



**Fiscal Year 2006**  
**Six Month Financial Update**  
**Presented to the Board of**  
**Directors**  
January 26, 2006



PALOMAR  
POMERADO  
HEALTH

**Fiscal Year 2006**  
**Six Month Financial Update**

**Overview**



# Balanced Scorecard YTD December 2005

October Actual	November Actual	December			% Actual to Bud/PY	PPH Indicators:	YTD 2005			% Actual to Bud/PY
		Actual	Bud/PY	Variance			Actual	Bud/PY	Variance	
7.6%	8.6%	5.8%	9.9%	-4.1%		OEBITDA Margin w/Prop Tax	7.6%	9.8%	-2.2%	
\$ 2,403.66	\$ 2,495.98	\$ 2,365.25	\$ 2,432.16	\$ 66.91		Expenses/Wtd Day	\$ 2,407.46	\$ 2,436.18	\$ 28.72	
\$ 1,407.71	\$ 1,449.94	\$ 1,361.76	\$ 1,416.75	\$ 54.99		SWB/Wtd Day	\$ 1,411.01	\$ 1,417.10	\$ 6.09	
6.50	5.83	5.88	6.17	0.29		Prod FTE's/Adj Occupied Bed	6.11	6.17	0.06	
12,214	12,331	13,089	12,615	474		Weighted Patient Days	74,668	72,932	1,736	
<b>PPH North Indicators:</b>										
5.3%	7.2%	5.6%	11.9%	-6.3%		OEBITDA Margin w/Prop Tax	7.3%	11.8%	-4.5%	
\$ 2,323.64	\$ 2,354.93	\$ 2,243.09	\$ 2,305.66	\$ 62.57		Expenses/Wtd Day	\$ 2,288.71	\$ 2,309.16	\$ 20.45	
\$ 1,222.66	\$ 1,210.68	\$ 1,144.45	\$ 1,180.75	\$ 36.30		SWB/Wtd Day	\$ 1,191.22	\$ 1,181.06	\$ (10.16)	100.9%
5.61	5.00	4.94	5.09	0.15		Prod FTE's/Adj Occupied Bed	5.14	5.10	(0.04)	100.8%
8,414	8,796	9,269	8,827	442		Weighted Patient Days	52,893	51,786	1,107	
<b>PPH South Indicators:</b>										
10.3%	8.9%	3.1%	1.4%	1.7%		OEBITDA Margin w/Prop Tax	5.3%	1.3%	4.0%	
\$ 2,315.48	\$ 2,510.15	\$ 2,359.30	\$ 2,443.48	\$ 84.18		Expenses/Wtd Day	\$ 2,396.79	\$ 2,447.12	\$ 50.33	
\$ 1,212.00	\$ 1,303.76	\$ 1,230.71	\$ 1,261.88	\$ 31.17		SWB/Wtd Day	\$ 1,249.93	\$ 1,262.09	\$ 12.16	
5.90	5.59	5.73	5.87	0.14		Prod FTE's/Adj Occupied Bed	5.76	5.88	0.12	
3,573	3,390	3,606	3,662	(56)		Weighted Patient Days	20,663	19,830	833	

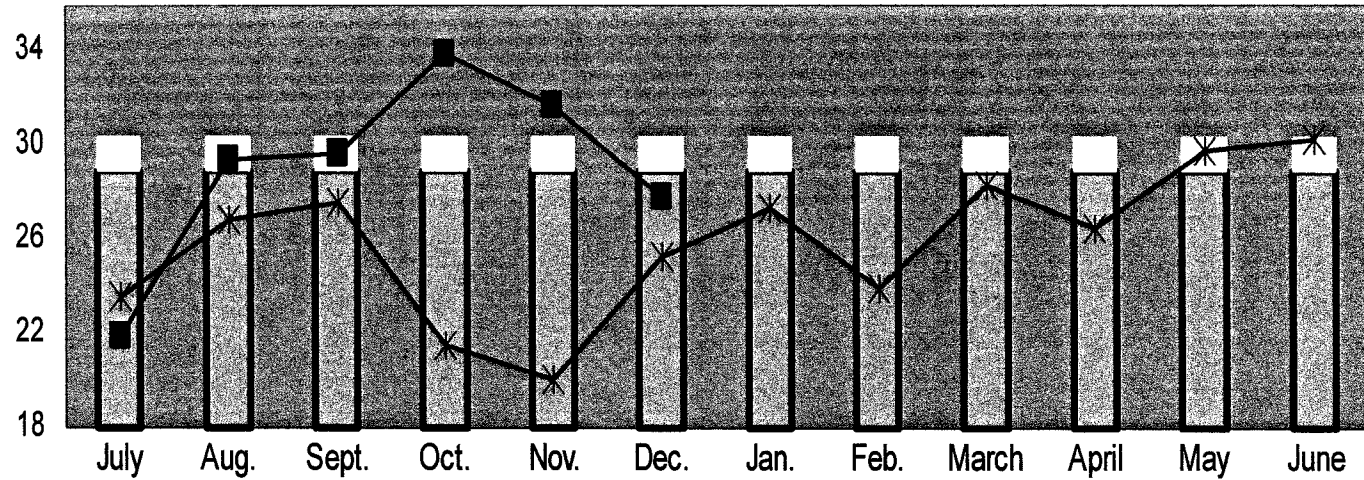


# Consolidated Balance Sheet – December 2005

	Current Month	Prior Fiscal Year End		Current Month	Prior Fiscal Year End
<b>Assets</b>			<b>Liabilities</b>		
<b>Current Assets</b>			<b>Current Liabilities</b>		
Cash on Hand	\$375,736	\$12,663,073	Accounts Payable	\$11,881,665	\$18,090,054
Cash Marketable Securities	105,821,946	96,380,135	Accrued Payroll	17,315,838	19,511,491
<b>Total Cash &amp; Cash Equivalents</b>	<b>106,197,682</b>	<b>109,043,208</b>	Accrued PTO	10,269,871	10,212,195
<b>Patient Accounts Receivable</b>	<b>171,063,386</b>	<b>190,388,774</b>	Accrued Interest Payable	2,753,690	708,785
Allowance on Accounts	-99,450,430	-120,586,401	Current Portion of Bonds	12,745,000	6,125,000
<b>Net Accounts Receivable</b>	<b>71,612,956</b>	<b>69,802,373</b>	Est Third Party Settlements	-2,114,526	-4,522,051
Inventories	6,315,113	6,320,951	Other Current Liabilities	13,783,929	6,642,463
Prepaid Expenses	2,593,069	2,383,903	<b>Total Current Liabilities</b>	<b>66,635,467</b>	<b>56,767,937</b>
Other	7,101,865	828,210	<b>Long Term Liabilities</b>		
<b>Total Current Assets</b>	<b>193,820,685</b>	<b>188,378,645</b>	Bonds & Contracts Payable	151,196,908	79,819,688
<b>Non-Current Assets</b>			<b>General Fund Balance</b>		
Restricted Assets	85,424,880	12,026,055	Unrestricted	225,913,348	220,595,825
Restricted by Donor	284,224	281,473	Restricted for Other Purpose	284,224	281,473
Board Designated	26,040,134	22,388,648	Board Designated	26,040,134	22,388,648
<b>Total Restricted Assets</b>	<b>111,749,238</b>	<b>34,696,176</b>	<b>Total Fund Balance</b>	<b>252,237,706</b>	<b>243,265,946</b>
Property Plant & Equipment	330,630,007	337,484,770	<b>Total Liabilities / Fund Balance</b>	<b>\$470,070,083</b>	<b>\$379,853,570</b>
Accumulated Depreciation	-218,275,014	-218,491,576			
Construction in Process	41,281,479	28,023,698			
<b>Net Property Plant &amp; Equipment</b>	<b>153,636,472</b>	<b>147,016,892</b>			
Investment in Related Companies	6,321,473	6,175,837			
Deferred Financing Costs	3,333,047	2,311,702			
Other Non-Current Assets	1,209,168	1,274,318			
<b>Total Non-Current Assets</b>	<b>276,249,398</b>	<b>191,474,925</b>			
<b>Total Assets</b>	<b>\$470,070,083</b>	<b>\$379,853,570</b>			



# PPH Monthly Collections in Millions



□	FY05 Recovery	1.45833	1.45833	1.45833	1.45833	1.45833	1.45833	1.45833	1.45833	1.45833	1.45833	1.45833	
■	FY06 Goal	28.9747	28.9747	28.9747	28.9747	28.9747	28.9747	28.9747	28.9747	28.9747	28.9747	28.9747	
—*	Pr. Yr Actual	23.6469	26.8876	27.6611	21.4873	20.112	25.2533	27.325	23.9628	28.3663	26.4697	29.8383	30.2308
—■	Curr. Yr Actual	21.9269	29.4208	29.62	33.8783	31.7402	27.8392						



# Consolidated FY 06 YTD December 2005

	Month Activity			Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Patient Days - Acute	55,929	54,902	1,027					
Patient Days - SNF	38,308	38,112	196					
Weighted Pt Days	74,668	73,092	1,576					
<b>Revenue:</b>								
Gross Revenue	\$ 548,671,711	\$ 532,682,750	\$ 15,988,961 F	\$ 11,485,635	\$ 4,503,326	\$ 7,348.15	\$ 7,287.84	\$ 60.31
Deductions from Rev	(375,970,189)	(357,320,412)	(18,649,777) U	(7,704,495)	(10,945,282)	(5,035.23)	(4,888.64)	(146.59)
Net Patient Revenue	172,701,522	175,362,338	(2,660,816) U	3,781,139	(6,441,955)	2,312.93	2,399.20	(86.27)
Other Oper Revenue	4,632,428	5,090,874	(458,446) U	109,769	(568,215)	62.04	69.65	(7.61)
<b>Total Net Revenue</b>	<b>177,333,950</b>	<b>180,453,212</b>	<b>(3,119,262) U</b>	<b>3,890,908</b>	<b>(7,010,170)</b>	<b>2,374.97</b>	<b>2,468.85</b>	<b>(93.88)</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	84,481,580	83,070,380	(1,411,200) U	(1,791,153)	379,953	1,131.43	1,136.52	5.09
Benefits	20,875,632	20,508,026	(367,606) U	(442,191)	74,585	279.58	280.58	1.00
Supplies	30,568,784	29,771,836	(796,948) U	(641,936)	(155,012)	409.40	407.32	(2.08)
Prof Fees & Purch Svc	22,219,170	23,545,370	1,326,200 F	(507,682)	1,833,882	297.57	322.13	24.56
Depreciation	8,708,614	8,573,256	(135,358) U	(184,855)	49,497	116.63	117.29	0.66
Other	10,400,525	10,108,892	(291,633) U	(217,967)	(73,666)	139.29	138.30	(0.99)
PPH Allocation	-	2	2 F	(0)	2	-	0.00	0.00
<b>Total Expenses</b>	<b>177,254,305</b>	<b>175,577,762</b>	<b>(1,676,545) U</b>	<b>(3,785,784)</b>	<b>2,109,241</b>	<b>2,373.90</b>	<b>2,402.15</b>	<b>28.25</b>
<b>Net Inc Before Non-Oper Income</b>	<b>79,645</b>	<b>4,875,450</b>	<b>(4,795,806) U</b>	<b>105,124</b>	<b>(4,900,929)</b>	<b>1.07</b>	<b>66.70</b>	<b>(65.64)</b>
Property Tax Revenue	5,449,998	5,449,998	- -	117,512	(117,512)	72.99	74.56	(1.57)
Non-Operating Income	(540,674)	(1,009,842)	469,168 F	(21,774)	490,942	(7.24)	(13.82)	6.57
<b>Net Income (Loss)</b>	<b>\$ 4,988,969</b>	<b>\$ 9,315,606</b>	<b>\$ (4,326,638) U</b>	<b>\$ 200,862</b>	<b>\$ (4,527,499)</b>	<b>\$ 66.82</b>	<b>\$ 127.45</b>	<b>\$ (60.64)</b>
Net Income Margin	2.7%	4.8%	-2.1%					
OEBITDA Margin w/o Prop Tax	4.7%	7.0%	-2.3%					
OEBITDA Margin with Prop Tax	7.6%	9.8%	-2.2%					

