

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

**Posted, Faxed
and Mailed (US & E-mail)
FRIDAY
APRIL 20, 2007**

Tuesday, April 24, 2007
5:30 p.m. (Buffet Dinner for Committee Members & Invited Guests Only)
6:00 p.m. Meeting

Palomar Medical Center
555 East Valley Parkway, Escondido, CA
Graybill Auditorium

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER.....			6:00 p.m.
➤ Public Comments	5		6:00 p.m.
❖ ADJOURNMENT TO CLOSED SESSION.....			6:05 p.m.
<i>~ pursuant to California Government Code §54954.5(h)</i>			
REPORT INVOLVING TRADE SECRET			
<i>Discussion Will Concern Proposed New Service</i>			
<i>Estimated Date of Public Disclosure: March 27, 2007</i>			
~Anticipated Action			
❖ ADJOURNMENT TO OPEN SESSION.....			6:35 p.m.
CALL TO ORDER.....			6:35 p.m.
➤ Action Resulting from Closed Session Discussion, <i>if any</i>	5		6:35 p.m.
➤ Information Item(s)			
• Patient Financial Services Update	5		6:40 p.m.
1. * Approval: Minutes – Tuesday, March 27, 2007 (<i>Addendum A</i>)	5	Ag2	6:45 p.m.
2. Review: Program Follow-up Review	20	Ag3	6:50 p.m.
<i>New Vision Program by SpecialCare Hospital Management</i>			
3. *Review/Approval: Professional Services & Medical Director Agreement.....	20	Ag4-8	7:10 p.m.
<i>Escondido OB/GYN Medical Group, Inc. – Obstetrical Laborist Services</i>			
4. *Review/Approval: Consultant Agreements	20	Ag9	7:30 p.m.
<i>Internal Medicine – Isabel J. Pereira, M.D.</i>			
<i>Internal Medicine – Teja Singh, M.D.</i>			
<i>Internal Medicine – Rodolfo Batarse, M.D.</i>			
5. * Approval: Financial Reports.....	25	Ag10	7:50 p.m.
<i>Financial Briefing Book Scorecard</i>			
<i>March 2007 & YTD FY2007 Financial Report (<i>Addendum B</i>)</i>			
FINAL ADJOURNMENT.....			8:15 p.m.

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

Distribution:
Ted Kleiter, Chairperson
Nancy Bassett, RN
Linda Greer, RN
Marcelo Rivera, MD
Michael Covert, FACHE
Robert Trifunovic, MD
Benjamin Kanter, MD
Bruce Krider, *Alternate*

Bob Hemker
Gerald Bracht
Steve Gold

Tanya Howell, Secretary

Minutes
Finance Committee – March 27, 2007

TO: Board Finance Committee

MEETING DATE: Tuesday, April 24, 2007

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, March 27, 2007, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the Tuesday, March 27, 2007, Board Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**POMERADO HOSPITAL
ADMINISTRATIVE MEDICAL/SURGICAL SERVICES
SPECIAL CARE HOSPITAL MANAGEMENT CORPORATION**

TO: Board Finance Committee
MEETING DATE: Monday, April 24, 2007
FROM: Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer
Susan Linback, R.N., M.B.A., Service Line Administrator, Behavioral Health

Background: At the December 12, 2005, Board of Directors' meeting, the agreement for "The New Vision Program[®]" between SpecialCare Hospital Management Corporation and Pomerado Hospital was approved. This program provides hospital-based inpatient adult emergency medical/surgical stabilization services.

Description: SpecialCare Hospital Management Corporation (SHMC) is a national firm that offers a variety of programs and services specially designed to improve the hospital's financial situation and market share, while offering needed services to the community. SHMC currently has forty-five (45) affiliated client hospitals nationwide, in 12 states.

Current Status: This program has been in operation for 13 months, beginning with the first patient admission on March 5, 2006. Patients are admitted to available beds on the 4th floor Medical Surgical Unit in Pomerado Hospital, treated by the Hospitalist Physicians under Dr. Daniel Harrison's oversight, and managed under recommended New Vision treatment protocols. SHMC provides 3.5 FTE's for intake and coordination of the service.

