

Dear Valued Customer,

Reimbursement in long term care differs based upon the level and duration of care, as well as the payer(s) applicable to each patient. To complicate matters further, payers often change during a patient's long term care stay.

To assist with your understanding of this complex topic, Smith+Nephew has created the high-level summary that follows. As always, when considering any specific claim or patient, it is imperative that you confirm applicable coverage requirements with the payer, as these change from time to time.

### **Skilled long term care**

- For **patients covered by traditional fee-for-service Medicare Part A and Medicare Advantage plans**, including low income subsidy patients (LIS) (patients who are both Medicare and Medicaid eligible), all costs (facility, drugs and biologics, surgical dressings, some medical devices, etc.) are included in the *Medicare Part A Patient Driven Payment Model (PDPM)* payment for up to 100 days per benefit period.
  - A five-day assessment must be completed within Days 1-8 of admission and determines the overall reimbursement rate for the duration of the patient's skilled stay.<sup>1</sup>
  - The national average length of stay for a Medicare beneficiary in Part A is 27 days.
- For **patients covered by Medicaid, commercial medical plans, etc.**, most costs (facility, drugs and biologics, dressings, some medical devices, etc.) are typically included in a contracted per diem rate that works similar to a Medicare RUG payment.
  - NOTE: For Medicaid patients in most states, drugs and biologics and some medical devices are paid in addition to the Medicaid per diem rate. Collagenase SANTYL<sup>®</sup> Ointment (250 units/g) and REGRANEX<sup>®</sup> (becaplermin) gel, 0.01% are not covered by Medicaid and will not be reimbursed by the State.

### **Non-skilled long term care**

- For **patients covered by Part B and/or Part D Medicare**, including LIS patients:
  - Surgical dressings as well as some medical devices are typically paid by the patient's Medicare Part B benefit.
  - SANTYL Ointment<sup>†</sup> and other prescription drugs are paid to the long term care pharmacy by the patient's *Medicare Part D* plan (for patients who have enrolled in a Medicare prescription drug plan).
- For **patients covered by Medicare Advantage, commercial medical plans, etc.**
  - Surgical dressings as well as some medical devices are typically paid by the appropriate payer.
  - SANTYL Ointment and other prescription drugs are paid to the long term care pharmacy by the patient's insurance plan.

Reimbursement example for products in long term care

	Skilled Care	Non-Skilled Care
<p>Rx Drugs eg, Collagenase SANTYL<sup>◇</sup> Ointment and REGRANEX<sup>◇</sup> gel</p>	<p><u>Medicare patients (including LIS patients)</u></p> <ul style="list-style-type: none"> <li>• Medicare Part A                             <ul style="list-style-type: none"> <li>▪ May be up to 100 days per benefit period</li> <li>▪ Per diem payment based on the PDPM rate</li> </ul> </li> </ul> <p><u>Medicaid Patients</u></p> <ul style="list-style-type: none"> <li>• Billed separately to state programs. SANTYL Ointment and REGRANEX gel will not be covered.</li> </ul> <p><u>Private Insurance Patients</u></p> <ul style="list-style-type: none"> <li>• Based on patient’s drug benefit coverage</li> </ul> <p><u>Cash Pay Patients</u></p> <ul style="list-style-type: none"> <li>• Patient billed according to nursing home’s policy</li> </ul> <p><b>NOTE:</b> Patient may be responsible for deductibles, premiums and co-pays.</p>	<p><u>Medicare Patients (including LIS patients)</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Medicare Part D                             <ul style="list-style-type: none"> <li>▪ SANTYL Ointment continues to be covered by 100% of Medicare Part D plans</li> <li>▪ Co-pay based upon payer’s drug formulary design</li> <li>▪ LIS patients have no co-pay</li> </ul> </li> </ul> <p><u>Medicaid Patients</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> All drug costs billed to appropriate state Medicaid program                             <ul style="list-style-type: none"> <li>▪ SANTYL Ointment and REGRANEX gel are not covered by State Medicaid and will not be reimbursed</li> <li>▪ Patient Assistance Program available through the manufacturer for patients that qualify</li> </ul> </li> </ul> <p><u>Private Insurance Patients</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Based on patient’s coverage</li> </ul> <p><u>Cash Pay Patients</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Patient billed according to nursing home’s policy</li> </ul> <p><b>NOTE:</b> Patient may be responsible for deductibles, premiums and co-pays.</p>
<p>Medical Devices eg, PICO<sup>◇</sup> and Foam Dressings eg, ALLEVYN<sup>◇</sup></p>	<p><u>Medicare Patients (including LIS patients)</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Medicare Part A                             <ul style="list-style-type: none"> <li>▪ May be up to 100 days per benefit period</li> <li>▪ Per diem payment based on the PDPM Rate</li> </ul> </li> </ul> <p><u>Medicaid Patients</u></p> <ul style="list-style-type: none"> <li><input type="checkbox"/> Billed separately to state programs, if not covered in per diem rate</li> </ul> <p><u>Private Insurance Patients</u></p> <ul style="list-style-type: none"> <li>• Based on patient’s coverage</li> </ul> <p><u>Cash Pay Patients</u></p> <ul style="list-style-type: none"> <li>• Patient billed according to nursing home’s policy</li> </ul> <p><b>NOTE:</b> Patient may be responsible for deductibles, premiums and co-pays.</p>	<p><u>Medicare Patients (including LIS patients)</u></p> <ul style="list-style-type: none"> <li>• Foam dressings and <u>some</u> medical devices are eligible for reimbursement under Medicare Part B</li> </ul> <p><u>Medicaid Patients</u></p> <ul style="list-style-type: none"> <li>• Foam dressings and <u>some</u> medical devices can be billed to appropriate state Medicaid program</li> </ul> <p><u>Private Insurance Patients</u></p> <ul style="list-style-type: none"> <li>• Based on patient’s coverage</li> </ul> <p><u>Cash Pay Patients</u></p> <ul style="list-style-type: none"> <li>• Patient billed according to nursing home’s policy</li> </ul> <p><b>NOTE:</b> Patient may be responsible for deductibles, premiums and co- pays.</p>

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

Smith+Nephew fully supports the use of the products per their approved labeling within your facility and we hope you found this summary helpful. If you would like to receive additional information about other Smith+Nephew products, please contact your local Smith+Nephew Representative or our Customer Care Department at (800) 441- 8227.

Sincerely,

Smith+Nephew Reimbursement Team

**References: 1.** Grabowski DC. *Post-Acute & Long Term Care: A Primer on Services, Expenditures & Payment Methods*, U.S. Department of Health and Human Services, June 2010.

†Collagenase SANTYL<sup>◇</sup> Ointment is a sterile biologic prescription drug.

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The Smith & Nephew products featured herein are used during different phases of the wound treatment paradigm and have different indications and study populations. Smith & Nephew makes no representations or claims of any kind related to using the products conjunctively and/or in combination and has no clinical evidence concerning the same unless explicitly stated otherwise.

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This information has been compiled based on data gathered from many primary and secondary sources and certain Medicare contractors.

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