

## **Medicare payment for selected adverse events: building the business case for investing in patient safety.**

October 25, 2010

Zhan C, Friedman B, Mosso A, et al. Medicare payment for selected adverse events: building the business case for investing in patient safety. Health Aff (Millwood). 2006;25(5):1386-93.

<https://psnet.ahrq.gov/issue/medicare-payment-selected-adverse-events-building-business-case-investing-patient-safety>

---

Medical errors have been [estimated](#) to cost the US health care system more than \$17 billion per year, but whether those costs are borne by patients, hospitals, or insurers is not clear. This economic analysis used administrative data to identify adverse events during hospitalizations, determine the Medicare payments made for hospital claims, and estimate the excess payments made for hospitalizations in which an adverse event occurred. The analysis revealed that adverse events account for a small but significant proportion of overall Medicare hospital spending. Contrary to a [prior study](#), these data revealed that hospitals generally do not receive additional compensation when an error occurs. The authors argue that both individual hospitals and the health care system stand to benefit economically from improving patient safety.