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High costs, poor care rarely lead to hospital shutdown

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SYRACUSE, N.Y. — In March 2004, Sharon Yacketta walked into University Hospital here for surgery to help control her incontinence.

But her doctor, Robert Lai, botched the procedure, causing urine to leak into her abdomen. A month later, Lai and a second surgeon perforated her colon during a follow-up operation. Four years and 20 operations later, Yacketta has lost most of her colon and is still incontinent.

Mistakes happen even at good hospitals, of course. But evidence shows that University, which is owned by the State University of New York system, is not a good hospital. In fact, in late 2006 a state panel recommended it be scaled back and merged with another hospital.

The state's inability to follow through provides a stark example of how hard it can be to close or shrink hospitals, even when there is evidence they are providing costly and below-average care.

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One of the reasons is that even troubled hospitals are major employers, and communities generally rally behind them when they face the threat of cuts, as Syracuse did for University.

"We haven't been forthright about the dirty little secret, the huge variation of quality and safety in the system," said Arthur Aaron Levin, director of the Center for Medical Consumers, a nonprofit patient-advocacy group. Nearly a decade after the Institute of Medicine report, preventable errors remain shockingly common, said Levin, who was a member of the commission that wrote the report.

"It's nine years later, and we can't even tell you if it's better," Levin said. "How is that permissible?"

Hospitals account for the largest single slice of the nation's medical spending, 31 percent, or about \$650 billion in 2007, according to Medicare.

Despite that enormous bill, hospital care is uneven, and often deadly. In 1999, a report from the Institute of Medicine found hospital errors caused as many as 98,000 deaths a year in the United States.

Medicare is pressing for quality improvements, using as leverage the \$155 billion it spends on hospital care annually. But Herb Kuhn, deputy administrator of the Centers for Medicare and Medicaid Services, said hospitals would not make patient safety their top priority until Medicare changed its reimbursement system.

At present, Medicare pays the same amount to a hospital for treating a patient whether that patient lives or dies — even if the hospital made a preventable error that caused the patient's death. On Oct. 1, Medicare began a project to end payments for a handful of "hospital-acquired conditions," Medicare-speak for illnesses caused by preventable errors. But the program is scheduled to reduce reimbursement by only \$21 million in 2009, not enough to make a major difference, Kuhn said.

"We've got to get our payment systems changed," he said.