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HOW TO IMPLEMENT THE –JZ MODIFIER

Reporting zero waste when administering therapeutics is going to look a little different this year. Here's why.

BY JOY WOODKE, COE, OCS, OCSR

Reporting drug usage and waste in the retina clinic has always been trickier than you would expect. Given the sheer volume of therapeutics used to treat everything from diabetic eye disease to AMD—and now geographic atrophy—it's a crucial coding skill to have. Since 2017, to obtain full reimbursement for single-dose containers, vials, and packages for both the injected and discarded amounts of a drug, 1 unit or greater, physicians have reported the –JW modifier, discarded drug not administered.

The Centers for Medicare and Medicaid (CMS) have monitored the use of the –JW modifier and, because of noncompliance, have reported incomplete data on drug wastage. As a result, the CMS created a new modifier, –JZ, zero drug amount discarded/not administered to any patient, that went into effect January 1, 2023.[1] Collectively, the claims data from the –JW and –JZ modifiers will be used to calculate discarded drug refunds for manufacturer rebate requirements.

Physicians shouldn't be too surprised, considering CMS announced this change in their Final Rule in November 2022.[1] The –JZ modifier was effective starting January 1, 2023, but the required use of the –JZ modifier was set for July 1, 2023. This new modifier will be appended to the Healthcare Common Procedure Coding System (HCPCS) code representing the drug used. If not reported when applicable, claims could be subject to audits, and if not used by October 1, 2023, claims may be returned as unable to process.

The –JW and –JZ modifiers are required for single-dose containers, vials, and packages based on the FDA-approved labeling. It is important to confirm if the drug is considered a single dose by reviewing the vial or package labeling.

If the medication is labeled as multidose (ie, when the same vial can be used to treat more than one patient), it is excluded from reporting a –JW or –JZ modifier, and you only need to report the dosage and units used per patient. Ophthalmic examples can include multidose triamcinolone acetonide and fluorouracil. However, because these medications can be distributed as either single or multidose, always confirm the type of vial used. Additionally, the National Drug Code for single or multidose drugs varies.

FREQUENTLY ASKED QUESTIONS

This new modifier will significantly affect how retina specialists report many of their intraocular injections. To help prepare for this transition, let's look at several common questions.

Q: After administering a prefilled syringe of 2 mg aflibercept (Eylea, Regeneron) there is remaining drug in the syringe. Do we report a –JW modifier?

A: The remaining medication in a prefilled syringe is considered overfill and is not reported with a –JW modifier, according to the CMS.[2] Billing for overfill, which is considered medication greater than the amount identified on the package or label, is not appropriate. This applies to

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single-dose vials and prefilled syringes of anti-VEGF drugs, such as ranibizumab (Lucentis, Genentech/Roche) and faricimab (Vabysmo, Genentech/Roche). Claims submitted for aflibercept should be reported with HCPCS code J0178–JZ and 2 units.

Q: Do we report the -JZ modifier for Medicare claims only, or is it applicable for all payers?

A: The –JZ modifier should be reported as appropriate for all Medicare Part B claims effective July 1, 2023. Other payers, including Medicare Advantage, commercial, and Medicaid plans, may delay their implementation of this new modifier. Confirm each payer's policy for reporting drug usage and waste.

Q: Are sample drugs reported with -JZ?

A: Drugs that the physician does not purchase and are not payable under Medicare Part B are also excluded from reporting modifiers –JW and –JZ. This includes sample drugs and specialty pharmacy provided medications (also called "white bagged" medication).

Q: Does the -JZ modifier apply to ambulatory surgery center (ASC) billing?

A: Separately billable single-dose drugs submitted as claims to Medicare Part B should report –JZ or –JW as appropriate, unless the drug is excluded (eg, samples, multidose vials).[2]

Q: Is the -JZ modifier used for implants, such as intravitreal dexamethasone (Ozurdex, Allergan/Abbvie), 0.18 mg fluocinolone acetonide intravitreal implant (Yutiq, Alimera Sciences), and 0.19 mg fluocinolone acetonide intravitreal implant (Iluvien, Alimera Sciences)?

A: Included in the CMS guidance is confirmation that the –JW and –JZ modifiers are applicable to all separately payable drugs with a payment indicator (PI) of K2, drugs and biologicals paid separately when provided integral to a surgical procedure on the ASC list; payment based on OPPS rate. Ozurdex, Yutiq, and Iluvien each have an ASC PI of K2 and should be reported with the –JZ modifier, as there is no discarded amount of drug. This is also applicable to the office setting, reporting the –JZ modifier for these drugs.

Q: Would intravenous verteporfin (Visudyne, Bausch + Lomb) be reported with the -JW or -JZ modifier?

A: When an intravenous infusion of verteporfin is performed for photodynamic therapy (PDT), the medication is reported with HCPCS code J3396, injection, verteporfin, 0.1 mg. The single-dose vial contains 15 mg. If, based on the patient's weight, 12 mg of verteporfin was used and 3 mg wasted, report as:

- J3396, 120 units
- J3396–JW, 30 units

Note that, in rare cases when the patient's dosage is 14.98 mg and the wasted drug is 0.02 mg, report J3396 once and append the –JZ modifier, as the discarded drug is less than 1 unit (0.1 mg).

FURTHER READING

For additional resources, visit aao.org/retinapm and access the AAO's –JW and –JZ Fact Sheet and the Table of Common Retina Drugs, which provides specific drug guidance, including when the use of the –JW or –JZ modifier is applicable.[3] ■

1. Medicare and Medicaid Programs; CY 2023 payment policies under the physician fee schedule and other changes to Part B payment and coverage policies; Medicare Shared Savings Program requirements; Implementing requirements for manufacturers of certain single-dose container or single-use package drugs to provide refunds with respect to discarded amounts; and COVID-19 interim Final Rules. Federal Register. November 18, 2022. Accessed August 10, 2023. www.federalregister.gov/documents/2022/11/18/2022-23873/medicare-and-medicaid-programs-cy-2023-payment-policies-under-the-physician-fee-schedule-and-other
2. Medicare program discarded drugs and biologicals – JW modifier and JZ modifier policy frequently asked questions. Centers for Medicare and Medicaid. Accessed August 25, 2023. www.cms.gov/medicare/medicare-fee-for-service-payment/hospitaloutpatientpps/downloads/jw-modifier-faqs.pdf
3. Practice Management for Retina. AAO. Accessed August 25, 2023. www.aao.org/practice-management/coding/retina

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