

Minnesota health plan won't pay hospitals for medical errors  
Plan begins in January  
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By Christopher Snowbeck, Pittsburgh Post-Gazette

If a surgeon amputates the wrong leg, the patient's health plan shouldn't pay for the operation.

And if a hospital sends new parents home with the wrong baby, there should be a financial penalty.

Those are examples of one Minnesota health plan's policy that, beginning in January, will deny hospital payments for some clearly defined medical errors.

Dr. George J. Isham, medical director for Bloomington-based HealthPartners, told a group of more than 50 human resources and benefits executives at a Downtown meeting that his company didn't expect that the policy would lower overall health-care costs. But the change is a first step toward a broader shift that ultimately could save money by tying medical payments to quality, Isham said.

The theme of his presentation at yesterday's forum, sponsored by the Pittsburgh Business Group on Health, a coalition of HR executives and benefit managers from 61 companies, resonated with many in the room.

"If you get your eggs cooked the wrong way at Kings, you don't have to pay for them -- we'll make sure you get them cooked correctly," commented Jim Pish, HR director for Kings Family Restaurants, the White Oak-based chain.

Beginning Jan. 1, HealthPartners will stop payment to hospitals for 27 so-called "never events" -- occurrences that experts say should never happen in a hospital. The events include everything from killing a patient by administering the wrong medication to allowing an advanced bedsore to develop.

Many hospitals don't send a bill for these things already, Isham acknowledged, noting that hospitals fear that such bills might prompt lawsuits. Nonetheless, the decision to stop payment for these events fits with the health plan's efforts to award doctors who deliver the highest quality care, he said.

In a companion presentation to the group yesterday, Dr. Richard Shannon, chairman of medicine at Allegheny General Hospital, described an ongoing program that has dramatically lowered the number of infections associated with the use of a particular type of catheter. If adopted broadly, the improvement could mean big money for both hospitals and employers, Shannon said.

To illustrate the savings, Shannon described the case of a 37-year-old man admitted to Allegheny General with a pancreas ailment who developed one of these preventable infections early in his hospital stay. The man's hospitalization stretched for 86 days because of the infection, but the

economic costs were great, too.

The man's health plan paid the hospital \$200,031 to care for the man, Shannon said. Without an infection, the hospital might receive about \$6,000 for an uncomplicated pancreatitis patient, or about \$100,000 for a patient with a more difficult case.

While Allegheny General covers its costs in caring for pancreatitis patients with both complicated and uncomplicated stays, the hospital -- much like the health plan -- loses money in the case of a blood-stream infection. In the case of the 37-year-old man, the hospital lost \$41,813 despite the higher reimbursement.

While technology is often blamed for runaway health-care costs, the unacknowledged culprit is "the conspiracy of error and waste in our health-care system," Shannon said.

The Pittsburgh Business Group on Health is not immediately calling on local health plans to adopt the Minnesota company's approach, said Christine Whipple, executive director. But she said companies clearly wanted health plans here to link pay and performance in ways that would encourage improvements such as that at Allegheny General.