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March 22, 2005

MEMORANDUM

TO: Assembly Majority Members  
FROM: Pete Grannis  
RE: Savings From Hospital Acquired Infection Control and Reporting  
Discussed in Majority Conference March 22

Attached is a memo that describes the cost saving measure that Dick Gottfried and I discussed at this morning's conference. Limiting infections contracted by patients while they are being treated in a hospital (known as "nosocomial infections) can save anywhere between \$100 and \$200 million in state and local Medicaid expenses per year and improve health care - a true win - win result. Following our discussion this morning, we intend to raise this cost cutting measure in this afternoon's meeting of our Health Budget Conference Committee.

Requiring hospitals to report nosocomial infection incidents and setting a date for the release of this information in the hospital report cards DOH is required to produce will give them the incentive they need to address this costly and largely avoidable problem.

This issue is addressed in a bill sponsored by chairman Gottfried (A.2341) which the Health Committee reported a month ago for the third time, as well as in legislation sponsored by Marge Markey, Pat Eddington, Adam Bradley and Senator Spano. .

If you have any questions regarding this issue, please feel free to contact my office at x5676.

Attachment



THE ASSEMBLY  
STATE OF NEW YORK  
ALBANY

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March 16, 2005

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MEMORANDUM

TO: Speaker Sheldon Silver  
Hon. Herman D. Farrell, Jr.  
Hon. Richard Gottfried  
Budget Committee Conferees

FROM: Pete Grannis

**WHAT:** Saving Money - Improving Healthcare  
**HOW:** Eliminating Infections Contracted By Patients During Hospital Stays.  
**SAVINGS TO STATE and LOCALITIES:** \$100-200 million per year

There is a way that New York State and its localities can save collectively as much as \$200 million a year in health care costs in as little as 3 to 6 months. These are the costs covered by Medicaid for treating patients who contract serious infections during their hospital stays.

In stark contrast to the hundreds of millions of dollars of Medicaid cuts called for by the Governor, which risk hurting beneficiaries or inflicting pain within the delivery system, the cost saving proposal outlined below goes in exactly the opposite direction, and would lead to improved healthcare.

Hospital acquired infections afflict about 1 in 20 patients according to the US Centers for Disease Control. A post-surgery infection can more than double the cost of a patient's care. A recent study published in the *Journal of the American Medical Association* found that infections attributable to careless medical care can add from \$10,000 to \$40,000 to the cost of a patient's care, 9.58 days to a hospital stay, and increase mortality risks by 4.31%.

CDC reports that more than 2 million people contract infections while in a hospital, adding an estimated \$20-28 billion to the nation's health care spending, and that over 90,000 people die from these infections every year. New York's share of this avoidable financial hit is about \$2 billion a year, of which Medicaid picks up \$400-500 million overall.

2,463,000 patients discharged per year	(per HANYS)
x 5% average national infection rate	(per CDC)
x <u>\$15,000 average cost per infection</u>	(per JAMA)
\$1,847,250,000	

(Given that healthcare costs are higher in New York than the national average, the \$15,000 cost per infection is probably lower than the real costs, thus the calculation underestimates

the medical expenses in New York from these infections. Medicaid patients are estimated to be around 25% of discharges, so costs to the state and its localities are in the hundreds of millions.)

**WHAT CAN BE DONE:** CDC: "Clean hands are the single most important factor in preventing the spread of dangerous germs and antibiotic resistance in health-care settings." Careful adherence to this directive and other well-recognized but often neglected actions and procedures to ensure a sterilized treatment environment can be accomplished for the most part without adding to hospitals' costs. What is needed is a well-organized infection control program and a commitment by administrators, care providers and staff to put into place and enforce directives and practices to end patient exposure to infectious agents.

**HOW TO ENSURE THIS HAPPENS:**

- 1) Require hospitals to report infection-related adverse events to the Department of Health.
- 2) Limit reporting for a reasonable start-up period to the six most serious types of infections, and give authority to the health commissioner to add to this list over time.
- 3) Set a date for inclusion of this information on the Hospital Report Cards DOH is mandated to produce in PHL Section 2995-b. (The section sets out procedures for the collection and risk adjusting of data prior to its disclosure.)

**BENEFIT OF PUBLIC DISCLOSURE:**

Disclosure of performance will provide the incentive needed to improve performance. In a competitive world, sunshine drives quality.

As we found when we mandated the production of annual report cards on the performance of HMOs and health insurers by the state Insurance and Health Departments in 1999, disclosure gives consumers important information they need and should have to make wise health care choices.

Cutting hospital infection rates will improve health care and reduce spending in the health care system. In providing incentives to meet these worthy objectives, we can provide safer hospital stays and substantial savings to publicly-funded health care programs, Medicaid being the chief beneficiary.

Illinois, Pennsylvania, Florida and Missouri have laws in place to make hospital infection information public, with legislation to do this being considered in many other states.

cc: Dean Fuleihan                      Kevin McGraw  
Roman Hedges                      Ernie Amable  
Steve August                      LouAnn Ciccone  
Frank Hoare                      Dan Conviser  
Maryanne Donnaruma              Rene Skorupsky  
Sean O'Keefe  
Louis Tobias  
Lekeya Martin  
Blake Washington