

DEPARTMENT OF HEALTH AND HUMAN SERVICES
AGENCY FOR HEALTHCARE RESEARCH AND QUALITY

Fiscal Year 2005 Budget Request

**Witnesses appearing before the
House Subcommittee on Labor-HHS-Education Appropriations**

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Introduction

Mr. Chairman and Members of the Committee, I am pleased to be here today to present the President's FY 2005 budget request for the Agency for Healthcare Research and Quality (AHRQ). AHRQ's mission is to improve the quality, safety, efficiency, and effectiveness of health care for all Americans.

Our mission, on which the Committee has provided guidance, is driven by the needs of users of our research -- patients, clinicians, health system leaders, and policymakers. The primary focus of our mission is to ensure that the research we support is translated into practice so it can improve people's lives.

As one of the 13 agencies of the Department of Health and Human Services (HHS), AHRQ often collaborates with other HHS agencies and offices, particularly the National Institutes of Health (NIH), the Centers for Disease Control and Prevention (CDC), and the Centers for Medicare & Medicaid Services (CMS). AHRQ's health services research complements the biomedical research of the NIH by helping clinicians, patients, and health care institutions make choices about what treatments work best, for whom, when, and at what cost. The products of the Agency include the scientific evidence that supports decisionmaking to improve health care, as well as tools that assist in efforts to improve quality and reduce costs. Our focus is on getting research results in the hands of those who can put it to practical use as rapidly as possible.

FY 2005 Request

For FY 2005, we are requesting \$304 million. The request reflects our continued focus on improving patient safety and reducing medical errors through the

implementation and evaluation of health information technologies by hospitals, health systems, and communities. These technologies include computerized order entry. In addition, the Agency will continue to concentrate its efforts on closing the gap in health care disparities, improving and measuring quality of care, and expanding the adoption of research into real-world settings.

Patient Safety

The President's budget requests \$84 million for AHRQ's efforts to improve patient safety. The issue of patient safety is one of the most significant challenges facing our health care system. We constantly read and hear horror stories in the news about medical errors, or we know of a friend or family member who may have been the victim of a medical error, or we have been the victim of a medical error. In fact, a study published in the *New England Journal of Medicine* found that 42% of the public and 35% of physicians reported that they or a member of their family had been the victim of a medical error.

Whether it is a patient receiving the wrong dose or wrong medicine or an operation on the wrong limb, medical errors can cause both physical and mental harm and, in some cases, death. However, there is hope. We know that many errors are preventable. These "system errors" can be prevented by redesign, such as avoiding similar-sounding medication names and look-alike packaging. Our goal is to create a culture of quality improvement and safety in our health care system, to which Secretary Thompson is committed to achieving. Our investments in patient safety include research that expands our understanding of errors in settings of care that have received little scrutiny, such as physician's offices, and other outpatient settings, nursing homes, and

home care. We also are targeting efforts to translate effective safety practices more rapidly.

We are encouraged by the increased awareness of patient safety across health care: in FY 2003 we awarded \$4 million in challenge grants to 13 organizations across the country. Applicants were required to demonstrate a serious commitment to improvement by providing half of the resources need for the research – and we had far more superb applications than we were able to fund.

One area that has shown much promise in reducing errors is the use of information technology such as computerized order entry, computer monitoring for potential adverse drug events, automated medication dispensing, computerized patient records, and handheld electronic devices for prescription information. Of the \$84 million in the FY 2005 request to reduce medical errors, \$50 million will continue to be made available to help hospitals and other health care providers invest in information technology designed to improve patient safety, with an emphasis on small communities and rural hospitals and systems, which often don't have the resources or information needed to implement cutting-edge technology.

An important aspect of our investment in information technology will be working with our partners in both the public and private sectors to push proven technology through the healthcare system. These efforts have the potential to greatly reduce medical errors and achieve significant savings in the health care system. Research has demonstrated that the use of bar coding technologies, such as comparing bar-coded patient ID bracelets with bar-coded medications, can greatly reduce medication errors. Colmery-O'Neil Veterans Affairs Medical Center, a division of the Eastern Kansas Health Care System, developed proprietary Code Medication Administration software.

By using the software, the health system experienced a 75 percent decrease in errors caused by the administration of the wrong medication, a 62 percent decrease in errors caused by incorrect dosing, a 93 percent reduction in errors related to drugs given to the wrong patient, and an 87 percent decrease in errors related to administering drugs to patients at the wrong time.

