



Medicaid To Stop Paying For Hospital Mistakes

By Phil Galewitz, KHN Staff Writer | June 01, 2011

Medicaid will stop paying for about two dozen "never events" in hospitals, such as operations on the wrong body part and certain surgical-site infections, federal officials said today.

Currently, about 21 states have such a nonpayment policy. The 2010 federal health law, in effect, expands the ban nationwide. The rule published today gives states until July 2012 to implement it.

Medicaid is a joint state-federal program for the poor and disabled. Under the rule, Medicaid funds can't be used to pay doctors and hospitals for services that "result from certain preventable health care-acquired illnesses or injuries," the officials said.

A similar regulation has been in place for Medicare, the federal health program for the elderly, since 2008.

"These steps will encourage health professionals and hospitals to reduce preventable infections, and eliminate serious medical errors," said Donald Berwick, administrator of the Centers for Medicare and Medicaid Services. "As we reduce the frequency of these conditions, we will improve care for patients and bring down costs at the same time."

Some physician groups have concerns about the new policy. "Simply not paying for complications or conditions, that, while extremely regrettable, are not entirely preventable, is a blunt approach that is not effective or wise for patients or the Medicare or Medicaid program," Dr. Michael Maves, CEO of the American Medical Association, said in written comments to CMS in March.

He said the medical association has "grave concerns" about states extending the non-payment policy beyond the conditions considered by Medicare. The American Hospital Association expressed similar reservations.

Responding to complaints from hospitals, CMS gave states additional time -- until July 2012 -- to implement the new policy.

Cindy Mann, deputy director of CMS and director of Medicaid, said the rule gives states the option to expand the nonpayment policy to health care settings besides hospitals and to add other types of "never events."

She said the policy would help improve patient care and drive down costs in the \$364 billion program. "All (health care) payers are looking to gain better value for the dollars they spend and Medicaid is no different," she said.

But the costs savings from the change is relatively modest. According to the proposed rule, Medicaid would save about \$35 million over the next five years from stopping pay for such medical mistakes. Medicare has saved about \$20 million a year under its policy.



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"It's a welcome first step into the national debate on quality," said Matt Salo, executive director of the National Association of Medicaid Directors. "Clearly many states have already moved ahead, although that should never be taken as rationale for forcing the rest of them to do ... well, anything. But improving quality in a coordinated fashion between Medicare and Medicaid is important."

This is list of preventable conditions that Medicaid will no longer pay for:

- Foreign Object Retained After Surgery
- Air Embolism
- Blood Incompatibility
- Stage III and IV Pressure Ulcers
- Falls and Trauma
- Fractures
- Dislocations
- Intracranial Injuries
- Crushing Injuries
- Burns
- Electric Shock
- Catheter-Associated Urinary Tract Infection (UTI)
- Vascular Catheter-Associated Infection
- Manifestations of Poor Glycemic Control
- Diabetic Ketoacidosis
- Nonketotic Hyperosmolar Coma
- Hypoglycemic Coma
- Secondary Diabetes with Ketoacidosis
- Secondary Diabetes with Hyperosmolarity
- Surgical Site Infection Following:
 - Coronary Artery Bypass Graft (CABG) - Mediastinitis
 - Bariatric Surgery
 - Laparoscopic Gastric Bypass
 - Gastroenterostomy
 - Laparoscopic Gastric Restrictive Surgery
- Orthopedic Procedures
 - Spine
 - Neck
 - Shoulder
 - Elbow
- Deep Vein Thrombosis (DVT)/Pulmonary Embolism (PE) Following Total Knee Replacement or Hip Replacement – with pediatric and obstetric exceptions
- Surgery on the wrong patient, wrong surgery on a patient, and wrong site surgery

Source: CMS