

# NATIONAL REVIEW ONLINE

## John Goodman on Health Warranties and A Better Way to Pay

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From [John Goodman at NCPA](#):

I first made this proposal to the Bush (43) administration about the time that [Geisinger Health System announced](#) that it would not charge payers (including Medicare) for readmissions after heart surgery. Essentially they were saying, “If we screw up, you don’t have to pay a second time.”

“Isn’t this an unquestionably good thing?” I asked a group of folks sitting around the table in the Hubert Humphrey Building in Washington, D.C. Everyone agreed that it was.

“So why don’t you get on the phone and tell Geisinger that a warranty on heart surgery is valuable to Medicare and offer to pay them something for it?”

“Why would we want to do that?” one of the bureaucrats asked me, suspiciously.

“So then you can tell every other hospital in the country what you have done and invite them to also be paid in different ways if they can save Medicare money the way Geisinger is saving money or in other, better ways,” I responded, probably showing some irritation in my tone of voice.

“But Geisinger is already doing what we want them to do,” another chimed in. “We could never get away with paying a provider more than we have to pay.”

“Congress would be all over us,” a third person declared.

And so nothing happened. The only reason I remember the conversation so well, is that I found it so bizarre.

Anyway, I think there is a huge opportunity here, for any administration — Democrat or Republican — to radically change the medical marketplace. In “[A Framework for Medicare Reform](#)” and in a *Wall Street Journal* [article](#), I listed a few of the hundreds of Geisinger-like providers who are saving Medicare money every year and being financially punished for doing so.

Goodman offers more detail on this approach in his post. One of the most important principles of his proposal is the following: “*We must be willing to tolerate mistakes.*” That’s very tough in this domain, but very necessary.