

Study Finds Consumers Concerned About Healthcare Safety

Despite efforts by hospitals, physicians, health plans, and purchasers to reduce medical errors and improve the quality of health care, Americans say they do not believe that the nation's quality of care has improved, according to a new survey by the Henry J. Kaiser Family Foundation, the U.S. Agency for Healthcare Research and Quality, and the Harvard School of Public Health.

The mid-2004 telephone survey of 2,012 U.S. residents found that almost half (48 percent) of the respondents say they are concerned about the safety of health care today, and more than half (55 percent) say they are dissatisfied with healthcare quality in the United States. Additionally, nine in 10 (88 percent) say that physicians should be required to tell a patient if a preventable medical error resulted in serious harm.

Today, five years after the Institute of Medicine released *To Err Is Human: Building a Safer Health System* (a study that focused on medical errors in hospitals), more than nine in 10 Americans (92 percent) say that reporting of serious medical errors should be required, and most (63 percent) want this information released publicly.

One in three people (34 percent) say that they or a family member experienced a medical error at some point in their life, according to the study. This statistic includes 21 percent of all Americans who say that a medical error caused "serious health consequences" such as death (8 percent), long-term disability (11 percent), or severe pain (16 percent). About one in seven of those who said the error caused serious health consequences (14 percent, or 3 percent of respondents) say that they or their family filed a malpractice lawsuit as a result of the error. Of those who were involved in a medical error, 28 percent (9 percent of all respondents) say the physician or other health professional involved told them about the medical error.

To review the Kaiser survey on safety, go to www.kff.org/kaiserpolls/pomr111704pkg.cfm.

Consumer Medical Prices Continue Moderate Growth Trend

Consumers' out-of-pocket costs for medical care rose 0.3 percent in October 2004, the seventh straight month of moderate growth (before seasonal adjustment), according to the latest data from the Bureau of Labor Statistics. Consumer medical prices were 4.5 percent higher than one year ago. By comparison, the Consumer Price Index for all urban consumers was 3.2 percent higher in October 2004 than in October 2003. Hospital inpatient prices were 5.4 percent higher than a year ago; outpatient prices were 5.0 percent higher.

In other medical care sectors, professional services increased 4.1 percent from a year ago, while medical care commodities increased 2.6 percent. The increase for nursing homes and adult day care was 3.6 percent.

To review regional CPI information, available through the BLS online interactive database, go to www.data.bls.gov/labjava/outside.jsp?survey=cu.

Uncompensated Care Costs Grow to \$25 Billion

U.S. hospitals provided \$24.9 billion of uncompensated care in 2003, an increase of \$2.6 billion over 2002, the American Hospital Association reports. This figure, which represented 5.5 percent of total hospital expenditures in 2003, is the estimated cost of bad debt and charity care for the 4,895 community hospitals that participate in AHA's Annual Survey of Hospitals, but does not include contractual allowances or Medicaid or Medicare shortfalls. Uncompensated costs as a percentage of total hospital expenses has remained relatively constant over the last two decades, ranging from 5.1 percent to 6.1 percent. The change in total dollars spent on uncompensated care, however, has increased dramatically from the \$3.9 billion level of 1980.

To review more information from the book *AHA Hospital Statistics*, go to AHA's online store at www.ahaonlinestore.com.

To browse HFMA's educational programs, publications, tools, and other resources on uninsured patients, go to www.hfma.org/resource/uninsured.htm.

New Report Analyzes How New Medicare Drug Benefit Could Affect Out-of-Pocket Spending

The Kaiser Family Foundation report, using a model developed by the Actuarial Research Corporation, assesses the likely effects of low-income subsidies, the number and characteristics of people falling into the "doughnut hole" in coverage, and the benefits received by those with high drug costs.

The analysis finds that low-income people with Medicare who sign up for new Part D drug plans and receive the additional subsidies (about 8.7 million beneficiaries), are projected to pay 83 percent less for prescription drugs. Those who enroll in the new drug benefit but do not receive the low-income subsidies (about 20.3 million beneficiaries) are projected to pay, on average, 28 percent less out of pocket for their prescription drugs.

However, the report adds that Part D enrollees who meet the income requirements but do not receive the additional financial assistance, either because of their assets or because they do not sign up for the extra help, will pay substantially more than they would if they were to receive low-income subsidies.

To read the KFF report, *Low-Income Medicare Beneficiaries Can Expect Substantial Help from the Prescription Drug Law, But Others Will Get Less Assistance*, go to www.kff.org/medicare/med112204nr.cfm.

Health Plans Expand Web-Site Functionality

A majority of health plans have expanded online services for providers, physicians and their staffs, and other constituencies, according to a study released November 10 by Capgemini US LLC.

While enrollees are the plans' focal point, plans significantly increased online services for providers, with the greatest increases in the ability to:

- > Check eligibility (79 percent, up from 66 percent last year)
- > Check claim status (78 percent, versus 66 percent last year)
- > Submit referral authorizations (47 percent, versus 36 percent last year)
- > Check referral authorization status (60 percent, versus 50 percent last year)

To download the Capgemini survey (free registration required), go to www.us.capgemini.com and click on "News," and then "Press Releases." Scroll to November 10 press release.

Study: More Nurses, but Continued Shortage

Wage increases, high national unemployment, and positive results from private-sector initiatives made 2003 the second straight year of strong employment growth among registered nurses, according to a November Health Affairs article.

The increase of 205,000 full-time equivalent RNs from 2002 to 2003 is the largest two-year growth observed since 1983. Older women and foreign-born RNs accounted for a large share of the employment growth, aided by increased numbers of younger people pursuing the RN credential, particularly women in their early 30s.

