

# **EXHIBIT 25**



# **Sg2 Analytics**

## Frequently Asked Questions

**Table of Contents**

Sg2 Analytics Overview ..... 3

Dashboards ..... 4

Drill-Down Analysis..... 7

Methodology ..... 9

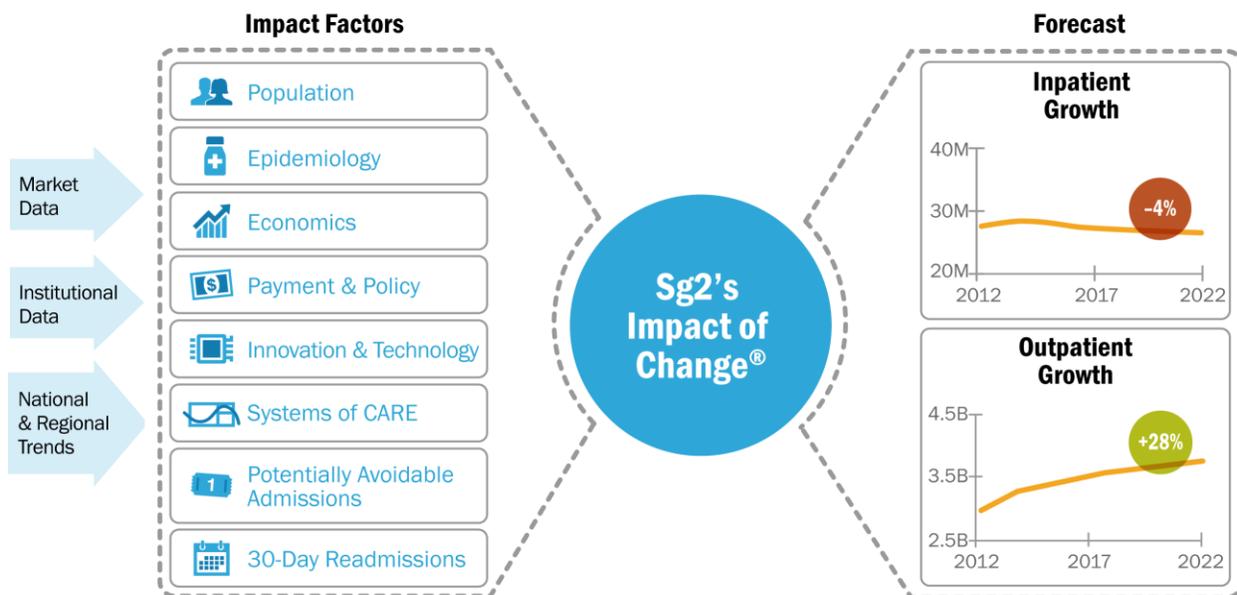
## Sg2 Analytics Overview

### Q: How do Sg2 Analytics help health care organizations?

**A:** Sg2 Analytics help organizations prepare for the next decade in health care, examining the cumulative effects and interdependencies of key factors driving change in utilization. Hundreds of organizations rely on Sg2 Analytics to support service line development, program investment, innovation adoption, facility design, performance improvement and strategic planning across the care continuum.

### Q: What is the Sg2 Impact of Change® forecasting model?

**A:** Sg2's Impact of Change model forecasts demand for health care services over the next decade, examining the cumulative effects and interdependencies of key impact factors driving change in utilization. Using both disease-based and MS-DRG-based analyses, the forecast provides a comprehensive picture of how patients will access inpatient and outpatient services along the continuum of care.



Note: In the inpatient setting, the Systems of CARE factor includes the impact of potentially avoidable admissions and 30-day readmissions, which can be viewed and analyzed separately from the other System of CARE impacts in the forecast.

CARE = Clinical Alignment and Resource Effectiveness; MS-DRG = Medicare severity diagnosis-related group.

### Q: How do Sg2 Analytics integrate the Impact of Change® forecasting model?

**A:** Unlike traditional population-based estimates, Sg2's comprehensive forecast examines the cumulative effects and interdependencies of the key factors that drive change in the utilization of health care services over a 10-year period. (See the Methodology section on page 8 for more information on the Impact of Change methodology.)

### Q: What is a disease-based forecast?

**A:** Sg2's disease-based forecast predicts demand for inpatient and outpatient services based on Sg2's proprietary CARE Group methodology. It forecasts utilization based on clinical categorizations of ICD-9 diagnosis codes called CARE Families (diseases). CARE Groups split CARE Families according to the procedures used to treat the disease or condition. The CARE Families cut across the inpatient and outpatient care settings so that organizations can account for how demand for services will shift between care settings over time.

## Sg2 Analytics: 2013 Frequently Asked Questions

### Q: What is the value of a disease-based forecast?

**A:** Forecasting models based solely on units of payment (eg, MS-DRGs) do not fully account for changes in disease states and the actual delivery of care. A disease-based forecast provides a comprehensive picture of how patients will access the health care system, including both inpatient and outpatient services, based on the prevalence of disease. In doing so, it allows organizations to identify clinical areas in which to invest, and informs the allocation of resources across inpatient and outpatient services. It also supports the design of more effective marketing/business development strategies and community outreach plans.

