



Patient Safety; Hospital Risk

Perspectives of Hospital C-Suite and Risk Managers

April 2013



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Introduction

AIG's experience as a risk management partner to over 2,000 hospitals around the world tells us that patient safety is a top concern for hospital executives. To better serve our clients, we wanted to go deeper. So we designed a study that asks, "Why?" What drives patient safety? Are there barriers our healthcare system must overcome to ensure a safer environment in the short-term? What can be done to keep hospitals safer over the next three to five years?

We're delighted to share the results and implications of this C-Suite and Risk Manager survey with you today.

At AIG, we believe that combining our expertise with data-driven insights, like those found in this study, can help bring on better tomorrows. Prevention doesn't cost. It pays.

When insurers work to understand and ultimately improve healthcare outcomes at the patient level across the system, which drive cost, it results in patients who:

- experience less pain, quicker recovery time and fewer medical complications;
- may return to their family and to work sooner; and
- are prescribed the right amount and type of medication, for the right amount of time.

Whether helping make hospitals safer for patients, helping make construction sites like the World Trade Center safer for workers or educating parents on how to avoid concussion injuries at the little league ballpark, AIG is committed to bringing on healthier, longer lives.



A handwritten signature in black ink, appearing to read 'Russell M. Johnston'.

Russell M. Johnston

Casualty Product Line Executive, US and Canada
AIG Property Casualty

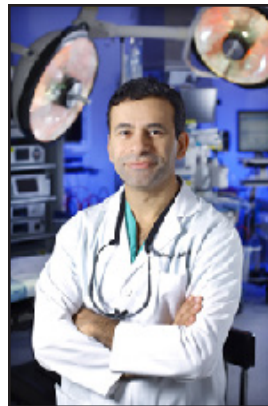
Marty Makary, MD, MPH

AIG is proud to have worked with Marty Makary, MD, MPH as an advisor on this study. Dr. Makary's role was ideal given his leadership at the United Nations' World Health Organization (WHO) to measure hospital complications and as the first to publish studies on the use of a checklist in surgery.

He has authored 150 publications, a leading textbook on surgery and a *New York Times* best-selling book, Unaccountable, advocating for more transparency in the healthcare system.

Dr. Makary's consulting contributions to this study included:¹

- drafting the questionnaire;
- approving the sample;
- reviewing the results, and
- editing the final report.



Marty Makary, MD, MPH
Patient Safety Expert

1. Dr. Makary's role with AIG is that of an independent consultant. Johns Hopkins has no role in AIG's survey of Hospital C-Suite Executives and Risk Managers on patient safety.

Executive Summary

Hospital C-Suite Executives and Risk Managers agree that patient safety is their number one priority. They also agree that failing to maximize financial sustainability is their number one threat. By exploring the tension between these competing demands, as well as the environmental barriers toward progress to improve safety and reduce risk, this report provides actionable data and information to support continuous improvement.

The purpose of this survey was to better understand:

- What drives hospital leaders' main priority, patient safety?
- What are the barriers the healthcare system must overcome to improve patient safety?
- What can be done to keep patients safer in hospitals over the next three to five years?

In exploring these questions, four themes emerged:

1. **Patient safety and financial sustainability challenge hospital C-Suite and Risk Managers for their time and attention.** A majority of hospital executives see patient safety as their *top priority*. At the same time, an equal amount view failing to maximize financial sustainability as their *biggest threat*.
2. **Who is “responsible for” patient safety and who “owns” patient safety do not fall within the same role at the hospital.** Virtually all executives agree that patient safety is the responsibility of everyone in their hospital, but half say that nurses “own” it, with only 4% of each group identifying physicians as most responsible. Despite the responsibility they place on nurses, the C-Suite nonetheless think that nurse turnover rates are among the least influential items on overall issues of hospital risk and patient safety.
3. **“Lack of teamwork, negative culture and poor communication” is the number one barrier to ensuring a safe environment for patients.** Nine out of 10 executives believe that an emphasis on safety has to come from the top for it to be truly effective. When asked to describe in their own words the barriers to patient safety, a plurality of executives give answers related to a lack of teamwork and a negative culture. Communication is also seen as a problem on several levels—from nurses fearing retribution for speaking up about patient safety issues to documentation burdens to the number of patient “handoffs” among hospital staff inhibiting effective communication.

4. **Perceived “enhancements” to patient safety—such as technology, regulation and metrics—can have the opposite effect.** According to the survey, many hospital leaders believe that technology can focus clinicians’ attention away from the examination table to the machine beside the bed. Regulation is sometimes perceived to require reporting facts and figures that might be arbitrary to improving patient safety. Uniform metrics for patient safety have not been established collaboratively among all stakeholders, and often incentivize “teaching for the test” rather than actually improving patient safety. Patients are left to decipher the meaning of patient safety metrics by themselves with questionable success.

The remainder of this report contains three sections: (1) a discussion of the research findings; (2) trends that will shape patient safety over the next three to five years; and finally, (3) implications.



