National Patient Safety Initiative: Saving Lives, Saving Money

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The United States spends far more on health care than any other nation – more than $2.5 trillion a year – and, in many respects, the American health care system is the best in the world. We have outstanding research institutions, highly-trained clinicians, and a steady stream of new technologies and innovations in care. Nonetheless, Americans don't always receive the right care at the right time in the right way, and they are too often injured by errors and complications in the care that should heal them. Researchers estimate that these shortcomings in the health care system injure as many as 15 million patients each year in hospitals alone, and dealing with these avoidable complications costs the health care system billions of dollars each year.

The good news is that efforts by leading physicians, hospitals, employers, health plans, and others across the nation have proven that we can improve the quality and safety of care while reducing costs and wasted effort. The results benefit families, businesses, and communities. The National Patient Safety Initiative outlined here takes the best ideas from the public and private sectors and accelerates their spread so as to achieve a safer, higher quality health care system for all Americans. Our goals are simple: to improve care, improve people's health, and reduce the costs of poor quality care to our country.

The National Patient Safety Initiative will:

- *Reduce harm caused to patients in hospitals.* The Initiative will set aggressive but attainable goals for decreasing preventable injuries and complications in hospitals – so-called "hospital-acquired conditions."
- *Reduce hospital readmissions.* The Initiative will advance efforts to decrease preventable hospital readmissions within 30 days of discharge.

Harm to Patients

Preventable harm to patients can happen anywhere in the health care system, but harms from care can be particularly dangerous in hospitals, where patients tend to be sicker and more vulnerable to injuries. Harm is also more likely to occur during transitions in care – like at the point of discharge from a hospital to home. Ineffective transition is one of the reasons that nearly one in five Medicare patients discharged from the hospital is readmitted within 30 days. And, the Institute of Medicine (IOM) has estimated that medical errors contribute to 44,000 to 98,000 deaths a year, and that more than two million Americans annually develop infections after being admitted to a hospital. These harms lead to an estimated $35 billion in unnecessary health care costs. In addition, readmission to hospitals leads to over $17 billion each year in costs, much of which can be avoided by improving care.

For individual patients and their families, harm from care can be devastating, leading to severe injury and even death. Hundreds of thousands of patients acquire infections in hospitals that can be much more serious than their original illness. Too often patients struggle with a discharge process that leaves them with little information on which medications to take, no instruction on how to monitor their condition at home, and confusion over how to follow-up with their doctor if they have problems.

For the past decade and more, many American hospitals have been turning their attention to trying to make health care safer. Despite this growing effort, progress against patient injuries has been frustratingly slow. There are at least two big reasons. First, the American health care system does not generally reward doctors and hospitals to improve safety and keep patients healthy. Indeed, in the case of infections and readmissions, hospitals are often paid more when patients suffer avoidable complications or infections. Paradoxically, improving patient safety can actually hurt hospitals financially. Second, even though many patient safety improvements look simple from the outside, they can be surprisingly hard to put into action. Even in the best-equipped hospitals, the actual knowledge and skills necessary to reduce injuries are often lacking.

Thanks to the work of thousands of leaders in the public and private sector across the country and around the world, solutions that can address and prevent harm to patients and needless readmissions are known. These include, for example, checklists to make sure that every patient receives all the recommended care; seamless communication among all of a patient's doctors and nurses to ensure proper hand-offs from one provider to another; hand-washing and consistent sterilization protocols, particularly for patients at a high risk of infection; prescription of medicines through electronic medical records that automatically check if the drug is safe for that patient; and making sure that patients and families have much more knowledge and voice in their own care. Patients who are admitted for severe conditions like heart failure have been shown to benefit greatly from continued contact with a nurse in the weeks following their hospitalization because that nurse can help ensure they understand how to continue to care for themselves, how to take their medications, and how to keep all of their many doctors informed of changes in their health status. Changes like these have produced remarkable results. For instance, in Michigan over 100 large and small hospitals reduced central line infections by 65% by reliably using simple checklists (now spreading to hospitals throughout the nation), and hospitals in both Denver and Philadelphia have reduced readmissions in targeted cases by over 30%.

A Public and Private Sector Solution

With early results in hand, we can and should do much, much better. The Obama Administration is committed to partnering with hospitals, physicians, nurses, and other health professionals, employers, unions and others to make hospital care safer, more reliable, and less costly for every American. Following through on that commitment, the Administration is introducing the National Patient Safety Initiative to support hospitals in making progress faster than ever before. The Initiative will invite hospitals to take part in a "Patient Safety Improvement Challenge" designed to spur systematic improvement and to accelerate the battle against hospital-acquired conditions and avoidable hospital readmissions.

To accelerate progress on safer patient care, the Administration will build a public-private partnership that has the best potential for success. Other efforts have shown that success is possible. For example, in response to the IOM's 1999 report *To Err Is Human*, the Business Roundtable collaborated with several large national employers, including General Electric, Marriott, Federal Express and General Motors, to found the Leapfrog Group, drawing needed attention and focus on the part of hospitals, health plans, and the public on practical solutions to improve safety in America's hospitals. Hospitals themselves have joined together under the leadership of their national and state associations, The Joint Commission and private sector collaboratives to improve care.

The Initiative will build on the effort and commitment of hospitals and clinicians so that those who join the challenge receive additional assistance, supports, and incentives to drive major national change. These include:

1. **Assistance to Rapidly Improve Patient Safety.** The vast majority of doctors and hospitals want to make their care continually safer, but they do not always know how to do so. They may lack access to useful knowledge and technical support to help them adapt best practices to their local settings. The Centers for Medicare and Medicaid Services (CMS) will provide substantial resources to support quality improvement efforts by hospitals and local communities. The newly established CMS Innovation Center will launch a major multi-year financial commitment to test approaches to disseminate effective practices and foster the spread of new knowledge on patient safety to the hospital community. These efforts will complement new and ongoing efforts from across HHS, including a major effort focused on care transitions. The Initiative also seeks to support – and secure deep commitments from – hospital executives and governing Boards to prioritize efforts to reduce harm and readmissions.