With disease-based forecasting, Sg2 Analytics provide information that is relevant to different members of an organization's leadership team:

- Business developers and marketing leaders know that the planning process starts with the patient. Disease-based forecasting helps business leaders to understand their market and uncover opportunities for growth.
- Clinical and service line leaders can use disease-based forecasting to predict which patients will be coming through the system, how and where they should be treated, and what services they will need.

### Q: What is an MS-DRG-based forecast?

**A:** An MS-DRG-based forecast predicts demand for health care services based on units of payment (Medicare severity diagnosis-related groups). Sg2's forecasting model was originally developed using an MS-DRG-based model for inpatient services. In 2009, Sg2 expanded its offerings to include inpatient and outpatient disease-based forecasts that use Sg2's proprietary CARE Group methodology. The 2012 National Demand Forecast utilizes MS-DRG Grouper v29.

CFOs and budget planners continue to use MS-DRG-based forecasts as a tool for building and managing budgets based on quantified demand.

### Q: Why measure performance across the System of CARE?

**A:** Health care reform suggests that hospitals and health care systems will increasingly take on more risk and have more responsibility for managing patients' overall health, rather than just the services they provide in the hospital. Therefore, Sg2 has developed metrics that serve as proxies for performance for the pre-acute, acute and post-acute care settings. These metrics are summarized in the Value Index, a unique performance score for each Sg2 client.

### Q: How do I identify opportunities for performance improvement?

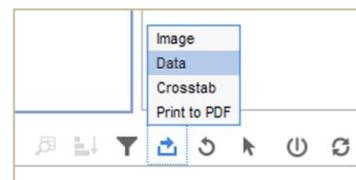
**A:** The Organization Performance module contains dashboards that pre-calculate opportunities for performance improvement. The intent of this reporting structure is to expedite opportunity identification and your organization's performance improvement process. As such, these opportunities are prioritized from largest to smallest at the bottom portion of each dashboard page. In order to better understand how these opportunities were calculated or to understand how to take action to achieve these opportunities, please contact your organization's Director of Strategic Analytics for recommendations.

## Dashboards

### Q: How do I export data from the dashboards to Excel?

**A:** From any dashboard, click on the chart or graph from which you would like to download data. A blue box will appear around the chart or graph. Next, hover your cursor over the export icon  at the bottom of the page and select either **Data** or **Crosstab** and then click **Download**.

Once the CSV file is generated, you can choose to either open or save it.

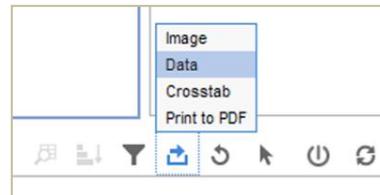


## Sg2 Analytics: 2013 Frequently Asked Questions

### Q: What is the difference between Data and Crosstab?

**A:** Exporting to **Data** provides you with an unformatted extract of the data contained within a graph or table. For example, Data provides every unique combination of measure and year.

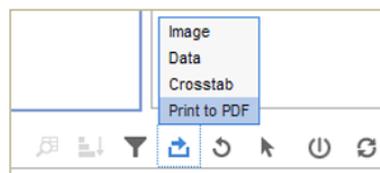
Exporting to **Crosstab** maintains the basic structure of how the data are presented within a graph or table. For example, Crosstab provides every year with its own column.



### Q: How do I export data from the dashboards to an image or PDF?

**A:** To export to an image or PDF, scroll down to the toolbar and click on the export icon.

Select **Image** to export to a PNG file or **Print to PDF** to export to a PDF and then click **Download**. Once the files are generated, you can choose either to open or save them.



### Q: How do I print?

**A:** You can print the graphs by using the print function available in your Internet browser, or by exporting to **Image** or **Print to PDF** and using the print function within your image viewing program.

Data tables can be printed by exporting to Excel (via **Data** or **Crosstab**) and using the print function within Excel.

### Q: Can I defer a layout update in the dashboard pages? Can I do the same in the drill-downs?

**A:** Yes. By clicking the  symbol in the toolbar at the bottom of the dashboard pages, you will defer a layout update. This means you can make your filter selections without an immediate update to the graphs. To update the layout, simply unselect the defer layout option. In the drill-downs, click the Defer Layout Update button on the right side of the page. When placing fields in the filter, column and row areas, the layout will not update until you click the Update button.

### Q: In the Organization Performance module, what do the red, yellow and green colors signify?

**A:** Each color indicates different levels of performance, according to percentile-based categorizations. Green indicates that performance is at or above the “leading performer” category, corresponding to the 75<sup>th</sup> percentile or better. Yellow indicates the “standard performer” category, corresponding to performance between the 25<sup>th</sup> and 75<sup>th</sup> percentile. Red indicates performance at or below the “lagging performer” category, corresponding to performance below the 25<sup>th</sup> percentile.

