Net Health Insights

Billions in Costs for Chronic Wounds:

Immeasurable Suffering: A Look at the Financial and Human Toll of Chronic Wounds

Over the past few years, healthcare providers, payers, researchers and regulators have started paying attention to a once overlooked area of healthcare, chronic wounds. Chronic wounds encompass injuries such as burns and surgical site infections as well as pressure injuries (bedsores), hospital acquired pressure injuries (known by the acronym HAPIs) and diabetic ulcers.

The advent of value-based care initiatives and heavy penalties for HAPIs are leading to changes in wound care. Dedicated clinicians and innovators bringing promising technologies, products and services to the market are starting to move the dial in terms of managing costs and improving outcomes.

The impetus for further adoption of new technologies may lie in an honest exploration of the cost of chronic wounds – economic, societal and personal. Here is a summary developed by Net Health and Tissue Analytics clinicians and data scientists to provide additional insights and a framework for discussing the value of adopting new technologies, tools and best practices to combat chronic injuries.

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01 Pressure Injuries

Pressure injuries (PIs), commonly known as bedsores, occur when excessive pressure over a prolonged period of time is placed on an extremity such as legs, back or buttocks. PIs can occur in a hospital, long-term care or home care settings. PIs are preventable, but rates continue to escalate. Here's more . . .

- Some **2.5 million** people will develop a pressure injury this year.
- CMS estimates that PIs add more than **$43,000** in costs to a hospital stay.
- The cost of individual patient care for severe PIs ranges from **$21,000** to more than **$151,000**.
- Despite clinical advances, because of the ever-increasing number of obese, diabetic, and elderly patients, PI rates are predicted to continue to rise.

Above data from AHRQ's Preventing Pressure Injuries in Hospitals—Understanding Why Change Is Needed

02 HAPIs Impact on Hospitals

HAPIs are PIs that occur in a hospital setting. Patients at risk include the elderly, those unable to move, and those with cardiovascular disease, diabetes, incontinence, and other conditions. The Agency for Healthcare Research and Quality (AHRQ) reported that despite a 13% decrease in all hospital-acquired conditions from 2014-2017, HAPI rates increased by 6%.

The US spends more than $26.8 billion on caring for patients with HAPIs.

5-15%

Between 5 to 15% of hospital patients acquire a pressure injury or HAPI.

CMS considers Stage 3 (full-thickness skin loss) or Stage 4 (full-thickness skin loss and tissue loss) PIs "never events" and will not reimburse hospitals for the cost of care.

$10M

The average HAPI costs hospitals up to $70,000 per case; a typical 300-bed hospital could lose more than $10 million in unreimbursed costs.

60,000

HAPIs also are the second most common civil lawsuit claim after wrongful death, claiming 60,000 patients each year.

80%

Nearly 80% of hospitals are hit with a HAPI penalty.

03 Chronic Wounds Impact Nursing Homes, SNF and LTC

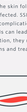
The AHRQ reports that PI prevalence is 7.5%, with an annual cost of $3.3B.

In 2019, CMS launched the Patient-Driven Payment Model (PDPM), establishing a new classification system to shift payments from volume to value. CMS has voiced that this shift will bring more value-based payment (VBP) programs and help to "unify the post-acute care payment system."

In 2020, CMS announced The Skilled Nursing Facility (SNF) Healthcare-Associated Infections (HAIs) Requiring Hospitalizations. The goal of the newest program is to track the rate of nursing home stays that result in acquired infections, such as wounds.

04 Diabetic Ulcers

People with diabetes are at high risk for diabetic foot ulcers due to poor circulation, high blood sugar (hyperglycemia) and nerve damage. A key concern for foot ulcers is that left untreated, or improperly treated they often lead to below-the-knee (BTK) amputations. The statistics around this condition are important to understand and include.



The total medical cost for managing diabetic foot disease in the US ranges from **$9 to $13 billion.**

The rate of diabetic amputations has grown by **50%** in recent years.

Minorities and lower-income patients are more likely than white Americans or those with higher income and education levels to lose a lower limb.

Every day, **230** Americans with diabetes will suffer an amputation.

05 Surgical Infections

Surgical site infections (SSI) occur when a break in the skin following surgery becomes infected. SSIs remain a common and costly complication of any surgery. Because SSIs can lead to sepsis, a serious blood infection, they must receive proper interventions and treatments.

Approximately **2 to 5%** of surgeries result in an SSI.

Most SSIs occur within **30 days** after a surgery.

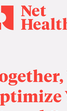
More than **500,000 SSIs** occur each year with higher income and education levels to lose a lower limb.

Costs to treat SSIs vary but can range **up to $30,000 per case**.

SSIs are deadly. In one study, **77%** of the deaths of surgical patients were related to surgical wound infections.

06 Burns

Burns can be one of the more challenging chronic wounds to treat. They affect young and old and are caused by cold, heat, radiation, chemical or electric sources. Hot liquids, solids or fire cause the majority of burns.



- According to the American Burn Association there are more than **3,600** deaths from fire and smoke inhalation, and another **40,000** people are treated in hospitals for
- Children under 15 make up almost **one-third** of burn injury patients. Those under five are **twice as likely** as the overall population to be seen for burn injuries in a hospital emergency department.
- The elderly and the disabled are also at a higher risk for burn injuries. Young adults ages 20 to 29 had **1.4 times the risk**, and those in the 30-39 age group had **1.3 times** the general population's risk. As reported by The American Burn Association
- Burn treatment is costly. The Business Group on Health reports that while hospital treatment of burns represents just 1% of all injuries in the US, treatments cost more than **$10.4 billion per year**. Treatment for a patient with severe burns can cost **$10 million**.