

# Modern Healthcare

You may not reproduce, display on a website, distribute, sell or republish this article or data, or the information contained therein, without prior written consent. This printout and/or PDF is for personal usage only and not for any promotional usage. © Crain Communications Inc.

August 26, 2021 05:58 PM | UPDATED 2 HOURS AGO

## Weighing the pros and cons of surgery outcome guarantees

ALEX KACIK □ □

Hospitals have been guaranteeing some surgeries for years. But many expect the practice to become more widespread as employers, insurers and patients push for lower costs.

More hospitals are experimenting with outcome guarantees to attract cost-conscious employers.

Geisinger has [incrementally expanded](#) its 90-day warranty on knee and hip replacements to two-year or lifetime guarantees on knee, hip and shoulder surgeries that cover avoidable complications. [Virginia Mason Hospital](#) in Seattle and Hoag Orthopedic Institute in Irvine, California, have surgical warranties for privately insured patients in bundled payment contracts.

"The guarantee is the first extending to all qualified patients for a period of two years and for any issue related to the total joint surgery—deep-vein thrombosis, a percutaneous embolectomy, an infection or any reoperation for any reason. It will be covered," Dr. Michael Suk, chair of the Geisinger Musculoskeletal Institute, wrote in an email. Geisinger, based in Danville, Pennsylvania, has not yet had a claim on the guarantee on total joint replacements, he wrote.

Geisinger [started providing warranties](#) on elective cardiac surgery in 2006 and established its ProvenCare model in 2011, which offers a 90-day warranty for surgery-related avoidable complications. In 2018, Geisinger teamed up with Medacta to offer a lifetime guarantee for eligible total hip replacements and expanded it to knee replacement surgeries a year later.

The updated two-year guarantee extends to all Geisinger-insured patients who are treated at a Geisinger facility by one of its orthopedic surgeons who has obtained certification through

Medacta's training program. While preexisting conditions won't factor into the two-year guarantee, surgeons are given a "wide berth" when it comes to approving patients for lifetime coverage, Suk wrote. Physicians take into account "physiological, medical, psychosocial characteristics that we feel comfortable will attain the optimal outcomes for individual patients," he wrote.

These agreements can keep patients in a health system and help control costs, said Dr. Harry Greenspun, chief medical officer at Guidehouse.

"These are really all about risk bearing—in the end it is about what you can control," Greenspun said. Health systems with insurance arms have the control and data-mining capabilities to limit clinical variation, he said. "Employers are experimenting with a lot of things like direct contracting; this will be a tactic that will be employed for line items that are costly to employers."

Hoag Orthopedic has offered a 90-day warranty for certain commercially insured patients under bundled contracts since 2012. Patients must be between 18 and 65 years old, have a body-mass index of less than 40 and not have major chronic conditions like cancer, HIV and end-stage renal disease. They also can't be discharged to nursing homes.

Businesses have been interested in contracting with Hoag Orthopedic, said Kim Mikes, acting chief executive officer, chief operating officer and chief nursing officer of the specialty hospital.

"It appeals to a lot of people," Mikes said. Hoag Orthopedic performs the most joint replacements in California, she said.

Only five patients used the warranty out of 458 procedures over the past two and a half years, most of whom had minor issues, Mikes said.

While it could help retention, the guarantee terms may not suit all patients because choices are limited, Greenspun said.

"You may get great outcomes but you sacrifice flexibility," Greenspun said. "For many patients, particularly for those with complex medical histories, these guarantees may be reassuring. But it begs the question: When do you have patients share more of the risk?"

Employers are [adding incentives via wellness programs](#), reducing cost-sharing or offering cash benefits to workers that prioritize fitness and diet.

"These arrangements are very attractive to people who purchase healthcare. The question will be: Is it going to be attractive for patients who run these gauntlets to not void their warranty?" Greenspun said.

As for liability, physicians should document reasons for denying guaranteed outcomes, said Mark Silberman, a healthcare attorney at Benesch.

"If there is some leeway that's used to the benefit of the patient, there is less need for a concrete and definitive reason," Silberman said. "It is when discretion is used to the potential detriment of the patient that they better have well-reasoned and appropriate criteria."

If these types of warranties become more widely available, everyone should have access to get the predicate care that enables this guarantee, Silberman said. Otherwise, they have potential to deepen healthcare inequities.

"If this is going to become more common, I would hope to see standards established to avoid practitioners who should not be making these types of guarantees," he said.

Inline Play

---

**Source URL:** <https://www.modernhealthcare.com/patient-care/pros-and-cons-surgery-outcome-guarantees>