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In Bid for Better Hospital Care, Heart Surgery With a Warranty

By REED ABELSON

What if medical care came with a 90-day warranty?

That is what a hospital group in central Pennsylvania is trying to learn in an experiment that some experts say is a radically new way to encourage hospitals and doctors to provide high-quality care that can avoid costly mistakes.

The group, Geisinger Health System, has overhauled its approach to surgery. And taking a cue from the makers of TVs, washing machines and other products, Geisinger essentially guarantees its workmanship, charging a flat fee that includes 90 days of follow-up treatment.

Even if a patient suffers complications or has to come back to the hospital, Geisinger promises not to send the insurer another bill.

Geisinger is by no means the only hospital system currently rethinking ways to better deliver care that might also reduce costs. But its effort is noteworthy as a distinct departure from the typical medical reimbursement system in this country, under which doctors and hospitals are paid mainly for delivering more care — not necessarily better care.

Since Geisinger began its experiment in February 2006, focusing on elective heart bypass surgery, it says patients have been less likely to return to intensive care, have spent fewer days in the hospital and are more likely to return directly to their own homes instead of going to a nursing home.

Geisinger presented the first-year results of its experimental program at a meeting last month of the American Surgical Association.

Geisinger stands out as a group that has transformed the way it delivers care, said Dr. Donald M. Berwick, the chief executive of Institute for Healthcare Improvement, a national nonprofit organization whose goal is better patient care.

In almost no other field would consumers tolerate the frequency of error that is common in medicine, Dr. Berwick said, and Geisinger has managed to reduce the rate significantly. "Getting everything right is really, really hard," he said.

It is still too early to know whether the approach, which Geisinger calls ProvenCare, will catch on with employers and health insurers.

So far, the only insurer that Geisinger has contracted with under the new arrangement is its own insurance unit, which covers about 210,000 people in Pennsylvania. Eventually, though, Geisinger hopes to attract other insurers and employers that provide health benefits by expanding the approach into other lines of care provided by the nearly 660 doctors it employs at its three hospitals and 55 offices in the region.

Geisinger is trying to address what it views as a flaw in the typical medical reimbursement system.

Under the typical system, missing an antibiotic or giving poor instructions when a patient is released from the hospital results in a perverse reward: the chance to bill the patient again if more treatment is necessary. As a result, doctors and hospitals have little incentive to ensure they consistently provide the treatments that medical research has shown to produce the best results.

Researchers estimate that roughly half of American patients never get the most basic recommended treatments — like an aspirin after a heart attack, for example, or antibiotics before hip surgery.

The wide variation in treatments can translate to big differences in death rates and surgical complications. In Pennsylvania alone, the mortality rate during a hospital stay for heart surgery varies from zero in the best-performing hospitals to nearly 10 percent at the worst performer, according to the Pennsylvania Health Care Cost Containment Council, a state agency.

Around the world, other modern industries — whether car manufacturing or computer chip making — have long understood the importance of improving each piece of the production process to tamp down costs and improve overall quality.

But hospitals have been slow to focus their attention on standardizing the way they deliver care, said Dr. Arnold Milstein, the medical director for the Pacific Business Group on Health, a California organization of large companies that provide medical benefits to their workers. Geisinger "is one of the few systems in the country that is just beginning to understand the lessons of global manufacturing," Dr. Milstein said.

In reassessing how they perform bypass surgery, Geisinger doctors identified 40 essential steps, then devised procedures to ensure the steps would always be followed, regardless of which surgeon or which one of its three hospitals was involved.

From screening a patient for the risk of a stroke before surgery, to making sure the patient has started on a daily aspirin regimen upon discharge, Geisinger's 40-step system makes sure every patient gets the recommended treatment.

At least one heart surgery patient, David Dunsmuir, 65, was impressed by the care he received — and the doctors' and staff's efforts to explain things during the four days he spent last December at Geisinger's hospital in Wilkes-Barre, Pa.

The care, which included a few weeks of rehabilitation, was delivered "like clockwork," Mr. Dunsmuir said recently. "I'm feeling fine."

For Geisinger, as with any hospital, the challenge is often in persuading the doctors to get on board. Before ProvenCare began, Geisinger's seven cardiac surgeons each delivered the care they believed was best for patients. And that care varied.

