

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

**BOARD OF DIRECTORS
AGENDA PACKET**

April 16, 2007

*The mission of Palomar Pomerado Health
is to heal, comfort and promote health
in the communities we serve.*

A California Health Care District (Public Entity)

PALOMAR POMERADO HEALTH BOARD OF DIRECTORS

Marcelo R. Rivera, MD, Chairman
Bruce G. Krider, MA, Vice Chairman
Linda C. Greer, RN, Secretary
T. E. Kleiter, Treasurer
Nancy L. Bassett, RN, MBA
Alan W. Larson, MD
Gary L. Powers
Michael H. Covert, President and CEO

*Regular meetings of the Board of Directors are usually held on the second Monday
of each month at 6:30 p.m., unless indicated otherwise
For an agenda, locations or further information
call (858) 675-5106, or visit our website at www.pph.org*

MISSION STATEMENT

***The Mission of Palomar Pomerado Health is to:
Heal, Comfort, Promote Health in the Communities we Serve***

VISION STATEMENT

***Palomar Pomerado Health will 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***

CORE VALUES

Integrity

To be honest and ethical in all we do, regardless of consequences

Innovation and Creativity

To courageously seek and accept new challenges, take risks, and envision new and endless possibilities

Teamwork

To work together toward a common goal, while valuing our difference

Excellence

To continuously strive to meet the highest standards and to surpass all customer expectations

Compassion

*To treat our patients and their families with dignity, respect and empathy at all times and
to be considerate and respectful to colleagues*

Stewardship

To inspire commitment, accountability and a sense of common ownership by all individuals

Affiliated Entities

Escondido Surgery Center * Palomar Medical Center * Palomar Medical Auxiliary & Gift Shop * Palomar Continuing Care Center *
Palomar Pomerado Health Foundation * Palomar Pomerado Home Care * Pomerado Hospital * Pomerado Hospital Auxiliary & Gift Shop *
San Marcos Ambulatory Care Center * Ramona Radiology Center * VRC Gateway & Parkway Radiology Center * Villa Pomerado
• Palomar Pomerado Health Concern * Palomar Pomerado Health Source * Palomar Pomerado North County Health Development, Inc. *
• North San Diego County Health Facilities Financing Authority *

**PALOMAR POMERADO HEALTH
BOARD OF DIRECTORS
REGULAR MEETING AGENDA**

Monday, April 16, 2007

Commences 6:30 p.m.

**Palomar Medical Center
Graybill Auditorium
555 East Valley Parkway
Escondido, California**

Mission and Vision

"The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve."

"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."

	<u>Time</u>	<u>Page</u>
I. CALL TO ORDER		
II. OPENING CEREMONY	2 min	
A. Pledge of Allegiance		
III. PUBLIC COMMENTS	5	
<i>(5 mins allowed per speaker with cumulative total of 15 min per group – for further details & policy see Request for Public Comment notices available in meeting room).</i>		
IV. * MINUTES	2	1-23
Regular Board Meeting – March 12, 2007		
Special Board Annual CEO Evaluation FY 06 – March 27, 2007		
Joint Board/Strategic Planning Committee – February 20, 2007		
Special Board Annual CEO Evaluation FY 06 – February 15, 2007		
Special Board Annual Self-Evaluation 06 – January 29, 2007 <i>(Separate cover)</i>		
Special Board Meeting – January 27, 2007		
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	24-86
A. Consolidated Financial Statements		
B. Revolving Fund Transfers/Disbursements – February 2007		
1. Accounts Payable Invoices	\$22,745,860.00	
2. Net Payroll	<u>9,047,689.00</u>	
Total	<u>\$31,793,549.00</u>	
C. Ratification of Paid Bills		/CONTD...
<i>"In observance of the ADA (Americans with Disabilities Act), please notify us at 858-675-5106, 48 hours prior to the meeting so that we may provide reasonable accommodations"</i>		

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

- D. February 2007 & YTD FY 2007 Financial Report
- E. **Transfer of 1997 Ford E-350 Van** to Biamba Marie Mutombo Hospital Research Center
- F. **Physician Recruitment Agreement – Sudabeh Moein, MD, FACOG**

VI. PRESENTATIONS -

- A. Annual Safety Report 15
 - Kevin Matsukado, District Security and Safety Officer
 - Jeffrey Cleek, District Safety Officer

VII. REPORTS

- A. Medical Staffs 15
 - * 1. Palomar Medical Center – *Robert D. Trifunovic, M.D.* 87-102
 - a. Credentialing/Reappointments
 - b. Dept of Medicine Rules & Regulations
 - c. Medical Staff Bylaws, Rules & Regulations
 - d. Dept of Orthopaedic Surgery/Rehabilitation Rules & Regulations
 - * 2. Escondido Surgery Center – *Marvin W. Levenson, M.D.* 103-104
 - a. Credentialing/Reappointments
 - * 3. Pomerado Hospital – *Benjamin Kanter, M.D.* 105-106
 - a. Credentialing/Reappointments
- B. Administrative
 - 1. Chairman of Palomar Pomerado Health Foundation – *Al Stehly*
 - a. Update on PPHF Activities 5 *Verbal Report*
 - 2. Chairman of the Board – *Marcelo R. Rivera, M.D.* 10 *Verbal Report*
 - a. Upcoming CHA & AHA Meetings, Washington, DC May 5-9
 - 3. President and CEO – *Michael H. Covert, FACHE* 10 *Verbal Report*
 - a. In-house Legal Counsel update

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

VIII. INFORMATION ITEMS (Discussion by exception only) 107-128

- | | |
|--|------------------------|
| A. Fidelity Communications | Human Resources |
| B. Smoke Free Environment | Human Resources |
| C. Compensation | Human Resources |
| D. Professional Enhancement Program (PEP) | Human Resources |
| E. New Employee Referral Campaign | Human Resources |
| F. Insights to Excellence Program | Human Resources |
| G. Educational Session | Facilities and Grounds |
| H. Project Updates | Facilities and Grounds |
| I. Date/Time/Location of Next Meeting | Facilities and Grounds |
| J. Meeting Dates, 2007 | Quality Review |
| K. Proposal to Achieve Joint Commission Stroke
Center Certification | Strategic Planning |
| L. Imaging Joint Venture | Strategic Planning |
| M. Physician Development Plan Update & Manpower Study | Strategic Planning |

IX. COMMITTEE REPORTS -

- | | | |
|--|---|---------|
| A. Finance Committee – Director T. E. Kleiter, Chair | 5 | |
| * 1. Approval: Robotic Surgery Proposal da Vinci
Surgical System | | 129-134 |
| * 2. Resolution No. 04.16.07 (01) – 02 Authorizing the
Acquisition of the Land and Building known as
975 South Andreasen, Escondido, California,
Subject to the Final Acceptance of the Standard
Offer and Agreement and Completion of Due
Diligence | | 135-137 |
| * 3. Approval: Incentive Compensation Plan | | 138-140 |

**X. BOARD MEMBER COMMENTS/AGENDA ITEMS
FOR NEXT MONTH**

XI. ADJOURNMENT

*Asterisks indicate anticipated action;
Action is not limited to those designated items.*

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Meeting Room E, Poway
 Monday, March 12, 2007

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krider, Larson, Powers and Rivera.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.		
MISSION AND VISION STATEMENTS	<p>The PPH mission and vision statements are 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		
APPROVAL OF MINUTES		<p>MOTION: by Bassett, 2nd by Larson and carried to approve the February 12, 2007 minutes as submitted. All in favor. None opposed.</p> <p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the Consent Items as submitted. All in favor. None opposed.</p>	
APPROVAL OF AGENDA to accept the Consent Items as listed including PPH Policies QLT-02; QLT-14; GOV-12 & retirement of Policy QLT-15			

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>PRESENTATION</p> <ul style="list-style-type: none"> ▪ "Healthy Food" 	<p>Director Nancy Bassett introduced this item, suggesting that if as a health care organization, PPH might have a range of healthy choices on the menu, and had requested that Jana Markley, System Director, Food & Nutritional Services (FANS) present to the Board. Tina Pickett, Regional Director, ARAMARK, was unable to co-present due to illness.</p> <p>Jana Markley then reviewed "healthy choices", distributing "Just4U" brochures for "Food that fits your life!". She noted that PPH constantly strives for wellness and healthy choice menus with variety. New menus have been specifically developed with the objective of providing each customer menu and dietary options focusing on portion size; content; dietary trends, third-party endorsements; generation of publicity and recognition, and delivery of a turn-key program for "certified" operators.</p> <p>To assist in healthy menu choices, color-coded menu icons had been developed, including Heart Healthy, Low Fat, CalSmart, CarbCounter, Vegetarian, and Vegan. The American Dietetic Association had reviewed these nutrition menu symbols and found them consistent with responsible nutrition practices. Following a question from Director Larson, it was noted that as part of a wellness initiative, there were no fad diets and no use of trans-fatty acids. Positive impact is made on the inpatient sector. Whole and organic foods being incorporated.</p> <p>A key element was Customer Communication and Education with a three-stage Certification Process of Initial Rollout; Ongoing Certification; and Continuous Quality Assurance.</p>	<p>Director Bassett and Chairman Rivera expressed appreciation for this important healthy choice presentation</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
REPORTS Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	Robert D. Trifunovic, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.	MOTION: by Bassett, 2 nd by Powers and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. All in favor. None opposed. Directors Greer and Larson abstained to avoid potential conflict of interest.	
Escondido Surgery Center			
<ul style="list-style-type: none"> ▪ Credentialing 	Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.	MOTION: by Bassett, 2 nd by Powers and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. All in favor. None opposed. Directors Greer and Larson abstained to avoid potential conflict of interest.	
Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.	MOTION: by Bassett, 2 nd by Powers and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. All in favor. None opposed. Director Larson abstained to avoid potential conflict of interest.	
<ul style="list-style-type: none"> ▪ 	Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's Medical Staff Rules and Regulations Amendment regarding Podiatrists.	MOTION: by Bassett, 2 nd by Powers and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing	

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Administrative		recommendations for the Pomerado Medical Staff, as presented. All in favor. None opposed.	
Chairman - Palomar Pomerado Health Foundation	<p>Mr. Al Stehly</p> <p>Mr. Stehly provided a verbal Foundation report to the Board, noting that Foundation Board members and staff had recently reviewed submissions for the campaign leadership study resulting in three specialist campaign planning firms invited to present in late February with results to be announced shortly.</p> <p>Also, a group of Foundation Board, staff and community leaders joined Michael Covert March 7, to discuss plans for moving forward on the major fundraising campaign, with a Leadership Council to be developed comprising volunteers and PPH representatives for the future campaign plan.</p> <p>Marcelo R. Rivera, MD</p>	Chairman Rivera thanked Mr. Stehly for his informative Foundation report.	
Chairman of the Board - Palomar Pomerado Health <ul style="list-style-type: none"> • AHA (COG) 	Chairman Rivera noted that through Michael Covert as a member of the AHA Council Governing Board, he became interested in AHA and was selected as a representative on the AHA Committee on Governance (COG) Region 9. As a result, on March 4, 5 and 6 Chairman Rivera attended an AHA/COG meeting in Washington, DC regarding a five-step plan to provide health insurance for everyone, addressing access to healthcare, value, quality improvement and safety, and the appropriate use of I/T to address those issues. <p>He had discussions with Brian Bilbray and staff members regarding his focus in support of AHA to limit Medicare cut-backs, as well as physician issues, and also met with Bob Filner and others.</p>		

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Chairman Rivera then referred to other matters that arose in the AHA meetings including Minute Clinics, and a 700-bed hospital designed by Anshen + Allen with invitations extended to visit. Although none of the facilities were as big as our own project, with many CEOs present from around the country there was much to discuss, including use of robotics for supply delivery. In addition, he stated that he would shortly be leaving for Sacramento to attend CHA Legislative Day March 14.</p>		
<ul style="list-style-type: none"> • Pomeroado Auxiliary 	<p>Chairman Rivera recognized Ms Pillie Haight serving a second year as President of Pomeroado Auxiliary, together with the Vice President.</p>		
<ul style="list-style-type: none"> • 4th Annual Leadership Recognition Banquet 	<p>The Chairman reminded of the 4th Annual Leadership Recognition Banquet, a black-tie optional affair, scheduled for Friday, March 16 at which two additional members of the community would be officially recognized by PPH.</p>		
<ul style="list-style-type: none"> • ACHD 	<p>Chairman Rivera then deferred to Director Kleiter, Board Treasurer who, as current Chairman of ACHD, provided an informative report on his recent meetings with legislators, and that he had listed to Richard Figueroa who spoke without notes for thirty minutes regarding the Governor's proposed health plan.</p> <p>Director Kleiter continued that ACHD ensured district hospitals in California can be heard and, with 74 districts, approximately 55 of them have hospitals, and PPH wished to be adequately represented. He also met with George Plescia, and overall found these legislative meetings to be very positive.</p>		
<p>President and CEO</p>	<p>Michael H. Covert</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> 2006 Finest Awards – Health Care Communicators of San Diego County (Marketing Awards) 	<p>Michael Covert referred to the 2006 Finest Awards for Health Care Communicators, stating that PPH had received 4 Gold:</p> <p>Public Relations Campaigns/Public Service/Advocacy – Prescription for Disaster: Teens Abusing Over-the-Counter & Prescription Drugs; Publications, Collateral & Design Publications etc. – The HealthSource/The BabySource; Special Events – The Main Event: A Health Forum for Men; Publications, Collateral & Design Publications – Palomar Pomerado Health 2005 Community Health Check; and</p> <p>3 Silver:</p> <p>Public Relations Campaigns, Media Relations – Prescription for Disaster: Teens Abusing Over-the-Counter & Prescription Drugs; Marketing/Advertising, Unique Print Advertising – Best Practice Supplement – Physicians Practice Magazine; Publications, Collateral & Design Publication, Magazines – Internal – Momentum Magazine.</p>		
<ul style="list-style-type: none"> In-House Legal Counsel Update 	<p>The CEO reported that several candidates had been interviewed and that it was hoped to bring back candidates for further interviews.</p>		
<ul style="list-style-type: none"> Administration Retreat 	<p>An administration retreat was planned for this week with marked improvements to be noted.</p>		
<ul style="list-style-type: none"> Quarterly Reports from Executive Staff - Lorie Shoemaker 	<p>Lorie Shoemaker, Chief Nurse Executive, reported on Financial Strength; Customer Service; Quality and Patient Safety, and Workforce Development, noting that Labor management within the nursing division continued to be strong with overall productivity at 100% FYTD and a positive variance of \$700,000. The Bariatric Center of Excellence underwent a rigorous survey to become certified by</p>	<p>Chairman Rivera thanked all for their informative reports.</p> <p>The CEO also thanked those concerned and was appreciative of Steve Gold's efforts.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>HealthNet to perform such surgery. Contract negotiations were planned so as to offer this service to their plan members.</p> <p>Positive interdisciplinary relationships were reported, particularly between nurses and physicians, in addition to the annual nurse/physician collaboration survey currently underway.</p> <p>Cardinal Health was hosting a county-wide Patient Controlled Analgesia Safety Symposium March 29. John Eastham, a PPH clinical pharmacist and Dr. Ben Kanter were on the list of distinguished presenters.</p> <p>Magnet Recognition status was fully underway as we approached the 12 month look back period and Brenda Fischer had recently been hired as full-time coordinator. A Magnet Champions kick-off meeting was scheduled for March 19, noting that our champions will be key to PPH becoming the first health system in California to achieve Magnet Recognition status (<i>copy report filed with minutes</i>).</p>		
<ul style="list-style-type: none"> - Ms Sheila Brown 	<p>Ms Sheila Brown, Chief Clinical Outreach Officer, provided her report on Financial, Customer Service, Quality and Workforce/Workplace Development. She noted that Private Duty and Supportive Health programs were 3700 hours better than budget YTD, with increased Corporate Revenues including those from the Corporate Flu Campaign, initiating 23 corporate site visits which were well received, to administer influenza vaccine for companies in the community. Also, Corporate Health had been selected to be vendor to provide Health Risk Appraisals for City of Poway employees during their Annual Wellness Fair May 17, 2007.</p> <p>Effective May 2007, Wound Care and Hyperbaric Medicine was extended to San Marcos to meet community needs.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>In addition, PPH IRB approved an inpatient drug study for evaluating effectiveness of an extended release drug to treat Bipolar I Disorder. Dr. Schechter and Dr. Bailey to begin vascular study comparing Transcutaneous oxygen measurements to Skin Perfusion Pressures.</p> <p>The ICCIS research project – Digital Pen, was fully implemented at both SNF facilities. Staff positions, and a visit to PMC for 12 graduate students in Public Health from SDSU hosted by Kwaja Floyd were also mentioned (<i>copy report filed with minutes</i>).</p>		
<ul style="list-style-type: none"> - Gerald Bracht 	<p>Gerald Bracht, Chief Administrative Officer, Palomar Medical Center, reported under the four main sub-headings. Financial activity continued strongly at PMC this past quarter, particularly ED and Trauma. Regarding Quality, Bill Kail and Kim Dodson are working with designated leadership from Intervention Radiology and Cardiology to initiate combined scheduling of respective labs. In addition, regular monthly meetings are held with medical group leaders in mutual efforts to effectively manage patient care. Customer Service Patient Satisfaction continued mixed across PMC. New banners had been installed in the main lobby depicting behavior standards established by service excellence workgroups. An annual employee engagement survey was scheduled to begin April 10.</p> <p>Regarding Workplace/Workforce, new Pharmacy Service Line Administrator, Karl Hohengarten, arrived on staff. Also, Graybill Auditorium had been reopened following renovation with notable use of renewable materials (<i>copy report filed with minutes</i>).</p>		
<ul style="list-style-type: none"> - Steve Gold 	<p>Steve Gold, Interim Chief Administrative Officer, Pomerado Hospital thanked everyone for their support during his recent transition, noting that we were working to make this as</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>seamless as possible and that he had met with many Medical Executive Staff Members individually, and attended the Medical Executive Committee. He had also rounded throughout the hospital with Dr. Kanter, Mary Oelman, meeting with ICU IMC Staff, and Council of Innovation.</p> <p>Mr. Gold had also addressed the Poway Chamber of Commerce Annual Breakfast on progress of system and construction updates and would be addressing Poway Kiwanis Club in April.</p> <p>Poway Rotary Club had asked to adopt Pomerado Hospital and to direct its major fund raising to the hospital.</p> <p>He had toured the new Outpatient Pavilion, and staff were preparing for CHC to move in by May 1.</p> <p>A new EVS Director, Brian Hayes, had been brought in by ARAMARK.</p> <p>Two future growth areas were, ways to increase volume with physician development, and improvements to Press Ganey scores (<i>copy report filed with minutes</i>).</p>		
INFORMATION ITEMS	<i>Discussion by exception only</i>		
▪ Human Resources			
▪ Community Relations			
▪ Strategic Planning			
▪ Quality Review			
▪ Internal Audit			
▪ Governance			
▪ Finance			
COMMITTEE REPORTS			
Governance Committee	Director Gary Powers, Chairman		
• HR Committee PPH Bylaws Changes	Director Powers requested approval to changes submitted by HR Committee to the Governance Committee concerning changes to	MOTION: by Greer, 2 nd by Bassett and carried that approval be made to the changes to PPH Bylaws – HR	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>Finance Committee</p> <ul style="list-style-type: none"> • Purchase of Land and Building at 975 South Andreasen, Escondido, California 	<p>PPH Bylaws – HR Committee section 6.2.3 (c) Duties (i) Additional Wording; and Addition of new paragraph (d) “Meeting Requirements” as submitted.</p> <p>Director T.E. Kleiter, Chairman</p> <p>Director Kleiter requested approval to the proposed purchase of land and building at 975 South Andreasen, Escondido, subject to acceptable market conditions, terms, due diligence and final Board approval. It was explained that this purchase would present an opportunity to group certain system-wide support services of the District into a “clustered” model at that location, as it is adjacent to the new Warehousing and Supply Chain Services building at 2227 Enterprise, Escondido.</p> <p>Director Larson expressed surprise that this was necessary and inquired whether it was anticipated that we would need such offsite storage, and whether it was an interim plan, and/or where this might fit strategically.</p> <p>Bob Hemker responded that staff had reviewed our supply chain distribution needs and felt this proposal created good synergy, particularly providing core services in a clustered manner.</p> <p>Director Larson then asked if two such warehouses would suffice. Director Krider felt that at any time we might locate warehouse space, we should be vigilant at looking at every such space.</p> <p>Director Powers noted that before similar decisions, the Board either should visit, or review pictures. He had however, viewed the buildings himself that day and reported that they were almost identical and contiguous with each other. Chairman Rivera sincerely appreciated the time that Director Powers took in viewing this building.</p>	<p>Committee section 6.2.3 (c) Duties (i) Additional Wording; and Addition of new paragraph (d) “Meeting Requirements” as submitted. All in favor. None opposed.</p> <p>MOTION: by Kleiter, 2nd by Greer and carried to approve the proposed purchase of land and building at 975 South Andreasen, Escondido, subject to acceptable market conditions, terms, due diligence and final Board approval, as submitted. All in favor. None opposed.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</p>	<p>Director Bassett commented that she was aware that the husband of a patient at PMC had been so impressed with the care his wife had received, that he was now a volunteer at the hospital.</p> <p>Director Greer enthused over the "Insights to Excellence" program every third Wednesday morning and encouraged Board Members to attend to meet new employees.</p> <p>As an informational item, it was suggested that every other month the Board might review with a respective Committee Chairperson, what that particular Committee is doing.</p> <p>Director Greer referred to Employee recognitions being made again at Board Meetings. Chairman Rivera responded that although this had been done previously, it was found that often those employees who were being honored were unable to attend evening Board Meetings and the employee was instead honored at a different time and place. However, he requested Board Members to let him know if Employee Recognitions should be re-instituted at monthly Board meetings.</p> <p>7:50 p.m.</p>		
<p>ADJOURNMENT SIGNATURES</p> <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<p>_____</p> <p>Linda C. Greer, R.N.</p> <p>_____</p> <p>Christine D. Meaney</p>		

Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING
ANNUAL CEO EVALUATION
 Pomerado Hospital, Cafe Conference Room, Poway
 Tuesday, March 27, 2007

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	<p>4:35 pm Quorum comprised Directors Bassett, Greer, Krider (arrived at 4:45 pm), Larson, Powers and Rivera. <i>Regards from Director Kleiter.</i> Notice of Meeting was mailed consistent with legal requirements</p>		
NOTICE OF MEETING	None		
PUBLIC COMMENTS	None		
ADJOURNMENT TO CLOSED SESSION pursuant to Government Code Section 54957: Public Employee Performance Evaluation: Chief Executive Officer.	<p>4:40 pm</p>	<p>MOTION: by Rivera, 2nd by Bassett and carried to adjourn to closed session</p> <p>All in favor. None opposed. Motion carried.</p> <p>MOTION: by Krider, 2nd by Bassett and carried that:</p>	
OPEN SESSION RESUMED	<p>5:50 p.m.</p> <p>Upon finalization of the Annual Board CEO Evaluation for FY 2006, and with regard to the continued excellent work that Mr. Michael Covert had undertaken on behalf of PPH during the past fiscal year, the following was agreed by the Board:</p>	<ol style="list-style-type: none"> 1. That the CEO's contract be extended for an additional two years ie., four years from April 1, 2007; 2. That effective April 1, 2007, the CEO's base salary be increased from \$518,440 (from 42% percentile for FY 2006) to \$528,000 (to 50% percentile for FY 2007); 3. That the CEO receive a performance based bonus of \$82,950 (subjective component) plus \$77,766 (objective component), totaling \$160,716, for total bonus and base pay level of 	

