



Brandon Faulk
VP of Business Development
Pacific Alliance Medical Center
531 W College Street
Los Angeles, CA 90012

Dear Brandon,

Congratulations to Pacific Alliance Medical Center on being named to the Community Value Index[®] (CVI) **Five-Star** hospitals list. In our sixth annual CVI study, Cleverley + Associates has conducted a logical and meaningful evaluation of the US hospital industry. At a time when hospitals are increasingly measured on their involvement and performance in their communities, our firm has developed a tool for objective assessment.

The CVI was created to provide a measure of the value that a hospital provides to its community. The CVI is composed of ten measures that assess a hospital's performance in four areas:

1. Financial viability and plant reinvestment
2. Hospital cost structure
3. Hospital charge structure
4. Hospital quality performance

Fundamentally, the CVI suggests that a hospital provides value to the community when it is financially viable, is appropriately reinvesting back into the facility, maintains a low cost structure, has reasonable charges, and provides high quality care to patients.

Measurement in these areas suggest that hospitals operating with a high degree of community value are those that are low cost, low charge, and use a strong financial position to reinvest back into the provision of care at the facility. Each area contains metrics that compare a hospital's performance to an appropriate peer group. The combined performance in each area is the Community Value Index[®] score. Those hospitals with scores in the top twenty percent are designated as "Five-Star" facilities. A subset of this group is the "Top 100" which contains the highest scoring facilities in the country. We are pleased to inform you that your hospital's performance achieved a **Five-Star** designation.

We celebrate with your organization this honor and welcome the opportunity to dialog about this important tool in the days ahead.

Congratulations,

A handwritten signature in black ink that reads 'Jamie Cleverley'. The signature is written in a cursive, flowing style.

Jamie Cleverley
Principal

Community Value Index[®] Press Kit

Congratulations on being designated a Five-Star Community Value Provider!



Enclosed you will find your official Community Value Index[®] (CVI) Press Kit:

- Background information on Cleverley + Associates
- Frequently asked questions about the CVI
- An order form for *State of the Hospital Industry*, in which the CVI study was published
- A CD containing various file formats of the CVI top community value provider seals, for your marketing and public relations purposes

Please do not hesitate to contact me should you have any questions. Again, congratulations!

Best wishes,

A handwritten signature in black ink, appearing to read "Brian Workinger".

Brian Workinger
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The Community Value Index[®] (CVI)

The Community Value Index[®] was created by Cleverley + Associates to provide a measure of the value that a hospital provides to its community.

Headquarters:

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Year Founded:

2000

Description:

Cleverley + Associates exists to enhance the financial position of hospitals so that they can better serve their communities. We accomplish our mission by working with healthcare leaders to provide them with industry and hospital-specific intelligence and by educating them on the changing face of the healthcare industry.

The CVI Frequently Asked Questions (FAQ)

Q: Explain the idea behind the CVI.

A: The topic of hospital value is increasingly being discussed. Issues of pricing and community benefit have been well-publicized but little has been offered to measure the broad scope of value. In response, the Community Value Index[®] was created to provide an assessment of a hospital's performance in four areas: financial strength and reinvestment, cost of care, pricing, and quality. Fundamentally, the CVI suggests that a hospital provides value to the community when it is financially viable, is appropriately reinvesting back into the facility, maintains a low cost structure, has reasonable charges, and provides high quality care to patients.

Q: What does the number tell me?

A: The CVI number, or overall score, provides a relative ranking. For example, a hospital's performance in each of the measures that comprise the CVI is benchmarked against all of the other hospitals in their comparison group. A score is assigned based on the hospital's relative position for each measure, and those individual scores are combined to provide a total CVI score.

Q: Is there anything new with this year's CVI?

A: Yes, New for this year's study is the quality dimension. Hospitals are increasingly reporting quality performance data to public and private entities that has resulted in more accurate comparison across facilities. As reporting standards and number of facilities submitting data have increased we believe that comparison in this critical area is more reasonable to conduct. Our comparison of data in this area is done through the examination of a new metric: the Hospital Quality Index.

Q: What makes the "Top 100" and "Five-Star" hospitals stand apart from the rest?

A: It's important to recognize that a large number of hospitals may perform well in one or two of the core areas of the CVI; however, those hospitals that are part of the Top 100 and Five-Star groups have achieved strong performance in each of the four areas.

Q: Hospital pricing is dependent upon so many factors. How does the CVI account for market differences in pricing comparison?

A: Hospitals with greater percentages of patients who are uninsured or are insured by payers that reimburse for care at levels less than cost (Medicaid, for example) are at a disadvantage in pricing hospital services. These hospitals must have higher prices in order to cover deficiencies from treating these patients. The CVI recognizes this and adjusts the pricing component to allow for more meaningful charge comparison.

Q: How can a hospital improve its score?

A: Hospitals improve their CVI scores when they understand and address many areas of opportunity - whether that involves one area or several within the CVI. Once the general area, or areas, is defined, a hospital can examine the driving factors behind its performance and address those issues accordingly.