

FINANCE COMMITTEE MEETING
*(BOARD MEETING WITH RESPECT TO
BOARD MEMBERS ON THE COMMITTEE)*

**Posted
E-Mailed
Faxed
November 30, 2007**

Tuesday, December 4, 2007
5:30 p.m. (Dinner via café line for Committee Members & Invited Guests *Only*)
6:00 p.m. Meeting

Pomerado Hospital
15615 Pomerado Road, Poway, CA
Meeting Room E

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER.....	.....	.....	6:00 p.m.
➤ Public Comments.....	5	.....	6:05 p.m.
➤ Information Item(s)			
• Status of RAC Audits	.....10	.....	6:15 p.m.
• Status of Rating Agency Reviews			
• Potential Change of Membership Term for ICOC			
1. * Approval: Minutes – Tuesday, September 25, 2007.....	5	.....Ag2	6:20 p.m.
2. Review: Health Development Update (<i>Addendum A</i>).....	15	.....Ag3	6:35 p.m.
3. * Review/Approval: Revised Resolution Re: New Deposit Account with JP Morgan Chase Manhattan Bank (<i>Addendum B</i>).....	5	.....Ag4	6:40 p.m.
4. * Review/Approval: Agreements w/Physicians or Physician Groups.....	10	.....	6:50 p.m.
• Retail Health Clinics Professional Svcs & Medical Director Agreement – PIMG, Inc., dba Centre for Healthcare Medical Associates – PPH expresscare Peñasquitos.....		.... Ag5-8	
• Independent Contractor Agreement – California Emergency Physicians (CEP) – PMC & POM Wound Care/HBOT.....		.. Ag9-13	
• Professional Svcs Agmnt – California Emergency Physicians (CEP) – PMC & POM Emergency Services.....		Ag14-17	
• Adult Medicine & Skilled Nursing Facility Hospitalist Svc Agmnt – Neighborhood Health Care.....		Ag18-22	
5. Review: Recap of Legal Firms Engaged by PPH Over the Past Year.....	10	.....Ag23	7:00 p.m.
6. * Review/Approval: Matters Related to the 2007 GO Bond Issuance.....	10	.....Ag24	7:10 p.m.
7. * Review/Approval: Purchase of a Share of VHA Stock by PPHF.....	15	.....Ag25	7:25 p.m.
8. * Approval: Nominations for Chair, Vice-Chair and Secretary of ICOC.....	5	.....Ag26	7:30 p.m.
9. * Approval: FY2007 Incentive Compensation Outcome.....	15	Ag27-28	7:45 p.m.
10. * Approval: October 2007 & YTD FY2008 Financial Report (<i>Addendum C</i>).....	20	.....Ag29	8:05 p.m.
FINAL ADJOURNMENT			8:05 p.m.

**NOTE: If you have a disability, please notify us 72 hours
prior to the event so that we may provide reasonable accommodations.**

Minutes
Finance Committee – October 30, 2007

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, October 30, 2007, will be submitted for approval under separate cover.

Budget Impact: N/A

Staff Recommendation: Staff recommendation will be made at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Update on the Current State of PPNC Health Development

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Bradley Wiscons, Director of Grant Services, PPNC Health Development

Background: The staff of PPNC Health Development wishes to provide the Committee with an update on the growth and activity that has been undertaken over the past year by Health Development, including total grant dollars managed, an update on the new division of the Research Institute, a review of the ongoing progress of the MAA program, and the Health Development Strategic Plan. (See *Addendum A*).

Budget Impact: None – For information only.

Staff Recommendation: None – For information only.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**Authorized Individuals and Enabling Resolutions
for a Metropolitan Life Insurance Company Deposit Account
with JP Morgan Chase Manhattan Bank**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Bob Hemker, CFO

Background: Palomar Pomerado Health (“PPH”) has entered into an Agreement with Metropolitan Life Insurance Company (“MetLife”) relating to the payment of benefits under the PPH Employee Benefits Plan. A part of that Agreement requires that PPH open an account with JP Morgan Chase Manhattan Bank (the “Bank”), with withdrawals therefrom to be subject to the direction of MetLife.

At the November 12, 2007, meeting, the Board adopted Resolution 11.12.07 (04) 16, memorializing the authorizations for PPH and MetLife with regard to the opening and maintenance of the Palomar Pomerado Health Dental Benefits Account (the “Account”). The Bank reviewed that Resolution after adoption and realized that revisions made by PPH and MetLife inadvertently assigned duties to officers of PPH instead of to officers of the Bank. A corrected Resolution and a redline illustrating the changes are presented for review and approval (*Addendum B*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the revised PPH Resolution Re: Authorized Individuals and Enabling Resolutions for a Metropolitan Life Insurance Company Deposit Account with JP Morgan Chase Manhattan Bank.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**PALOMAR POMERADO HEALTH *expresscare*-Penasquitos
MEDICAL DIRECTOR – Administrative Oversight/Quality Assurance**

TO: Board Finance Committee

MEETING DATE: Tuesday, November 27, 2007

FROM: Sheila Brown, BSN, MBA, FACHE; Chief Clinical Outreach Officer
Stonish Pierce, MHA; Manager, Clinical Outreach Services

