The 'harm' in healthcare spending

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A new study from a non-partisan public policy research organization puts a price tag on the social cost of medical errors and other adverse events caused by the healthcare system -- and one researcher has a suggestion that would alleviate the expense.

The National Center for Policy Analysis (NCPA) estimates that the economic cost of medical errors caused by the healthcare system is between $393 and $958 billion, which is the equivalent of roughly 18 to 45 percent of healthcare spending in 2006.

"Basically, what that means is that for every dollar spent on healthcare, 18 to 45 cents worth of harm is being done," explains Pamela Villarreal, a NCPA senior fellow who co-authored the study.

She points out that a patient's chances of dying from a cause other than the one he or she is hospitalized for are now as high as one-in-200, which is extremely high, considering the fact that several agencies "regard a one-in-a million chance of death as a minimally acceptable risk."

But Villarreal explains that these agencies are not combating the problem because the "current malpractice tort system is very ineffective. Very few people who are harmed ever file suit, and then those who do file a claim and receive compensation receive less than 50 cents for every dollar."

So she recommends that a new compensation system be enforced, as it would set the amount a person could receive in the event of a death or injury. Doing so would also provide disclosure. Moreover, because most doctors and healthcare providers are self-insured, it would give them incentive to reduce errors.