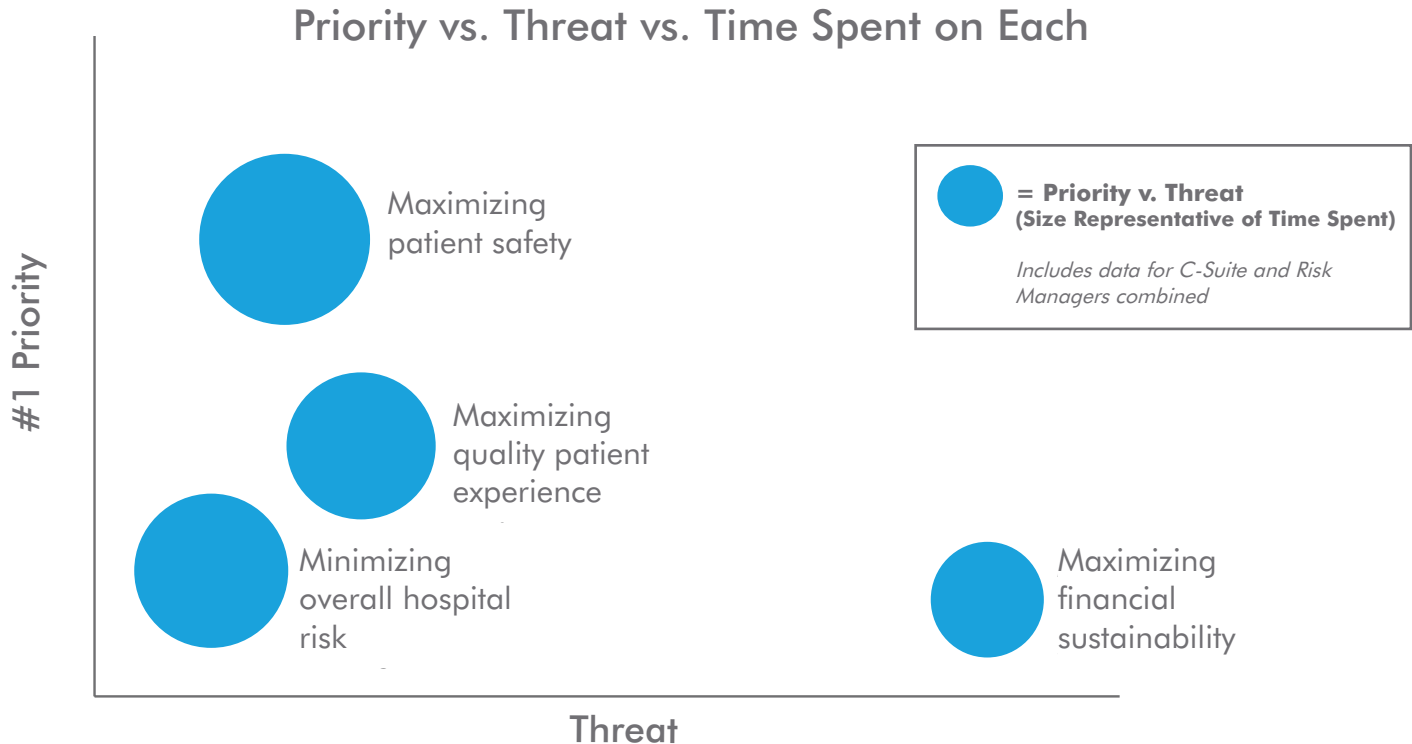


I. Competing Goals

Patient Safety and Financial Sustainability Challenge Hospital C-Suite and Risk Managers for Their Time and Attention.

Two goals—ensuring patient safety and maximizing financial sustainability—compete for executive attention in hospitals today. Two thirds of hospital leaders surveyed report that maximizing patient safety is their top priority. Nearly two thirds also say that failing to maximize financial sustainability is the biggest threat to their hospitals this year. The tension that arises between these competing goals can be seen in the time that hospital leaders devote to each. Maximizing financial sustainability was the lowest priority for both C-Suite Executives and Risk Managers, but a disproportionate amount of time was consumed in dealing with what they perceive as threats to the bottom line. Only 2% of the C-Suite considered maximizing financial sustainability as their highest priority, but 16% of their time was devoted to this goal (a time/priority ratio of eight). In contrast, 64% of the C-Suite ranked maximizing patient safety as the highest priority, while 33% of time was devoted to this goal (a time/priority ratio of about half).

The need to address each goal is high¹ and the resources to do so are limited². Both goals conflict again as hospitals strive to ensure an overall high-quality experience for their patients—a new metric for reimbursement.



1. Kohn LT, Corrigan JM, Donaldson MS, (eds). To err is human: building a safer health system. National Academy Press; 1999.
2. Landrigan CP, Parry GJ, Bones CB, Hackbarth AD, Goldmann DA, Sharek PJ. Temporal trends in rates of patient harm resulting from medical care. N Engl J Med 2010; 363: 2124-34.



The data further reveal how all four of these priorities compete with each other. For example, both C-Suite Executives and Risk Managers say that three of their priorities—managing financial sustainability, maximizing quality patient care and maximizing patient safety—also represent three of their greatest challenges in achieving their fourth priority—minimizing overall hospital risk.

“Financial stability is meeting the bottom line while making improvements to maintain safety.”
~Risk Manager

Priorities compete with one another.
They challenge minimizing overall risk...

Challenges to Minimizing Overall Hospital Risk

C-Suite	Maximizing financial sustainability	87%	Implementing changes based on the healthcare reform bill	85%	Risk Managers
	Implementing changes based on the healthcare reform bill	82%	Staff communication	84%	
	Maximizing quality patient care	81%	Maximizing financial sustainability	80%	
	Maximizing patient safety	79%	Maximizing quality patient care	80%	
	Staff communication	78%	Maximizing patient safety	79%	

A9. Please indicate which of the following are challenges your hospital faces in minimizing overall hospital risk. Please also indicate if the item is not a factor/not applicable to your hospital. [MULTIPLE RESPONSE] (split sample; n=126 C-Suite, n=93 Risk Managers).

...and maximizing patient safety.