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>component) totaling \$160,716, for total bonus and base pay level of \$679,156 for FY 2006.</p> <p>4. That the CEO receive such bonus of \$160,716 at his discretion to be directed in the form of cash, or part cash and part pension contribution, this Board proposal being based upon this Board proposal being based upon pension contribution legal language, otherwise the CEO shall take the full bonus in the form of cash only.</p> <p>5. That the CEO receive a 5% automatic adjustment to base salary for the next two years commencing April 1, 2008 and April 1, 2009 for FYs 2007 and 2008, with base salary re-adjustment subject to Board discretion in 2010.</p> <p>6. Should there be interest on the part of both the Board and the CEO to renegotiate a new contract prior to conclusion of the current contract, this would occur through the relevant Board Committee process, including revision of the CEO evaluation system.</p>	<p>\$679,156 for FY 2006.</p> <p>4. That the CEO receive such bonus of \$160,716 at his discretion to be directed in the form of cash, or part cash and part pension contribution, this Board proposal being based upon pension contribution legal language, otherwise the CEO shall take the full bonus in the form of cash only.</p> <p>5. That the CEO receive a 5% automatic adjustment to base salary for the next two years commencing April 1, 2008 and April 1, 2009 for FYs 2007 and FY 2008, with base salary re-adjustment subject to Board discretion in 2010.</p> <p>6. Should there be interest on the part of both the Board and the CEO to renegotiate a new contract prior to conclusion of the current contract, this would occur through the relevant Board Committee process, including revision of the CEO evaluation system.</p> <p>All in favor. None opposed. Motion carried.</p>	

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AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
FINAL ADJOURNMENT	6:00 p.m.		
SIGNATURES			
<ul style="list-style-type: none"> ▪ Board Secretary 	<p style="text-align: center;">_____ Linda C. Greer, R.N.</p>		
<ul style="list-style-type: none"> ▪ Board Assistant 	<p style="text-align: center;">_____ Christine D. Meaney</p>		

Palomar Pomerado Health
JOINT BOD/STRATEGIC PLANNING COMMITTEE
POMERADO HOSPITAL – CONFERENCE ROOM E
February 20, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	Dr. Rivera called the Full Board Meeting to order at 6:03 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Nancy Bassett, RN, Michael Covert, Bruce Krider, Gary Powers, Dr. Rivera, Dr. Kanter, and Dr. Trifunovic. Also attending were Gerald Bracht, Dr. Buringrud, Dana Dawson, Lorie Harmon, Marcia Jackson, Dr. Lilley, Dr. Frank Martin, and Lorie Shoemaker. Guests: Teal Brogden, Tom Chessum, Kwaja Floyd, Carrie Frederick, Wallie George, George Gigliotti, Bob Guerin, Andy Hoang, Dr. Kung, Dennis McFadden, Eyal Perchik, Mike Shanahan, Brad Wiscons, and Nick Xenitopoulos.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p>PMC WEST DESIGN UPDATE</p>	<p>This agenda item consisted of a design update for PMC West. The update covered the exterior design as well as public spaces design, including lobbies.</p> <p>The design update included an environment of care overview, as well as updates on progress on the main lobby design, the patient tower design, the environmental graphic design, lighting design, and exterior envelope design. We are a pilot project, working with OSHPD, having regular meetings to cut substantial time off of the approval process, and setting a new precedent; our goal is to start actual construction in January 2008. The overall design development is complete, with ongoing refinements in the interiors and detailing.</p> <p>The Building Information Model (BIM) was introduced, which is at the forefront of the design industry, and is more than the typical 3-D CAD model, and provides coordinated, consistent, and computable data about a Virtual Building. This model identifies potential conflicts before they're in the field, saving time and money.</p> <p>The lobbies are undergoing a lot of work – the main lobby is viewed as the “living room” of the hospital, with lots of glass walls, filled with light, and intimate waiting areas, and a large graphic wall.</p> <p>The Committee reviewed presentations on signage and wayfinding, as well as lighting and new technologies involved with lighting. LED towers with electronic messaging, plus traditional signage, were presented, along with a multi-media welcome center, with a touch-sensor screen and directory. Gary Powers asked if the City of Escondido had any restrictions that would prevent LED signage, and the architects responded that</p>	<p>Architects to check with City of Escondido for LED signage</p>	<p>Mike Shanahan</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>they did not think so, since the LED's had relatively low lumens, but they will check into this.</p> <p>A new color palette and sunscreen material was introduced for the exterior of the building, and samples of each were distributed. The Board expressed concern over the darker colors being used.</p> <p>Dr. Kanter asked if there will be mock-ups of some of the new features, including exterior signage, and the presenters responded that there would be. Dr. Rivera emphasized that he wants the Board to see these mock-ups, and that he wants to make sure that the Board understands this concept of a more resort-like facility, which will be more than just a hospital, and that they are in agreement with this.</p> <p>Nancy Bassett emphasized her appreciation of the interactive library wall concept. Dr. Larson commented that we need to exercise caution and not over-emphasize the soothing, back-to-nature, spiritual garden image, and neglect the "hospital of the future," high-technology image that we have been striving to achieve.</p> <p>The Board liked the presentation, and suggested a signature element to the facility, some type of identifying touch or design element. The conservatories were emphasized as a unique aspect of the hospital exterior. The architects will continue to work on the refinement of the details.</p>	<p>restrictions.</p> <p>The architects will provide mock-ups of new features, including exterior signage.</p> <p>Architects to continue to work on refinement of details.</p>	<p>Tom Chessum</p> <p>Tom Chessum</p>
<p>ADJOURNMENT TO STRATEGIC PLANNING COMMITTEE MEETING</p>	<p>The Full Board Meeting was adjourned, and Dr. Larson, Committee Chairperson, called the Strategic Planning Committee portion of the meeting to order at 8:05 p.m.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p>APPROVAL OF MINUTES December 19, 2006</p>		<p>Motion made by Bruce Krider, seconded by Dr. Rivera, and carried unanimously for approval.</p>	
<p>APPROVE 2007 MEETING SCHEDULE</p>	<p>The Strategic Planning Committee established a tentative 2007 meeting schedule. In 2006, the Committee met on the third Tuesday of each month at 6:00 p.m. This schedule will be maintained, with Committee meeting on the third Tuesday of each month at 6:00 p.m., with the following exceptions/changes:</p> <p>May Committee meeting to be held on MAY 22 at PMC in Graybill Auditorium.</p> <p>June Committee meeting to be held on JUNE 12 at POM in Conference Room E.</p> <p>July Committee meeting to be held on JULY 24 at POM in Conference Room E.</p> <p>August Committee meeting to be held on AUGUST 14 at POM In Conference Room E.</p> <p>The 2007 Strategic Planning Committee Meeting Schedule was adopted with the above changes.</p>	<p>The 2007 Strategic Planning Committee Meeting Schedule was adopted with the listed changes.</p>	

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AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
<p>REVIEW & APPROVE COMMITTEE BYLAW SECTION AND POSITION DESCRIPTION</p>	<p>Annually, each Board Committee is to review and approve the sections of the Bylaws and Position Description pertaining to the Committee.</p> <p>The Committee reviewed and discussed the Bylaws and Position Description. Dr. Rivera motioned to accept as presented, Bruce Krider seconded, and the motion to review and approve the existing sections of the Bylaws and Position Description pertaining to the Committee was carried unanimously.</p>	<p>Motioned by Dr. Rivera, seconded by Bruce Krider, and carried unanimously, to approve the existing sections of the Bylaws and Position Description pertaining to the Committee.</p>	
<p>COMMITTEE COMMENTS, SUGGESTIONS</p>	<p>Dr. Larson suggested that we find some way to encourage more physician participation in the Strategic Planning Committee. Dr. Rivera suggested on a subject matter basis, physicians might be interested in coming. Dr. Trifunovic suggested putting the PowerPoint presentations on the physician portal website.</p>	<p>Marcia Jackson to look into this.</p>	<p>M. Jackson</p>
<p>ADJOURNMENT</p>	<p>8:40 p.m.</p>		

Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING
ANNUAL CEO EVALUATION
Rancho Bernardo Inn, Grandee Room, 17550 Bernardo Oaks Drive, Rancho Bernardo, California 92128
Thursday, February 15, 2007

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Greer, Kleiter, Krider, Larson, Powers and Rivera.		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		
ADJOURNMENT TO CLOSED SESSION pursuant to Government Code Section 54957: Public Employee Performance Evaluation: Chief Executive Officer <ul style="list-style-type: none"> • Annual CEO Bonus FY 2006 • CEO Contract Review 		MOTION: by Rivera, 2 nd by Krider and carried to adjourn to Closed Session.	
OPEN SESSION RESUMED		No reportable action.	
FINAL ADJOURNMENT			
SIGNATURES			
▪ Board Secretary	_____		
▪ Board Assistant	_____		
	Linda C. Greer, R.N.		
	Christine D. Meaney		

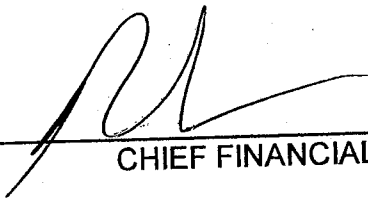
**Palomar Pomerado Health
SPECIAL BOD MEETING
RANCHO BERNARDO INN
January 27, 2007**

AGENDA ITEM	DISCUSSION	CONCLUSION/ ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	Dr. Rivera called the meeting to order at 8:00 a.m.		
ESTABLISHMENT OF QUORUM	Dr. Rivera, Nancy Bassett, RN, Ted Kleiter, Bruce Krider, Dr. Larson, and Gary Powers.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	There were no requests for public comments at this time.		
ADJOURN TO CLOSED SESSION	The Board adjourned to Closed Session at 8:05 a.m. pursuant to California Government Code Trade Secrets: To Discuss New and Expanded Services and Potential Facility Growth Opportunities. Estimated Date of Public Disclosure: September 2007.		
ADJOURN TO OPEN SESSION	The Board adjourned to Open Session at 2:10 p.m. No action resulted from Closed Session discussion.		

**PALOMAR POMERADO HEALTH
 CONSOLIDATED DISBURSEMENTS
 FOR THE MONTH OF
 FEBRUARY 2007**

02/01/07	TO	02/28/07	ACCOUNTS PAYABLE INVOICES	\$22,745,860.00
02/09/07	TO	02/23/07	NET PAYROLL	<u>\$9,047,689.00</u>
				\$31,793,549.00

I hereby state that this is an accurate and total listing of all accounts payable, patient refund and payroll fund disbursements by date and type since the last approval.



 CHIEF FINANCIAL OFFICER

APPROVAL OF REVOLVING, PATIENT REFUND AND PAYROLL FUND DISBURSEMENTS:

Treasurer, Board of Directors PPH _____

Secretary, Board of Directors PPH _____

This approved document is to be attached to the last revolving fund disbursement page of the applicable financial month for future audit review.

cc: M. Covert, G. Bracht, R. Hemker, J. Flinn

J.S.

February 2007 & YTD FY2007 Financial Report

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, March 27, 2007
MEETING DATE: Monday, April 16, 2007
BY: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for February 2007 and YTD FY2007 are submitted for the Board's approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Board Financial Reports (unaudited) for February 2007 and Fiscal YTD 2007.

Motion: x

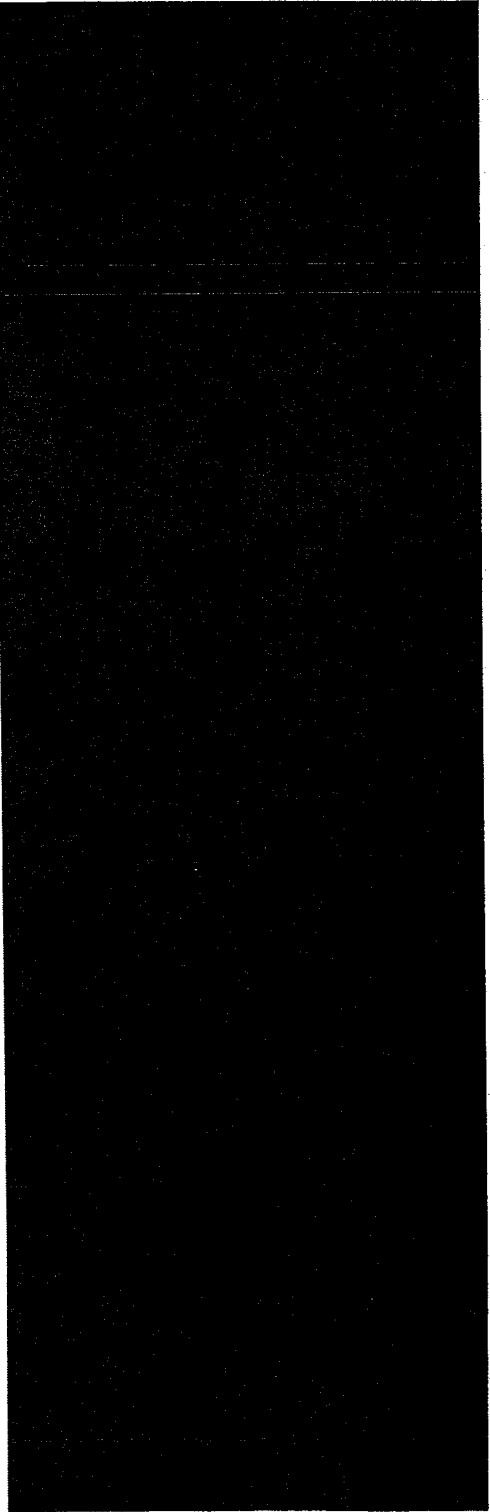
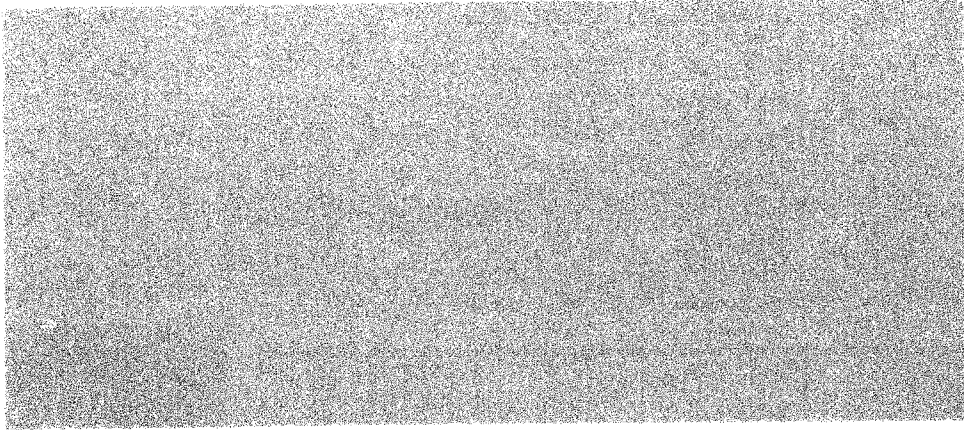
Individual Action:

Information:

Required Time:

Financial Statements

February 2007



PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

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**FEBRUARY 2007 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS**

Statistics:

	Jan	Feb	Jan vs Feb % Change	Feb Budget	Act vs Bud % Variance	YTD Actual	YTD Budget	Act vs Bud % Variance
CONSOLIDATED								
Patient Days Acute	10,530	8,877	-15.7%	8,961	-0.9%	74,261	77,775	-4.5%
Patient Days SNF	6,526	5,914	-9.4%	5,953	-0.7%	51,271	51,664	-0.8%
ADC Acute	339.67	317.03	-6.7%	320.04	-0.9%	305.61	320.06	-4.5%
ADC SNF	210.52	211.21	0.3%	212.61	-0.7%	210.99	212.61	-0.8%
Surgeries CVS Cases	10	7	-30.0%	10	-30.0%	81	85	-4.7%
Surgeries Total	974	872	-10.5%	941	-7.3%	7,671	8,160	-6.0%
Number of Births	473	378	-20.1%	451	-16.2%	3,684	3,912	-5.8%
NORTH								
Patient Days Acute	7,939	6,699	-15.6%	6,680	0.3%	55,788	57,974	-3.8%
Patient Days SNF	2,760	2,477	-10.3%	2,481	-0.2%	21,321	21,532	-1.0%
ADC Acute	256.08	239.25	-6.6%	238.57	0.3%	229.59	238.57	-3.8%
ADC SNF	89.03	88.46	-0.6%	88.61	-0.2%	87.74	88.61	-1.0%
SOUTH								
Patient Days Acute	2,591	2,178	-15.9%	2,281	-4.5%	18,473	19,801	-6.7%
Patient Days SNF	3,766	3,437	-8.7%	3,472	-1.0%	29,950	30,132	-0.6%
ADC Acute	83.58	77.79	-6.9%	81.46	-4.5%	76.02	81.48	-6.7%
ADC SNF	121.48	122.75	1.0%	124.00	-1.0%	123.25	124.00	-0.6%

**FEBRUARY 2007 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)**

Balance Sheet:

Current Cash & Cash Equivalents increased \$6.7 million from \$103.7 million in January to \$110.4 million in February. Total Cash and Investments are \$107.4 million, compared to \$121.6 million at June 30, 2006. Days Cash on Hand went from 97.0 days in January to 107.0 days in February compared to 128 in June.

Net Accounts Receivable decreased to \$89.4 million in February as compared to \$91.1 million in January. Gross A/R days decreased from 54.9 days in January to 50.4 days in February. February patient account collections including capitation are \$30.8 million compared to budget of \$29.9 million. February YTD collections are \$225.5 million compared to budget of \$239.2 million.

Construction in Progress increased \$1.9 million from \$ 119.5 million in January to \$121.4 million in February. The increase is attributed to Pomerado Phase I construction costs \$.4 million and Building Expansion A & E Services \$1.3 million.

Other Current Liabilities decreased \$504 thousand from \$17.3 million to \$16.8 million primarily due to the realization of Deferred Property Tax Revenue of \$1.1 million in January.

**FEBRUARY 2007 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)**

Income Statement:

Gross Patient Revenue for YTD February reflects an unfavorable budget variance of \$16.3 million. This unfavorable variance is composed of \$18.6 million unfavorable volume variance and \$2.3 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$7.5 million budget variance. North is responsible for \$6.1 million of this variance.

Inpatient Ancillary revenue represents a \$17.1 million unfavorable budget variance. North reflects an unfavorable variance of \$1.8 million and South reflects \$15.3 million unfavorable variance. The unfavorable variance is primarily due to the Surgery, Surgery Patient Supply and Pharmacy departments.

Outpatient revenue reflects a favorable budget variance of \$8.3 million. North has a \$8.0 million favorable variance and South has a \$1.1 million favorable variance. These two amounts are decreased by Outreach's \$0.8 million unfavorable variance.

**FEBRUARY 2007 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)**

Income Statement (cont'd):

Deductions from Revenue reflect a YTD favorable variance of \$12.2 million. This is due to lower-than-budgeted volume and budgeted gross revenue. Total Deductions from Revenue is 69.25% of gross revenue compared to a budget of 69.35%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 64.58% of YTD Gross Revenue compared to budget of 64.78%.

The net capitation reflects a favorable budget variance of \$1.7 million. Cap Premium and Out of Network Claim Expense both show an unfavorable budget variance of \$2.0 million and \$2.7 million respectively. Cap Valuation shows a favorable variance of \$6.4 million to offset.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$1.1 million. The two most significant contributors to this variance are the Foundation where actual PPH funding requests are \$418 thousand below budget and PPNC Health Development where actual grants are \$407 thousand below budget.

Salaries, Wages & Contract Labor has a YTD favorable budget variance of \$2.8 million. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	122,115,321	124,996,935	2,881,614
North	70,756,309	71,424,602	668,293
South	29,560,377	30,934,189	1,373,812
Central	15,922,622	17,044,308	1,121,686
Outreach	5,876,013	5,593,836	(282,177)

FEBRUARY 2007 FINANCIAL RESULTS EXECUTIVE SUMMARY and HIGHLIGHTS (cont'd)

Income Statement (cont'd):

Benefits Expense has a YTD unfavorable budget variance of \$1.2 million. This variance is primarily due to the employer's contribution towards deferred compensation which is unfavorable by \$563 thousand, Health and Dental which is unfavorable by \$101 thousand and Workers Compensation which is unfavorable by \$263 thousand.

Supplies Expense reflects a YTD favorable budget variance of \$3.3 million. This favorable variance is composed of a \$964 thousand favorable volume variance and \$2.3 million favorable rate variance. The favorable variance is pharmacy at \$1.8 million, prosthesis at \$644 thousand, other medical & non medical at \$433 and other general supplies at \$423 thousand.

Prof Fees & Purchased Services reflect a YTD unfavorable budget variance of \$3.1 million. The unfavorable variance of \$1.4 million in professional fees is due to higher legal fees, rehabilitation therapy fees and Pomerado ED calls. The unfavorable variance of \$1.7 million in purchased services is due to purchased contracted services.

Non-Operating Income reflects a favorable YTD variance of \$1.4 million in February. This is due to a favorable investment income variance. Investment income reflects a 4.67% investment rate-of-return through February compared to budget of 4.25%.

Ratios & Margins:

All required bond covenant ratios were achieved in February 2007.