"We realized there were seven ways to do something," said Dr. Alfred S. Casale,

the director of cardiothoracic surgery at Geisinger.

Reviewing the existing professional guidelines and medical literature, Geisinger's cardiac surgeons came up with 40 action items viewed as best practices — including giving a patient antibiotics within a specified time before surgery, and giving beta blocker drugs afterward to reduce the chances of an irregular heartbeat.

The doctors nevertheless needed some persuading that ProvenCare would not be some form of inferior cookbook medicine, said Dr. Charles H. Benoit, a cardiac surgeon. "It's not that we were a uniquely compliant group of personalities," he said.

Doctors can choose not to follow a particular measure, based on the needs of an individual patient. But they rarely do so. And they also know that any of the steps can be altered if new medical evidence emerges.

When the system began, Geisinger was performing all 40 steps for bypass surgery only 59 percent of the time. Now, an operation is canceled if any of the pre-operative measures have been forgotten. For the last seven months, Geisinger says, its teams have managed to have a perfect record in following all recommended steps for surgery and follow-up care.

"It really has made a change in the way we think about things," Dr. Benoit said.

The challenge now is to develop the same exacting standards for other kinds of care, like hip replacements, where there is much less medical agreement about what constitutes best practice, Dr. Glenn D. Steele Jr., Geisinger's chief executive, said in an interview at the system's headquarters in Danville, Pa.

"I think it's doable," he said. "I don't think it's going to be easy."

Even more important, Geisinger must now see if its ProvenCare program has what Dr. Steele refers to as "market legs" — whether it is appealing enough that insurers and employers will be willing to buy it. Heart surgery and follow-up care, which runs about \$30,000, are among the biggest-ticket medical offerings that Geisinger provides. But Geisinger executives say outside insurers and employers have indicated that Geisinger would need to include from 5 to 10 other procedures under its plan before they would have enough of their employees affected to make it worth their while to sign up.

Under the experiment, the hospital charges a flat fee for the surgery, plus half the amount it has calculated as the historical cost of related care for the next 90 days. Instead of billing for any additional hospital stays — which typically run \$12,000 to \$15,000 — Geisinger absorbs that extra cost.

Some employers seem intrigued by the idea of some sort of financial guarantee that encourages hospitals and doctors to do the job right the first time, according to Joseph Makarewicz, the chief operating officer at Offset Paperback Manufacturers, a printer in Dallas, Pa. Offset offers its 800 employees a choice of health plans, including Geisinger's.

Mr. Makarewicz predicts that similar initiatives by other health care providers will take off. "Employers like us will encourage it," he said.

Because the flat-fee plan means Geisinger will forgo some additional revenue from fixing mistakes, better care could potentially mean less money, especially if it means emptier hospital beds. But Dr. Steele says there is more than enough demand for Geisinger's services.

Promising as the experiment may be, the model may not be easy to adopt in other places.

Geisinger does not have the name recognition of a Mayo Clinic or Cleveland Clinic, but it is among the country's most sophisticated health systems. It has employed electronic health records for more than a decade, for example, which means Geisinger can closely track the care it provides and the results achieved — in detailed ways that are nearly impossible for the many hospital systems that do not have its degree of digital coordination.

Another Geisinger edge is that it directly employs the bulk of the doctors who practice at its hospitals. That is in contrast to most hospital systems, even the country's biggest and best, where doctors typically act as independent contractors — making it harder for a hospital to coax them toward a uniform set of procedures, and often leaving it unclear who is responsible for follow-up care.

"The degree of fragmentation of care also limits how generalizable this model is," said Dr. Hoangmai H. Pham, a senior researcher at the Center for Studying Health System Change, a nonprofit group in Washington.

Even Geisinger's chief executive, Dr. Steele, acknowledges that the effort could prove overly ambitious. "I'm not betting the whole business on it," he said. He has also pushed Geisinger further into other areas like clinical research and disease-management programs.

But he also says there is an enormous value in simply showing that a hospital system as large as his can successfully standardize care, demonstrating "the benefit to patients and the benefit to buyers" — all backed by a 90-day warranty.