.
- Administered dose per documented wasted dose must not exceed the vial amount for single-use vials/packages.
- Drug waste is not administered to another patient.

Example: trastuzumab is available in a single-use, 150mg vial. The CPT/ HCPCS code and description for trastuzumab are J9355, trastuzumab 10mg. If 550mg is administered to the patient, then four 150mg vials (total 600mg) should be utilized. When 600mg is utilized but only 550mg is administered, then 50mg is wasted and documented in the medical record. The correct billing is 55 units J9355 on one line of the claim and 5 units J9355JW on another line.

#### Modifier JZ

- Zero Drug Wasted
- Effective January 1, 2023
- Report the JZ modifier on all claims bills for drugs from single-dose containers that are separately payable when there are no discarded amounts.

Starting October 1, 2023, claims for drugs from single-dose containers that do not use the modifiers as appropriate may be returned as unprocessable until claims are properly resubmitted or denied during post-payment audit review.

#### **5.0 Documentation Requirements:**

1. Drug waste must be clearly documented in the medical record to support reimbursement. Documentation of drug waste should include the dose administered, the date and time of administration, the reason for the waste, and the discarded amount. When billing with an unlisted drug or biological code, the appropriate NDC number is required on the claim.

2. Verification of Compliance

Claims are subject to audit, prepayment, and post-payment review to validate compliance with the terms and conditions of this policy.

#### **6.0 Terms & Definitions:**

Multi-use vials/packages. A drug or biological packaged in a manner that allows more than one dose to be withdrawn for administration by injection or infusion. May be administered to different patients.

Single-use vials/packages. A drug or biological packaged in a manner that allows only one dose to be withdrawn for administration by injection or infusion. Administered to only one patient and drug waste discarded.

Drug Waste. The amount of drug or biological that is discarded and not administered to any patient.

#### **7.0 Appendices:**

None.

#### **8.0 References, Citations, Resources & Associated Documents:**

[DDP-21 Dose Rounding and Wastage](#)

#### **9.0 Revision History:**

Original Effective Date: 08/22/2019

Next Revision Date: 03/01/2025

<b>Revision Date</b>	<b>Reason for Revision</b>
6/20	Annual review; no changes except updated formatting, approved at 6/30/20 CCSC meeting
4/21	Annual review, updated verbiage on the Guidelines
2/22	Annual review, approved at CCSC on 03-08-2022
1/23	Annual review
12/23	Annual review