



O. Edwin French
President & CEO

A note to Family and Friends of MedCath:

The *Joint Commission Journal of Quality and Patient Safety*, (Variation in Quality of Care Among Health Systems, June, 2008, pp 326-332), issue reports on objective quality indicators analyzed for the period including three quarters of 2005 and one quarter of 2006. The study examined acute myocardial infarction, heart failure and pneumonia indicators across all U.S. hospitals having at least 20 procedures in these diseases. In addition to publicly reporting CMS data for that period the report includes analyses of the patient satisfaction statistics that have been accumulated by CMS. A recent report emanating from this Journal article (summary attached hereto as printed by Heath Financial Management Associates) shows the relative performance of hospitals in systems with more than 6 hospitals after the High Performance Algorithm has been applied. The Journal article lists only the top-five and bottom-five.

Another of the Journal's articles dealing with these data declares that the analyses presupposed that the approach would be 'data-driven and transparent' and that 'all hospitals had to be held to the same standard.' They added that 'top-performing hospitals must perform well on easily achieved and difficult measures' and 'high performance demands sustained excellence over time.' This report represents the first significant research to offer a conclusion as to what is a 'High Performing Hospital' when applying the data gathered by CMS.

Never to be satisfied with historical success, we have taken steps over the past year to further improve upon quality performance through standardized data collection and interpretation and processes in all operating units. We have also had a seventh report by the Lewin Group supporting that MedCath is differentiated in the quality of care delivered when comparing 24 DRGs/APCs with over 1,000 hospitals with like services.

We take enormous pride in having MedCath appear on this High Performance companies' list. As #11 among U.S. hospital systems and the top-rated for-profit hospital company we are among top teaching, tertiary not-for-profit systems in the country in the rankings, and the leading for-profit hospital company!

As we continue evolving MedCath to be THE high acuity hospital company, our legacy strengths and continuing commitment to quality to a diversified patient base will differentiate our facilities.

I'm honored to – again – congratulate all our physician partners, medical staffs, and team members who contribute energies and talents every day to bringing distinction to MedCath. Through recognizing our first obligation is to those who look to our facilities for the service and quality for which our company is known, we continue to build upon our strengths in transforming MedCath over the next few years into a diversified, growing acute care company!

ONWARD! . . . to an even more exciting future!

Best personal regards,

A handwritten signature in black ink, appearing to be the initials "OEF" followed by a flourish.