Challenges to Maximizing Patient Safety

C-Suite	Implementing changes based on the healthcare reform bill	73%	Staff communication	77%	Risk Managers
	Maximizing financial sustainability	72%	Maximizing quality patient care	70%	
	Maximizing quality patient care	71%	Maximizing financial sustainability	68%	
	Minimizing overall hospital risk	69%	Implementing changes based on the healthcare reform bill	67%	
	Staff communication	68%	Minimizing overall hospital risk	65%	

A10. Please indicate which of the following are challenges your hospital faces in maximizing patient safety. Please also indicate if the item is not a factor/not applicable to your hospital. [MULTIPLE RESPONSE] (split sample; n=126 C-Suite, n=93 Risk Managers).

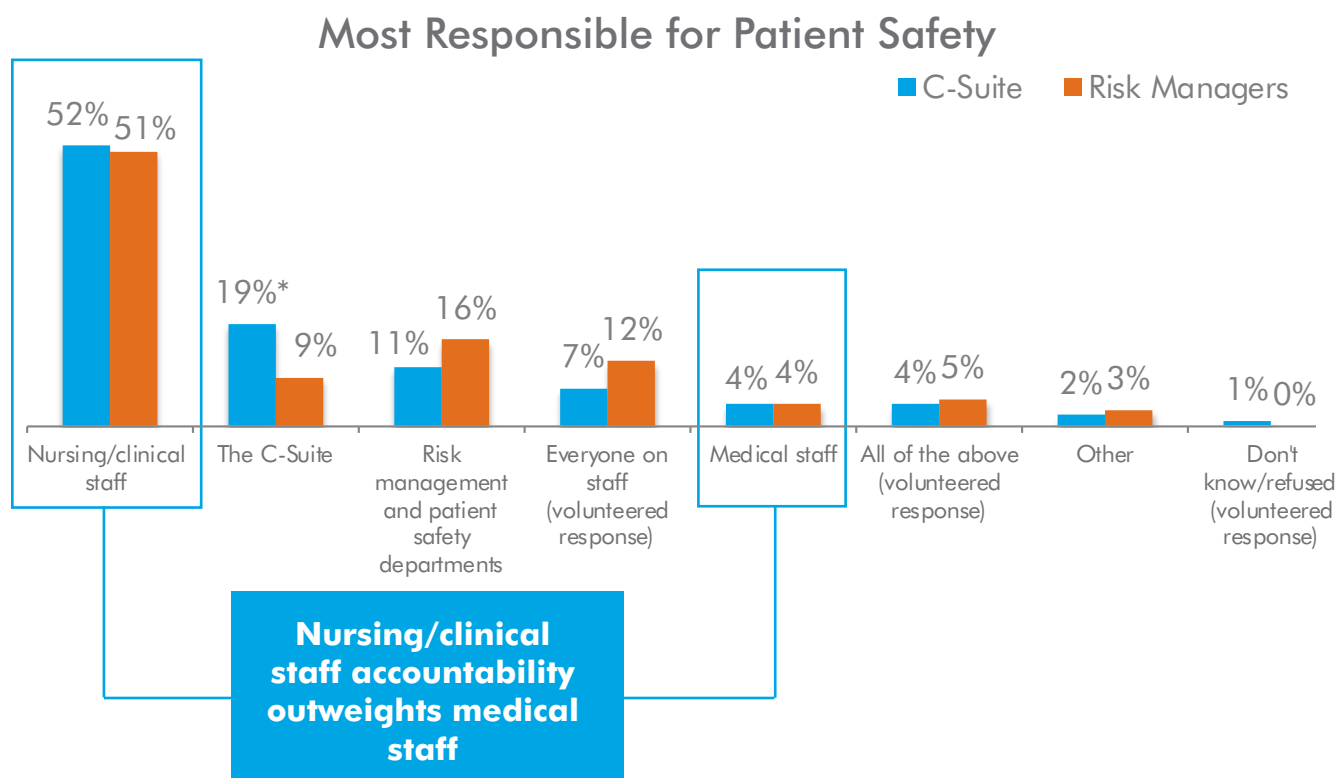
Nine percentage point difference between C-Suite Executives and Risk Managers on the challenge of staff communication



II. Who Is In Charge?

Who is “Responsible for” Patient Safety and Who “Owns” Patient Safety do not Fall within the Same Role at the Hospital.

Despite the fact that ensuring patient safety is the highest priority for respondents, the study reveals inconsistent perceptions of who is ultimately responsible. Virtually all hospital executives (98% of both C-Suite Executives and Risk Managers) agree that “every staff member in my hospital is responsible for patient safety.” But half of both C-Suite Executives and Risk Managers (52% and 51%, respectively) believe that nurses “own” it. Additionally, nine out of 10 C-Suite Executives agree that an emphasis on safety must come from top leadership for it to be truly effective—yet only about three fourths of executives report that their hospitals have executive walk-rounds programs, and in those hospitals that do have such programs, 88% of the C-Suite Executives and 78% of the Risk Managers indicated that they personally participate. These data show that responsibility is beginning to flow uphill but it is a difficult climb.

