Approaches to Covering the Cost of EXPAREL® (bupivacaine liposome injectable suspension)

Once you have developed the business case, three examples of approaches to achieving success with payor reimbursement for EXPAREL include the following (refer to Ambulatory Surgery Center: Payor Contract Negotiation Guide):

1. Carve out EXPAREL utilizing the C9290 code for pricing and billing.
2. Carve out the surgical CPT code, price it, and provide supporting documentation to the payor to build the business case.
3. Ask the payor if you can include a “non-grouped provision,” which permits reimbursement of CPT codes that do not map to a grouper that allows for reimbursement.

Leveraging Health Plan Benefit Design

- Payors are creating and using health plans benefit designs that may serve to incentivize the use of ASCs.
- Payors and employer groups are encouraging the use of benefit designs that reward consumer behavior for selecting lower-cost providers. For example, deductibles and copays may be waived to offer incentives to employees who access ASCs for surgical care.
- ASCs may be presented with an opportunity to approach large employer groups that will contract directly with ASCs at discounts in exchange for volume or exclusivity agreements for services.
  - If your ASC is in the position to negotiate directly with an employer group, incorporate the cost of EXPAREL and the value proposition into your discussion and apply the principles outlined in the guide to support these efforts.

Important Safety Information

- EXPAREL is contraindicated in obstetrical paracervical block anesthesia.
- Adverse reactions reported with an incidence greater than or equal to 10% following EXPAREL administration via infiltration were nausea, constipation, and vomiting; adverse reactions reported with an incidence greater than or equal to 10% following EXPAREL administration via interscalene brachial plexus nerve block were nausea, pyrexia, and constipation.
- If EXPAREL and other non-bupivacaine local anesthetics, including lidocaine, are administered at the same site, there may be an immediate release of bupivacaine from EXPAREL. Therefore, EXPAREL may be administered to the same site 20 minutes after injecting lidocaine.
- EXPAREL is not recommended to be used in the following patient population: patients <18 years old and/or pregnant patients.
- Because amide-type local anesthetics, such as bupivacaine, are metabolized by the liver, EXPAREL should be used cautiously in patients with hepatic disease.

Warnings and Precautions Specific to EXPAREL

- Avoid additional use of local anesthetics within 96 hours following administration of EXPAREL.
- EXPAREL is not recommended for the following types or routes of administration: epidural, intrathecal, regional nerve blocks other than interscalene brachial plexus nerve block, or intravascular or intra-articular use.
- The potential sensory and/or motor loss with EXPAREL is temporary and varies in degree and duration depending on the site of injection and dosage administered and may last for up to 5 days, as seen in clinical trials.

Warnings and Precautions Specific to Bupivacaine-Containing Products

- Central Nervous System (CNS) Reactions: There have been reports of adverse neurologic reactions with the use of local anesthetics. These include persistent anesthesia and paresthesia. CNS reactions are characterized by excitation and/or depression.
- Cardiovascular System Reactions: Toxic blood concentrations depress cardiac conductivity and excitation which may lead to dysrhythmias, sometimes leading to death.
- Allergic Reactions: Allergic-type reactions (e.g., anaphylaxis and angioedema) are rare and may occur as a result of hypersensitivity to the local anesthetic or to other formulation ingredients.
- Chondrolysis: There have been reports of chondrolysis (mostly in the shoulder joint) following intra-articular infusion of local anesthetics, which is an unapproved use.

Full Prescribing Information is available at www.EXPAREL.com.

Ambulatory Surgery Center (ASC): Overview of Key Steps for Negotiating and Receiving Payment for EXPAREL® (bupivacaine liposome injectable suspension)

EXPAREL may be eligible for reimbursement with its own Healthcare Common Procedures Coding System (HCPCS) code: C9290.

This brochure provides an overview of the Ambulatory Surgery Center: Payor Contract Negotiation Guide*, which further details a step-by-step approach for effectively working with payors to pursue reimbursement for EXPAREL.

In the healthcare system, communities, and the nation, there are ongoing efforts to reduce the exposure to as well as the use and misuse of opioids. Take part in these efforts by providing your payors with information about the benefits of using EXPAREL as a non-opioid alternative.

EXPAREL is a long-lasting, non-opioid option for postsurgical pain control.

EXPAREL is indicated for single-dose infiltration in adults to produce postsurgical local analgesia and as an interscalene brachial plexus nerve block to produce postsurgical regional analgesia. Safety and efficacy have not been established in other nerve blocks.