BACKGROUND: PPH is the owner and operator of retail-based health clinics known as PPH *expresscare* whereby Nurse Practitioners practice independently while working in collaboration with board certified physicians. As a norm in this emerging segment of the health care industry, physicians are typically available on an on-call basis during regular operating hours to respond to any questions or inquiries that Nurse Practitioners may have and/or when presenting patients should be referred to more appropriate levels of care. Physician oversight and program involvement is further recommended in the guidelines referenced by several medical professional societies (AAFP, AMA, AAP) to ensure evidence-based and quality improvement oriented medicine, to ensure that the scope of services remains limited, to ensure that a consistent referral process remains in place and a team-based approach with community physicians is emphasized to support continuity of care.

BUDGET IMPACT: \$2,000 monthly

STAFF RECOMMENDATION: Staff recommends that PPH sign the *Retail Health Clinics Professional Services & Medical Director Agreement* with PIMG, Inc. (dba Centre for Healthcare Medical Associates) to assist in quality assurance, ensure that physicians are available during normal operating hours to respond to Nurse Practitioner inquiries and ensure that a dedicated physician provides administrative oversight (i.e. review of patient records, regular clinic visits) on a continuous basis to Family Nurse Practitioners working in the system's *expresscare* health centers.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
Recitals	TITLE	<i>Retail Health Clinics Professional Services and Medical Director Agreement</i>
Recitals	AGREEMENT DATE	November 1, 2007
Recitals	PARTIES	Palomar Pomerado Health dba PPH expresscare and PIMG, Inc. dba Centre for Healthcare Medical Associates
Recitals A-F	PURPOSE	PPH is the owner and operator of retail-based health clinics known as PPH <i>expresscare</i> whereby Nurse Practitioners practice independently while working in collaboration with board certified physicians. The physicians are available on an on-call basis during regular operating hours to respond to any questions from the Nurse Practitioners.
Recitals	SCOPE OF SERVICES	To provide medical oversight and supervision of nurse practitioners who are responsible for diagnosing, treating, and providing education about, common illnesses and minor injuries; administering vaccinations; and performing routine physical examinations and testing in the PPH <i>expresscare</i> health centers.
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
4.1	TERM	3 years (November 1, 2007 – October 31, 2010)
	RENEWAL	Both parties will have the option to discuss renewal of this Agreement following the end of the initial term. Any failure by PPH to request an additional term or refusal by Medical Group to accept an additional term shall not affect the parties' duties and obligations during the Initial Term of this Agreement.
4.2-4.3	TERMINATION	Either party shall have the right to terminate this Agreement without cause upon not less than ninety (90) days prior written notice to the other party. This Agreement may be terminated pursuant to any of the following: Mutual Agreement, Material Breach, Termination with or without Cause and Special Termination.
Please see attachments	COMPENSATION METHODOLOGY	Fair Market Value Assessment of the Agreement by an independent human resources consulting firm was performed.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> No – IMPACT:
1.9	EXCLUSIVITY	<input type="checkbox"/> No <input checked="" type="checkbox"/> YES – EXPLAIN: In consideration of the provisions of and payment for services under this Agreement, Medical Group and its participating physicians shall not, for a period of one year immediately following termination or expiration of this agreement directly or indirectly own, manage, operate, participate in, consult with or work for any other retail clinic operator or in any way compete with PPH in the provision of retail-based health clinic services. PPH will provide medical group with first right of refusal for any retail clinic ventures for the geographic areas included in zip codes 92036, 92064, 92065, 92127-28, 92129.
	JUSTIFICATION	Medical and program oversight of nurse practitioners is required by law.
	AGREEMENT NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> No Methodology & Response:
	ALTERNATIVES/IMPACT	There are no alternatives for physician oversight of Nurse Practitioners working in retail-based clinics.
	DUTIES	<input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement <input checked="" type="checkbox"/> Provision for participation in budget process development
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee Finance <input checked="" type="checkbox"/> BOD

RETAIL HEALTH CLINICS
PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT

This *Retail Health Clinics Professional Services and Medical Director Agreement* (“Agreement”) is made and entered into effective November 1, 2007 by and between **Palomar Pomerado Health**, a local health care district organized pursuant to Division 23 of California Health and Safety Code (“PPH”) and PIMG, Inc. dba **Centre For Healthcare Medical Associates** (“Medical Group”).

R E C I T A L S

A. PPH is the owner and operator of PPH *expresscare*-Penasquitos, a PPH outpatient clinic, located at 14340 Penasquitos Drive, San Diego, California (“Clinic”).

B. Hospital wishes to develop and institute retail-based health clinics, to be known as *expresscare* Clinics (the “Program”) to provide routine, primary health care services to current patients, PPH employees, retail partner employees and other individuals seeking convenient, non-emergent healthcare services rendered by Nurse Practitioners.