2. **Collaborative Networks.** The CMS Innovation Center will support states and large systems to develop networked learning projects to enhance patient safety and reduce preventable readmissions. Where these networks achieve targeted levels of performance, additional support for expanded work will be made available.

3. **Payment Alignment between Private and Public Sectors.** As part of a larger effort to tie hospital payments to quality of care, the Obama Administration is implementing dramatic changes in how Medicare pays for care. In 2013, 6% of hospital payments from Medicare will be tied to public reporting of errors and the provision of safer, more reliable care (with a particular focus on hospital-acquired infections and avoidable readmissions). By 2015, this will increase to 9% of a hospital's Medicare payments. In the next ten years, a total of $70 billion of hospital payments from Medicare will be tied to hospitals' delivery of high quality care, and Medicaid will introduced similar provisions. The Administration will partner with the private sector and states to change private sector and Medicaid payments so that hospitals that more effectively reduce hospital-acquired conditions and preventable readmission are rewarded for their positive performance. The Initiative will seek to make this alignment seamless.

4. **Rewards for High-Performing Hospitals.** Through the new CMS Innovation Center, hospitals that publicly commit to major decreases in harm to patients and actually achieve this goal will receive both national recognition and additional resources to assist other hospitals to realize similar levels of harm reduction.

5. **Standardized Measures.** The Initiative will invest in the rapid development of improved measures of patient injury and harm, so private and public methods of measuring patient harm are standardized. State contractors will be responsible for assisting hospitals in adopting standard metrics for monitoring quarterly reports on progress from all hospitals. Insurers, Medicare, and Medicaid can use this information to determine how they pay hospitals based on quality, and it will also be used to support improvement and public reporting.

6. **Improved Patient Engagement.** The Initiative will use the CMS Innovation Center and other HHS resources to invest in testing and promoting effective models of patient engagement,

spreading and sharing strategies among large national employers, consumer organizations, health plans, and hospitals, as well as federal and state governments.

7. **Improved Accountability and Oversight.** CMS sets certain standards (Conditions of Participation) that all hospitals must meet to participate in Medicare and Medicaid, and enlists Quality Improvement Organizations (QIOs) to assess and support improvement. This initiative will ensure that Conditions of Participation and the work of QIOs align with the goals of this initiative and that the survey and certification process provides effective oversight to ensure that hospitals are actively engaged in improving patient safety and reducing avoidable readmissions.

Working together, the Administration, physicians, hospitals, employers, and many others will realize enormous benefits. Indeed, they will be unprecedented in our nation's care system. They will be measured in thousands of lives saved, millions of injuries and readmissions avoided, and billions of dollars in lower health care costs over the next three years.

DRAFT

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Employer, Union and Private Health Plan Alignment with the Public Sector: The Business Case for Supporting Patient Safety

Private employers, unions, health plans and government have a common fundamental business case for aligning their efforts and changing how they pay for health care. For all of these payers of care, all too often they are unnecessarily spending more for care that is not improving the health of their employees, members or beneficiaries. A critical element to shifting this dynamic is to tie payments to hospitals and other providers to the quality of care they deliver. Without changing how we pay for care, hospitals, physicians and other providers would receive no financial benefit, or would not suffer losses, to encourage them to deliver higher quality, more affordable health care. To change the quality and affordability of care, it is important to align the public and private sectors.

Employers, unions and health plans participating in the National Patient Safety Initiative will:

1. **Join with Federal and other Efforts to Have a Growing Portion of Their Payments to Hospitals be Adjusted Based on Hospitals' Performance.** Reforming payment is essential to reforming how care is delivered to make it safer, more reliable and affordable. Medicare will have 4% of its payments to hospitals adjusted based on hospitals' performance in 2012, growing to 9% by 2015. Employers and their health plans would commit to making an increasing portion of their payments to hospitals be adjusted up or down based on the hospitals' performance, including reductions in hospital-acquired conditions and avoidable hospital readmissions and improvements in patient safety.

   By committing to participate in this Initiative, employers and health plans will continue their individual negotiations and contracting and will continue innovative private sector programs. But they commit to have substantial and increasing payments based on performance. This commitment need not reflect an increase in payments to hospitals, but rather it reflects that a portion of what hospitals are paid is directly tied to their performance in areas such as patient safety, affordability and patient-centeredness. The specific amount at risk and how it is distributed will remain a matter of individual negotiation and contract between plans, employers and hospitals. Where plans and hospitals have multi-year contracts, the expectation would be that these terms would be put in place at the soonest possible point on a go-forward basis. Medicare and private payers will look for ways to build and adopt payment reforms in the future that provide additional models in which the benefits of more affordable and higher quality care can be shared among hospitals, physicians and payers.

2. **Common Measures of Quality and Safety.** Major employers, health plans and Medicare will work to commit to using common measures of quality and safety for public reporting. Employers, health plans and CMS will engage in a consultation process with representatives of hospitals, clinicians, consumers and others to provide feedback on the selection of measures. The goal of using "common measures" would not impede private employers and health plans from additional areas of focus that may be more directly relevant to commercial populations. Private employers and health plans would retain the flexibility to make decisions and select measures to meet the needs of their covered lives.

3. **Support Patient Engagement:** The Obama Administration is considering providing substantial financial support to develop tools and resources for patients and family members that will build demand for change in patient safety. Major employers commit to making these and other tools available to their employees and dependents – for instance through open enrollment, human resources websites and partnerships with their health plans or local providers.