F= Favorable variance  
U= Unfavorable variance



# Consolidated FY 06 Projected (Six Months Actual + Six Months Budget)

	Projection	Budget	Variance	Variance		\$/Wtg Pt Day		
				Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	27,972	27,686	286					
Admissions - SNF	1,283	1,358	(75)					
Patient Days - Acute	109,930	108,903	1,027					
Patient Days - SNF	75,795	75,599	196					
Weighted Pt Days	146,561	144,985	1,576					
<b>Revenue:</b>								
Gross Revenue	\$ 1,072,776,392	\$ 1,056,787,431	\$ 15,988,961 F	\$ 11,487,374	\$ 4,501,587	\$ 7,319.66	\$ 7,288.94	\$ 30.71
Deductions from Rev	(727,535,950)	(708,886,173)	(18,649,777) U	(7,705,657)	(10,944,120)	(4,964.05)	(4,889.38)	(74.67)
Net Patient Revenue	345,240,442	347,901,258	(2,660,816) U	3,781,718	(6,442,534)	2,355.61	2,399.57	(43.96)
Other Oper Revenue	9,723,302	10,181,748	(458,446) U	110,677	(569,123)	66.34	70.23	(3.88)
<b>Total Net Revenue</b>	<b>354,963,744</b>	<b>358,083,006</b>	<b>(3,119,262) U</b>	<b>3,892,395</b>	<b>(7,011,657)</b>	<b>2,421.95</b>	<b>2,469.79</b>	<b>(47.84)</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	166,218,021	164,806,821	(1,411,200) U	(1,791,465)	380,265	1,134.12	1,136.72	2.59
Benefits	41,054,806	40,687,200	(367,606) U	(442,274)	74,668	280.12	280.63	0.51
Supplies	59,870,789	59,073,841	(796,948) U	(642,138)	(154,810)	408.50	407.45	(1.06)
Prof Fees & Purch Svc	45,532,331	46,858,531	1,326,200 F	(509,356)	1,835,556	310.67	323.20	12.52
Depreciation	17,324,362	17,189,004	(135,358) U	(186,846)	51,488	118.21	118.56	0.35
Other	20,424,074	20,132,441	(291,633) U	(218,841)	(72,792)	139.36	138.86	(0.50)
PPH Allocation	-	2	2 F	(0)	2	-	0.00	0.00
<b>Total Expenses</b>	<b>350,424,383</b>	<b>348,747,840</b>	<b>(1,676,545) U</b>	<b>(3,790,920)</b>	<b>2,114,377</b>	<b>2,390.98</b>	<b>2,405.41</b>	<b>14.43</b>
<b>Net Inc Before Non-Oper Income</b>	<b>4,539,361</b>	<b>9,335,166</b>	<b>(4,795,806) U</b>	<b>101,474</b>	<b>(4,897,279)</b>	<b>30.97</b>	<b>64.39</b>	<b>(33.41)</b>
Property Tax Revenue	10,899,996	10,899,996	-	118,484	(118,484)	74.37	75.18	(0.81)
Non-Operating Income	(1,550,516)	(2,019,684)	469,168 F	(21,954)	491,122	(10.58)	(13.93)	3.35
<b>Net Income (Loss)</b>	<b>\$ 13,888,841</b>	<b>\$ 18,215,478</b>	<b>\$ (4,326,638) U</b>	<b>\$ 198,004</b>	<b>\$ (4,524,641)</b>	<b>\$ 94.76</b>	<b>\$ 125.64</b>	<b>\$ (30.87)</b>
Net Income Margin	3.7%	4.8%	-1.1%					
OEBITDA Margin w/o Prop Tax	5.8%	7.0%	-1.2%					
OEBITDA Margin with Prop Tax	8.7%	9.8%	-1.1%					

F= Favorable variance  
U= Unfavorable variance



# Consolidated FY 06 YTD December 2005 - Annualized

	Projection	Budget	Variance	Variance		\$/Wtg Pt Day		
				Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	28,492	27,686	806					
Admissions - SNF	1,218	1,358	(140)					
Patient Days - Acute	111,858	108,903	2,955					
Patient Days - SNF	76,616	75,599	1,017					
Weighted Pt Days	149,336	144,985	4,351					
<b>Revenue:</b>								
Gross Revenue	\$ 1,097,343,422	\$ 1,056,787,431	\$ 40,555,991 F	\$ 31,714,192	\$ 8,841,799	\$ 7,348.15	\$ 7,288.94	\$ 59.21
Deductions from Rev	(751,940,378)	(708,886,173)	(43,054,205) U	(21,273,675)	(21,780,530)	(5,035.23)	(4,889.38)	(145.85)
Net Patient Revenue	345,403,044	347,901,258	(2,498,214) U	10,440,517	(12,938,731)	2,312.93	2,399.57	(86.64)
Other Oper Revenue	9,264,856	10,181,748	(916,892) U	305,554	(1,222,446)	62.04	70.23	(8.19)
<b>Total Net Revenue</b>	<b>354,667,900</b>	<b>358,083,006</b>	<b>(3,415,106) U</b>	<b>10,746,071</b>	<b>(14,161,177)</b>	<b>2,374.97</b>	<b>2,469.79</b>	<b>(94.83)</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	168,963,160	164,806,821	(4,156,339) U	(4,945,853)	789,514	1,131.43	1,136.72	5.29
Benefits	41,751,264	40,687,200	(1,064,064) U	(1,221,023)	156,959	279.58	280.63	1.05
Supplies	61,137,568	59,073,841	(2,063,727) U	(1,772,806)	(290,921)	409.40	407.45	(1.95)
Prof Fees & Purch Svc	44,438,340	46,858,531	2,420,191 F	(1,406,225)	3,826,416	297.57	323.20	25.62
Depreciation	17,417,228	17,189,004	(228,224) U	(515,842)	287,618	116.63	118.56	1.93
Other	20,801,050	20,132,441	(668,609) U	(604,175)	(64,434)	139.29	138.86	(0.43)
PPH Allocation	-	2	2 F	(0)	2	-	0.00	0.00
<b>Total Expenses</b>	<b>354,508,610</b>	<b>348,747,840</b>	<b>(5,760,772) U</b>	<b>(10,465,923)</b>	<b>4,705,153</b>	<b>2,373.90</b>	<b>2,405.41</b>	<b>31.51</b>
<b>Net Inc Before Non-Oper Income</b>	<b>159,290</b>	<b>9,335,166</b>	<b>(9,175,877) U</b>	<b>280,148</b>	<b>(9,456,024)</b>	<b>1.07</b>	<b>64.39</b>	<b>(63.32)</b>
Property Tax Revenue	10,899,996	10,899,996	-	327,109	(327,109)	72.99	75.18	(2.19)
Non-Operating Income	(1,081,348)	(2,019,684)	938,336 F	(60,611)	998,947	(7.24)	(13.93)	6.69
<b>Net Income (Loss)</b>	<b>\$ 9,977,938</b>	<b>\$ 18,215,478</b>	<b>\$ (8,237,541) U</b>	<b>\$ 546,647</b>	<b>\$ (8,784,187)</b>	<b>\$ 66.82</b>	<b>\$ 125.64</b>	<b>\$ (58.82)</b>
Net Income Margin	2.7%	4.8%	-2.1%					
OEBITDA Margin w/o Prop Tax	4.7%	7.0%	-2.3%					
OEBITDA Margin with Prop Tax	7.6%	9.8%	-2.2%					

F= Favorable variance  
U= Unfavorable variance





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**Fiscal Year 2006**  
**Six Month Financial Update**

**Volume Analysis**



## KEY STATISTICS – YTD December 2005

<b>PPH Consolidated</b>	<b>FY 2006 Results Thru 12-31-05</b>	<b>FY 2006 Budget Thru 12-31-05</b>	<b>6 Month Results B/(W) Than Budget</b>	<b>% Change Thru 12-31-05</b>	<b>FY 2006 Budget</b>
Acute Patient Days	55,929	54,902	1,027	1.87%	108,903
Acute Discharges	14,068	13,888	180	1.30%	27,543
Acute ALOS	3.98	3.95	0.03	0.76%	3.95
SNF Patient Days	38,308	38,112	196	0.51%	75,599
SNF Discharges	612	666	(54)	-8.11%	1,318
SNF ALOS	62.59	57.23	5.36	9.37%	57.36
Total ED Visits	40,235	38,046	2,189	5.75%	75,474
ED Admissions	7,408	6,766	642	9.49%	13,424
Trauma Cases	605	782	(177)	-22.63%	1,552
OP Registrations (incl Lab)	49,732	73,226	(23,494)	-32.08%	145,257
Deliveries	2,794	2,904	(110)	-3.79%	5,761
Surgery Cases:					
Inpatient	4,481	4,830	(349)	-7.23%	9,582
Outpatient	3,923	3,620	303	8.37%	7,180
CVSS	63	84	(21)	-25.00%	167
Total Surgery Cases	8,467	8,534	(67)	-0.79%	16,929
Home Health Visits	14,483	15,888	(1,405)	-8.84%	31,513



