BlueCross BlueShield of Illinois

Reimbursement Policy

Policy Number: RP017	**Policy Title:** Wasted/Discarded Drugs and Biologicals Policy
Approval Date: Aug. 21, 2026	**Effective Date:** Aug. 28, 2026

Policy Disclaimer

If a conflict arises between a Reimbursement Policy and any Plan document under which a member is entitled to covered services, the Plan document will govern. If a conflict arises between a reimbursement policy and any provider contract pursuant to which a provider participates in and/or provides covered services to eligible member(s) and/or plans, the provider's contract will govern. "Plan documents" include, but are not limited to, Certificates of Health Care Benefits, Benefit Booklets, Summary Plan Descriptions and other coverage documents. Blue Cross and Blue Shield of Illinois may use reasonable discretion interpreting and applying this policy to services being delivered in a particular case. BCBSIL has full and final discretionary authority for their interpretation and application to the extent provided under any applicable Plan documents.

Providers are responsible for submitting accurate documentation of services performed. Providers are expected to submit claims for services rendered using valid code combinations from Health Insurance Portability and Accountability Act approved code sets. Claims should be coded appropriately according to industry standard coding guidelines including, but not limited to: Uniform Billing Editor, American Medical Association, Current Procedural Terminology (CPT®) Assistant, Healthcare Common Procedure Coding System, ICD-10-CM and ICD-10-PCS, National Drug Codes, Diagnosis Related Group guidelines, Centers for Medicare & Medicaid Services National Correct Coding Initiative Policy Manual, CCI table edits and other CMS guidelines.

Claims are subject to the code edit protocols for services and procedures billed. Claim submissions are subject to claim review, including but not limited to, any terms of benefit coverage, provider contract language, medical policies and reimbursement policies, as well as coding software logic. Upon request, the provider is urged to submit any additional documentation.

Description

The intent of this policy is to minimize potential waste and/or abuse by providing general information for appropriate billing and reporting practices for discarded drugs and biologicals. This policy is not intended to impact care decisions or medical practice.

Definitions/Terms

Drug Waste - The partial vial, package, or product of drug or biologic that is discarded and not administered to any member.

JW Modifier - Drug amount discarded/not administered to any member.

JZ Modifier - No discarded amounts from single use vials or single use packages.

Multi-use vials/packages - A drug or biologic package that allows more than one (1) dose to be withdrawn for administration by injection or infusion. (Note, use of modifier JW is not appropriate for drugs that are from multiple dose vials or packages.)

Overfill - Any excess product (that is, overfill) is provided without charge to the provider. Providers will not be reimbursed for overfill harvested from single use containers, including overfill amounts pooled from more than one container, because that overfill does not represent a cost to the provider.

Single-use vials/packages - A drug or biologic package that allows only one (1) dose to be withdrawn for administration by injection or infusion.

Reimbursement Information

Reimbursement information provided in this policy for wasted and/or discarded drugs and biologicals may not cover every reimbursement type situation for a member. Reimbursement and payment are determined by the plan documents under which the member is entitled to covered services. Providers, facilities, and suppliers are encouraged to administer and care for members in a way that drugs and biologicals are used most efficiently to prevent waste of the product.

The Plan reserves the right to request supporting documentation. Claim(s) submissions that do not adhere to coding and billing policies may delay or impact claims processing and reimbursement. For claims with wasted or discarded drugs and biologicals, the medical records must include documentation of the drug product preparation.

Drug units of service must align with the dosage specified in the full Current Procedural Terminology (CPT)Healthcare Common Procedure Coding System (HCPCS) description. If 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. Total dose, administered and wasted, must not exceed the vial amount.

JW Modifier Usage

The JW modifier is a CPT/HCPCS Level II modifier that is used to report the amount of drug or biological that is discarded. The actual dosage of drugs or biologicals must be reported with the correct CPT/HCPCS code and the correct units of service. The discarded amount must be billed on a separate line with the JW modifier for all non-inpatient places of service.

