HIGHMARK.

Reimbursement Policy

Title: Convenience Kits, Drug and Biological Wastage

Policy Number: RP-003

Version Number: 2026.07.01

Medicare Advantage:	PA, WV, DE, NY	Version Effective:	July 1, 2026
Commercial:	PA, WV, DE, NY	Originally Effective:	August 1, 2016
Claim Type:	CMS 1500 and UB04	History Versions:	Click Here → History

Disclosure: *The purpose of this Reimbursement Policy is to document our payment guidelines for those services covered by a member's medical benefit plan and ensure you are reimbursed based on the codes that correctly describe the health care services provided. Reimbursement Policies do not provide guidance on whether a service is a covered benefit under the members' contract. Benefit determinations are based in all cases on the applicable benefit plan contract language and applicable medical policies. Should there be any conflicts between Reimbursement Policy and the member's benefit plan, the member's benefit plan will prevail. Additionally, health care providers (facilities, physicians, and other professionals) are expected to exercise independent medical judgment in providing care to members. Reimbursement Policy is not intended to impact care decisions or medical practice. This Reimbursement Policy is intended to serve as a guide as to how the plan pays for covered services, however, other factors may influence payment and, in some cases, may supersede this policy. The provider should consult their network provider agreement for further details of their contractual obligations. The policy is applicable to designated markets either entirely, or partially, as indicated within the policy. Policy designation of claim type is based on how the provider is contracted with the Plan.*

Description:

This policy outlines the Plan's reimbursement guidelines for discarded drugs and biologicals, convenience kits, and skin substitutes. The direction includes the use of JW and JZ modifiers for drugs and biologicals administered from single-use vials or packages and for separately payable skin substitute products. Also, the appropriate reporting and documentation requirements for these and the other services outlined within.

Reimbursement Guidelines:

Drug Wastage (*Applicable for Commercial and Medicare Advantage*)

When the total vial of a drug or biological cannot be administered to one or more patients and is discarded (i.e., wastage), the appropriate drug or biological code along with the JW modifier should be reported on a separate line and is eligible for reimbursement.

The Plan will reimburse for discarded or wasted amounts of drug when all the following requirements are met:

- The drug is being supplied from a "single-use" vial or "single-use" package.
- The physician's orders for the drug must be clearly and completely documented in the medical record. When the physician order for the drug is written in terms of patient specific factors (weight, body surface area, etc.), records documenting current measurements of those specific factors must also be included with the records provided for review.
- The amount of drug administered must be clearly and completely documented in the medical record.
- The discarded or wasted drug must be clearly documented as discarded or wasted in the medical records provided to The Plan.
- The amount of drug that is actually administered to the member is billed on one line on the claim
- The amount of drug that was wasted or discarded is billed as a separate or second line item, with modifier JW attached.

The Plan will only reimburse for the minimum amount of drug above what was actually ordered to arrive at the nearest whole vial using the smallest commercially available vial size and dose that result in the least amount of wastage. The Plan does not reimburse for discarded or wasted amounts of drug from multi-dose vials or multi-use packages. It is inappropriate to report the JW modifier for wastage from a multi-dose vial or package. Every attempt should be made to utilize the drug or biological in a responsible manner to avoid wastage.

The Plan does not reimburse discarded contrast material when billed with modifier JW. Providers should bill the appropriate contrast material code and report only the units administered.

Effective July 1, 2023, claim line(s) for drugs from single-dose or single use containers MUST append either the JZ modifier to report that there were no discarded amounts, or append the JW modifier to report there was a discarded amount. On October 1, 2023, claims for drugs from single-dose or single use containers that do not append one of these two modifiers on the claim line(s) may be rejected as un-processable until claims are accurately resubmitted.

The Direction Below is Applicable to Professional Commercial ONLY:

Claim lines reported with modifier JW will be reimbursed at 100% of Average Sales Price (ASP). Procedure Codes that do not have an assigned ASP will be reimbursed at 85% of Average Wholesale Price (AWP) when reported with modifier JW.

The Direction Below is Applicable to Professional Medicare Advantage ONLY*:*

Unused drugs or biologicals from single use vials or single use packages that are appropriately discarded and provided under the Competitive Acquisition Program (CAP) for Part B drugs and biologicals, do not require the JW modifier to be reported with that service line.

