

# Reform Law Poised to Make Healthcare Safer, Consumers Union Says

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While most of the attention surrounding the landmark healthcare reform measure just signed into law has focused on how it expands access to affordable insurance coverage, it also enacts important initiatives that will improve patient safety, according to Consumers Union, the nonprofit publisher of Consumer Reports.

“Millions of Americans are harmed every year by medical errors and healthcare acquired infections that are preventable,” said Lisa McGiffert, director of Consumers Union’s Safe Patient Project ([www.SafePatientProject.org](http://www.SafePatientProject.org)). “The new healthcare reform law will save lives and dollars by arming consumers with information about each hospital’s patient safety record and leveraging federal healthcare dollars to give hospitals a stronger incentive to prevent needless suffering and deaths. More reforms are needed to protect patients from preventable medical harm, but the new law creates a solid foundation that will help to ensure that the healthcare we are paying for is safe.”

The Institute of Medicine estimated in 1999 that as many as 98,000 Americans die every year from medical errors. The number is undoubtedly much higher since the Centers for Disease Control and Prevention (CDC) has subsequently estimated that almost 100,000 Americans die from hospital-acquired infections alone. The CDC estimates that hospital acquired infections add as much as \$45 billion to hospital costs paid each year by taxpayers, insurers, and consumers.

The new healthcare reform law refers to medical harm in many different ways – hospital-acquired conditions, medical errors, healthcare-associated infections. The new law aims to improve patient safety by:

-- Paying hospitals for improving care, including reducing hospital-acquired infections: Hospitals currently are paid more under Medicare if they report how well they follow practices that improve the quality of patient care (for example, procedures shown to reduce the incidence of surgical infections). Beginning in October 2012, non-rural acute care hospitals that meet or exceed performance standards established by the Secretary of Health and Human Services (HHS) for at least five measures will receive higher Medicare payments from a pool of money collected from all hospitals. These measures must include certain hospital-acquired infections listed under a federal infection prevention action plan. [HR 3590, Title III, Subtitle A, Sec 3001, p. 235]

-- Reducing costly hospital readmissions: The new law requires HHS to calculate the actual and predicted readmission rates to hospitals for several different health conditions that are associated with a high number of readmissions or high costs (such as heart failure or pneumonia). Patients who develop hospital-acquired infections and other complications often have to be readmitted to the hospital for additional costly care. Starting in October 2012, hospitals with high readmission rates for patients with these conditions will have their Medicare payments reduced. In 2014, HHS must expand this policy to cover four additional health conditions. Each hospital's readmission track record for these conditions will be published. The Congressional Budget Office (CBO) estimates that this provision will save \$7 billion over the next ten years. [HR 3590, Title III, Subtitle A, Sec 3025, p. 290]

-- Restricting Medicaid payments when hospitals harm patients: The federal government already restricts Medicare payments to hospitals for the extra care required to treat Medicare patients harmed by certain preventable infections and medical errors, known as "hospital-acquired conditions" (for example, serious bed sores, catheter associated urinary tract infections and certain types of falls and trauma). The new law expands this policy to Medicaid so critical public funds will no longer pay hospitals when patients covered by Medicaid are harmed during their hospital stay. [HR3590, Title II, Subtitle I, Sec 2702, p. 200]

-- Reducing Medicare payments to hospitals with high rates of medical harm: The new law requires HHS to track the hospital-acquired conditions (described above) occurring at each hospital. Beginning in October 2014, HHS will reduce Medicare payments by one percent for those hospitals with the highest rates of medical harm (the top quartile). The CBO estimated that this provision will save \$1.4 billion over 10 years. [HR 3590, Title III, Subtitle A, Sec 3008, p. 258]

-- Reporting medical harm to the public. Beginning in October 2014, HHS will report on its Hospital Compare website each hospital's record for medical errors and infections covered by Medicare's policy of nonpayment for hospital-acquired conditions (described above). This limited reporting will cover only Medicare patients with certain errors or infections for which the hospital was not paid. [HR 3590, Title III, Subtitle A, Sec 3008, p. 258]

-- Requiring insurers to emphasize quality care with hospitals and other providers: By 2012, insurers must include quality improvement efforts in their contracts with healthcare providers, including actions that help reduce hospital readmissions and improve safety using health information technology, evidence based medicine, and other best practices. Each year, insurers must report progress on these efforts to the Secretary of HHS and to policyholders. Beginning in January 2015, insurers participating in the newly created Health Exchanges will be allowed to contract only with hospitals that have a comprehensive program to ensure safety and proper discharge of patients (excluding small hospitals). The Secretary of HHS is to develop quality requirements for other healthcare providers (like physicians) to meet in order to contract with qualified health plans. The Health Exchanges must develop a rating system for insurance plans based on

quality and price and publish these. [HR 3590, Title I, Subtitle A, Sec 2717, p. 17; Title I, Subtitle D, Sec 1311(h), p. 62; Sec 1311(c)(3) p. 57]

-- Emphasizing comparative effectiveness research: The new law creates the Patient-Centered Outcomes Research Institute, administered through a private Foundation, to conduct research on what drugs, medical devices, and medical procedures work best and most safely. The Institute's comparative effectiveness research aims to help doctors and patients make better decisions, help reduce treatment implications and hospitalizations, and reduce spending on inappropriate and harmful treatments. [HR 3590, Title VI, Subtitle D, Sec 6301, p. 609]

-- Establishing a Center for Quality Improvement and Patient Safety. This Center will support research, identify practices, and disseminate information that will improve the quality and safety of healthcare delivery. In particular, the Center will focus on identifying research-supported practices proven to prevent healthcare-acquired infections, including those caused by antibiotic resistant superbugs; improve ICU care; and reduce preventable readmissions. [HR 3590, Title VI, Subtitle D, Sec 3501, p. 392]

-- Reporting gifts that medical device and pharmaceutical companies give to physicians and teaching hospitals. In March 2013, device and drug manufacturers must begin reporting to the Secretary of HHS details about gifts and payments over \$10 to doctors and teaching hospitals. After a healthcare provider receives more than \$100 from a company in one year, all payments and gifts must be reported. In September 2013, this information will be published on a searchable public website with details about the gifts and payments. [HR 3590, Title VI, Subtitle A, Sec 6002, p. 571]