

METHODOLOGY HIGHLIGHTS

100 TOP HOSPITALS
NATIONAL BENCHMARKS
AND EVEREST AWARD

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THOMSON REUTERS™

100 TOP HOSPITALS NATIONAL BENCHMARKS AND EVEREST AWARD

The Thomson Reuters 100 Top Hospitals®: National Benchmarks is a quantitative study that identifies 100 hospitals with the highest achievement on a balanced scorecard. The 100 Top Hospitals: National Benchmarks Balanced Scorecard, based on Norton and Kaplan's concept, consists of 10 measures distributed across four domains — quality, efficiency, finance, and consumer assessment of care — and uses only publicly available data. The 100 hospitals with the highest ranking on a composite score of the 10 measures are the winners. The 100 Top Hospitals: Everest Award for National Benchmarks honors a special group of the National Benchmark award winners that has achieved benchmark status for one-year performance and has simultaneously set national benchmarks for the fastest long-term improvement on our national balanced scorecard.

HOW WE SELECT THE NATIONAL BENCHMARKS AWARD WINNERS

The four main steps we take in selecting the 100 Top Hospitals: National Benchmarks are:

1. Building the database of hospitals, including special selection and exclusion criteria. This study focuses on short-term, acute-care, non-federal U.S. hospitals that treat a broad spectrum of patients. The data come from public sources including the Medicare Provider Analysis and Review (MedPAR) dataset, the Centers for Medicare and Medicaid Services (CMS) Hospital Compare dataset, and the Medicare Cost Report. This year's study includes 2,926 hospitals.
2. Classifying hospitals into comparison groups according to bed size and teaching status. (The number of hospitals included in this study is in parentheses):
 - Major Teaching Hospitals (173)
 - Teaching Hospitals (423)
 - Large Community Hospitals (338)
 - Medium Community Hospitals (1,028)
 - Small Community Hospitals (964)
3. Scoring hospitals on a balanced scorecard of 10 performance measures centered on quality, efficiency, finance, and consumer assessment of care:
 1. Risk-adjusted mortality index (in-hospital)
 2. Risk-adjusted complications index
 3. Risk-adjusted patient safety index
 4. Core measures mean percent
 5. 30-day risk-adjusted mortality rate for acute myocardial infarction (AMI), heart failure, and pneumonia*
 6. 30-day risk-adjusted readmission rate for AMI, heart failure, and pneumonia*
 7. Severity-adjusted average length of stay
 8. Expense per adjusted discharge, case mix- and wage-adjusted
 9. Profitability (adjusted operating profit margin)
 10. HCAHPS score (patient rating of overall hospital performance)

*New measures in the 2009 study.

Note: We have dropped the cash-to-total-debt ratio used in previous 100 Top Hospitals: National Benchmarks studies to measure liquidity. Measuring liquidity has become problematic as more and more hospitals join health systems, whose accounting practices often recognize hospitals as units of the system, with no cash or investment assets of their own. Using public data, there is currently no effective way to accurately determine liquidity.

- Determining the 100 Top Hospitals® award winners by ranking hospitals relative to their comparison group. Within the five hospital comparison groups, we ranked hospitals on the basis of their performance on each of the 10 measures relative to other hospitals in their group. We then summed each hospital's performance-measure rankings and re-ranked, overall, to arrive at a final rank for the hospital. The hospitals with the best final rank in each comparison group were selected as the winners.

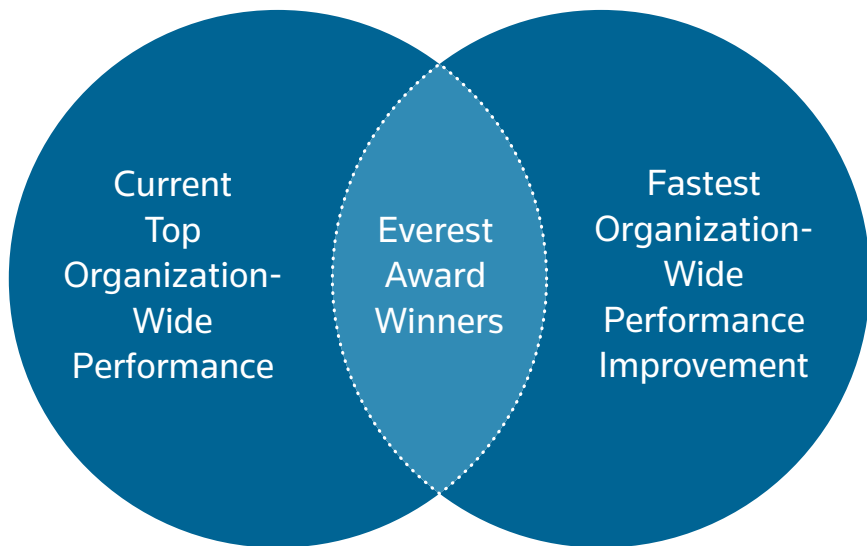
All measures except the 30-day mortality rate and 30-day readmission rate received a weight of one in the final ranking process. For the 30-day mortality and readmission rate measures, we give the rates for each of the conditions (AMI, heart failure, and pneumonia) a weight of 1/6 in the final 100 Top Hospitals ranking process for winner selection.

HOW WE SELECT THE EVEREST AWARD WINNERS

100 Top Hospitals Everest Award winners set national benchmarks for both long-term (five-year) improvement and highest one-year performance on the 100 Top National Balanced Scorecard. Everest Award winners are selected from among the new 100 Top Hospitals: National Benchmarks award winners.

Our methodology for selecting the Everest Award winners can be summarized in three main steps:

- Selecting the annual 100 Top Hospitals: National Benchmarks award winners using our time-tested objective methodology based on publicly available data and a balanced scorecard of performance measures.
- Using our multi-year trending methodology to select the 100 hospitals that have shown the fastest, most consistent five-year improvement rates on the same balanced scorecard of performance measures, where trend data are available.
- Aligning these two lists of hospitals and looking for overlap. Those that ranked in the top 100 of both lists are the Everest Award winners. Combining these two methodologies yields a very select group of Everest Award winners; the number of Everest Award winners will vary every year, based solely on performance. This year, only 23 hospitals achieved this status.



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