

## Are Health Insurance Premiums Affected by Healthcare-Associated Infections?

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According to a recent report by the US Centers for Disease Control and Prevention (CDC), about 1 in 25 hospital patients have at least one Healthcare-Associated Infection (HAI).<sup>1</sup> In 2011, an estimated 722,000 patients contracted an infection during a stay in an acute care hospital in the US. About 75,000 of these patients died or just over 205 deaths from healthcare-associated infections each day! The overall annual direct medical costs of HAI to U.S. hospitals ranges from \$28.4 to \$33.8 billion. Health insurance companies are paying the cost of these HAIs, which directly affects the health insurance premium.

Similarly, HealthGrades, analyzed approximately 40 million Medicare patients' records from 2007 through 2009. The study found that 52,127 Medicare inpatients developed a hospital-acquired bloodstream infection and 8,114 did not survive their hospitalization. Hospital-acquired bloodstream infections cost the federal government an estimated \$1.2 billion.<sup>2</sup>

HAI medical costs are driving up health insurance and Medicare costs.

### *Healthcare-Associated Infections (HAIs)*

HAIs are infections that patients acquire while receiving treatment for medical or surgical conditions. They are among the leading causes of preventable deaths in the United States and are associated with a substantial increase in health care costs each year. The most common HAIs include: Central line-associated bloodstream infections (CLABSI), Catheter-associated urinary tract infections (CAUTI), Surgical site infections after surgery (SSI), Methicillin-resistant staphylococcus aureus (MRSA) and Clostridium difficile infections (Cdiff). HAIs occur in all types of care settings, including: acute care within hospitals; same-day surgical centers;

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<sup>1</sup> <http://www.cdc.gov/HAI/surveillance/index.html>

