

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
Pomerado Hospital, Poway, California
Monday, March 15, 2004

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CLOSED SESSION	5:30 p.m.		
ADJOURNMENT TO OPEN SESSION	6:30 p.m.	No reportable action.	
CALL TO ORDER	6:35pm Quorum comprised Directors Berger, Kleiter, Krider, Larson, Rivera and Scofield. Director Bassett absent.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Walden (<i>attached</i>).	Following the reading, and a question from Chairman Larson, Chaplain Walden responded that he was in his seventh year as Director of Pastoral Care. Chairman Larson responded that in his second year as Chairman, it was a privilege to know Chaplain Walden during this period.	
MISSION AND VISION STATEMENTS	<p>The PPH mission and vision statements were read by Director Rivera, as follows:</p> <p><i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i></p> <p><i>The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services.</i></p>		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		

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APPROVAL OF MINUTES		<p>MOTION: by Scofield, 2nd by Kleiter and carried unanimously that the minutes of the February 17, 2004 Regular Board Meeting, and Joint Board Strategic Planning Meetings of January 26, 2004 and December 18, 2003 be approved as submitted. None opposed.</p>	
CONSENT AGENDA	<p>Consent Agenda included Finance Committee action items as follows:</p> <p>Approval of the three-year (April 12, 2004 through April 11, 2007) Medical Director Agreement for Robert Stein, M.D., for the Diagnostic Cardiology Services Program at PMC as revised taking into account Stark provisions under Sec. 4.2.1.1. of Agreement</p> <p>Approval of Hyperbaric Medicine Proposal as an Addition to Pomerado Wound Care Clinic;</p> <p>Approval of Behavioral Medicine Programs Consolidation.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and carried unanimously that the Consent Agenda be approved as submitted.</p> <p>Director Rivera noted that the Medical Director Agreement for Diagnostic Cardiology Services Program at PMC had been submitted through Finance Committee with Stark provisions included as part of legal review. The Agreement, which included these provisions, was submitted for approval.</p> <p>MOTION: by Kleiter, 2nd by Krider and carried unanimously that the Medical Director Agreement for Robert Stein, M.D., as submitted, including Stark provisions, be approved.</p> <p>MOTION: by Kleiter, 2nd by Krider and carried unanimously that the Hyperbaric Medicine Proposal as an Additional to Pomerado Wound Care Clinic be approved as submitted.</p> <p>MOTION: by Kleiter, 2nd by Krider and carried unanimously that Consolidation of the Behavioral Medicine Programs be approved as submitted.</p>	
PRESENTATION	Health Care Advisory Councils	Informational	

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<ul style="list-style-type: none"> ▪ 	<p>On behalf of the Health Care Advisory Councils, Lupe Fierro, Director Community Outreach, provided a Powerpoint presentation assisted by Jane Raditz and Ruth Moskowitz from the Rancho Bernardo and San Marcos HCACs respectively. <i>(Presentation attached)</i> The report provided information on the HCAC Conference held March 5, 2004 at Bernardo Heights Country Club, noting that the original 7 HCACs have been consolidated to 5 Councils (Poway/RB/Diamond Gateway consolidated as of July 1, 2004), Escondido, San Marcos, Ramona/Julian/Borrego/Warner Springs and Pala/Pauma/Valley Center.</p>	<p>Positive comments were provided by Director Scofield who attended the complete session with about 80 others, including Michael Covert as a featured speaker. Chairman Larson also briefly attended, noting that it was an impressive meeting.</p>	
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>James S. Otoshi, M.D., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Scofield, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. None opposed.</p> <p>Directors Larson and Rivera abstained to avoid potential conflict of interest.</p>	
<ul style="list-style-type: none"> ▪ 			
Escondido Surgery Center			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>L. Richard Greenstein, M.D., Medical Director, presented requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. None opposed.</p> <p>Directors Larson and Rivera abstained to avoid potential conflict of interest.</p>	