### Q: What is “Sg2 Expert Analysis”? How do I use this feature?

**A:** Sg2 Expert Analysis is a feature available in the National Demand Forecast module. When you see the Sg2 Expert Analysis box, you can click on the bars in the graph to the left to read Sg2 experts’ rationale behind the forecast at the service line, CARE Family and procedure levels.

All Sg2 Expert Analyses are available in PDF format in the Analytics Support section of the online **Learning Center**.

### Q: How do I export the entire national forecast in the National Demand Forecast module?

- A:**
1. Click on the CARE Group or MS-DRG report tabs.
  2. Click on the View Data table button.
  3. Click on the XLS Download Full Forecast link.

About Sg2 | Contact Us | Logout

Sg2 Community
Sg2 Analytics

Quick Planner | Assess | Forecast | Measure
Summary Reports | Learning Center

**National Demand Forecast**

**Inpatient by Disease**

Outpatient by Disease

Inpatient by MS-DRG

**IoC Express**

**Technology Planning**

---

**Help With This Page**

How do I toggle between the Data Table and Graph Views?

How do I export to Excel?

How do I export to an image or PDF?

How do I print?

How can I stop my report from updating until I finish changing my filters?

## National Demand Forecast Inpatient by Disease (2012-2022)

Anchored in disease-based analytics, Sg2's national inpatient forecast enables you to identify which clinical services are best positioned for growth or at risk for decline in the inpatient setting.

Overview
Service Line
CARE Family (Disease)
CARE Group (Procedure by Disease)
Procedure

View Graph
XLS Download Full Forecast

Measure: Discharges
View Measure By: Discharges

CARE Family	CARE Group	2012	2013	2014
Abdominal Pain	Amputation of Leg	9	10	10
	Appendectomy	2,264	2,218	2,184
	Bariatric Surgery	36	35	35
	Brain/Skull Surgery In..	4	4	4
	Bronchoscopy	8	8	7
	CABG	4	4	4
	Cardiac Catheterization	227	213	201

Service Line: (All)

CARE Family:

- (All)
- Abdominal Pain
- Abscess
- Acute Otitis Media and Sinusitis
- Acute Renal Failure
- Acute Respiratory Failure
- Addiction/Chemical Dependenc

**Q: Can I share customized forecasts from the IoC Express module with other colleagues?**

**A:** Yes. On the Profile page in the IoC Express module, select “Share this forecast” under the **Share with your colleagues** section. You will be asked to select an organization and identify eligible colleagues.