C. Medical Group is qualified and licensed to practice medicine in the State of California, is experienced and qualified in the specialized field of Family Practice or Emergency Medicine, and it’s designated Medical Director (administrative duties with no patient contact) and non-ambulatory participating physicians are members of the Medical Staff of Hospital (“Medical Staff”). The ambulatory participating physicians of the Medical Group that are not required to meet the Medical Staff membership requirements are hereby referenced in Exhibit D of this Agreement.

D. PPH will operate the Clinic as an outpatient department of the Hospital, pursuant to the (“Hospital Department”), and such Program shall consist of facilities licensed by PPH, equipment owned by PPH and staffed by PPH employees.

E. PPH desires to retain Medical Group as an independent contractor to provide medical oversight services to Nurse Practitioners, assist with clinical protocol development, conduct weekly patient record reviews and Clinic site visits through the Program (“Professional Services”) and participate in the interviewing, training and ongoing education to Nurse Practitioners.

F. PPH also desires to retain Medical Group as an independent contractor to provide certain administrative services (“Administrative Services”), including consultation and medical director services required for the proper development and operation of the Program. PPH has determined that this arrangement will enhance the Program’s organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Program’s providers and users.

G. PPH and Medical Group acknowledge and agree that this Agreement shall supersede any and all agreements that have been entered into by the parties previously for the provision of services identified under this Agreement.

H. It is the intent of both PPH and Medical Group that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply

with all applicable requirements of any applicable “safe harbor” or exception to Stark I and II including, but not limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and the Ethics in Patient Referral Act.

THEREFORE, THE PARTIES AGREE:

I. MEDICAL GROUP RESPONSIBILITIES

1.1 Professional Services. As part of the Program, Medical Group shall provide medical oversight Services to Nurse Practitioners. Medical Group shall be *available* for 10 hours per month to perform Medical Director duties which may include, but not be limited to reviewing patient records, conducting clinic site visits and responding to Nurse Practitioner inquiries, as necessary to ensure the delivery of quality care. Medical Group agrees to provide on-call services during the normal clinic hours of Monday through Friday from 9:00 AM to 9:00 PM, Saturdays from 9:00 AM to 5:00 PM and Sundays from 10:00 AM to 6:00 PM. Hours are subject to change to accommodate Clinic scheduling needs and meet patient demand. Medical Group agrees to cooperate with PPH in setting Physician’s work schedule to maximize operations at the Clinic.

1.2 Maintenance of Records. Medical Group shall cooperate fully with PPH by maintaining and making available all necessary records and Time Reports (as defined herein) in order to ensure that PPH will be able to meet all requirements for participation in government programs or private third-party payors and for obtaining payment from those sources.

1.3 Assignment of Payments. Medical Group shall assign to PPH all rights to receive payments for the Professional Services provided by Medical Group under this Agreement. If any payments or reimbursements are not automatically assigned to PPH through the establishment of formal assignments under applicable government and commercial programs, Medical Group shall directly remit all such payments to PPH. Medical Group shall execute the Assignment Agreement set forth in **Exhibit A**, and Medical Group agrees to complete any other documentation or applications that may be required to effectuate automatic assignments under all applicable government and commercial payor programs.

1.4 Professional Standards. Medical Group shall, throughout the term of this Agreement, comply with the following:

(a) **License/Participation.** Medical Group participating physician(s) shall maintain licenses or certifications to practice medicine in the State of California without interruption;

(b) **Certification.** Medical Group participating physician(s) shall maintain Board Certification or Board Eligibility for Family Practice or Emergency Medicine with the applicable accreditation agency without interruption;

(c) **Medical Staff.** Medical Group participating physician(s) shall be member(s) in good standing of PPH’s Medical Staff and shall comply with all applicable standards and recommendations of the Joint Commission throughout the term of this Agreement;

**Independent Contractor Agreement
Palomar & Pomerado Wound Care & Hyperbaric Oxygen Treatment**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Sheila Brown, FACHE; Chief Clinical Outreach Officer
Ann Moore, Director of the Palomar and Pomerado Wound Care Centers

BACKGROUND: To provide Medical oversight for Pomerado Wound Care/Hyperbaric Oxygen Treatment (HBOT) and Palomar Wound Care/HBOT. PPH desires to engage the California Emergency Physicians (CEP) as an independent contractor to provide medical oversight and coverage with respect to the Pomerado Wound Care/HBOT and Palomar Wound Care/HBOT and believes that the following can be achieved if Practitioner assumes such responsibility as set forth in this Agreement: This will enhance the organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among providers and user of the Program.

BUDGET IMPACT: \$75,600 annually for physician coverage at the Pomerado Wound Care/HBOT and Palomar Wound Care/HBOT.

