



***IHN Rating System*[™] Description & Methodology**

Description

The *IHN Rating System*[™] rates local and regional, non-specialty integrated healthcare networks (IHNs) on their performance level and degree of integration. The rating system is a means for identifying the *IHN 100*[®] based on critical success factors.

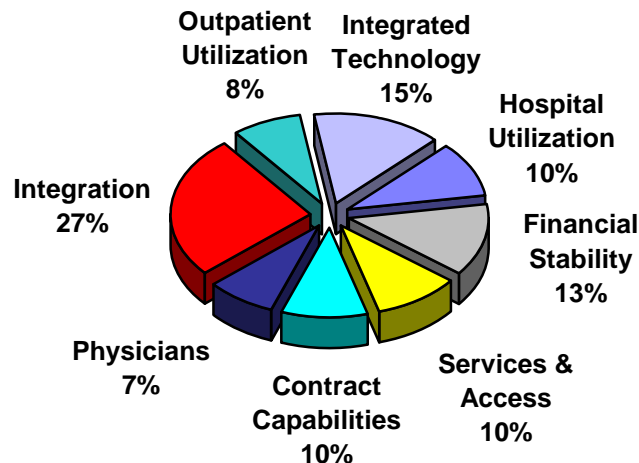
SDI has been tracking the development of the IHN market since April 1994 and surveys the universe of IHNs annually using a standard methodology for collecting the data and rating IHNs nationally.

Sources

The *IHN Rating System*[™] uses data generated from the *SDI Integrated Healthcare Network Profiling Solution*[®], the *SDI Hospital Market Profiling Solution*[®], the *SDI Medical Group Practices Profiling Solution*[®], the *SDI Diagnostic Imaging Centers/Chains Profiling Solution*[®], the *SDI Freestanding Outpatient Surgery Center/Chain Profiling Solution*[®], the *SDI Home Health Agency/Chain Profiling Solution*[®], and the *SDI Healthcare Market Index*[®].

Methodology

The rating system analyzes each IHN's performance level in the following categories:



The eight categories comprise thirty-three weighted attributes that SDI has determined to be the key indicators for assessing the current and future success of an IHN. Each of the thirty-three weighted attributes is assigned a total available point value. Every IHN receives a performance level evaluation for each attribute. The scores from each of these categories are added together for a total IHN score. The more integrated the system, the greater the point value the IHN receives.

SDI IHN Rating System Data Elements

Hospital Utilization

Adjusted Admissions
Severity Adjusted Average Length of Stay (ALOS)
Occupancy Rate

Financial Stability

Operating Margin
Profit Margin
Long Term Debt-to-Capitalization Ratio
Ability to Report Common Financial Results

Physician Participation

Physician Affiliation.
Physician Offerings
Medical Group Practices/Hospitals Ratio

Services & Access

Inpatient Services
Breadth of Coverage
Quality of Service – JCAHO/Medicare Certified Hospitals

Outpatient Utilization

Outpatient Visits
Outpatient Surgery Ratio

Contract Capabilities

Network-wide Managed Care Contracts
Capitated Managed Care Contracts
Capitated Employer Contracts
Integrated Purchasing Programs

Integration

- Disease Management.
- Consolidated Services
- Case Management
- Central Purchasing
- Continuum of Care
- Formulary
- CEO/Top Executives Can Deploy Capital Resources
- CEO/Top Executives Can Decide Mix of Services
- Single Signature Contracts

Integrated Technology

- Information System
- Common Intranet
- Ability to Access Information from Any Site
- Linked Real Time to Central Medical Records
- Information Systems Integration Levels