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February 25, 2004

Mr. Marc P. Volavka
Executive Director
Pennsylvania Health Care Cost Containment Council
225 Market Street
Suite 400
Harrisburg, PA 17101



Mr. Volavka:

This report represents a significant collaborative effort on the part of hospital staff, physicians, and PHC4. The data is well organized, standardized, and presented in a format available to patients, insurers and providers.

However, the report shows that the vast majority of hospitals and physicians fall into an "acceptable" range of quality indicators and few additional meaningful conclusions can be drawn.

In order to improve the utility of this and future reports, we recommend the following changes and additions to the Council:

1. Consider compiling data as it becomes available over a longer time period, for example a composite of 2-3 years. This change will allow for more powerful statistical comparisons between providers and will avoid short-term fluctuations in the data.
2. Encourage insurers to use the available data to direct patients towards providers demonstrating high quality and low cost results. PHC4 has documented that charges can vary upwards of 200% without noticeable improvements in quality. Unfortunately, insurers have not made significant use of this information to contain costs to date.
3. Include in the final report a numerical representation of severity or case-mix index for hospitals, which should be available to the public as an additional means of reviewing the quality of a program.

We appreciate the information presented in this report as one of several resources available to us for ongoing quality and cost control, and with the changes above look forward to additional benefits for our patients in the future.

Sincerely,

George P. Davliakos, M.D.
Director of Cardiovascular Surgery