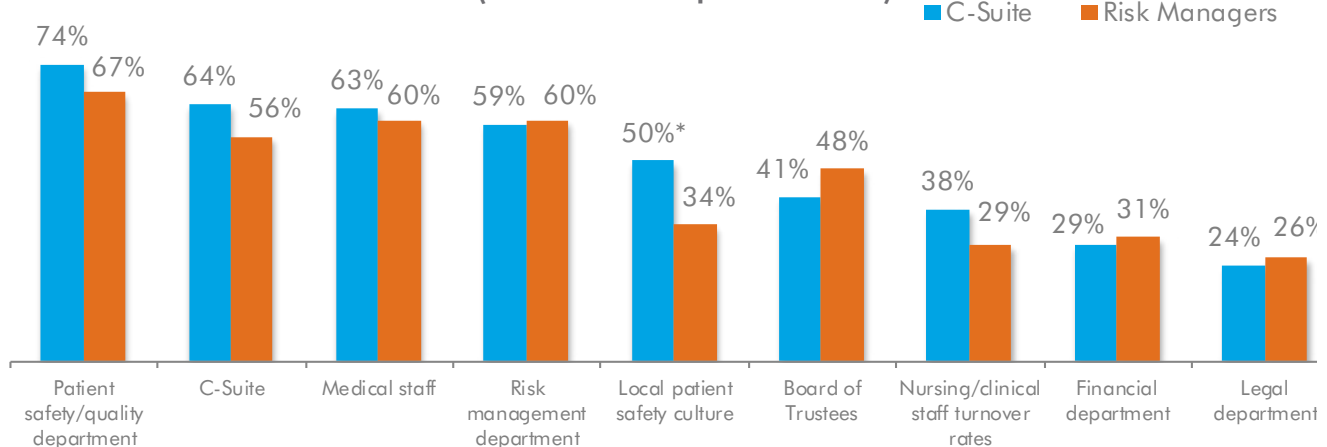


**Statistically significant difference between C-Suite and Risk Managers*



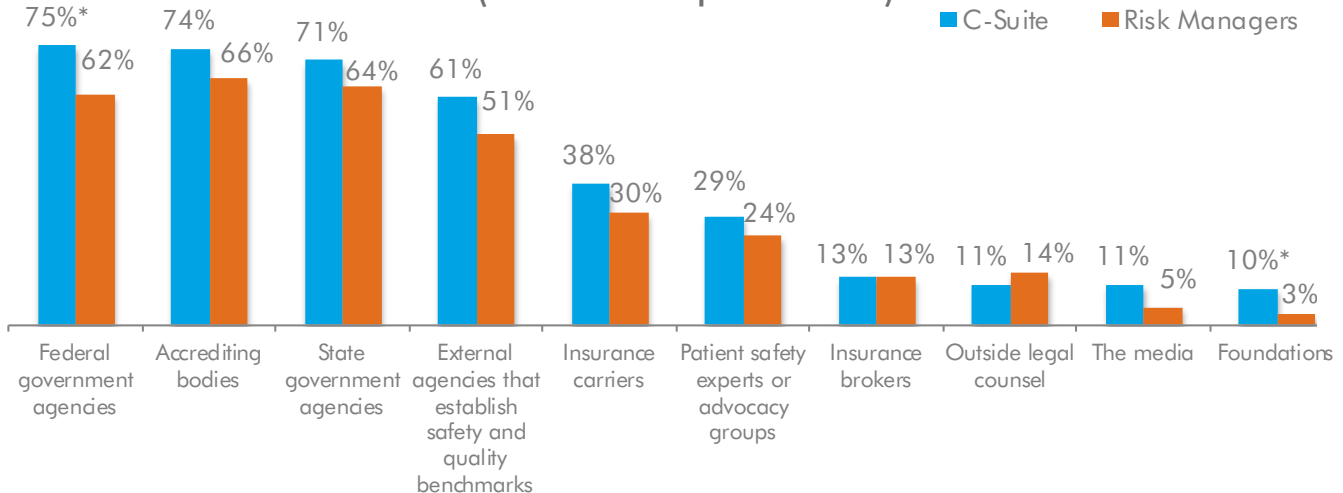
C-Suite Executives, risk management/patient safety departments and medical staff are seen by survey respondents as being most influential on overall hospital risk, including issues of patient safety. Interestingly, these executives see nursing staff turnover as one of the least influential items on overall hospital risk, including patient safety, regardless of the fact that they place the onus of patient safety on nurses.

Influential Internal Entities: Top Three Box (8-10 on 10-point Scale)



Outside organizations such as federal government agencies, accrediting bodies and state government agencies add further nuances to the goal of maximizing patient safety in hospitals. These organizations, or external influencers, are beyond the control of the hospitals, yet are seen by hospital executives as highly influential on overall hospital risk.

Influential External Entities: Top Three Box (8-10 on 10-point Scale)



The role of these outside organizations on hospital risk, in conjunction with the lack of clarity within hospitals regarding responsibility for patient safety, further complicates the question of "who's in charge?"

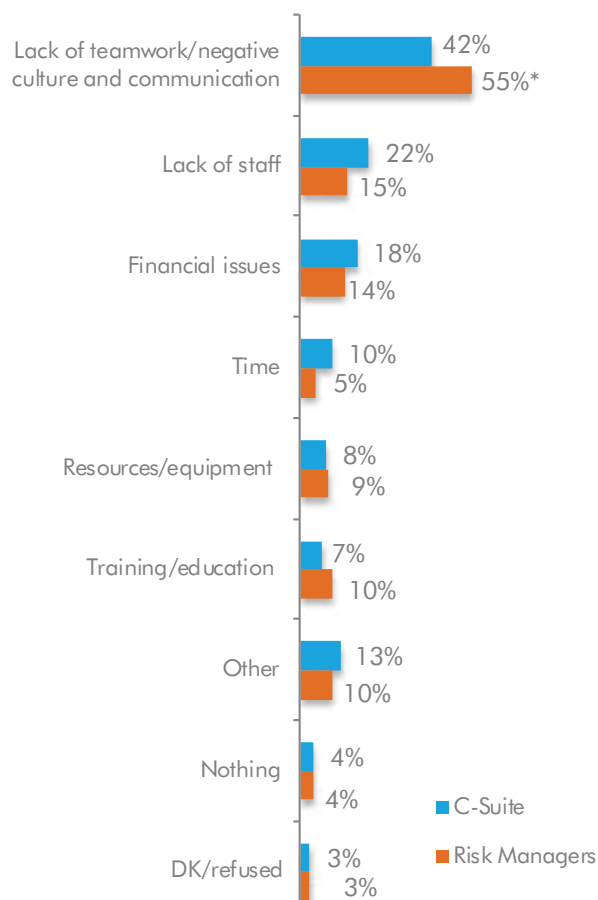
*Statistically significant difference between C-Suite and Risk Managers.