Balanced Scorecard
Financial Indicators
February 28, 2007

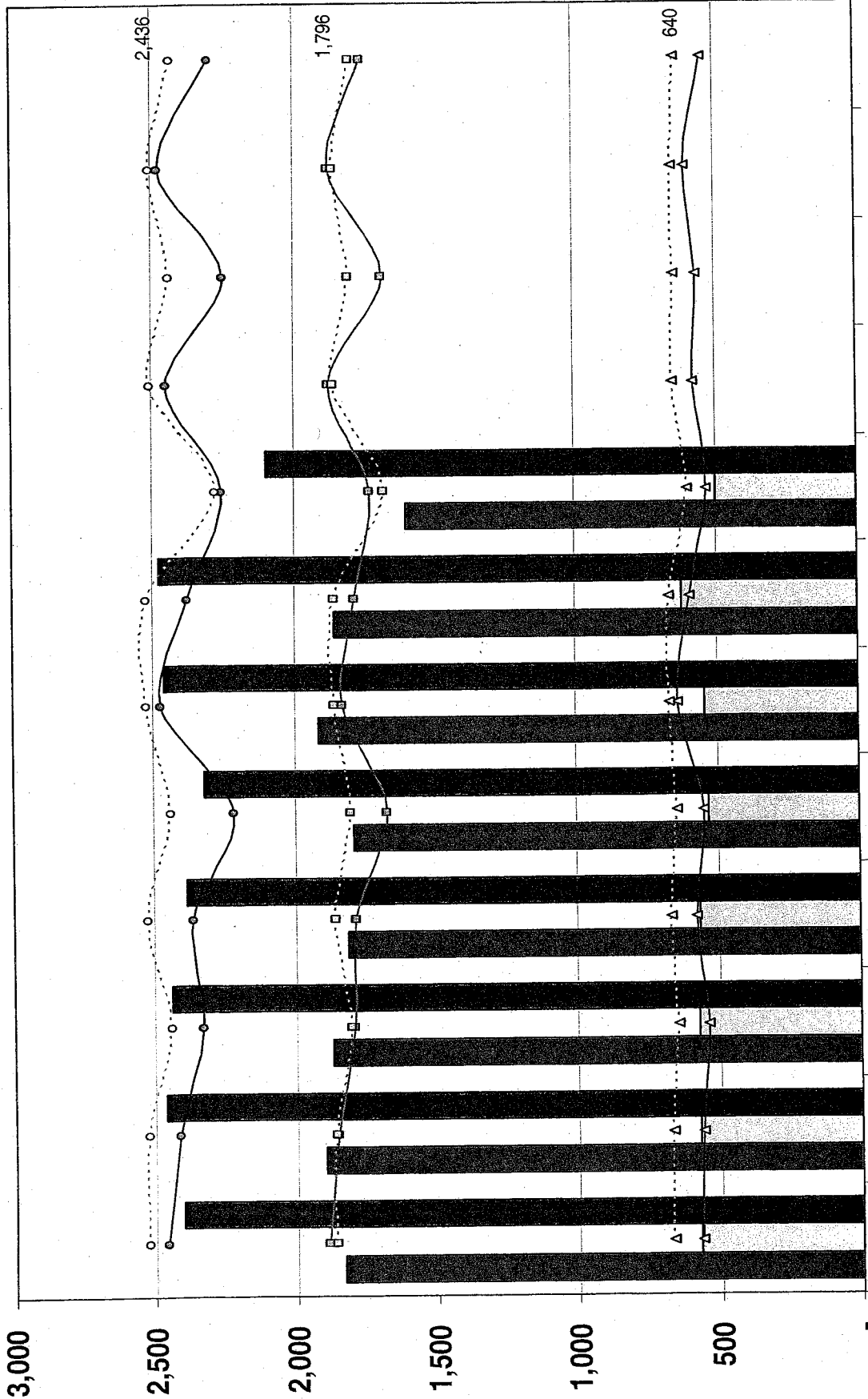
December		January		February		YTD 2007		Prior Year		
Actual	Actual	Actual	Budget / PY	Variance	% Actual to Budget	Actual	Budget	Variance	% Actual to Budget	Actual
10.0%	11.0%	6.8%	9.1%	-2.3%		8.9%	9.8%	-0.9%		8.0%
\$ 2,576.57	\$ 2,309.02	\$ 2,628.01	\$ 2,538.28	\$ (89.73)		\$ 2,531.39	\$ 2,493.63	\$ (37.76)	101.5%	2,409.87
\$ 1,556.33	\$ 1,359.76	\$ 1,523.73	\$ 1,496.12	\$ (27.61)	101.8%	\$ 1,498.99	\$ 1,481.73	\$ (17.26)	101.2%	\$ 1,409.80
6.24	5.29	6.07	6.14	0.07	98.9%	6.02	6.13	0.11	98.2%	6.06
12,813	14,443	12,191	12,083	108.00		102,171	104,506	(2,335)		100,018
PPH Indicators:										
PPH North Indicators:										
OEBITDA Margin w/Prop Tax										
14.3%	8.8%	7.0%	8.7%	(0.02)		9.1%	9.5%	-0.4%		8.4%
\$ 2,441.50	\$ 2,189.49	\$ 2,521.01	\$ 2,413.49	\$ (107.52)		\$ 2,412.65	\$ 2,372.40	\$ (40.25)	101.7%	\$ 2,303.13
\$ 1,254.46	\$ 1,152.07	\$ 1,246.47	\$ 1,237.60	\$ (8.87)	100.7%	\$ 1,247.27	\$ 1,226.97	\$ (20.30)	101.7%	\$ 1,186.23
5.23	4.47	5.06	5.09	0.03	99.4%	5.09	5.09	-	100.0%	5.12
8,911	10,130	8,473	8,261	212.00		70,808	72,141	(1,333)		70,490
PPH South Indicators:										
OEBITDA Margin w/Prop Tax										
-1.7%	11.7%	2.4%	5.9%	(0.04)		6.1%	6.7%	-0.6%		5.2%
\$ 2,440.73	\$ 2,260.27	\$ 2,475.70	\$ 2,464.04	\$ (11.66)	100.5%	\$ 2,417.32	\$ 2,426.49	\$ 9.17	99.6%	\$ 2,379.01
\$ 1,263.74	\$ 1,209.89	\$ 1,254.94	\$ 1,296.05	\$ 41.11	96.8%	\$ 1,251.52	\$ 1,285.84	\$ 34.32	97.3%	\$ 1,242.97
5.54	4.95	5.36	5.59	0.23	96.9%	5.39	5.58	0.19	96.6%	5.66
3,700	4,004	3,494	3,653	(159.00)		29,347	29,919	(572)	104.5%	28,094

Weighted Patient Days is compared with Prior Year Actual

FISCAL YEAR 2007

■ PMC
 □ POM
 ▨ CON
 ○ PY PMC
 △ PY POM
 ◆ PY CON

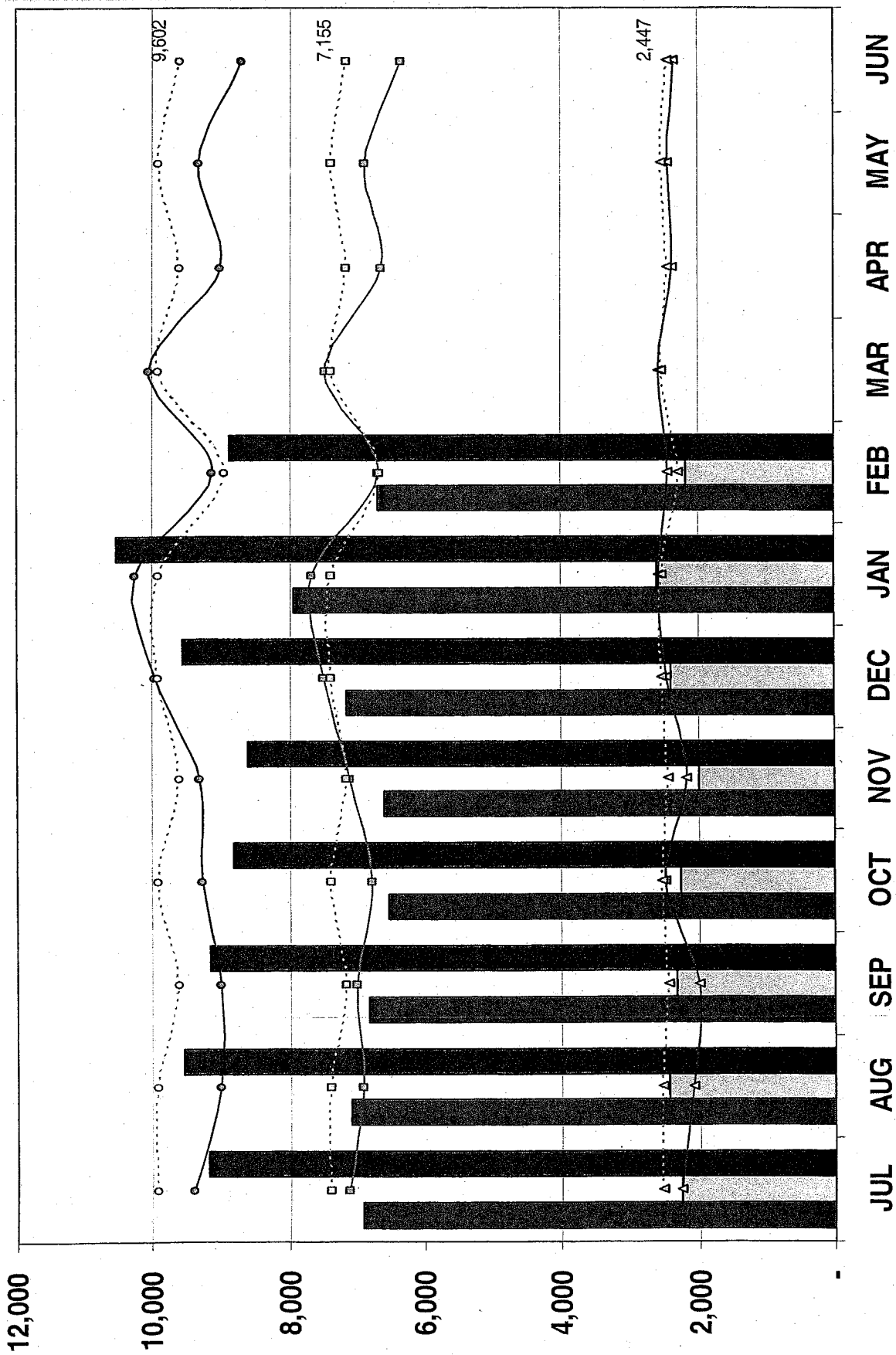
Admissions - Acute



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	1,832	1,895	1,871	1,816	1,791	1,915	1,861	1,601	-	-	-	-	14,582	14,580
POM	570	569	572	568	532	545	620	498	-	-	-	-	4,474	5,206
CON	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	-	-	-	-	19,056	19,786

Patient Days - Acute

FISCAL YEAR 2007

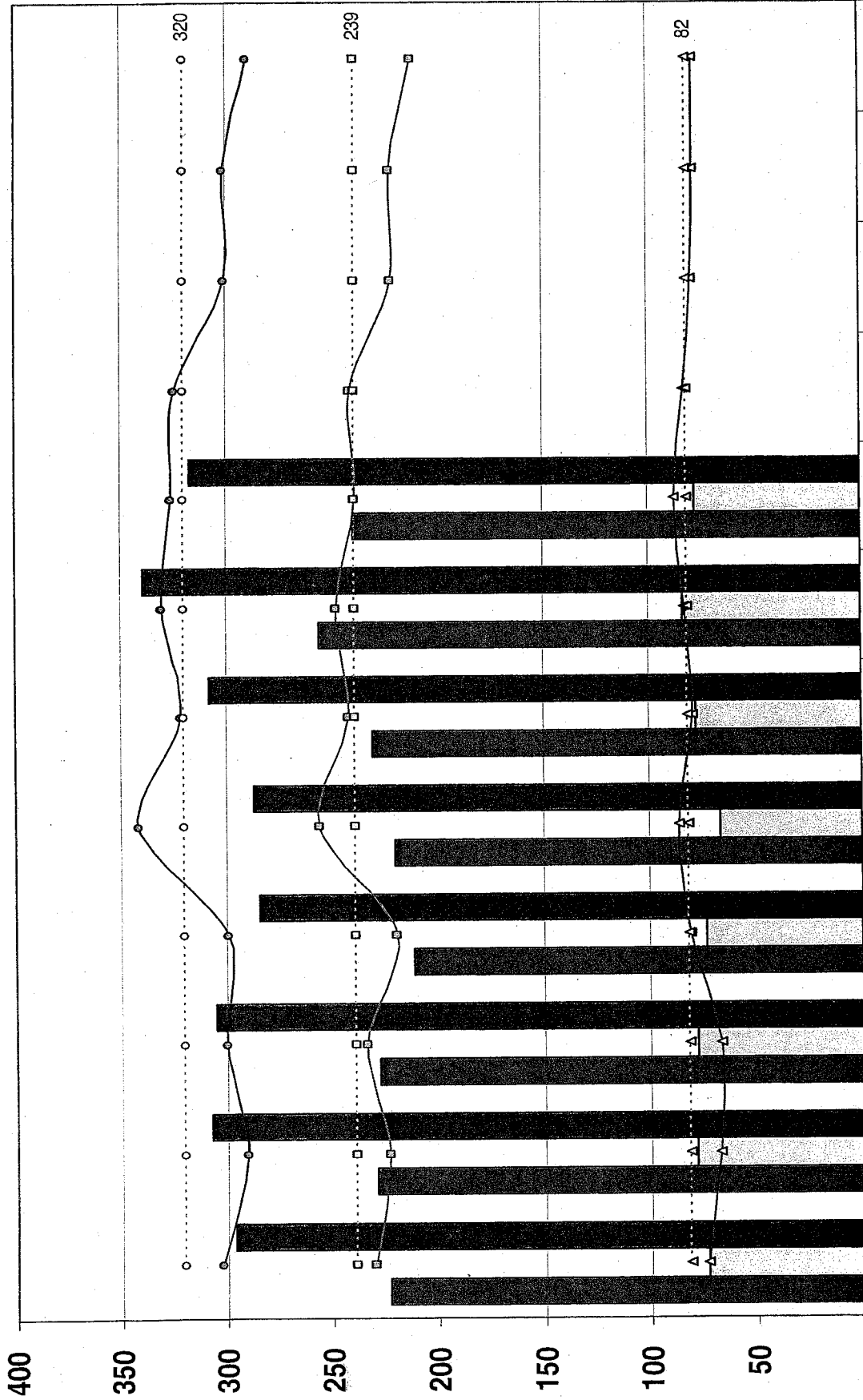


■ PMC
 ○ POM
 □ CON
 ▲ PY POM
 ● PY POM
 ◆ PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	-	-	-	-	55,788	57,974
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	-	-	-	-	18,473	19,801
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	-	-	-	-	74,261	77,775

FISCAL YEAR 2007

Average Daily Census - Acute

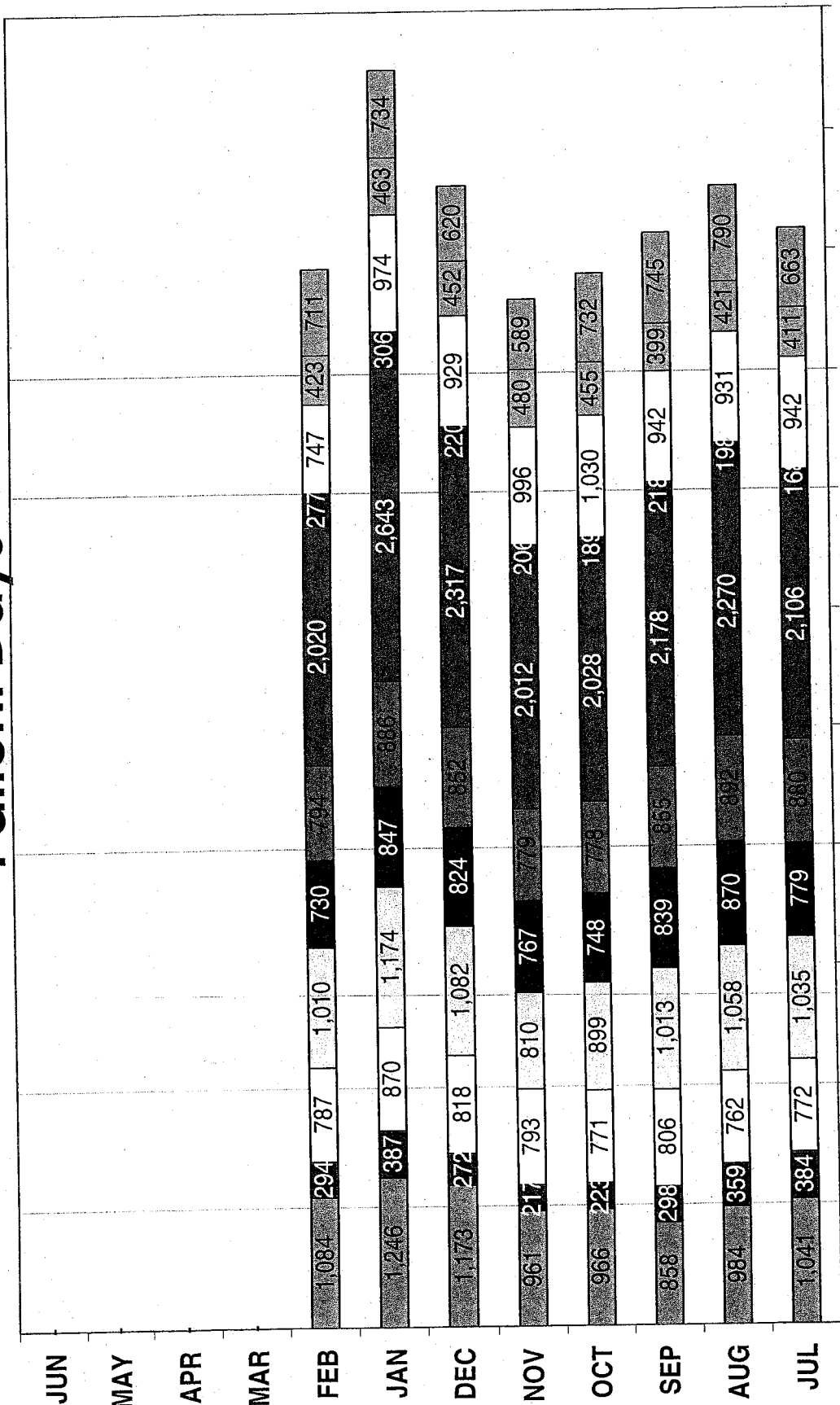


■ PMC
 □ POM
 ■ CON
 ○ PY PMC
 □ PY POM

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	223	229	227	211	220	231	256	239	-	-	-	-	230	239
POM	73	78	78	73	67	78	84	78	-	-	-	-	76	81
CON	296	308	305	284	287	308	340	317	-	-	-	-	306	320

FISCAL YEAR 2007

Patient Days



1,000 2,000 3,000 4,000 5,000 6,000 7,000 8,000 9,000 10,000 11,000

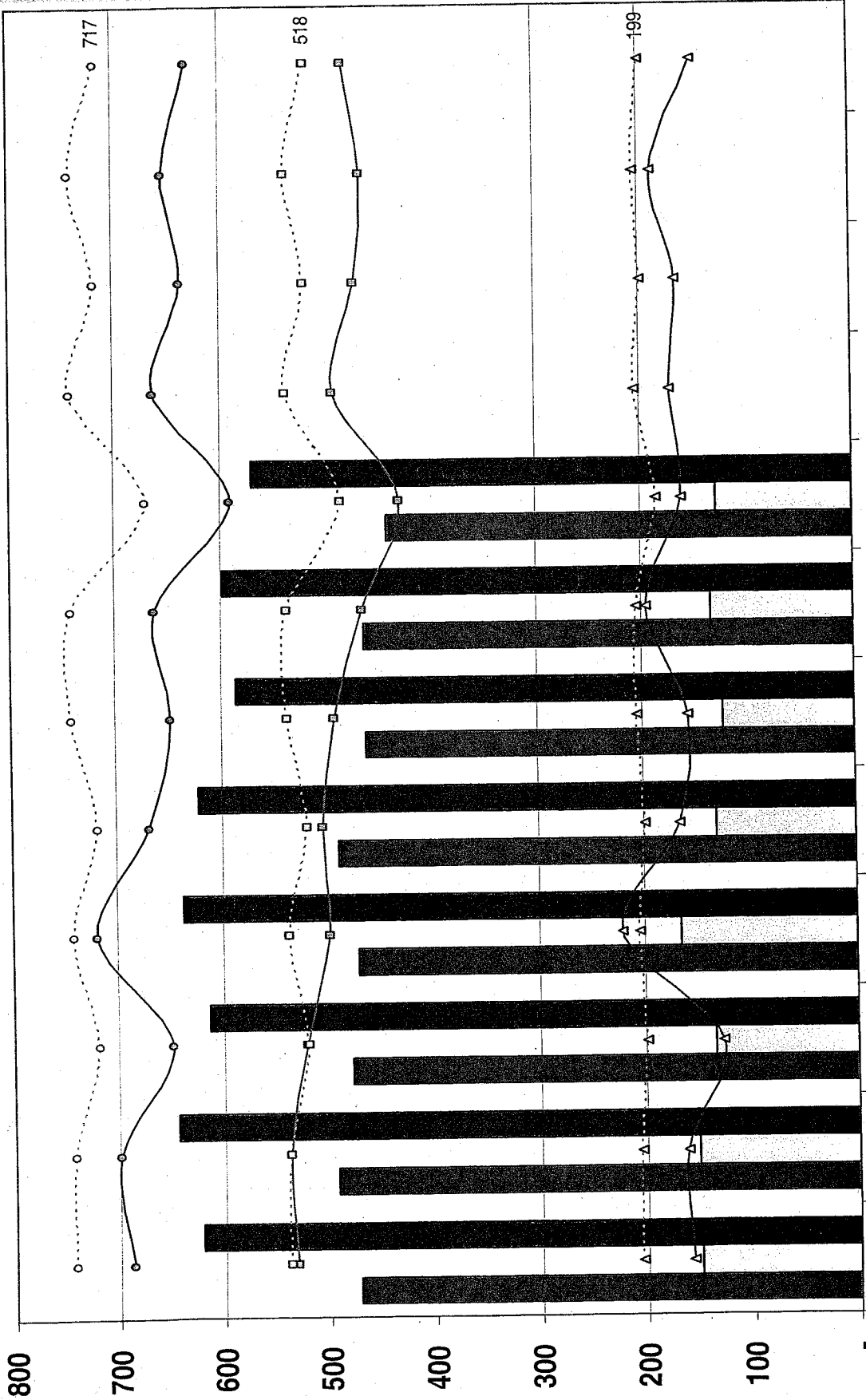
- ICU/CCU
- MED-ONCOLOGY
- PEDIATRICS
- NICU
- SURG-ORTH
- LABOR DELIVERY RECOVERY
- TELEMETRY
- MED SURG
- REHAB ACUTE
- IMC
- T2 SURG
- MHU

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6,919	7,102	6,822	6,547	6,607	7,153	7,939	6,699	-	-	-	-	55,788	57,974
POM	2,261	2,433	2,329	2,272	2,003	2,406	2,591	2,178	-	-	-	-	18,473	19,801
CON	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	-	-	-	-	74,261	77,775

FISCAL YEAR 2007

■ PMC
 □ POM
 ■ CON
 —○— PY PMC
 —△— PY POM
 —◇— PY CON

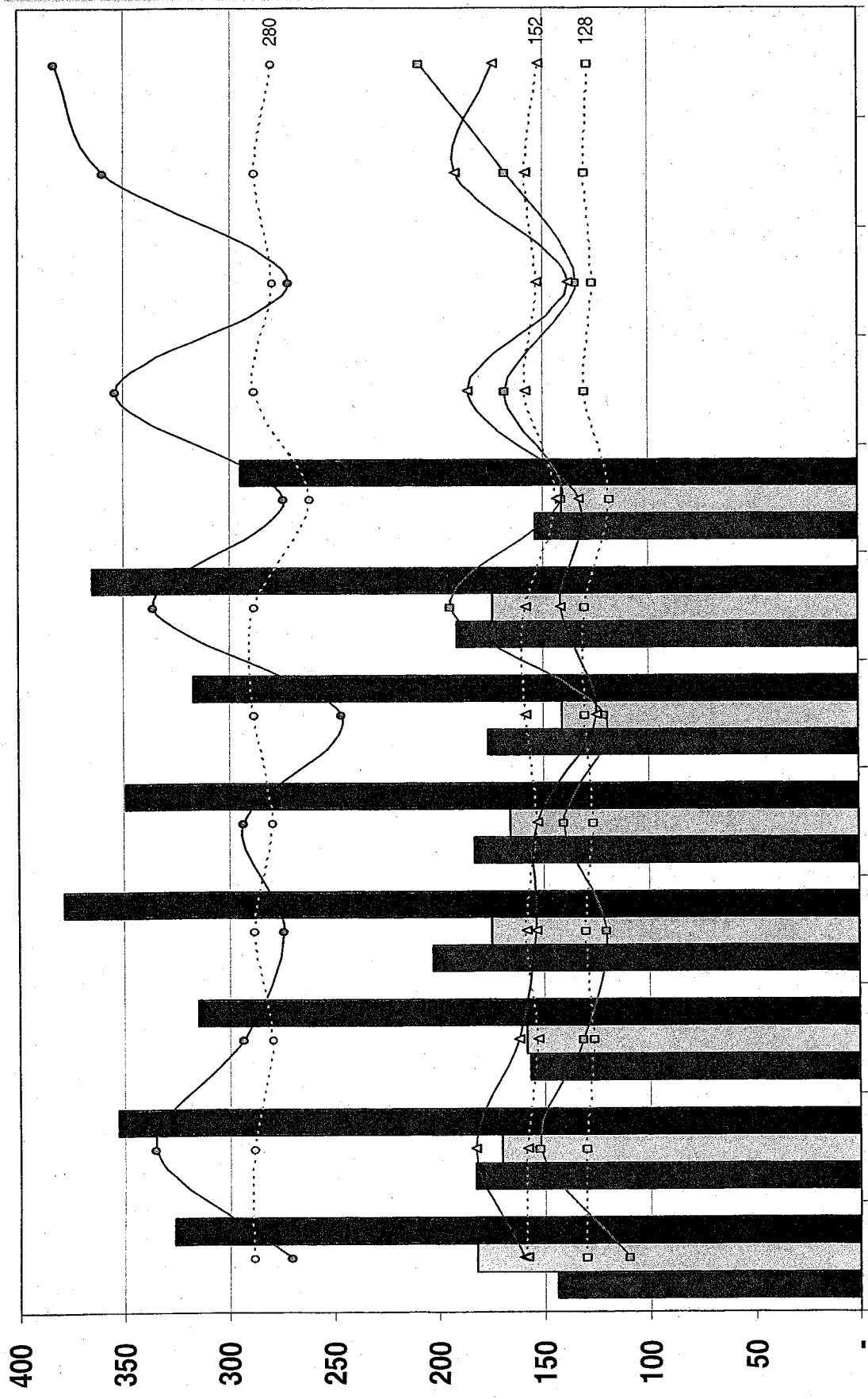
Surgeries (In-Patient)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	471	492	478	471	490	463	464	442	-	-	-	-	3,771	4,208
POM	150	151	135	166	132	124	135	128	-	-	-	-	1,121	1,608
CON	621	643	613	637	622	587	599	570	-	-	-	-	4,892	5,816

