



**Get the Recognition You Deserve
for Driving Business Results!**



Research Center

SITE CONTENTS

[Home Page](#)

[Research Center](#)

[Community Center](#)

[Vendor Directory](#)

[Conferences, Commentary & More](#)

[The Hot List](#)

[Blogs](#)

CHANNELS

[Compensation, Benefits & Rewards](#)

[HR Management](#)

[Legal Insight](#)

[Recruiting & Staffing](#)

[Software & Technology](#)

[Training & Development](#)

 Member Only

WorkforceHRJobs

[Post Your Job](#)

[Post Your Resume](#)

PRINT EDITION



[Subscribe Now](#)

[Current Issue](#)

[Subscriber Help](#)

E-NEWSLETTERS

[Workforce Week](#)

[Dear Workforce](#)

[Workforce Recruiting](#)

[Workforce Benefits](#)

[Workforce Training](#)

BEST

**WORKFORCE
WINS!**

MEMBER SERVICES

[Log In](#)

[Update Profile](#)

[Log Out](#)

[Help](#)

[Site Guide](#)

Get full access. Become a
Registered Member

Feature: No Minor Mistake: Doctor's Error, Your Expense

-- keyword search --

No Minor Mistake: Doctor's Error, Your Expense

Preventable medical errors cost employers billions of dollars a year. Now, some firms are standing up to the medical establishment, saying they'll refuse to pay for botched treatment and demanding high standards of care and safety.

By Jeremy Smerd

Cristina Bailey was back on an operating table, lying still as her surgeon threaded a wire tube through an artery in her groin.

Nine months earlier, in April 2004, Bailey had fluid removed from around her heart in an operation that left her with "a stabbing feeling" in her chest. In a fruitless effort to locate the cause, she saw 10 doctors and went to five different hospital emergency rooms. Her medical bill totaled nearly \$75,000, payable by building materials retailer 84 Lumber Co., her husband's employer at the time and the source of the family's health insurance.

Afraid to be unconscious, Bailey received a local anesthetic instead. Soon after the procedure began, she heard her doctor say something troubling.

"I think his exact words were, 'Oh sh-t, what's that?' " recalls Bailey, now 34. His nurse answered: " 'Doctor, that's a suture needle.' "

Typical of most employers, 84 Lumber had no idea it was paying for both the medical error that harmed a patient and the procedures that attempted to undo the damage.

Gene Leis, the benefits manager at 84 Lumber, says Bailey's problems with the medical system and her medical bill "wouldn't even show up on my radar screen." The company is based in Eighty Four, Pennsylvania, near Pittsburgh.

"I might see an \$80,000 claim flash by, but I wouldn't even blink," he says. "The rule of thumb is that for every [medical error] you know of, there are 10 you don't."

At a time when spiraling health care costs threaten the global competitiveness of American businesses, medical errors are significant because they are costs that are preventable, both in human and economic terms.

The medical error that left a suture needle in Kristina Bailey's chest is far from unusual. According to the Institute for Healthcare Improvement, a Boston-based organization focused on preventing medical errors, patients are harmed 15 million times a year in the United States—a rate of more than 40,000 a day. In a 1999, study, the Institute of Medicine, an arm of the congressionally chartered National Academy of Sciences in Washington, estimated that as many as 100,000 people die each year because of preventable medical errors. The cost in health care, lost income and lost productivity is estimated at \$17 billion to \$29 billion a year. Employers bear a large part of that expense.

Employers should "take all necessary steps with health plans, providers, other payers and government to stop paying for the significant never events."

--Helen Darling, president National



CLICK HERE

to submit your 2008
Workforce Management
Optimas Award nomination.

Feature Contents

1. Educating Patients to Protect Themselves

Some employers are trying to change the health system to prevent medical errors from occurring. Others may opt to provide employees with tools that will help them make better decisions about their medical care.

