

Report on Medicare Compliance Volume 32, Number 22. June 19, 2023 JZ Modifier Reporting Starts July 1; Vial-Size Pressure Eases a Bit

By Nina Youngstrom

Although hospitals are required to start reporting the JZ modifier on Medicare claims July 1 when they don't discard drugs or biologicals from a single-use vial, the pressure to use the smallest vial available has lifted somewhat, a compliance officer says. CMS already requires hospitals to report JZ's counterpart, the JW modifier, when they waste drugs from single-use vials, which generates reimbursement. Now one modifier or the other must be on claims, according to a new Medicare transmittal (12,067).^[1] But size apparently matters less.

"Effective July 1, 2023, providers and suppliers are required to report the JZ modifier on all claims that bill for drugs separately payable under Medicare Part B when there are no discarded amounts from single-dose containers or single-use packages," according to CMS, which is now using the terminology "single-dose container" or "single-use package" instead of "single use vials." Without one of the modifiers on claims, providers may be audited, the transmittal added.

After pushing hospitals for years to use the smallest-available vials to minimize reimbursable waste—and auditing hospitals on that score—CMS has reversed course. According to the 2023 Medicare Physician Fee Schedule (MPFS) rule, "With regard to what vial size should be used to calculate discarded amounts, discarded amounts should be calculated using the labeled amount of the product that is actually purchased to prepare the dose, not the labeled amount of the smallest vial size that could have been purchased. The guidance referenced in MLN Matters article SE1316 is no longer effective, as it has been superseded by MLN Matters article MM9603, which was issued on June 9, 2016, and effective January 1, 2017."^[2]

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