

New Study Demonstrates the Economic Costs & Medicare Policy Implications of Chronic Wounds

With quality measure-based payment models now driving Medicare reimbursement under the Medicare Access and CHIP Reauthorization Act (MACRA), foot and ankle surgeons, wound care practitioners and other healthcare providers have few reportable quality measures relevant to wound care.

A study published in the International Society for Pharmacoeconomics and Outcomes Research's *Value in Health* journal shows the full burden and cost of wound care in the U.S. Medicare population, highlighting the need for health policymakers at the U.S. Centers for Medicare and Medicaid Services (CMS) to develop more appropriate quality measures, episode of care measures and reimbursement models for wound care.

The study, "An Economic Evaluation of the Impact, Cost and Medicare Policy Implications of Chronic Nonhealing Wounds," analyzed 2014 Medicare data and determined the cost of chronic wound care for Medicare

beneficiaries in aggregate, by wound type and by setting. The findings show:

- Chronic nonhealing wounds affect nearly 15 percent of Medicare beneficiaries (8.2 million).
- A conservative estimate of the annual cost is \$28 billion when the wound is the primary diagnosis on the claim. When the analysis included wounds as a secondary diagnosis, the cost for wounds is conservatively estimated at \$31.7 billion.
- Surgical wounds and diabetic foot ulcers drove the highest total wound care costs (including cost of infections).
- On an individual wound basis, the most expensive mean Medicare spending per beneficiary was for arterial ulcers followed by pressure ulcers.
- Hospital outpatient services drove the greatest proportion of costs, demonstrating a major shift in site-of-service costs from hospital inpatient to outpatient settings.
- Surgical infections were the largest prevalence category, followed by diabetic wound infections.

This documentation of the economic impact of nonhealing wounds can be meaningful from a policy perspective moving forward. "The true burden of wound care to Medicare has remained relatively hidden and has not been a focus from a public policy standpoint in the United States. We are hopeful that documenting the significant economic cost and impact of chronic wounds can influence priorities for federal research funding in this space and for innovative payment approaches by CMS, including quality and performance measures within MACRA," noted lead study author Samuel Nussbaum, MD, Schaeffer Center for Health Policy and Economics, University of Southern California.

National quality measures have not been developed for use under MACRA's Merit-Based Incentive Payment System that are relevant to the broad spectrum of wound care. With quality measure-based payment models driving Medicare reimbursement

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