*The complete Ambulatory Surgery Center: Payor Contract Negotiation Guide is available at: reimbursement@pacira.com.
Get Started

- Understand ASC reimbursement methodologies
- Evaluate existing contracts
- Pursue reimbursement of EXPAREL® (bupivacaine liposome injectable suspension) through payor contract negotiations

Understand ASC Reimbursement Methodologies

Table 1: ASC Reimbursement Methodologies

<table>
<thead>
<tr>
<th>ASC Reimbursement Methodologies</th>
<th>Drugs Reimbursed Separately</th>
<th>EXPAREL Reimbursed Separately</th>
</tr>
</thead>
<tbody>
<tr>
<td>Outpatient Prospective Payment System (OPPS)</td>
<td>Yes, if code is on the approved CMS list</td>
<td>No</td>
</tr>
<tr>
<td>Percentage of Medicare</td>
<td>Yes, if code is on the approved CMS list</td>
<td>No</td>
</tr>
<tr>
<td>Medicare Grouper</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Outpatient Grouper (a.k.a. Ambulatory Patient Groups [APGs] or Enhanced APGs)</td>
<td>Varies by payer</td>
<td>Possible</td>
</tr>
<tr>
<td>Fixed Fee Schedule</td>
<td>Varies by payer</td>
<td>Possible</td>
</tr>
<tr>
<td>Carve-out</td>
<td>If negotiated</td>
<td>Possible</td>
</tr>
<tr>
<td>Bundled Payment for an Episode of Care</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Non-Grouped Provisions and Methods</td>
<td>Varies by payer</td>
<td>Possible</td>
</tr>
</tbody>
</table>

Descriptions of these ASC reimbursement methodologies can be found in the full Ambulatory Surgery Center: Payor Contract Negotiation Guide available at: reimbursement@pacira.com.

Evaluate Existing Contracts

Contract Coverage for EXPAREL® (bupivacaine liposome injectable suspension)

- EXPAREL has its own Healthcare Common Procedure Coding System (HCPCS) code, C9290
  - Confirm that C9290 is an active code in your billing system
- Verify contract coverage for drugs, and specifically for EXPAREL
  - If EXPAREL is on formulary, discuss reimbursement requirements with the payor
  - If EXPAREL is not on formulary, reimbursement may still be possible by negotiating provision for payment under existing and new contracts

Build the Business Case

Work with each of the payors to determine what data they require to make decisions about coverage and reimbursement

Collect and compile data for:

- Current surgeries the ASC performs using EXPAREL® (bupivacaine liposome injectable suspension)
  - Case volume
  - Outcomes, including patient satisfaction
  - Supporting information and published literature on EXPAREL
- Surgeries that can be migrated from the hospital to the outpatient settings
  - Physician roster, hospital list
  - Current Procedural Terminology (CPT) case volume that could migrate to ASC
  - Outcomes and experience data
  - Supporting information and published literature on EXPAREL in target surgeries

Develop a business case with these data, emphasizing the opportunity the ASC offers to the payor, including the following:

- Emphasize value to the patient
- Validate EXPAREL cost
- Quantify the total projected savings to the payor

Demonstrate Savings to the Payor*

<table>
<thead>
<tr>
<th>Total Knee Arthroplasty</th>
<th>Hospital Cost per Case</th>
<th>ASC Cost per Case</th>
<th>Savings per Case</th>
<th>Volume per Year</th>
<th>Annual Savings</th>
</tr>
</thead>
<tbody>
<tr>
<td>$40,000</td>
<td>$20,000</td>
<td>$20,000</td>
<td>50</td>
<td>$1,000,000</td>
<td></td>
</tr>
</tbody>
</table>

*Hypothetical case example.

5 Steps Toward Successful Negotiations

1. **Initiate payor contact:** Identify what the payor needs to review your reimbursement request
2. **Collect data:** Gather data necessary to support a business case to use EXPAREL from internal or external sources
3. **Prepare data to present savings and value:** Quantifying the value is the most challenging task—and the most important
4. **Develop rate targets and strategy for the negotiation:** Develop a rate that demonstrates savings to the payor
5. **Conduct negotiations:** Be prepared for several rounds of negotiation

Details about each of the negotiation steps and how to avoid pitfalls can be found in the full Ambulatory Surgery Center: Payor Contract Negotiation Guide available at: reimbursement@pacira.com.

Specific strategies for building the business case can be found in the full Ambulatory Surgery Center: Payor Contract Negotiation Guide available at: reimbursement@pacira.com.