

## Commentary: Carrots, Not Sticks: Using Malpractice Insurance Premium Incentives to Promote Patient Safety

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This issue of *Forum* focuses on many key facets of risk for women (and their babies) receiving obstetrical care. Despite the best intentions, training, and experience, highly-skilled clinicians make mistakes that sometimes lead to tragic outcomes. Poor obstetrical outcomes, even when the standard of care was met, can result in lawsuits that are difficult to defend. At CRICO/RMF, our goal is to find the best way to help obstetrical care providers make care safer and concurrently reduce their risk profile.

Recently, the Centers for Medicare and Medicaid Services (CMS) announced<sup>1</sup> that Medicare will not reimburse costs relating to certain types of hospital acquired infections—one more example of negative incentives being applied to the health care setting. I am not confident that negative incentives are effective. Instead, CRICO/RMF (a provider-sponsored company) remains committed to positive incentives as a way to foster change. Our approach has definitely been carrots, not sticks, and the results have exceeded expectations.

CRICO/RMF's incentive program originated with a professional liability insurance (aka malpractice) premium discount for anesthesiologists who participated in simulator training and completed online CME courses related to patient safety. In 2003, we initiated the OB Risk Reduction Program.<sup>2</sup> Last year we introduced an incentive for office-based practices and, next year, we will begin a program to encourage surgeons to take the fundamentals in laparoscopic surgery exam. While some insurance programs might find it easier to simply raise premiums for clinicians who make mistakes, our choice is to offer training programs to sharpen provider skills and to recommend systems-based approaches to mitigate risk and improve patient safety. The relatively modest financial incentives simply make our carrots easier to swallow.

Let's look at the "interim" results:

**Anesthesia:** After five years, an independent actuary determined that a 19 percent rate differential (decrease) was appropriate for anesthesiologists with simulator training. In addition, anesthesia department chiefs are moving to make simulator-based training a mandatory requirement for credentialing. If approved, CRICO will act in concert by making the training a condition of coverage.

**Obstetrics:** Based on the success of the anesthesia incentive, CRICO approved a 10 percent premium discount to obstetricians who engaged in simulator and team training, as well as some directed self-study. Since our pilot in 2003, more than 85 percent of attending obstetricians have participated; in 2006, residents



and certified nurse midwives were added to the incentive plan. Early results show a drop in malpractice claims frequency and a downward trend in adverse outcomes.

**Office Practice:** CRICO/RMF conducts office practice evaluations (OPEs) to assess real-time risk identified in office-based malpractice claims—in particular, diagnosis-related processes. By focusing on a) management of abnormal test results, b) referral management, and c) patient assessment, the OPE program provides office-based physicians with a proactive tool for maintaining effective and safe care. Practices that comply with criteria in six key categories receive a premium discount. Those that fall short of the incentive goal are given an opportunity to address areas of concern and undergo re-evaluation. At this early stage, malpractice trends cannot be linked to the office practice incentive, but CRICO/RMF's initiation of this and other incentive programs is based on an expectation of reduced risk and fewer patient injuries.

CRICO/RMF is committed to continue working with the clinical leaders in the Harvard-affiliated medical institutions. These institutions are rapidly adopting the components of our premium discount programs and moving toward their inclusion in credentialing standards. Based on our success to date, a number of other specialties are working with us to adopt similar programs. Perhaps, if we can hand out enough carrots, then someday CMS will put away its sticks and, instead, focus its resources and clout on helping to reform the expensive and counter-productive tort system. ■

### References

1. [www.nj.com/starledger/stories/index.ssf?base/news-12/1186893780111330.xml&coll=1](http://www.nj.com/starledger/stories/index.ssf?base/news-12/1186893780111330.xml&coll=1)
2. [www.rmfm.harvard.edu/high-risk-areas/obstetrics/ob-risk-reduction-program/general-information.aspx](http://www.rmfm.harvard.edu/high-risk-areas/obstetrics/ob-risk-reduction-program/general-information.aspx)