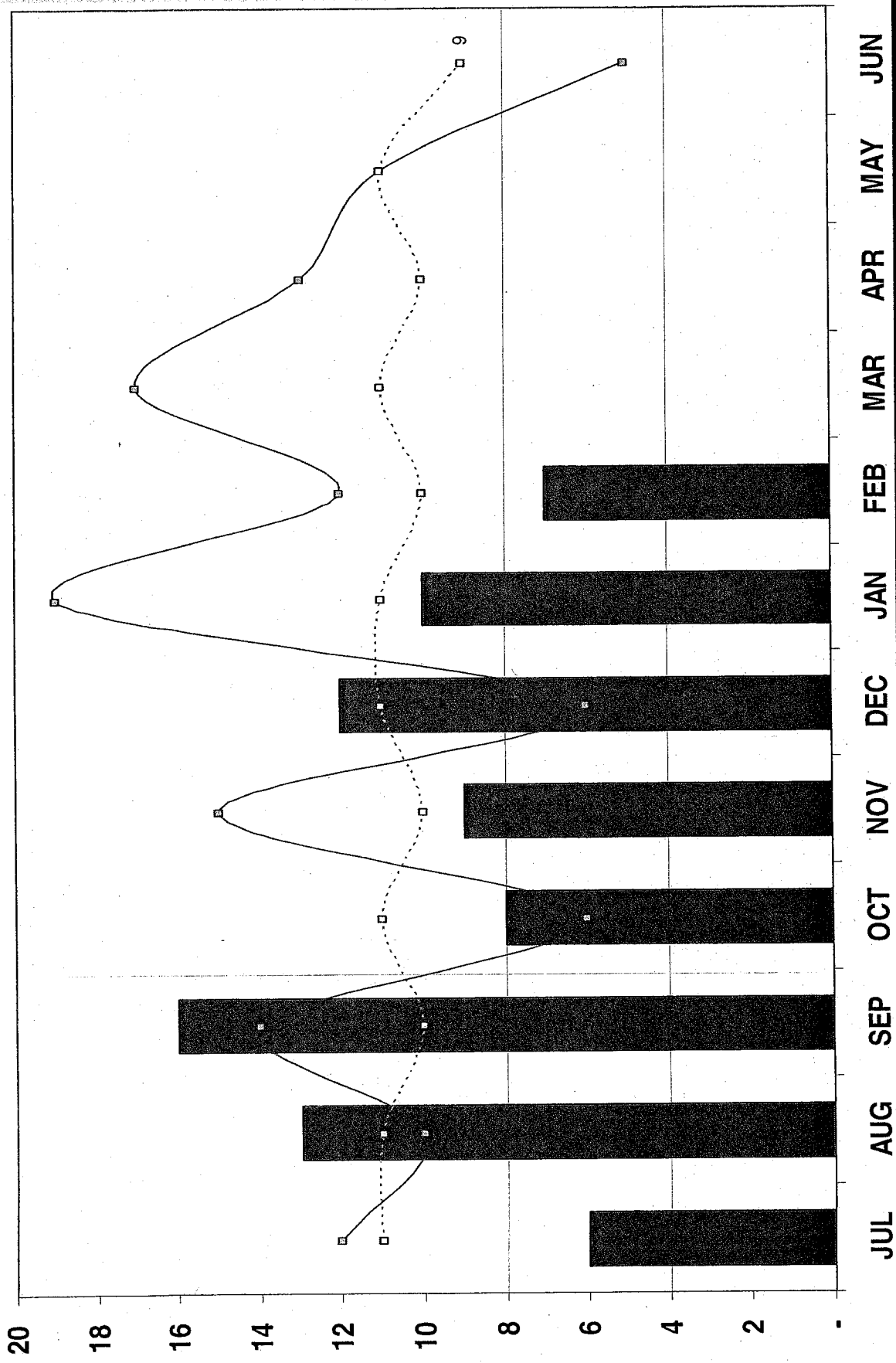
Surgeries (Out-Patient)

FISCAL YEAR 2007



Surgeries - CVS (PMC)

FISCAL YEAR 2007



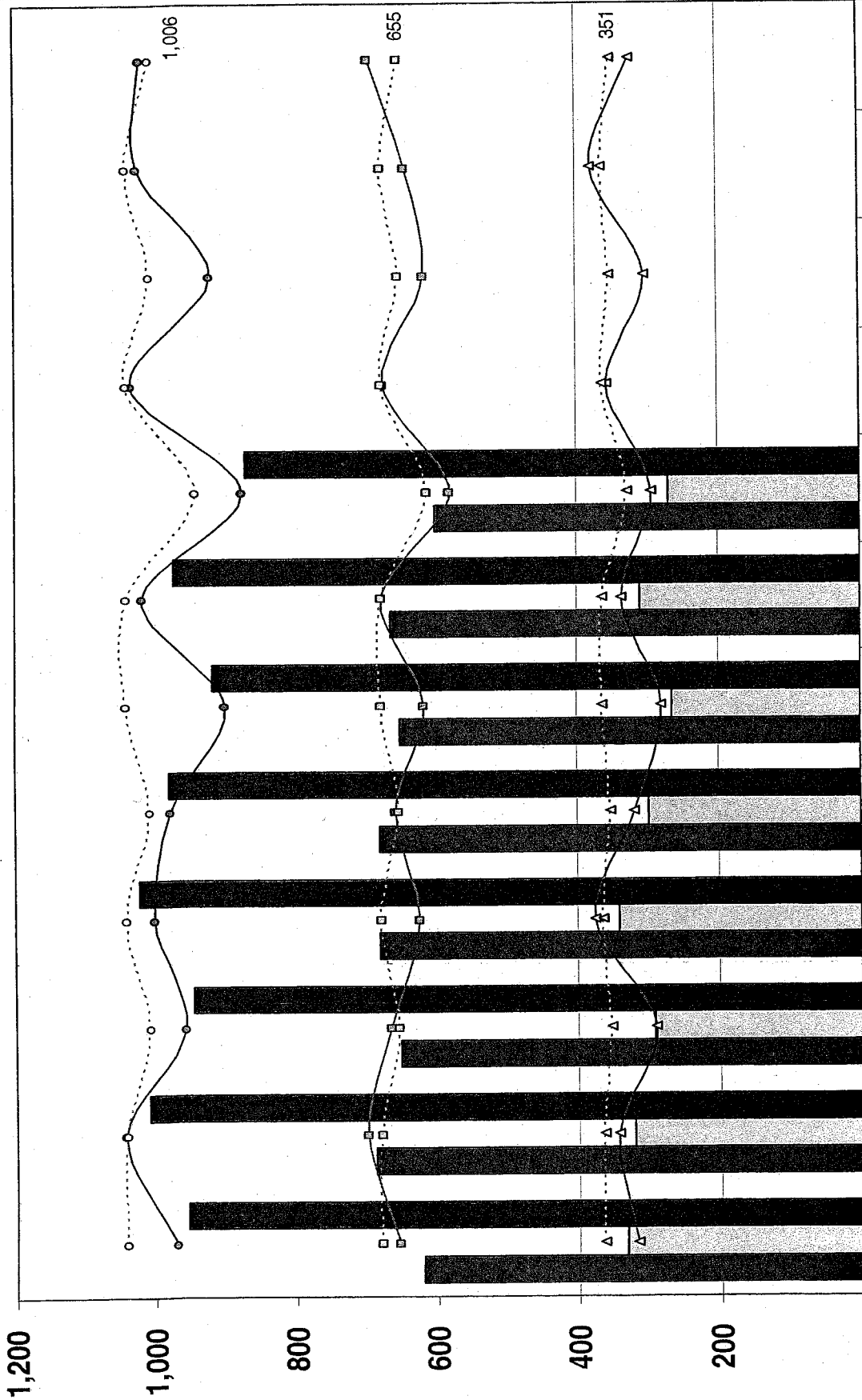
■ PMC
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 — PY POM
 — PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	6	13	16	8	9	12	10	7	-	-	-	-	81	85

FISCAL YEAR 2007

■ PMC
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 ■ CON
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 ● PY CON

Total Surgeries

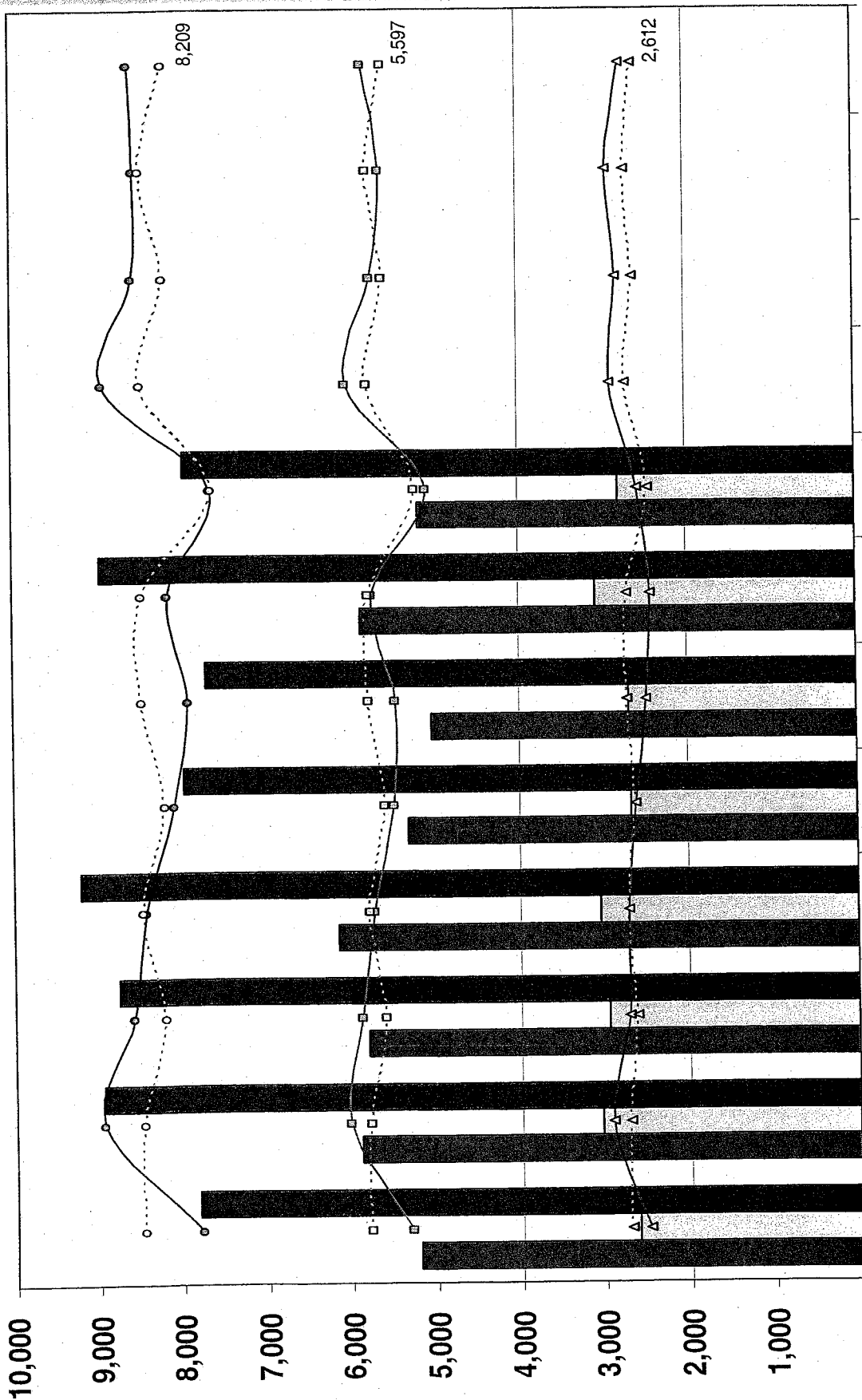


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	621	688	651	682	682	651	665	603	-	-	-	-	5,243	5,313
POM	332	321	293	341	298	265	309	269	-	-	-	-	2,428	2,847
CON	953	1,009	944	1,023	980	916	974	872	-	-	-	-	7,671	8,160

FISCAL YEAR 2007

■ PMC
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 ▨ CON
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 —●— PY CON

Outpatient Registration

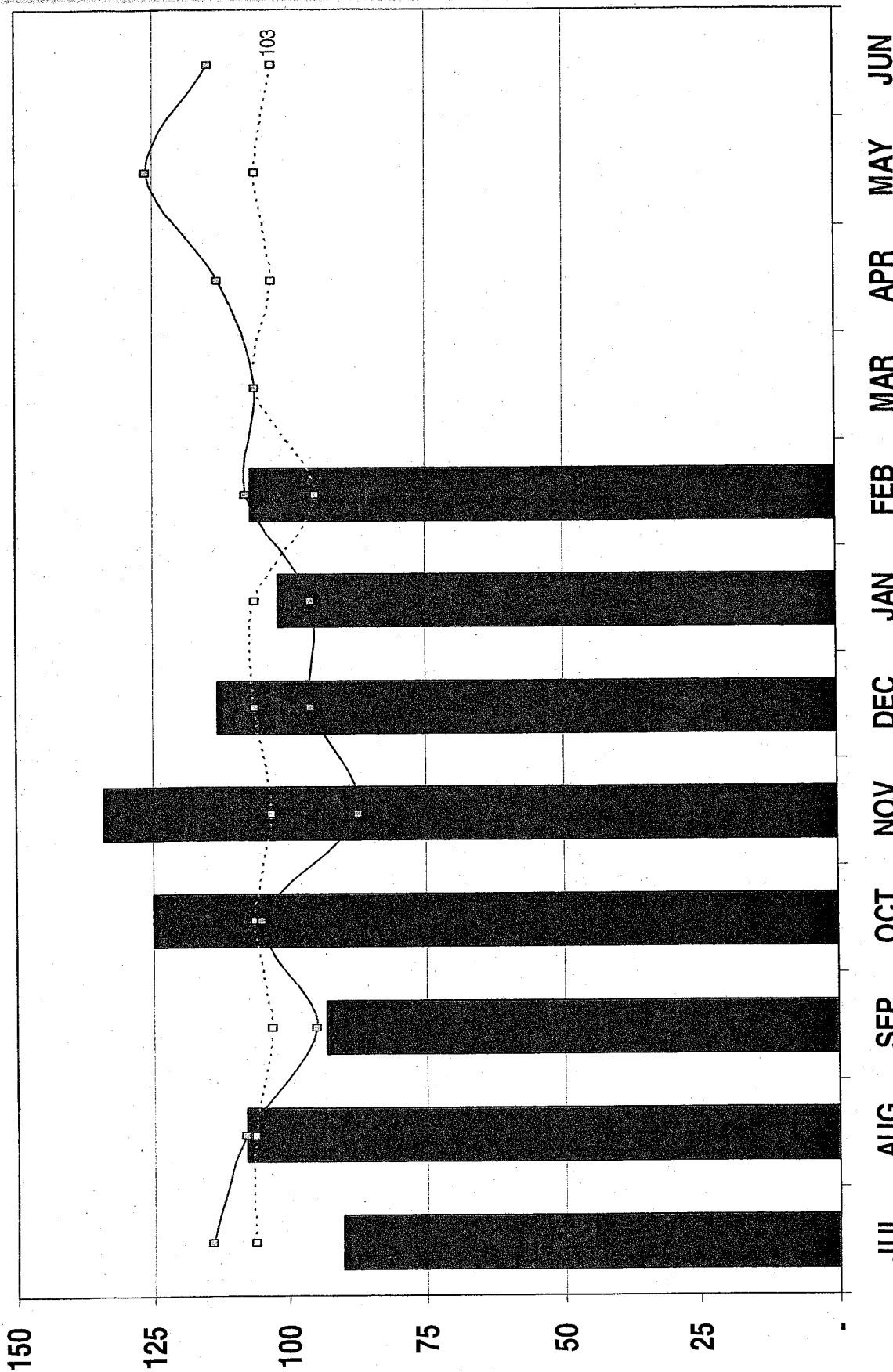


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	5,204	5,900	5,800	6,158	5,326	5,030	5,872	5,183	-	-	-	-	44,473	45,309
POM	2,615	3,044	2,944	3,033	2,659	2,690	3,086	2,800	-	-	-	-	22,871	21,141
CON	7,819	8,944	8,744	9,191	7,985	7,720	8,958	7,983	-	-	-	-	67,344	66,450

Trauma Cases (PMC)

19 PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

FISCAL YEAR 2007



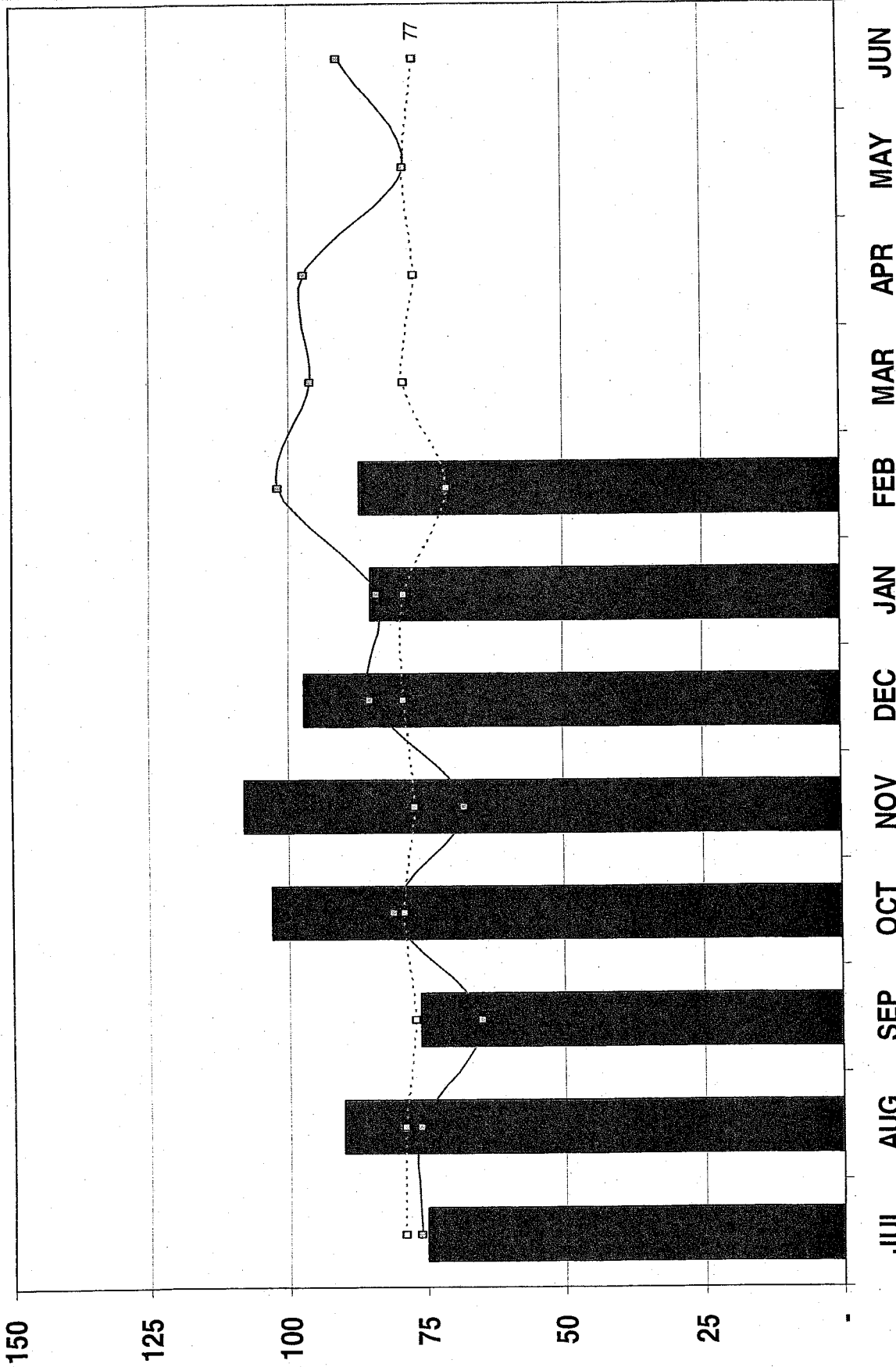
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	90	108	93	125	134	113	102	107	107	107	107	103	872	831

55

Trauma Admissions (PMC)

20 PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

FISCAL YEAR 2007



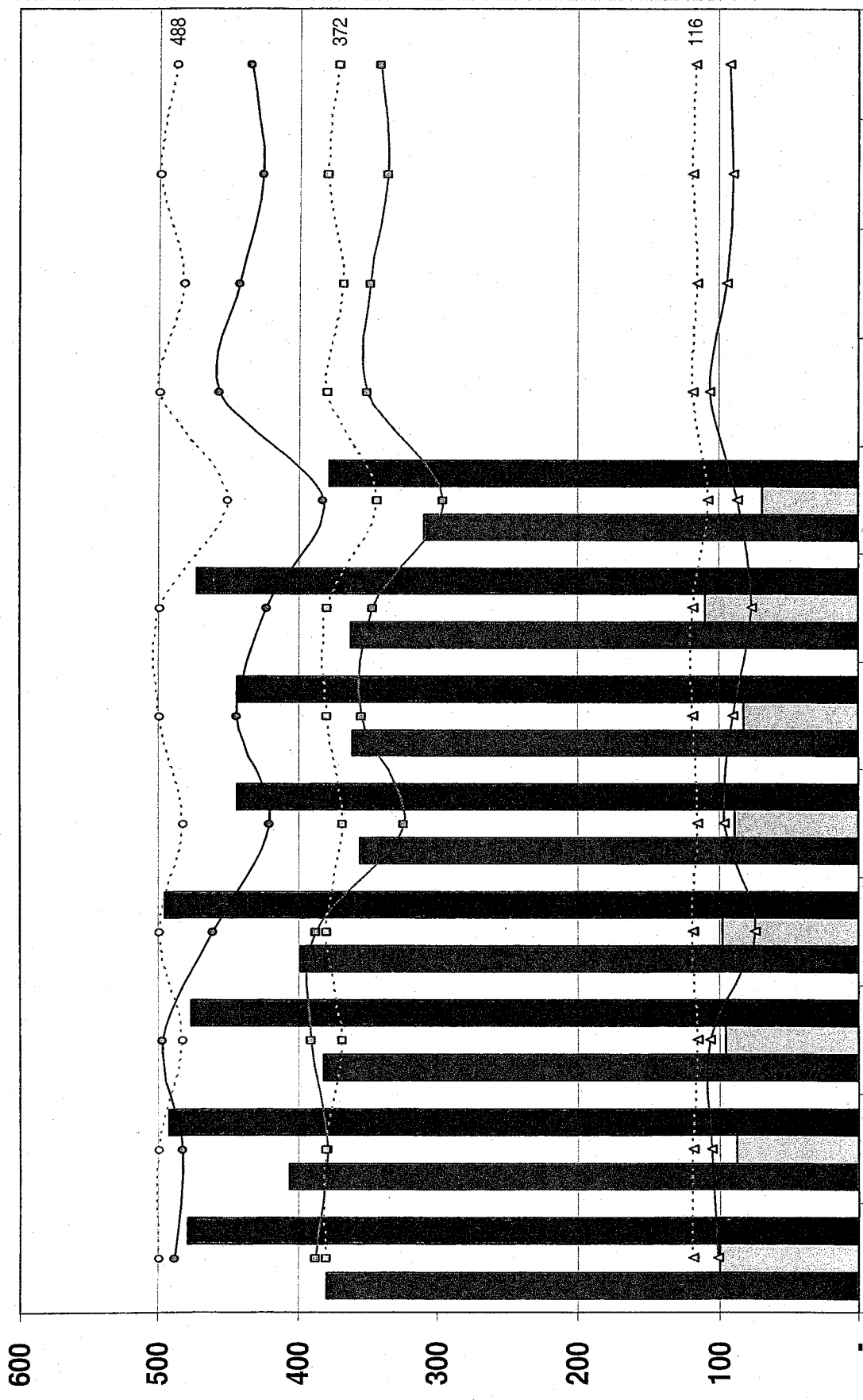
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>JUN</u>	<u>YTD</u>	<u>Bud YTD</u>
PMC	75	90	76	103	108	97	85	87						721	620