# KEY STATISTICS – YTD December 2005

<b>Palomar Medical Center</b>	<b>FY 2006 Results Thru 12-31-05</b>	<b>FY 2006 Budget Thru 12-31-05</b>	<b>6 Month Results B/(W) Than Budget</b>	<b>% Change Thru 12-31-05</b>	<b>FY 2006 Budget</b>
Acute Patient Days	42,481	41,668	813	1.95%	82,657
Acute Discharges	10,613	10,414	199	1.91%	20,654
Acute ALOS	4.00	4.00	0.00	0.00%	4.00
SNF Patient Days	15,542	16,400	(858)	-5.23%	32,529
SNF Discharges	325	268	57	21.27%	528
SNF ALOS	47.82	61.19	(13.37)	-21.85%	61.61
Total ED Visits	27,067	25,842	1,225	4.74%	51,268
ED Admissions	5,446	5,116	330	6.45%	10,151
Trauma Cases	605	782	(177)	-22.63%	1,552
OP Registrations (incl Lab)	33,858	41,020	(7,162)	-17.46%	81,372
Deliveries	2,223	2,292	(69)	-3.01%	4,547
Surgery/CVSS Cases:					
Inpatient	3,084	3,246	(162)	-4.98%	6,441
Outpatient	774	836	(62)	-7.42%	1,659
CVSS	63	84	(21)	-25.00%	167
Total Surgery/CVSS Cases	3,921	4,166	(245)	-5.88%	8,267
Home Health Visits	14,483	15,888	(1,405)	-8.84%	31,513



# KEY STATISTICS – YTD December 2005

<b><u>Pomerado Hospital</u></b>	<b>FY 2006 Results Thru 12-31-05</b>	<b>FY 2006 Budget Thru 12-31-05</b>	<b>6 Month Results B/(W) Than Budget</b>	<b>% Change Thru 12-31-05</b>	<b>FY 2006 Budget</b>
Acute Patient Days	13,448	13,234	214	1.62%	26,246
Acute Discharges	3,455	3,474	(19)	-0.55%	6,889
Acute ALOS	3.89	3.81	0.08	2.10%	3.81
SNF Patient Days	22,766	21,712	1,054	4.85%	43,070
SNF Discharges	287	398	(111)	-27.89%	790
SNF ALOS	79.32	54.55	24.77	45.41%	54.52
Total ED Visits	13,168	12,204	964	7.90%	24,206
ED Admissions	1,962	1,650	312	18.91%	3,273
OP Registrations (incl Lab)	15,874	32,206	(16,332)	-50.71%	63,885
Deliveries	571	612	(41)	-6.70%	1,214
Surgery Cases (Incl Surg Clinic):					
Inpatient	1,397	1,584	(187)	-11.81%	3,141
Outpatient	3,149	2,784	365	13.11%	5,521
Total Surgery Cases	4,546	4,368	178	4.08%	8,662



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**Fiscal Year 2006**  
**Six Month Financial Update**  
**Gross Revenue Analysis**



## Consolidated Gross Revenue Payor Mix YTD December 2005

	FY03 %	FY04 %	FY05 %	FY06 %	FY06 Impact Annualized	
<b>Medicare</b>	27.9%	28.4%	27.2%	26.9%	(3,260,565)	
<b>Sr. Managed Care</b>	7.5%	6.8%	6.3%	6.4%		
<b>Sr. Capitation</b>	10.3%	11.1%	10.8%	11.3%		
<b>MCL Mgd Care</b>	2.3%	2.5%	2.6%	2.6%		
<b>Managed Care</b>	27.6%	26.4%	20.3%	17.7%		
<b>Comm Capitation</b>	3.0%	3.2%	3.4%	3.0%		
<b>Insurance</b>	0.8%	0.6%	7.6%	10.1%		
<b>Work Comp</b>	1.5%	1.5%	1.5%	1.3%		
<b>Medi-Cal</b>	12.0%	11.8%	13.3%	13.2%	(1,410,446)	
<b>CMS</b>	2.6%	3.0%	1.7%	2.3%	6,619,348	 \$ 14,310,885
<b>Self Pay</b>	4.4%	4.6%	4.4%	5.2%	9,101,984	
<b>Other</b>		0.0%	0.9%	0.1%		
<b>Total:</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>		



# Palomar Medical Center Gross Revenue Payor Mix YTD December 2005

	FY03 %	FY04 %	FY05 %	FY06 %	FY06 Impact Annualized
<b>Medicare</b>	25.8%	26.3%	25.2%	24.1%	\$ (7,825,403)
<b>Sr. Managed Care</b>	9.1%	8.0%	7.3%	7.4%	
<b>Sr. Capitation</b>	10.2%	11.8%	11.3%	11.6%	
<b>MCL Mgd Care</b>	3.0%	3.2%	3.2%	3.0%	
<b>Managed Care</b>	26.5%	24.9%	19.4%	16.9%	
<b>Insurance</b>	1.0%	0.6%	7.1%	9.1%	
<b>Comm Capitation</b>	2.6%	3.1%	3.3%	3.0%	
<b>Work Comp</b>	1.9%	1.9%	1.8%	1.4%	
<b>Medi-Cal</b>	11.6%	11.0%	12.6%	13.7%	7,785,516
<b>CMS</b>	3.4%	4.0%	2.7%	3.0%	2,071,599
<b>Self Pay</b>	5.1%	5.2%	5.3%	6.7%	10,692,535
<b>Other</b>		0.0%	0.8%	0.1%	
<b>Total:</b>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	<u>100.0%</u>	\$ 20,549,650



# Pomerado Hospital Gross Revenue Payor Mix YTD December 2005

	FY03 %	FY04 %	FY05 %	FY06 %	FY06 Impact Annualized
<b>Medicare</b>	31.3%	33.0%	31.2%	32.8%	\$ 4,123,587
<b>Sr. Managed Care</b>	3.9%	3.8%	3.4%	4.0%	
<b>Sr. Capitation</b>	11.4%	10.4%	10.0%	11.5%	
<b>MCL Mgd Care</b>	1.4%	1.6%	1.7%	2.3%	
<b>Managed Care</b>	35.8%	34.8%	25.7%	21.7%	
<b>Insurance</b>	0.5%	0.6%	11.0%	14.9%	
<b>Comm Capitation</b>	5.1%	4.6%	4.7%	3.7%	
<b>Work Comp</b>	0.9%	0.7%	0.9%	1.0%	
<b>Medi-Cal</b>	6.1%	6.6%	8.0%	5.4%	(6,622,407)
<b>CMS</b>	1.1%	0.9%	-0.8%	1.0%	4,675,463
<b>Self Pay</b>	2.6%	2.9%	2.8%	1.6%	(2,982,163)
<b>Other</b>		0.0%	1.4%	0.1%	
<b>Total:</b>	100.0%	100.0%	100.0%	100.0%	

\$ (4,929,107)







# SNF w/o SubAcute Gross Revenue Payor Mix YTD December 2005

	FY03 %	FY04 %	FY05 %	FY06 %	FY06 Annualized Impact
<b>Medicare</b>	17.1%	16.9%	15.5%	14.5%	(356,363)
<b>Sr. Managed Care</b>	5.4%	7.0%	6.9%	8.5%	
<b>Sr. Capitation</b>	9.9%	7.9%	9.6%	10.0%	
<b>MCL Mgd Care</b>	0.2%	0.0%	0.9%	0.2%	
<b>Managed Care</b>	6.0%	8.6%	7.3%	5.5%	
<b>Comm Capitation</b>	0.1%	0.3%	0.1%	0.1%	
<b>Insurance</b>	0.9%	0.7%	2.0%	1.7%	
<b>Work Comp</b>	0.1%	0.1%	0.3%	0.2%	
<b>Medi-Cal</b>	53.9%	50.8%	61.6%	55.0%	1,441,468
<b>CMS</b>	0.0%	0.0%	0.1%	0.2%	55,778
<b>Self Pay</b>	6.4%	7.6%	-0.9%	3.4%	(1,415,426)
<b>Other</b>		0.0%	-3.5%	0.6%	
<b>Total:</b>	100.0%	100.0%	100.0%	100.0%	



# Capitation

	Plan Year 2005 YTD Nov 05	Plan Year 2004 Final Settled	Plan Year 2003 Final Settled	Plan Year 2002 Final Settled	Plan Year 2001 Final Settled
<b>Group 1</b>					
<b>Comm Plan:</b>					
Net Income \$	\$ 524,734	\$ 191,648	\$ 353,800	281,938	\$ 870,682
<b>Senior Plan:</b>					
Net Income \$	\$ 249,745	\$ 887,470	\$ 2,193,597	1,886,877	\$ 2,298,164
<b>Total Net Income</b>	<b>\$ 774,479</b>	<b>\$ 1,079,118</b>	<b>\$ 2,547,397</b>	<b>\$ 2,168,815</b>	<b>\$ 3,168,846</b>
<b>Group 2</b>					
<b>Comm Plan:</b>					
Net Income \$	\$ 49,943	\$ 941,029	\$ 455,517	28,959	\$ 754,612
<b>Senior Plan:</b>					
Net Income \$	\$ 1,398,187	\$ 1,322,568	\$ 2,209,578	2,473,672	\$ 2,893,556
<b>Total Net Income</b>	<b>\$ 1,448,130</b>	<b>\$ 2,263,597</b>	<b>\$ 2,665,095</b>	<b>\$ 2,502,631</b>	<b>\$ 3,648,168</b>
<b>Group 3</b>					
<b>Comm Plan:</b>					
Net Income \$	\$ 172,846	\$ 417,778	\$ 355,548	153,360	\$ 490,644
<b>Senior Plan:</b>					
Net Income \$	\$ (2,826,541)	\$ (1,100,435)	\$ (64,919)	98,636	\$ 1,173,914
<b>Total Net Income</b>	<b>\$ (2,653,695)</b>	<b>\$ (682,657)</b>	<b>\$ 290,629</b>	<b>\$ 251,996</b>	<b>\$ 1,664,558</b>
<b>Group 4</b>					
<b>Comm Plan:</b>					
Net Income \$	\$ 450,475	\$ 314,437			
<b>Senior Plan:</b>					
Net Income \$	\$ 132,800	\$ 1,121,846			
<b>Total Net Income</b>	<b>\$ 583,275</b>	<b>\$ 1,436,283</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



PALOMAR  
POMERADO  
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**Fiscal Year 2006**  
**Six Month Financial Update**