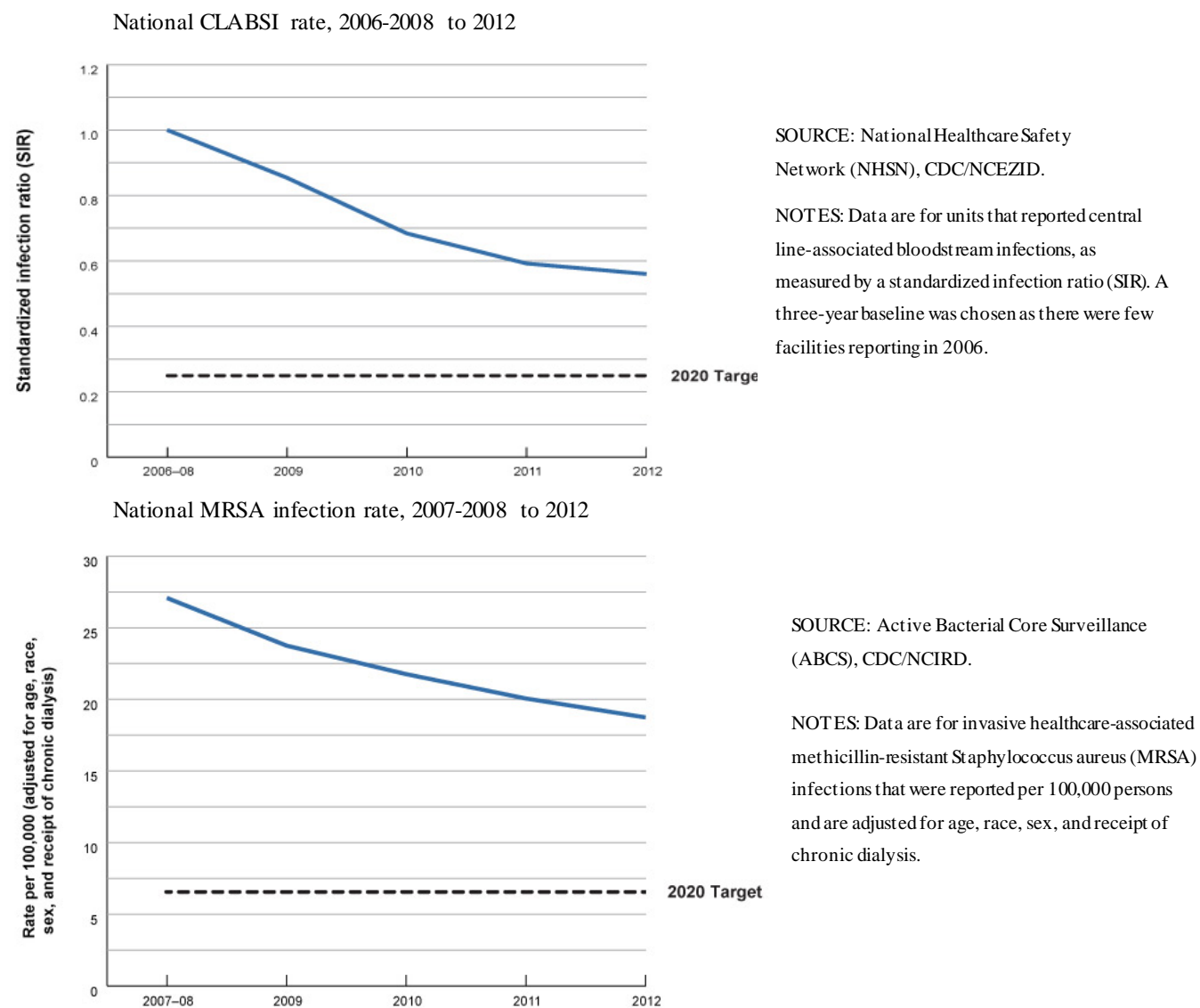
<sup>2</sup>

<https://www.cpmhealthgrades.com/CPM/assets/File/HealthGradesPatientSafetyInAmericanHospitalsStudy2011.pdf>

ambulatory outpatient care in health care clinics; long-term care facilities (e.g., nursing homes and rehabilitation facilities). HAIs are the most common complication of hospital care.

However, recent studies suggest that implementing existing prevention practices can lead to up to a 70 percent reduction in certain HAIs. Proper education and training of health care workers increases compliance with and adoption of best practices to prevent HAIs. An example of best practices by a health care provider would be the careful use of antibiotics or antimicrobial drugs, as some can increase the patient's risk of HAIs.

The two graphs below show that, national CLABSI rate has decreased 44% in 2012 since the base year (2006-2008) and MRSA infections declined 30.8% from 2007-08 to 2012, from 27.08 to 18.74 per 100,000 (adjusted for age, race, sex, and receipt of chronic dialysis).



Despite making progress in preventing and reducing HAIs, some hospitals are much riskier than others when it comes to patients' safety. According to a CDC report<sup>3</sup>, the table below shows the percentage of hospitals in each state that have an SIR worse than national SIR in 2012. For example, Puerto Rico has about 49 hospitals, of which about 24 hospitals have CLABSI rate worse than the national infection rate.

% hospitals have an SIR worse than the national SIR			% hospitals have an SIR worse than the national SIR				
State	CLABSI	CAUTI	SSI Colon	State	CLABSI	CAUTI	SSI Colon
PR	50%	12%	-	TX	9%	12%	7%
MS	27%	23%	13%	CT	8%	44%	27%
NV	21%	16%	19%	HI	8%	15%	-
GA	18%	11%	11%	VA	8%	8%	7%
NY	17%	28%	8%	MA	7%	15%	10%
KY	16%	18%	12%	NC	7%	8%	7%
LA	16%	10%	12%	OK	7%	3%	13%
NJ	16%	14%	5%	PA	7%	8%	8%
NM	14%	11%	-	CO	6%	12%	3%
WV	14%	4%	0%	MO	6%	9%	7%
FL	13%	9%	7%	AR	4%	13%	14%
NE	13%	11%	31%	OH	4%	12%	3%
UT	13%	29%	31%	WA	3%	16%	8%
CA	12%	11%	8%	MI	2%	14%	12%
SC	12%	20%	17%	IA	0%	6%	5%
AL	11%	7%	0%	MN	0%	24%	4%
AZ	11%	11%	12%	OR	0%	11%	0%
IN	11%	6%	10%	WI	0%	5%	9%
KS	11%	12%	5%	AK	-	-	-
TN	11%	16%	10%	DC	-	-	-
IL	10%	13%	3%	DE	-	-	-
MD	10%	18%	-	ID	-	22%	-
				ME	-	31%	-
				MT	-	0%	-
				ND	-	-	-
				NH	-	7%	0%
				RI	-	30%	30%
				SD	-	0%	-
				VT	-	-	-
				WY	-	-	-

<sup>3</sup> <http://www.cdc.gov/HAI/state-based/>

Center for Medicare and Medicaid Services (CMS) has started to address the issue. Starting Oct 1, 2014, the lowest quartile performing hospitals in Hospital Acquired Condition (HAC) Reduction Program will receive 1% decrease in Medicare reimbursement. CMS will assess rates of 10 patient injuries at hospitals, including blood stream infections, patient falls, bed sores, urinary tract infections, collapsed lungs, cuts that occur during or after surgery, and blood clots.

### *Recovery of Cost*

Insurers that pay for treatment of preventable HAIs likely must charge a higher premium to consumers to cover the costs of these infections. Preventable HAIs therefore impose societal costs of poorer patient outcomes and increased financial costs for both insurers and consumers. Insurers, like government payers, may have the ability to impose a financial cost on providers to create an incentive for them to implement effective infection control procedures. The result would be improved patient outcomes and reduced costs to both insurers and consumers.