III. How Can the “Right Tone” Be Set?

Negative Hospital Culture Is the Number One Barrier to Patient Safety.

Barriers to Improving Patient Safety, Unaided**

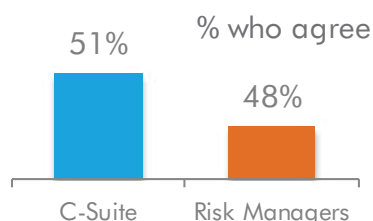


According to the survey, the number one barrier to patient safety is lack of teamwork, negative culture and communication. The majority of hospital executives in this study (96%) believe that their hospitals have a culture of patient safety. However, over one third of the executives acknowledge that their hospital needs to undergo major changes in order to maintain a true culture of patient safety in the future.

This may in part be due to the fact that, as noted by 51% of C-Suite Executives and 48% of Risk Managers, patient safety is defined differently by different people across their hospitals. How can the “right tone” be set? If results from this study can serve as a guide, one approach would be to improve elements in the hospital culture, such as teamwork and communication.

According to the study, hospital executives often report lack of teamwork, negative culture and poor communication as the greatest barrier to improving patient safety (42% of C-Suite Executives and 55% of Risk Managers). The importance of discussion amongst hospital colleagues cannot be overstated: three fourths of Risk Managers see staff communication as their top challenge in maximizing patient safety in their hospital (as do 68% of C-Suite Executives). Communication may also break down over issues of trust: 26% of C-Suite Executives and 29% of Risk Managers say that nurses fear retribution if they discuss potential safety problems with management.

“Patient safety is defined differently by different people across my hospital.”



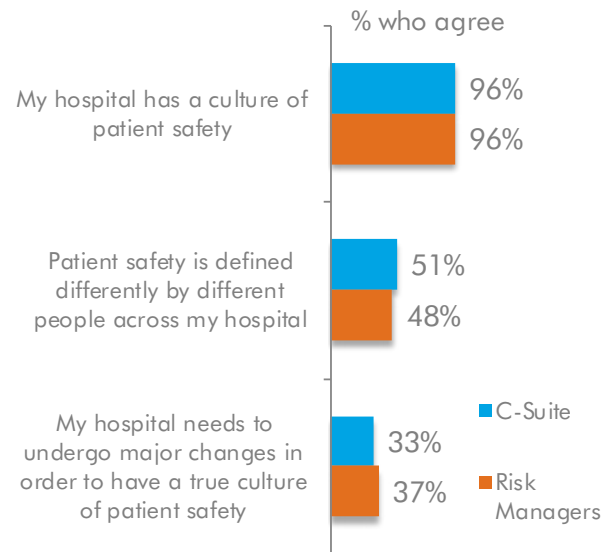
*Statistically significant difference between C-Suite and Risk Managers.

**Responses are “unaided,” meaning they were provided by the respondent without the bias of a pre-selected list of options.



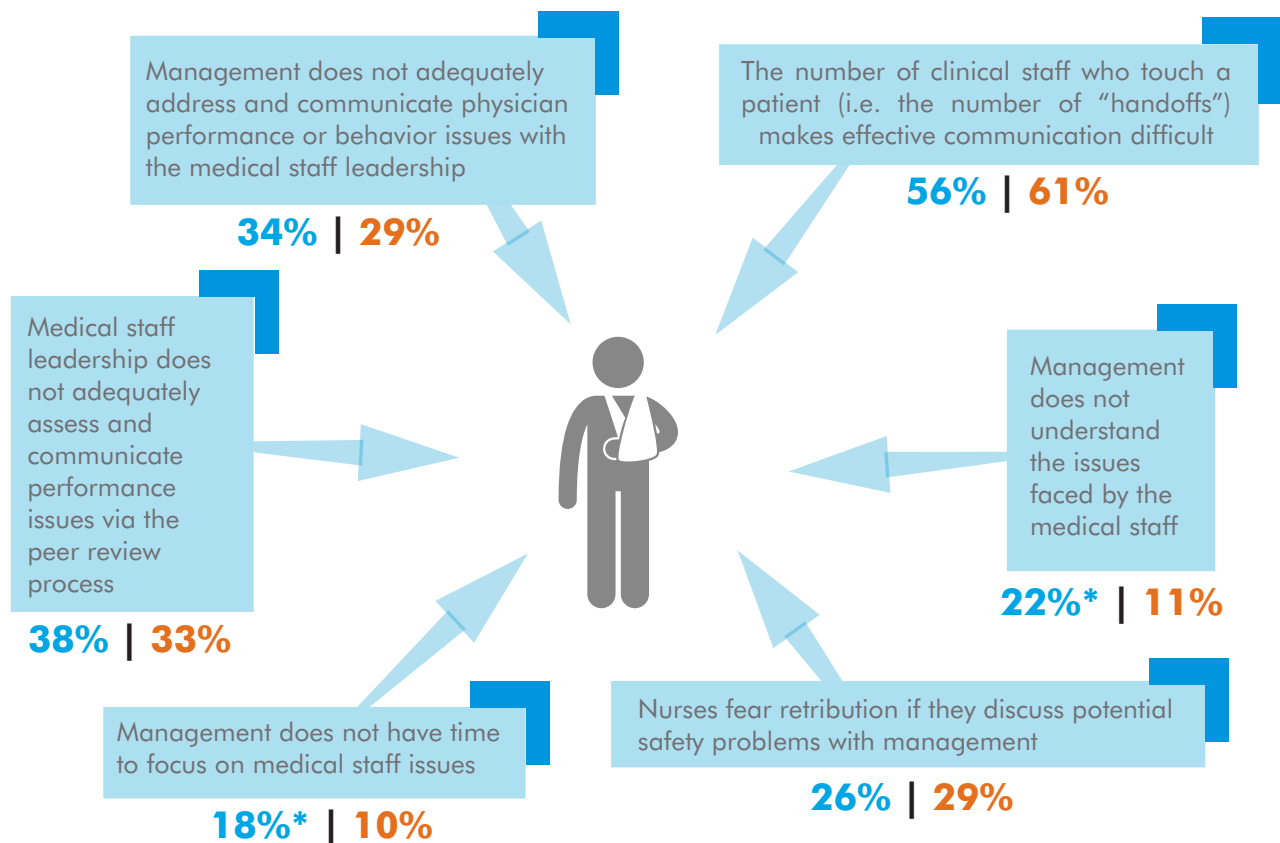
Whether it’s in the operating room, the emergency room or the board room, communication can sometimes be less than ideal, despite the best of intentions. In this study, most respondents (59-69%) agree that the quality of coordination and communication between departments at their hospitals presents a challenge for maximizing patient safety. Both C-Suite Executives (56%) and Risk Managers (61%) believe that an increase in the number of clinical staff who touch a patient, i.e. the number of handoffs, makes communication more difficult and potentially compromises patient safety. As one risk manager put it, “The barriers are the communication with the healthcare team. The handoff from one unit to another and from one physician to another physician or nurse is a hard transition for the patient.”