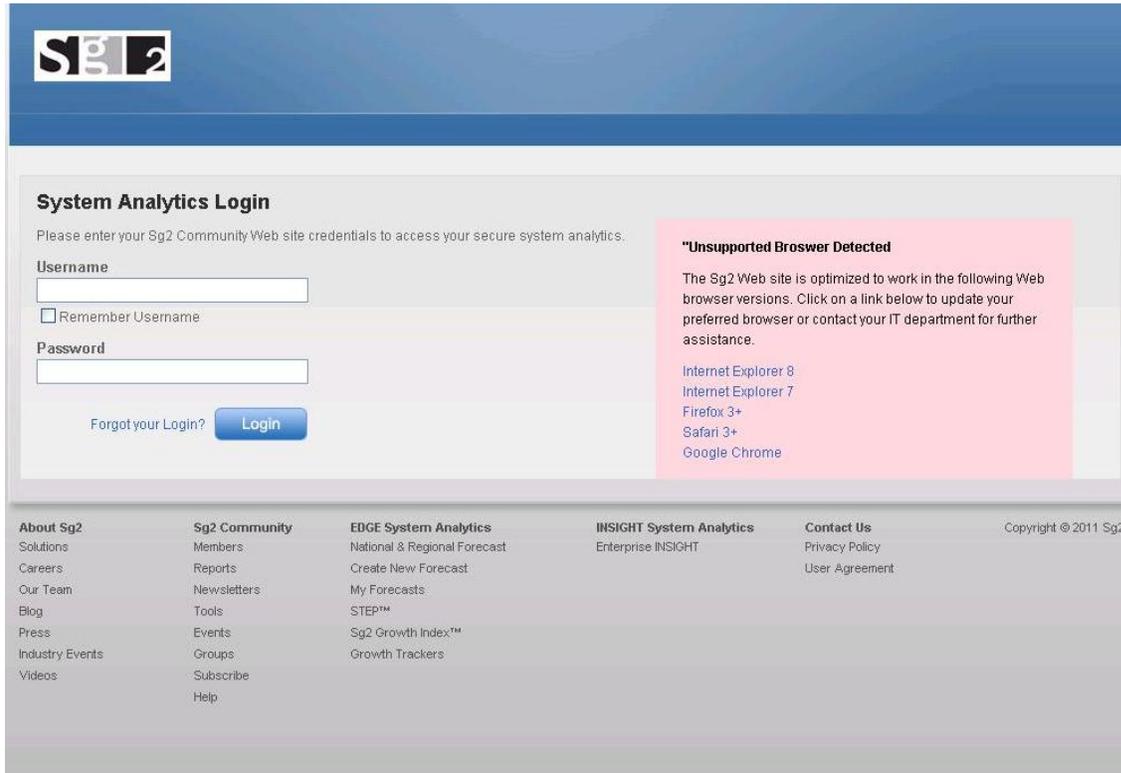
**C. Share with your colleagues**

Sharing allows additional people within your organization to view your forecast, and you can edit your sharing status at any time.

- Private. Do not share with anyone.
- Share this forecast.

# Sg2 Analytics: 2013 Frequently Asked Questions

## Q: Why am I seeing this message?



**A:** The Sg2 Web site is optimized to work in the following Web browser versions. Please reference the links below to update your preferred browser or contact your information technology department for further assistance.

- |                            |   |
|----------------------------|---|
| <b>Internet Explorer 8</b> | <a href="http://windows.microsoft.com/en-US/internet-explorer/downloads/ie-8">http://windows.microsoft.com/en-US/internet-explorer/downloads/ie-8</a> |
| <b>Internet Explorer 7</b> | <a href="http://www.microsoft.com/windows/Internet-explorer/default.aspx">http://www.microsoft.com/windows/Internet-explorer/default.aspx</a>         |
| <b>Firefox 3+</b>          | <a href="http://www.mozilla.com/firefox/">http://www.mozilla.com/firefox/</a>   |
| <b>Safari 3+</b>           | <a href="http://www.apple.com/safari/download/">http://www.apple.com/safari/download/</a>   |
| <b>Google Chrome</b>       | <a href="http://www.google.com/chrome">http://www.google.com/chrome</a>   |

## Drill-Down Analysis

### Q: Where can I use the Defer Layout Update option in the Drill-Down Analysis?

**A:** The Defer Layout Update option works when using the design box on the right. When this option is selected, you must click the Update button to refresh your view.

### Q: How are cumulative percent changes calculated?

**A:** In the Market Demand Forecast and Organization Demand Forecast modules, percent changes are between a given year and the base year.

## Sg2 Analytics: 2013 Frequently Asked Questions

### Q: How do I filter results?

**A:** To filter data, select the  button in the Viewing Pane header above the specific Row Area category. Next, use the drop-down menu to select the dimensions you want to include/exclude in your analysis. The  button outline will appear darker  for all filtered dimensions.

### Q: How do I sort by dimensions and measures?

**A:** To sort by dimensions, right click on the name of the dimension in the Viewing Pane at the top of either the row or column area. Choose Sort A-Z for ascending order or Sort Z-A for descending order. To sort by measures, right click within the column header of the measure you want to sort, and click Sort by This Column. The   icon will appear next to the name of the measure you are sorting. Click the Sort icon (either  for descending order or  for ascending order).

### Q: How do I expand rows?

**A:** Throughout Sg2's online analytics, there are 3 ways to expand rows in pivot tables: Expand, Expand All and Auto Expand All. Depending on the module you are using, only some of these options may be available for use.

In the Organization Performance module, users can Expand, Expand All and Auto Expand All. By default, rows are automatically expanded. This is because the Auto Expand All option, found in the Display Options menu, is pre-set to "on." When Auto Expand All is turned off, you can manually expand rows by clicking the  icon, or right clicking then clicking Expand or Expand All.

In all other modules, users can Expand but the Auto Expand All capability is not available. The Expand All option is available except when the following fields are pulled into the Row Area or Column Area:

- Admit Date
- CARE Group
- Primary Diagnosis Code
- Discharge Date
- Primary Procedure Date
- Primary Procedure Code
- Zip Code

This was programmed by Sg2, to enhance the user experience and to prevent large data queries that would result in extremely slow response times.

### Q: Can I save my current view of my drill-down analysis?

**A:** Yes. To save your current view, click the blue Save Current View button at the bottom of the page. Name your view and click Save. Your saved views can be accessed from the Report Views drop-down menu. To delete a saved view, select the view you would like to delete and click the  button.

### Q: How do I export my drill-down analysis?

**A:** Your analysis can be exported from the viewing pane by selecting the file type from the Export to: drop-down menu and clicking GO. Your analysis can be exported as a CSV, PDF, Word or text file. The CSV file is a spreadsheet that can be opened in Microsoft Excel.

### Q: Why can't I remove the Institution field from my Inpatient Market drill-down analysis?

**A:** In the Inpatient Market drill-down, if any of the Share fields (Discharges Share, Days Share) are visible in the Data Area, then the Institution field must also be visible and placed in the Row Area on the far left. The Institution field cannot be removed from the Row Area without first removing all of the share fields (Discharges Share, Days Share) from the Data Area. When doing Market Share calculations, the Institution field must be included in the drill-down.