STAFF RECOMMENDATION: Staff recommends that PPH sign the CEP agreement to ensure that physicians are available for medical oversight for the Pomerado Wound Care/HBOT and Palomar Wound Care/HBOT.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Medical Director for the Palomar and Pomerado Wound Care Centers
	AGREEMENT DATE	October 1, 2007
	PARTIES	1) PPH 2) California Emergency Physicians (CEP)
Recitals E	PURPOSE	To provide Medical oversight for Pomerado Wound Care/Hyperbaric Oxygen Treatment (HBOT) and Palomar Wound Care/HBOT
Exhibit A	SCOPE OF SERVICES	PPH desires to engage Group as an independent contractor to provide medical oversight and coverage with respect to the Pomerado Wound Care/HBOT and Palomar Wound Care/HBOT and believes that the following can be achieved if Practitioner assumes such responsibility as set forth in this Agreement: This will enhance the organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among providers and user of the Program.
	PROCUREMENT METHOD	<input type="checkbox"/> Request for Proposal <input checked="" type="checkbox"/> Discretionary
5.1	TERM	October 1, 2007 through September 30, 2010
	RENEWAL	There is no automatic renewal of this agreement.
5.3 5.4 5.5	TERMINATION	Either Party may terminate this Agreement immediately with cause or without cause, expense or penalty, effective thirty (30) days after written notice of termination is given to the other Party.
2.1	COMPENSATION METHODOLOGY	Monthly payment will be made with supporting documentation of the prior month's time records.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO - IMPACT: None.
	EXCLUSIVITY	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: Related to Wound Care and HBOT
	JUSTIFICATION	Medical H&P and follow-up is a requirement for Wound Care services.
	POSITION NOTICED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO METHODOLOGY & RESPONSE: Current Medical Director Scope of Service was extended to cover the Palomar Wound Care Center in San Marcos.
	ALTERNATIVES/IMPACT	Proceeding without this arrangement would cause lack of medical support for medically compromised patients in the Wound Care Program.
Exhibit A	DUTIES	<input checked="" type="checkbox"/> PROVISION FOR STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR MEDICAL STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR PARTICIPATION IN QUALITY IMPROVEMENT
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

WOUND CARE AND HYPERBARIC AGREEMENT

by and between

PALOMAR POMERADO HEALTH,
a local healthcare district

and

CALIFORNIA EMERGENCY PHYSICIANS
October 1, 2007

WOUND CARE AND HYPERBARIC AGREEMENT

THIS agreement with CALIFORNIA EMERGENCY PHYSICIANS (Group) FOR THE POMERADO WOUND CARE/HYPERBARIC OXYGEN THERAPY (HBOT) AND PALOMAR WOUND CARE/HYPERBARIC OXYGEN THERAPY (HBOT) (“Agreement”) is entered into as of October 1, 2007, by and between Palomar Pomerado Health, a local health care district organized under Division 23 of the California Health and Safety Code (“PPH”), and the California Emergency Physicians Group. PPH and Group are sometimes referred to in this Agreement individually as a “Party” or, collectively, as the “Parties.”

RECITALS

A. Among other things, PPH owns and operates an acute care hospital, known as Pomerado Hospital, located at 15615 Pomerado Road, Poway, California 92064 and Palomar Medical Center, located at 555 E. Valley Parkway, Escondido, CA 92025 (“PPH”).

B. Group is a medical group composed of physicians (“Practitioner”) who are licensed to practice medicine in the State of California, board certified for the practice of Emergency Medicine, Family Practice, Internal Medicine, or Surgery and are either certified or preparing to certify in the specialty of Wound Care and either certified or preparing to certify in Hyperbaric Medicine, and a member in good standing of PPH’s medical staff (the “Medical Staff”).

C. PPH desires to engage Group as an independent contractor to provide medical oversight with respect to the Pomerado Wound Care/HBOT and Palomar Wound Care/HBOT and believes that the following can be achieved if Practitioner assumes such responsibility as set forth in this Agreement: This will enhance the organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among providers and user of the Program.

D. All Practitioners provided by Group will have the following qualifications and expertise to provide the services described in this Agreement: eligibility for Board Certification in either Emergency Medicine, Family Practice, Internal Medicine, or Surgery, engaged in preparation for subspecialization examinations in wound care and will have completed an approved forty hour training course for supervision of hyperbaric therapy. After establishing Board Eligibility in Hyperbaric Medicine for either the American College of Hyperbaric Medicine or the Undersea and Hyperbaric Medicine Society (two years of hyperbaric medicine practice), all practitioners provided by Group will sit for the examination for Board Certification by one of the two aforementioned certifying entities, within the two years of achieving eligibility.

E. PPH has considered the following factors in determining the necessity and amount of compensation payable to Group pursuant to this Agreement:

1. The nature of Practitioner’s duties set forth in Exhibit A, which is attached hereto and incorporated herein.

2. Practitioner's qualifications as described herein.
3. The difficulty in obtaining a qualified physician to provide the services described in this Agreement.
4. The benefits to PPH and the surrounding community resulting from Group's performance of the services described in this Agreement.
5. The economic conditions locally and in the health care industry generally.

AGREEMENT

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I. **GROUP'S OBLIGATIONS**

1.1 Group Services. Group, through its Practitioners shall provide to PPH those services set forth in Exhibit A ("**Practitioner Services**"), upon the terms and subject to the conditions set forth in this Agreement. Group shall ensure that all Practitioner Services are performed when and as needed, but shall also perform any Practitioner Services when and as requested by PPH from time to time.