Similar Documents

[Teaming Up To Cut Health-care Costs](#)

[Health Care on the Home Front](#)

[Stuck in the Waiting Room](#)

[Employee, Cover Thyself](#)

[1992 Financial Impact Optimas Award Profile: Deere & Co.](#)

Related Topics

[Health and Wellness](#)

[Benefit Design and Communication](#)

[Workforce Trends](#)

[E-mail this document](#)

[Printer-friendly version](#)

[Write to the Editor](#)

[Reprint Information](#)

[Register!](#)

ABOUT WORKFORCE

[Permissions](#)
[Reprint Info](#)
[Editorial Info](#)
[Contact Us](#)

ADVERTISING

[Media Kit](#)

 = Member Only

[Make Workforce My Homepage](#)

Business Group on Health

The errors, also known as "never events," come in many forms: amputating the wrong limb; performing surgery on the wrong patient; death or injury associated with defective drugs or devices; patient falls; bedsores or pressure ulcers; electric shock while undergoing surgery; and many more.

Health experts, medical professionals and victims of medical errors believe employers should use their power as health care purchasers to force hospitals and doctors to improve health care quality and safety. Some employers have recently said they plan to stop paying for errors, but the task of changing the system is daunting.

"I see employers as the only people with the clout to stand up against the medical establishment and force them to improve quality," says Helen Haskell, a patient safety advocate in South Carolina who works on improving rapid response teams in hospitals. Haskell's son, Lewis, went into a South Carolina hospital for a cosmetic procedure in November 2000 and died four days later after doctors failed to realize medication he had received burned a hole in his stomach.

Company hit hard

Though 26 states require the reporting of never events, there is no mechanism in place that alerts an employer.

Leis only learns of a problem when an unusually large health claim lands on his desk, or if one of the company's 10,500 employees at 475 locations nationwide calls in or fails to show for work. He recounts two serious mistakes, ones of which he calls "the epitome of bullsh-t," not least because everyone involved is still paying for it.

In 2004, an 84 Lumber employee went in for a partial hip replacement. She came out with one leg three inches shorter than the other. The employee sued the doctor, the hospital and the health plan. The employer was left with the bill: a half-million dollars and counting. The company is now paying for "substantial corrective surgery" to fix the mistake.

Sometimes the problems are inherited. In 2005, 84 Lumber hired a loan representative who had previously undergone gastric bypass surgery. Complications from the original surgery arose, however, and in a separate surgery to address the problems in 2006, a surgeon accidentally perforated her liver. She returned to work, but her health problems eventually forced her to leave. After 15 weeks on disability, 84 Lumber replaced her.

Doctors are now prescribing a new liver. If it comes through within 18 months of the date she was replaced—the time period during which federal laws allow an employee to pay to be covered under their former employer's health plan—the company will pay for that too. Meanwhile, Leis expects his company's disability premiums to increase next year.

"So what should have been a \$10,000 procedure is probably going to hit the million-

dollar mark," Leis says. "Plus, we've lost a great employee."

Two separate years, two surgeries—and what Leis expects will be a \$2 million medical bill. Taken together, those two events represent about 3 percent of the company's \$37 million annual health care costs. There is also the cost of hiring someone new, lost sales and productivity, and disability claims. The victims will likely reach their maximum lifetime benefit on the company's plan and then the cost will most likely be borne by the government. If the two employees qualify for disability benefits, they will be covered through Medicaid.

The costs of the defective care have been passed on to 84 Lumber, Leis says. In 2005, when the company earned \$3.92 billion in revenue, premiums increased about 6 percent. In 2006, though, the company's health care premiums jumped 20 percent as the cost of these huge bills took hold. This year, health care premiums climbed 15 percent.

"I feel it's my duty to help these people," Leis says. "But there's not much I can do."



Where do you **STAND** against the **BEST** in class?

Build and monitor a **BALANCED DASHBOARD** of **HR metrics** by **BENCHMARKING** at no cost.



Sponsored Tools

Incentive Compensation Software

Establish pay-for-performance and allocate pay increases with ease. eCompensation can help you!

Time & Attendance Systems

Easily collect time data with our exclusive clocks, and manage it through our software, TimeForce.

