

<b>Commercial Reimbursement Policy</b>	
Subject: <b>Pharmaceutical Waste – Professional and Facility</b>	
Policy Number: <b>C-11031</b>	Policy Section: <b>Drugs</b>
Last Approval Date: <b>09/11/2025</b>	Effective Date: <b>09/11/2025</b>

**Policy**

The health plan allows reimbursement for single-dose vial (SDV) pharmaceutical waste reported by professional providers or outpatient facilities unless provider, state, federal contracts and/or mandates indicate otherwise.

The health plan requires that any non-self-administered drug/biologic dosage prepared from an 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.

In addition, documentation in the member’s medical record must include the amount of the drug/biologic administered to the member, the date, time, amount discarded, and the reason for the wasted amount.

Non-self-administered drug/biologic dosages prepared from a SDV not administered to a member because they are deemed contaminated, expired, or discarded due to spillage, damage, or breakage are not eligible for reimbursement.

The health plan expects that a provider will have a pharmaceutical waste management system in place and will utilize the most cost-effective vial or combination of vials of the drug/biologic when procuring and preparing a dose for administration to avoid pharmaceutical wastage.

- For example, when a drug/biologic is available in 20-unit vials and 100-unit vials and the member only requires 40 units, the expectation is the provider will use two 20-unit vials rather than using the 100-unit vial, administering only 40 units, and wasting the remaining 60 units.

The number of units reported for the drug/biologic Healthcare Common Procedure Coding System Level II (HCPCS) code is based on the dosage indicated in the code description, not necessarily the number of milligrams actually given to the member.

- For example, J2506, pegfilgrastim (Neulasta) 0.5 mg – when a dose of 0.5 mg is administered to a member, 1 unit is reported since the descriptor text includes 0.5 mg.

The health plan allows reimbursement for a SDV with pharmaceutical waste reported by a provider with a modifier JW when the actual dose of a covered drug/biologic administered from a SDV is more than the billing unit represented by the HCPCS code. The provider must report the HCPCS code for the drug/biologic on one line with the actual units administered and the amount discarded/wasted reported on a separate line of the same claim with the modifier JW

appended. The unused portion of the drug/biologic not administered is considered pharmaceutical waste and may be eligible for separate reimbursement.

- If a SDV contains 100 units, the HCPCS code indicates 1 unit, and 40 units are administered to a member, then the drug/ biologic 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 will be eligible for reimbursement.

The JZ modifier must be appended to a HCPCS code when the actual dose of a covered drug/biologic is administered from a SDV to the member with zero waste.

Note: 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 with a JZ Modifier and the 5-unit wastage is eligible for reimbursement within the reported units and not reported separately.

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 HCPCS code. The provider may bill the health plan for the drug/biologic administered with the JZ Modifier to 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 with the JZ modifier and the allowance for J2175 is eligible for reimbursement. Billing for one unit on a separate claim line with modifier JW for 3 mg of discarded drug would result in overpayment.

Note: This policy does not apply to Multi-Dose Vials (MDV)

### Related Coding

Modifier	Description	Comments
JW	Drug amount discarded/not administered to any patient.	Unused portion of the drug/biologic not administered may be eligible for reimbursement.
JZ	Zero drug amount discarded/not administered to any patient.	Unused portion of drug/biologic used is less than the billing unit or zero drug/biologic is discarded.

### Definitions

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

### References and Research Materials

<p>This policy has been developed through consideration of the following:</p> <ul style="list-style-type: none"> <li>• Centers for Disease Control and Prevention (CDC)</li> <li>• CMS</li> </ul>
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- Optum EncoderPro 2025

## Related Policies and Materials

Modifier Usage - Facility

Modifier Usage - Professional

## Policy History

09/11/2025	Review approved and effective: updated Related Coding section by adding modifier JZ comment
08/14/2024	Review approved and effective: added language for Non-self-administered drug/biologic dosage; updated Definitions
09/13/2023	Review approved: added modifier JZ and removed language on waste due to spillage
06/17/2021	Review approved and effective: facility policy combined into this policy and applies to both professional and facilities
05/24/2019	Review approved: removed the word maximum; updated definitions; new policy template
05/02/2017	Review approved: updated disclaimer
05/03/2016	Review approved: updated language regarding wastage percentage to remove reference to 10%
02/02/2016	Review approved: no changes
02/03/2015	Review approved: updated the reference that this policy documents Empire's reimbursement guidelines (aiming for consistent language) for single-dose vial pharmaceutical waste and updated an exception to the 10% guideline; there may be times when a provider is only able to get a dosage that might create a larger waste %
04/01/2014	Review approved: no changes
04/02/2013	Review approved: no changes
04/03/2012	Review approved: no changes to content
04/05/2011	Initial approval 04/05/2011 and effective 10/01/2013

## Disclaimer

These reimbursement 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 benefit plan. The determination that a service, procedure, or item is covered under a member's benefit plan is not a determination that you will be reimbursed. Services must also meet authorization and medical necessity guidelines appropriate to the procedure and diagnosis, as well as to the member's state of residence.

Ensure that you use proper billing and submission guidelines, including 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. These codes denote the services and/or procedures performed and when billed, must be fully supported in the medical record and/or office notes. Unless otherwise noted within the policy, our reimbursement policies apply to both participating and non-participating professional providers and facilities.

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 reimbursement policies may be superseded by mandates in provider, state, federal, or Centers for Medicare & Medicaid Services (CMS) contracts and/or requirements. 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 when necessary. When there is an update, we will publish the most current policy to the website.

### **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.

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