



## **FACT SHEET: Economic Impact of Chronic Wounds**

A new [study](#), “An Economic Evaluation of the Impact, Cost, and Medicare Policy Implications of Chronic Nonhealing Wounds,” published in the International Society For Pharmacoeconomics and Outcomes Research’s *Value in Health* journal demonstrates the economic impact of chronic nonhealing wounds in the Medicare population and highlights the associated need for quality measures and reimbursement models for wound care within CMS payment policies.

### **Ascertaining the true cost of wounds in the Medicare population: a retrospective analysis**

Estimates of chronic wound prevalence in the U.S. have been subject to considerable uncertainty, and CMS’s current methods for allocating resource use in wound care fails to identify the true scope and financial burden of chronic wounds, because the majority of wound care costs today accrue from outpatient services rather than sentinel inpatient events. As a result, the prevalence and financial burden of chronic nonhealing wounds are not fully appreciated by Medicare policy leaders. The study, “**An Economic Evaluation of the Impact, Cost, and Medicare Policy Implications of Chronic Nonhealing Wounds**” analyzed the Medicare 5% Limited Data Set for CY2014 to determine the cost of chronic wound care for Medicare beneficiaries in aggregate, by wound type, and by setting. Key findings:

- Chronic nonhealing wounds impact nearly **15% 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**.
  - The highest cost estimates in regard to site of service were for **hospital outpatients** (\$9.9\*-\$11.4\*\* billion) – demonstrating a **major shift in costs from hospital inpatient to outpatient settings**.
  - Including cost of infections, the most expensive chronic wounds were **surgical wounds** (\$11.7\* to \$13\*\* billion) and **diabetic foot ulcers** (\$6.2\* to \$6.9\*\* billion).
  - On an individual wound basis, mean Medicare spending per wound was \$3,415\* to \$3,859\*\*. The most expensive wounds per beneficiary were **arterial ulcers** (\$9,105\* to \$9,418\*\*) followed by **pressure ulcers** (\$3,696\* to \$4,436\*\*).
  - **Surgical infections** were the largest prevalence category (4.0%), followed by **diabetic wound infections** (3.4%).

*\* Estimates include Medicare provider payments only when a wound was the primary diagnosis on a claim.*

*\*\* Estimates include the entire payment of a claim if a wound diagnosis was the primary diagnosis and also attributed partial payments, per a pre-defined methodology, when a wound was a secondary diagnosis.*

### **Why these findings matter: A call to action to address wound care in value-based care models**

The true burden of wound care to Medicare has been relatively hidden. The study’s calculation and documentation of the economic costs and impacts can have important implications for Federal research funding and CMS policies, such as the Medicare Access and CHIP Reauthorization Act of 2015 (MACRA). With quality measure-based payment models driving reimbursement under MACRA, wound care practitioners have been particularly challenged – since there are no reportable quality measures relevant to wound care. The documentation of the specific, significant burden of chronic wounds in the Medicare population illustrates the need for CMS and health policy makers to include wound-relevant quality measures in all care settings as well as develop episode of care measures, chronic care models and reimbursement models to drive better health outcomes and smarter spending in the wound care space.

## Study Findings: At-A-Glance

**Table 2 – Medicare spending for wound care in 2014 by wound type, in millions of U.S. dollars\*.**

Wound type	Principal diagnosis	Principal diagnosis and attributed portion as secondary	Principal diagnosis or any secondary
Arterial ulcers	2085.0	2156.7	3107.7
Chronic ulcers	1420.7	1,772.2	6438.5
Diabetic foot ulcers	631.4 (6,178.0)	880.7 (6,933.6)	4499.9 (18,743.6)
Pressure ulcer	3870.2	4,644.5	22,050.1
Skin disorders	773.3 (786.1)	922.9 (936.2)	3225.6 (3,243.0)
Surgical wounds	5775.6 (11,714.4)	6699.0 (13,063.7)	24,300.1 (38,319.4)
Traumatic wounds	1292.3	1430.6	3411.4
Venous	569.0 (715.7)	605.6 (778.7)	1,027.1 (1,500.0)
Diabetes infections	5546.6	6052.9	14,243.7
Skin infections	12.8	13.3	17.4
Surgical infections	5938.8	6364.7	14,019.3
Venous infections	146.7	173.1	472.9
Total all wounds	28,062.1	31,716.1	96,813.8

\* Figures in parentheses represent total costs for types of wounds when cost of infections is included.

**Table 3 – Medicare spending for wound care per beneficiary (mean values) in 2014 by wound type, in U.S. dollars.**

Wound type	Principal diagnosis	Principal diagnosis and attributed portion as secondary	Principal diagnosis or any secondary
Arterial ulcer	9105	9418	13,571
Chronic ulcer	1104	1377	5003
Diabetic foot ulcer	1555	2169	11,083
Diabetic infections	2846	3106	7308
Pressure ulcer	3696	4436	21,060
Skin disorders	514	614	2145
Skin infections	346	359	470
Surgical wounds	3364	3902	14,153
Surgical infections	2604	2790	6585
Traumatic wounds	830	919	2191
Venous	1138	1211	2054
Venous infections	114	134	366
Total all wounds	3415	3859	11,781

**Table 4 – Medicare spending for wound care by type of service in 2014 by wound type, in U.S. millions of dollars.**

Type of service	Principal diagnosis	Principal diagnosis and attributed portion as secondary	Principal diagnosis or any secondary
Hospital inpatient	4990.8	5798.4	24,308.5
SNF	700.7	895.3	3371.5
HHA	1527.7	1703.0	3298.3
Hospice	4.3	28.1	207.5
Hospital outpatient	9927.8	11,374.4	35,785.6
Part B carrier	2867.5	2867.5	2867.5
DME	316.1	316.1	316.1
Total Medicare FFS	20,334.9	22,982.7	70,154.9
Estimated MA spending	7727.2	8733.4	26,658.9
Total FFS and MA	28,062.1	31,716.1	96,813.8

DME, durable medical equipment; FFS, fee for service; HHA, home health agency; MA, Medicare Advantage; SNF, skilled nursing facility.

Tables from: [An Economic Evaluation of the Impact, Cost, and Medicare Policy Implications of Chronic Nonhealing Wounds](#)  
Nussbaum, Samuel R. et al., Value in Health, in press

-Low-range estimates include only Medicare provider payments when a wound was the **primary diagnosis** on a claim.

-Mid-range estimates attribute the entire payment of a claim if a wound diagnosis was the **primary diagnosis** and also attribute payments per a pre-defined methodology when a wound was a **secondary diagnosis**.

-High-range estimates include payments when a wound was either the **primary or secondary diagnosis** and provided an upper bound estimate to total spending associated with wound care **assuming the wound was always the underlying cause of the service**.