October 16, 2003

SHARON REGIONAL HEALTH SYSTEM

Advanced Care Close to Home

Advanced Wound Recovery Center
Behavioral Health Services
Brain Attack/Stroke Center
Breast Care Center
Cancer Care Center
Chest Pain Emergency Center
Corporate Health Services
Diabetes Center
Emergency Care Center
Express Care
Family Medicine Centers
HealthPLACE
Heart Institute
Home Health Agency
Hospital
Hospice Home Care
LifeFlight
Lung Center
Personal Fitness Center
RehabCenter
Rehab Unit
School of Nursing
School of Radiography
Skilled Care Center
Women's Center

Facility Locations:
Sharon
Hermitage
Farrell
Mercer
Greenville
Brookfield, OH

Main Campus
740 East State Street
Sharon, PA 16146-3395
724 983-3911
www.sharonregional.com

Wayne W. Johnston
President & CEO

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

Dear Mr. Volavka:

Thank you for the opportunity to respond to the Health Care Cost Containment Council's *Hospital Performance Report* for fiscal year 2002. In analyzing these reports, it is important to note that there are three factors that directly influence any organization's outcomes as defined by PHC4. These factors include the reliability of data abstraction, a true variation in clinical practice, and the statistical model applied to generate these outcomes.

The data used in this report are collected by specially trained staff in each organization. Sharon Regional Health System's Atlas Abstractors are audited quarterly and have consistently demonstrated a very high rate of reliability in collecting the data ultimately submitted and utilized in these reports.

In every hospital, each patient's treatment plan is individualized to meet his or her unique needs. Sharon Regional Health System recently completed a medical record review of patient mortality cases in the identified areas of this report where we were showing to have a higher mortality rate than expected. This analysis validated the appropriateness of diagnosis, treatment, and outcome for services rendered in each case reviewed.

The statistical model's use of administrative data to evaluate clinical outcomes is inherently problematic. The model classifies patients by Diagnosis Related Groups (DRG's). DRG's are determined based on approved coding guidelines, which are designed to capture reimbursement, not clinical quality. Each patient's principle diagnosis reflects the reason for hospital admission, not the reason for death. Legitimate coding practices often result in DRG assignment that is not reflective of an individual patient's underlying medical condition, treatment plan, or ultimate outcome. For example, a patient with a medical history of congestive heart failure who is admitted and subsequently dies of an unrelated condition may be accurately coded into DRG 127; however this death is not necessarily a reflection of the quality of heart failure care provided.

In conclusion, Sharon Regional's mortalities in Congestive Heart Failure; Kidney and Urinary Track Infections; and Colorectal Procedures were appropriately abstracted. Two-thirds of the patient's deaths in these three categories were due to the patient and/or family's decision to choose DNR (Do Not Resuscitate), which is not considered in PHC4's expected mortality range projection.

Sincerely,

Wayne Johnston
President and Chief Executive Officer