

Prescription for patient safety

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A major reform of the way that NHS hospitals pay for legal liability insurance has led to improvements in patient safety, according to research funded by the Economic and Social Research Council.

Offering discounts on insurance premiums to hospitals that meet certain targets has led to falls in MRSA infection rates.

A team of academics from Nottingham, Oxford and Surrey universities looked at how the NHS Litigation Authority (NHSLA), which was set up in 1995, had changed the way that hospitals paid into the Clinical Negligence Scheme for Trusts (CNST), which funds the cost of clinical negligence claims, and whether these changes had improved patient safety.

Since 2002 the NHSLA has funded the scheme through "pay-as-you-go" contributions from hospitals based on a biannual assessment of hospitals' risk management standards based on three levels.

Hospitals that pass their assessment receive a discount on their contribution to the CNST for the next two years, rising from 10% for Level 1, to 20% for Level 2 and 30% for Level 3. Given that the average CNST contribution by a hospital trust is £1.7m, compliance with the highest standards can deliver significant financial savings.

The researchers looked at the relationship between hospitals' risk management standards and levels of MRSA infection. They found that compliance with high level risk management standards led to lower rates

of MRSA infections.

Professor Paul Fenn, of Nottingham University Business School, who led the research, said the story of the last decade had been one of a gradual shift away from the reliance by the NHSLA on risk-sharing towards a "constructive use" of financial incentives to implement good risk management practice.

"The results reported in this paper are indeed consistent with the implementation of improved risk management procedures having a positive effect on patient safety in terms of a reduction in the number of infections," he says.

"They show that negligence liability can be a powerful force for improvements in patient safety, even when they are filtered through liability insurance arrangements."

Professor Fenn says the findings will be directly relevant to evaluating the implementation and operation of the NHS Redress Scheme that aims to provide a speedier way to resolve negligence claims below £20,000 but whose details have still to be published.

"Once these are known and the nature of its funding is clarified, the issues explored in this study should be of direct relevance to monitoring and evaluating its operation," he says.

The findings have been presented to policymakers at HM Treasury, the Department of Health, the NHSLA, the Healthcare Commission and the National Patient Safety Agency.

Source: Economic & Social Research Council

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