Secretary Thompson is consistently highlighting the need for widespread application of modern information technology in health care to reduce errors, improve quality, and increase efficiency. The Institute of Medicine's November 2003 report on patient safety noted that a national health information infrastructure is a prerequisite to substantial progress. In September 2002, the Department established a dedicated activity to promote the National Health Information Infrastructure (NHII) in the Office of the Assistant Secretary for Planning and Evaluation (ASPE) and in mid-2003 sponsored a consensus conference to develop a national action agenda. Later in 2003, the Secretary created the Council on the Application of Health Information Technology (CAHIT) to coordinate efforts of AHRQ and other HHS agencies with the ongoing activities promoting and encouraging NHII.

I am pleased to serve as co-chair of CAHIT and to be working closely with ASPE to ensure maximum synergy of our efforts to expand the use of effective health information technology systems. In particular, our programmatic activities are fully supportive of the Department's efforts to develop community health information exchanges (or local information infrastructures) that will interconnect to form the NHII. AHRQ will fund efforts to develop these exchanges on a local or state level, and further funding is proposed in the Department's FY 2005 budget through the Office of the Secretary. AHRQ's focus will be on projects that will demonstrate the benefits of electronic health information in improving the quality of health care and patient safety.

Also as part of our investment in information technology, AHRQ in collaboration with ASPE, will continue to invest \$10 million on the development of clinical terminology, messaging standards, and other tools needed to accelerate the use of cost-effective health care information technology and the development of a National Health Information Infrastructure. AHRQ will fund research to identify barriers and practical solutions to the development and use of health information systems to support quality improvements and patient safety, since one major obstacle is the lack of clinical terminology and messaging standards that support interoperability.

These priority projects to enhance health information systems will improve patient safety, develop a common vision for health information technology and standards across the health care spectrum, and promote and accelerate efforts needed to make that vision a reality. The most recent Institute of Medicine report on patient safety, *Keeping Patients Safe*, underscores the importance of standards in establishing an NHII – without which reliably safe health care will not be possible. The investment in development and diffusion of standards is a critical part of the solution to patient safety. The remaining \$24 million in AHRQ’s proposed patient safety budget supports a range of activities. AHRQ will continue to work collaboratively with the CDC, FDA, and CMS to develop a common Web interface for medical providers that will both enhance the usefulness of adverse event information and reduce the reporting burden in the health care community. This streamlined reporting system will integrate data from such systems as the National Healthcare Safety Network operated by CDC as well as the reporting systems for drugs, biologics, vaccines, and medical devices operated by FDA.

This past year, AHRQ launched a monthly, peer-reviewed, Web-based medical journal that showcases patient safety lessons drawn from actual cases of near-errors. In

January 2004, we had 20,398 visits (where someone visits the site for more than 10 minutes) and there have been nearly 6,200 registered users to date. *Morbidity and Mortality Rounds on the Web* helps to educate providers about ways to prevent errors in a blame-free environment. This unique online journal allows health care professionals to learn about avoidable errors made in other institutions, as well as effective strategies for preventing their recurrence. Continuing medical education credits are provided to participants.

In addition, we know that patients and their families can play an important role in preventing some errors. To address this opportunity, AHRQ has also been working with external partners such as the American Academy of Pediatrics to put together a fact sheet for pediatricians and parents: *20 Tips to Help Prevent Medical Errors in Children*. We have partnered with the American Medical Association and the American Hospital Association to help us disseminate this information to their members.

Additional AHRQ Priorities

The FY 2005 request proposes a continued investment of \$162 million in research and dissemination activities in prevention, acute-and long-term care, pharmaceutical outcomes, informatics, and other areas to support the quality of health care. We have already seen much progress from our previous investments in these areas. For example, research that we supported at Duke University shows that Medicare costs would decrease by about \$6,000 per patient with heart failure over 5 years if beta blockers were more widely used in those patients.

The FY 2005 budget would enable AHRQ to continue to work with health care professionals and organizations to improve the quality, effectiveness, and efficiency of

health care through implementation of evidence-based strategies and programs. These activities include: the Centers for Education and Research on Therapeutics (CERTs) program, which promotes the safe and effective use of pharmaceuticals and medical devices; and the Practice-Based Research Networks (PBRNs) which are groups of community-based practices across the nation that work with researchers to study questions related to primary care and assure that findings are incorporated into their practices. Because 60 percent of physicians in this country practice in groups made up of five or fewer physicians, the PBRNs provide an effective means of getting research findings translated into practice.

