Economic Value with V.A.C.® Therapy
COMPARATIVE ANALYSIS OF NATIONAL INSURANCE CLAIMS

Total Cost of Care

- Total cost to treat (in addition to wound closure) is important for evaluating 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 effectiveness of wound care therapies

Analysis Methodology

- Claims data were analyzed by Optum LifeSciences for patients with at least one NPWT claim in the post-acute setting to identify total cost of care for KCI V.A.C.® Therapy vs. Competitor NPWT patients
- A data set of over 15,000 patients from 2011 to 2012 was included in the analysis
- Costs and other key metrics (ER visits, readmission rates) were classified as “wound-related” if a wound diagnosis appeared within the top three diagnoses on the claim
- Wounds were classified into major categories based on the ICD-9 on the claim; multiple codes/sub-types of wounds are included in each category
- Costs represent total cost to the insurer for their population; no claims were excluded from the analysis

Selected study findings...

- For the three months following patients’ initial treatment of NPWT, KCI patients cost an average of $4,500 less than the competitors’ overall ($35,500 vs. $40,000)
- When looking at total wound-related costs only, KCI patients on average cost 13% less ($13,000 versus $15,000 for competitors)
- Competitor patients in the study were 19 times more likely to switch to KCI treatment during the three months post initial NPWT treatment than KCI patients (odds ratio = .05 for KCI vs. Competitor)
- KCI patients studied received an average of fewer wound-related incidents (Inpatient stays and ER visits) for the 6-months post initial treatment:
  - For non-healing wound patients:
    - Average Inpatient stays: 0.5 KCI vs. 0.8 Competitor (p < .0001)
    - Average ER visits: 0.1 KCI vs. 0.7 Competitor (p = .06)
  - For open wound patients:
    - Average Inpatient stays: 0.6 KCI vs. 1.5 Competitor (p < .0001)
    - Average ER visits: 0.1 KCI vs. 1.6 Competitor (p < .0001)
  - For pressure ulcer wound patients:
    - Average Inpatient stays: 1.7 KCI vs. 3.3 Competitor (p < .0001)
    - Average ER visits: 0.6 KCI vs. 1.1 Competitor (p = .03)
The Economics of Healing Matters

Total Cost to Treat

Three and Twelve Month Total Cost Comparison for all NPWT Patients

- **Non-Wound-Related**
  - KCI 3-Month: $35K
  - Competitor 3-Month: $40K
  - KCI 12-Month: $60K
  - Competitor 12-Month: $81K

- **Wound-Related**
  - KCI 3-Month: $22K
  - Competitor 3-Month: $25K
  - KCI 12-Month: $21K
  - Competitor 12-Month: $29K

Comparison of KCI to Competitor NPWT Patients of a National Insurer Showed Differences In Total Cost to Treat 3 and 12 months Post Initial Claim²

Average Wound-Related Re-Admission Rate and ER Spend Per Patient²

- **Wound-Related Re-Admission Rate at 3 Months³**
  - KCI: 5%
  - Competitor: 8%

  Statistically Different (p=.01)

- **Average Wound-Related ER Spend per Patient⁴**

<table>
<thead>
<tr>
<th>Type</th>
<th>KCI</th>
<th>Competitor</th>
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<tbody>
<tr>
<td>Non-Healing</td>
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<tr>
<td>Open Wounds</td>
<td>$800</td>
<td>$600</td>
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<tr>
<td>Pressure Ulcers</td>
<td>$1,200</td>
<td>$1,000</td>
</tr>
<tr>
<td>Diabetic Foot Ulcers</td>
<td>$1,600</td>
<td>$1,400</td>
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Number of Patients

<table>
<thead>
<tr>
<th></th>
<th>KCI</th>
<th>Competitor</th>
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<tbody>
<tr>
<td>Non-Healing</td>
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<tr>
<td>Open Wounds</td>
<td>2,103</td>
<td>101</td>
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<tr>
<td>Pressure Ulcers</td>
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<tr>
<td>Diabetic Foot Ulcers</td>
<td>782</td>
<td>48</td>
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</table>

- Average Wound-Related Re-Admission Rate Was Higher for Competitor NPWT Patients
- Average Per Patient Wound-Related ER Spend Was Higher for Competitor NPWT Patients Across All Wound Types
KCI Portfolio of Negative Pressure Wound Therapy with Patented SensaT.R.A.C.™ Technology

References:
1. Each patient received at least 1 diagnosis claim with an NPWT HCPCS code (E2402). Competitor patients includes all Non-KCI NPWT patients
3. Wound related re-admission rate represents re-admissions after initial Post Acute NPWT claim, with wound diagnosis in top three re-admission diagnoses.
4. Wound related ER spend represents insurer’s spend on ER visit with wound diagnosis in top three diagnoses. DFU not statistically significant due to small sample size.

KCI understands the importance of demonstrating our therapies’ value in improving outcomes, patient satisfaction, and lowering the total cost of care.

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