Economic Value with V.A.C.® Therapy in Hospital Setting
COMPARATIVE ANALYSIS OF HOSPITAL COST DATA*

Total Cost of Care

- Total cost to treat (in addition to wound closure) is important for evaluating cost effectiveness of wound care products and services
- Failure to heal a wound effectively can lead to overall higher costs to treat
- In addition to randomized control trials and clinical papers, analysis of real world expenditure data can provide insights into cost effectiveness of wound care therapies

Analysis Methodology

- A retrospective observational database study was conducted by Premier Research Services (PRS) to evaluate the costs and readmission rates of negative pressure wound therapy (NPWT) patients* at facilities using KCI vs. Competitor Therapies
- The data analyzed were from 144 hospitals for KCI and 24 hospitals for Competitor, for the time period July 1, 2011 through June 30, 2013; KCI n=18,385, Competitor n=3,253
- PRS included only those hospitals using procedural cost accounting methods; PRS reconciles hospital data to actual financials and reports an overall accuracy rate within 2%
- Dual hospitals (using both KCI and Competitor products) were excluded from the analysis
- Patient cases were included for all indicated wound types, but patients treated with alternate negative pressure (e.g., ABThera™ Open Abdomen Negative Pressure Wound Therapy, Prevena™ Therapy, V.A.C.Via™ Therapy and PICO™ Therapy) were omitted

Selected study findings:

- Analysis of patients receiving NPWT in KCI NPWT hospitals vs. Competitor NPWT hospitals revealed KCI patients had 10% shorter length of stay (13.0 vs. 14.5 days, \(p<0.001\))
- KCI patients had a lower all-cause 30-day Readmission Rates of 16.1% vs. 17.9% \((p=0.0145)\)
- KCI hospitals had 11% lower ($14,512) Total Hospital Charges for NPWT patients than Competitor hospitals ($127,272 vs. $112,759, \(p<0.001\))
- KCI patients had a lower estimated Length of Therapy (days) than Competitor patients (7.1 vs. 7.5 \(p<0.032\)), and also received NPWT earlier in their stay than patients in facilities using competitor NPWT (at day 4.6 vs. 5.5 \(p<0.001\))
- The percentage of NPWT patients with an ER visit post discharge at 30 days (16.6% vs 18.1%, \(p=0.046\)) and 60 days (23.4% vs 26.2%, \(p=0.0012\)) was lower for KCI patients versus Competitor NPWT patients
- Across the total population, NPWT represented a small portion of total cost of care (<2%)

*Each patient received at least 1 charge for NPWT. Competitor hospitals include all Non-KCI NPWT hospitals.
Analysis of KCI NPWT Hospitals vs. Competitor NPWT Hospitals Showed Differences in Average Length of Stay and Average Hospital Charges Per Patient

Analysis of KCI NPWT Hospitals vs. Competitor NPWT Hospitals Showed Differences in NPWT Charges and Room and Board Charges for NPWT Patients

KCI Facilities Had Lower Re-Admission Rate of their NPWT Patients at 30 Days

Higher Re-Admission Rates Can Impact Patient Satisfaction, Quality Ratings and Profitability

The Average Inpatient Re-Admission Cost for Competitors was $16,635 per Patient

Sample size and additional demographic Information on next page. Re-Admission Rates calculated as a percentage of Total Discharges Discharged Alive. All Others calculated on total discharges. P-values derived from T-test for means. Missing data and data points falling in the lower and upper .05% were considered outliers and removed from summary calculations.
KCI understands the importance of demonstrating our therapies’ value in improving outcomes, patient satisfaction, and lowering the total cost of care.

### Study Demographics

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<thead>
<tr>
<th></th>
<th>KCI NWPT</th>
<th>Competitor NWPT</th>
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<tbody>
<tr>
<td>Number of Discharges</td>
<td>18,385</td>
<td>3,253</td>
</tr>
<tr>
<td>Number of Hospitals</td>
<td>144</td>
<td>24</td>
</tr>
<tr>
<td>Average Age</td>
<td>59.1 (±16.8)</td>
<td>58.6 (±17.5)</td>
</tr>
<tr>
<td>Charlson Co-morbidity</td>
<td>2.1 (±2.2)</td>
<td>2.3 (±2.3)</td>
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### Payor Distribution

<table>
<thead>
<tr>
<th>Payor</th>
<th>KCI NWPT</th>
<th>Competitor NWPT</th>
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</thead>
<tbody>
<tr>
<td>Managed Care</td>
<td>24.8%</td>
<td>24.3%</td>
</tr>
<tr>
<td>Medicare</td>
<td>53.6%</td>
<td>51.1%</td>
</tr>
<tr>
<td>Medicaid</td>
<td>12.0%</td>
<td>14.7%</td>
</tr>
<tr>
<td>Other-Unknown</td>
<td>9.6%</td>
<td>9.9%</td>
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*KCI V.A.C.® Therapy is Designed to Help Accurately Deliver the Prescribed Negative Pressure for Optimal Healing*

- Individual sensing lumens **measure, monitor, manage, and maintain negative pressure** at the wound site
- Software controlled technology helps maintains negative pressure and helps **reduce tubing blockages** and false alarms
- Nationwide product related clinical and technical support for patients, clinicians and caregivers available 24/7/365

For additional information please contact the KCI Health Economics Department or your local Sales Representative

*Source: Analysis conducted on hospital patient level data by Premier Research Services. Data on file with KCI. P-values are derived from T-test for means. Missing data and data points falling in the lower and upper .05% were considered outliers and removed from summary calculations. ©2014 KCI Licensing, Inc. All rights reserved. PICO is a trademark of Smith & Nephew. All other trademarks designated herein are proprietary to KCI Licensing, Inc., its affiliates and/or licensors. DSL#14-0007.PREM.US.B Lit#29-A-241 (Rev. 9/14)