Free Hiring & Retention Guide

Hire, train and retain great employees with Profiles' system. Learn more today.

Drive Business Results Through Pay-For-Performance

Learn how you can drive amazing business results with Pay-for-Performance. Download the FREE eGuide

Vault.com: Looking for Salary Info?

Get insider salary info on 1000s of employers in all industries with Vault's salary surveys.

[Get Listed >>>](#)

Employer groundswell

Some employers are trying to tackle the problem. In November, two Washington-based groups, the National Business Group on Health and the Leapfrog Group, whose members include Fortune 500 companies, announced they would stop paying for never events.

Helen Darling, president of the National Business Group on Health, urges employers to "take all necessary steps with health plans, providers, other payers and government to stop paying for the most significant never events." Companies, the group said, "use payment policies that support a culture of safety" in hospitals. Darling says employers can offer employees lower deductibles if they go to hospitals and health care systems that participate in projects aimed at reducing health care costs. The group endorses programs like the 5 Million Lives Campaign and the Surgical Care Improvement Project, which seek to end never events.

**Employers should focus on increasing
the reporting of never events.
"Not paying for these events will not
make a big difference. ...
It's just one piece."
--Jim Conway, vice president, Institute
for Health Care Improvement**

"We want everyone to know that if you are an employer, you are spending money on health care but you are not getting what you should be getting," Darling says.

The Leapfrog Group was formed in response to the Institute of Medicine's 1999 report in hopes of using employer purchasing power to improve hospital care. The group's members—Fortune 500 companies, health plans and a few hospitals—say they would like every hospital with which employers and health plans have contracts to agree to four conditions when there is a never event: apologize to the patient and the family affected by the never event; report the never event to a state reporting program, a patient safety organization or the Joint Commission, which accredits health care organizations; perform a root-cause analysis of the error; and, finally, waive all costs directly related to the never event.

The question remains whether these groups can move beyond their own rhetoric and change the way hospitals and doctors are reimbursed for shoddy care. Those involved in the two projects know the change they seek is radical.

"Asking a hospital to pay for [its mistakes] seems like common sense," says Rachel Weissburg, program associate for the Leapfrog Group. "I mean, you lop off the wrong limb, you should have to pay for it."

But hospitals have complex billing systems and their own risk management process for determining when a never event takes place. "To ask someone to not get paid because somewhere in the system something broke down, that is radical," Weissburg says.

Indeed, each of the group's demands is fraught with challenges.

An apology may seem like a human necessity at the time an error is discovered. But most doctors, even if they want to apologize, fear that to do so is an admission of guilt that can be used against them in court. Though a few states make apologies inadmissible, some instances, like the case of David Rosenbaum, have shown that an expression of regret can temper a lawsuit.

Rosenbaum was a recently retired reporter for The New York Times when he died in 2006 from brain injuries that went undiagnosed as he lay for hours on a gurney at Howard University Hospital in Washington. The city's mayor, Adrian M. Fenty, apologized to the family and promised to set up a task force to fix the problems in the emergency response system that led to Rosenbaum's death. The hospital, though, denied wrongdoing.

The apology helped. In March, Rosenbaum's family said they would withdraw their lawsuit against the city; the hospital remains a defendant.

"The mayor never asked the family to dismiss the lawsuit," says an

attorney for the family, Patrick M. Regan. "He only said, 'This isn't right. I want you to work with me.' "

Howard University Hospital declined to comment, citing the lawsuit.

Errors underreported

At first, Kristina Bailey was relieved that a surgical needle, not a faulty heart, was the cause of her chest pain. Upset by the care she received, however, she filed a complaint with the New York State Department of Health. The reports, which were reviewed by Workforce Management, show that a "foreign body" was evident on her first postoperative chest X-ray taken just after her first surgery at University Hospital, which is part of the State University of New York Upstate Medical University in Syracuse.

"I was in immediate pain," Bailey says of the first few moments after her April 2004 surgery.

An X-ray taken while she was in the hospital shows the needle, according to the New York State Department of Health report.

"The X-ray I have shows a needle," Bailey says. "But I was never told of it."