## Sg2 Analytics: 2013 Frequently Asked Questions

**Q: In the drill-down tools, can the General Medicine/Surgery grouping be split?**

**A:** You can separate this grouping by selecting the “Med/Surg” flag in the Inpatient Market, Outpatient Market, Inpatient Market Demand Forecast and Inpatient Organization Demand Forecast drill-downs and filtering.

**Q: Why can't I move any fields to the left of the Institution field in the Inpatient Market Drill-Down “Disease Share” and “DRG Share” views?**

**A:** When the Discharges Share filter is visible, the Institution field must be visible and on the left of the drill-down. This is because the 2 fields need to be linked together. When the Discharges Share field is removed, you can move fields to the left of Institution.

**Q: Can I modify the impact factors within the drill-down tool?**

**A:** In the drill-down tool, you can add the Impact Factor field and filter by specific impact factors. This allows you to remove an impact factor completely.

## Methodology

**Q: What baseline data sources are used to create Sg2's national inpatient forecast model?**

**A:** Inpatient national baseline utilization data come from the Healthcare Cost and Utilization Project's Nationwide Inpatient Sample for 2009. The Nationwide Inpatient Sample is the largest all-payer inpatient database in the US and contains data from approximately 8 million hospital stays per year. The Nationwide Inpatient Sample represents 20% of a sample of hospitals and 100% of the discharges from those hospitals. It is weighted up to the national discharge total of nearly 40 million discharges.

**Q: What baseline data sources are used to create Sg2's national outpatient forecast model?**

**A:** The national outpatient baseline estimate is derived from a variety of data sources. The primary sources are 2009 databases from PharMetrics and the Centers for Medicare & Medicaid Services (CMS) Standard Analytical Files and Part B database. The PharMetrics database is a division of IMS Health and is a large, nationally representative, commercially insured database. The CMS Part B database is used to provide national outpatient utilization for a majority of the 65+ population. Finally, Sg2 experts use a variety of qualitative data sources and statistical techniques to create the final baseline estimates by age group, procedure, gender and site of care.

**Q: How often is Sg2's national forecast model updated?**

**A:** Sg2 updates the national inpatient and outpatient forecasts annually.

**Q: How are the national inpatient and outpatient forecasts created?**

**A:** Sg2's experts, which include MDs, PhDs, RNs and MBAs, monitor developments in clinical research, care delivery, technology, economics and health policy. Each year, they synthesize their findings and forecast demand for health services over the next decade using several impact factors that are responsible for driving projected growth or declines in utilization. The experts predict how utilization will change within the inpatient and outpatient care settings, as well as how utilization will shift from one care setting to another.

## Sg2 Analytics: 2013 Frequently Asked Questions

**Q: In the outpatient forecast, what determines whether a procedure is major or minor?**

**A:** Major procedures involve general anesthesia, sedation or use of a specialized facility; whereas minor procedures do not involve general anesthesia, sedation or use of a specialized facility.

**Q: What baseline data sources are used in the Inpatient Market module?**

**A:** The baseline data for the Inpatient Market module are typically determined from a state database that includes all inpatient discharges for that state. Sg2 works with each hospital or hospital system to determine the best inpatient market data source available in each state.

**Q: What baseline data sources are used in the Outpatient Market and Market Demand Forecast modules?**

**A:** Sg2 Outpatient Market Estimates provide a snapshot of outpatient (OP) utilization for every US market. Sg2 examines more than 400 million OP encounters per year to provide the baseline that feeds our 10-year OP market forecast. These data have been compiled, analyzed and validated by Sg2’s team of strategic and clinical industry experts. Data sources include over 1 billion claims per year, including Medicare and commercial-based facility and physician claims.

**Q: What baseline data sources are used in the Organization Demand Forecast module?**

**A:** The baseline data for both the Inpatient and Outpatient Organization Demand Forecast is actual utilization data submitted by each hospital or health system.

**Q: What impact factors are included in Sg2’s Impact of Change demand forecast?**

**A:** The Impact of Change demand forecasts are produced using 8 impact factors that are responsible for driving projected growth and declines in utilization. The factors are population, epidemiology, economics, payment and policy, innovation and technology, Systems of CARE, potentially avoidable admissions and 30-day readmissions.