1.2 Time Commitment. Group shall devote whatever time is necessary to ensure high-quality medical services for the wound care and hyperbaric treatment; provided, however, that Group shall perform Practitioner Services a maximum of twenty (35) hours per month. Group shall allocate time to Practitioner Services as reasonably requested by PPH from time to time. Medical Director not to exceed 20 hours per month. Associate Medical Director not to exceed 15 hours per month.

1.3 Availability. On or before the first (1st) day of each month, Group shall inform PPH of Practitioner's schedule and availability to perform Practitioner Services during that month. Group shall use its best efforts to adjust such schedule of availability if reasonably requested by PPH in order to meet the needs of PPH for Practitioner Services.

1.4 Personal Services; Absences. This Agreement is entered into by PPH in reliance on the professional and administrative skills of Group and its Practitioners. Except as otherwise provided in this Agreement, Group shall be solely responsible for performing Practitioner Services and otherwise fulfilling the terms of this Agreement; provided, however, that if Practitioner is temporarily unable to provide Practitioner Services due to illness, disability, continuing education responsibilities, or vacation, subject to the prior written approval of PPH Group may select a designee Physician to perform the duties of Practitioner in the Practitioner's absence. The designee shall meet all of the same qualifications as specified herein for Practitioner and Practitioner shall ensure that any such designated replacement meets any and all qualifications, obligations and requirements of Practitioner under this Agreement. Group shall be solely responsible for compensating and making any tax filings or withholdings with respect to any designated replacement providing Practitioner Services on Practitioner's behalf. If the length of Practitioner's absence is anticipated by PPH to be or actually is longer than sixty (60)

**PALOMAR POMERADO HEALTH
PROFESSIONAL SERVICES AGREEMENT
EMERGENCY SERVICES**

TO: Board Finance Committee
MEETING DATE: Tuesday, December 4, 2007
FROM: Kim Colonnelli, RN, SLA for Emergency, Trauma & Forensics

BACKGROUND: California Emergency Physicians (CEP) provides exclusive Emergency professional services to Palomar Medical Center (PMC) and Pomerado Hospital (POM). CEP has provided services to PPH for a number of years and has been responsive to the medical staff and health district in meeting the clinical needs of its patients.

The medical director and group physicians have been supportive of operational efforts to streamline throughput and reduce door-to-provider times in both emergency departments.

The current agreement was reviewed by contracting with no recommended changes.

This agreement represents a renewal of the exclusive agreement for an additional five years.

BUDGET IMPACT: January 1, 2008 – June 30, 2011

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Professional Services and Medical Director Agreement
	AGREEMENT DATE	January 1, 2007
Exhibit C	PARTIES	California Emergency Physicians and PPH
	PURPOSE	To provide emergency services coverage at Palomar Medical Center and Pomerado Hospital.
Recitals, A	SCOPE OF SERVICES	Professional medical coverage 24 hours per day, 365 days per year at PMC and POM.
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
8.1	TERM	January 1, 2007 through June 30, 2011 (five years)
	RENEWAL	None
8.2	TERMINATION	For cause as defined in the agreement
	COMPENSATION METHODOLOGY	None
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> No – IMPACT:
	EXCLUSIVITY	<input type="checkbox"/> No <input checked="" type="checkbox"/> YES – EXPLAIN: Hospital based physician
	JUSTIFICATION	Required for the operation of the emergency department
	POSITION POSTED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> No Methodology & Response:
	ALTERNATIVES/IMPACT	N/A
	Duties	All included <input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement
	COMMENTS	This is an update of the previous agreement.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee Finance <input checked="" type="checkbox"/> BOD

EMERGENCY DEPARTMENT AGREEMENT

THIS EMERGENCY DEPARTMENT AGREEMENT ("Agreement") is entered into and executed as of February 1, 2007 ("Effective Date"), by and between the PALOMAR POMERADO HEALTH, a local health care district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), and CALIFORNIA EMERGENCY PHYSICIANS, a California general partnership ("CEP"), with respect to the following facts:

RECITALS

- A. PPH is the owner and operator of two general acute care hospitals, Palomar Medical Center, located at 555 East Valley Parkway, Escondido, California ("Palomar") and Pomerado Hospital, located at 15615 Pomerado Road, Poway, California ("Pomerado"). (Palomar and Pomerado are sometimes collectively referred to herein as ("Hospital.") As part of each Hospital's facilities, PPH operates an emergency department (collectively, "Department") which provides basic emergency medical services to patients of each Hospital and a 23-hour observation unit.
- B. CEP is a California general partnership duly organized and qualified to practice medicine under the laws of the State of California, whose physician providers are duly qualified and licensed to practice medicine in the State of California and are experienced in the operation of emergency room facilities and the rendition of emergency medical care.
- C. CEP administers a residency program within the Department which is affiliated with the Regents of the University of California (the "Residency Program").
- D. PPH desires to retain CEP as an independent contractor to provide, on an exclusive basis through its Physicians, certain administrative services and professional medical services in the operation of the Department and has determined that this proposed arrangement with CEP will enhance the Department's and Hospital's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Department's providers and users.
- E. In recognition of the valuable contribution that the Residency Program makes to PPH's patient care and educational objectives, and as payment for the costs associated with administering the Residency Program, PPH desires to compensate CEP for the administrative services that CEP has provided and will continue to provide in connection with the Residency Program.
- F. PPH and CEP acknowledge and agree that this Agreement shall supercede the agreements previously entered into by the parties for the provision of administrative services and professional medical services in the Department.
- G. It is the intent of both Hospital and CEP that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply with all applicable requirements of any applicable "safe harbor" or exception to

Stark I and II including, but in no way limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and in the Ethics in Patient Referral Act.

