

# Medical mistakes no longer billable

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## Bold steps taken by state to reduce hospital errors

By Stephen Smith, Globe Staff | June 19, 2008

Hospitals and doctors who operate on the wrong limb or give a dangerous dose of medication will no longer be able to bill the state of Massachusetts or its largest private health insurer for costs related to fixing the error, health authorities announced yesterday.

The policies outlined separately yesterday by state government and Blue Cross and Blue Shield of Massachusetts have the potential to influence the care of about 4 million people in the state and substantially increase the pressure on hospitals to improve the quality of care.

Independent health-policy analysts said the move by Massachusetts to restrict reimbursements represents the boldest attempt by any state to use payments to reduce life-threatening errors that are considered preventable.

The state helps fund care of the poor, government employees, prisoners, and formerly uninsured patients who have purchased subsidized health plans as part of the drive to provide near-universal health insurance.

No other state "has taken the level of leadership on this issue that Massachusetts is demonstrating," said Leah Binder, chief executive officer of the Leapfrog Group, a national coalition of employers that advocates for healthcare improvement. "The reason we think this is important is that it creates an incentive for hospitals to put more resources toward creating a culture of safety, to doing the kinds of things that are necessary to prevent human error from taking the lives of patients."

The state and Blue Cross policies apply to 28 types of surgical, medication, and other errors identified by a national coalition. The policy changes by the state are part of a national effort to reduce healthcare errors. The federal Medicare program announced last year that it would stop paying for medical errors.

Andrew Dreyfus, executive vice president for Blue Cross, said last night that the company had been working on its policy for about 18 months, deciding "that while these events are rare, many of them can be prevented."

"We ought to be paying for care that's safe and effective and high quality," he said.

In a study published in 2006 in the journal *Health Affairs*, researchers estimated the extra cost of treating serious errors ranged from an average of \$700 per case for preventable bed sores, to an average of \$9,000 per case for body-wide infections after surgery.

State authorities had no estimate on how much in additional fees they had been paying because of errors, in part because the Department of Public Health only recently began mandating that hospitals and doctors report serious medical mistakes.

In the first five months of this year, 70 such errors were reported to the state, according to Jim Conway, senior vice president of the Institute for Healthcare Improvement, a Cambridge think tank that works with hospitals to improve safety and efficiency.

Tom Dehner, director of the state's Medicaid program, said the initiative is not, at its core, "an effort to save money by taking reimbursement away from hospitals."

"It's an effort to say to hospitals that we as state purchasers don't believe we should reimburse you for egregious errors," Dehner said.

"We expect to pay for quality healthcare," he said, "and want to work with our providers to make sure our patients get that."

Many details about the policy's implementation and how it will be enforced remain to be spelled out, Dehner acknowledged in an interview. The state Medicaid program, known as MassHealth, for example, processes 6 million

claims a month, and it is unclear how the state could scour all those records for evidence that it was being asked to pay for treatment related to a serious medical mistake.

The state reimbursement policy will start going into effect as contracts are renegotiated under the various state health plans.

The chief executive officer of the three-hospital Southcoast Hospitals Group, Dr. Ron Goodspeed, said the state's quest to tie reimbursement to quality care reflects trends being driven by administrators, insurers, and regulators, and will ensure greater consistency in payment policies.

"Rightfully, people feel they shouldn't be having to pay for medical care that's needed because it was caused by a medical miscue," said Goodspeed, who is also president of the Massachusetts Coalition for the Prevention of Medical Errors. "It's almost like if you're getting your transmission fixed and the repairman accidentally cuts your brake line, you wouldn't expect to pay for the brake line repair."

In recent months, hospital administrators have begun pledging not to charge insurers, public or private, for medical errors, saying they should absorb the costs of their own errors.

The state's largest confederation of healthcare institutions, the Massachusetts Hospital Association, said in November that all its members had embraced a uniform policy of not charging patients or insurers for nine serious errors, including surgery on the wrong patient, operating on the wrong body part, or giving an infant to the wrong family.

The president of the association, Lynn Nicholas, said yesterday that the group supports the direction of the state's initiative but has concerns about details. The state rules, for instance, ban payment if a patient suffers serious injury or dies because of a contaminated medical device.

"But what if there's a device contaminated by the producer or that comes with faulty instructions?" Nicholas said. "Should the hospital not be paid for something they could not have prevented, that was not within its control?"

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