



Educational Program

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Reimbursement for “wound care products and procedures” in skilled nursing facilities

Shifting from “volume-driven” to “value-driven” payment

Understanding reimbursement for biologics, drugs, and surgical dressings in skilled nursing facilities



Information on reimbursement in the U.S. is provided as a courtesy. Due to the rapidly changing nature of the law and the Medicare payment policy, and reliance on information provided by outside sources, the information provided herein does not constitute a guarantee or warranty that reimbursement will be received or that the codes identified herein are or will remain applicable.

This information is provided “AS IS” and without any other warranty or guarantee, expressed or implied, as to completeness or accuracy, or otherwise. This information has been compiled based on data gathered from many primary and secondary sources, including the American Medical Association, and certain Medicare contractors.



SNFs must confirm or clarify coding and coverage from their respective payers, as each payer may have differing formal or informal coding and coverage policies or decisions.

QHPs and SNFs are responsible for accurate documentation of patient conditions and for reporting of products in accordance with particular payer requirements.



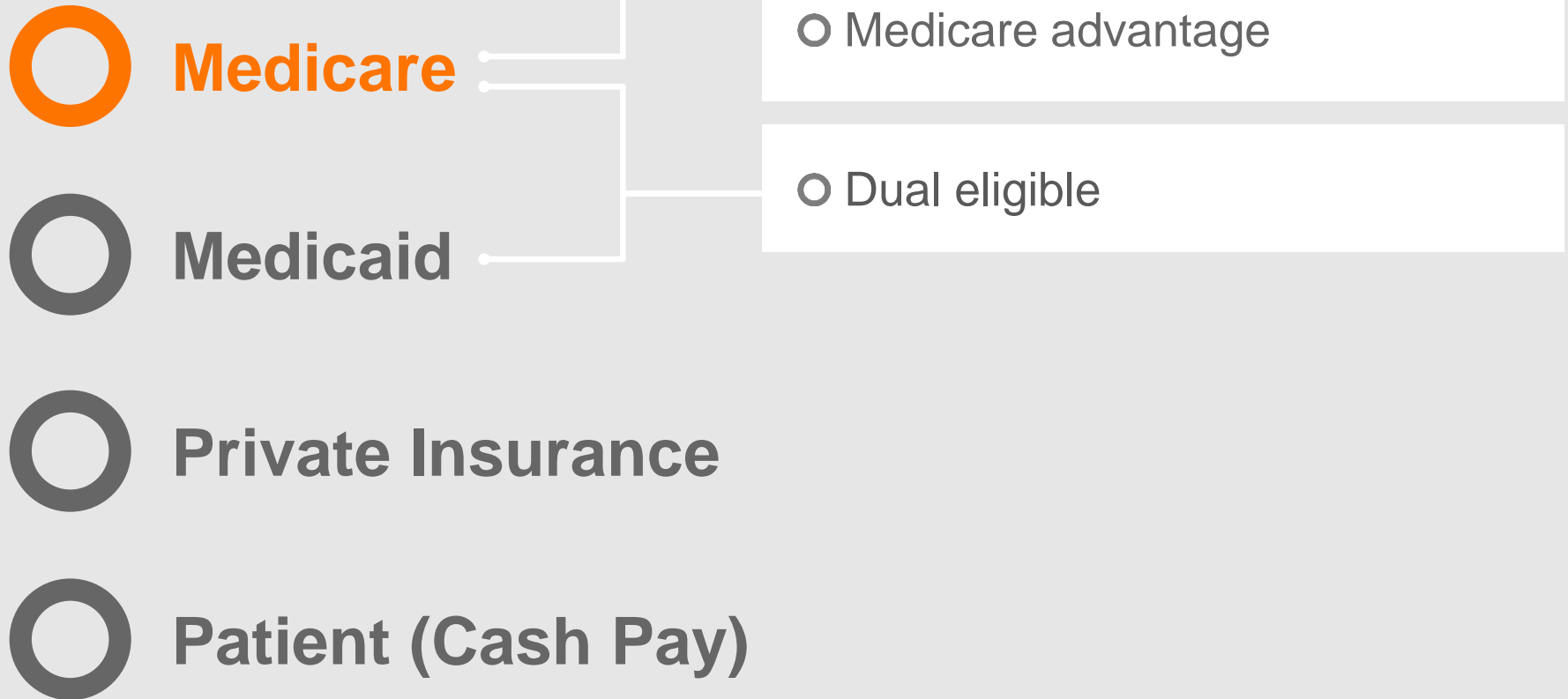
Review the differences between the various “volume-driven” payment systems









