

## **Improving the Quality of Health Care While Stretching Our Dollar**

***State of North Carolina will no longer reimburse for care resulting from preventable medical error***

*“At least 44,000 people, and perhaps as many as 98,000 people, die in hospitals each year as a result of medical errors that could have been prevented.... preventable medical errors in hospitals exceed attributable deaths to such feared threats as motor-vehicle wrecks, breast cancer, and AIDS.”* From the Institute of Medicine’s 1999 report, To Err is Human

Based on the national Institute of Medicine’s data, we can estimate that preventable medical errors cause between 1,259 and 2,803 deaths in North Carolina each year. These errors cost our residents, families and communities between \$486 million and \$830 million annually in lost wages, lost productivity and increased health care costs. With much success, North Carolina health care providers and hospitals renewed their focus on quality and safety after the 1999 Institute of Medicine report on error, but there is always room to do more. Working in partnership with providers and hospitals, we can improve both the quality of health care and stretch state health care dollars by reducing preventable medical errors.

In August of 2007, the federal Centers for Medicare and Medicaid Services (CMS) announced a new rule that would stop Medicare reimbursements to hospitals for costs associated with preventable medical errors.

### **My proposal would extend this rule to the health care programs paid for by the State of North Carolina.**

According to the new federal rule, for discharges occurring on or after October 1, 2008, hospitals will no longer receive additional Medicare payment for cases in which one of the selected conditions was not present on admission. These conditions are:

- Serious preventable events such as objects left in during surgery, air embolisms, and blood incompatibility
- Catheter Associated Urinary Tract Infections
- Pressure Ulcers (bed sores)
- Vascular Catheter Associated Infection
- Surgical Site Infection – Mediastinitis after Coronary Artery Bypass Graft
- Falls and trauma such as fractures, dislocations, intracranial injuries, crushing injuries, and burns.

The federal government has done extensive work to identify the conditions that are high volume or high cost, and could have reasonably been prevented. They held extended comment periods, thoroughly researched prevention protocols, and ensured each incident on the list has a unique diagnosis code. Adopting the federal rule will help ensure that this new initiative does not create a burdensome new bureaucracy for our health care providers and hospitals. We will work with them to make implementation of the new rule fair and practical.

Extending this rule to health care programs funded by the State of North Carolina will both increase the quality of care provided in North Carolina and save money. Specifically, we will extend the new CMS rule to the Medicaid program, State Health Plan, High Risk Pool, NC Health Choice and the Department of Corrections. These programs cover 2.3 million North Carolinians and cost more than \$5.3 billion each year.

Applying the new Medicare rule to state-funded programs will further incentivize our hospitals to increase their focus on preventable medical errors. Hospitals will adopt and implement system-wide error reduction systems that will benefit all patients, regardless of whether they are a participant in a state-sponsored health care program. Improving quality helps bring costs under control for businesses and families struggling to pay their own health care premiums.

###