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December 2, 2002

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

Dear Mr. Volavka:

Thank you for the opportunity to respond to your "2001 Hospital Performance Report." Pinnacle Health System recognizes the importance and value of PHC4 and supports the intent of the Council in publishing this information.

The total inpatient cases in the 28 procedure and treatment groups listed in the report represent 20% (6,765/33,670) of the total inpatients treated at Pinnacle Health Hospitals during 2001. Of the 28 procedure and treatment groups listed in the printed report, a higher than expected mortality rate is reported in two groups, COPD and Septicemia. There were 66 total mortalities in these two groups. The average age of these patients was 74.4 years, with an average admission severity of 2.89 on a scale of 0 to 4.0. This indicates these patients had a high potential for organ failure on admission. Twenty-two (22) of the mortalities, or 33% of these patients, died within 1 to 48 hours of admission to the hospital reflecting their moribund presentation and limited opportunities for treatment. Additionally, of the 66 deaths, 60 patients (91%) had "Do Not Resuscitate" (DNR) orders, complying with patient and family end of life decisions.

Although PHC4 reports a mortality rate higher than expected for COPD in 2001, comparison of PinnacleHealth COPD data to the national Atlas MediQual database shows no significant difference in mortality. In addition, the average age of the mortalities was 77.5 years, significantly older than the average age of 68 years for all COPD patients. Eleven of thirteen patients who died (84.6%) had advance directives expressing the desire to avoid aggressive care and/or resuscitative measures. The average ASG for the mortalities was 2.5 compared to 1.9 for all COPD patients. Furthermore, the majority of these patients had multiple system comorbid conditions not accounted for in the current severity adjustment methodology.

A comparison of PinnacleHealth data to the national Atlas database for Septicemia shows no significant difference in mortality rate. The Septicemia mortality cases had an average ASG of 3 compared to an average ASG of 2.6 for all Septicemia patients. The average age of mortality cases was 73.4 years compared to an average total age of 68.3 years. Additionally, 49 of 53 patient who died (92.4%) had advance directives expressing the desire to avoid aggressive care and/or resuscitative measures. Septicemia cases often require aggressive intervention and thus our ability to provide optimal treatment and support is limited by these patient and family requests. Mr. Marc P. Volavka December 2, 2002 Page Two

A number of multi-disciplinary clinical initiative teams work within Pinnacle Health System to evaluate and address issues related to many high volume diagnoses. ATLAS data reports from 7/01/01 to 6/30/02 for COPD and Septicemia indicate no significant differences between Pinnacle Health System mortality rates and expected national mortality rates.

Pinnacle Health Hospitals will continue to take seriously our responsibility for being a non-profit community hospital and our role to provide services to all patients who are admitted, or transferred in, to our facilities for treatment.

Again, we thank you for the opportunity to comment on the information included in your latest report.

Sincerely yours,

Roger Longenderfer, MD President and Chief Executive Officer

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