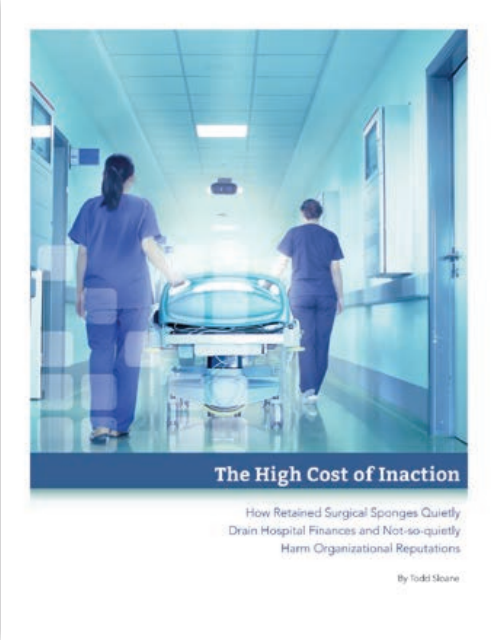
The High Cost of **Inaction**

Executive Summary – How Retained Surgical Sponges are Draining Hospital Finances and Harming Reputations



Major Findings of the Paper:

- New data show that an average malpractice case involving a retained surgical item (RSI) costs a hospital and physician well over half a million dollars in indemnity payouts and defense expenses. Defense spending on malpractice litigation is rising faster than indemnity spending. Nearly half of all lawsuits over sponges result in financial settlements, far more than for many other medical mistakes.
- Based on the new data, the estimated malpractice impact per case of an RSI in the U.S. annually is $94.50, roughly nine times the per-procedure cost of assistive counting technology.
- Medicare's "no-pay rule" for the added cost of repairing the damage wreaked by gauze, laps and towels inadvertently left inside of patients has some hospitals simply absorbing those costs. An inflation-adjusted 2007 estimate from the Centers for Medicare and Medicaid Services (CMS) finds the added cost of a second surgery and follow-up care for a retained surgical item (RSI) is $77,512.
- State Medicaid payment is also withheld for the added care of a second surgery. More states are publicizing hospitals' track records on medical errors. California has taken the next step: Since 2010 the state has fined hospitals a total of $1.8 million over 30 cases of retained sponges.
- Meanwhile, the Joint Commission is planning to publish a Sentinel Event Alert on retained surgical items, which for three years have been the most reported adverse event to the commission.

Indemnity Costs for Hospitals and Physicians from RSIs, 2007–2011

Total No. of Cases	% With Indemnity paid	Average Indemnity Paid
307	46%	$473,022

A gathering storm of rising malpractice costs, payment penalties, new quality frameworks, patient safety report cards and media attention may be leaving healthcare providers with little choice but to act to prevent the medical error known as a retained surgical sponge. An overwhelming amount of clinical evidence shows that manual counting of sponges – even when carried out under evidence-based guidelines – often fails due to human error and other factors. Medical malpractice insurers, payers, accreditation agencies and associations are now turning up the heat on the medical establishment to adopt assistive sponge-counting technology to eliminate this "never event."

With health reform's focus on high-quality, safe and patient-centered care – as well as new healthcare delivery models such as accountable care organizations that put providers at risk for both cost and quality – an easily preventable medical error such as a retained sponge is harder to justify than ever before.

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