Upon Jim Flinn's departure, Sheila Brown and Susan Linback assumed oversight of this service. They will present an overview of the one-year program's status.

Staff Recommendation: Information only

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Obstetrical Laborist Professional Services and Medical Director Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, April 24, 2007

BY: Diane Key, Service Line Administrator, Women & Children's Services

BACKGROUND: Obstetrics/Gynecology professional services at Palomar Medical Center (PMC) are currently provided by individual Obstetrics/Gynecology physicians and Certified Nurse Midwives. The current Obstetricians and Midwives at PMC are responsible for approximately 4,400 deliveries per year, approximately 1,700 of which are delivered by Midwives.

Currently, the Midwives at PMC are provided back-up coverage through a professional services agreement with Escondido OB/GYN Medical Group, Inc. (Medical Group). A member of this group assumes the role of Medical Director for the Midwifery program. The Medical Director of the Midwifery program assumes clinical oversight for the prenatal services provided by the midwives and consults on high risk patients at the community clinics associated with PMC. The professional service agreements for Certified Nurse Midwife back-up, the Medical Director for Midwifery Program, and the ED Obstetric and Gynecology Call Coverage will expire on June 31, 2007.

Based on current research and trends, PPH Obstetrics is seeking to establish an OB Laborist service. The components of the program would include the following:

- 24-hour in-house Laborist coverage
- Medical Director for Midwifery Program
- Medical Director for Laborist Program
- Provision of medical oversight to Prenatal Clinics
- In- house back-up coverage for Midwives for OB patient deliveries
- In-house ED Obstetric and Gynecology Call Coverage 24 hours per day/7 days a week/365 days a year

It is anticipated that the OB Laborist program would improve patient outcomes and satisfaction, decrease length of stay, and increase physician and nursing satisfaction.

PPH initiated a Request for Interest (RFI) which was distributed to all PPH OB/GYN physicians, as well as to other potential parties. The Medical Group responded to the RFI by submitting a proposal to perform OB Laborist Professional Services.

The concept of an OB Laborist service and the recommendation to proceed with an agreement with the Medical Group was presented and approved at the November 21, 2006, Department of OB/GYN meeting.

The agreement calls for professional obstetrical/gynecological medical services provided by the Medical Group to be billed and collected by the Medical Group, as compensation for professional services. PPH would provide compensation for Medical Director services, midwife back-up coverage and ED OB/GYN call coverage. PPH would also be responsible for the billing and collections for the professional component of the obstetrical services provided by the Certified Nurse Midwives.

Obstetrical Laborist Professional Services and Medical Director Agreement

The Medical Group would be responsible for the establishment of an OB Laborist service, for Medical Director oversight for the OB Laborist service and the midwife program, for clinical oversight for the prenatal services provided by the midwives, and for consultations on high risk patients at the community clinics associated with PMC. Additionally, the Medical Group would provide educational opportunities for physicians and hospital staff, participate in planning the new facilities, participate in the annual budgeting process, optimize resource utilization, facilitate the timely discharge of the OB/GYN patients, and work to ensure the clinical effectiveness of services provided by the Departments of OB/GYN.

BUDGET IMPACT: Impact on FY08 budget will be approximately \$509,000.

STAFF RECOMMENDATION: Staff recommends approval of the three-year Professional Services and Medical Director Agreement for OB Laborist Services with Escondido OB/GYN Medical Group, Inc., to be effective beginning on July 1, 2007.