Impact Factor	Definition
<b>Population</b>	Accounts for changes in utilization due to population growth. Sg2 uses demographic data and population growth projections from the Nielsen Company, a leading provider of demographic and census data.
<b>Epidemiology</b>	Quantifies the impact of underlying changes in disease rates over time due to behavioral and sociocultural influences (eg, obesity, smoking), environmental triggers (eg, pollutants, sun exposure), and unknown factors that drive rates of certain diseases and conditions such as autism, type I diabetes and select cancers. This impact factor also accounts for the long-term effects of prevention measures (eg, smoking cessation programs, trans-fat bans, cigarette tax).
<b>Economics</b>	Considers macroeconomic factors that affect health care utilization—including how changes in unemployment rates affect rates of health insurance coverage and, therefore, health care utilization. The impact of these factors is scaled variably across the continuum of inpatient and outpatient services, based on the level of economic discretion associated with demand. Services for which patients exercise a high level of economic discretion (eg, well-care physician visits, nonemergent joint replacement) are affected more than services for which economic discretion plays little or no role (eg, emergency angioplasty).

## Sg2 Analytics: 2013 Frequently Asked Questions

Impact Factor	Definition
<b>Payment and Policy</b>	Encompasses both macro- and micro-level impacts of third-party payment innovations and health policy impacting service utilization. At the macro level, this series models the impact of insurance coverage expansion via health care reform on demand for health care services. An “economic discretion” factor is applied to reflect the variable impact of new insurance coverage on different services across the continuum. It also models the impact of increased cost sharing, tiered networks, reference pricing and other benefit design changes that introduce more price signals to consumers. At the micro level, this series encompasses significant service line- and disease-specific payment trends that will have the effect of dampening utilization or shifting the site of care.
<b>Innovation and Technology</b>	Includes adoption of new technology (eg, proton beam therapy, artificial pancreas and the US Food and Drug Administration’s approval of therapeutics) and clinical innovations (eg, noninvasive ventilator techniques, advances in focal resective epilepsy surgery) that may shift the site at which care is delivered and/or innovations that affect the utilization of health care services across various care settings.
<b>Systems of CARE</b>	<p>Accounts for greater efficiency resulting from better care coordination and service integration across various care sites. This impact may reduce inpatient admissions through better use of community-based resources and reduce redundant and unnecessary services in the outpatient setting.</p> <ul style="list-style-type: none"> <li>■ Efforts or models that improve clinical alignment and coordination between providers (eg, medical home models, nurse navigators, multidisciplinary care clinics, physician employment)</li> <li>■ Adoption of standardized guidelines (eg, checklists, clinical pathways) and evidence-based practices that will drive changes in utilization due to decreased complications and reductions in care variation and medical mismanagement)</li> <li>■ Integration of advanced information technology (IT) capabilities (eg, electronic medical record, computerized physician order entry, clinical decision support system, patient Web portals and system-wide IT implementation) that improve communication with and among providers to enhance coordination of care delivery)</li> <li>■ Adoption and experimentation with new at-risk payment models, such as accountable care organizations and bundled payment initiatives that drive integrated care models and incentivize reductions in costly service utilization</li> </ul>
<b>Potentially Avoidable Admissions* (PAAs)</b>	The PAA factor accounts for a select set of inpatient conditions for which future hospitalization may be prevented as these conditions are better managed and treated in the ambulatory setting. This factor quantifies the impact of initiatives as improved care access, patient education and care coordination ultimately drive down inpatient utilization. The PAA impact factor is applied to Agency for Healthcare Research and Quality (AHRQ) Prevention Quality Indicator conditions and additional Sg2-defined conditions.
<b>30-Day Readmissions*</b>	The 30-Day Readmissions factor quantifies the impact of the adoption of initiatives (eg, post-acute care coordination efforts) that reduce readmissions to an acute care hospital that occur within 30-days of an index (initial) admission.

\*Inpatient factors only.

## Sg2 Analytics: 2013 Frequently Asked Questions

### Q: How does Sg2 define regions in the National Demand Forecast and IoC Express modules?

A: The information listed below includes every state categorized by region in the National Demand Forecast and IoC Express modules.

#### Midwestern Region

- Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Nebraska, North Dakota, Ohio, South Dakota, Wisconsin

#### Northeastern Region

- Connecticut, Maine, Massachusetts, New Hampshire, New Jersey, New York, Pennsylvania, Vermont, Rhode Island

#### Southern Region

- Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia

#### Western Region

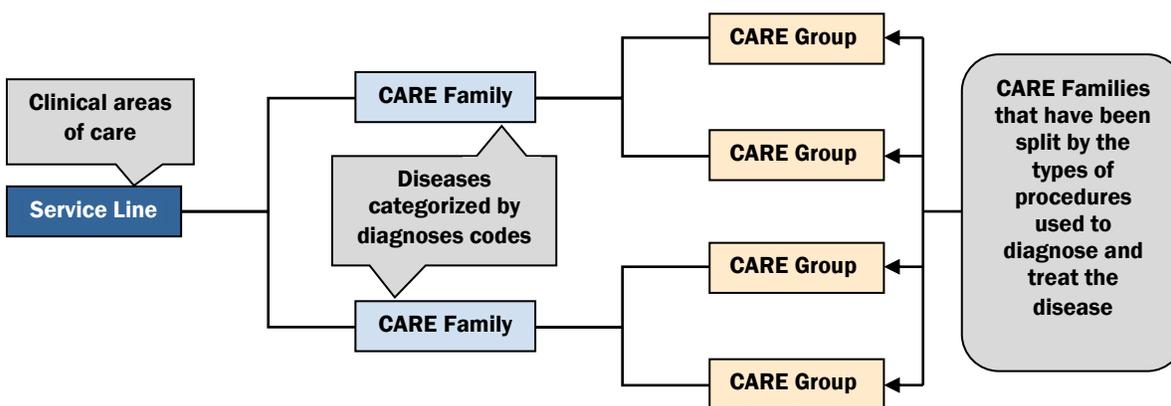
- Alaska, Arizona, California, Colorado, Hawaii, Idaho, Montana, Nevada, New Mexico, Oregon, Utah, Washington, Wyoming