**Salary, Wages & Benefits**  
**Analysis**



# TOTAL SALARIES AND WAGES

## YTD DECEMBER 2005

	Total Dollars			Per Weighted Patient Day		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>CENTRAL OFFICE</b>						
Nursing	-	-	-	-	-	-
Ancillary	-	-	-	-	-	-
Support	9,985,287	10,677,916	692,629	133.73	146.41	12.68
<b>Total</b>	<b>9,985,287</b>	<b>10,677,916</b>	<b>692,629</b>	<b>133.73</b>	<b>146.41</b>	<b>12.68</b>
<b>PPH-NORTH</b>						
Nursing	32,396,390	31,437,695	(958,695)	612.49	606.02	(6.47)
Ancillary	10,006,438	9,235,007	(771,431)	189.18	178.02	(11.16)
Support	8,445,386	8,319,511	(125,875)	159.67	160.37	0.70
<b>Total</b>	<b>50,848,214</b>	<b>48,992,213</b>	<b>(1,856,001)</b>	<b>961.34</b>	<b>944.41</b>	<b>(16.93)</b>
<b>PPH-SOUTH</b>						
Nursing	12,806,221	12,908,530	102,309	619.77	650.96	31.19
Ancillary	4,478,108	3,831,739	(646,369)	216.72	193.23	(23.49)
Support	3,720,971	3,832,534	111,563	180.08	193.27	13.19
<b>Total</b>	<b>21,005,300</b>	<b>20,572,803</b>	<b>(432,497)</b>	<b>1,016.57</b>	<b>1,037.46</b>	<b>20.89</b>
<b>OUTREACH</b>						
Nursing	-	-	-	-	-	-
Ancillary	2,536,887	2,769,602	232,715	-	-	-
Support	105,894	57,829	(48,065)	-	-	-
<b>Total</b>	<b>2,642,781</b>	<b>2,827,431</b>	<b>184,650</b>	-	-	-
<b>Total PPH</b>	<b>\$ 84,481,582</b>	<b>\$ 83,070,363</b>	<b>\$ (1,411,219)</b>	-	-	-



# SALARIES AND WAGES REGULAR – YTD DECEMBER 2005

	Total Dollars			Per Weighted Patient Day		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>CENTRAL OFFICE</b>						
Nursing	-	-	-	-	-	-
Ancillary	-	-	-	-	-	-
Support	9,376,842	10,490,516	1,113,674	125.58	143.84	18.26
<b>Total</b>	<b>9,376,842</b>	<b>10,490,516</b>	<b>1,113,674</b>	<b>125.58</b>	<b>143.84</b>	<b>18.26</b>
<b>PPH-NORTH</b>						
Nursing	26,923,111	25,585,787	(1,337,324)	509.01	493.21	(15.80)
Ancillary	7,655,140	8,226,646	571,506	144.73	158.58	13.85
Support	6,933,389	7,715,510	782,121	131.08	148.73	17.65
<b>Total</b>	<b>41,511,640</b>	<b>41,527,943</b>	<b>16,303</b>	<b>784.82</b>	<b>800.52</b>	<b>15.70</b>
<b>PPH-SOUTH</b>						
Nursing	10,573,587	11,066,798	493,211	511.72	558.08	46.37
Ancillary	3,520,683	3,513,668	(7,015)	170.39	177.19	6.80
Support	3,374,244	3,650,775	276,531	163.30	184.10	20.80
<b>Total</b>	<b>17,468,514</b>	<b>18,231,241</b>	<b>762,727</b>	<b>845.40</b>	<b>919.38</b>	<b>73.98</b>
<b>OUTREACH</b>						
Nursing	-	-	-	-	-	-
Ancillary	2,501,204	2,726,704	225,500	-	-	-
Support	105,713	57,829	(47,884)	-	-	-
<b>Total</b>	<b>2,606,917</b>	<b>2,784,533</b>	<b>177,616</b>	-	-	-
<b>Total PPH</b>	<b>\$ 70,963,913</b>	<b>\$ 73,034,233</b>	<b>\$ 2,070,320</b>	-	-	-



# SALARIES AND WAGES OVERTIME – YTD DECEMBER 2005

	Total Dollars			Per Weighted Patient Day		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>CENTRAL OFFICE</b>						
Nursing	-	-	-	-	-	-
Ancillary	-	-	-	-	-	-
Support	252,336	153,884	(98,452)	3.38	2.11	(1.27)
<b>Total</b>	<b>252,336</b>	<b>153,884</b>	<b>(98,452)</b>	<b>3.38</b>	<b>2.11</b>	<b>(1.27)</b>
<b>PPH-NORTH</b>						
Nursing	3,633,946	2,850,941	(783,005)	68.70	54.96	(13.75)
Ancillary	638,952	583,984	(54,968)	12.08	11.26	(0.82)
Support	414,955	341,220	(73,735)	7.85	6.58	(1.27)
<b>Total</b>	<b>4,687,853</b>	<b>3,776,145</b>	<b>(911,708)</b>	<b>88.63</b>	<b>72.79</b>	<b>(15.84)</b>
<b>PPH-SOUTH</b>						
Nursing	1,904,818	1,224,690	(680,128)	92.18	61.76	(30.43)
Ancillary	200,327	146,677	(53,650)	9.69	7.40	(2.30)
Support	198,829	150,629	(48,200)	9.62	7.60	(2.03)
<b>Total</b>	<b>2,303,974</b>	<b>1,521,996</b>	<b>(781,978)</b>	<b>111.50</b>	<b>76.75</b>	<b>(34.75)</b>
<b>OUTREACH</b>						
Nursing	-	-	-	-	-	-
Ancillary	35,560	39,091	3,531	-	-	-
Support	199	-	(199)	-	-	-
<b>Total</b>	<b>35,759</b>	<b>39,091</b>	<b>3,332</b>	-	-	-
<b>Total PPH</b>	<b>\$ 7,279,922</b>	<b>\$ 5,491,116</b>	<b>\$ (1,788,806)</b>	-	-	-



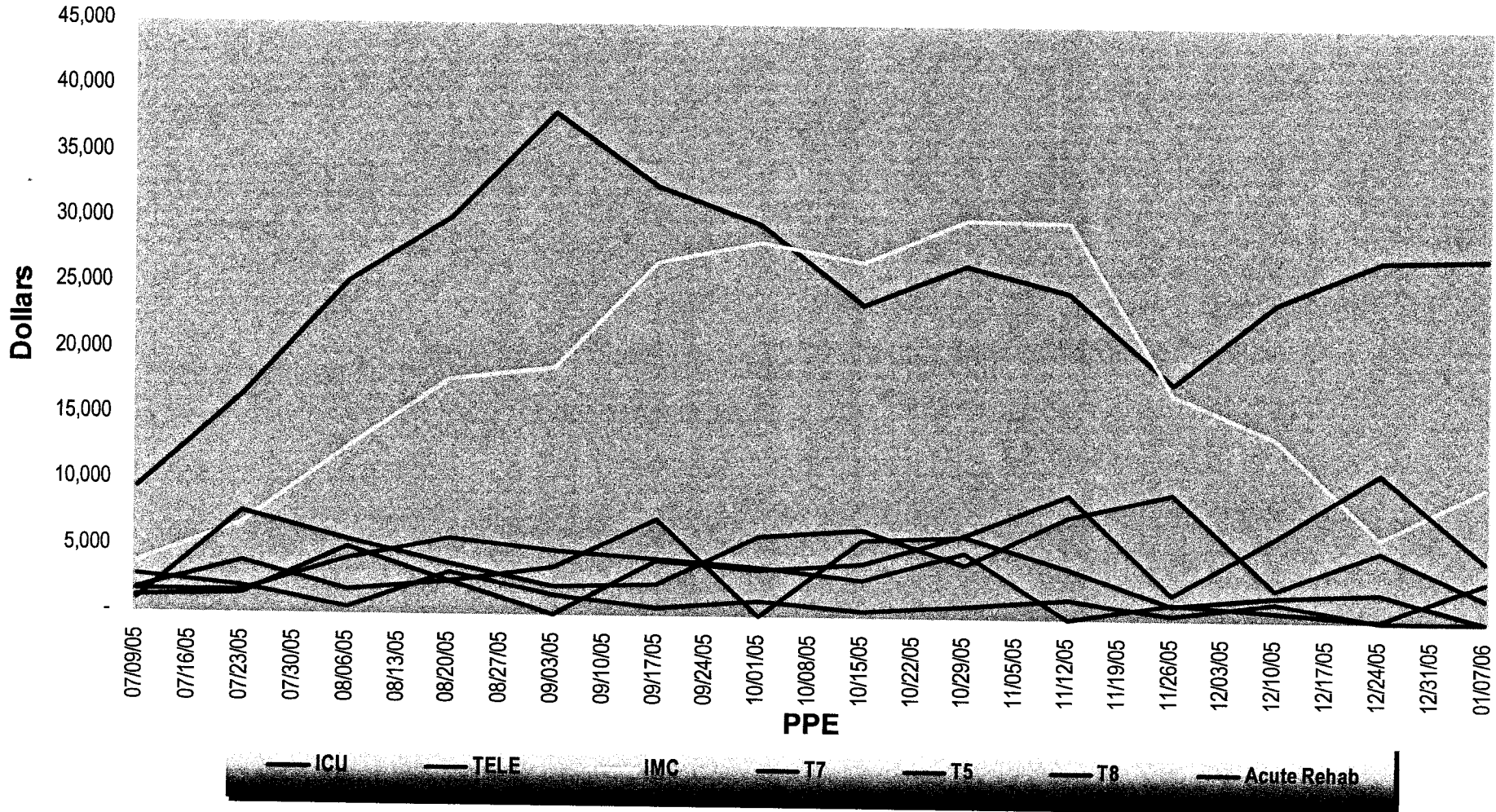
# SALARIES AND WAGES

## CONTRACT LABOR – YTD DECEMBER 2005

	Total Dollars			Per Weighted Patient Day		
	Actual	Budget	Variance	Actual	Budget	Variance
<b>CENTRAL OFFICE</b>						
Nursing	-	-	-	-	-	-
Ancillary	-	-	-	-	-	-
Support	356,109	33,516	(322,593)	4.77	0.46	(4.31)
<b>Total</b>	<b>356,109</b>	<b>33,516</b>	<b>(322,593)</b>	<b>4.77</b>	<b>0.46</b>	<b>(4.31)</b>
<b>PPH-NORTH</b>						
Nursing	1,837,698	3,000,967	1,163,269	34.74	57.85	23.11
Ancillary	1,712,780	424,377	(1,288,403)	32.38	8.18	(24.20)
Support	1,098,240	262,781	(835,459)	20.76	5.07	(15.70)
<b>Total</b>	<b>4,648,718</b>	<b>3,688,125</b>	<b>(960,593)</b>	<b>87.89</b>	<b>71.10</b>	<b>(16.79)</b>
<b>PPH-SOUTH</b>						
Nursing	315,099	617,042	301,943	15.25	31.12	15.87
Ancillary	763,740	171,394	(592,346)	36.96	8.64	(28.32)
Support	153,971	31,130	(122,841)	7.45	1.57	(5.88)
<b>Total</b>	<b>1,232,810</b>	<b>819,566</b>	<b>(413,244)</b>	<b>59.66</b>	<b>41.33</b>	<b>(18.33)</b>
<b>OUTREACH</b>						
Nursing	-	-	-	-	-	-
Ancillary	105	3,807	3,702	-	-	-
Support	-	-	-	-	-	-
<b>Total</b>	<b>105</b>	<b>3,807</b>	<b>3,702</b>			
<b>Total PPH</b>	<b>\$ 6,237,742</b>	<b>\$ 4,545,014</b>	<b>\$ (1,692,728)</b>			