59

FISCAL YEAR 2007

■ PMC
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 -△- PY POM
 -●- PY CON

Deliveries

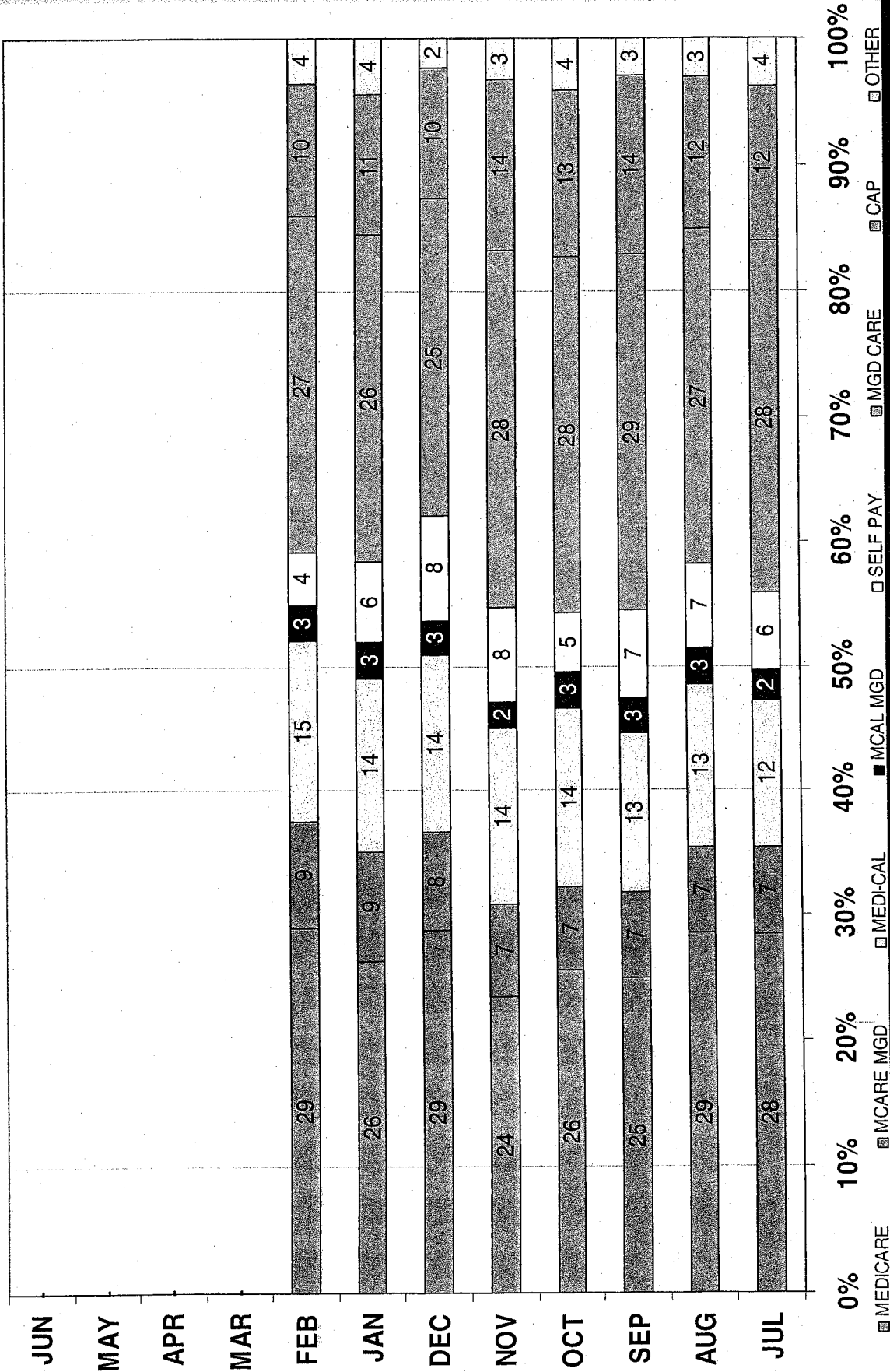


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	379	406	382	399	356	362	363	310	-	-	-	-	2,957	2,980
POM	100	87	95	97	88	82	110	68	-	-	-	-	727	932
CON	479	493	477	496	444	444	473	378	-	-	-	-	3,684	3,912

F

FISCAL YEAR 2007

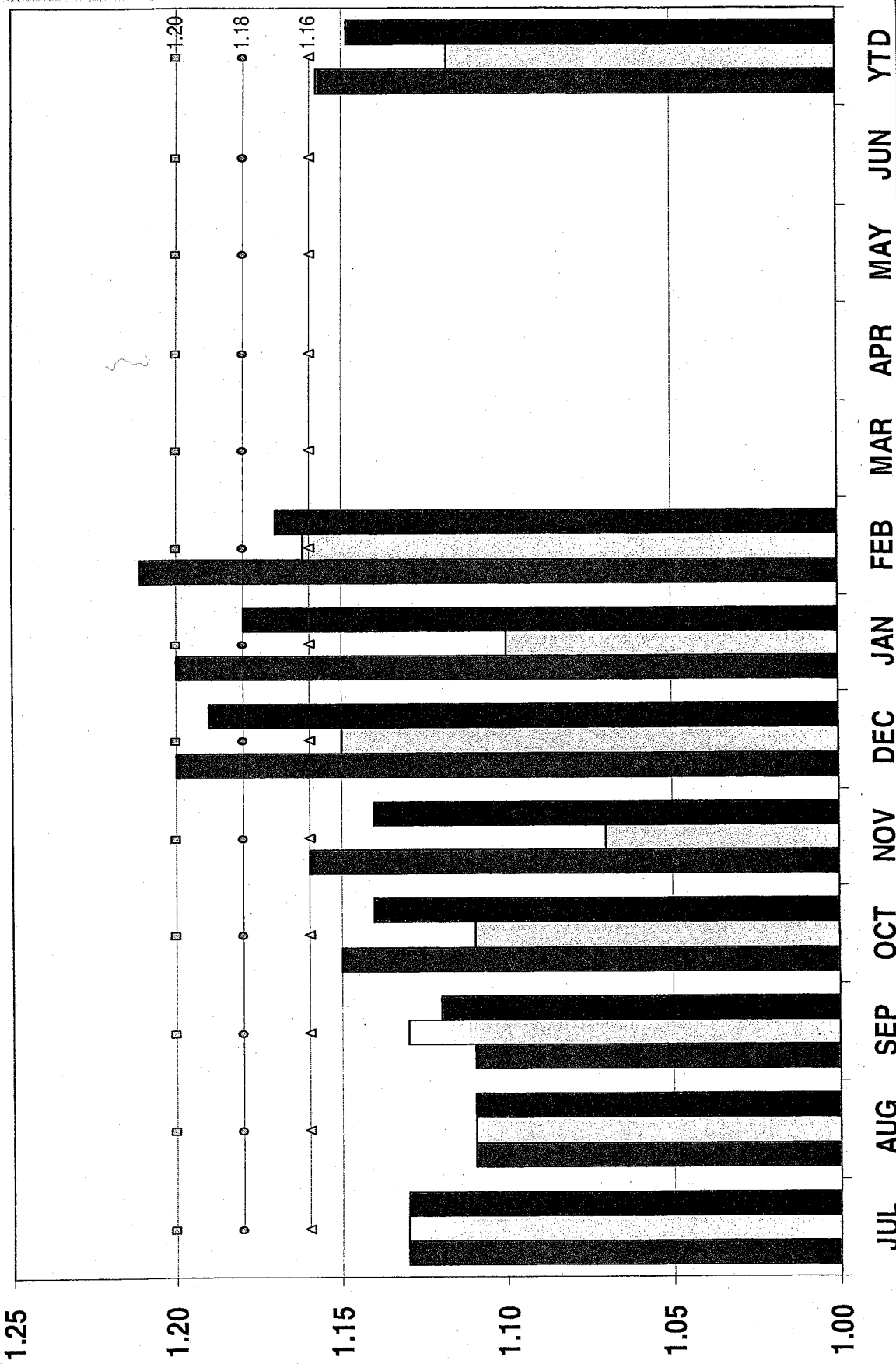
Payor Mix based on Gross Revenue



5

Case Mix Index

FISCAL YEAR 2007

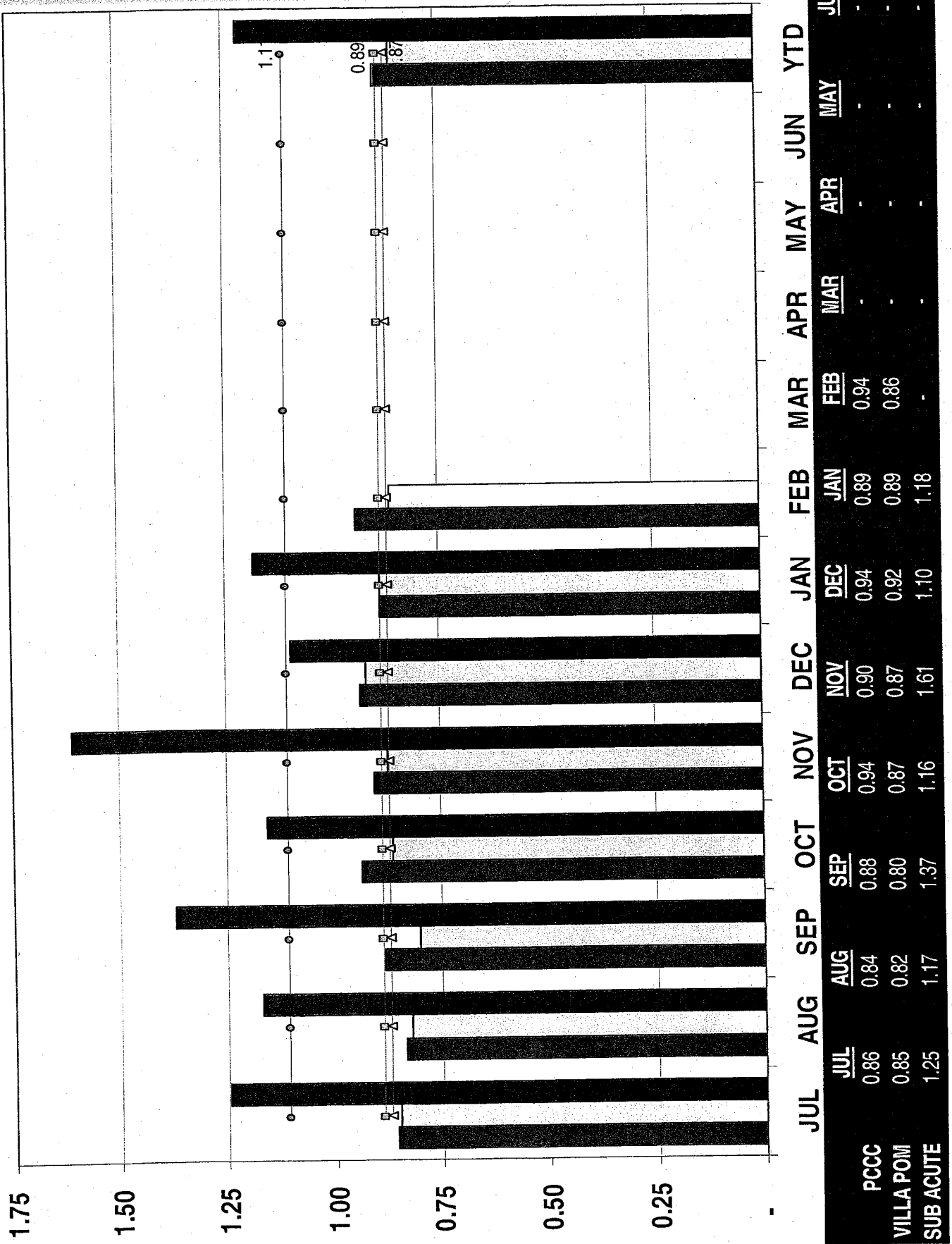


■ PMC
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 ◻ PY PMC
 ○ PY POM
 △ PY CON

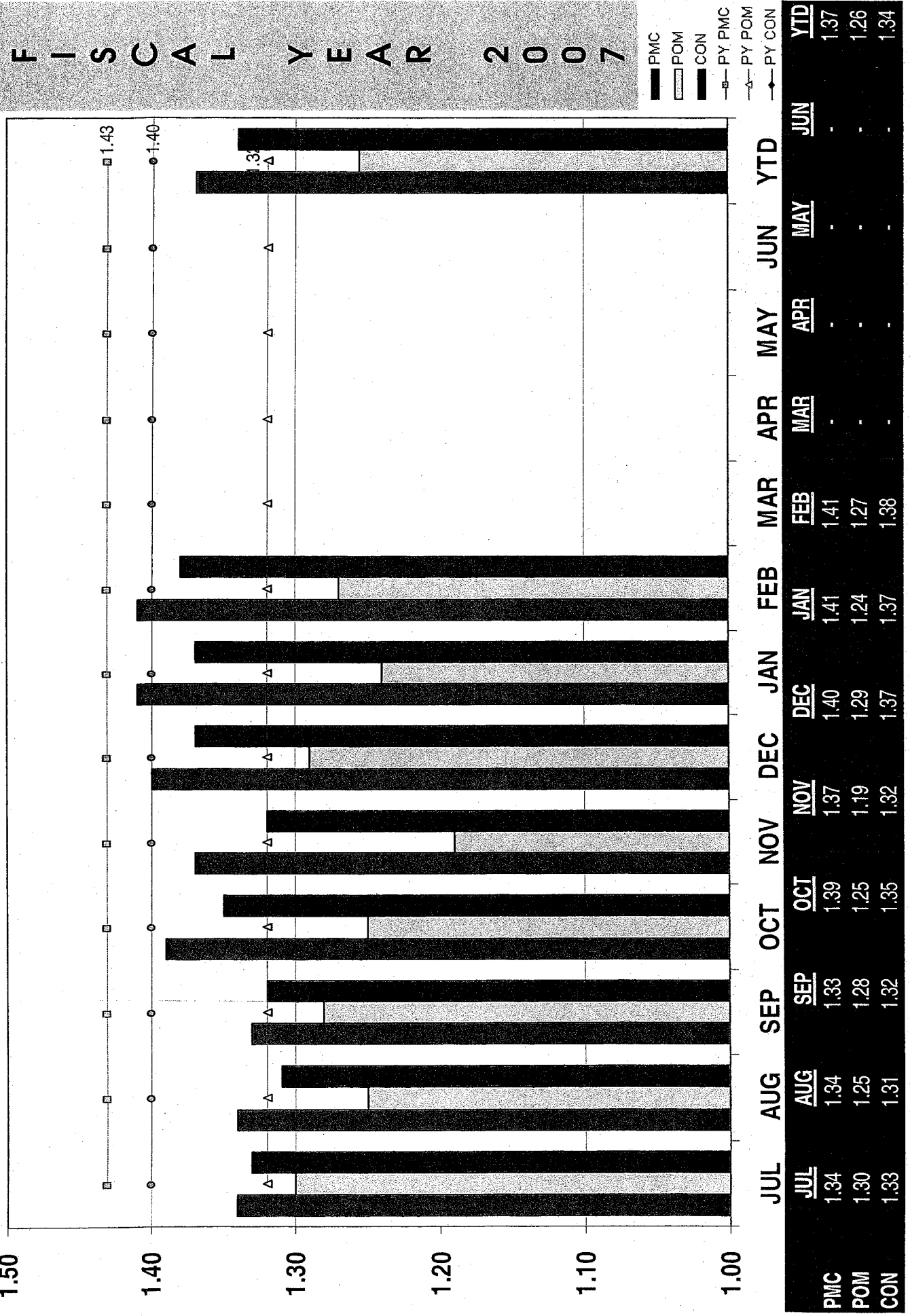
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
PMC	1.13	1.11	1.11	1.15	1.16	1.20	1.20	1.21	-	-	-	-	1.16
POM	1.13	1.11	1.13	1.11	1.07	1.15	1.10	1.16	-	-	-	-	1.12
CON	1.13	1.11	1.12	1.14	1.14	1.19	1.18	1.17	-	-	-	-	1.15

Case Mix Index - Skilled Nursing

FISCAL YEAR 2007

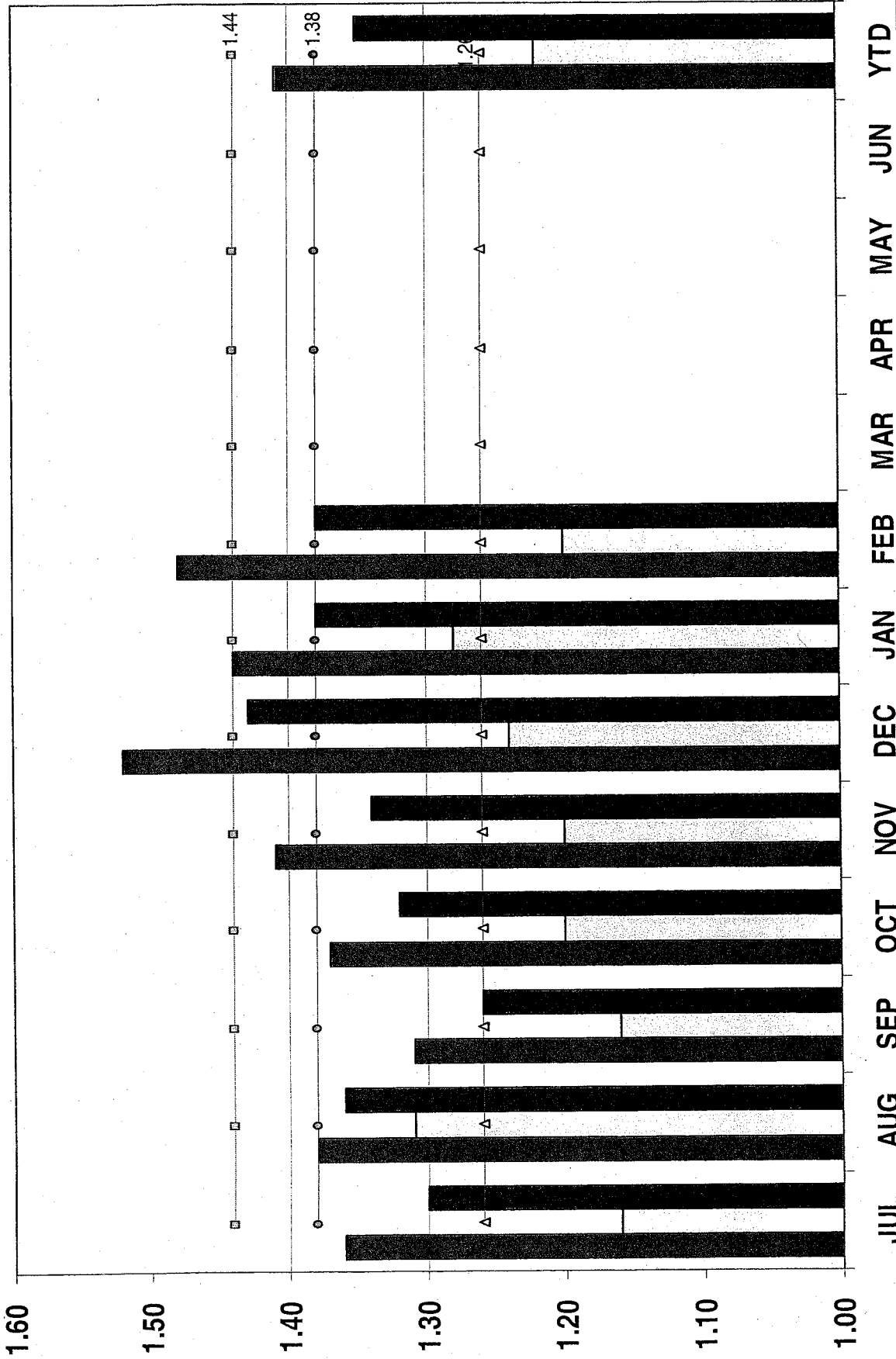


Case Mix Index by Region excludes Deliveries



Case Mix Index by Region - MediCare

FISCAL YEAR 2007



SUMMARY OF KEY INDICATORS AND RESULTS
FYTD February 2007

	ACTUAL	BUDGET	VARIANCE	FY 2006
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	14,582	14,580	2	14,330
Pomerado Hospital	4,474	5,206	(732)	4,553
Total:	<u>19,056</u>	<u>19,786</u>	<u>(730)</u>	<u>18,883</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	394	515	(121)	407
Pomerado Hospital	374	417	(43)	392
Total:	<u>768</u>	<u>932</u>	<u>(164)</u>	<u>799</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	55,788	57,974	(2,186)	56,854
Pomerado Hospital	18,473	19,801	(1,328)	18,468
Total:	<u>74,261</u>	<u>77,775</u>	<u>(3,514)</u>	<u>75,322</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	21,321	21,532	(211)	20,449
Pomerado Hospital	29,950	30,132	(182)	30,068
Total:	<u>51,271</u>	<u>51,664</u>	<u>(393)</u>	<u>50,517</u>

SUMMARY OF KEY INDICATORS AND RESULTS
FYTD February 2007

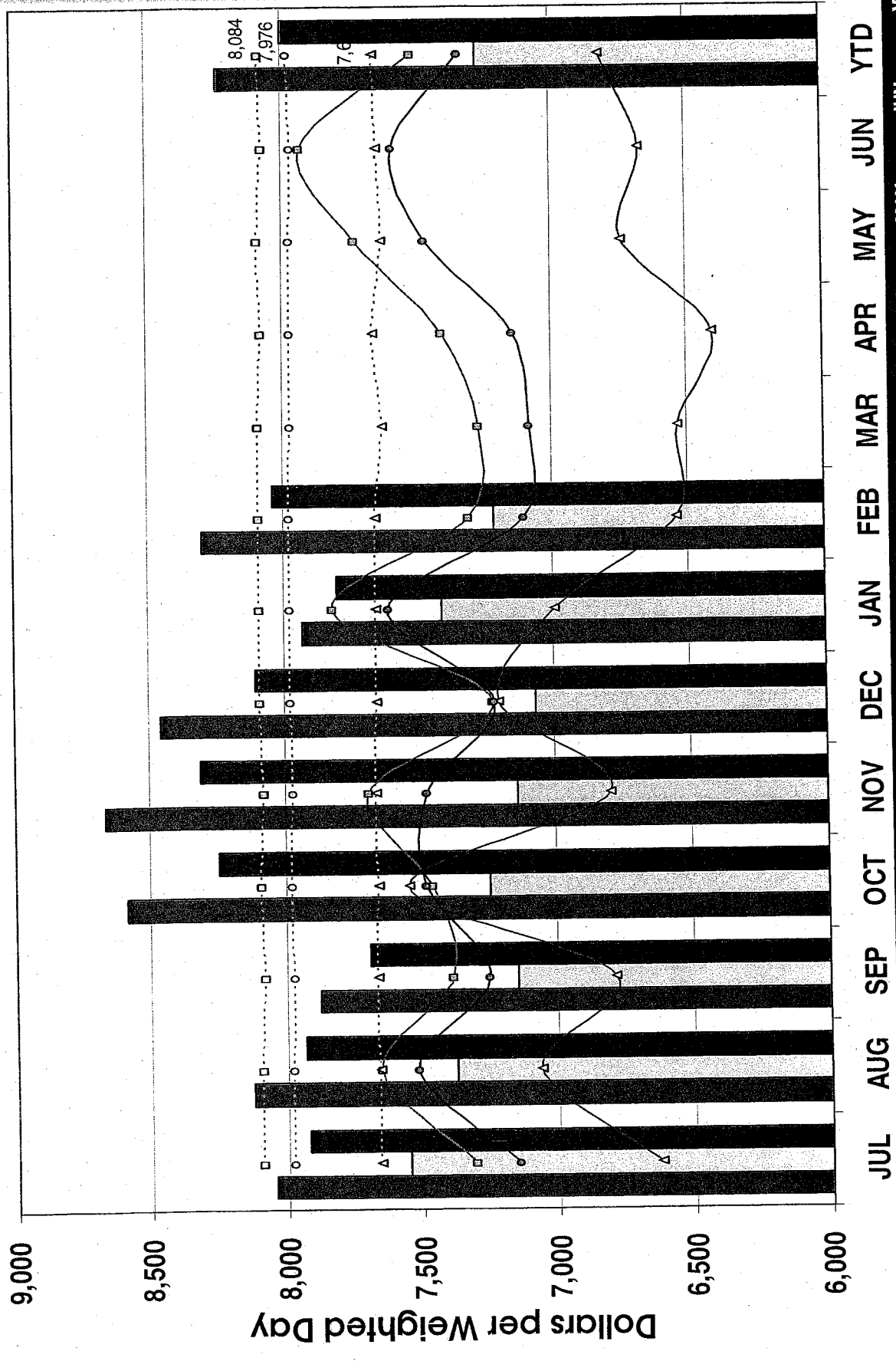
	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>WEIGHTED PATIENT DAYS:</u>				
Palomar Medical Center	70,808	72,141	(1,333)	70,490
Pomerado Hospital	29,347	29,919	(572)	29,094
Other Activities	2,016	2,446	(430)	434
Total:	102,171	104,506	(2,335)	100,018
<u>AVERAGE LENGTH OF STAY - Acute:</u>				
Palomar Medical Center	3.77	4.02	(0.25)	4.03
Pomerado Hospital	4.11	3.96	0.15	4.03
Total:	3.85	4.00	(0.15)	4.03
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	55.52	40.55	14.97	48.57
Pomerado Hospital	80.73	73.67	7.06	78.10
Total:	67.91	54.96	12.95	62.68