### Q: What are CARE Families and CARE Groups? How do they relate to each other?

A: The disease-based forecast is based on a proprietary Sg2 model that aggregates patient diagnoses (ICD-9 diagnosis codes) into 202 clinically meaningful categories called CARE Families. CARE Families are split into distinct CARE Groups based on the procedures used to diagnose and treat the disease or condition. Inpatient CARE Groups use procedures defined by groupings of ICD-9 procedure codes, and outpatient CARE Groups use procedures defined by groupings of HCPCS/CPT® codes.

For example, within the inpatient disease-based forecast, the Myocardial Infarction CARE Family is split up into the following CARE Groups:

- Myocardial Infarction—CABG
- Myocardial Infarction—Cardiac Catheterization
- Myocardial Infarction—Diagnostics
- Myocardial Infarction—Major Therapeutic
- Myocardial Infarction—Minor Therapeutic
- Myocardial Infarction—No Procedure
- Myocardial Infarction—PTCA



Impact of Change Disease-Based Taxonomy: Summary of the Relationships between Service Lines, CARE Families and CARE Groups

### Q: Can I get a list of the codes that go into the CARE Families and CARE Groups?

A: Yes. Mapping tables are available in the online **Learning Center**.

## Sg2 Analytics: 2013 Frequently Asked Questions

**Q: How are outpatient procedures grouped?**

**A:** Procedures are Sg2-defined groupings of medical, surgical and diagnostic HCPCS/CPT codes. These are aggregated into 22 broader categories called Procedure Groups. Procedure Groups are further rolled up into 9 Procedure Group Categories.

**Q: How are inpatient procedures grouped?**

**A:** Primary Procedure Codes are aggregated into Sg2-defined groupings called Procedures. Procedures are rolled up into 4 Procedure Groups. Unlike the outpatient structure, inpatient Procedure Groups are not compiled into Procedure Group Categories.

**Q: What are the inpatient Procedure Groups?**

**A:** There are 4 inpatient Procedure Groups:

**Diagnostic:** procedures considered valid operating room procedures by the MS-DRG grouper and are performed for diagnostic reasons, or non-operating room procedures that are performed for diagnostic reasons

**Major Therapeutic:** procedures that are considered to be valid operating room procedures by the MS-DRG grouper and are performed for therapeutic reasons

**Minor Therapeutic:** non-operating room procedures that are performed for therapeutic reasons

**No Procedure:** no procedures performed

**Q: In the inpatient forecast, what determines whether a procedure is Major Therapeutic or Minor Therapeutic?**

**A:** Major Therapeutic procedures are procedures considered to be valid operating room procedures and are performed for therapeutic reasons. Minor Therapeutic procedures are non-operating room procedures that are performed for therapeutic reasons.

**Q: What is the difference between “service area” and “service area set”?**

**A:** “Service area sets” provide you with the flexibility to analyze your data across multiple service area definitions. For example, you may have a different service area set for each hospital in your system or you may have different service area sets for different clinical programs (eg, orthopedics, cardiology). “Service areas” are subsets of a service area set. They are defined by your hospital or system. For example, one service area set may include primary, secondary and tertiary service areas and another service area set may include north, south, east and west service areas. The default service area is also defined by your hospital or system and determines the default view for various online reports.

**Q: Can I define specific service areas for separate service lines?**

**A:** Yes. When data are submitted to Sg2 in a relational file, you can define as many service areas as you would like. Once the data are submitted, you cannot change definitions of specific service areas on the fly. However, you can use the drill-down tool and filter by specific zip codes.

**Q: What sites of care and types of utilization are included in the outpatient disease-based forecast?**

**A:** The outpatient disease-based forecast looks at all non-inpatient claims including ED, Home, Hospital OP/ASC, Office/Clinic, SNF, Urgent/Retail and Virtual sites.

Utilization that is being captured across these sites of care include advanced imaging, standard imaging, diagnostics, oncology services, evaluation and management visits, urgent and emergent visits, procedures and rehab.

Examples of utilization that are not contained within the outpatient forecast include lab results, pathology reports, injections, durable medical equipment, anesthesia, transportation and bundled add-on codes.