Describe how the various payers currently reimburse skilled nursing facilities for wound care biologics, drugs, and surgical dressings



Identify the “Triple Aim” goals of the new “value-based” payment systems



-  **Biologics**
-  **Drugs**
-  **Surgical dressings**
-  **Cellular and/or tissue-based products for skin wounds (CTPs) [outdated term skin substitute]**
-  **Unna boots**
-  **Multi-layer high compression bandage systems**



Inpatient health Insurance

Patients do not pay premiums
Patients are responsible for annual deductibles and coinsurance



Medical insurance (optional)

Patients are responsible for monthly premiums, annual deductibles and coinsurance



Prescription drug coverage (optional, except for dual-eligible)

Patients are responsible for monthly premiums, annual deductibles (if applicable) and drug co-payments /coinsurance

Medicare drug coverage is only available through one of the Part D Plans.
Medicare supplemental plans do not cover prescription drugs.

Traditional Medicare Part A skilled care

“Volume-driven” payment to SNF

Patients must be admitted to the SNF directly from the hospital after a minimum 3 day hospital stay

Patients must require skilled care, e.g. IV services, physical or respiratory therapy, cardiovascular or orthopedic recovery, etc.

Medicare Part A coverage can last up to 100 days as long as skilled care is required

NOTE: The average skilled stay is 27 days

MDS

Minimum Data Set

RUG

Resource Utilization Group



Medicare payment increases as resource utilization increases



Part A lasts up to 100 days, but may end sooner if skilled care is no longer medically necessary

**Skilled nursing facilities
incur the cost for all
wound care products:**

Dressings, e.g.:

- ALLEVYN◇ LIFE
- PROFORE◇
- ACTICOAT◇
- IODOSORB◇
- IODOFLEX◇

Drugs, e.g.:

- antibiotics

Biologics, e.g.:

- SANTYL®



Patients do not incur any costs for the first 20 days of each benefit period



Patients incur a daily coinsurance from days 21 - 100 of each benefit period



Patients incur all costs from day 101+



MYTH

SNFs should use the lowest cost wound products during the Part A stay



TRUTH

During the Part A stay SNFs should implement an aggressive care plan to close wounds as quickly as possible and should consider:

- The longer the wound stays open, the higher the total cost
- Direct and indirect costs e.g., nursing time and supply costs
- Risk of return to acute care
- Risk of infection
- Cost of wound deterioration [complication(s)]



MYTH

SNFs receive Medicare Part A RUG payments for all patients in “skilled beds”



TRUTH

SNFs only receive RUG payments for patients who qualify for Medicare Part A skilled care

Traditional Medicare Part B & Part D non-skilled care

“Volume-driven” payment to DME supplier and pharmacy

○ Medicare Part B surgical dressing Local Coverage Determination (LCD)

○ SNF surgical dressing formulary

NOTE

SNF does not incur costs for the surgical dressings, such as ALLEVYN[◇] LIFE and IODOSORB[◇], provided and billed to Medicare Part B by DME supplier.

Patient is responsible for 20% coinsurance to DME supplier.



Patient is responsible for monthly premiums,
annual deductibles and drug/biologic co-payment
/ coinsurance



The SNF does not incur costs for prescription drugs and biologics provided and billed to Medicare Part D by Long Term Care Pharmacy.

The SNF Drugs and Biologics Formulary should pertain mostly to the Medicare Part A covered stays.

Dual eligible (Medicare and Medicaid) Non-skilled care

 Dressings covered by surgical dressing Local Coverage Determination (LCD)

 SNF dressing formulary

 The SNF does not incur costs for the surgical dressings provided and billed by DME supplier