Append the JW modifier on claims for discarded drugs and biologicals from any single use vials and or single use packages when they are discarded. Suppliers and providers are required to document the amount of the discarded drugs or biologicals in the member's medical records. **The JW modifier should only be applied to the amount of drug or biological that is discarded.** The plan will provide reimbursement for the discarded amount of a single use dosage drug or biological product that is discarded, and the amount administered to the member up to the amount indicated on the vial or package label that is necessary for the member's condition.

Eligible reimbursement for drugs and biologicals when reported with the JW modifier must meet the following criteria:

- The dose administered, discarded amount, exact date and time of administration, and the reason for wastage is clearly and acceptably documented in the medical record.
- The discarded amount is billed on a separate line than the administered amount with the correct CPT/HCPCS code, units, and JW modifier for all non-inpatient places of service.
- The discarded drugs or biologicals are not administered to another member/patient.
- The drug or biological administered is only available in a single use vial or single use package.
- The drug or biological is administered to the member appropriately for the members' medical condition and the unused portion is discarded.
- The units billed correspond with the smallest dose or vial available for purchase from the manufacturer(s) that provides the appropriate dosage for the member.
- National Drug Codes (NDC) identify drugs using a unique three segment product identifier number. NDC codes must be included with the CPT/HCPCS code when billing

for drugs to receive NDC based reimbursement. The NDC units billed should correspond to the CPT/HCPCS units billed to reflect the numeric quantity of the drug formulation administered to the patient along with the units of measure, e.g., milliliter for liquid volume, gram for weighed product, units of use including powder filled vials for injection, tablets, patches.

JZ Modifier Usage

Append modifier JZ to claims in all instances in which there were no discarded drug amounts.

AY Modifier Usage

End Stage Renal Disease (ESRD) – It would be appropriate for facilities to append modifier AY (Item or service furnished to an ESRD patient that is not for the treatment of ESRD) on a single claim line along with modifier JZ when applicable.

Suppliers - Modifier Usage

- JW modifier is required if there are amounts discarded during the preparation for suppliers that are not administering a drug to the patient.

- Append modifier JZ if no amount of a drug is discarded during the preparation process prior to the drug being supplied to the patient.

Billing Examples

Example #1: If 750 milligrams of rituximab is administered, it is appropriate to bill for 75 units J9312, since the CPT/ HCPCS code J9312 defines the unit for rituximab as 10mg. If 800mg total are utilized, but only 750mg are administered, then 50mg are wasted and documented in the medical record. Since the administered amount requires billing 75 units of J9312, 50mg of wastage is billed on a separate service line as 5 units of J9312 (along with the JW modifier) that is not utilized.

Example #2: Trastuzumab is available in a single use, 150mg vial. The CPT/ HCPCS code and description for trastuzumab is J9355, trastuzumab 10mg. If 575mg are administered to the member, then four 150mg vials (total 600mg) should be utilized. When 600mg are utilized but only 575mg are administered, then 25mg are wasted and documented in the medical record. The correct billing is 58 units J9355 on one line of the claim, and 2 units J9355-JW on another line.

Example #3: Rituximab is available in single use vials of 100mg/10mL and 500mg/50mL. The CPT/HCPCS code and description for rituximab is J9312, rituximab 10mg. If 750mg are administered to the member, the most appropriate combination of Rituxan vials to minimize wastage for a 750mg dose is one 500mg/50ML single use vial and three 100mg/10ML single use vials. Billing Rituxan 750mg dose using two 500mg/50ML vials as 75 units J9312 to reflect amount administered and 25 units J9312 to reflect wastage may be subject for reimbursement review as this combination does not meet the requirement to use the most appropriate packaging that can be purchased to make the member's administered dose and minimize waste.

