

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Poway
 Monday, September 8, 2003

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:00 pm		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Walden (<i>attached</i>).		
MISSION AND VISION STATEMENT	Director Berger		
	<p>The PPH mission and vision statements were read by Director Berger, 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 is that PPH will have the highest patient satisfaction in California.</i></p>		
ESTABLISHMENT OF QUORUM	Bassett, Berger, Gigliotti, Kleiter, Larson, Rivera, Scofield		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		

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APPROVAL OF MINUTES			
<ul style="list-style-type: none"> • August 11, 2003 		<p>MOTION: by Gigliotti, seconded by Scofield and carried unanimously, with one amendment per Director Bassett to correct the location of Griffin Hospital as Derby, Conn and not Denby, to approve the August 11, 2003 Regular Board minutes as submitted.</p>	
CONSENT AGENDA		<p>MOTION: by Kleiter, 2nd by Scofield and carried unanimously to approve the Consent Agenda as presented.</p>	
PRESENTATION			
<ul style="list-style-type: none"> ▪ Welcome Home Baby 	<p>Sheila Brown, Clinical Outreach Officer, together with Annamarie Martinez, Dr. Kurtin, Dr. Golembeski and Susan Hedges (Children's Hospital), presented the successes of the Welcome Home Baby Program (<i>attached</i>).</p> <p>This is a joint program with PMC, Pomerado Hospital, Scripps Encinitas, Tri-City, UCSD, Sharp Mary Birch and Scripps La Jolla, that offers home visits through PPH Home Health Program for all first-time moms living in North County. Service made possible by a Prop 10 grant of \$1.3 million over 3 years which was successfully acquired by the Foundation. Program to date provided services to 4,000 families and has made 9,000 visits.</p> <p>All were thanked for this important presentation.</p>	<p>Director Scofield wished to assure that the community is fully aware. Following a question from Director Rivera, everyone who is a first-time mom in North County is eligible.</p> <p>Director Rivera felt this is a good program which might possibly be presented at Community Relations Committee to review social/economic breakdowns, age groups and concern for teenage pregnancies, health insurance coverage and those who smoke. Mr. Gigliotti noted that this was a grant acquired by PPHF, Mary Evert noting that this was a fine example of collaboration.</p>	

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REPORTS			
Medical Staff			
Palomar Medical Center <ul style="list-style-type: none"> • Credentialing 	Duane Buringrud, MD, Chief of Staff presented PMC's requests for approval of Credentialing Recommendations.	MOTION: by Scofield, 2 nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. None opposed. Directors Larson and Rivera abstained to avoid potential conflict of interest.	
Escondido Surgery Center			
<ul style="list-style-type: none"> ▪ Credentialing 	L. Richard Greenstein, M.D., Medical Director, presented requests for approval of Credentials.	MOTION: by Scofield, 2 nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. None opposed. Directors Larson and Rivera abstained to avoid potential conflict of interest.	
Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	George Y. Kung, MD, Chief of Staff presented Pomerado Hospital's requests for approval of Credentialing Recommendations.	MOTION: by Kleiter, 2 nd by Bassett and carried to approve the Pomerado Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. None opposed. Directors Larson and Rivera abstained to avoid potential conflict of interest.	
<ul style="list-style-type: none"> ▪ Amendments to Pomerado Medical Staff Bylaws/Rules and Regulations 	George Y. Kung, MD, Chief of Staff presented Pomerado Hospital's request for amendments to the Medical Staff Bylaws/Rules and Regulations	MOTION: by Kleiter, 2 nd by Bassett and carried to approve the amendments to Pomerado Medical Staff Bylaws/Rules and Regulations as presented. None opposed. Directors Larson and Rivera abstained to avoid potential conflict	

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		of interest.	
Administrative			
Chairperson - Palomar Pomerado Health Foundation	Mary Evert, Chairperson PPHF, presented a verbal report to the Board referring to the upcoming Joint Board Retreat with PPH on Saturday, September 27, 2003 with objectives of mutual interdependence, common goals, mission/vision alignment and development of a joint strategic plan/communication plan. Also referred to were PPHF FY '04 Goals, Chairman's Council (Jack Raymond has agreed to chair, purpose being to serve in an advisory capacity to the Chairperson of PPHF), and Volunteers.		
President and CEO – Palomar Pomerado Health	Values in Action Award Michael Covert, CEO, congratulated Aida Shelton, Respiratory Therapist on her award as the Values in Action Recipient for August, 2003. Her exemplary work ethic has been a role model to her co-workers. Ms Shelton regretted she was unable to attend this meeting.		
	Annual Fund Raising with staff kickoff commenced. \$31,000 was raised by staff last year. The Employees' Assistance Fund as well as other programs are designated as recipients this year of funds.		
	PPH SeaWorld event was held with high PPH attendance. Also employees participated in the American Heart Walk.		