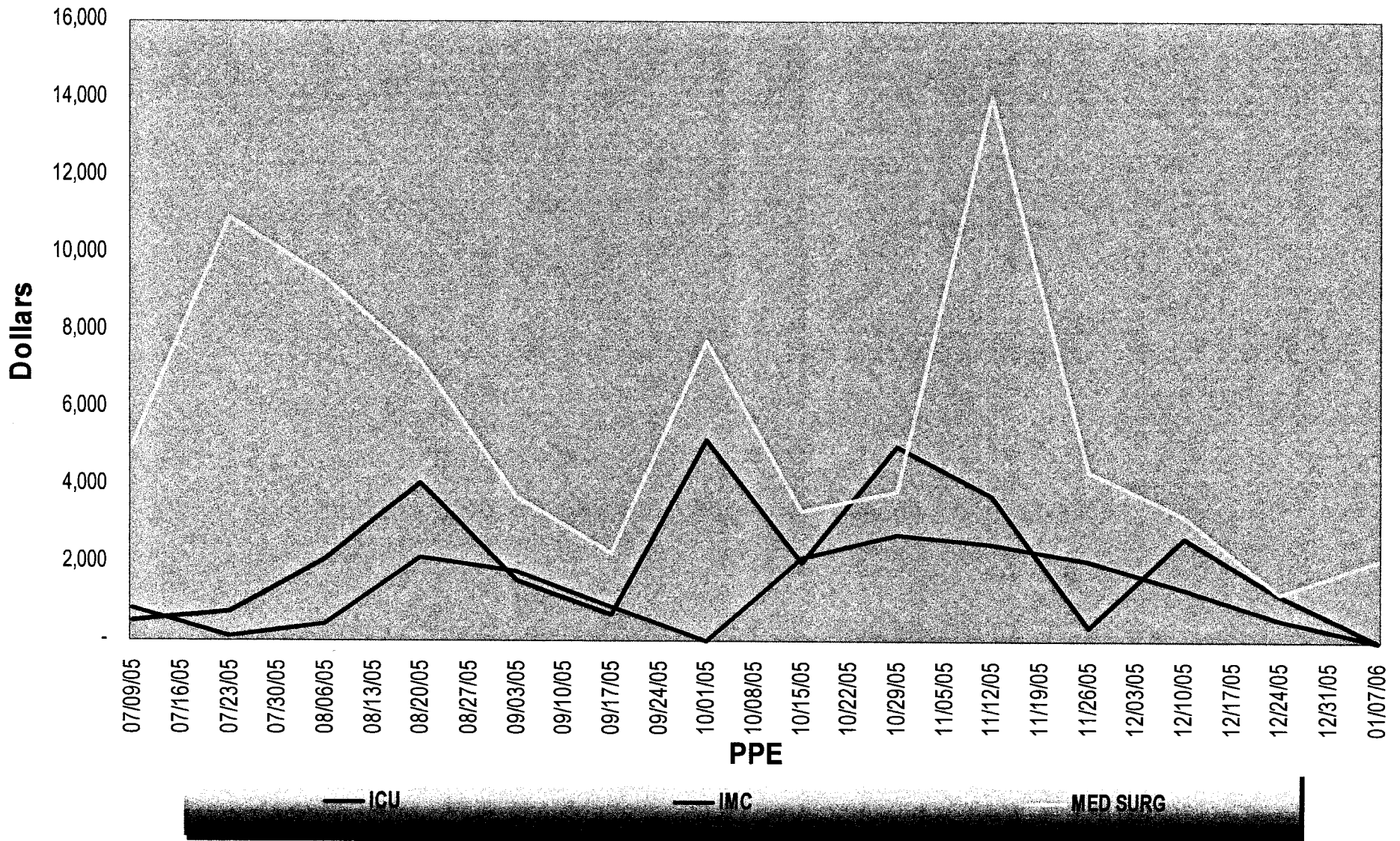
# Palomar Medical Center FY 06 Nursing Education YTD December 2005





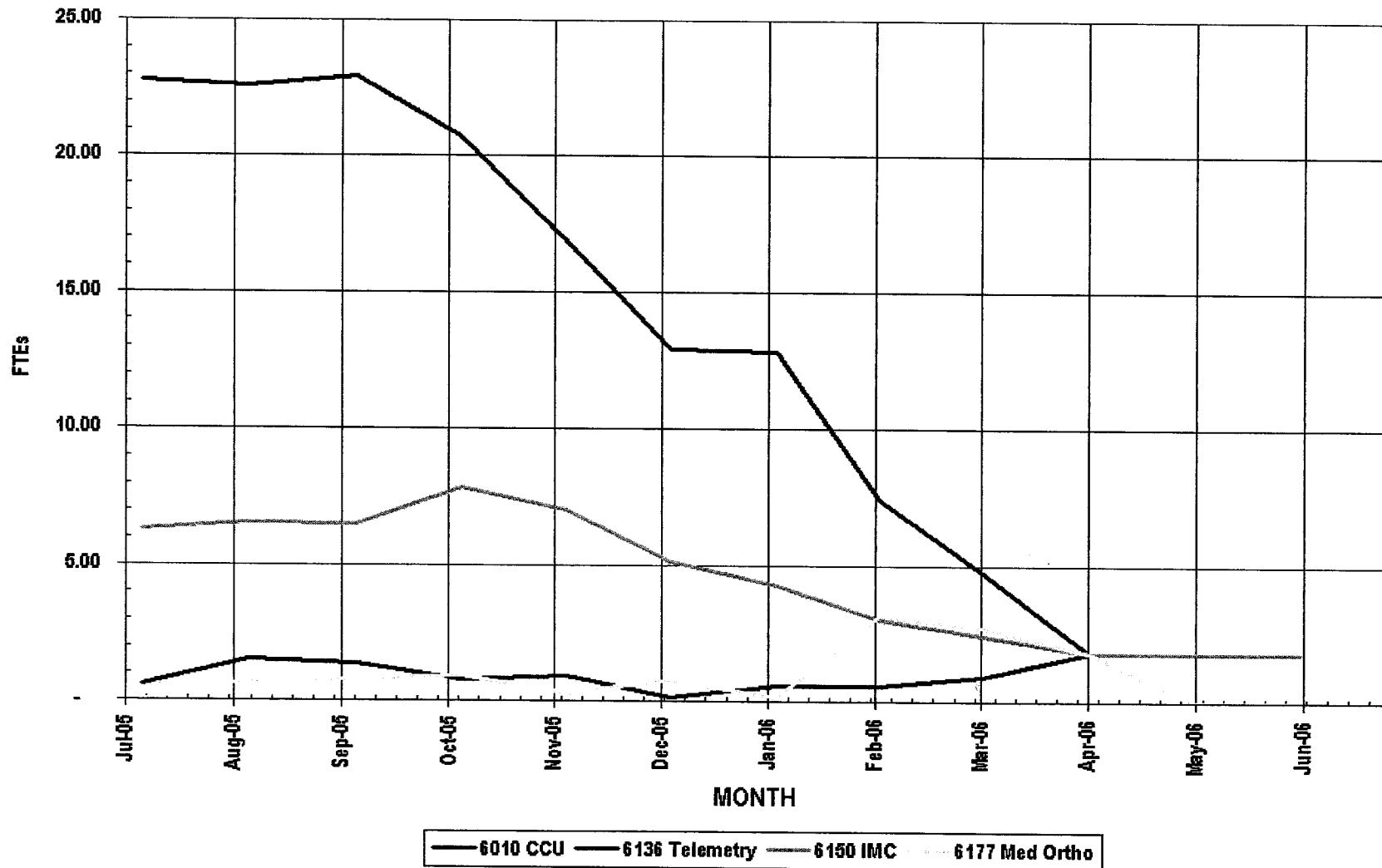


# Pomerado Hospital FY 06 Nursing Education YTD December 2005



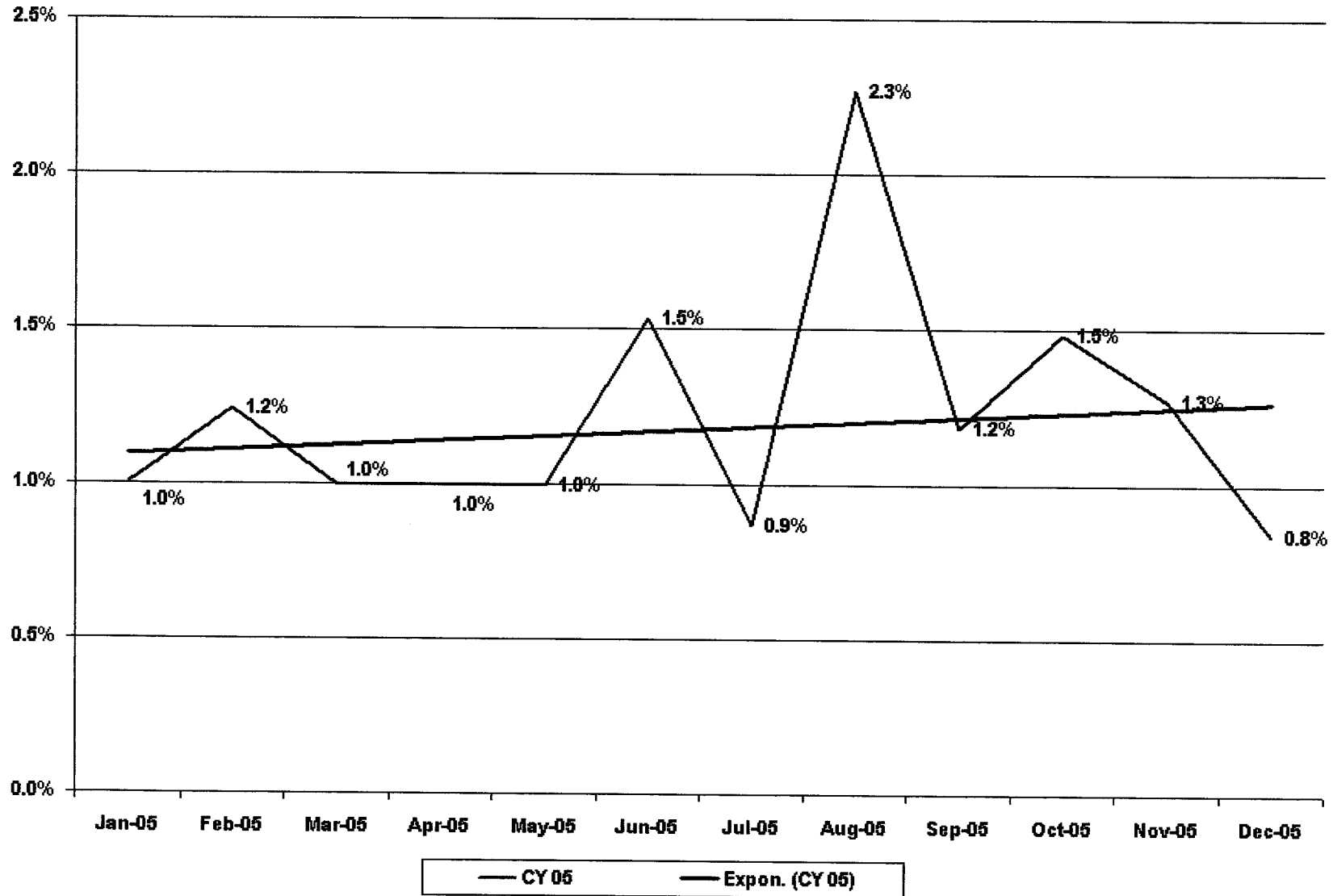


# Palomar Medical Center Traveler FTEs by Month FY 06



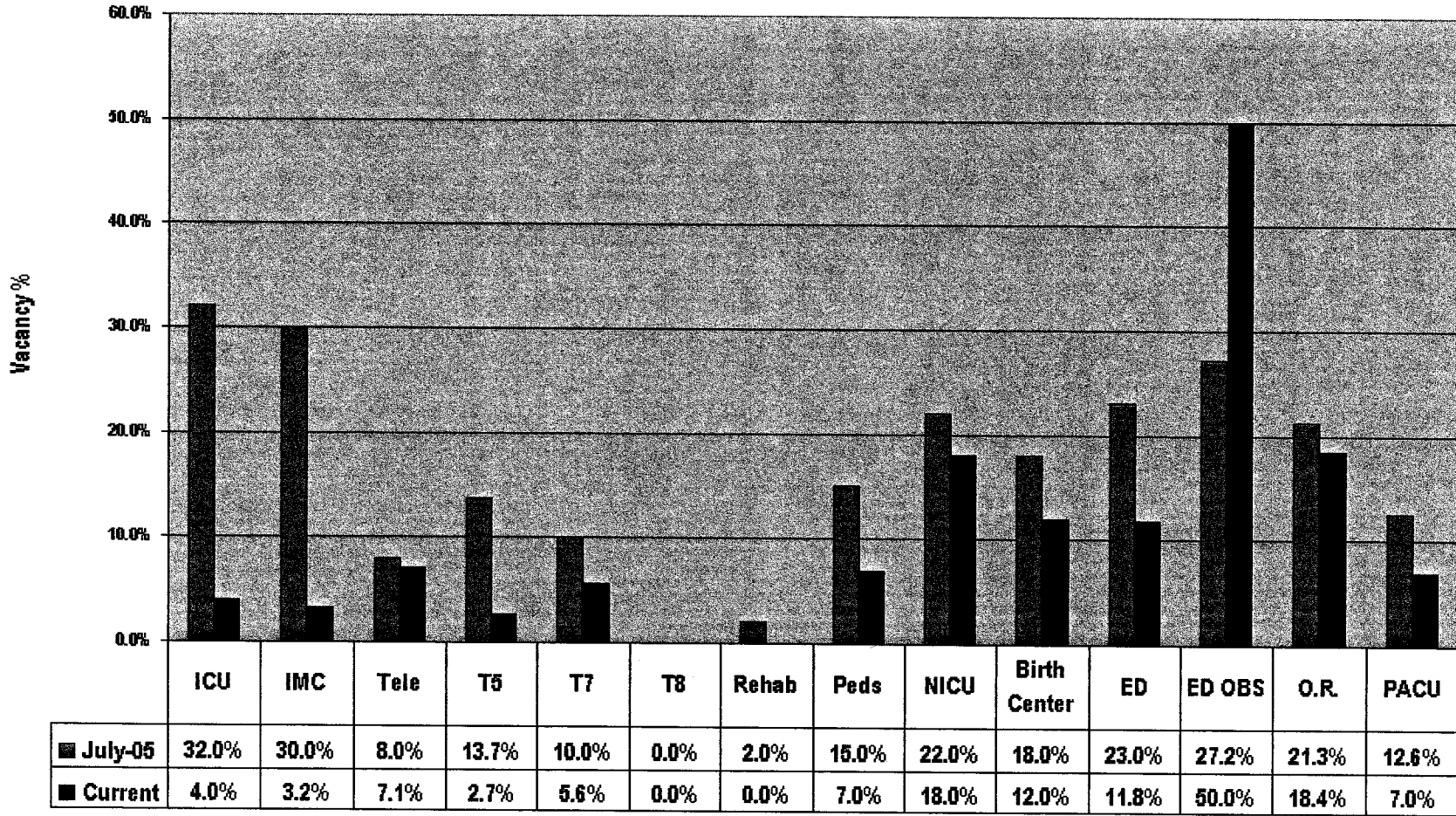


# RN Turnover Rate – CY 2005





# Palomar Medical Center Vacancy Rate

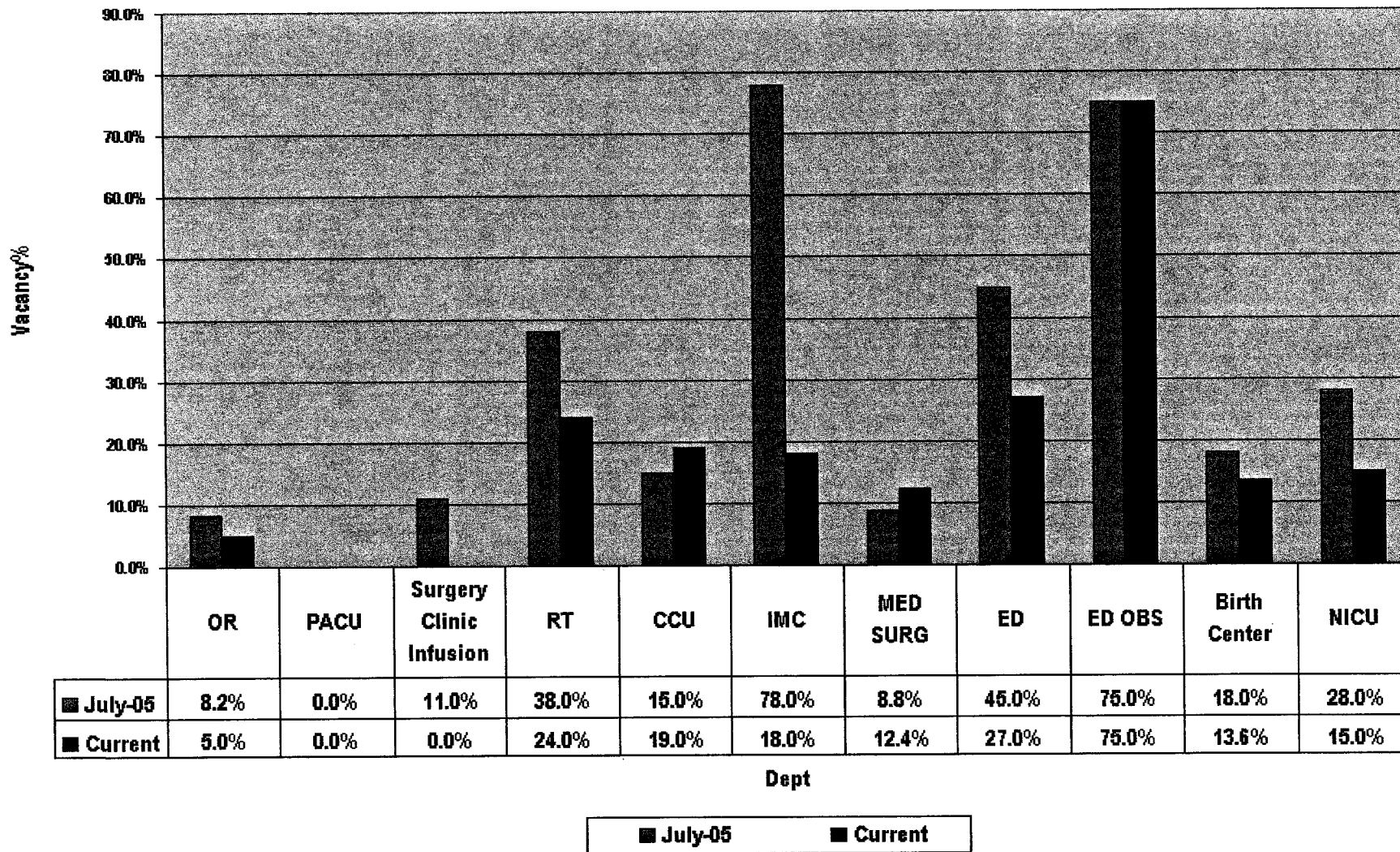


Depts

■ July-05 ■ Current



# Pomerado Hospital Vacancy Rate





## BENEFITS

Budgeted Expense YTD		\$ 20,508,018
Total Actual YTD Expense		<u>\$ 20,875,632</u>
Group Health Insurance	\$ (542,041)	
Total Other Variances	<u>\$ 174,426</u>	
Variance to Budget		<u>\$ (367,615)</u>



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**Fiscal Year 2006**  
**Six Month Financial Update**  
**Supplies Expense Analysis**



# SUPPLIES

	PPH NORTH	PPH SOUTH	OUTREACH	CENTRAL	TOTAL
Budgeted Expense YTD					\$ 29,771,921
Total Actual YTD Expense					\$ 30,568,784
Pharmaceuticals	\$ (526,864)	\$ 112,565	\$ (619)	\$ -	
Implants	\$ (295,534)	\$ 36,436	\$ -	\$ -	
Surgery Supplies	\$ (477,607)	\$ 102,921	\$ 311	\$ -	
Total Other Variances	\$ 158,990	\$ 7,285	\$ 32,366	\$ 52,887	
Variance to Budget					\$ (796,863)