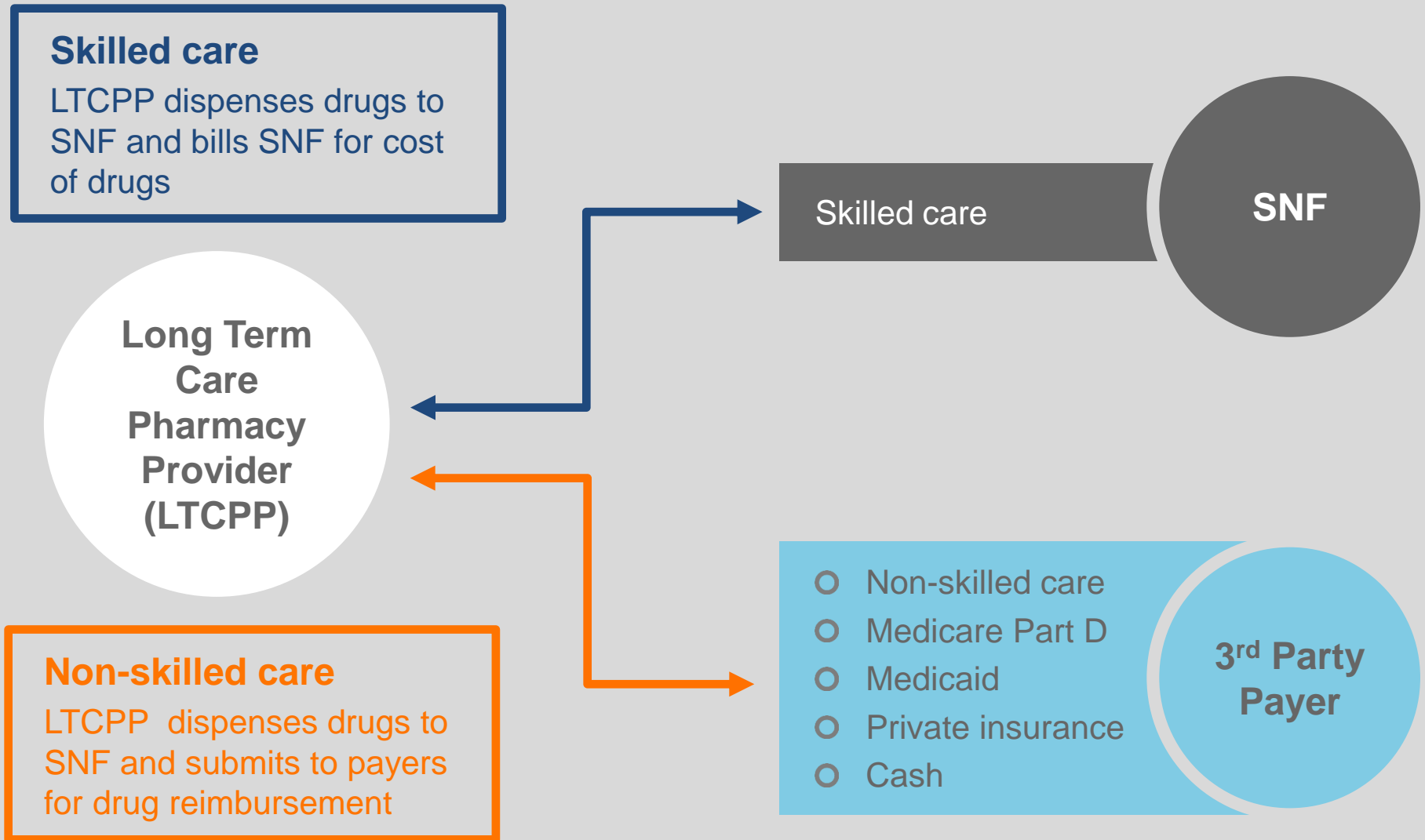
Dual eligible patients are not responsible for 20% surgical dressing coinsurance

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NOTE

The SNF does not incur costs for prescription drugs and biologics, such as SANTYL[◇], provided and billed to Medicare Part D by Long Term Care Pharmacy

The SNF Drugs and Biologics Formulary should pertain mostly to the Medicare Part A covered stays.



Disclaimer: Coverage, payment and benefit designs vary greatly from patient to patient. Information provided above is intended as a general guide and should not be used to determine coverage or payer source.