H. The parties to this Agreement desire to enter into this Agreement in order to provide a full statement of their respective responsibilities in connection with the operation of the Department during the term hereof.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual promises contained herein, the parties agree as follows:

1. Hospital Responsibilities.

1.1 During the term hereof, Hospital shall make available for the use of the Department the space now occupied by the Department or such space that Hospital in the future deems necessary for the proper and efficient operation of the Department. Hospital shall also furnish to CEP a room in which its physicians may rest or sleep when their services are not otherwise required.

1.2 Hospital shall, within the limits of its Department budget, provide for use in the Department, such equipment, furniture and fixtures as Hospital, after consultation with CEP, deems reasonably necessary for the proper and efficient operation of the Department. CEP acknowledges that the equipment presently available in the Department is adequate for its purposes. Hospital shall maintain such equipment in good working order and repair. The Medical Director (defined below) shall advise Hospital of needed repairs observed by CEP's physicians.

1.3 Hospital shall, within the limits of its Department budget, provide the Department with ordinary utilities and services, including janitor, in-house mail service, laundry, electricity, gas, telephone, water, heat and air-conditioning, together with drugs and expendable supplies, as Hospital, after consultation with CEP, deems reasonably necessary for the proper and efficient operation and conduct of the Department.

1.4 Hospital will be responsible for employing nurses, administrative and other non-physician support personnel necessary, in Hospital's judgment, for the proper and efficient operation of the Department, and will be solely responsible for the salaries and all fringe benefits to which such personnel may be entitled as employees of Hospital and for all related employer's payroll taxes and workers' compensation coverage; provided, however, that Hospital may consult with the Medical Director in the hiring, retention and termination of such personnel.

1.5 Hospital will provide electronic documentation linked to the electronic medical record and the appropriate training thereof for use by CEP within 4 months of implementation date. CEP will partner with Hospital in effective implementation and 100% use by the Group of the electronic documentation system Upon successful installation of an

**PALOMAR POMERADO HEALTH
ADULT MEDICINE AND SKILLED NURSING FACILITY
HOSPITALIST SERVICE AGREEMENT**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

BY: Gerald Bracht, Chief Administrative Officer

BACKGROUND: Neighborhood Healthcare, has provided adult medicine hospitalist services on a 24/7 basis to PPH since 1999 and Skilled Nursing Facility coverage since 2005. The physicians providing coverage under the agreement are well respected by both the medical and hospital staff. Additionally, these physicians serve on multiple hospital committees in support of initiatives to improve patient safety and care and overall operational efficiency.

Compensation was based on an independent fair market survey of comparable programs in the region and provides for competitive salaries to assure the ability to recruit qualified physicians for the service.

Terms of this agreement place certain compensation at risk to be paid as a result of achieving pre-defined quality metrics. The pool of at-risk dollars grows over the term of the agreement, funded from a portion of the annual inflation increase provided for under the agreement.

This agreement represents an extension of the existing relationship for an additional three-year period.

BUDGET IMPACT: No Budget Impact.

STAFF RECOMMENDATION: Approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
Preamble	TITLE	Adult Medicine and Skilled Nursing Facility Hospitalist Service Agreement
Preamble	AGREEMENT DATE	November 1, 2007
Preamble	PARTIES	1) PPH 2) Neighborhood Healthcare
Recitals D	PURPOSE	To provide adult medicine hospitalist services and Skilled Nursing Facility rounding services.
Section 1	SCOPE OF SERVICES	Medicine on-call and rounding professional services for unassigned patients at PPH hospitals and rounding for patients of PPH Skilled Nursing Facilities.
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary Extension of current agreement
4.1	TERM	January 1, 2008 through December 31, 2010
	RENEWAL	None
4.2.1.1 4.2.2	TERMINATION	- Either party may terminate with 90 days written notice. - Either party may terminate immediately for cause as defined in the agreement.
3.1 3.1.2	COMPENSATION METHODOLOGY	Monthly stipend and incentive compensation
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO - IMPACT:
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	Required adult medicine on-call coverage for the emergency room and regulatory requirement to provide medicine rounding of skilled nursing patients.
	AGREEMENT NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – METHODOLOGY & RESPONSE: Announced at Medical Executive Committee of both hospitals
	ALTERNATIVES/IMPACT	Possible integration with a hospital intensivist service.
Exhibit B	DUTIES	<input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement <input checked="" type="checkbox"/> Provision for participation in budget process development
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <u>12/4/07</u> <input checked="" type="checkbox"/> BOD