The hospital would not comment on the case, citing a pending lawsuit.

A letter from state health department officials, however, says an investigation launched in response to Bailey's complaint "identified violations of regulations pertaining to the hospital's governing body, radiologic services and quality assurance." Specifically, the surgical needle was identified in a radiology report, but Bailey's physician was never told of it. The report concludes that "corrective action" would be taken but does not state what that would entail.

Bailey's experience underscores a central problem related by many in the health care industry: Never events occur frequently but often are not reported to an outside agency.

"I think they are underreported to the public, to the layman," says Robert Rubin, a heart surgeon in New York, a state where reporting is mandatory. "If something happens within the hospital, it does not get to the outside world."

The federal Patient Safety and Quality Improvement Act of 2005 was a direct response to the Institute of Medicine's report on medical errors. And though the act helped set up patient safety organizations to collect data on medical errors, the legislation made the reporting of never events voluntary, not mandatory, and confidential rather than public.

Furthermore, evidence supports claims made by doctors and health experts that even in states where reporting is mandatory, never events are underreported.

In Minnesota, which established the first mandatory reporting law in 2003, only 154 never events were reported between October 2005 and October 2006.

Employers should focus on increasing the reporting of these events rather than on not paying for them, says Jim Conway, former CEO of the Dana Farber Cancer Institute in Boston and vice president of the Institute for Health Care Improvement.

"I think just as a matter of principle that organizations should not be reimbursed for care when that care resulted in error," Conway says. "From my perspective, not paying for these events will not make a big difference because the number of never events that occur in any institution is relatively small. It's just one piece."

Conway says employers should use their political muscle to create federal legislation requiring hospitals to report never events to state agencies, who in turn report the event to employers.

"If they—Wal-Mart, Eastman Kodak and other Fortune 200 companies—get behind this, they could all say we no longer want to pay for things [like this] and they could put laws in place in their state. If they say they want to do

that, they can use their power to do that."

Healed, but still hurt

Ultimately, Kristina Bailey wishes she could go back to that moment in 2004 when her doctor told her, "The OR opens in 20 minutes. Let's go."

"At the time, I thought I should just trust the doctor," she says. "Now I know a lot better. I know how to research the doctor. I've become a patient advocate."

It took Bailey two years to find a thoracic surgeon to operate and remove the needle because most doctors, she says, "don't want to fix another doctor's mistake." In January, a new surgeon successfully removed three shards of what was once a surgical needle.

"I was so scared I had to go on anxiety and depression medication. You hear horror stories of them leaving something in there the second time. I'm a tough girl; I can handle a lot. But I just couldn't overcome the fear of having another surgery."

After Bailey had the bits of needle removed, she immediately felt better. Now she is a patient advocate and has joined the ranks of a tightly knit, though not particularly exclusive, group of victims and their families. She knows all too well that, comparatively, she is among the lucky ones.

"By the grace of God, I am well."

The ordeal, though, has left the family \$50,000 in debt. Since her husband's current employer does not provide medical insurance, the family has turned to a state-run program that provides health insurance for families of four with income below \$31,000. This summer, Bailey, her husband and two children will move to Virginia in hopes of finding better employment.

Bailey, meanwhile, is still waiting for an apology.

Workforce Management, June 11, 2007, p. 1, 16-19 -- [Subscribe Now!](#)

Jeremy Smerd is a Workforce Management staff writer based in New York. E-mail editors@workforce.com to comment.

Next Article: [1. Educating Patients to Protect Themselves](#)

Some employers are trying to change the health system to prevent medical errors from occurring. Others may opt to provide employees with tools that will help them make better decisions about their medical care.

Features Archive


E-mail this
document


Printer-friendly
version


Write to the
Editor


Reprint
Information

Reproductions and distribution of the above article are strictly prohibited. To order reprints and/or request permission to use the article in full or partial format, please contact our Reprint Sales Manager at (732) 723-0569.

Copyright © 1995-2008 Crain Communications Inc.
All Rights Reserved. [Terms of Use](#) [Privacy Statement](#)