However, researchers advised continuing efforts to maintain the growth rates, including scholarships and public relations campaigns. The workforce is projected to reach only to 2.2 million by 2020, in contrast to a forecasted need of 2.8 million.

To read the Health Affairs article, "New Signs of a Strengthening U.S. Nurse Labor Market?," go to www.healthaffairs.org and click on "Topic Collections" and then "Nursing."

To review tools and articles to address recruitment, retention, and compensation, go to www.hfma.org/resource/leadership1.htm.

Study: Primary Care Specialists Play Critical Role

Americans made an estimated 890 million physician visits in 2002, and a majority of those visits were to primary care specialists, according to the latest annual report from CDC's National Ambulatory Medical Care Survey, a report of medical care provided in physician's offices.

Primary care specialists play essential roles in the healthcare system, including counseling and educating patients on appropriate health behaviors, according to the study. During 2002, six out of every 10 physician visits were to primary care specialists.

To read about the study, go to www.cdc.gov/nchs and search on the report name.

MedPAC: Heart Hospitals Have Slight Impact on Community Hospitals

Heart hospitals are capturing market share from community hospitals, but the profit margins of neighboring community hospitals were not hurt by competition from the heart hospitals, according to a November 17 report of research presented to the Medicare Payment Advisory Commission. The commission is preparing to submit policy recommendations to Congress in December.

The presenters did emphasize that the study was conducted over a six-year period that ended in 2002, and the number of specialty hospitals has doubled over the last two years.

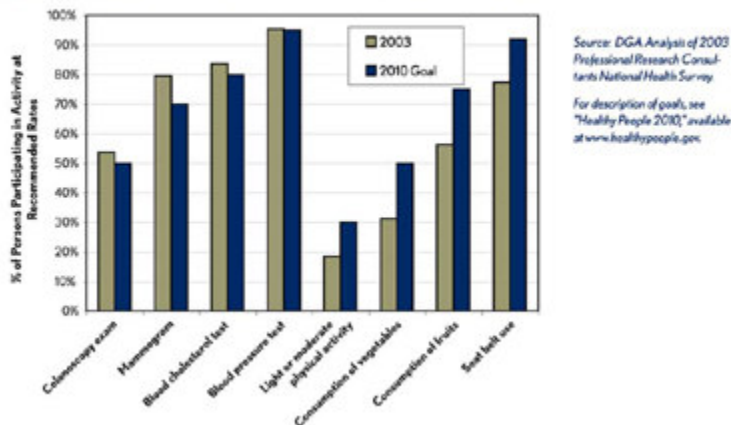
To read MedPAC's transcript of this discussion, go to www.medpac.gov, click on "meetings," select "transcripts," then click on "November 16-17, 2004." In the document, select the "Bookmarks" tab and click on "Mandated Report on Specialty Hospitals."

To get HFMA Express News coverage of the September 2004 MedPAC preliminary discussion of specialty hospitals, go to www.hfma.org, click on "Publications," and "Express News." Scroll to the Oct 1 issue.

Preventive Health Measures:

Comparison of 2003 Reported Rates to Healthy People 2010 Goals

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Source: DGA Analysis of 2003 Professional Research Consultants National Health Survey.

For description of goals, see "Healthy People 2010," available at www.healthypeople.gov.

Healthcare Revenues on the Rise

Revenues for the nation's healthcare and social assistance industries rose 7 percent to \$1.3 trillion in 2003, according to a U.S. Census Bureau survey reported November 22. The survey found that:

> Hospital revenues in 2003 reached \$536 billion, an increase of 5.7 percent over 2002.

> Nursing and residential care facility revenues increased 4.6 percent over the previous year to \$127 billion.

> Home health care service revenues showed the strongest revenue growth in 2003, increasing 12 percent to \$36 billion.

> Physician office revenues increased 8.6 percent to \$256 billion.

Revenues include government payment for patient services, patients' out-of-pocket payments, revenue from private insurance plans, workers' compensation, and other sources of funds. Revenue estimates for tax-exempt firms include revenue from interest, dividends, gross contributions and grants, rents, and royalties.

To view the Census Bureau's data tables as well as expenditures broken down by taxable and tax-exempt provider type, go to www.census.gov/svsd/www/sas62.html.

To find additional useful links with HFMA's Internet Guide to Healthcare Business Statistics, go to www.hfma.org/resource/focus_areas/business_of_hc/400299.htm.

Quotes of Note

"These have been four challenging years filled with unexpected tragedies, but we have successfully seized on these opportunities to turn tragedy into triumph and problems into solutions, making our country and world healthier places in the process."

—Outgoing HHS secretary Tommy Thompson in his resignation letter to President Bush.

"Clearly, CMS is trying to develop a program that is aimed at making it viable. They've worked hard to group similar types of states together . . . while maintain[ing] strong local markets . . . and trying . . . to respond to concerns."

—Karen Ignagni, president and CEO of America's Health Insurance Plans (AHIP), commenting on the health plans' mixed reaction to Medicare's December 2004 regionalization announcement.

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Survey: Physicians Find Business of Medicine Challenging

A new Medical Practice Monitor survey by OPEN from American Express found that physicians devote more time than they would like to spend managing the business of their practices. Sixteen percent of physicians say this constraint on their time makes them question why they went into medicine, according to the survey. The survey also notes that more than three-quarters of physicians in private practice (77 percent) say they wish they could spend less time running their practice and more time practicing medicine.

The Medical Practice Monitor randomly sampled 663 physicians from the database of the American Medical Association and found that nearly half of all physicians in private practice say they spend at least one full day managing their business instead of practicing medicine and spending time with patients. Physicians find staffing and cash flow issues the most time-consuming challenges.