AHRQ also will renew several grant programs that help support the health care quality infrastructure. These include the Building Research Infrastructure & Capacity Program (BRIC), which targets grants to build the research capacity in States that traditionally have not been involved in health services research; the Minority Research Infrastructure Support Program (M-RISP), a program to increase the research capacity of institutions that serve racial and ethnic minorities. In addition, the request includes \$6 million for Research Empowering America's Changing Healthcare System (REACHES), which will expand work in the area of adopting research findings in real-world settings, assessing their impact and generalizability, and promoting rapid uptake of successful efforts. This initiative builds on our efforts toward translating research into practice by funding demonstration projects and other strategies to support the broad adoption of research results.

Quality and Disparities Reports

The Agency is pleased that we released two national reports dealing with quality and disparities in health care. The first report, the *National Healthcare Quality Report*,

represents the first national comprehensive effort to measure the quality of health care in America. The second report, the *National Healthcare Disparities Report*, represents the first national comprehensive effort to measure differences in access and use of health care services by various populations. The reports provide an important message for the nation -- we are making progress in enhancing health care quality and access, but we can do more, and we must do more.

The Quality report noted that 95 percent of the \$1.4 trillion spent on medical services each year goes to treatment, while only 5 percent goes to preventing disease and keeping people healthy. For example, only 53 percent of people 45 and younger had their cholesterol checked in the past 2 years, even though screening has proved to be effective in preventing heart attacks and other cardiovascular conditions. Fewer than 50 percent of individuals who have had a heart attack are advised to quit smoking, and only 23 percent of individuals with diabetes report receiving all recommended tests in the past two years. Among its many findings, the Disparities report found that people of lower socioeconomic status and blacks have higher death rates than other groups for all cancers combined.

The reports can be found on the Web at <http://www.qualitytools.ahrq.gov>. The site also serves as a clearinghouse by providing information for health care providers, patients, and others to take effective steps to improve quality. We know that the site has already had tremendous traffic. In the first full month of operation (January 2004), there were over 33,000 visits and over 845,000 hits on the Web site, consistent with the public commitments of leaders in American health care (AMA, AHA, AAHP-HIAA and others) that they will use the findings to guide their improvement efforts. AHRQ has budgeted \$3 million in FY 2005 to support the next editions of the health care reports on the quality and disparities of the nation's care.

The FY 2005 request includes \$55.3 million for the Medical Expenditure Panel Survey (MEPS). MEPS provides detailed national data on the health services Americans use, how much they cost, and who pays for them. It is the only national source of visit-level information on medical expenditures. MEPS data are critical for tracking the impact of Federal and State programs, including the State Children's Health Insurance Program (SCHIP), Medicare, and Medicaid. In fact, the MEPS data were recently used to provide this Committee with approximations for health care expenditures during the year by disease category, including out-of-pocket payments and payments by private insurance, Medicaid, Medicare, and other sources. Related AHRQ sponsored research using MEPS data on health insurance premiums, health expenditures, and payment sources has improved our understanding of the functioning of the employment-related health insurance market and the cost and availability of coverage for workers in different economic and employment circumstances

Mr. Chairman, AHRQ plans to continue to focus attention on improving the quality and safety of health care through a reinvigorated commitment to translating research into practice. This year we will present evidence reports on best practices for improving care for the most urgent priorities confronting U.S. health care. These reports will provide a roadmap for our partners by clarifying which strategies are most effective – and also identifying where additional research is required. The Agency also plans to continue its focus on research that informs policymakers and health care system leaders about how to get the most value for our health care dollar. Finally, AHRQ is positioned to provide scientific evidence that helps the health care system respond to unforeseen challenges such as bioterrorism. In fact, a computer model recently developed by AHRQ-supported research helps hospitals and health care systems plan vaccination and

antibiotic dispensing campaigns in response to bioterrorist attacks or large-scale natural disease outbreaks.

Conclusion

Mr. Chairman, I want to thank you and the Committee for giving me the opportunity to present the President's budget request of \$304 million for AHRQ in FY 2005.