**ADULT MEDICINE AND SKILLED NURSING FACILITY
HOSPITALIST SERVICE AGREEMENT**

between

**PALOMAR POMERADO HEALTH,
a local health care district**

and

**NEIGHBORHOOD HEALTHCARE
a California non-profit corporation**

November 1, 2007

**ADULT MEDICINE AND SKILLED NURSING FACILITY HOSPITALIST
SERVICE AGREEMENT**

THIS ADULT MEDICINE AND SKILLED NURSING FACILITY HOSPITALIST SERVICE AGREEMENT (“Agreement”) is made and entered into effective November 1, 2007 by and between Palomar Pomerado Health, a local health care district organized pursuant to Division 23 of California Health and Safety Code (“PPH”) and Neighborhood Healthcare, a California non-profit corporation (“NHC”).

RECITALS

A. PPH is the owner and operator of Palomar Medical Center, a general acute care hospital, located at 555 East Valley Parkway, Escondido, California and Pomerado Hospital, located at 15615 Pomerado Road, Poway, California. PPH also owns and operates two Skilled Nursing Facilities, Palomar Continuing Care Center, at 1817 Avenida Del Diablo Escondido, California and Villa Pomerado, which is located on the Pomerado Hospital Campus (“Hospital”). Both Palomar Medical Center and Pomerado Hospital operate a fully licensed and qualified emergency room facility (the “Emergency Room”).

B. Hospital operates an Adult medicine and Skilled Nursing Facilities Hospitalist Program (“Program”).

C. NHC is a California nonprofit corporation duly organized and qualified to provide community clinic services under the laws of the state of California, whose physician providers are duly qualified and licensed to practice medicine in the State of California and experienced in the rendition of adult medicine, family practice and Skilled Nursing Facility care, and have or will obtain medical staff Skilled Nursing Facility and/or internal medicine privileges at Hospital.

D. In connection with the operation of the Program, Hospital must arrange for qualified physicians (“Covering Physicians”) to be available to accept referrals from community physicians for adult medicine and Skilled Nursing Facility patients requiring admission to Hospital (“Adult medicine and Skilled Nursing Facility Hospitalist Services”). Program consists of facilities and equipment owned by Hospital and staffed by Hospital employees.

E. Hospital and NHC acknowledge and agree that this Agreement shall supercede the agreements, if any, previously entered into by the parties for the provision of Adult Medicine and Skilled Nursing Facility Hospitalist Services.

F. It is the intent of both Hospital and NHC that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply with all requirements of any applicable “safe harbor” or exception to the

Stark regulations, including, but in no way limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and in the Ethics in Patient Referral Act.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. NHC RESPONSIBILITIES

1.1 **Community Referrals:** Beginning November 1, 2007, NHC shall arrange for its employed or contracted physicians (hereinafter, the Covering Physicians) to (a) provide On-Call Services to the Emergency Department, 24 hours a day, seven days a week for adult medicine and Skilled Nursing Facility patients. As used in this Agreement, “On-Call Services” mean that a Covering Physician shall be available to provide emergency services (including consultation) to a patient when both (i) an Emergency Department physician on duty considers it necessary that a patient immediately receive the services of a Covering Physician and (ii) that patient is not already under the care of a physician who is available to admit or provide attending services at Hospital (an “Unassigned Patient”). If requested by the Emergency Department attending physician, the Covering Physician must be present in the Hospital or Emergency Department within thirty (30) minutes from the time of phone contact. Further, the Covering Physician shall provide or arrange for the provision of follow-up care or holding orders for any Emergency Department Unassigned Patient if the Covering Physician directly attended to the Unassigned Patient in the Emergency Department, or if the Covering Physician provided telephone consultation to the Emergency Department attending physician. Covering Physician or NHC are not obligated to follow-up other Emergency Department patients, but will see outpatient referrals from the Emergency Department in accordance with Covering Physician’s insurance and office policies and with the Department of Medicine Rules and Regulations; (b) be available 24 hours a day, seven days a week to accept referrals from community physicians for Skilled Nursing Facility patients (“Patients”) requiring admission to Hospital. Covering Physician will act as attending physician for such referred Patients and ensure regular communication with referring physician as to the status of Patients. Covering Physician shall return Patients to care of referring physician upon discharge from adult medicine and Skilled Nursing Facility hospitalist program.

1.2 **Adult Medicine and Skilled Nursing Facility Hospitalist Services:** NHC shall ensure the completion of Adult Medicine and Skilled Nursing Facility Hospitalist Services as outlined in Exhibit “A” attached hereto and made a part of this agreement..

Recap of Legal Firms

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Janine Sarti, General Counsel

Background: Pursuant to a request made at the September 25, 2007, Board Finance Committee meeting, a recap of legal firms engaged by PPH over the past year will be presented.

Budget Impact:

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**Issuance of General Obligation Bonds,
Election of 2004, Series 2007A**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Robert A. Hemker, CFO

Background: The issuance of the General Obligation (GO) Bonds, Election of 2004, Series 2007A, as approved at the November 19, 2007, meeting of the Board of Directors, is in process. Matters relating to rating agency outcomes and pricing will be presented. Action, if any, requiring approval will be presented at the meeting.

