



Health Watch USAsm

Member of the National Quality Forum and a designated
"Community Leader" for Value-Driven Healthcare
by the U.S. Dept. of Health and Human Services

www.healthwatchusa.org, www.neverevents.org, www.healthconference.org

RE: Hospital Penalties for Infections.

March 13, 2014

Dear Representative:

During the March 6, 2014 Kentucky Health and Welfare Committee meeting, it was mentioned that hospitals are receiving substantial penalties for infections that are acquired in their facility. I feel that this was overstated. The complexities of hospital billing mitigate the impact of these initiatives. Two new initiatives were referenced, the non-payment of healthcare acquired condition initiative, which involves both Medicaid and Medicare and the value purchasing initiative.

Two talking points you may hear are as follows:

1) We are penalized by non-payment if an infection occurs?

I believe this refers to CMS's non-payment of healthcare acquired infection policy which was enacted with the 2007 Deficit Reduction Act. However, because of the complexities in hospital billing these penalties can only be rarely enacted for infections. In most cases another billing code can be found which the facility can use to still achieve maximum payment for the hospitalization.

For example (see Chart F on enclosed document) the total nationwide yearly penalties for all acute care facilities combined nationwide are shown below:

- Catheter Associated UTIs -- 160 events penalized for \$491,053
- Vascular Catheter-Associated Infections – 20 events penalized for \$92,100
- Surgical Site Infections Mediastinitis – 5 events penalized for \$60,438
- Bariatric Surgery SSI – 2 Events for \$3,312

Of even more concern, is that these and other Hospital Acquired Condition measures have been taken off of Hospital Compare. Which I feel is an example of measures being subtracted rather than being added, as stated by some.

2) We are fined 2% if we do not perform well on infections.

You will also hear this talking point that the poor performing hospitals are penalized 2% if they have poor infection rates. What is not stated is that there is a whole plethora of measures, including patient survey data, which goes into this program (see enclosure). In addition, it is a cost neutral program, so there are also hospitals which receive bonuses. The current rate is 1% and the 2% bonus/penalty will not start until 2017. Not all infections are included, it is proposed but not finalized to add MRSA and C. Difficile to the value-based purchasing system.

Thus, incentives for infections are modest at best and really do not relate to the issue at hand which is the need for patients and the state health department to have access to this data.

Respectively,

A handwritten signature in black ink, reading "Kevin T. Kavanagh". The signature is fluid and cursive, with the first name "Kevin" and last name "Kavanagh" clearly distinguishable.

Kevin T Kavanagh, MD, MS

Board Chairman

Health Watch USA, Inc

606-875-3642