

August 14, 2003

The Honorable Tommy G. Thompson
Secretary, U.S. Department of Health and Human Services
Hubert H. Humphrey Building, Room 425A
200 Independence Avenue, SW
Washington, DC 20201

Re: FDA Proposed Bar Code Rule and other investments in patient safety

Dear Secretary Thompson:

The Healthcare Information and Management Systems Society (HIMSS) is writing today to applaud your leadership in the area of patient safety and to encourage development of an achievable approach to aligning the economics of improving patient safety in healthcare delivery. HIMSS is the healthcare industry's primary membership organization focused exclusively on providing leadership for the optimal use of healthcare information and management systems for the betterment of human health. HIMSS represents more than 13,000 individual and 150 corporate members that employ more than 1 million people. We commend you for the leadership role you have taken in supporting the use of bar coding as a mechanism to improve patient safety. With the goal of moving towards a fully electronic medical record system, HIMSS advocates the comprehensive use of standards-based bar coding technology in the healthcare environment. From our collective experience, HIMSS is acutely aware of both the promise of technology and the obstacles to realizing the benefits of that promise.

The potential benefits and savings that can be gained through the use of computer-based systems are significant. For example, use of Computerized Practitioner Order Entry (CPOE) and Bar-code Medication Administration Record (BMAR) functions can dramatically improve patient safety. However, hospitals and other providers have a number of major opportunities to make investments that can invoke improvements in patient safety and the quality of patient care. Many of these investments are technology based, but as a recent AHRQ study found, non-technology solutions such as nurse staffing can also reduce medical errors and improve patient care¹. Providers are currently experiencing the most significant economic challenge of the last decade.

In a healthcare system where more money is spent per capita than anywhere else in the world, leaping the quality chasm should be attainable. HIMSS members have the proven capability to build, install and maintain computer-based systems that can substantially reduce medical errors. Yet there is no apparent rush to implement. A major reason that

¹ Federal Register: March 14, 2003. Bar Code Label Requirement for Human Drug Products and Blood.

mature information technology isn't commonplace in healthcare organizations is the lack of economic incentive. Since the Government funds close to 50% of healthcare costs, we are writing to ask your leadership in addressing this fundamental obstacle to high quality, error free healthcare in this country.

Economics of the FDA Proposed Bar Code Rule

The recent FDA Proposed Rule provides a striking example of good intentions. However, in and of itself, the provisions of the FDA's Proposed Rule will not avoid a single medication error, will not avoid a single Adverse Drug Event (ADE) and certainly will not save a single one of the estimated 7,000 lives lost each year due to medication errors. As stated in the Proposed Rule, the benefits are only achieved when hospitals purchase and install BMAR capability. Other than early adopters, the hospital community has not responded by implementing BMAR systems. The FDA's economic analysis contains the data to understand this slow adoption. In short, most hospitals will not spend real and scarce dollars, without commensurate financial benefit.

A hospital's cost for implementing a BMAR system is estimated at \$1,799 per bed with an additional \$1,000 operating cost². While HIMSS' member experience is widely varied, these estimates seem reasonable for hospitals with a mature information technology infrastructure. It is significant that in a time of nurse shortages, the FDA concluded there is three percent degradation in patient unit productivity when BMAR capabilities are installed. This becomes an early obstacle for hospitals that will not be eager to take action that aggravates an already challenging patient safety situation.

Once BMAR functionality is implemented, the ability to prevent medication errors is dramatic. A BMAR system can effectively reduce medication errors and related adverse drug events (ADE) caused at the time of drug administration. In turn the delayed length of stay, and additional tests and treatments are also eliminated. However, for many hospitals, additional days, tests and treatments are also revenue metrics. Counting an "avoided" day of stay as a cost saving is only valid under certain fixed forms of reimbursement and when patient-mix and utilization are considered. Many commercial payer contracts are still based on actual charges.

Finding A Realistic Economic Structure

With rising healthcare costs, an aging population, a shrinking health professional workforce, broad employer reductions in health benefit funding, and a growing uninsured population; tough, complex and creative solutions are needed. As HIMSS' members know from their experience, if the technology solution isn't implemented carefully with a focus on change management and a close attention to evaluating impact on workflow, the desired improvements will not be optimal.

Call For Leadership

You and your department have taken impressive leadership steps. While only part of the solution, the FDA Proposed Bar Code Rule has broken the stalemate for the use of bar code technology to reduce medication errors. HIMSS asks the Department of Health and

² Federal Register: March 14, 2003. Bar Code Label Requirement for Human Drug Products and Blood.

Human Services to break the economic stalemate by establishing systems to pay for safety and quality through financial incentives for patient safety improvement or other means. A planned and concerted intra-agency initiative could easily tip the scale. The fact that the government funds 50% of all healthcare expenditures, makes such a federal initiative a win-win opportunity. Such initiatives could include utilizing savings from the Centers for Medicare and Medicaid Services (CMS) fraud and abuse account, a Hill Burton 2 infusion of federal funding, establishing a Health Information Technology Revolving Fund for loans and grants, differential reimbursements for technology investments, and increased federal appropriations. We are hosting an interactive forum of government and industry leaders on September 15th in Washington, D.C., to specifically discuss some of this initiatives. Members of your staff have already committed to participating in our discussion as a public/private partnership for finding solutions to this dilemma.

HIMSS Commitment

As a Society of professionals dedicated to advancing the best use of information and management systems for the betterment of human health, we are prepared to support HHS initiatives, facilitate communications with our members and encourage prompt participation and support in HHS initiatives. We look forward to working with you and providing the expertise of our membership in framing and supporting important healthcare initiatives in the future. Please feel free to contact us at any time if we can be of further assistance to you or your staff.

Sincerely,



David E. Garets, FHIMSS
Chair, Board of Directors



H. Stephen Lieber
President/CEO