Convenience Kits (*Applicable for Commercial Only*)

Convenience Kits are considered part of the provider's supply allowance used to administer the drug or biological; therefore, convenience kits are not reimbursed by the Plan. These charges are non-billable and a participating or network provider cannot bill the member for the denied service.

Skin Substitutes (*Applicable for Commercial and Medicare Advantage*)

Any amount of wasted skin substitute must be clearly documented in the procedure note with the following minimum information:

- Date, time, and location of ulcer(s) treated.
- Name of skin substitute and how the product is supplied.
- Approximate amount of product unit used.
- Approximate amount of product unit discarded.
- Reason for the wastage.
- Manufacturer's serial, lot, batch, or other unit identification number of graft material. When manufacturer does not supply unit identification, record must document such.

The Plan expects that where multiple sizes of a specific product are available, the size that best fits the wound with the least amount of wastage will be utilized. The unused portion of the product must be discarded and may not be used for another patient. For both commercial and Medicare Advantage, the Plan requires the application of JW and JZ modifiers for skin substitute products that are separately payable. The Plan follows the Centers for Medicare and Medicaid Services (CMS) Medicare Part B billing guidance with respect to skin substitutes:

For BLA Skin Substitutes

Providers should append modifiers JW (Drug/Biological amount discarded/not administered to any patient) and/or JZ (Zero drug amount discarded/not administered to any patient) on claim lines reporting BLA skin substitute products.

- **If product is wasted:** Append modifier JW on a separate claim line. The wasted amount must be quantified in the unit field (e.g., square centimeters, millimeters, or product-specific units).
- **If no product is wasted:** Append modifier JZ to the claim line for the administered product.

Note: Failure to report the appropriate modifier will result in claim line rejection with no member liability.

For Non-BLA Skin Substitutes

Non-BLA skin substitutes are considered "incident-to" supplies and are not Part B drugs or biologicals, which will be paid at a flat national rate for one unit only, with no reimbursement for additional units. These modifiers must NOT be appended to claim lines reporting non-BLA skin substitute products. Consistent with CMS guidance, discarded amounts of incident-to supplies will not qualify for reimbursement by the Plan.

Coding:

Skin substitutes billing examples below:

Example 1

	Code	Modifier	Units
Line 1	15015	none	400
Line 2	15015	JW	80

Example 2

	Code	Modifier	Units
Line 1	15015	JZ	none

Definitions:

Term	Definition
JW	Code Modifier - Drug / biological amount discarded / not administered to any patient

JZ	Code Modifier - Zero drug amount discarded / not administered to any patient
BLA	Products that require a Biologics License Application, which is a formal FDA submission for approval to market biological products such as gene and cell therapies.
Non-BLA	Products that do not require a Biologics License Application and are marketed as medical devices or minimally manipulated human tissues.

References:

- Centers For Medicare and Medicaid Services (CMS); Competitive Acquisition Program (CAP) for Part B drugs and biologicals
- Centers For Medicare and Medicaid Services (CMS); Claims Processing Manual Chapter 17: Drugs and Biologicals; section 100.2.9, and section 40
- Centers For Medicare and Medicaid Services (CMS); Medicare Coverage Database: L35041, Article ID 54117: Application of Bioengineered Skin Substitutes to Lower Extremity Chronic Non-Healing Wounds

Related Plan Policies:

Refer to the following Commercial Medical Policies for additional information:

- S-771: Skin Substitutes

Refer to the following Medicare Advantage Medical Policies for additional information:

- S-282 (PA, DE, WV): Skin Substitute Products for the Treatment of Diabetic Foot Ulcers and Venous Leg Ulcers
- S-139 (NY): Skin Substitute Products for the Treatment of Diabetic Foot Ulcers and Venous Leg Ulcers

Refer to the following Reimbursement Policies for additional information:

- RP-035: Correct Coding Guidelines

Policy Update History:

1 / 2023	Added modifier JZ
5 / 2023	Added direction for modifier JZ and skin substitute wastage, changed name of policy
3 / 2025	Administrative policy review with no changes in policy direction
7 / 2026	Added direction for reporting skin substitutes and added additional terminology to the definitions section

Highmark Reimbursement Policy Bulletin

HIGHMARK.

