

August 10, 2007

Dear Friends and Colleagues,

The good news about NCH that we shared with you on Wednesday and the public on Thursday was not insignificant.

Thomson Healthcare, an independent and objective healthcare information provider, ranked us as one of the nation's top 100 performance improvement leader hospitals.

This is a tremendous accomplishment for our hospital and for of all the people who deliver the care on which our community depends. Indeed, all of our care givers—nurses, physicians, technicians, therapists as well as all non-clinical members of the NCH team --deserve full credit for this outstanding achievement.

Thomson Healthcare, which was previously called Solucient, rated 2,897 peer hospitals and found NCH in the top 1% as measured by mortality, medical complications, patient safety, length of stay, expenses, profitability, cash-to-debt ratio, and growth in patient volume. (Debbie Curry has the entire list, if you'd like to see it.)

What is particularly gratifying about the Thomson designation is that "sustaining demonstrated quality" was one of the three critical goals I presented to the NCH Board in 2000, when I was asked to be on the senior management team. The other two goals were "operational efficiency" (doing things right and doing the right things) and "fiscal responsibility" (having the resources to keep serving the community for years to come). I am pleased to report we have been accomplishing all three goals with the Juran projects progressing and the strongest balance sheet in the history of NCH due to the sale of DSI.

Now what is the real significance of this award and the others NCH has earned?

Over the past four years, our hospital has been awarded more than 16 awards, which by themselves are not nearly as important as what they represent to our patients – in terms of the quality of care we deliver. In that sense, these awards reflect lives saved, complications avoided, and safe encounters. Having objective, independent judges validate our improvement over the years makes the statement that we are competent, caring, and better than 99% of other large community hospitals in terms of progressive improvement.

What has made this difference and propelled NCH to the top of the nation's hospitals?

The answer to that is clear. Our care givers and supporters, day in and day out, provide the expert, competent, and compassionate care our community requires. We understand and appreciate that the dedicated individuals at NCH who serve in this high quality manner are community treasures.

Having said that, I would quickly add that we are by no means satisfied with being better than 99% of the nation's hospitals. Our goal is nothing less than achieving zero tolerance for poor care. We understand that we are only at the beginning of this "journey to excellence."

The same might be said with respect to employee benefits at NCH.

Since compensation plans were announced after the last Board meeting, the Human Resources Department did a look back at the rate of annual raises. Since 1979 on average, overall nurse salaries have increased 7% each year and non nurses have increased 5% each year. The point is that NCH has and will continue to pace the market in terms of compensation. We understand the expense of living conditions in our region, and we are dedicated to fairness and equity in all our compensation programs.

We have also addressed the ongoing concern about staffing ratios. Our Operations Department has completed an exhaustive review of nursing ratios and concluded that since February, with rare exceptions, ratios have been at or below stated goals by unit and time of day. Occasionally, staffing has been tight, but the night and weekend shift differential along with the embellished Ben Buck program seems to have made a reasonable difference.

Again, in order to continue to address issues like these, we need to hear directly from you with concerns and suggestions. We have always sought your input because we value it. As we move onward, such open communication, team work, and cooperation will be the keys to our continuing success.

Achievements such as being named among the nation's top 100 hospitals should motivate all of us who truly care about NCH and about our community to work together to continue the positive momentum for which we have been universally praised.

Respectfully,

Allen S. Weiss, MD President and CEO