Culture Confusion



Forces on Patient Safety

C-Suite % | Risk Managers %



*Statistically significant difference between C-Suite and Risk Managers.



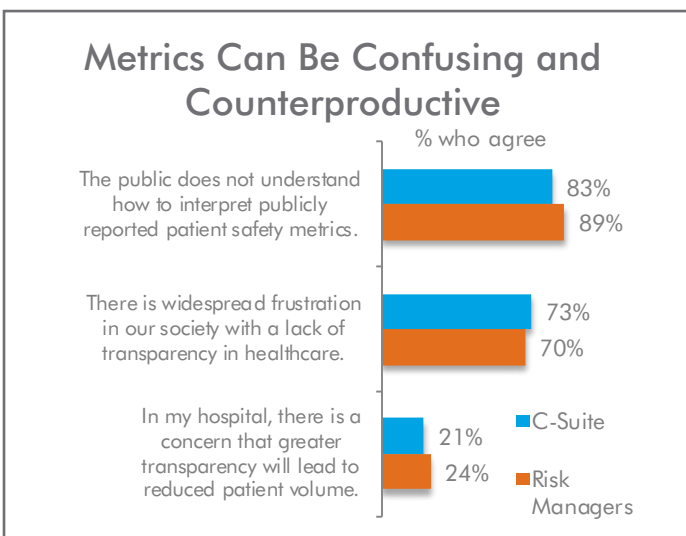
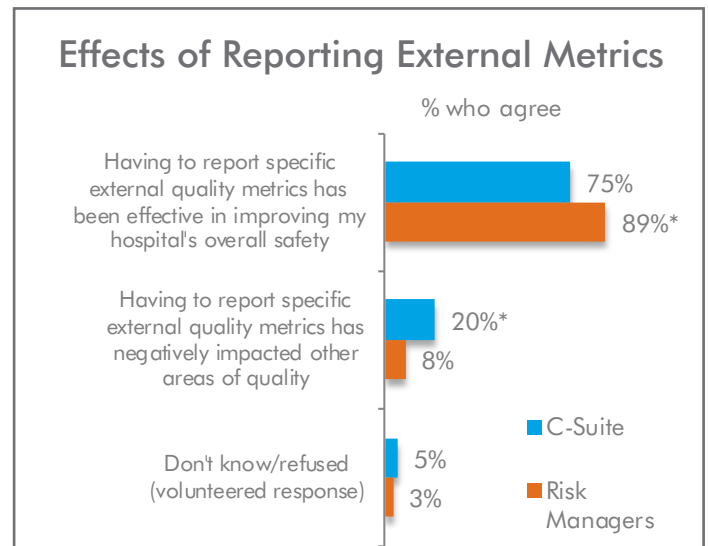
IV. First, Do No Harm

Perceived “Enhancements” to Patient Safety Can Have the Opposite Effect.

Executives surveyed at nearly all hospitals (99-100%) emphasized hand-washing and infection prevention as critical to maximizing patient safety.¹

Beyond these standard procedures, hospitals have added new processes, metrics and technology—sometimes in response to regulation—to improve patient safety outcomes. Though well-intentioned, these new methods have in some cases introduced unintended negative effects on patient safety.

