Hospital-based Outpatient Wound Care Department (HOPD) coding, Medicare payment and coverage information

The American Medical Association established two (2) CPT codes for negative pressure wound therapy (NPWT) using disposable medical equipment, including the PICO Single Use Negative Pressure Wound Therapy System. Please note that these codes also include reimbursement for the equipment. Therefore, CPT codes 97607 and 97608 should only be reported when a new PICO NPWT pump with a 7-day battery is furnished to the patient. If the physician and/or other qualified healthcare professional (QHP) writes orders for wound assessment and application of a new fluid management system before the 7-day battery life of the PICO pump is exhausted, the HOPD should code and bill for the work that was performed during that visit (eg appropriate level of clinic visit, surgical debridement, selective debridement, etc.).

<table>
<thead>
<tr>
<th>CPT code</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>97607</td>
<td>Negative pressure wound therapy (eg vacuum assisted drainage collection), utilizing disposable, non-durable medical equipment including provision of exudate management collection system, topical application(s), wound assessment, and instructions for ongoing care, per session; total wound(s) surface area less than or equal to 50 square centimeters</td>
</tr>
<tr>
<td>97608</td>
<td>Negative pressure wound therapy (eg vacuum assisted drainage collection), utilizing disposable, non-durable medical equipment including provision of exudate management collection system, topical application(s), wound assessment, and instructions for ongoing care, per session; total wound(s) surface area greater than 50 square centimeters</td>
</tr>
</tbody>
</table>
Calendar Year (CY) 2017 Medicare Hospital Outpatient Prospective Payment System (HOPPS)

For CY 2017, Medicare assigned CPT® codes 97607 and 97608 to Ambulatory Payment Classification (APC) Group 5052 Level II Skin Procedures with status indicator “T.” Therefore, the payment for 97607 and 97608 will be reduced by 50% when medically necessary and billed on the same date of service as another procedure with a “T” status indicator.

Medicare HOPPS Payment Rates* for PICO™ Single Use Negative Pressure Wound Therapy System, when covered by the MAC:

<table>
<thead>
<tr>
<th>CPT Code</th>
<th>APC Group</th>
<th>Status Indicator</th>
<th>Total Medicare APC Allowable</th>
<th>Medicare Payment Rate**</th>
<th>Patient Coinsurance</th>
</tr>
</thead>
<tbody>
<tr>
<td>97607</td>
<td>5052</td>
<td>T</td>
<td>$292.62</td>
<td>$234.09</td>
<td>$58.53</td>
</tr>
<tr>
<td>97608</td>
<td>5052</td>
<td>T</td>
<td>$292.62</td>
<td>$234.09</td>
<td>$58.53</td>
</tr>
</tbody>
</table>

* The national average 2017 Medicare rates for the hospital outpatient setting are calculated from the Outpatient Prospective Payment System (OPPS), November 2016. Any payment rates listed are Medicare national averages that may be subject to change without notice. Actual payment to a hospital will vary based on geographic location and may also differ based on policies and fee schedules outlined as terms in your health plan and/or payer contracts. Payment rates do not account for sequestration. https://www.cms.gov/Medicare/Medicare-Fee-for-Service-Payment/HospitalOutpatientPPS/Hospital-Outpatient-Regulations-and-Notices-Items/CMS-1656-FC.html

NOTE: Ensure that reported charges reflect both the PICO Single Use NPWT System and, if appropriate, the work to assess the wound, apply it, and provide instructions for ongoing care. CPT codes 97607 and 97608 should include the disposable NPWT device.

NOTE: Payment rates from non-Medicare payers will depend on each hospital’s contract with each payer.

Smith & Nephew, Inc. provides this content for informational purposes only. The information contained herein is gathered from various sources on November 15, 2016 and is subject to change without notice. Smith & Nephew, Inc. cannot guarantee success in obtaining coverage or payment. Reimbursement for medical products and services is affected by numerous factors. It is always the provider’s responsibility to determine and submit appropriate codes, charges, and modifiers for services that are rendered. Actual codes and/or modifiers used are at the sole discretion of the treating physician and/or facility. Providers should contact their third-party payers for specific information on their coding, coverage, and payment policies. This guide is in no way intended to promote the off-label use of any product.

Coverage and questions

+ Before applying PICO Single Use Negative Pressure Wound Therapy System, all HOPDs should confirm or clarify coverage and coding from each patient’s insurance plan, as each payer may have differing formal or informal policies or decisions. For assistance with insurance benefit verification or any questions, call 1-888-705-0061 Monday through Friday 8:00 am to 5:00 pm EST.

References: 1. CPT Copyright 2016 American Medical Association. All rights reserved. CPT is a registered trademark of the American Medical Association.

For detailed product information, including indications for use, contraindications, effects, precautions and warnings, please consult the product’s Instructions for Use (IFU) prior to use.

Smith & Nephew, Inc. Customer Care Center
Fort Worth, TX 1-800-876-1261
USA T 727-392-1261
www.smith-nephew.com F 727-392-6914
www.possiblewithpico.com

©2016 Smith & Nephew, Inc. All rights reserved.
*Trademark of Smith & Nephew. All other trademarks acknowledged.