

Executive Summary

The Lewin Group was commissioned by the Continuum of Care Coalition (C3) to estimate the five-year Medicare gross and net costs of *implementing the exclusion of payment for Surgical Dressings from the consolidated per diem cost benefits provided under Part-A for inpatients of Skilled Nursing Facilities (SNF), as well as individuals under a Home Health Plan of Care, and allow for separate payment to be made under Part-B benefits.*^{1,2} This analysis was conducted using Congressional Budget Office (CBO) type scoring conventions.

Despite evidence indicating that advanced surgical dressings are more clinically effective, most Medicare beneficiaries in SNFs and Home Health Plan of Care do not receive advanced, comprehensive wound care. This is because of the high initial acquisition cost of advanced surgical dressing. The proposed legislation amends title XVIII of the Social Security Act to provide for separate coverage for surgical dressings provided in Home Health Plan of Care or SNF under the Medicare Program. The objective is to implement the exclusion of payment for surgical dressings from the consolidated per diem cost benefits for individuals under a Home Health Plan of Care or inpatients of SNF and allow for separate payment to be made under Part-B benefits for surgical dressings provided. Medicare beneficiaries are entitled to such services and this report will demonstrate how this proposed legislation will improve the quality of care, reduce healing time, and provide a significant national savings.

Based on our analysis, the estimate of five-year net cost savings to Medicare of standardizing coverage of implementing the exclusion of payment for surgical dressings from the Part A inpatient SNF stay and home health plan of care and allow for separate payment to be made under Part B benefits is almost \$4 billion (refer to ES 1). This estimate is comprised of Part A cost savings from SNF stay and Home Health Plan of Care and Part B benefits. In addition, we have also estimated an additional cost saving of \$0.7 billion over a period of five years for providers adopting advanced surgical dressings for wound management as a standard of care.

ES 1: Medicare Cost of Separate Payments under Part B for Advanced Surgical Dressings for Wound Care in SNF and Home Health

	2010	2011	2012	2013	2014	Total
Medicare Part A SNF Cost Savings Due to Proposed Legislation (in \$millions)	\$242	\$331	\$406	\$462	\$523	\$1,965
Medicare Part A Home Health Cost Savings Due to Proposed Legislation (in \$millions)	\$255	\$276	\$300	\$324	\$349	\$1,504
Medicare Part B Cost Savings Due to Proposed Legislation (in \$millions)	\$79	\$92	\$104	\$115	\$126	\$517
Total Medicare Cost Savings (in \$millions)	\$575	\$700	\$811	\$902	\$998	\$3,986

¹ Medicare Skilled Nursing Continuity of Care Act of 2009

² Medicare Home Health Services Continuity of Care Act of 2009