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Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>Alan J. Conrad, M.D., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. None opposed.</p> <p>Directors Larson and Rivera abstained to avoid potential conflict of interest.</p>	
<ul style="list-style-type: none"> ▪ Application Fees 	<p>Alan J. Conrad, M.D., on behalf of Pomerado Executive Committee submitted a recommendation for an increase in Pomerado Application Fees to the effect that the non-refundable application fee for Pomerado Hospital be increased to \$350.00 and that a reappointment fee of \$50.00 per applicant (one or both hospitals) be instituted for Pomerado Hospital based on changes approved for PMC in December, 2003. Increased fees will be used to help offset the cost of hiring an additional employee to assist with credentialing functions.</p>	<p>MOTION: by Kleiter, 2nd by Krider and carried to approve the increase in Application Fees for Pomerado Hospital, as submitted. None opposed.</p>	
Administrative			
Chairperson - Palomar Pomerado Health Foundation	<p>Mary Evert, Chairperson of Palomar Pomerado Health Foundation, relayed that over \$5.5 million in cash and gifts had been received since July 1, 2003. Congratulations to staff although she stated that they are not finished yet. \$50,000 in the form of two grants had also been received from the SD affiliates of the Susan B. Komen Cancer Foundation. Two Ambassador programs were launched in Escondido and the Penasquitos/Rancho Bernardo/Poway area on February 27 and 5 March when between 50-60 people attended. A full "kick-off" was planned for June. Mary Evert then referred to the Chairman's Council and new member, Mark Baker of</p>	<p>Chairman Larson thanked Mary Evert for her informative and positive report regarding the Foundation.</p>	

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	Baker Electric, a long-time Escondido family business with a connection to PMC, his company having done work for the hospital many years ago. Three new community members were also on the Foundation roster. Ms Evert thanked the Board for including her report in their meeting.		
Chairman of the Board - Palomar Pomerado Health	Alan W. Larson, M.D.		
<ul style="list-style-type: none"> ad hoc Architectural Committee 	In referring to the Strategic Planning Committee and our building expectations, Chairman Larson announced that he wished to appoint an ad hoc committee to "dig deeper" into the architectural options that may be available to us. He had asked Director Ted Kleiter to Chair this ad hoc Architectural Committee due to his formerly having been involved in the building of Pomerado Hospital, together with Directors Bruce Krider and Marcelo Rivera, M.D. to also serve on this committee. He anticipated that they would complete their task within a couple of months, submitting a full report to the Board by June with costs and recommendations on the building plan.		
President and CEO			
<ul style="list-style-type: none"> February & March 2004 Values in Action 	Michael Covert relayed that Jackie Pearson from Palomar Medical Center's Birth Center had been recognized by her peers as the February Values in Action winner and read out her letter of acknowledgement. In addition, Isabel Carrico had been awarded the March Values in Action recognition by her peers, and relayed her letter of acknowledgement. He looked forward to inviting Ms Carrico to our April 12 Board meeting.		
<ul style="list-style-type: none"> 1st Qtr 2004 Leadership in Action 	Michael Covert took pleasure in announcing the first of our Leadership in Action awards made to Diana Faugno, an instigator and leader of the Sexual Assault Response Team (SART), relaying a letter of recognition by the		

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	<p>Leadership Council. He requested that such recognition be spread upon the records of this meeting that he is very proud of her in this regard and for successfully starting this program.</p>		
<ul style="list-style-type: none"> • Assistant to the Board 	<p>Michael Covert then recognized Christine Meaney, Assistant to the Board of Directors, for her support to the Board, and in her former role as Assistant to the CEO, acknowledging twenty years of service with PPH and presenting her with a 20-year award pin.</p>		
<ul style="list-style-type: none"> • Sub Acute Unit 	<p>It was announced that our Sub Acute Unit was now open.</p>		
<ul style="list-style-type: none"> • Recognitions 	<p>Michael Covert announced that Gustavo Friederichsen, Chief Marketing Communications Officer had been recognized as HealthCare Communicator of the Year.</p> <p>He also relayed that Lorie Shoemaker had become a Wharton Fellow - a truly unique honor as she was one of the new Wharton Fellows for 2004.</p> <p>Mary Oelman was welcome as the new Nursing Officer for Pomerado Hospital.</p> <p>Acknowledgement and welcome was also extended to Mr. Tom Boyle, our new Internal Auditor.</p> <p>The opening of our new Corporate Health Center occurred today, with an invitation extended by Michael Covert to Dr. Herip, Medical Director of the Center, to attend our next board meeting so that he may be introduced. Congratulations to Sheila Brown for her work in leading up to the opening.</p>		
<ul style="list-style-type: none"> • Executive Management Team Commitments Ceremony 	<p>Michael Covert announced that the PPH Executive Management Team (EMT), in support of Service Excellence, had drafted Behavior Standards to which they have committed to model at all times. They</p>	<p>Under the stewardship of the Board, each Executive Management Leader signed the EMT Behavior Standard signifying their commit to live the standards. Group photographs were</p>	