For example, on one hand, increased regulation has forced greater transparency and reporting of external quality metrics. Three quarters of surveyed C-Suite Executives see reporting of quality metrics as beneficial to safety. On the other hand, one in five believes that it produces negative impacts on other areas of quality (compared with 8% of Risk Managers). The data further show that requiring reporting on certain metrics might not always have the anticipated effect of improving patient safety, with one in four



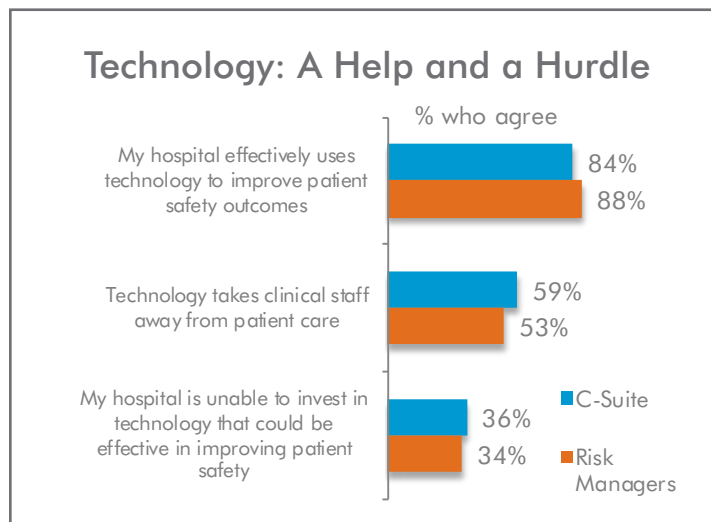
executives admitting that their hospital is more focused on publicly reported metrics than on truly improving patient safety. These data imply that mandatory reporting forces some hospitals to focus on the outputs they are required to (“checking off boxes” on the metrics list), rather than the intended outcome of maximizing patient safety. In an era where the public expects to have information available at their fingertips through a quick internet search, the easy availability of healthcare statistics online—regardless of whether those statistics are valid—is likely empowering more patients to focus on publicly reported metrics, rather than the true

**Statistically significant difference between C-Suite and Risk Managers.*

1. See Also: Boyce JM, Pittet D. Guideline for Hand Hygiene in Health-Care Settings. Recommendations of the Healthcare Infection Control Practices Advisory Committee and the HICPAC/SHEA/APIC/IDSA Hand Hygiene Task Force. Society for Healthcare Epidemiology of America/Association for Professionals in Infection Control/Infectious Diseases Society of America. MMWR Recomm Rep 2002;51(RR-16):1-45.



impact those metrics have on patient safety. Most executives (73% of C-Suite Executives and 70% of Risk Managers) agree that there is widespread frustration with the current lack of transparency in healthcare, regardless of the fact that reporting requirements have been increased. Most respondents (83% of C-Suite Executives and 89% of Risk Managers) also believe that the public does not understand how to interpret publicly reported safety metrics, uncovering a critical need for patient education.



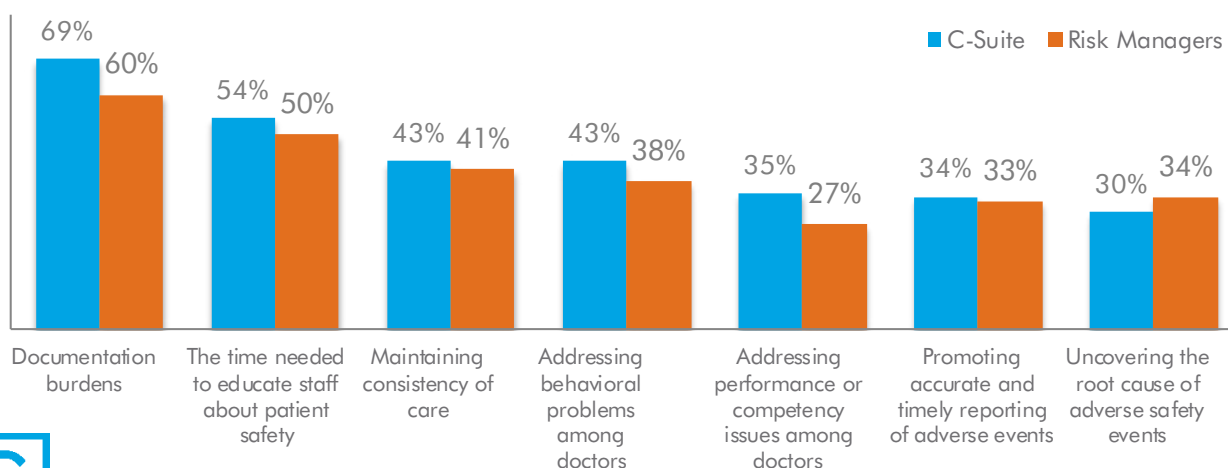
Technology is another area where one might expect to see healthcare reaping easy benefits to improve patient safety, but respondents say this could come at the expense of quality patient care.

Costly, newly acquired healthcare technology may be more of a hindrance than a help, as technology can literally and figuratively stand between a caregiver and a patient, diminishing the more personalized care that a patient may have once received. This further compounds the problem of effective communication, mentioned earlier in the report as the top barrier to patient safety. While most agree their hospital effectively uses technology to

improve patient safety, more than half the surveyed executives say it takes clinical staff away from patient care, and more than one third say their hospital is unable to invest in technology that could improve patient safety.

Lack of time is another challenge to patient safety, and time is typically fragmented between education and management of problematic behavior. The biggest time-related challenges include documentation burdens, time needed to educate staff about patient safety and maintaining consistency of patient care.

Time-related Challenges to Maximizing Patient Safety





Trends Shaping Patient Safety

Respondents Identified Several Trends that Will Help Shape Patient Safety Over the Next Three to Five Years.

1. New emphasis on “Patient Satisfaction” may complicate efforts to improve patient safety.

Though safety will continue to be a priority, it may be further complicated by external pressures to focus on the overall patient quality care experience—as measured by public “patient satisfaction” metrics. In its simplest form, success in patient safety is defined by this survey’s respondents as “keeping patients free from harm,” with far fewer C-Suite Executives and Risk Managers defining it as “patient satisfaction.” 75% of C-Suite Executives and Risk Managers define success in patient safety as “no errors/falls/harm endured,” while just 15% of the C-Suite Executives and 13% of the Risk Managers surveyed define it as “patient satisfaction.” As one risk manager notes, “Patient safety is where risk and quality overlap with a goal of improved quality care and the prevention of adverse events.”