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	<p>Gallup Poll – We received the Gallup Poll survey results regarding physician survey activities and patient loyalty, and under Gerald Bracht’s leadership are beginning to share results with our staff members and review areas to improve. Results were also shared at a recent Medical Staff joint evening meeting.</p>		
	<p>Balanced Scorecard Presentation was made to the Board by Denis Koci of Marriott on August 28, 2003.</p>		
	<p>Visioning Council – we will meet with a group of our employees, particularly involving former employees of the month, to obtain their visioning input for the future of PPH.</p>		
<p>Chairman of the Board</p>	<p>Legal Firm Representation Chairman Larson referred to our legal firms representation, noting that a Special Board Workshop had been held on August 29, 2003 requesting Board input to Administration. Interviews had been conducted involving Board, Staff and 3 finalist legal firms of Davis Wright Tremaine, Latham & Watkins and Sidley & Austin. Some questions had arisen during the Workshop and Staff was following up, and although it had been hoped to make a determination at tonight’s board meeting, we are continuing to ask for further input from the medical staff, PPHF and our community relative to a full-service legal team. It was anticipated that a decision would be made soon at an upcoming meeting. Chairman Larson appreciated Staff time in attending the Board Workshop for the three legal firm finalists presentations.</p>		
<p>Resolution No. 09.08.03 (01)</p>		<p>MOTION: by Kleiter, 2nd by Scofield and unanimously carried, to approve amending established dates of Regular Board Meetings for Calendar Year 2003, particularly changing the date of the November 10 board meeting to November 17 due to</p>	

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		a conflict with the Governance Institute Annual Chair and CEO Meeting, by adoption of Resolution No. 09.08.03 (01). None opposed.	
INFORMATION ITEMS	These were presented with the following comments/actions:		
<ul style="list-style-type: none"> ▪ Quality Review 	<p>Director Berger commented that the Medical Staff had taken an active leadership role in Performance Improvement (PI) and a number of physicians have shared their achievements in their respective departments.</p> <p>Dr. Val Tesoro verbally reported to the Board on PI, Quality Indicators, Current Best Practices, Behavioral Health Services and a four-year Re-accreditation of our CME program, in addition to PMC being recognized at the AHA Scientific Sessions in Orlando on November 9-12.</p>		
<ul style="list-style-type: none"> ▪ Governance Committee 	<p>Director Rivera referred to pgs 88 & 89 of the board packet regarding the PPH Community Brochure. He strongly cautioned that he would like to include in the brochure as a role of the Board, integrity, ethics and fiscal oversight. Director Larson also referred to the role of governance.</p> <p>Director Bassett, Committee Chair, stated that we are working toward Board education following a survey of "total interest" and "very interested" and focus on the top 5 topics. We are updating the Governing Board Handbook which will be discussed at the next Governance meeting. A laminated copy of Roberts Rules of Order has been useful and was distributed to the Board.</p>	<p>Director Rivera asked that a copy of the current PPH Community Brochure be faxed to Mary Evert as Chair of the Foundation, for input into the brochure.</p>	
<ul style="list-style-type: none"> ▪ Community Relations 	<p>Director Bassett appreciated the Community Outreach FY '04 Goals and Strategies which clarifies our goals and felt this new committee was working well. Director Gigliotti also felt the goals process was a good one. Director Larson noted that we also welcome input from</p>		