Skilled care

Medicare Part A

- RUG payment covers most costs, including drugs for up to 100 days

Medicaid

- State pays SNF for drugs based on Formulary Tier
- **Exception:** South Carolina and DC bundle drug payments into Medicaid contracted per diem rate

Private Insurance

- Patient's drug plan pays based on Formulary

Cash Pay

- Patient billed according to SNF's policy

Non-skilled care

Medicare Part D

- Part D pays for drugs; SNF does not pay
- Patient pays co-payment / coinsurance based on plan's formulary design
- Dual eligible patients do not pay a co-payment / coinsurance

Medicaid (not dual eligible patients)

- Same as for skilled care

Private Insurance

- Same as for skilled care

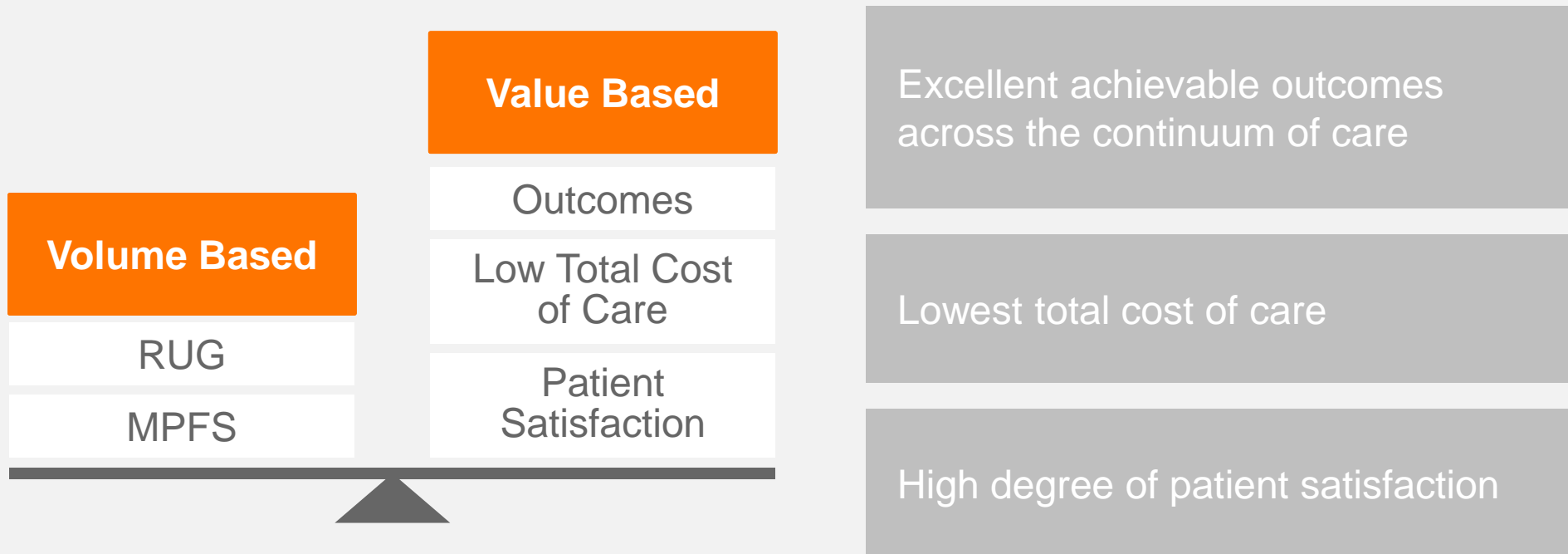
Cash Pay

- Same as for skilled care

“Value-based” payment systems

Potentially for all payers

“Triple Aim” across continuum of care



“Signs” of “value-based” payment systems

Skilled Nursing Facilities (SNFs)

Becoming part of integrated health systems

Participating in multiple types of bundled payment programs

Qualified Health Care Professionals (QHPs)

Becoming part of integrated health systems – often as employees

Participating in multiple types of alternative payment models

Wound care case management teams






Establish each patient's care plan



Follow patients across continuum of care

“Triple aim” oriented surgical dressing formularies

-  Achieve their intended use
-  Require infrequent dressing changes
-  Earn high patient satisfaction ratings

Best value over time.

Volume based



Repetitive procedures

Value based

Patient administered drugs and biologics



May reduce repetitive procedures



Continue to be reimbursed separately by patient or drug plan



May increase utilization of clinically appropriate wound care drugs and biologics

Summary:

Wound care in parallel reimbursement systems



“Volume-based” reimbursement systems provide:

Right care

... for the right clinical reason

... at the right time

“Value-based” reimbursement systems achieve the “Triple Aim”:

Excellent achievable outcomes across the continuum of care

Lowest total cost of care

High degree of patient satisfaction

**Thank you for giving me the
honor of sharing reimbursement
knowledge with you!**

Scott Reid

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