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Hospitals and Doctors Work Together to Improve Patient Care and the Bottom Line

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Banner Health System saved \$5 million and saw misdiagnosis claims from patient lawsuits drop 58 percent in just a year thanks to an insightful collaboration between hospitals and doctors determined to change the status quo.

Before the hugely successful collaboration began in 2004, the hospital and its physicians, even when sued jointly, fought patient allegations separately. Each party had its own insurance coverage, claims administration process and attorneys.

It was an inefficient and even adversarial strategy, said Dale Schultz, system vice president of business health at Banner. Based in Phoenix, Arizona, the organization has 20 hospitals, long-term care facilities, children's centers, family clinics, home care services and medical equipment services in seven states. Schultz' presentation was part of "Achieving Innovation through Collaboration," a conference held in Tempe, Ariz., April 24-25. The conference was sponsored by Arizona State University's W. P. Carey School of Business.

"Before, we had to deal with shifting liability, withholding of information or authority, he said/she said finger-pointing, limited loss protection and repetition of mistakes," he explained. "Each was willing to throw liability on the other party. It was a cat and mouse game -- a very secretive process that benefited the plaintiff. There was no incentive to collaborate to prevent future problems."

Even worse, despite having excellent physicians backed up by high-tech hardware and software -- including an electronic medical record system designed to reduce human error -- many of Banner's patient lawsuits concerned preventable errors, the bane of a provider's existence.

As a result, between 1996 and 2001, Banner spent more than \$70 million handling legal challenges from patients dissatisfied with their care. Determined to improve both patient care and the bottom line, Banner strategists came up with a two-pronged approach.

Decrease errors, litigate smarter

First, under the "Emergency Physicians Insurance Program," when a patient sues the hospital and its doctors, the medical providers present a united front to respond to the lawsuit. They share a combined claims administration process, purchase joint insurance with increased limits and reduced exposure, share information and experts and hire a single defense counsel. The program includes a proactive loss-prevention component, too, Schultz said. Initially, 150 ER doctors working at four Arizona hospitals participated.

Second, Banner contracted with The Sullivan Group for its Web-based teaching modules on diagnosing high-risk patients. Both nurses and doctor complete the training modules, which tackle situations like "child with fever" or "adult over age 50 with abdominal pain."

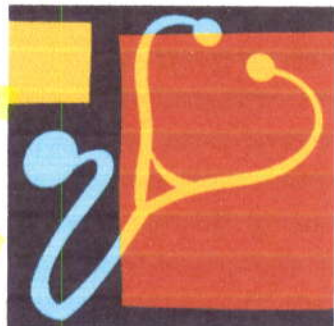
Then the system automatically reviews each doctor's medical records, checking "for the presence or absence of appropriate documentation that the risks related to that patient were addressed by the physician or the nurse," Schultz said. Finally, the Sullivan software kicks out individual audits on each clinician's performance, as well as aggregated scores. The information is used to do better with the next patient, and the one after that.

"We are using high tech to help keep physician errors down. The system makes a report card on how each practices medicine, and we use friendly competition to move things along," he added. "This means we are actually changing the way physicians practice medicine."

Reaping the benefits of collaboration

As a result, the number of legal claims filed by patients dropped in all categories -- including fractures and dislocations, infections, myocardial infarction, head bleeds, appendectomy, ischemic bowel, meningitis/encephalitis, aneurism, a foreign body and torsion. And patient lawsuits that are filed get dealt with more efficiently, and at a vastly lowered cost. Physicians involved in the insurance program have also saved almost 30 percent on their professional liability premiums, Schultz noted.

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"Our pilot project has been so successful that we are looking at extending both the insurance program and our program with The Sullivan Group throughout the Banner system," he said.

This type of creative collaboration, when teamed with the newest technology, offers enormous opportunities for cost reduction and patient-care improvement, according to Bradford Kirkman-Liff, a professor at the W. P. Carey's School of Health Management and Policy. Unfortunately, the majority of U.S. hospitals still keep traditional paper medical records crammed into cardboard files rather than the electronic systems Banner has implemented.

Why? Because they're expensive, must be made compatible with the facility's existing software systems, and carry a considerable learning curve. Implementing this technology also means caregivers have to figure out new workflows.

Example: imagine you're at a medical facility to see your doctor. A nurse shows you to an exam room, records your vital signs and slips your medical chart into a slot on the door, for the doctor to pick up and read when she comes in the room. Now imagine that the doctor has switched to an electronic medical record system. Is there a computer workstation in the exam room so the nurse can record vital signs and alert the doctor to your symptoms? What about when the doctor comes in -- does she sign in to the computer and read your file first, or greet you and ask about symptoms first? Or do nurses and doctors carry laptops loaded with patient records? Reaping the benefits of healthcare high-tech is often more time-consuming than it seems at first glance.

"In my view, there is a lot farther we can go, because in healthcare, the use of collaborative technologies and methods is very limited. We are actually 10 to 20 years behind some European countries. It's amazing how far ahead England, Germany, France and the Netherlands are in terms of sharing electronic medical records between hospitals, clinics, physicians and patients," Kirkman-Liff said.

Bottom Line:

- Doctors participating in Banner's Emergency Physician Insurance Program pilot have also saved almost 30 percent on their professional liability premiums, said spokesman Dale Schultz.
- Another Banner collaborative technology initiative is iCare, a remote monitoring hardware/software system that allows doctors to be "second eyes" on ICU patients in other hospitals.
- A third collaboration, the IPROP system, lets obstetric doctors and nurses monitor laboring women remotely (say, if the doctor is already home from work and the nurse calls with a problem). The software includes standardized documentation and vocabulary and electronic alerts.

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