Budget Impact: \$250 million tranche on remaining \$416 million GO Bond authorization

Staff Recommendation: Recommendation will be made at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Purchase of a Share of VHA Stock by Palomar Pomerado Health Foundation

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Robert A. Hemker, CFO

Background: VHA, Inc. (“VHA”), a group purchasing cooperative, has agreed to permit Palomar Pomerado Health Foundation (the “Foundation”) to purchase a share (the “Share”) of VHA stock. As a group purchasing cooperative, VHA facilitates the purchase of hospital equipment and supplies at reduced prices by its nonprofit hospital membership. If the Foundation were to purchase the Share, VHA would permit Palomar Pomerado Health (“PPH” or the “Foundation”) to participate in the organization as if it were itself the shareholder.

The source of funding would be through a loan of funds by PPH to the Foundation, under terms and conditions to be negotiated.

Budget Impact: To be provided at the meeting.

Staff Recommendation: Staff recommends approval of the loan of funds by PPH to the Foundation to facilitate the purchase of the Share of VHA stock.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**PPH Independent Citizens' Oversight Committee
Appointment of Officers**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Robert Hemker, CFO

Background: Pursuant to the Policies, Procedures & Guidelines of the PPH Independent Citizens' Oversight Committee (ICOC), the PPH Board of Directors appoints the Officers of the ICOC. At its July 2005 meeting, the PPH Board delegated responsibility for those appointments to the Board Chair and the Finance Committee Chair.

- The terms of office expired on June 30, 2007
- Officers can serve up to three consecutive annual terms

Budget Impact: N/A

Staff Recommendation: Staff recommends that the following incumbent Officers of the ICOC be re-appointed to their currently held offices. If re-appointed, each Officer will be serving a third consecutive term of office.

- **Steve Yerxa, Chair**
- **Bob Wells, Vice-Chair**
- **John McIver, Secretary**

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

FY2007 Incentive Compensation Outcome

TO: Board Finance Committee

MEETING DATE: December 4, 2007

FROM: Bob Hemker, Chief Financial Officer
Brenda Turner, Executive Director, Human Resources

BACKGROUND: The Palomar Pomerado Health incentive compensation plan is composed of three components: market, individual performance and organizational performance as approved by the Board of Directors. Annually, the outcomes of the Plan are reviewed to determine if the organizational performance component has been achieved and an award is to be made pursuant to the plan criteria. In summary, the component of the plan subject to evaluation and discussion is as follows:

Directors and Above

Organizational Performance Award –

- The EBITDA goal must be reached in order for an organizational performance award to be paid.
- If the EBITDA goal is reached, a 5% bonus will be paid.
- Four additional balanced scorecard domain goals will be established each year for the organization. One goal will be established in each of the following domain categories: quality, customer service, work force development and work place development.
- Each domain goal will have a threshold, target and maximum established for it. Threshold on each goal will be worth 1%, target will be worth 2% and maximum will be worth 3%.
- Total payment for accomplishment of domain goals may be 0-12%.
- Total potential organizational performance award would be 17% (5% financial, 3% for each of the domain goals or a total of 12%).
- The directors, executive directors/service line administrators and EMT members are all eligible for the same maximum 17% bonus for organizational performance.
- To be eligible for participation, individuals must be hired by January 1st of the year and must still be actively employed on the payout date.
- Estimated cost impact at time of adoption = \$1,247,000.

Front Line Staff through Manager

Organizational Performance Award –

- A lump sum of up to \$600 will be paid to all eligible employees when the EBITDA goal is obtained.
- The bonus will be based 1/3 on the achievement of the EBITDA goal (\$200), 1/3 on the department's achievement of their financial target (\$200) and 1/3 on a goal from one of the remaining organizational balanced scorecard domains (\$200).
- The balanced scorecard domains include quality, customer service, work force development and work place development. This goal will be determined by EMT at the beginning of each fiscal year and communicated to employees.
- To be eligible for organizational performance award, employees must:

FY2007 Incentive Compensation Outcome

- be hired on or before 4/1 of each year,
 - be employed on the date of award,
 - have no written disciplinary actions during the fiscal year,
 - be in a full-time, part-time or per diem employment status. Per diems with over 1,000 worked will be eligible for the full bonus; per diems with 500-1,000 hours worked will be eligible for \$300 bonus (half); per diems with less than 500 hours worked are not eligible to participate.
- Estimated cost impact at time of adoption = \$1,162,000.

Management will present information for consideration in determining achievement of the Organizational Performance Award criteria at the meeting.

BUDGET IMPACT: TBD

STAFF RECOMMENDATION: At the Board HR Committee meeting on November 20, 2007, Staff recommended awarding PPH incentive compensation for FY2007 based on threshold performance level, and the Board HR Committee voted to recommend approval to the Board Finance Committee.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

October 2007 & YTD FY2008 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, December 4, 2007

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for October 2007 and YTD FY2008 are submitted for the Finance Committee's approval (*Addendum C*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time: