

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR (ANNUAL) BOARD MEETING
Palomar Medical Center, Graybill Auditorium, Escondido
Monday, December 13, 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	6:30 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krider, Larson, Rivera and Scofield.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Hard. <i>(attached)</i> .		
MISSION AND VISION STATEMENTS	<p>The PPH mission and vision statements were read by Director Greer, 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		
OATH OF OFFICE	The Oath of Office was administered jointly by Paul DeMuro, Esq. to three of the incumbents, Directors Bassett, Krider and Rivera, who had been successful in the November 2, 2004 General Election. The Oath of Office was administered by Tina Greer to new Board Member, Director Linda Greer, who had also been successful in the November 2, 2004 General Election.	The Chairman extended congratulations to all, including a welcome back to those Board Members who had been returned to serve for a further term of office. Chairman Larson welcomed the presence of Linda Greer's family members as well as family members of other returned Board Members.	
PUBLIC COMMENTS	Mark Gold, M.D., requested Medical Staff		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>privileges at Pomerado. He received his privileges at PMC but would like to have them back at Pomerado and hoped the matter could be expedited as quickly as possible as he has had privileges at Pomerado before. Dr. Conrad responded that the matter is being processed at Pomerado and that no Board action is required. The process normally takes 90 days.</p> <p>Chairman Larson noted Dr. Gold's comments and agreed that Dr. Gold should contact the Chief of Staff at Pomerado and the Pomerado Medical Staff Office.</p>		
	<p>Jerry Kolins, M.D., reflected upon the passage of Proposition BB. He briefly relayed an extract from the book <i>The Principles of Management</i> by Peter Drucker, 1949, noting that... "quality and performance of the managers determine the success of the business...in a complete society". He felt there are great players at all levels within PPH. Dr. Kolins was thanked for his comments.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
APPROVAL OF MINUTES			
<ul style="list-style-type: none"> • November 17, 2004 Annual CEO Evaluation Meeting • November 15, 2004 Regular Board Meeting • December 10, 2003 Annual Board Self-Evaluation Meeting 		MOTION: by Scofield, 2 nd by Kleiter and carried that the minutes of the November 17, 2004; November 15, 2004 and December 10, 2003 Board Meetings be approved as submitted. Director Greer abstained.	
CONSENT ITEMS including Resolution No. 12.13.04(01-15 – Declaration of Official Intent to Reimburse Certain Expenditures from Proceeds of Indebtedness and Update on Bond Financing; Imaging Capital Plan; Physician Recruitment Policy; Ratification of approval of CEO Goals for FY 2005; and Ratification of approval of CEO Bonus for FY 2004.		MOTION: by Rivera, 2 nd by Scofield and carried to approve the Consent Agenda as presented. Director Greer abstained.	
PRESENTATION	There was no presentation.		
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	Robert Trifunovic, MD on behalf of James S. Otoshi, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.	MOTION: by Scofield, 2 nd by Bassett and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. None opposed. Directors Greer, Larson, Rivera abstained to avoid potential conflict of interest.	
<ul style="list-style-type: none"> ▪ PMC Medical Staff Bylaws, Rules & Regulations – Mandatory E.R. Call 	Robert Trifunovic, MD on behalf of James S. Otoshi, MD., Chief of PMC Medical Staff, presented PMC's Medical Staff Bylaws, Rules & Regulations – Mandatory E.R. Call		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>approval.</p> <p>Previously the Board requested that revisions to the Medical Staff Bylaws be made to a request of July 8, 2002 with specific changes proposed that would modify Emergency Room Call, Consultative Services and the Treating of Emergency Room Referred Patients as Voluntary vs Mandatory as previously required. The Board had requested Administration to evaluate whether or not a modification should be put into place to ensure adequate coverage over time and allow modification of the Medical Staff Bylaws proposed as of July 8, 2002. Administration had evaluated the potential of such a program but the Medical Staff would still like clarification by the Board as to whether the Bylaws remain as presently exist, or modified as proposed at this time. It was recommended to make this Emergency Room Call Voluntary.</p> <p>Michael Covert stated that the Board has a duty to ensure there is coverage, and that we should continue to maintain Mandatory Call until a fair and equitable decision is made. Current recommendation being to leave the matter as it stands</p> <p>Following the vote, Dr. Trifunovic suggested the ongoing intent of the Board should be to create a system that adequately compensates physicians as we devise a plan to serve both patient safety and the compensation of time. He felt that if this were put into written form it would go a long way to alleviate paranoia. He requested that a letter be sent by the CEO and Legal Counsel back to the PMC MEC. Further discussion ensued.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and agreed to remove from the table and vote down the motion to make Emergency Room Call Voluntary including Medical Staff Bylaws, Rules & Regulations Articles 4.1., 4.2., 4.3., 8.3.5., 12.3.,12.5., R.R. 13.1 and that the PMC Medical Staff Bylaws, Rules and Regulations remain as previously existing. All in favor. None opposed. Director Greer abstained.</p> <p>Director Rivera stated that his reason for his vote was concern for patient safety and the ER Room. Director Kleiter agreed that we cannot allow our patients to be subject to Voluntary ER call.</p>	<p>Michael Covert and Paul DeMuro will compose a letter to the PMC Medical Staff</p>

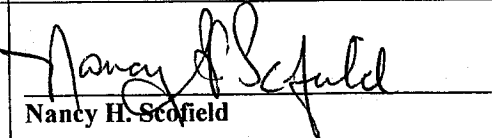
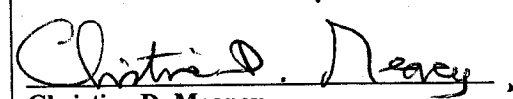
AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Director Bassett commented that it is the Board's desire to ensure that patients' needs be taken care of. Dr. Trifunovic responded that regarding the motion, we may be in the processing of losing this.</p> <p>Chairman Larson stated that he felt nothing had changed on the part of the Board and Administration and that we are working long and hard on the matter. A Joint Boards Committee is being formulated to allow avenues of communication so as to continue to work on this problem and felt sure we would soon have a solution.</p>		
Escondido Surgery Center			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>L. Richard Greenstein, MD., Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Bassett, 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 Greer, Larson and Rivera abstained to avoid potential conflict of interest.</p>	
Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>Alan J. Conrad, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Scofield, 2nd by Kleiter 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 Greer, Larson and Rivera abstained to avoid potential conflict of interest.</p>	
<ul style="list-style-type: none"> ▪ Revisions to Pomerado Medical Staff Bylaws, Rules & Regulations 	<p>Alan J. Conrad, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's request for approval of revisions to the Medical Staff Bylaws, Rules & Regulations,</p>	<p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the revisions to Pomerado Hospital's Medical Staff Bylaws, Rules & Regulations as</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	including an amalgam of changes coming from Horthy Springer on mock surveys and recommended changes but has had very little impact on the Bylaws. The Bylaws had been reviewed by legal counsel Cary Miller.	presented. Directors Greer, Larson and Rivera abstained to avoid potential conflict of interest.	
Administrative			
Chairperson - Palomar Pomerado Health Foundation	G. Douglas Moir, M.D. presented a verbal report on behalf of the Foundation updating the Board on staffing positions. The Foundation Advocates remain an active group and the Foundation is seeking to establish a corporate council with recruitment opportunities being actively pursued. Reference was also made to the Endowment Development Institute conducting a study in North County and assisting the Foundation in formulating a Capital Campaign Plan.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Chairman of the Board - Palomar Pomerado Health			
<ul style="list-style-type: none"> Resolution No. 12.13.04(02)-16 Accepting Results of November 2, 2004 General Election 	<p>Noting that three incumbents had been re-elected, with a fourth Board Member being newly elected, Chairman Larson presented a resolution to officially declare the results of the District Election.</p>	<p>MOTION: by Kleiter, 2nd by Scofield and carried, to adopt Resolution No. 12.13.04(02-16 Declaring Results of the November 2, 2004 General Election. Director Greer abstained.</p>	
<ul style="list-style-type: none"> Certificates of Election 	<p>The Certificates of Election were then presented to the successful candidates.</p>		
<ul style="list-style-type: none"> Service Award Pins 	<p>Expressions of appreciation were extended to Directors Bassett and Rivera for 4 years of service, and to Director Kleiter for 8 years of service. Director Greer received her incoming Board Member pin, with Directors Krider, Larson and Scofield receiving updated PPH logo pins to match the remaining Board Members' pins.</p>		
<ul style="list-style-type: none"> Election of Officers:2005 	<p>Office of Board Chairman</p>	<p>MOTION: by Krider, 2nd by Scofield and carried, there being no other nominations nor discussion, all in favor of Director Marcelo Rivera being voted Chairman for calendar year 2005. Congratulations were extended. Director Greer abstained.</p>	
<ul style="list-style-type: none"> 	<p>Office of Vice Chairman</p>	<p>MOTION: by Kleiter, 2nd by Bassett and carried, there being no other nominations nor discussion, all in favor of Director Nancy Bassett being voted Vice Chair for calendar year 2005. Congratulations were extended. Director Greer abstained.</p>	
<ul style="list-style-type: none"> 	<p>Office of Secretary</p>	<p>MOTION: by Rivera, 2nd by Kleiter and carried, there being no other nominations nor discussion, all in favor of Director Nancy Scofield being voted Secretary for calendar year 2005. Congratulations were extended. Director Greer abstained.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
•	Office of Treasurer	Deferred to January 2005 Meeting	
<ul style="list-style-type: none"> • Resolution No. 12.13.04(03)-17 Establishing Board Meetings for Calendar Year 2005 	<p>Following discussion the following motion was made generally based upon the 2nd Monday of the month commencing at 6:30 p.m. Open Session with Closed Session at 5:30 pm., with alternating locations as indicated in the submitted Resolution.</p>	<p>MOTION: by Larson, 2nd by Scofield and carried to approve the dates of Regular Board Meetings for calendar year 2005, as amended by adoption of Resolution No. 12.13.04(03)-17, and to revisit dates at the January meeting. The amended date is: February 14 to February 7.</p>	
President and CEO			
<ul style="list-style-type: none"> • 4th Qtr Leadership in Action 	<p>Tim Barlow received the 4th Quarter Leadership in Action Award and was presented with a check and a congratulatory letter which was read out.</p>		
<ul style="list-style-type: none"> • November 2004 Values in Action 	<p>Kathy Healy received the November Values in Action Award and was presented with a check and congratulatory letter which was read out.</p>		
<ul style="list-style-type: none"> • Administrative Recruitment Update 	<p>Michael Covert relayed that we are in the process of recruiting a Chief Human Resource Officer and finalist candidates were being interviewed by the Board and Staff and it was anticipated that we would have a CHRO on site by February. In the QM area this process has been started in the case management arena and by Lorie Shoemaker to provide leadership in this regard. Mr. Covert had also made interim changes to include Dr. John Massone to fill the gap since Dr. Tesoro's departure. He then introduced Lorie Shoemaker regarding Nurse/Staff ratios.</p>		
<ul style="list-style-type: none"> • DHS Decision on Nurse/Staff Ratios 	<p>Lorie Shoemaker provided a verbal report to the Board on the DHS decision on Nurse/Staff ratios noting that the DHS has stated we may go back to 1-6 ratio but we have decided to retain the 1-5 ratio and occasionally utilize 1-6, but lower patient ratios really achieve our mission statement.</p>		
INFORMATION ITEMS			
<ul style="list-style-type: none"> ▪ Strategic Planning 	Discussion by exception only.		
<ul style="list-style-type: none"> ▪ Governance 			

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
COMMITTEE REPORTS			
Finance			
<ul style="list-style-type: none"> Draft Audited Financial Statements for Years ended June 30, 2004 and 2003, and Independent Auditors' Report 	<p>Director Rivera, Chairman</p> <p>Director Rivera provided information on the process involved with the draft audited financial statements and introduced Drew Sutter, noting that these statements were presented to the Finance Committee. Director Rivera highlighted improvements in accounts receivable and short term investments. Our statements were very positive. Bob Hemker, CFO, noted that the audit provided to the Finance Committee is a draft financial statement. Upon acceptance of this, he will go back and finalize with Deloitte & Touche as well as finalizing the letter for general distribution. Drew Sutter agreed with this statement.</p>	<p>MOTION: by Rivera, 2nd by Kleiter and carried to approve the Draft Audited Financials for Years ended June 30, 2004 and 2003, and Independent Auditors' Report as submitted.</p> <p>Director Greer abstained.</p>	
<ul style="list-style-type: none"> Thank You Award Payout – FY 2004 	<p>Director Rivera stated that as a result of the audit and the clean report indicating that our financial house was in order and our having provided outstanding quality care, discussion had arisen in the Finance Committee whereby Michael Covert had suggested that upon completion of the audit, this would allow us to provide our employees with a shared reward program. Patient Satisfaction, Cash Revenues, and the striving toward Magnet Status were taken into consideration. It was stated that there would be a maximum per employee award of \$200. There was availability of funds in the budget for this. Discussion ensued.</p>	<p>MOTION: by Bassett, with one caveat to approve this up to \$600,000, 2nd by Rivera and carried.</p> <p>Director Greer abstained.</p>	
Governance			
<ul style="list-style-type: none"> PPH Bylaws Amendment – Internal Audit Committee and linkage to Audit Services Charter 	<p>Director Krider, Chairman</p> <p>Request was made for approval to a PPH Bylaws Amendment wording to indicate a linkage to the Audit Services Charter as submitted.</p>	<p>MOTION: By Scofield, 2nd by Bassett and carried.</p> <p>Director Greer abstained.</p>	
<p>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</p>	<p>Director Bassett noted that this was the first time in the history of PPH that we have two RNs on the Board and she welcomed Linda Greer.</p> <p>Chairman Larson noted that it was six years</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>since he was sworn in and at that time we were making a decision to go forward on our own, having not gone with the Scripps merger. It had also been a momentous occasion when Proposition BB passed. Congratulations were extended to all. Applause ensued.</p>		
<p>ADJOURNMENT</p>	<p>8:35 p.m.</p>		
<p>SIGNATURES</p> <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<p> Nancy H. Scofield</p> <p> Christine D. Meaney</p>		