SUMMARY OF KEY INDICATORS AND RESULTS
FYTD February 2007

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2006</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	30,392	29,983	409	28,219
Pomerado Hospital	15,180	15,539	(359)	14,696
Total:	45,572	45,522	50	42,915
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	7,334	7,554	(220)	7,268
Pomerado Hospital	2,510	2,720	(210)	2,582
Total:	9,844	10,274	(430)	9,850
<u>SURGERIES:</u>				
Palomar Medical Center	5,243	5,313	(70)	5,183
Pomerado Hospital	2,428	2,847	(419)	2,555
Total:	7,671	8,160	(489)	7,738
<u>BIRTHS:</u>				
Palomar Medical Center	2,957	2,980	(23)	2,867
Pomerado Hospital	727	932	(205)	733
Total:	3,684	3,912	(228)	3,600

Gross Patient Revenue per Weighted Patient Days

FISCAL YEAR 2007

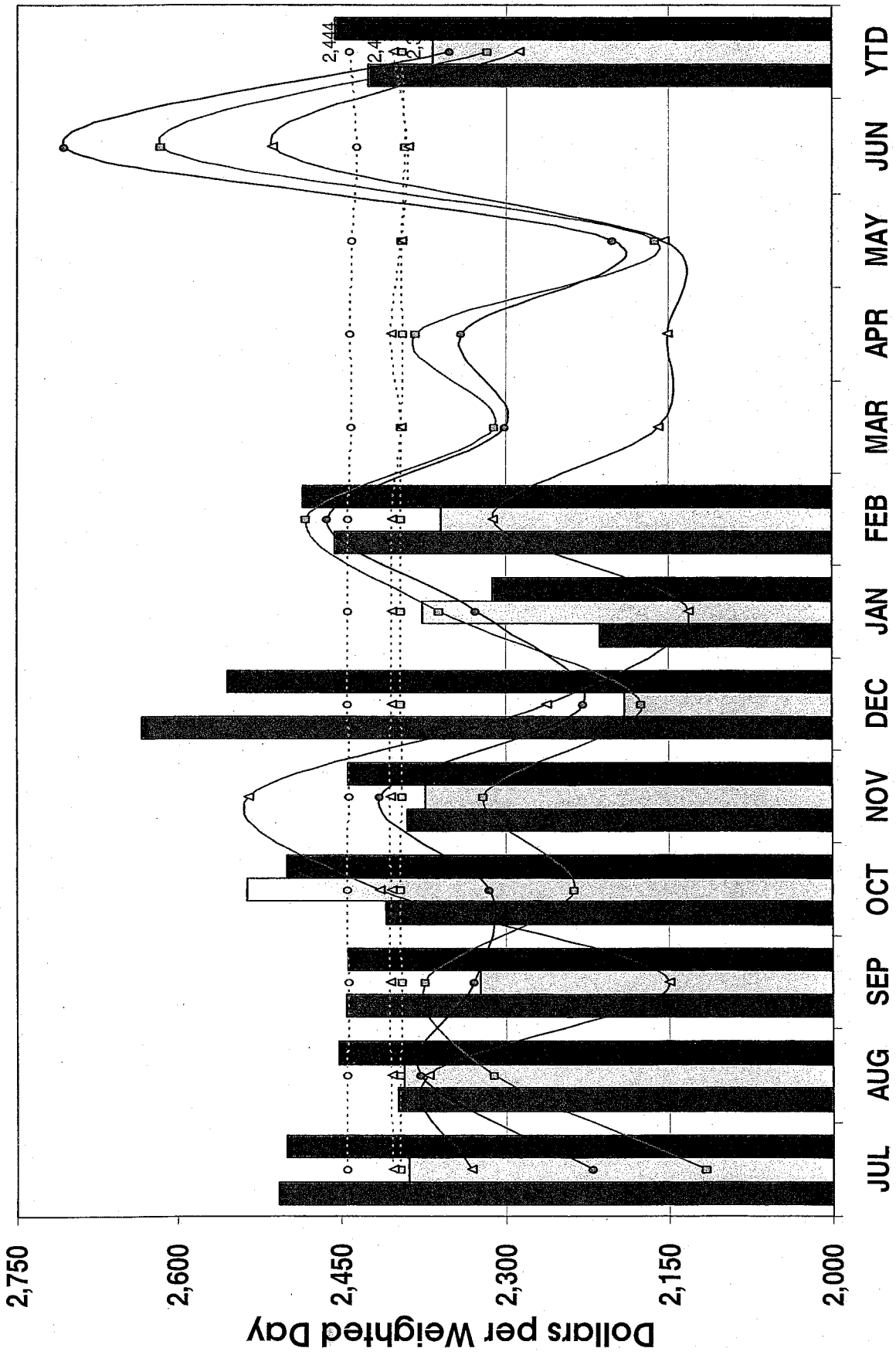


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	8,041	8,120	7,875	8,587	8,665	8,455	7,929	8,301	-	-	-	-	8,237	8,084
POM	7,552	7,379	7,149	7,247	7,142	7,068	7,418	7,222	-	-	-	-	7,276	7,658
CON	7,921	7,932	7,690	8,242	8,311	8,106	7,803	8,036	-	-	-	-	7,998	7,976

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Net Patient Revenue per Weighted Patient Days

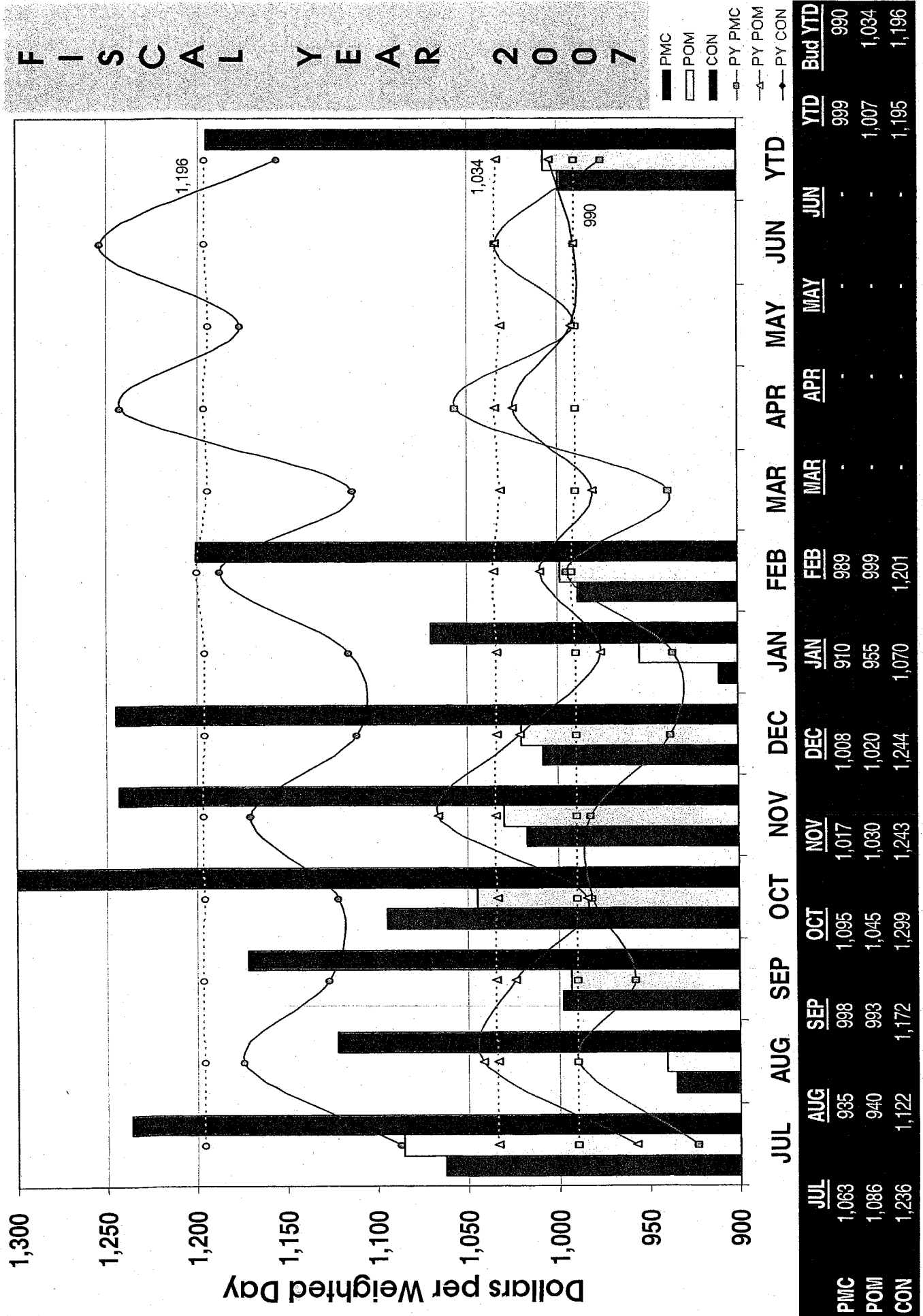
FISCAL YEAR 2007



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	2,508	2,398	2,446	2,410	2,391	2,634	2,213	2,457	-	-	-	-	2,428	2,396
POM	2,389	2,393	2,323	2,537	2,373	2,191	2,376	2,360	-	-	-	-	2,368	2,404
CON	2,500	2,453	2,445	2,500	2,445	2,556	2,312	2,487	-	-	-	-	2,459	2,444

2

Salaries per Weighted Patient Days



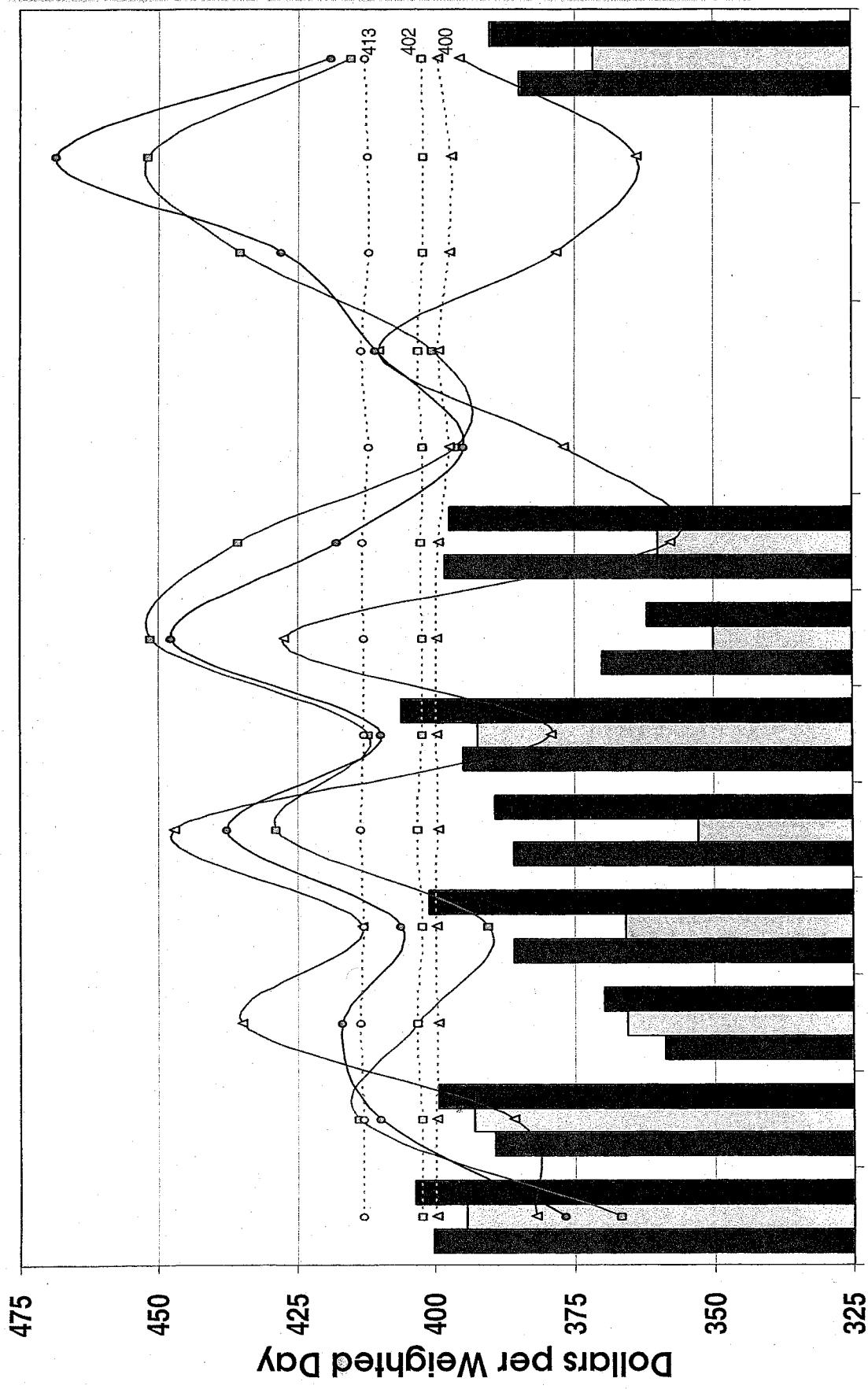
FISCAL YEAR 2007

■ PMC
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FISCAL YEAR 2007

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 ▨ POM
 ■ CON
 ○ PY PMC
 △ PY POM
 ● PY CON

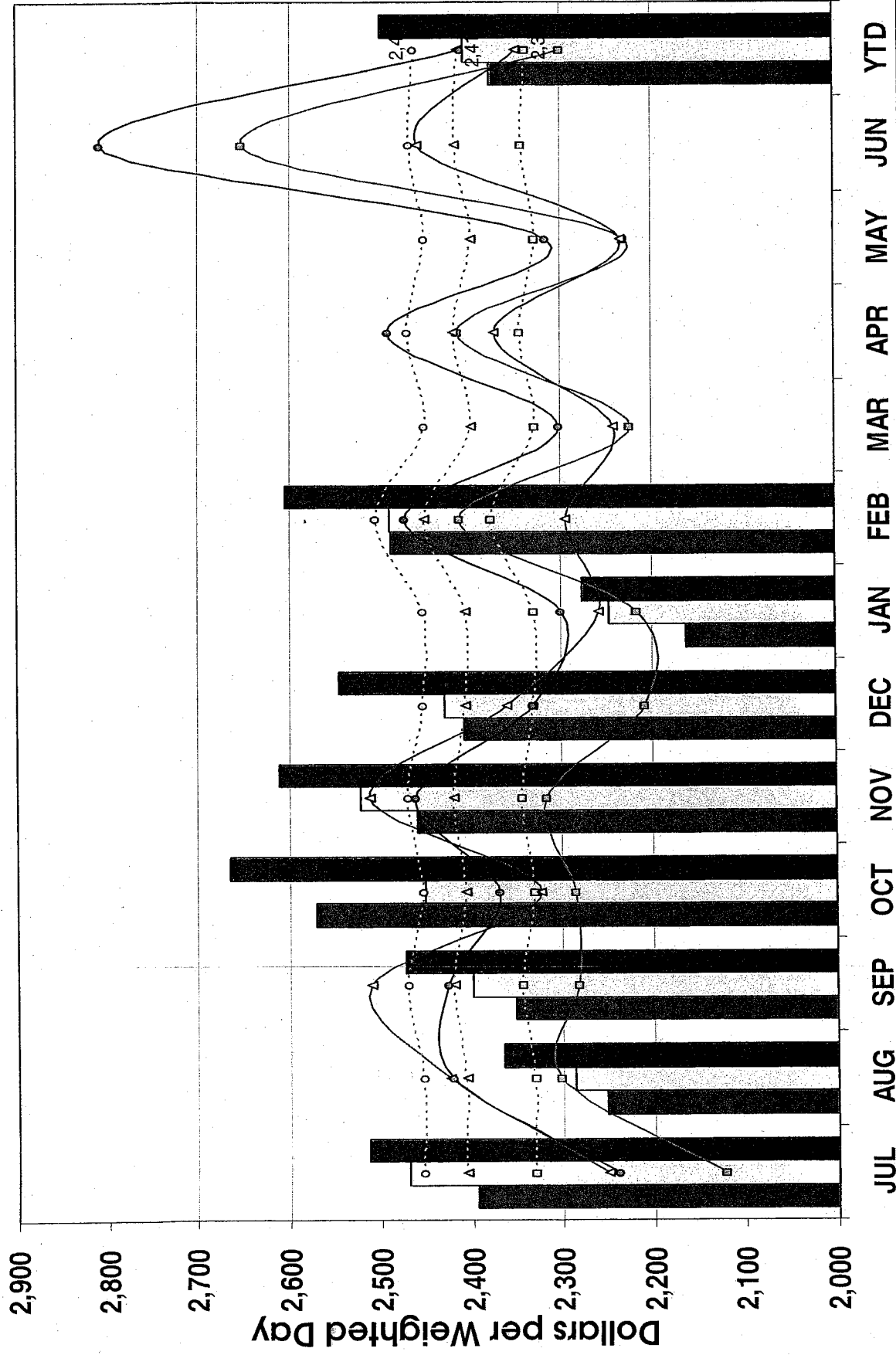
Supplies per Weighted Patient Days



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	400	389	359	386	386	395	370	398	-	-	-	-	385	402
POM	394	393	365	366	353	392	350	360	-	-	-	-	372	400
CON	404	399	370	401	389	406	362	397	-	-	-	-	391	413

Total Expenses per Weighted Patient Days

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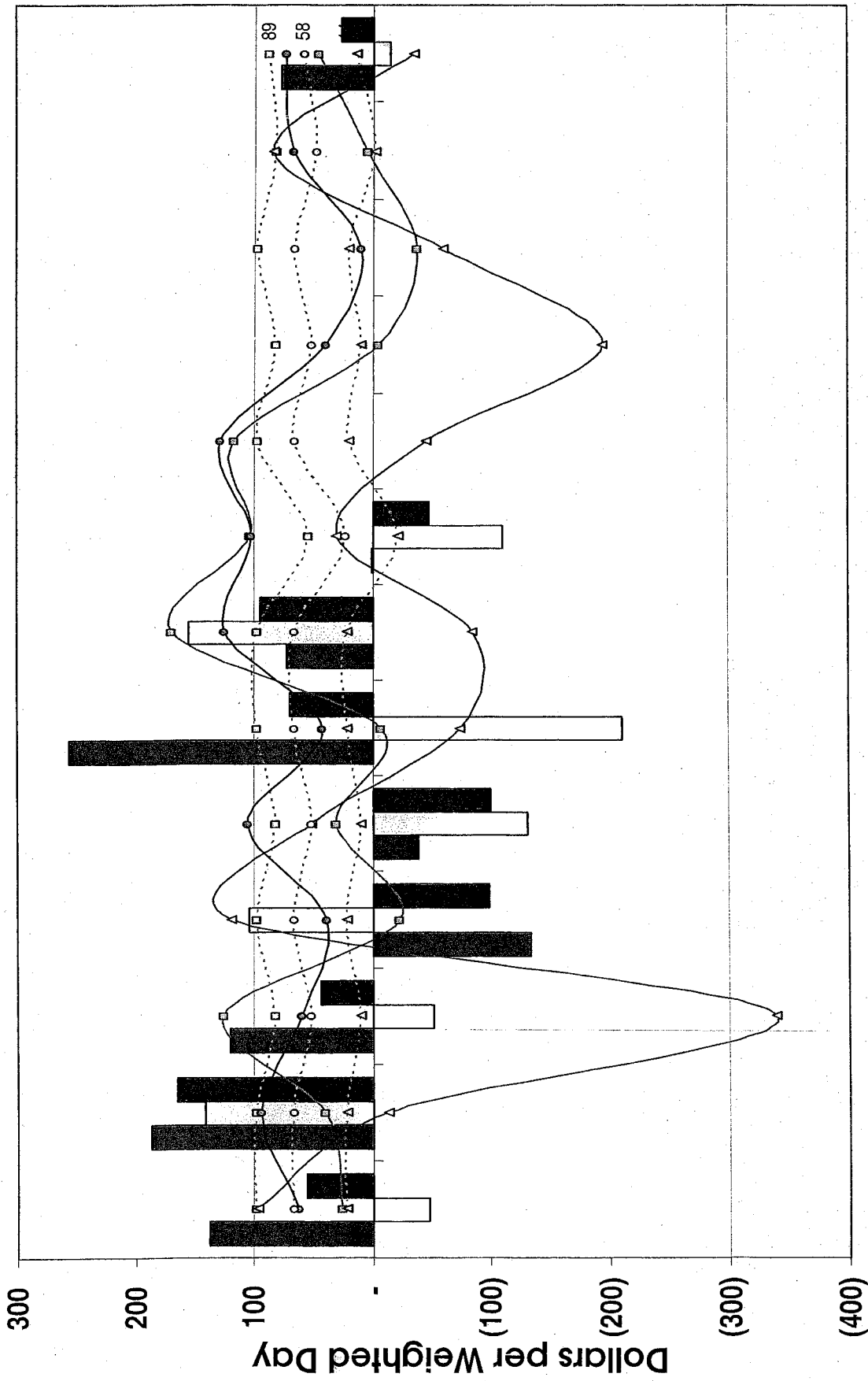
■ PMC
 □ POM
 ■ CON
 ○ PY PMC
 △ PY POM
 □ PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	2,395	2,252	2,352	2,571	2,459	2,408	2,164	2,488	-	-	-	-	2,380	2,339
POM	2,469	2,287	2,400	2,451	2,522	2,430	2,247	2,490	-	-	-	-	2,408	2,415
CON	2,514	2,367	2,473	2,665	2,610	2,546	2,278	2,604	-	-	-	-	2,501	2,464

7

Net Operating Income per Weighted Patient Days

FISCAL YEAR 2007



■ PMC
 □ POM
 ■ CON
 -○- PY POM
 -△- PY PMC
 -▲- PY CON

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	137	186	120	(133)	(39)	255	73	1	-	-	-	-	77	89
POM	(48)	140	(52)	105	(132)	(211)	155	(110)	-	-	-	-	(15)	14
CON	56	164	45	(98)	(100)	71	95	(47)	-	-	-	-	27	58

Key Variance Explanations for February 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Weighted Patient Days	12,191	12,041	150
Gross Patient Revenue:	97,967,724	96,050,509	1,917,215
Due to higher volumes			
Contractuals:	68,082,512	66,671,500	(1,411,012)
Due to higher-than-budgeted revenues			
Net Capitation:	435,173	57,825	377,348
Other Operating Revenue:	856,254	1,007,597	(151,343)
PPH Foundation lower than budget funding requests			(78,492)
Health Development lower than budget grants			(34,434)
Other lower than budget revenue/grants			(48,368)

