



## Arizona Hospital and Healthcare Association

### Guidelines for Partial or Non-Payment Relating to Preventable Serious Adverse Events

#### Situation:

Arizona hospitals are committed to providing safe, as supported by best evidence, high quality care. On the rare occasion when a preventable serious adverse event occurs, hospitals are encouraged to have a system in place for full disclosure of the error and support to the patient/family. This system may include a policy and procedure for partial or non-payment of charges relating to the preventable event.

#### Background:

The intent of these guidelines is to provide guidance to Arizona hospitals as they consider implementing the practice of partial or non-payment for serious adverse events. This is not intended to be a prescriptive policy, but rather a set of guiding principles to accompany a hospital's own policy and procedure related to preventable serious adverse events.

The overarching intent of these guidelines is to further support fairness in billing, building on our increased transparency, accountability and openness with patients and the public. The ultimate goal for every hospital, as always, is to promote systems to reduce and ultimately prevent the occurrence of preventable serious adverse events.

Under current practice, in the extremely rare case that a preventable serious adverse event occurs, Arizona hospitals disclose the incident and apologize to the patient/family.

#### Guidelines:

The following guidelines were adopted Jan. 26, 2009, by the Arizona Hospital and Healthcare Association (AzHHA) Board of Directors assist hospitals in identifying events for which they may decide to accept partial or non-payment of charges from patients, insurers or employees for care related to preventable serious adverse events. These guidelines may assist hospitals as they refine or develop their own policies for their communities. The guidelines, which specifically describe the types of errors for which hospitals may choose to forgo payment, are:

- 1) The event must be **preventable**. Hospitals should not be held accountable for something that could not be reasonably prevented by the hospital in the first place. An internal investigation and root cause analysis may be required to determine preventability.

- 2) The event must be **within the control of the hospital**. Hospitals should not be held accountable for errors that may have occurred, for example, in the manufacture of drugs, devices or equipment, well before the materials reached a hospital's doors. A root cause analysis may be required to determine the source of the error.
- 3) The event must be the **result of a mistake made in the hospital**. The event must clearly and unambiguously be the result of a mistake made, hospital procedures not followed, and not something that could otherwise occur.
- 4) The event must result in **significant harm**. Following the National Quality Forum (NQF) guideline, the list of events should be limited to those that yield very serious results.

While the source and cause of some serious adverse events may be clear, most will require **case by case review** and further investigation on the part of the hospital to determine the cause of the adverse event.

Based on the above guidelines, certain types of serious adverse events would be considered to be preventable and more likely to be under the direct control of the involved hospital and to result in significant harm.

The following are **examples** of events that could be consistent with these guidelines:

- 1) Surgical Events
  - A. Surgery performed on the wrong body part.
  - B. Surgery performed on the wrong patient.
  - C. Wrong surgical procedure performed on a patient.
  - D. Unintended retention of a foreign object in a patient after surgery or other procedure.
- 2) Patient Protection Events
  - A. Infant discharged to the wrong person.
- 3) Care Management Events
  - A. Patient death or serious disability associated with a hemolytic reaction due to the administration of ABO/HLA-incompatible blood or blood products.

**Other examples may be found at:**

- 1) [National Quality Forum](#)
- 2) [American Hospital Association](#) (AHA)—In the search engine key in “080212-quality”.

These guidelines apply to a preventable serious adverse event and with any subsequent care in that hospital needed to manage the event.

**If hospital re-admission is caused by a preventable serious adverse event that occurred in that same hospital**, the hospital would not expect payment for services directly related to that event.

**If an additional procedure is performed to correct a preventable serious adverse event that occurred during a previous procedure**, the hospital would not expect payment for charges related to that additional procedure.

**If a preventable serious adverse event results in an increased length of stay, level of care, or significant intervention**, the hospital would do its best to separate those additional charges and either not bill them initially or make adjustments to the bill with the payer or patient as soon as possible. Additionally, in the case of payers using the DRG system or other prospective inpatient or outpatient payment system, if the preventable serious adverse event results in a higher DRG, adjustments would be made to bill for the lower DRG.

**If there are extenuating circumstances or uncertainty that a preventable serious adverse event occurred**, determination of any payment adjustment would be made on a case-by-case basis.

We, as healthcare leaders, need to address how our organizations respond when a patient sustains a serious and likely preventable injury while being cared for in our hospitals. One way hospitals can respond to the concerns of patients, employers and insurers is by affirmatively indicating the circumstances under which we will not expect payment for care required when one of these preventable serious adverse events occurs.

*Note: These guidelines are intended to address payment adjustments related to preventable serious adverse events and are not intended to provide any guidance or recommendation related to compliance with existing or proposed Centers for Medicare & Medicaid Services regulations, Joint Commission standards, or third-party payer requirements. **Hospitals are encouraged to consult with their own legal counsel.***