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**Fiscal Year 2006**  
**Six Month Financial Update**  
**Other Expenses Analysis**



## PROFESSIONAL FEES

Budgeted Expense YTD		\$ 10,078,845
Total Actual YTD Expense		<u>\$ 9,541,299</u>
Physician Fees	\$ 716,881	
Consulting	\$ (242,607)	
Legal	\$ (45,544)	
Total Other Variances	<u>\$ 108,816</u>	
Variance to Budget		<u>\$ 537,546</u>



# PURCHASED SERVICES

	PPH NORTH	PPH SOUTH	OUTREACH	CENTRAL	TOTAL
Budgeted Expense YTD					\$ 13,466,499
Total Actual YTD Expense					\$ 12,677,871
Repair and Maintenance	\$ 400,978	\$ 131,361	\$ 46,031	\$ 178,153	
Medical Purchased Svcs	\$ (210,716)	\$ (69,271)	\$ (248)	\$ (731)	
Total Other Variances	\$ 172,972	\$ (165,873)	\$ 60,298	\$ 245,674	
Variance to Budget					\$ 788,628



## OTHER DIRECT EXPENSE

	PPH NORTH	PPH SOUTH	OUTREACH	CENTRAL	TOTAL
Budgeted Expense YTD					\$ 10,108,847
Total Actual YTD Expense					<u>\$ 10,400,525</u>
Utilities: Electric & Gas	\$ (107,994)	\$ (31,647)	\$ 17,783	\$ 9,368	
Recruiting	\$ 4,892	\$ 7,157	\$ -	\$(472,229)	
Marketing and Advertising	\$ 46,995	\$ (18,252)	\$ 2,662	\$ 394,079	
Total Other Variances	<u>\$ (49,103)</u>	<u>\$ (34,873)</u>	<u>\$ (65,429)</u>	<u>\$ 4,904</u>	
Variance to Budget					<u>\$ (291,678)</u>



**Fiscal Year 2006**  
**Six Month Financial Update**  
**Strategies & Issues Analysis**



# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
Opal Reinbold	10		Quality & Clinical Resource Management	Denials	Recovered to date: \$123,516. Estimated Appeals 1.2M; estimated recovery \$500,000.		\$ 500,000
					Targeted case management - Total possible reimbursement \$184,535.		\$ 184,535
							684,535
Marcia Jackson	10		Physician Relations	Physician Recruitment	Two budgeted recruits won't arrive until the end of the fiscal year.	\$ 410,000	
						410,000	
Sheila Brown	54	7290	Home Health	Wage Rate	Expected to continue - no opportunity to recover from wage rate issue which accounts for an annualized variance of \$270k. Remainder of variance due to efficiency	\$ (76,631)	
	23	6441	Acute Rehab	Net Revenue	Gross Revenue better than budget by \$2.658M; expenses only up by \$158k. Volume actually down by 365 days.		\$ 1,000,000
		6441		Expense Variance		\$ (189,584)	
	20 and 30	6580	SNF		Rate Increases		\$ 1,123,272
		6580	SNF	Rental Expense	Hillrom Beds renegotiated	\$ 60,840	
	22	6340	Mental Health	Net Revenue	Part of unit closed due to construction; Susan said they will make up the current variance with volume.		\$ 311,721
		6340		Expense Variance		\$ (100,000)	
	30	7076	Wound Care	Net Revenue	Increase in volume - over by 2,368 procedures through November		\$ 666,878
						\$ (47,689)	
	54	7291	Private Home Care	Grant Hosting "Fee"	Will receive an administrative hosting fee for this grant		\$ 44,000
						(353,064)	3,145,871



# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
Lorie Shoemaker	20	6010	Critical Care	Efficiency Variance	Best Productivity is 93% @ current census levels. Over by a total of 5.5 FTE's. Positive rate variance. After backing out variance due to education hours over what was budgeted, and assuming best productivity of 93%, still over by 2.66 FTE's	\$ 98,000	
	20	7420	Surgery	Efficiency Variance	Staff added for OB coverage. These FTE's added after budget process complete.	\$ (231,000)	
	30	6150 and 6010	IMC	Efficiency Variance	Best productivity is approximately 80% on IMC unit. However, CCU will continue to make up for IMC unit as patients stay in CCU when 2nd floor IMC is not openend	\$ -	
	30		CCU	Efficiency Variance	OFFSET TO IMC	\$ -	
	20 & 30	7720	Respiratory Therapy	Efficiency Variance	Lots of education due to therapists needing NICU training and new hires	\$ (50,000)	
		7720	Respiratory Therapy	Efficiency Variance	Some efficiencies between departments - Current YTD: +\$77,000	\$ -	
	20	6179	Med/Surg	Efficiency Variance	336 hours over each pay period for charge nurse. Education hours charged here for orientation of Tower 2 staff (1400 hours ytd). Not much education needed now.	\$ (110,000)	
	30	6070	NICU	Efficiency Variance	Same issues in NICU with volume and ALS staffing	\$ (72,000)	
	20	6177	Surg-Ortho	Efficiency Variance	Best productivity is 97% @ current census levels.	\$ (40,000)	
	20	7427	PACU	Efficiency Variance	Nurses not charging time appropriately to the IR and the IR patients are in the obs	\$ -	
	20	6070	NICU	Efficiency Variance	Current YTD: -\$46,000 and 89% productive	\$ (42,000)	
	20	6150	IMC	Efficiency Variance	Current YTD: -\$45,000 and 92% productive	\$ 27,092	
	20	6173	Med-Oncology	Efficiency Variance	Current YTD: -\$43,000 and 95% productive	\$ 36,690	
	20	6171	Med/Surg	Efficiency Variance	Not a budgeted unit. Closed as often as possible.	\$ (32,000)	
	30	7078	Surgery Clinic	Efficiency Variance	Staff time not charged to surgery for surgical prep.	\$ (56,000)	
	30	7420	Surgery	Efficiency Variance	Current YTD: -\$17,241, 98%	\$ -	



# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
	20	7620	EEG	Efficiency Variance		\$ (40,000)	
	20	8720	Nursing Admin	Efficiency Variance	Sitters charged here.	\$ 22,665	
	20	7011	Trauma	Efficiency Variance	YTD -\$14,999: 84% productivity	\$ (12,000)	
	30	7235	OP Obs	Efficiency Variance	Efficiency doesn't show up in this cost center, need to look at it in conjunction with ED	\$ (6,000)	
	30	7010	ED	Efficiency Variance	Positive Variance expected to continue	\$ 30,000	
	30	7427	PACU	Efficiency Variance	Positive Variance expected to continue	\$ 10,000	
	10	8720	Nursing Admin	Efficiency Variance	Positive Variance expected to continue	\$ 37,000	
	20	7235	OP Obs	Efficiency Variance	Positive Variance expected to continue	\$ 10,000	
	20	7010	ED	Efficiency Variance	Positive Variance expected to continue	\$ 41,000	
	20	6136	Telemetry	Efficiency Variance	Positive Variance expected to continue	\$ 26,000	
	30	8720	Nursing Admin	Efficiency Variance	Positive Variance expected to continue	\$ 10,000	
	30	6400	LDRP	Efficiency Variance	Positive Variance expected to continue	\$ 5,000	
	20	6400	LDRP	Efficiency Variance	Positive Variance expected to continue	\$ 45,000	
	10	8730	Nurs Qual Educ	Efficiency Variance	Positive Variance expected to continue	\$ -	
	30	6179	Med/Surg	Efficiency Variance	Positive Variance expected to continue	\$ 110,000	
						<b>(182,553)</b>	
Gerald Bracht	55		Parkway	Budgeted for Digital Mammo Revenue	Digital Mammography budgeted as if starting July 1. Not projected to be in place until May or June 2006.		\$ (243,000)
				Redirect Services	General Radiology and Fluoroscopy redirected to PMC	\$ (112,400)	
			MRI	Utilization of Inhouse MRI: Savings from Payout + Transportation Costs	Utilization of MRI's to date are primarily inpatient. 310 procedures done in the last 5-6 weeks since opening. Only payers that reimb currently are PPO/EPO which account for 25 of the 310 total procedures. Cap also provides some benefit; total cap pat		
			Parking	Maintenance	Can hold off on Parking repair	\$ 100,000	





# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
	20	7500	Clinical Lab	Labor Variance	Staffing Issue related to loss of CHC	\$ (173,000)	
	30	7500	Clinical Lab	Labor Variance	Staffing Issue related to loss of CHC	\$ (84,905)	
	20	7520	Lab Pathology	Labor Variance	Staffing Issue related to loss of CHC	\$ (71,792)	
			CT	CT Volume	Growth in procedures	\$ (100,000)	\$ 365,000
			Pharmacy	Positive Prod Var		\$ 48,700	
			Trauma	Net Revenue Impact	Trauma cases down by 99 through Dec 05		\$ (2,521,332)
				Expenses	Trauma cases down by 99 through Dec 05	\$ 1,809,522	
			CVS				
						<b>1,416,125</b>	<b>(2,399,332)</b>
Bob Hemker	10	8402	Materials Mngmnt	Usage / Rate	Higher usage of more expensive medical supplies, including pharmaceuticals. Currently \$796,000 negative variance.	\$ 600,000	
		8402	Materials Mngmnt	Switching to VHA		\$ 100,000	
		8402	Materials Mngmnt	Office Automation		\$ 100,000	
	10	8530	Patient Accting	Efficiency Variance	Current Pay Period: +26,300 and 142%. Would expect them to maintain 100% productivity for remainder of the year.	\$ 96,600	
	55	8634	PPNC Hlth Dev	Efficiency Variance	Budgeted staffing plan and actual staff differ	\$ (43,110)	
	20	8700	Medical Records	Efficiency Variance	Current YTD: -\$17,000 96% Current Pay Period: +5,400 and 109%	\$ 17,229	



# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
				MAA	Maybe accrued in this FY		\$ 300,000
				Capitation			\$ 1,000,000
				Managed Care Audits	Additional Revenue		\$ 400,000
				Reduction in Legal Expense		\$ 250,000	
						<b>1,120,719</b>	<b>1,700,000</b>
Jim Flinn	30		Pomerado Hospital	Gateway Imaging	Expected to Continue unless program is redirected to Pomerado Hospital \$449,335 is annualized negative variance. Currently negative variance is at \$190,000 based on November '06 Financials. Logical areas of consolidation include Ultrasound and Flouroscopy		\$ (294,229)
			Pomerado Hospital and PMC	Structured Flexing Plan for Support departments Food Service and EVS.	Productivity is between 97-123%	\$ 205,710	
	30	8610	Administration	Conciegre Position	No negative Trend in this department currently \$11,000 over budget in salaries. Negative variance will be eliminated.	\$ 11,000	
		8610	Administration	Strategic Planning and Marketing/Advisory Board	\$20,000 cost annually	\$ 20,000	
	30	Inpt. Ancillaries	Administration	Reduce Inpt. Ancillary Services	Currently \$647,000 negative to budget		\$ (647,000)
	30		Surgery	Reduction of one supervisor position until end of year.	No negative trend in this department	\$ 40,000	
	30		Surgery	Inpatient Surgical Volumes not meeting budget (Estimated Net Revenue)	Negative Variance of (196 cases) due to Kaiser overprojection. <b>Annualized negative variance for Kaiser cases will be 283.</b>		\$ (164,653)



# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
					Expenses	\$ 24,333	
	30		Surgery	Outpatient Volumes are significantly favorable to budget (Estimated Net Revenue)	Positive variance projected to continue. Currently favorable to budget by 135 cases. <b>Annualized positive variance for OP surgical cases will be 327 cases.</b>		\$ 74,101
					Expenses	\$ (65,316)	
	30		Med/Surg	New Special Care Service contract	Projection for first 4 months of service is at a net profit contribution of \$100,000. March '06-June '06.		\$ 100,000
						\$ 235,727	\$ (931,781)
Wallie George	10		PPH	Excessive / Incidental OT		\$ 140,000	
						\$ 140,000	\$
Steven Tanaka	10	8480	Information Systems	Wages and Salaries- Postive Variance YTD of \$74,000	Positive variance due to CIO Vacancy, this positive variance is not expected to continue beyond Mid-End February 06.	\$ (197,247)	
				Salaries and Wages related to Software System upgrade	Salaries and wages for employees that will need to be backfilled to work on upgrade	\$ (410,000)	
				Surginet Project		\$ (150,000)	
				Clerical/Administration Temp- Negative Variance YTD of \$36,547	Negative variance due to \$0 Budgeted in FY06 for Contract Labor. Incurring expense for backfill of open Operations/Help Desk postions with contract resources. Expect to fill all open positions by Mar. 06	\$ 14,453	
				Professional Fees Consulting- Negative Variance YTD of \$216,000	Negative variance due to unbudgeted expense for Contract Oracle DBA, Cerner SurgiNet, HomeHealth Upgrade, Lawson consulting, Core IS Policies and Procedures, Email Replacement. Negative variance expected to increase with addition of unbudgeted cost for Ce	\$ (804,000)	



# Strategy / Issue Analysis

## 6 month Impact

EMT Member	Zone	Dept #	Name	Issues / Variance	Trend (Explanation/Discussion)	Projected Expense Variance for 6 mos ended June 30	Projected Rev Variance for 6 months ended June 30
		8480	Information Services	Purchases Services Other- Positive variance YTD of \$300,000	Positive Variance due to reclassification of Cerner expenses to Capital, This trend is not expected to continue	\$ 300,000	
		8480	Information Services	Other Direct Expenses Outside Training- Positive variance YTD of \$36,000	Positive Variance due to ramp of IS Personal development Plans. This trend is not expected to continue and should reverse over the balance of FY06 to budget.	\$ (36,000)	
		8480	Information Services	Other Direct Expenses Travel- Negative variance YTD of \$9,000	Negative Variance due to under budgeting for travel related to Outside Training. This trend is expected to continue as we develop skill set of IS resources.	\$ (57,200)	
		8480	Information Services	Other Direct Expenses Mileage- Negative variance YTD of \$1,500	Negative Variance due to under budgeting for mileage absed on PPH policy. This trend is expected to continue.	\$ (1,500)	
						(1,341,494)	
Gustavo Friederichsen	10	8630	Marketing & Comm	Women's Conference	Annual Conference	\$ 123,125	\$ (100,000)
					Miscellaneous Reductions	\$ 30,000	
						153,125	(100,000)
					<b>Grand Total</b>	<b>1,598,585</b>	<b>2,099,294</b>
					<b>COMBINED IMPACT OF BACK TO BUDGET:</b>		<b>\$ 3,697,879</b>



PALOMAR  
POMERADO  
HEALTH

# FINANCIAL RECAP WITH RECOVERY STRATEGIES PROJECTED FY 06

				Impact of Strategies	Revised Projection		
	Projection	Budget	Variance		Projection	Budget	Variance
<b>Statistics:</b>							
Admissions - Acute	27,972	27,686	286				
Admissions - SNF	1,283	1,358	(75)				
Patient Days - Acute	109,930	108,903	1,027				
Patient Days - SNF	75,795	75,599	196				
Weighted Pt Days	146,561	144,985	1,576				
<b>Revenue:</b>							
Gross Revenue	\$ 1,072,776,392	\$ 1,056,787,431	\$ 15,988,961 F		\$ 1,072,776,392	\$ 1,056,787,431	\$ 15,988,961
Deductions from Rev	(727,535,950)	(708,886,173)	(18,649,777) U		(727,535,950)	(708,886,173)	(18,649,777)
Net Patient Revenue	345,240,442	347,901,258	(2,660,816) U	1,799,294	347,039,736	347,901,258	(2,660,816)
Other Oper Revenue	9,723,302	10,181,748	(458,446) U	\$ 300,000	10,023,302	10,181,748	(158,446)
<b>Total Net Revenue</b>	<b>354,963,744</b>	<b>358,083,006</b>	<b>(3,119,262) U</b>	<b>2,099,294</b>	<b>357,063,038</b>	<b>358,083,006</b>	<b>(2,819,262)</b>
<b>Expenses:</b>							
Salaries, Wages & Contr Labor	166,218,021	164,806,821	(1,411,200) U	(749,374)	166,967,395	164,806,821	(2,160,574)
Benefits	41,054,806	40,687,200	(367,606) U	-	41,054,806	40,687,200	(367,606)
Supplies	59,870,789	59,073,841	(796,948) U	600,000	59,270,789	59,073,841	(196,948)
Prof Fees & Purch Svc	45,532,331	46,858,531	1,326,200 F	960,000	44,572,331	46,858,531	2,286,200
Depreciation	17,324,362	17,189,004	(135,358) U	-	17,324,362	17,189,004	(135,358)
Other	20,424,074	20,132,443	(291,631) U	787,959	19,636,115	20,132,443	496,328
PPH Allocation	-	-	-	-	-	-	-
<b>Total Expenses</b>	<b>350,424,383</b>	<b>348,747,840</b>	<b>(1,676,543) U</b>	<b>1,598,585</b>	<b>348,825,798</b>	<b>348,747,840</b>	<b>(77,958)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>4,539,361</b>	<b>9,335,166</b>	<b>(4,795,804) U</b>	<b>3,697,879</b>	<b>8,237,240</b>	<b>9,335,166</b>	<b>(1,097,926)</b>
Property Tax Revenue	10,899,996	10,899,996	-	-	-	-	-
Non-Operating Income	(1,550,516)	(2,019,684)	469,168 F	-	10,899,996	10,899,996	-
	-	-	-	-	(1,550,516)	(2,019,684)	469,168
<b>Net Income (Loss)</b>	<b>\$ 13,888,841</b>	<b>\$ 18,215,478</b>	<b>\$ (4,326,636) U</b>	<b>\$ 3,697,879</b>	<b>\$ 17,586,720</b>	<b>\$ 18,215,478</b>	<b>\$ (628,758)</b>

F= Favorable variance  
U= Unfavorable variance



# SUMMARY OF CURRENT RECOVERY STRATEGIES

	Revenue Opportunities / (Concerns)	Cost Savings	Related Expense	Total
Denials Management	\$ 500,000			\$ 500,000
Targeted Case Mgmt	184,535			184,535
SNF Rate Increases	1,123,272			1,123,272
Acute Rehab	1,000,000		\$ (189,584)	810,416
Wound Care	666,878		(47,689)	619,189
Managed Care Audits	400,000			400,000
Mental Health	311,721		(100,000)	211,721
MAA Grant	300,000			300,000
Special Care Services	100,000			100,000
Cat Scans	365,000		(100,000)	265,000
Parkway/Gateway	(537,229)		(112,400)	(649,629)
Trauma Volume	(2,521,332)		1,809,522	(711,810)
Physician Recruitment		\$ 410,000		410,000
Supplies		600,000		600,000
Materials Mgmt Changes		200,000		200,000
Information Technology		300,000	(1,641,494)	(1,341,494)
Total Other Variances	206,449		470,230	676,679
<b>Total</b>	<b>\$ 2,099,294</b>	<b>\$ 1,510,000</b>	<b>\$ 88,585</b>	<b>\$ 3,697,879</b>



# Opportunities / Threats

## Opportunities / Threats

Cerner 2005.02 Upgrade \$ 963,000

Pharmaceuticals

Parkway / Gateway Restructure

Revenue Cycle Restructure

(ie. Denials, Eligibility, Initial Collections / Copays, Clean Registrations, Charge Capture, etc.)

Cardiovascular Surgeries vs. Interventional Procedures

Deliveries - Timing of Ramp-up



## Historical Trends and Statistics

DESCRIPTION	FYE 2005 TOTAL	FYE 2004 TOTAL	FYE 2003 TOTAL	FYE 2002 TOTAL	FYE 2001 TOTAL
Deliveries	5,612	5,417	5,339	5,104	n/a
Emergency Room Visits	62,228	62,025	69,981	67,193	65,658
Total Surgeries	11,789	10,908	10,828	10,989	n/a
O/P Registrations	192,952	200,835	209,511	209,267	224,818
Home Health Visits	30,643	33,667	31,547	28,066	37,670
Acute Admissions	28,170	27,257	26,276	24,837	n/a
Total Patient Days - Acute	108,987	108,452	104,021	99,669	97,217
Total Patient Days - SNF	74,875	75,851	69,755	73,324	75,198
Total Patient Days	183,862	184,303	173,776	172,996	172,415
Medicare	n/a	44,427	41,309	41,674	33,863
Medi-Cal	n/a	63,556	57,683	44,511	46,548
CMS	n/a	3,204	2,597	2,905	1,424
Managed Care/Insurance	n/a	66,384	63,339	70,444	71,657
Self Pay/Other	n/a	6,732	8,848	13,462	18,923
Discharges	28,970	28,617	34,552	26,442	26,508
Avg Length of Stay - Acute	3.96	3.98	4.04	4.07	3.98
Total FTE's @ 6/30/05	2,444	2,362	2,428	2,258	2,299