## Sg2 Analytics: 2013 Frequently Asked Questions

**Q: How do I view all of the cancer volumes within the disease-based forecast?**

**A:** By selecting the Cancer service line within the disease-based forecast, you can view the forecast by tumor type (eg, prostate, breast, colorectal).

**Q: Does Sg2's Impact of Change forecasting methodology take into account health reform?**

**A:** Yes. The Impact of Change model accounts for health reform via the Payment and Policy impact factor. In developing the forecast, Sg2's experts consider how provisions included in health reform legislation—such as coverage expansion, support for accountable care organizations, bundled payment initiatives/pilots, penalties for readmissions and publicly funded prevention and wellness initiatives—will impact inpatient and outpatient utilization over the next decade.

**Q: How are the different Value Index metrics weighted and why?**

**A:** The weighting for each of the 4 factors that contribute to the Value Index has been determined by Sg2's clinical experts. These weights differ by service line, disease and peer group. Individual weights reflect the relevance of the given metric to value measurements for the service line or disease of interest. For example, cost per case is weighted more heavily for the Orthopedic service line than the General Medicine service line. Additionally, the rate of potentially avoidable admissions is weighted more heavily for General Medicine than for Orthopedics. For a full table of metric by metric weightings, please refer to the Sg2 Value Index Methodology document found in the online Learning Center.

**Q: What are potentially avoidable admissions (PAAs)?**

**A:** PAAs represent a select set of conditions that are sensitive to care in the ambulatory setting. This set of conditions contains 13 defined by the Agency for Healthcare Research and Quality, as well as 11 defined by Sg2 clinical experts. The severity of these conditions would not have become elevated or elevated to a point requiring hospitalization if these conditions were appropriately managed in the ambulatory setting. They are meant to reflect care delivered in the community and should not be used to identify patients who can be diverted away from the inpatient setting or who do not meet admission criteria. For more information, see the Sg2 Value Index Methodology document found in the Learning Center.

**Q: What is the length of stay index (LOS)?**

**A:** The LOS index removes the "mix effect" that can skew traditional LOS calculations. This is done by indexing the LOS for all patients to the geometric mean LOS, as defined by the Centers for Medicare and Medicaid Services (CMS). A value of 1.2, for example, indicates that the hospital's LOS is 20% higher than the geometric mean LOS. Leading practice organizations typically have LOS indices less than 1. For more information, see the Sg2 Value Index Methodology document found in the Learning Center.

**Q: What is the Wage-Adjusted, Mix-Adjusted Direct (WAMAD) Cost per Case?**

**A:** WAMAD cost per case measures the costs directly attributed to each patient's care during an inpatient stay. The calculation is wage-adjusted utilizing the Medicare wage index to account for regional wage variation. Different formulas are used depending on whether the wage index is  $>1$  or  $\leq 1$ . The calculation is also mix-adjusted by dividing each patient's direct cost by the Medicare relative weight factor for the DRG assigned to the patient after discharge. It does not include depreciation or fixed and variable overhead cost allocations. For more information, see the Sg2 Value Index Methodology document found in the Learning Center.

## Sg2 Analytics: 2013 Frequently Asked Questions

**Q: What are 30-day readmissions?**

**A:** A 30-day readmission is defined as a patient who enters, is discharged from and reenters the same hospital within a timeframe of 30 days. Sg2 risk adjusts 30-day readmissions in order to compare hospitals with different patient populations. Without the risk adjustment, it is difficult to know if a high readmission rate is due to poor performance or higher-risk patients. Sg2 measures readmissions for all patients (not just Medicare patients), as well as all diseases and DRGs (not just congestive heart failure, acute myocardial infarction and pneumonia, as reported on the Hospital Compare Web site). For more information, see the Sg2 Value Index Methodology document found in the Learning Center.

**Q: How are benchmarks produced?**

**A:** In the Organization Performance module, your organization is benchmarked relative to hospitals with a similar bed size and teaching status. These peer groups provide meaningful comparisons to hospitals with similar operating footprints. Benchmarks for readmissions and financial data were derived from a 135 hospital database of Sg2 clients, whose data have been screened to ensure reliability. Benchmarks for length of stay, mortality rates, and potentially avoidable admissions rates were derived from a 389 hospital sample of the Healthcare Cost and Utilization Project's Nationwide Inpatient Sample. Both data sets contain discharges from the 2010 calendar year, for a total of 524 data sets containing 2010 data. The Nationwide Inpatient Sample is the largest all-payer inpatient database in the US and contains data from approximately 8 million hospital stays per year. Sg2 uses the hospitals in the database whose bed size and teaching status can be determined. For more information, including specific hospitals located in each peer group, see the Sg2 Value Index Methodology document found in the Learning Center.

**Q: Can I get a full definition for readmission exclusions criteria, PAA rate calculations and PAA flagging?**

**A:** Yes. Contact your organization's Director of Strategic Analytics for a full list of codes.