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
7.1	AGREEMENT DATE	July 1, 2007
Preamble	PARTIES	Escondido OB/GYN Medical Group and Palomar Pomerado Health
Recital E	PURPOSE	Administrative services and professional medical services for the OB Laborist program
Exhibit A&B	SCOPE OF SERVICES	Provision of administrative and professional medical services for the OB Laborist program including in-house coverage for midwife inpatients, medical directorship for the OB Laborist service and the midwife program, unassigned Emergency Department OB/GYN patients and medical oversight for prenatal clinic.
	PROCUREMENT METHOD	Request For Proposal <input type="checkbox"/> Discretionary Request for Interest distributed with Escondido OB/GYN Medical Group as the only party responding.
7.1	TERM	Three (3) years
	RENEWAL	Automatic two (2) year renewal
7.2	TERMINATION	Without cause or penalty with no less than 90 days prior written notice, for cause as defined in the agreement
6.1 6.2	COMPENSATION METHODOLOGY	Compensation for administrative services, midwife back-up, unassigned OB/GYN ED coverage and medical oversight for prenatal clinics. Professional medical services billing and collection responsibility of Escondido OB/GYN Medical Group.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: Partial compensation already exists under related agreements which would be put toward this cost, with several agreements being combined in to the OB Laborist Professional Services and Medical Director Agreement.
Exhibit A&B	EXCLUSIVITY	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: Administration recommends single provider group for scope of services to assure consistent administrative oversight and delivery of quality patient care services
	JUSTIFICATION	Required for consistent administrative oversight and professional medical services. To provide OB Laborist services including in-house coverage for midwife patients, medical directorship and coverage for the unassigned Emergency Department and inpatient OB/GYN.
	POSITION POSTED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology & Response: Program and position information included in a Request for Interest memorandum was distributed to all PPH OB/GYN Medical Staff.
	ALTERNATIVES/IMPACT	Alternatives would include hiring of additional midwives 24/7 to handle the increase in clinic deliveries and the recruitment of a new medical group to provide physician back-up coverage for the midwife program and ED OB/GYN on-call coverage. Additionally, midwives are difficult to recruit and the financial impact would exceed the proposed cost of the OB Laborist service.
Exhibit A&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 type="checkbox"/> CAO <input type="checkbox"/> CFO <input type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee Finance <input checked="" type="checkbox"/> BOD

OB LABORIST SERVICES

**PROFESSIONAL SERVICES
AND MEDICAL DIRECTOR
AGREEMENT**

**PALOMAR POMERADO HEALTH,
a local health care district
and
Escondido OB-GYN Medical Group, Inc.**

July 1, 2007

PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT

THIS PROFESSIONAL SERVICES AND MEDICAL DIRECTOR AGREEMENT ("Agreement") is made and entered into effective July 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 Escondido OB-GYN Medical Group, Inc., a California professional corporation ("Medical Group").

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 (referred to herein as "Palomar" or "Hospital").

B. Hospital operates an Obstetrical Unit that provides comprehensive twenty-four (24) hour obstetrical services for inpatients and outpatients of the Hospital (the "Department").

C. Medical Group is a professional medical corporation whose shareholder(s), employee(s), contracting physician(s) and Medical Directors ("Physicians") are duly qualified and licensed to practice medicine in the State of California, are experienced and qualified in the specialized field of Obstetrical/Gynecology Medicine, and those providing services pursuant to this Agreement are members of the Medical Staff of Hospital ("Medical Staff"). As used in this Agreement, the term "Medical Group" shall include not only the professional medical corporate entity, but its employees, agents, directors, Physicians, contractors and subcontractors.

D. The Department consists of facilities and equipment owned by PPH and/or the Hospital and staffed by PPH employees.

E. PPH desires to retain Medical Group as an independent contractor to provide, through its Physicians and professional medical staff, certain administrative services ("Administrative Services") and professional medical services ("Professional Services") in the operation of the Department and has determined that this proposed arrangement with Medical Group will enhance the Department's and the 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.

F. PPH and Medical Group acknowledge and agree that this Agreement shall supercede the agreements, if any, previously entered into by the parties for the provision of Administrative Services and Professional Services in the Department.

G. 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 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,

INTERNAL MEDICINE CONSULTANT AGREEMENTS

TO: Board Finance Committee

DATE: Tuesday, April 24, 2007

FROM: Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer
Susan Linback, R.N., M.B.A., Service Line Administrator, Behavioral Health

BACKGROUND: Information regarding a request to approve the Internal Medicine Consultant Agreements with Isabel Pereira, M.D., Teja Singh, M.D., and Rodolfo Batarse, M.D., will be presented.

BUDGET IMPACT: No Budget Impact

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

March 2007 & YTD FY2007 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, April 24, 2007

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for March 2007 and YTD FY2007 are submitted for the Committee's approval (*Addendum B*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time: