Keystone First
Family of Health Plans

Discarded Drugs and Biologicals

Reimbursement Policy ID: RPC.0067.0100

Recent review date: 10/2025

Reimbursement policies and their resulting edits are based on guidelines from established industry sources, such as the Centers for Medicare and Medicaid Services (CMS), the American Medical Association (AMA), state and federal regulatory agencies, and medical specialty professional societies. Reimbursement policies are intended as a general reference and do not constitute a contract or other guarantee of payment. The health plan may use reasonable discretion in interpreting and applying its policies to services provided in a particular case and may modify its policies at any time.

In making claim payment determinations, the health plan also uses coding terminology and methodologies based on accepted industry standards, including Current Procedural Terminology (CPT); the Healthcare Common Procedure Coding System (HCPCS); and the International Classification of Diseases,10th Revision, Clinical Modification (ICD-10-CM), and other relevant sources. Other factors that may affect payment include medical record documentation, legislative or regulatory mandates, a provider's contract, a member's eligibility in receiving covered services, submission of clean claims, and other health plan policies, and other relevant factors. These factors may supplement, modify, or in some cases supersede reimbursement policies.

This reimbursement policy applies to all health care services billed on a CMS-1500 form or its electronic equivalent, or when billed on a UB-04 form or its electronic equivalent.

To the extent that any procedure and/or diagnosis codes are specified in this policy, such inclusion is provided for reference purposes only, may not be all inclusive, and is not intended to serve as billing instructions. Listing of a code in this policy does not imply that the service described by the code is a covered or non-covered health service. Benefit coverage for health services is determined by federal, state, or contractual requirements and applicable laws that may require coverage for a specific service. The inclusion of a code does not imply any right to reimbursement or guarantee claim payment. Other Policies and Guidelines may apply.

Policy Overview

This policy addresses the health plans reimbursement of discarded drugs and biologicals reported with modifiers JW & JZ, indicating the leftover portion of a drug or biological from a single-dose package was discarded after removal of the prescribed individual dose or zero drug amount was discarded or administered. The intent of the policy is to avoid or reduce waste and/or abuse by providing guidance for appropriate billing and reporting of discarded drugs and biologicals.

Exceptions

Outpatient pharmacy claims submitted for reimbursement through the health plans Pharmacy Benefits Manager, are excluded from this policy.

Reimbursement Guidelines

The health plan recognizes that a variety of factors must be considered to ascertain the specific, clinically appropriate dose of drugs and biologicals for each patient. Providers should administer medications in the most efficient and cost-effective manner in order to avoid or minimize wastage. The actual dose administered, and exact amount discarded must be documented in the medical record and providers should use drugs and biologicals in the most economical combination of container sizes to avoid excess wastage. For example, if a patient is prescribed 75 milligrams of a drug that is supplied in 100 milligrams/100 milliliters and 200 milligrams/200 milliliters single-dose vials, the most economical combination is one 100milliliters vial, leaving 25 milliliters of waste vs. 125 milliliters of waste from one 200milliliter vial.

The health plan will not reimburse claim lines with modifier JW for drugs or biologicals that are:

- Packaged and thus not separately reimbursable per the Outpatient Prospective Payment System (OPPS) or Inpatient Prospective payment System (IPPS).
- Administered in an Ambulatory Surgical Center (ASC), Federally Qualified health Center (FQHC), or Rural Health Clinic (RHC).
- COVID-19, influenza, or pneumococcal vaccines.
- Obtained from multiple-use packaging.

Providers must ensure that the medical record clearly documents both the exact dosage administered and the precise amount used. This documentation is essential for compliance and audit purposes.

Definitions

Modifier JW - Drug amount discarded/not administered

- Modifier JW is used to report the quantity of a drug or biological that is discarded after administration of an individual dose from a single-use vial or container.

Modifier JZ - Zero Drug amount wasted

- Zero drug amount discarded/not administered to any patient.

Edit Sources

I. Current Procedural Terminology (CPT) and associated publications and services.
II. International Classification of Diseases,10th Revision, Clinical Modification (ICD-10).
III. Healthcare Common Procedure Coding System (HCPCS).
IV. Centers for Medicare and Medicaid Services (CMS).
V. The National Correct Coding Initiative (NCCI).
VI. Applicable Medicaid Fee Schedule(s).
VII. Applicable health plans manual reference.
VIII. Commonwealth of Pennsylvania Medicaid Program guidance.
IX. Commonwealth of Pennsylvania Medicaid Program fee schedule(s).

Attachments

N/A

Associated Policies

N/A

Policy History

11/2026	• Revised exceptions to remove PBM name • Removed the next review date • Replaced the plan name with “the health plan”
10/2025	Reimbursement policy Committee Approval
09/2025	Biennial Review • Added JZ definition
06/2025	Minor updates to formatting and syntax
05/2025	Reimbursement policy Committee Approval
04/2025	Revised preamble
05/2024	Annual Review • No major changes
04/2024	Revised preamble
11/2023	Reimbursement Policy Committee Approval