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	the Auxiliaries.		
<ul style="list-style-type: none"> ▪ Finance Committee 	Director Rivera noted a tremendous volunteerism regarding I/T implementation and that Dr. Kanter will be organizing physician committees. There has been good turnout.		
<ul style="list-style-type: none"> ▪ ad hoc Nursing Future 	Director Bassett relayed information on a visit to Cal State University San Marcos July 25 and a potential reciprocal visit to PMC. Michael Covert referred to a positive meeting with them and with Mike Shanahan, with much cooperation, in addition to his having had a very good meeting with Art Gonzalez, CEO of Tri-City regarding Palomar College. We requested Tri-City's participation.		
COMMITTEE REPORTS			
ad hoc Incentive Compensation	Chairman Larson referred to the September 2, 2003 ad hoc Incentive Compensation Committee meeting and asked Gil Taylor to respond, noting that the financial reward is dependent upon final figures to be received from the auditors for FY '03. Mr. Taylor noted that the compensation program is different to what the Board had done in previous years. A discretionary award was approved after the fact. For FY '03, the Board by approving and looking ahead to incentivize, offered an opportunity to earn a reward.	Director Rivera questioned whether we can take action on something that is not specifically listed financially on the agenda for approval. In response, and so that employees may be aware of this achievement, Chairman Larson asked if the Board could proceed with consensus with the payout to our employees pending final audit of a specific dollar amount, noting that the Audit had not yet been done. He was hoping that the Board would approve this conditional upon the Audit.	

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	<p>Employees helped achieve those two goals which were:</p> <ul style="list-style-type: none"> (1) System-Wide financial goal that would fund the pay-out; (2) 100% employee attendance in our Customer Service Training Program, thanks to Gerald Bracht and his team. <p>Therefore we achieved our goals and are looking forward to paying out our incentive reward to employees. This had been a successful first attempt as 3 levels of payout had been established, depending on which level was achieved.</p> <ul style="list-style-type: none"> (1) ½% of base wages for the year; (2) 1% if we hit target; or (3) 1 ½% of we hit maximum target of 100% (which we did). <p>Chairman Larson requested a motion to approve the Shared Reward payment to our employees, pending the financial audit and its approval by the Finance Committee at their next regular committee meeting on September 25.</p>	<p>Bob Hemker referred to the financial results, noting that we have met the "trigger" to allow a 1.5% payout to employees. What we are asking is to approve the eligible amount of 1.5% payout. Mr. Hemker also noted that it had to be a self-funding program and this has been met in the FY '03 results. These dollars have been approved in the FY '03 criteria. The intent is to present this at the September 25 Finance Committee and it should not exceed \$1.4 million, based on aggregated pay codes.</p> <p>Director Kleiter understood this. He suggested that if we could approve a "not to exceed" amount and leave it to Finance Committee approval subject to the audit and adjustments to individual salaries. Bob Hemker suggested \$1.5 million to be safe.</p>	
		<p>Director Gigliotti felt specific figures should be in writing in front of the Board before approval. Chairman Larson explained that the goodwill towards our employees is to award them in a timely manner.</p> <p>Director Rivera felt we must have strict adherence to what is on the agenda and that we cannot approve something of a financial nature without specific figures in the form of a written report and that we do not have these figures until the Audit has been done.</p> <p>Chairman Larson withdrew the</p>	

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		suggested motion and tabled the matter to the next meeting	
Finance <ul style="list-style-type: none"> • Resolution No. 09-08-03(02) 		MOTION: By Scofield, 2 nd by Kleiter and unanimously carried, to approve Establishing the Appropriations Limit of the District for Fiscal Year July 1, 2003 – June 30, 2004 Pursuant to Article XIII(B) of the California Constitution by adoption of Resolution No. 09-08-03(02).	
<ul style="list-style-type: none"> • Expenditure and Requisition Authority Policy System # 8854 	<p>It was noted that currently Board Resolution No. 06.14.93(03), limits contract and budget items to a \$25,000 threshold or less, and does not address unbudgeted items. Finance Committee recommended that unbudgeted thresholds be set up to a limit of \$250,000 and any non-budgeted Construction in Progress transactions be up to a \$500,000 threshold, and all capital or operating budgeted items can be approved up to the expenditure amount authorized in the approved budget.</p> <p>Pursuant to discussion at the August 11, 2003 board meeting, there was a question as to the statutory limits for the settlement of claims by the CEO and referred back to Finance Committee. Upon review there appeared to be some conflict between the Government Code and State District Law on this matter. As such, it was recommended that the existing amount of \$50,000 remain in place.</p>	MOTION: By Kleiter, 2 nd by Bassett and unanimously carried that the Expenditure and Requisition Approval Authority Policy System # 8854 be approved as submitted.	
BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH	<ul style="list-style-type: none"> • Director Rivera said he appreciated everything that has been done in the District, particularly in the areas of Community Relations, the Foundation, and Strategic Planning and thanked Michael Covert for his inclusiveness within the system. • Director Bassett referred to an international leadership seminar she 		