When Drugs and Biologicals are not Eligible for Reimbursement

The following are examples of non-reimbursable drugs and biologicals, (including whole vial and/or package waste):

- Multi-use vials and multi-use packages will not be reimbursed for discarded amounts of drugs or biologicals when billing includes pricing per HCPCS code or NDC units.
- Single-use vials which have been reimbursed for discarded/wasted drugs using the JW modifier for one member, may not be billed for use on other members or patients.
- A provider will not be reimbursed for purchases of larger packaging of drugs or biologicals when more appropriate packaging can be purchased.
- Reimbursement will not be given to a provider or hospital due to a member missing an appointment or if the member changes their mind after the drug is prepared.
- The JW modifier is used on claims for hospital inpatient admissions.
- Volumes or quantities of the drug or biological billed over the manufacturer's labeled package volume or mass ("overfill") will not be reimbursed and must not be billed for use on members.
- A Neulasta OnPro® or Udenyca® Onbody™ - Device malfunction, the member mishandles or damages the drug, requiring a replacement dose.
- Drug stored outside the storage requirements described within the product(s) prescribing information.
- The shipping company damages the drug enroute to the member.
- The provider mishandles, damages, or does not appropriately reconstitute the drug.
- Theft from provider or shipping company.
- The drug or biological does not meet the criteria outlined in a Medical Policy and/or is not approved by the Federal Drug Administration (FDA).

Whole Vial or Package Waste

Whole vial(s) and/or package or product waste that was due to a manufacturer defect,

shipping damage, improper storage, or a provider administration error may not be reimbursed.

The following examples are scenarios when they may be eligible for reimbursement:

- Intrauterine Device (IUD) insertion billed on same date of service.
- Member death, hospitalization, or incapacitation after drug has been shipped (for home delivery providers only).
- Replacement drug after dispensing due to disasters such as hurricanes, earthquakes, flooding, fires, etc.
- Theft from member.

Additional Resources

Reimbursement Policy (formerly known as Clinical Payment and Coding Policy)

CPCP018 Revenue Codes Requiring Supporting CPT, HCPCS and/or NDC Codes - Outpatient Facility Claims

RP023 Modifier Reference Policy

References

CMS Calendar Year (CY) 2026Medicare Physician Fee Schedule Final Rule, Accessed 04/17/2026 https://www.cms.gov/newsroom/fact-sheets/calendar-year-cy-2026-medicare-physician-fee-schedule-final-rule-cms-1832-f

CMS Medicare Claims Processing Manual, Chapter 17, Drugs and Biologicals. Accessed 04/02/2026. https://www.cms.gov/Regulations-and-Guidance/Guidance/Manuals/downloads/clm104c17.pdf

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American Society of Health-System Pharmacists, Current Drug Shortages, Accessed 04/02/2026. https://www.ashp.org/drug-shortages/current-shortages

CMS, Medicare Program, Discarded Drugs and Biologicals JW Modifier and JZ Modifier Policy, FAQ, Accessed 04/02/2026. https://www.cms.gov/Medicare/Medicare-Fee-for-

Service-Payment/HospitalOutpatientPPS/Downloads/JW-Modifier-FAQs.pdf

National Council for Prescription Drug Programs (NCPDP) Standards. Accessed 04/03/2026. https://standards.ncpdp.org/Access-to-Standards.aspx

National Uniform Claim Committee (NUCC) 1500 Health Insurance Claim Form, Reference Instruction Manual, Accessed 04/03/2026. www.nucc.org

Policy History

Approval Date	Description
06/29/2018	New policy
06/26/2019	Annual Review
09/11/2020	Annual Review, Disclaimer update, Verbiage updates
10/26/2021	Annual Review
12/21/2021	Coding update
01/30/2023	Annual Review
02/19/2024	Annual Review
08/19/2025	Annual Review; Grammatical and formatting updates; Sections revised or added- JZ Modifier Usage, new language added; New, Suppliers- Modifier Usage; When Drugs and Biologicals are not Eligible for Reimbursement, new language added; Additional Resources updated; References updated.
08/21/2026	Annual Review. Retired reference removed - CMS Billing and Coding: JW Modifier Billing Guidelines. Federal Register reference removed.