Objective. To examine the association of Medicaid market characteristics to potentially preventable adverse medical events for hospitalized children, controlling for patient- and hospital-level factors.

Data Sources/Study Setting. Two carefully selected Agency for Healthcare Research and Quality (AHRQ) pediatric patient safety indicators (decubitus ulcers and laceration) are analyzed using the new pediatric-specific, risk-adjusting, patient safety algorithm from the AHRQ. All pediatric hospital discharges for patients age 0–17 in Florida, New York, and Wisconsin, and at risk of any of these two patient safety events, are examined for the years 1999–2001 (N5859,922).

Study Design. Logistic regression on the relevant pool of discharges estimates the probability an individual patient experiences one of the two PSI events.

Data Extraction Methods. Pediatric discharges from the 1999 to 2001 State Inpatient Databases (SIDs) from the AHRQ Healthcare Cost and Utilization Project, merged with hospital-level data from the American Hospital Association’s Annual Survey, Medicaid data obtained from the Centers for Medicare and Medicaid Services and state Medicaid offices, and private and Medicaid managed care enrollment data obtained from InterStudy, are used in the estimations.

Principal Findings. At the market level, patients in markets in which Medicaid payers face relatively little competition are more likely to experience a patient safety event (odds ratio [OR]51.602), while patients in markets in which hospitals face relatively little competition are less likely to experience an adverse event (OR50.686). At the patient-discharge and hospital levels, Medicaid characteristics are not significantly associated with the incidence of a pediatric patient safety event.

Conclusions. Our analysis offers additional insights to previous work and suggests a new factor—the Medicaid-payer market—as relevant to the issue of pediatric patient safety.