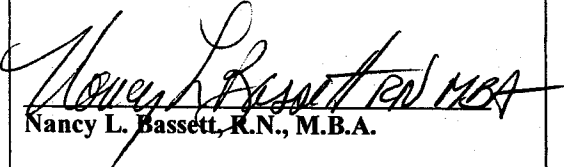
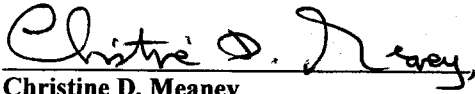
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	<p>recognize that model behaviors lead to excellence in customer loyalty and provide an example for all staff to emulate. They wish this to be acknowledged publicly and are prepared to commit to specific behavior by validation of such in writing.</p>	<p>then taken of the ceremony.</p> <p>Michael Covert stated that these Commitments will eventually be in everyone's office.</p>	
<ul style="list-style-type: none"> • 2004 Goals Update 	<p>Michael Covert introduced Marcia Jackson to provide the first part of our 2004 Goals Update to the Board, the second part being anticipated in April.</p> <p>Marcia then introduced Gerald Bracht who reported on Customer Service noting that this goal is on track and 56% complete. Gallup Employee Survey results had been shared throughout PPH and impact plans initiated.</p> <p>Elizabeth Renfree then reviewed the IT Strategic Plan noting we are 60% complete for this fiscal year.</p> <p>Marcia Jackson provided her update on Program Development noting that the goal is on target to date (44% complete) noting that the Strategic Plan leads to a Business Plan which in turn leads to a Marketing Plan. Priority programs have been identified including Women's Services and Cardiovascular Service Lines.</p> <p>Gil Taylor presented an Organizational Development review, noting that we are 50% complete. <i>(Reports attached).</i></p>		
<p>INFORMATION ITEMS</p>	<p>No questions were raised under Information Items</p>		
<ul style="list-style-type: none"> ▪ Quality Review 			
<ul style="list-style-type: none"> ▪ Community Relations 			
<ul style="list-style-type: none"> ▪ Human Resources 			
<ul style="list-style-type: none"> ▪ Finance 			

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COMMITTEE REPORTS	(Finance Committee action items under Consent Agenda)		
Human Resources	Alan W. Larson, M.D., for Nancy L. Bassett, Chairperson		
<ul style="list-style-type: none"> Pension Plan Amendments 	On behalf of Director Bassett, Chairman Larson explained that to comply with IRS qualifications, approval was requested to minor amendments of the Money Purchase Pension Plan.	MOTION: by Rivera, 2 nd by Kleiter and unanimously carried, to approve as submitted, minor amendments to the Money Purchase Pension Plan to comply with IRS qualifications.	
<ul style="list-style-type: none"> Employee Incentive – Shared Rewards 	Chairman Larson relayed that Human Resources had been asked how best to recognize employees, but for now PPH would like to continue the current Shared Rewards plan for this year. This would be based upon meeting our financial goals that in turn “trigger” threshold, target and maximum levels regarding employee loyalty scores and will be funded in our annual budget. Approval was requested.	MOTION: by Rivera, 2 nd by Krider and unanimously carried, to approve the continuation of the current Shared Rewards plan for this year, based upon meeting our financial goals and the “trigger” thresholds involved for employees.	Michael Covert noted that we need to find better ways to recognize our staff financially and otherwise, and that work groups are appreciative of how they have satisfactorily improved. We will return next year with some very different suggestions.
BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH	<p>ACHD Legislative Days</p> <p>Director Kleiter reported upon this two day event which was sponsored by the Association of California Healthcare Districts in Sacramento on March 8 & 9, 2004. It was attended by approximately thirty Board and Administrative members of healthcare districts for the purpose of meeting with members of the Assembly and Senate committees for Budget, Health, Local Government, and Insurance. Director Nancy Scofield was also present on those days. Medi-Cal cuts, and a Proposal regarding the Prison System and its health care programs with provision of care to inmates through contracts were amongst the items discussed.</p> <p>Following further discussion, Dr. Tornambe voiced concern about prisoners potentially</p>		