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	<p>had attended in San Francisco when Rudolf Giuliani was present.</p> <ul style="list-style-type: none"> • Director Bassett also noted that SSM was the first hospital organization to receive the Malcolm Baldrige Award, which took ten years to obtain. • Director Berger inquired as to our status with Physician Recruitment and if this is in our future planning. • Director Scofield referred to the upcoming Heart to Heart Annual Meeting encouraging all to attend, including Foundation representatives. • Director Kleiter informed he would be on vacation for a month, including attendance at a BETA conference in San Francisco and to Lake Tahoe for the ACHD Annual Meeting in October. 	<p>Director Bassett asked that this item be brought to the next Quality Review Committee.</p>	
ADJOURNMENT TO CLOSED SESSION	Adjournment to Closed Session at 7:35 p.m.		
OPEN SESSION RESUMPTION	Open Session resumed at 8:40 p.m.		
<ul style="list-style-type: none"> • Legal Firms Update 	<p>Michael Covert updated the Board on his follow-up with the three finalist legal firms interviewed in the Special Board Workshop held August 29, 2003. He has visited with Paul DeMuro, Esq., of Latham & Watkins and with Bob Hemker on the matter.</p> <p>Mr. DeMuro is very interested and would ensure that PPH is a priority providing as much of his time as we would wish. Ms Kathy Lauer of Latham & Watkins is currently committed to other activities. They had also been looking at lesser costs if using an Associate, but are prepared to discuss financial arrangements to assure that we have an experienced legal team to call upon.</p>		

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	<p>Regarding labor issues, the CEO would like to confirm the Labor Counsel segment of our law firm coverage and felt that Clif Elliot, Esq., of Davis Wright Tremaine, should be our Labor Attorney.</p> <p>Michael Covert said that he would go ahead to try to finalize negotiations with Latham & Watkins and Davis Wright Tremaine.</p> <p>Director Rivera asked if we could look further at other organizations. Mr. Covert responded that we had reviewed a number of other law firms.</p> <p>Director Kleiter noted that historically the District has had three law firms over the years, one of which was Latham & Watkins on an interim basis. These were Jennings & Engstrand, Foley Lardner and latterly Paul Hastings and that we have always had a law firm that has public agency experience because the Board has always been comfortable with that.</p> <p>We need a firm that has experience in healthcare and public entity status and strongly advocated Paul DeMuro of Latham & Watkins even if there is expense involved, he would want a strong public law attorney. He concurred that we use Davis Wright Tremaine, another firm, as our Labor Counsel.</p> <p>It was noted that Latham & Watkins went to the outside to obtain the services of a Medical Staff attorney, Cary Miller, who knows San Diego.</p> <p>Director Gigliotti said he had left before the interview with Davis Wright Tremaine August 29, but that he preferred Latham & Watkins' presentation as they are very experience in</p>		

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	<p>district law.</p> <p>Director Larson would also support Latham & Watkins, with the Labor Law segment being handled by Davis Wright Tremaine.</p>		
	<p>Director Rivera noted that three board members are in support.</p>	<p>CONSENSUS: Chairman Larson concluded that there was unanimity to proceed in the direction indicated. All agreed.</p>	<p>Michael Covert will negotiate agreements with Latham & Watkins for District Legal Counsel, and Davis Wright Tremaine for Labor Law, for action at the October board meeting.</p>
<p>FINAL ADJOURNMENT</p>	<p>Meeting adjourned at 9:15 p.m.</p>		
<p>SIGNATURES</p> <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<p><i>Nancy H. Seefield</i> <hr/> Nancy H. Seefield</p> <p><i>Christine Meaney</i> <hr/> Christine Meaney</p>		