



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

February 27, 2002

Joint Committee on Finance

Paper #1104

Elimination of Annual Grants to the Wisconsin Patient Safety Institute, Inc. (DOA)

[LFB Summary of the Governor's Budget Reform Bill: Page 11, #11]

CURRENT LAW

DOA is required to provide annual grants to the Wisconsin Patient Safety Institute, Inc. (WPSI) for the collection, analysis and dissemination of information about patient safety and for the training of health care providers and their employees on matters related to improved patient safety. A separate appropriation funded at \$110,000 GPR annually is provided for this purpose.

GOVERNOR

Effective July 1, 2002, repeal both the requirement that DOA make an annual grant to the WPSI and the appropriation from which the grant is funded. The effect of this repeal is to delete \$110,000 GPR in 2002-03.

DISCUSSION POINTS

1. The WPSI is a private, not-for-profit organization developed through the efforts of a coalition of health care provider organizations, medical professionals, consumers of health care services, government organizations and businesses. The Institute was founded in mid-2001 with the primary purposes of enhancing and promoting patient safety by advocating the adoption of safe practices in health care organizations throughout the state. The organization's principal goal is to decrease the number of healthcare errors in Wisconsin.

2. The WPSI proposes to advance this goal through the following types of activities:
(a) sponsoring educational forums to exchange patient safety information and techniques; (b)

establishing a central information and research clearinghouse on patient safety matters, including the identification of best practices; (c) offering professional development courses designed to improve and promote patient safety; (d) developing public policy initiatives relating to patient safety; and (e) working with academic institutions to stimulate research on patient safety and to incorporate training on patient safety procedures in the standard curriculum for health care providers.

3. During the Legislature's deliberations on the 2001-03 biennial budget, the WPSI was successful in securing partial state funding to support these activities. Provisions of 2001 Wisconsin Act 16 established the state grant to the organization at the current funding level of \$110,000 GPR annually. In conjunction with this state funding, the WPSI has also received funding or commitments for funding in the amount of \$62,000 annually from contributions made by its various founding sponsor organizations. Based on these funding commitments, the WPSI has developed a budget of \$172,000 annually for both the 2001-02 and 2002-03 fiscal years. In the future, additional funding is anticipated from contributions, grants and fees for services.

4. The WPSI believes that it may be eligible for patient safety funding being proposed as part of the next federal budget. Under the proposed FFY 2003 federal budget, the Agency for Healthcare Research and Quality (AHRQ) in the U.S. Department of Health and Human Services would be budgeted \$60 million for patient safety initiatives. This proposed funding level would include a new funding initiative of \$5 million for challenge grants to the states to encourage the adoption of proven but underused techniques to reduce medical errors. Funding could also be used to train on-site patient safety experts in hospitals and clinics. These federal funding priorities appear to be consistent with many of the activities the WPSI has been established to pursue. However, AHRQ will not accept applications for these funds before the federal budget is approved. If the WPSI was a successful applicant for these funds, the earliest any federal monies could be made available to the organization would be late in the 2002 calendar year.

5. Currently, the WPSI is engaged in organizational development activities. It has hired an interim chief executive and has secured office space. Efforts are also underway to recruit a permanent director and to organize some initial statewide patient safety initiatives, but these latter activities are largely dependent on the organization's funding status.

6. The rationale for proposing the deletion of the WPSI's second year funding is that while the goals of organization are important, they do not represent an essential state activity for which GPR funding should be committed at a time when the state is confronted by a significant deficit. Other nonstate funding sources are available to the WPSI, such as the insurance companies, health care facilities and organizations representing health care professionals that have been instrumental in organizing the WPSI. As noted, future federal grant funding is also a possibility. To the extent that the state has any funding role, it should be to provide only limited seed monies.

7. The WPSI argues that its success is dependent on the receipt of the state funds appropriated under Act 16 to support the organization's activities during its first two years of operation. Reducing the organization's state funding at this stage of the Institute's development could seriously compromise its efforts. The WPSI also states that the \$62,000 secured or

committed from sponsoring organizations was raised with the "understanding that [there] was a public-private partnership to help get the organization off the ground." The ultimate success in establishing the organization is seen essential for obtaining other funding support. These arguments could be advanced in support of denying the Governor's recommendation.

8. If the 2002-03 state grant funding is eliminated for the WPSI, the organization would likely commit the \$110,000 GPR appropriated for 2001-02 to fund essential start-up activities and then use the \$62,000 contributed from sponsoring organizations as seed money for 2002-03 activities. The WPSI has advised that its "organizational members are (and were) counting on this state support and are unlikely to contribute in the future without it."

9. However, at this writing, DOA has still not released to the WPSI the \$110,000 GPR of grant funding appropriated for 2001-02. Consequently, in addition to the Governor's recommendation, the Committee could choose to delete these current year funds.

10. Opponents of this additional funding reduction could argue that the Institute has already made current year funding commitments based on the expected receipt of these state funds. The WPSI has also advised that without the state support, "the organization will not continue," since it would have only \$62,000 in contributed funds for its 2001-02 operations.

11. On the other hand, it could be argued that the state's financial commitment to the WPSI was viewed as only one of many sources of funding available to the organization. Further, it was never intended that the organization's continued existence be contingent on state subsidization. A question can be raised whether the state should bear the responsibility for the ultimate success of the WPSI in the absence of sufficient financial commitments from private sector stakeholders with an interest in patient safety matters.

ALTERNATIVES TO BILL

1. Approve the Governor's recommendation.

2. Modify the Governor's recommendation by deleting \$110,000 GPR in 2001-02 and repealing both the requirement that DOA make an annual grant to the WPSI and the appropriation from which the grant is funded on the general effective date of the bill, rather than on July 1, 2002.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING	- \$110,000

3. Delete the Governor's recommendation.

<u>Alternative 3</u>	<u>GPR</u>
2001-03 FUNDING	\$110,000

Prepared by: Darin Renner