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	<p>being in medical offices and hospitals, noting possible problems with communicable diseases, etc., requesting that this matter be brought before the medical staffs before anything may be decided. Director Kleiter responded that there is no prison near PPH, but recognized that some hospitals are interested in providing such services as there is opportunity for those facilities to do so.</p> <p>Director Scofield then spoke in support of her attendance at the ACHD Legislative Days noting that Medicare cuts are not acceptable. She also stated she is committed to legislative advocacy and will be attending the AHA Annual Meeting in Washington, DC in May.</p> <p>Rancho Bernardo State of the Community</p> <p>Director Rivera reported upon his attendance at the Rancho Bernardo State of the Community luncheon held at the Rancho Bernardo Country Club where about 250 business leaders were present. A speech was made on the state of education, with Charlene Zettel addressing the state of the economy. Michael Covert also attended.</p> <p>Director Rivera continued that the community's expectations are that they will be provided with a safe and very high quality of healthcare. We must therefore keep in mind that the community demands and expects the best opportunities for healthcare. He congratulated Michael Covert, stating that PPH made a presence and the community knows that we are here.</p> <p>Chairman Larson thanked them for their reports and attendance.</p>		

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ADJOURNMENT TO CLOSED SESSION	7:55 p.m.		
OPEN SESSION RESUMED	9:20 p.m.	The following action was taken:	
Executive Compensation and Benefit Recommendations - Amendments to CEO's existing contract	Chairman Larson, in resuming Open Session, noted that Executive Compensation and Benefit Recommendations were being proposed by the Board.	MOTION: by Rivera, 2 nd by Scofield and agreed, that the CEO's base salary be adjusted to the 50 th percentile of the market, \$452,000.00, to be accomplished through two equal pay increases of \$38,500, the first effective January 1, 2004 and the second effective January 1, 2005;	
		that the CEO be provided Pension Restitution, an extension of the 6% PPH pension contribution beyond the annual statutory cap to include the CEO's total annual earnings, starting with calendar year 2004 earnings;	
		that the CEO be provided a SERP (Supplemental Executive Retirement Plan) into which PPH contributes a guaranteed 4% of the CEO's earnings, and into which the Board may authorize an additional contribution of up to 10% of the CEO's earnings each year on a discretionary basis;	
		that the CEO's personal Life Insurance policy premiums, for coverage up to \$1 million, and personal Long-Term Disability policy premiums, for coverage up to 66 2/3% of pay, be reimbursed by PPH, with taxes on reimbursement paid by PPH, effective calendar year 2004, and subject to review of the CEO's current personal Life Insurance and Long Term Disability insurance policies by PPH and replacement with policies of equal value and comparable features at lower	

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		<p>premiums, if agreeable to the CEO; that the Pension Restitution, SERP, and reimbursement for personal Life Insurance and Long-Term Disability insurance premiums and taxes on premiums are subject to benefit consultant and legal review and reformatting to meet applicable regulatory and legal requirements, and that the Pension Committee will be responsible for determining the appropriate mechanism to accomplish the Pension Restitution and SERP.</p> <p>None opposed. Director Bassett absent.</p>	
<p>- Pension Restitution for all employees; and CEO/EMT Short Term Disability coverage "wrap"</p>		<p>MOTION: by Rivera, 2nd by Krider and agreed, that all employees be provided Pension Restitution, an extension of the 6% PPH pension contribution beyond the annual statutory cap to include the employees' total annual earnings, starting with calendar year 2004 earnings; and that the Pension Committee will be responsible for determining the appropriate mechanism to accomplish this;</p>	
		<p>that the CEO and members of the Executive Management Team be provided PPH self-insured Short Term Disability coverage to "wrap" or extend coverage provided by the PPH fully-insured Short Term Disability policy in effect up to 100% of pay, starting on the 8th day of a short term disability and continuing through the last day of the waiting period of the PPH Long Term Disability insurance policy in effect.</p> <p>None opposed. Director Bassett absent.</p>	

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FINAL ADJOURNMENT	Meeting adjourned at 9:25 p.m.		
SIGNATURES	<ul style="list-style-type: none"> <li data-bbox="254 326 491 354">▪ Board Secretary  Nancy L. Bassett, R.N., M.B.A. <li data-bbox="254 448 491 475">▪ Board Assistant  Christine D. Meaney 		