Key Variance Explanations for February 2007 (Cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Salaries & Wages:	13,950,228	13,832,591	(117,637)
Volume variance			54,682
Market and performance adjustments			(157,686)
Benefits:	3,935,903	3,568,727	(367,176)
FICA and Other Benefits			(149,806)
Pension			(144,013)
Worker's Compensation			(30,016)
Health and Dental			(21,265)
Contract Labor:	689,636	613,514	(76,122)
Ultrasound			(35,665)
Physical Therapy			(27,146)
Professional Fees:	1,981,396	1,792,651	(188,745)
Legal Fees			(134,563)
Pal & Pomerado ED calls			(82,427)
Rehabcare Therapist fees			(56,932)
Gateway & Parkway Radiology Physician Fees			47,732
Other			42,277
Supplies:	4,844,066	4,976,108	132,042
Volume variance			194,032

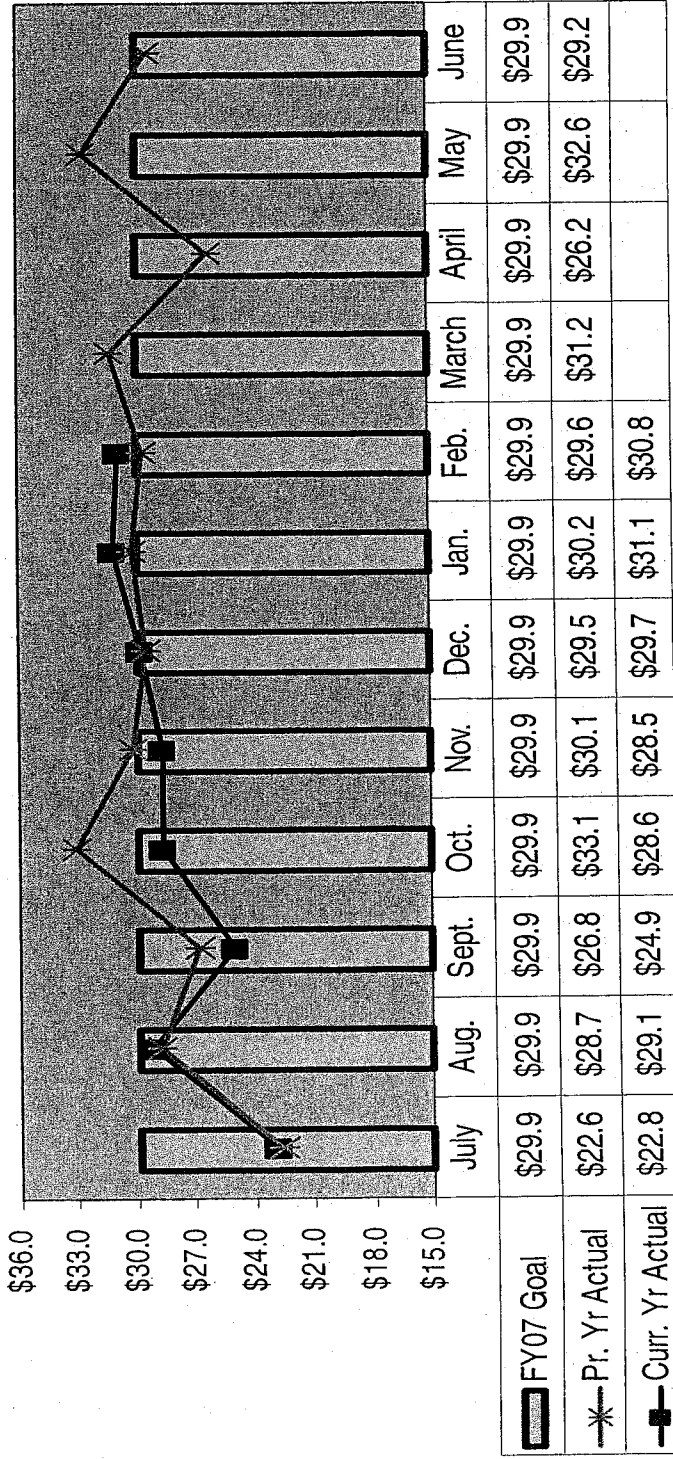
Key Variance Explanations for February 2007 (Cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Purchased Services:			
Retro eligibility service fees	2,622,359	1,955,029	(667,330)
Premier clinical utilization retro fees			(243,753)
Reference lab			(107,773)
IT consulting			(66,666)
Food services			(66,465)
MRI services retro services			(61,838)
Transcription fees			(49,383)
			(36,135)
Depreciation:			
Escondido Surgery Center	1,634,362	1,573,192	(61,170)
Additional CIP's closed			(35,173)
			(25,996)
Other Direct Expenses:			
Media consulting and design	2,091,461	1,859,498	(231,963)
Foundation LOC			(180,227)
			(91,343)
Net Income From Operations	<u>(\$572,772)</u>	<u>\$273,121</u>	<u>(\$845,893)</u>

Key Variance Highlights for February 2007 YTD

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Benefits:	31,038,233	29,852,708	(1,185,525)
Pension			(562,946)
Worker's Compensation			(263,314)
FICA and Other Benefits			(262,749)
Health and Dental			(100,605)
Professional Fees:	15,945,414	14,487,058	(1,458,356)
Legal Fees			(861,888)
Rehabcare Therapist fees			(424,969)
Pomerado ED calls			(357,285)
Gateway & Parkway Radiology Physician Fees			217,431
Purchased Services:	18,647,059	16,966,842	(1,680,217)
Collection fees			(1,189,639)
Gateway/Parkway contracted services			(600,446)
Depreciation:	13,181,657	12,554,888	(626,769)
Additional depreciation on closed CIP's			(345,337)
Escondido Surgery Center			(281,432)

PBS Monthly Collections in Millions



Palomar Pomerado Health
Consolidated Balance Sheet
As of February 28, 2007

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$7,752,435	\$9,323,415	\$2,001,279
Cash Marketable Securities	102,634,804	94,393,348	110,035,151
Total Cash & Cash Equivalents	110,387,239	103,716,763	112,036,430
Patient Accounts Receivable			
Allowance on Accounts	175,465,403	188,311,276	149,045,009
Net Accounts Receivable	-86,072,433	-97,229,458	-78,078,378
Inventories	89,392,970	91,081,818	70,966,631
Prepaid Expenses	6,992,599	7,047,273	6,937,645
Other	2,098,236	1,930,867	2,293,992
Total Current Assets	8,914,794	8,624,406	3,868,903
Total Current Assets	217,785,838	212,401,127	196,103,601
Non-Current Assets			
Restricted Assets	200,780,836	203,610,330	66,734,609
Restricted by Donor	293,948	293,315	288,265
Board Designated	-3,319,513	-2,050,389	9,267,526
Total Restricted Assets	197,755,271	201,853,256	76,290,400
Property Plant & Equipment	337,118,824	337,908,826	343,335,572
Accumulated Depreciation	-222,348,892	-222,093,169	-220,455,460
Construction in Process	121,133,335	119,217,880	85,858,842
Net Property Plant & Equipment	235,903,267	235,033,537	208,738,954
Investment in Related Company	1,535,190	1,473,658	268,203
Deferred Financing Costs	4,948,997	5,560,540	3,354,469
Other Non-Current Assets	2,501,158	2,514,807	2,594,765
Total Non-Current Assets	442,643,883	446,435,798	291,246,791
Total Assets	\$660,429,721	\$658,836,925	\$487,350,392
Liabilities			
Current Liabilities			
Accounts Payable	\$19,365,859	\$17,326,326	\$23,154,953
Accrued Payroll	16,748,358	16,569,063	13,504,395
Accrued PTO	11,757,409	11,360,431	11,133,368
Accrued Interest Payable	1,796,078	2,865,061	2,265,274
Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Est Third Party Settlements	-480,491	-380,548	-995,051
Other Current Liabilities	16,747,857	17,251,798	9,482,924
Total Current Liabilities	79,155,070	78,212,131	71,290,863
Long Term Liabilities			
Bonds & Contracts Payable	297,178,020	298,312,485	151,347,395
Fund Balance	287,122,393	284,069,382	255,156,342
Unrestricted	293,948	293,315	288,265
Restricted for Other Purpose	-3,319,513	-2,050,389	9,267,526
Board Designated	284,096,828	282,312,308	264,712,133
Total Long Term Liabilities	\$660,429,721	\$658,836,925	\$487,350,392

**PALOMAR POMERADO HEALTH
CONSOLIDATED**
Year-to-Date as of February FY 2007

	Month Activity		Variance		Rate/Eff	Variance		\$/Wtg Pt Day	
	Actual	Budget	Volume	Rate/Eff		Actual	Budget	Variance	
Statistics:									
Admissions - Acute	19,056	19,786	(730)						
Admissions - SNF	768	932	(164)						
Patient Days - Acute	74,261	77,775	(3,514)						
Patient Days - SNF	51,271	51,664	(393)						
ALOS - Acute	3.85	4.00	(0.15)						
ALOS - SNF	67.91	54.96	12.95						
Weighted Pt Days	102,171	104,506	(2,335)						
Revenue:									
Gross Revenue	\$ 817,164,212	\$ 833,503,785	\$ (16,339,573)	U	\$ 2,283,581	\$ 7,998.01	\$ 7,975.65	\$ 22.35	(7.36)
Deductions from Rev	(565,894,232)	(578,057,582)	12,163,350	F	(752,315)	(5,538.70)	(5,531.33)		
Net Patient Revenue	251,269,980	255,446,203	(4,176,223)	U	1,531,266	2,459.31	2,444.32	14.99	(9.11)
Other Oper Revenue	6,950,316	8,060,776	(1,110,460)	U	(930,356)	68.03	77.13	5.88	
Total Net Revenue	258,220,296	263,506,979	(5,286,683)	U	600,910	2,527.33	2,521.45		
Expenses:									
Salaries, Wages & Contr Labor	122,115,321	124,996,935	2,881,614	F	88,781	1,195.21	1,196.07	0.87	(18.13)
Benefits	31,038,233	29,852,708	(1,185,525)	U	(1,852,530)	303.79	285.66	22.46	(37.60)
Supplies	39,900,652	43,160,140	3,259,488	F	2,295,152	390.53	412.99	300.98	(8.88)
Prof Fees & Purch Svc	34,592,473	31,453,900	(3,138,573)	U	(3,841,354)	338.57	300.98	120.14	4.07
Depreciation	13,181,657	12,554,888	(626,769)	U	(907,286)	129.02	120.14	147.78	(37.20)
Other	14,682,979	15,444,230	761,251	F	416,177	143.71	147.78		
Total Expenses	255,511,315	257,462,801	1,951,486	F	(3,801,061)	2,500.82	2,463.62		
Net Inc Before Non-Oper Income	2,708,981	6,044,178	(3,335,197)	U	(3,200,151)	26.51	57.84		
Property Tax Revenue	8,433,328	8,433,328	-		188,428	82.54	80.70	1.84	
Non-Operating Income	1,987,061	584,464	1,402,597	F	(13,059)	19.45	5.59	13.86	
Net Income (Loss)	\$ 13,129,370	\$ 15,061,970	\$ (1,932,600)	U	\$ (336,533)	\$ 128.50	\$ 144.13	\$ (15.62)	
Net Income Margin	4.8%	5.4%	-0.6%						
OEBITDA Margin w/o Prop Tax	5.8%	6.7%	-0.9%						
OEBITDA Margin with Prop Tax	8.9%	9.8%	-0.9%						

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of February FY 2007

	Month Activity		Variance			Variance		\$/Wtg Pt Day	
	Actual	Budget	Volume	Rate/Eff		Actual	Budget	Variance	
Statistics:									
Admissions - Acute	2,099	2,280	(181)						
Admissions - SNF	80	107	(27)						
Patient Days - Acute	8,877	8,961	(84)						
Patient Days - SNF	5,914	5,953	(39)						
ALOS - Acute	4.07	4.00	0.07						
ALOS - SNF	73.01	55.12	17.89						
Weighted Pt Days	12,191	12,041	150						
Revenue:									
Gross Revenue	\$ 97,967,724	\$ 96,050,509	\$ 1,917,215	F	\$ 720,672	\$ 8,036.07	\$ 7,976.95	\$ 59.12	
Deductions from Rev	(67,647,339)	(66,613,675)	(1,033,664)	U	(203,828)	(5,548.96)	(5,532.24)	(16.72)	
Net Patient Revenue	30,320,385	29,436,834	883,551	F	516,843	2,487.11	2,444.72	42.40	
Other Oper Revenue	856,254	1,007,597	(151,343)	U	(163,895)	70.24	83.68	(13.44)	
Total Net Revenue	31,176,639	30,444,431	732,208	F	352,948	2,557.35	2,528.40	28.95	
Expenses:									
Salaries, Wages & Contr Labor	14,639,864	14,446,105	(193,759)	U	(13,798)	1,200.87	1,199.74	(1.13)	
Benefits	3,935,903	3,568,727	(367,176)	U	(322,719)	322.85	296.38	(26.47)	
Supplies	4,844,066	4,976,108	132,042	F	194,032	397.35	413.26	15.92	
Prof Fees & Purch Svc	4,603,755	3,747,680	(856,075)	U	(809,359)	377.64	311.24	(66.39)	
Depreciation	1,634,362	1,573,192	(61,170)	U	(41,572)	134.06	130.65	(3.41)	
Other	2,091,461	1,859,498	(231,963)	U	(208,798)	171.56	154.43	(17.13)	
Total Expenses	31,749,411	30,171,310	(1,578,101)	U	(1,202,244)	2,604.33	2,505.71	(98.62)	
Net Inc Before Non-Oper Income	(572,772)	273,121	(845,893)	U	(849,295)	(46.98)	22.68	(69.67)	
Property Tax Revenue	1,054,166	1,054,166	-		(13,132)	86.47	87.55	(1.08)	
Non-Operating Income	529,360	73,058	456,302	F	910	43.42	6.07	37.35	
Net Income (Loss)	\$ 1,010,754	\$ 1,400,345	\$ (389,591)	U	\$ (407,036)	\$ 82.91	\$ 116.30	\$ (33.39)	
Net Income Margin	3.2%	4.4%	-1.2%						
OEBITDA Margin w/o Prop Tax	3.4%	5.8%	-2.4%						
OEBITDA Margin with Prop Tax	6.8%	9.1%	-2.3%						

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
February 2007 YTD vs. February 2006 YTD**

	Month Activity		Variance		Variance		\$/Wtg Pt Day	
	Feb 07 YTD	Feb 06 YTD	Feb 07 YTD	Feb 06 YTD	Volume	Rate/Eff	Actual	Budget
Statistics:								
Admissions - Acute	19,056	18,883		173				
Admissions - SNF	768	799		(31)				
Patient Days - Acute	74,261	75,322		(1,061)				
Patient Days - SNF	51,271	50,517		754				
ALOS - Acute	3.85	4.03		(0.18)				
ALOS - SNF	67.91	62.68		5.23				
Weighted Pt Days	102,171	100,018		2,153				
Revenue:								
Gross Revenue	\$ 817,164,212	\$ 735,577,178	\$	\$ 81,587,034	F	\$ 65,752,908	\$ 7,998,01	\$ 7,354,45
Deductions from Rev	(565,894,232)	(502,193,920)		(63,700,312)	U	(52,890,023)	(5,538,70)	(5,021,04)
Net Patient Revenue	251,269,980	233,383,258		17,886,722	F	12,862,885	2,459,31	2,333,41
Other Oper Revenue	6,950,316	5,707,749		1,242,567	F	1,119,701	68.03	57.07
Total Net Revenue	258,220,296	239,091,007		19,129,289	F	13,982,586	2,527.33	2,390.48
Expenses:								
Salaries, Wages & Contr Labor	122,115,321	113,636,626		(8,478,695)	U	(6,032,539)	1,195.21	1,136.16
Benefits	31,038,233	27,368,894		(3,669,339)	U	(3,080,193)	303.79	273.64
Supplies	39,900,652	41,565,365		1,664,713	F	2,559,454	390.53	415.58
P of Fees & Purch Svc	34,592,473	30,084,336		(4,508,137)	U	(3,860,538)	338.57	300.79
Depreciation	13,181,657	11,683,180		(1,498,477)	U	(1,246,983)	129.02	116.81
Other	14,682,979	13,348,403		(1,334,576)	U	(1,047,237)	143.71	133.46
Total Expenses	255,511,315	237,686,804		(17,824,511)	U	(12,708,035)	2,500.82	2,376.44
Net Inc Before Non-Oper Income	2,708,981	1,404,203		1,304,778	F	30,227	26.51	14.04
Property Tax Revenue	8,433,328	7,266,664		1,166,664	F	1,010,241	82.54	72.65
Non-Operating Income	1,987,061	(790,313)		2,777,374	F	(17,012)	19.45	(7.90)
Net Income (Loss)	\$ 13,129,370	\$ 7,880,554		\$ 5,248,816	F	\$ 5,079,178	\$ 128.50	\$ 78.79
Net Income Margin	4.8%	3.1%		1.7%				
OEBITDA Margin w/o Prop Tax	5.8%	5.2%		0.6%				
OEBITDA Margin with Prop Tax	8.9%	8.0%		0.9%				

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
MONTHLY TREND - FY 2007

	Jul-06	Aug-06	Sep-06	Oct-06	Nov-06	Dec-06	Jan-07	Feb-07	YTD
Statistics:									
Admissions - Acute	2,402	2,464	2,443	2,384	2,323	2,460	2,481	2,099	19,056
Admissions - SNF	104	99	90	104	87	99	105	80	768
Patient Days - Acute	9,180	9,535	9,151	8,819	8,610	9,559	10,530	8,877	74,261
Patient Days - SNF	6,635	6,517	6,308	6,590	6,278	6,503	6,526	5,914	51,271
LOS - Acute	3.86	3.82	3.70	3.64	3.74	3.88	4.11	4.07	3.85
LOS - SNF	72.12	63.27	64.37	69.37	64.72	71.46	66.59	73.01	67.91
Weighted Pt Days	12,517	13,150	12,568	12,431	12,042	12,813	14,443	12,191	102,171
Revenue:									
Gross Revenue	\$ 99,141,914	\$ 104,303,733	\$ 96,648,451	\$ 102,455,908	\$ 100,077,561	\$ 103,866,051	\$ 112,702,867	\$ 97,967,724	\$ 817,164,212
Deductions from Rev	(67,846,129)	(72,046,060)	(65,925,304)	(71,374,464)	(70,633,148)	(71,115,954)	(79,305,827)	(67,647,339)	(565,894,232)
Net Patient Revenue	31,295,785	32,257,673	30,723,147	31,081,444	29,444,413	32,750,097	33,397,040	30,320,385	251,269,980
Other Oper Revenue	872,741	1,024,339	917,501	836,197	790,479	777,515	875,290	856,254	6,950,316
Total Net Revenue	32,168,526	33,282,012	31,640,648	31,917,641	30,234,892	33,527,612	34,272,330	31,176,639	268,220,296
Expenses:									
Salaries, Wages & Contr Labor	15,474,327	14,754,829	14,727,754	16,146,815	14,968,840	15,945,604	15,457,289	14,639,864	122,115,321
Benefits	3,710,570	3,719,161	3,639,220	4,022,437	3,833,574	3,995,671	4,181,895	3,935,903	31,038,233
Supplies	5,053,134	5,252,262	4,645,918	4,986,864	4,688,222	5,203,199	5,226,986	4,844,066	39,900,652
Prof Fees & Purch Svc	3,957,885	4,023,887	4,535,289	4,491,200	4,212,258	4,164,990	4,603,211	4,603,755	34,592,473
Depreciation	1,647,188	1,661,866	1,661,093	1,688,606	1,672,974	1,680,349	1,555,220	1,634,362	13,181,657
Other	1,626,284	1,709,799	1,872,046	1,818,374	2,059,500	1,632,347	1,873,169	2,091,461	14,682,979
Total Expenses	31,469,388	31,121,804	31,081,320	33,134,296	31,435,368	32,622,160	32,897,570	31,749,411	255,511,315
Net Inc Before Non-Oper Income	699,138	2,160,208	559,328	(1,216,655)	(1,200,476)	905,452	1,374,760	(572,772)	2,708,981
Property Tax Revenue	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	1,054,166	8,433,328
Non-Operating Income	427,875	505,503	338,114	190,429	286,286	(223,879)	(78,623)	529,360	1,987,061
Net Income (Loss)	\$ 2,181,179	\$ 3,719,874	\$ 1,951,605	\$ 27,940	\$ 151,976	\$ 1,735,739	\$ 2,350,303	\$ 1,010,754	\$ 13,129,370
Net Income Margin	6.5%	10.0%	6.1%	0.1%	0.5%	4.8%	6.5%	3.2%	4.8%
OEBTDA Margin w/o Prop Tax	6.9%	10.3%	6.9%	1.3%	1.4%	7.1%	8.1%	3.4%	5.8%
OEBTDA Margin with Prop Tax	10.1%	13.2%	10.2%	4.4%	4.6%	10.0%	11.0%	6.8%	8.9%

**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

STATEMENTS OF CASH FLOWS
Fiscal Year 2007

	February	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss from operations)	(572,772)	2,708,481
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,634,362	13,181,659
Provision for bad debts	848,466	22,404,357
Changes in operating assets and liabilities:		
Patient accounts receivable	840,382	(40,772,347)
Property Tax and other receivables	(772,747)	(4,553,224)
Inventories	54,674	(54,954)
Prepaid expenses and Other Non-Current assets	(228,901)	(1,023,317)
Accounts payable	2,039,533	(10,993,259)
Accrued comp	576,273	1,778,685
Estimated settlement amounts due third-party payors	(99,943)	584,606
Other current liabilities	550,225	5,600,675
Net cash provided by operating activities	4,869,562	(11,138,638)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales on investments	(4,143,471)	(114,064,524)
Interest (Loss) received on investments	802,540	5,153,505
Investment in affiliates	100,494	1,122,981
Net cash used in investing activities	(3,240,437)	(107,788,038)
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	181,170	6,287,907
Receipt of District Taxes	214,344	7,321,826
Net cash used in activities	395,514	13,609,733
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(1,849,897)	(37,281,690)
Proceeds from sale of asset	0	11,400
G.O. Bond Interest paid	(1,745,713)	(3,584,201)
Revenue Bond Interest paid	0	(2,068,283)
Proceeds from issuance of debt	0	159,026,898
Payments of LT Debt	0	(12,745,000)
Net cash used in activities	(3,595,610)	103,359,119
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,570,981)	(1,957,824)
CASH AND CASH EQUIVALENTS - Beginning of period	9,323,415	9,710,258
CASH AND CASH EQUIVALENTS - End of period	7,752,434	7,752,434

BOND COVENANT RATIOS

CUSHION RATIO

	Jun-05	Jun-06	Feb-07
Cash and Cash Equivalents	109,043,208	112,036,430	110,387,239
Board Designated Reserves	22,388,648	9,267,526	(3,319,513)
Trustee-held Funds	12,026,055	12,170,183	167,364,376
Total	143,457,911	133,474,139	274,432,102
Divided by: Max Annual Debt Service (Bond Year 2008)	10,697,594	10,697,594	16,972,692

CUSHION RATIO REQUIREMENT

13.4	12.5	16.2
Achieved	Achieved	Achieved
1.5	1.5	1.5
Achieved	Achieved	Achieved

DAYS CASH ON HAND

	Jun-05	Jun-06	Feb-07
Cash and Cash Equivalents	109,043,208	112,036,430	110,387,239
Board Designated Reserves	22,388,648	9,267,526	(3,319,513)
Total	131,431,856	121,303,956	107,067,726
Divide Total by Average Adjusted Expenses per Day	340,338,156	364,120,335	255,511,419
Total Expenses	16,394,985	18,737,467	13,181,657
Less: Depreciation	323,943,171	345,382,868	242,329,762
Adjusted Expenses	365	365	243
Number of days in period	887,516	946,254	997,242
Average Adjusted Expenses per Day	148	128	107
90	90	90	
Achieved	Achieved	Achieved	

