



PHILADELPHIA
INTERNATIONAL MEDICINE

TO: PIM Valued Patients and Payers

FROM: Leonard Karp, President
and Chief Executive Officer

DATE: October 15, 2009

SUBJECT: Medical Quality and Hidden Costs

Quality medical care doesn't have to be the most expensive. At Philadelphia International Medicine, our hospital and physician network has been improving quality while saving patients and payers money, and we have a public database that demonstrates it.

For more than a decade, hospitals in Pennsylvania have submitted hospital outcomes data to a state government agency, the Pennsylvania Healthcare Cost Containment Council – HC4. The data has helped to improve quality and lower hospital re-admission and infection rates, which in turn sharply reduce the cost of medical care.

The Pennsylvania model was the subject of a front-page article in the *Wall Street Journal* (“Hospitals Find Way to Make Care Cheaper – Make It Better,” October 6, 2009, page 1). The system is also under consideration by the Obama Administration as a national program to improve quality and drive down costs.

I bring this to your attention because you are a purchaser of medical care. Whether you are buying an automobile or aortic surgery, you should base your decision on performance, reliability, service and cost. At Philadelphia International Medicine, we have always provided competitive discounted prices for medical care at our hospitals. We also keep costs down by continuously improving quality in a way that is measured and public through the HC4 website.

We report quality outcomes openly. Hospitals here have established a more transparent system that, in turn, adds an incentive to improve performance. Quality improvements are clear – reduced readmission rates, reduced infection rates. And the cost savings are real. The *Wall Street Journal* article points to several examples of savings by large purchasers of medical care. But it isn't only the large purchaser that benefits, everyone does.

By publishing data on medical outcomes the hospitals and physicians of PIM, and across Pennsylvania, are helping to educate patients. Popular rankings, such as *U.S. News & World Report*, have their place. Our hospitals are annually ranked among the best. But, data on a decade's worth of actual medical outcomes is a more scientific approach. And, just as

importantly, we are lowering the cost to payers by reducing hospital readmissions and infections. These are real savings on top of the discounts and service offered through Philadelphia International Medicine.

I have taken the liberty of sending you the article. I hope you find it interesting. If you have any questions, please do not hesitate to call me at 215-575-3720.