2. Industry metrics will be meaningful only if they are consistent across all stakeholders.

In the future, we will see patient safety definitions emerge from industry metrics that are consistent, that can be operationalized and that are understood both internally and externally. Future success will require a coordinated effort among internal (C-Suite, Risk Managers and clinical staff) and external (patients and the government) parties.

3. Transparency threatens to reduce patient volume.

Transparency and collaboration will bring challenges—namely, a demand for more metrics by external agencies and a lack of patient guidance/education. Without information, an under-informed public becomes a fiscal challenge for hospitals. There is a concern that data is perceived as more credible when it is involuntarily versus voluntarily reported, and that greater transparency will lead to reduced patient volume.

“Success in patient safety is demonstrated in lack of errors, patient safety, prevention of any unexpected outcome.”

~C-Suite

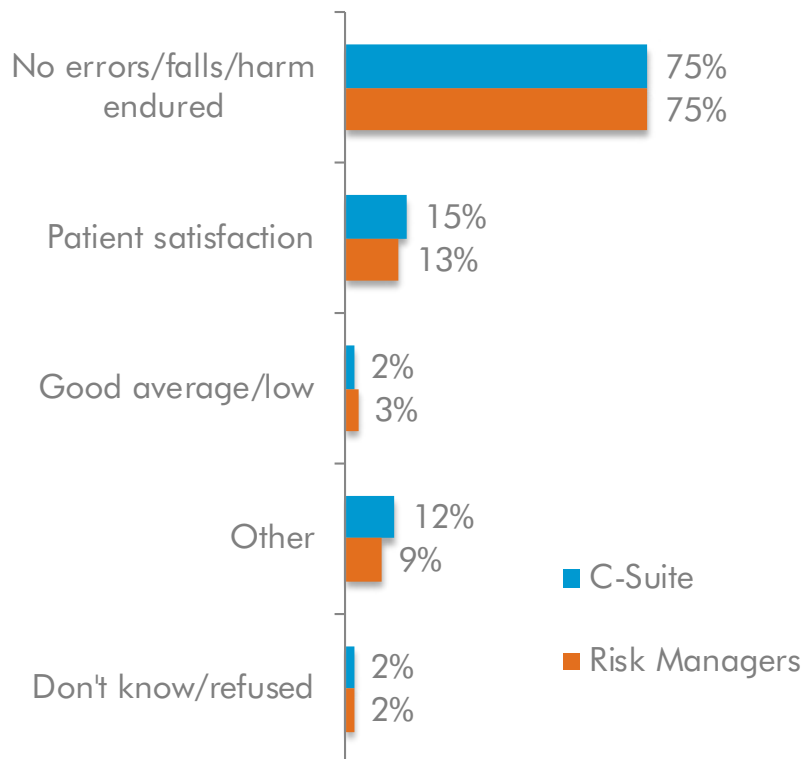


4. Pressure on financial sustainability will not ease.

Financial sustainability will continue to be at the forefront of challenges facing hospital leaders, and will remain critically intertwined with patient health over the next three to five years. We can expect to see increasing focus on patient satisfaction metrics, which impact consumer demand and pressure to implement healthcare reform.

Insurance companies can play a critical role in navigating these competing challenges by working as a trusted advisor, facilitator and educator to hospital leaders, Risk Managers, medical staff, nurses and patients.

Definitions of Success in Patient Safety, Unaided*



**Responses are "unaided," meaning they were provided by the respondent without the bias of a pre-selected list of options.*

Implications

1. Patient safety and financial sustainability should be complementary goals, not competing objectives. Given that nearly half of every dollar spent on healthcare costs is related to a medical mistake, improvements in patient safety will have a quick return on investment and ease financial burdens.
2. Strategies to relieve the “safety versus finance” tension should be explored at the executive level to set a deliberate focus and course. The survey reveals that both C-Suite Executives and Risk Managers have the same top priority (patient safety) and the same top threat (ensuring financial sustainability). However, neither group is dedicating the majority of their time on either goal.
3. Hospitals should seek to define and establish clear responsibility for patient safety. To have positive outcomes, patient safety must be a multi-disciplinary goal.
4. Executives need to walk the talk and set the tone for a consistent culture of patient safety where open communication is not only valued but expected. Everyone, from doctors to nurses, C-Suite to support staff, needs to “own” patient safety. Everyone, not just patient safety departments and the C-Suite, needs to be able to influence the culture, as well as the deployment of safe patient care. Everyone who touches a patient is equally responsible for patient safety. Anyone who identifies an issue with patient safety must feel free to discuss that issue for the benefit of patient safety without fear of retribution.
5. All stakeholders/disciplines need to engage in a thoughtful, collaborative and strategic approach to creating effective tools and processes for improving patient safety and reducing the potential for adverse outcomes.
6. Insurance carriers can play a larger role in patient safety. For example, they can provide services to assess a hospital’s patient safety culture and program components.

Our Methodology

Edelman conducted a 15-minute, computer-assisted telephone survey among 250 hospital C-Suite Executives and 100 Risk Managers in hospitals across the US. The survey was conducted from November 13 through December 20, 2012. With 95% confidence, the margin of sampling error is +/-5%. The study was comprised of core questions measuring attitudes and behaviors related to patient safety and hospital risk. The study then further looked at the complexities of patient safety exploring internal and external challenges with half of the respondents, and key influences and transparency with the other half.



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