HISTORY VERSION

Bulletin Number:	RP-003		
Subject:	Convenience Kits, Drug and Biological Wastage		
Effective Date:	August 1, 2016	**End Date:**	
Issue Date:	March 3, 2025	**Revised Date:**	March 2025
Date Reviewed:	February 2025		
Source:	Reimbursement Policy		

Applicable Commercial Market	**PA**	☒	**WV**	☒	**DE**	☒	**NY**	☒
Applicable Medicare Advantage Market	**PA**	☒	**WV**	☒	**DE**	☒	**NY**	☒
Applicable Claim Type	**UB**	☒	**1500**	☒				

A checked box indicates the policy is applicable to that market either entirely, or partially, as indicated within the policy.

Reimbursement Policy designation of Professional or Facility application is based on how the provider is contracted with the Plan. This Policy supersedes direction provided in Bulletins prior to the effective date of this policy.

PURPOSE:

The purpose of this policy is to provide direction on the Plan's reimbursement for drug wastage (modifier JW) and convenience kits (code J3490).

DEFINITIONS:

Modifier	Definition
JW	Drug / biological amount discarded / not administered to any patient
JZ	Zero drug amount discarded / not administered to any patient

REIMBURSEMENT GUIDELINES:

Drug Wastage (*Applicable for Commercial and Medicare Advantage*)

When the total vial of a drug or biological cannot be administered to one or more patients and is discarded (i.e., wastage), the appropriate drug or biological code along with the JW modifier should be reported on a separate line and is eligible for reimbursement.

The Plan will reimburse for discarded or wasted amounts of drug when all the following requirements are met:

- The drug is being supplied from a "single-use" vial or "single-use" package.
- The physician's orders for the drug must be clearly and completely documented in the medical record. When the physician order for the drug is written in terms of patient specific factors (weight, body surface area, etc.), records documenting current measurements of those specific factors must also be included with the records provided for review.
- The amount of drug administered must be clearly and completely documented in the medical record.
- The discarded or wasted drug must be clearly documented as discarded or wasted in the medical records provided to The Plan.
- The amount of drug that is actually administered to the member is billed on one line on the claim
- The amount of drug that was wasted or discarded is billed as a separate or second line item, with modifier JW attached.

The Plan will only reimburse for the minimum amount of drug above what was actually ordered to arrive at the nearest whole vial using the smallest commercially available vial size and dose that result in the least amount of wastage.

The Plan does not reimburse discarded contrast material when billed with modifier JW. Providers should bill the appropriate contrast material code and report only the units administered.

The Plan does not reimburse for discarded or wasted amounts of drug from multi-dose vials or multi-use packages. It is inappropriate to report the JW modifier for wastage from a multi-dose vial or package.

Every attempt should be made to utilize the drug or biological in a responsible manner to avoid wastage.

Effective July 1, 2023, claim line(s) for drugs from single-dose or single use containers MUST append either the JZ modifier to report that there were no discarded amounts, or append the JW modifier to report there was a discarded amount. On October 1, 2023, claims for drugs from single-dose or single use containers that do not append one of these two modifiers on the claim line(s) may be rejected as un-processable until claims are accurately resubmitted.

- The Direction Below is Applicable to Professional Commercial Claims ONLY:

  Claim lines reported with modifier JW will be reimbursed at 100% of Average Sales Price (ASP). Procedure Codes that do not have an assigned ASP will be reimbursed at 85% of Average Wholesale Price (AWP) when reported with modifier JW.

- The Direction Below is for Medicare Advantage ONLY:

  Unused drugs or biologicals from single use vials or single use packages that are appropriately discarded and provided under the Competitive Acquisition Program (CAP) for Part B drugs and biologicals, do not require the JW modifier to be reported with that service line.

Convenience Kits (*Applicable for Commercial Only*)

Convenience Kits are considered part of the provider's supply allowance used to administer the drug or biological; therefore, convenience kits are not reimbursed by the Plan. These charges are non-billable and a participating or network provider cannot bill the member for the denied service.

Skin Substitutes (*Applicable for Commercial and Medicare Advantage*)

Any amount of wasted skin substitute must be clearly documented in the procedure note with the following minimum information:

- Date, time, and location of ulcer(s) treated.
- Name of skin substitute and how the product is supplied.
- Approximate amount of product unit used.
- Approximate amount of product unit discarded.
- Reason for the wastage.
- Manufacturer's serial, lot, batch, or other unit identification number of graft material. When manufacturer does not supply unit identification, record must document such.

The Plan expects that where multiple sizes of a specific product are available, the size that best fits the wound with the least of amount of wastage will be utilized. The unused portion of product must be discarded and may not be used for another patient.

