

TOPICS

Establishing Trust

Risk Management After Tort Reform

Patient Safety Isn't Enough

Tips & Topics

TOPIC 1:

Why Is It So Hard To Establish Trust?

The news is full of stories about providers and manufacturers who may have withheld information about events or products.

Duke University hospitals allegedly ignored employee complaints about the cleaning fluid for surgical instruments. When Duke learned that it had mistakenly been using hydraulic fluid in place of cleaner, it failed to inform affected patients about the contents of the fluid, according attorneys for the patients, quoted in the June 5, 2005 *News and Observer*.

Merck is accused widely and often of hiding information about patient deaths from Vioxx.

Regulators have raised concerns about whether Guidant appropriately disclosed problems with internal defibrillators.

With this news coverage, is it any surprise that our patients come to healthcare providers with a fair amount of skepticism? Providers can overcome this environment, but it takes consistent and persistent attention to open and honest communication between staff at all levels and patients and families.

TIP 1: Providers must overcome skepticism to establish trust with patients.

TOPIC 2:

Why Do I Need Better Risk Management After Tort Reform?

Tort reform has stabilized insurance rates in some states, increased available coverage in others and helped stem the exodus of physicians from some areas. (See "State Tort Reform..." in *Business Insurance*, November 14, 2005.) So why would providers focus additional effort on risk management?

First, damage caps only affect non-economic damages. A case with massive medical expense or high lost wages can still cost millions if you don't manage it properly.

Second, insurers' claims outcomes are still not showing much overall improvement. The Physicians Insurers' Association of America still shows the cost of paid claims increasing about 6% annually. And AON's recent report on institutional claims shows severity increasing about 7.5% per year.

Third, facilities and large groups need to be ready for alternative markets, should they become a viable option. With alternative risk strategies, there is more focus on limiting risk in multiple dimensions. Caps can provide more predictability, but don't necessarily reduce the total outlay. To do that, facilities and groups must control claim frequency, severity and defense costs. Only a comprehensive risk control program can do all three.

Only risk management efforts to improve communication and handle conflict and risk from the start can increase reduce variability, decrease losses and improve patient relationships.

TIP 2: Even after tort reform, providers still need robust risk management.

TOPIC 3:

Why Both Patient Safety And Risk Management?

The Institute of Medicine Report in 1999 focused everyone's attention on improvements in patient care—clearly a valuable and necessary step. Healthcare must improve.

Unfortunately, research indicates that most lawsuits and claims are NOT related to the quality of care received. So reducing medical errors would have no effect on eliminating those claims. Rather, claims and suits most often arise from relationship issues between patients and providers. By improving our ability to respond quickly and effectively to patient concerns, we can improve that relationship. When medical staff and employees address conflict constructively, both with patients and each other, they disperse the tension that underlies most suits.

Sometimes providers redirect risk management resources to patient safety, making it more difficult to prevent or properly manage *claims and events*. Patient safety and risk management must complement each other. For example, claims often identify areas ripe for clinical improvement. And the staff monitoring patient safety programs may identify potential compensable events that require risk management attention. But they are different tasks and serve different purposes.

TIP 3: Patient safety efforts alone will not significantly reduce claims.



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