REFERENCES:

- Centers For Medicare and Medicaid Services (CMS); Competitive Acquisition Program (CAP) for Part B drugs and biologicals
- Centers For Medicare and Medicaid Services (CMS); Claims Processing Manual Chapter 17: Drugs and Biologicals; section 100.2.9, and section 40
- Centers For Medicare and Medicaid Services (CMS); Medicare Coverage Database: L35041, Article ID 54117: Application of Bioengineered Skin Substitutes to Lower Extremity Chronic Non-Healing Wounds

POLICY UPDATE HISTORY INFORMATION:

8 / 2016	Implementation
8 / 2019	Guidelines updated including reimbursement rate for modifier JW
11 / 2021	Added NY region applicable to the policy
1 / 2022	Added Delaware Medicare Advantage applicable to the policy
1 / 2023	Added modifier JZ
5 / 2023	Added direction for modifier JZ and skin substitute wastage, changed name of policy
3 / 2025	Administrative policy review with no changes in policy direction

Highmark Reimbursement Policy Bulletin

HIGHMARK.

HISTORY VERSION

Bulletin Number:	RP-003		
Subject:	Convenience Kits, Drug and Biological Wastage		
Effective Date:	August 1, 2016	**End Date:**	
Issue Date:	May 29, 2023	**Revised Date:**	May 2023
Date Reviewed:	March 2023		
Source:	Reimbursement Policy		

Applicable Commercial Market	**PA**	☒	**WV**	☒	**DE**	☒	**NY**	☒
Applicable Medicare Advantage Market	**PA**	☒	**WV**	☒	**DE**	☒	**NY**	☒
Applicable Claim Type	**UB**	☒	**1500**	☒				

A checked box indicates the policy is applicable to that market either entirely, or partially, as indicated within the policy.

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PURPOSE:

The purpose of this policy is to provide direction on the Plan's reimbursement for drug wastage (modifier JW) and convenience kits (code J3490).

DEFINITIONS:

Modifier	Definition
JW	Drug / biological amount discarded / not administered to any patient
JZ	Zero drug amount discarded / not administered to any patient

REIMBURSEMENT GUIDELINES:

Drug Wastage (*Applicable for Commercial and Medicare Advantage*)

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- The physician's orders for the drug must be clearly and completely documented in the medical record. When the physician order for the drug is written in terms of patient specific factors (weight, body surface area, etc.), records documenting current measurements of those specific factors must also be included with the records provided for review.
- The amount of drug administered must be clearly and completely documented in the medical record.
- The discarded or wasted drug must be clearly documented as discarded or wasted in the medical records provided to The Plan.
- The amount of drug that is actually administered to the member is billed on one line on the claim
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The Plan will only reimburse for the minimum amount of drug above what was actually ordered to arrive at the nearest whole vial using the smallest commercially available vial size and dose that result in the least amount of wastage.

The Plan does not reimburse discarded contrast material when billed with modifier JW. Providers should bill the appropriate contrast material code and report only the units administered.

The Plan does not reimburse for discarded or wasted amounts of drug from multi-dose vials or multi-use packages. It is inappropriate to report the JW modifier for wastage from a multi-dose vial or package.

Every attempt should be made to utilize the drug or biological in a responsible manner to avoid wastage.

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REFERENCES:

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8 / 2016	Implementation
8 / 2019	Guidelines updated including reimbursement rate for modifier JW
11 / 2021	Added NY region applicable to the policy
1 / 2022	Added Delaware Medicare Advantage applicable to the policy
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Highmark Reimbursement Policy Bulletin

HIGHMARK.

HISTORY VERSION

Bulletin Number:	RP-003		
Subject:	Drug Wastage and Convenience Kits		
Effective Date:	August 1, 2016	**End Date:**	
Issue Date:	January 1, 2023	**Revised Date:**	January 2023
Date Reviewed:	December 2022		
Source:	Reimbursement Policy		

Applicable Commercial Market	**PA**	☒	**WV**	☒	**DE**	☒	**NY** ☒
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Drug Wastage

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REFERENCES:

- Centers For Medicare and Medicaid Services (CMS); Competitive Acquisition Program (CAP) for Part B drugs and biologicals

- Medicare Claims Processing Manual Chapter 17, Drugs and Biologicals, section 100.2.9

POLICY UPDATE HISTORY INFORMATION:

8 / 2016	Implementation
8 / 2019	Guidelines updated including reimbursement rate for modifier JW
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