DAYS CASH ON HAND REQUIREMENT

148	128	107
Achieved	Achieved	Achieved
90	90	90
Achieved	Achieved	Achieved

Net Income Available for Debt Service

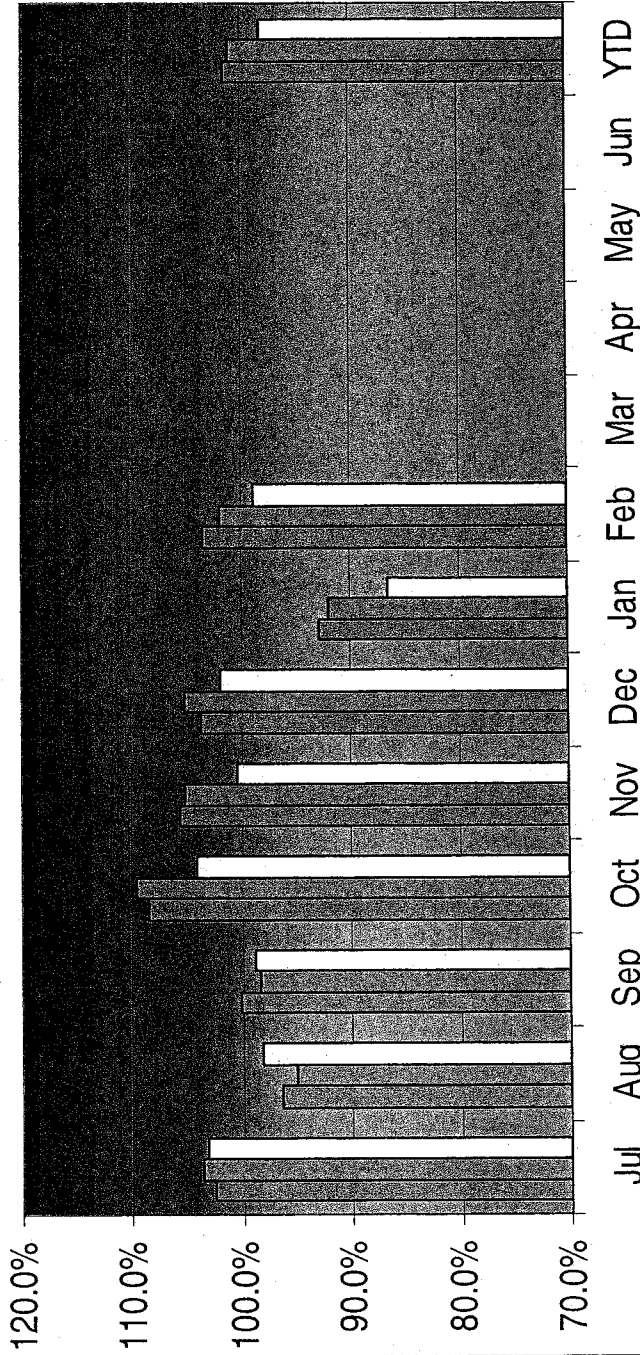
	Jun-05	Jun-06	Feb-07
Excess of revenue over expenses Cur Mo.	1,490,930	1,315,850	1,010,754
Excess of revenues over expenses YTD (General Funds)	17,052,649	11,566,633	13,129,266
ADD:			
Depreciation and Amortization	16,394,985	18,737,467	13,181,657
Interest Expense	5,272,031	4,405,929	3,123,257
Net Income Available for Debt Service	38,719,665	34,702,029	29,434,180
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,020,301	3,639,772	0
1999 Insured Refunding Revenue Bonds	4,358,844	6,950,508	5,499,621
2006 Certificates of Participation	10,377,145	10,590,280	1,874,289
Aggregate Debt Service	20,756,290	21,180,560	7,474,910
Net Income Available for Debt Service	3,773	3,28	5,35
Required Coverage	1.15	1.15	1.15
Achieved	Achieved	Achieved	

Net Income Available for Debt Service Required Coverage

3.73	3.28	5.35
Achieved	Achieved	Achieved
1.15	1.15	1.15
Achieved	Achieved	Achieved

PPH Total Consolidated Financial Indicators BSC-FY07

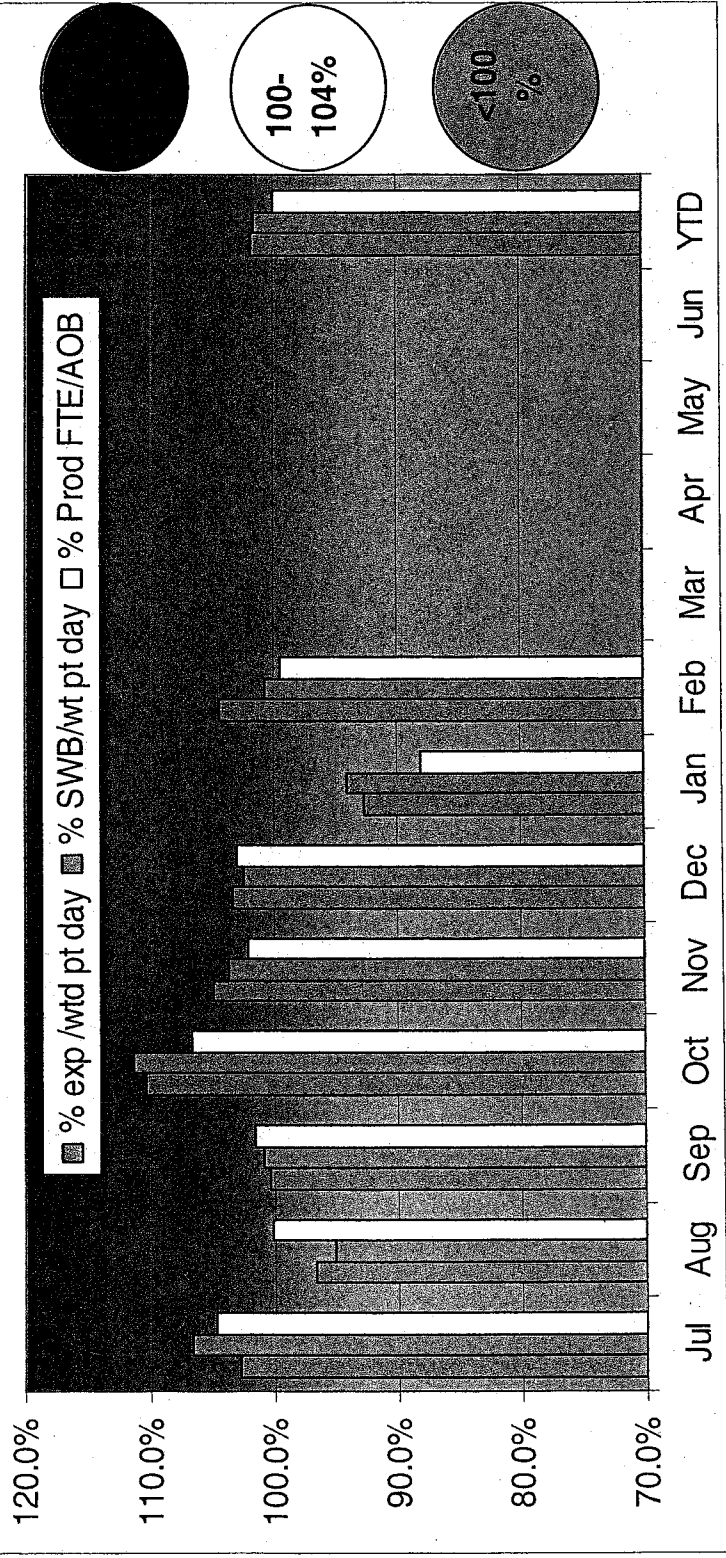
■ % exp /wtd pt day ■ % SWB/wt pt day □ % Prod FTE/AOB



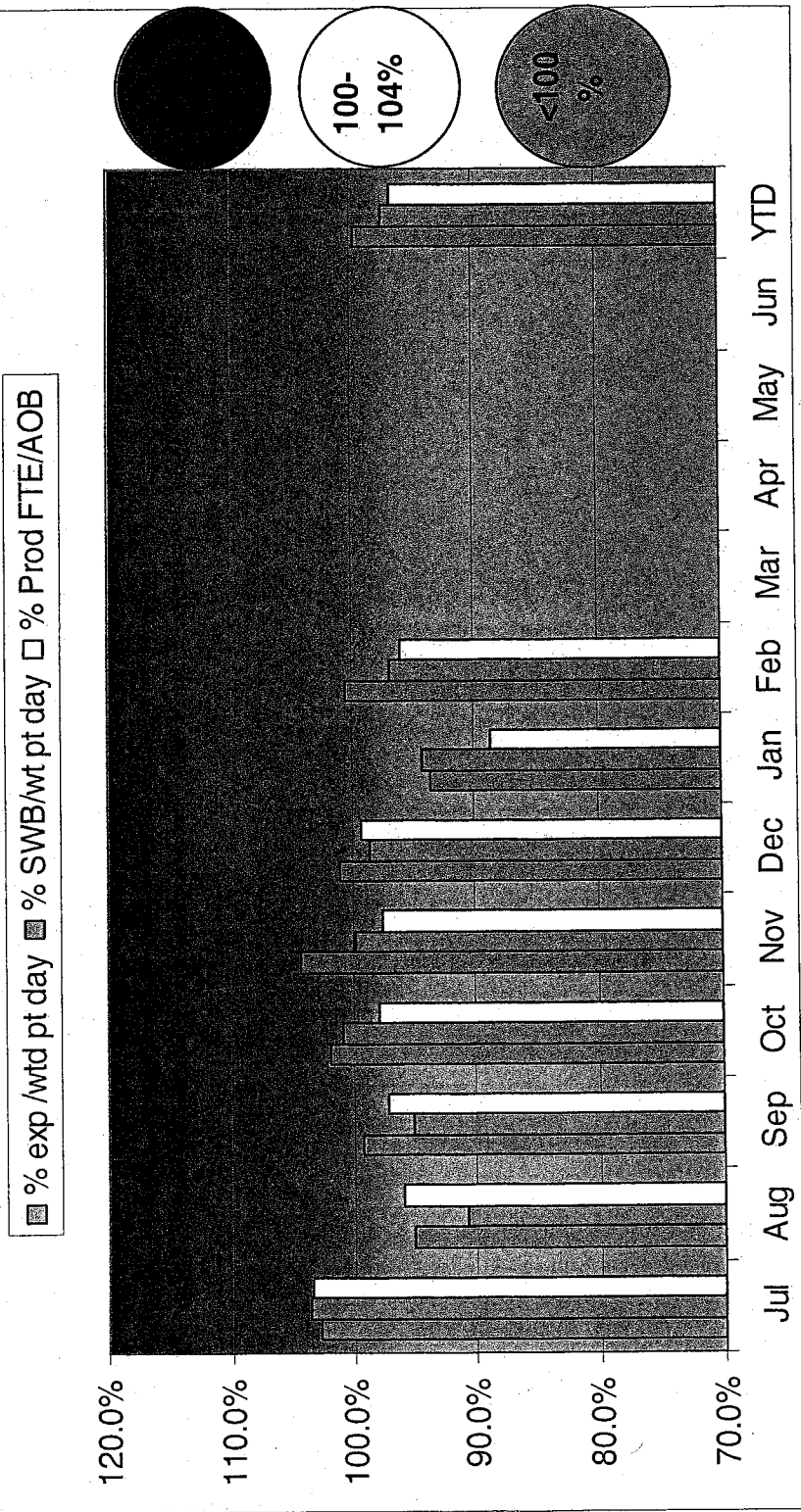
● 100-104%

● <100%

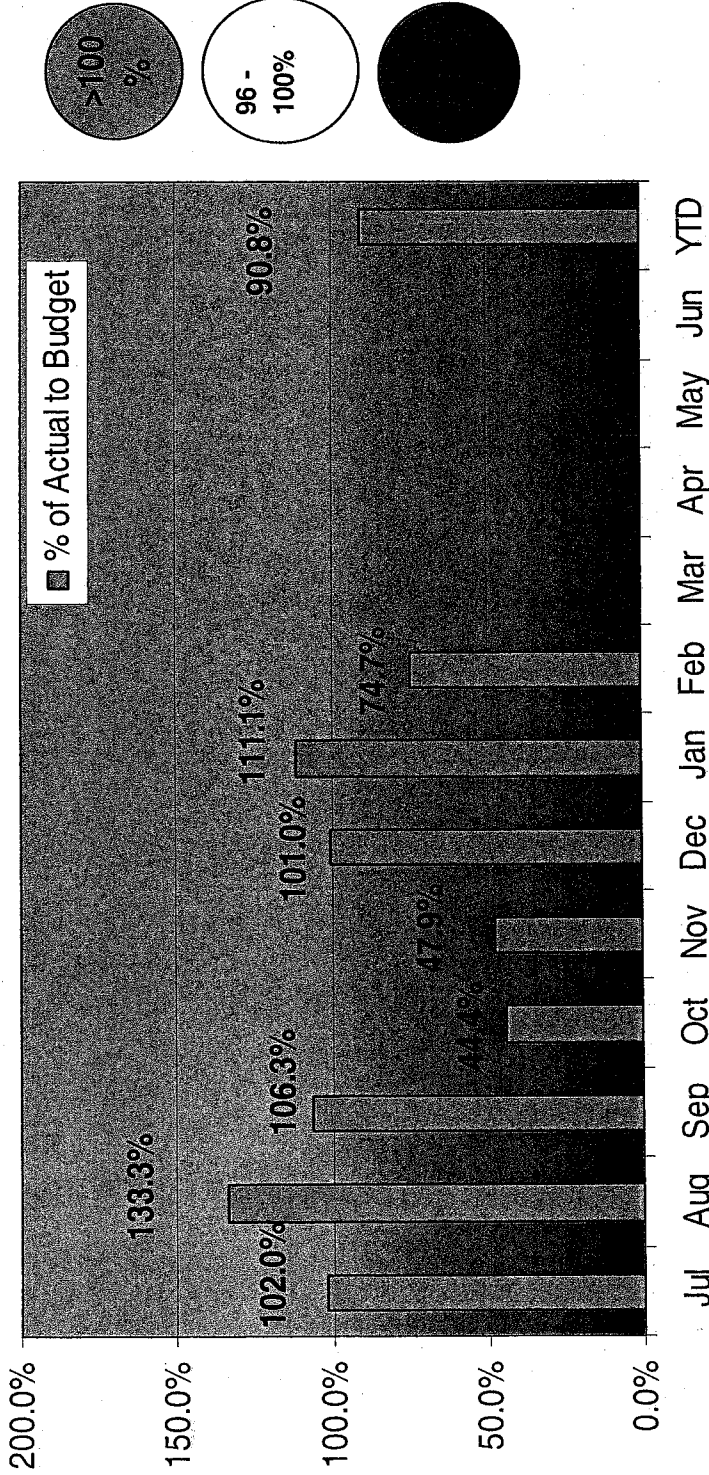
PPH North Consolidated Financial Indicators BSC-FY07

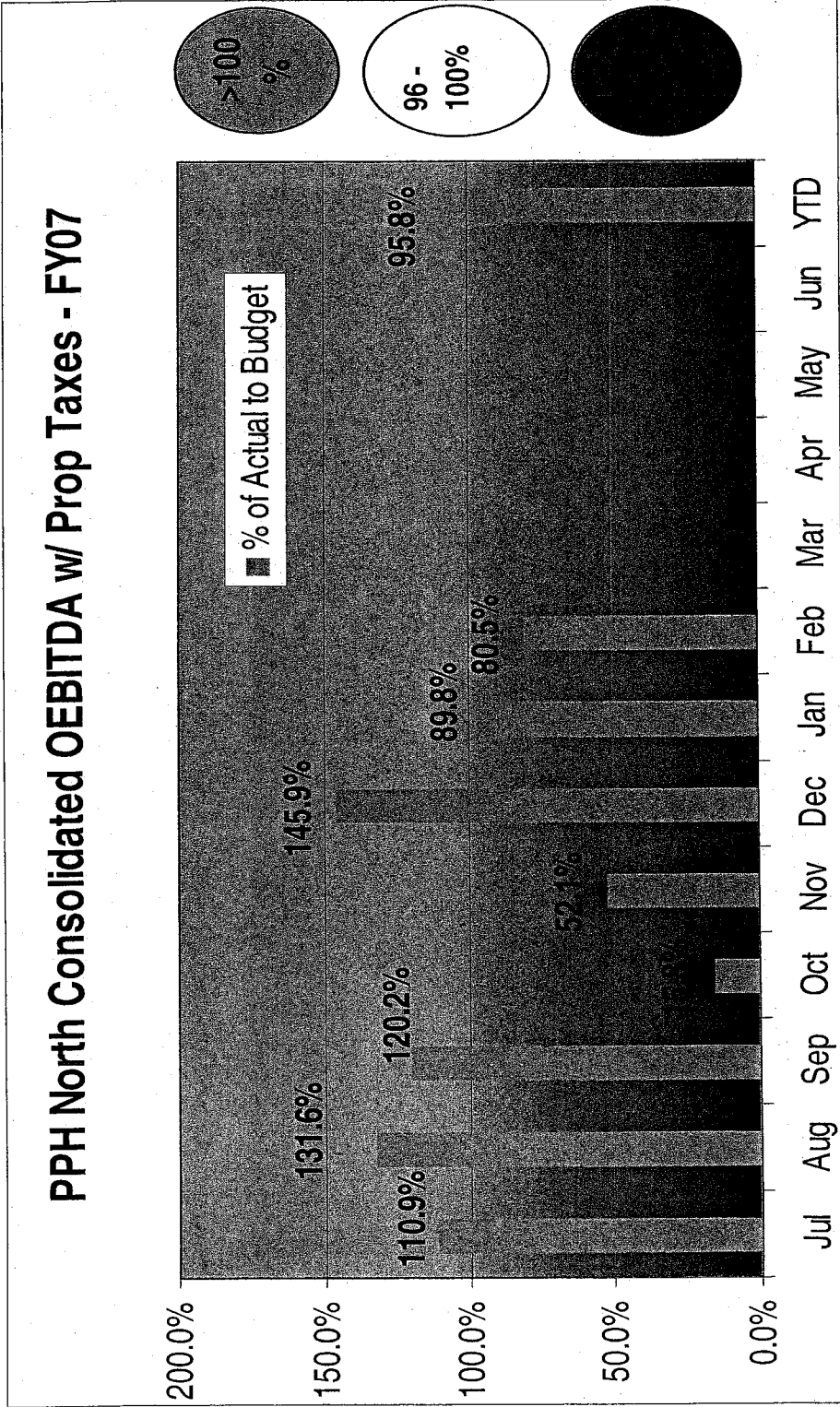


PPH South Consolidated Financial Indicators BSC-FY07

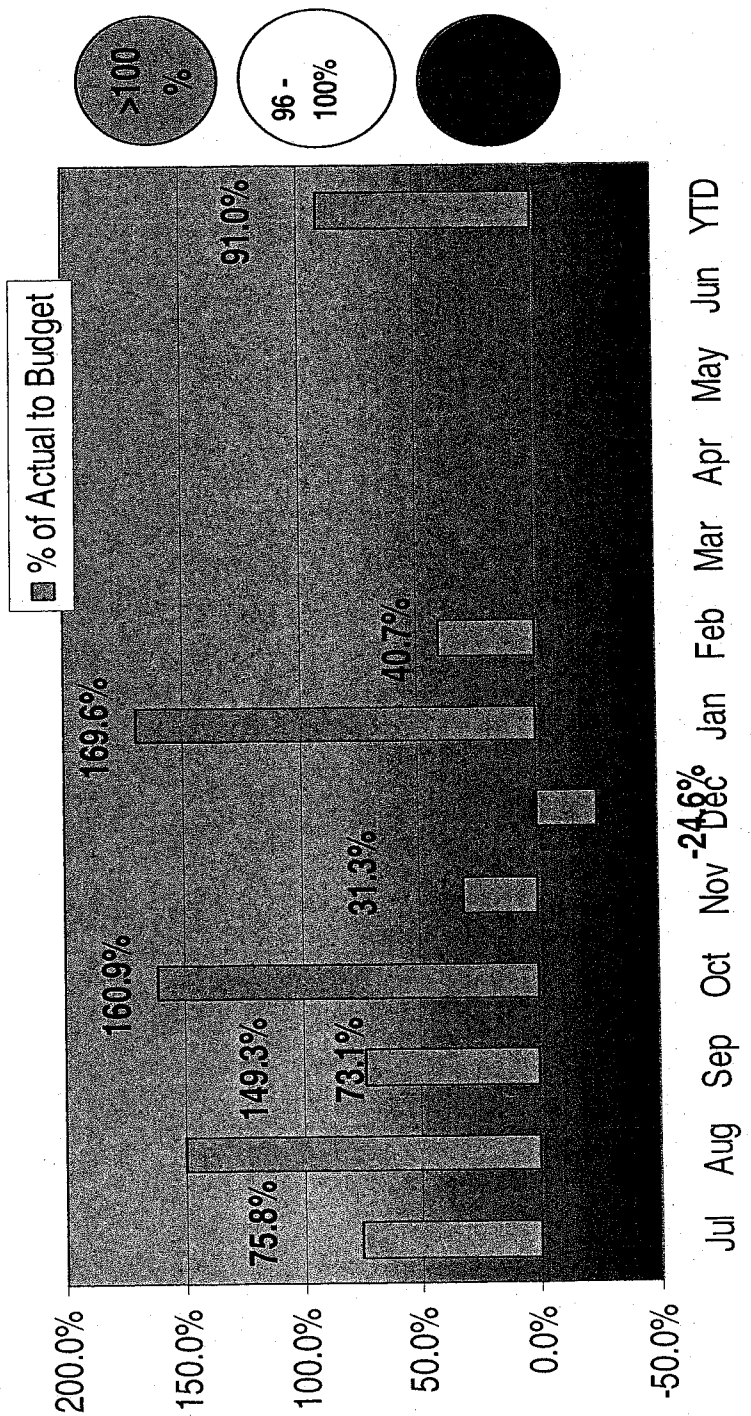


PPH Total Consolidated OEBITDA w/ Prop Taxes -FY07





PPH South Consolidated OEBITDA w/ Prop Taxes - FY07



Legend:

- % of Actual to Budget
- >100%
- 96 - 100%
- (Black circle)

PPH Weekly Flash Report

March 07	Mar 2-8	Mar 9-15	MTD Total	MTD Budget	% Variance
ADC (Acute)	321	302	312	320	(2.63)
PMC	244	227	236	239	(1.23)
POM	77	75	76	81	(6.73)
PCCC	86	80	83	89	(5.93)
VP	127	122	124	124	0.29
Patient Days (Acute)	2250	2113	4,363	4,481	(2.63)
PMC	1711	1588	3,299	3,340	(1.23)
POM	539	525	1,064	1,141	(6.73)
PCCC	604	563	1,167	1,241	(5.93)
VP	886	855	1,741	1,736	0.29
Discharges	587	545	1,132	1,133	(0.10)
PMC	433	404	837	840	(0.36)
POM	154	141	295	293	0.65
Number of Surgeries	253	232	485	470	3.16
PMC	173	157	330	306	7.77
POM	80	75	155	164	(5.45)
Number of Births	116	86	202	225	(10.36)
PMC	89	72	161	172	(6.18)
POM	27	14	41	54	(23.71)

PPH Weekly Flash Report (Cont'd)

March 07	Mar 2-8	Mar 9-15	MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)					
PMC	2033	1991	4,024	3,828	5.11
POM	1240	1292	2,532	2,610	(3.00)
	793	699	1,492	1,218	22.50
ER Visits					
PMC	1760	1746	3,506	3,215	9.07
POM	1227	1168	2,395	2,163	10.74
	533	578	1,111	1,052	5.63
Trauma Visits					
IP	19	19	38	48	(20.62)
OP	14	19	33	36	(7.50)
	5	0	5	12	(58.99)
Gross IP Revenue	19,410,772	18,669,609	38,080,381	37,426,765	1.75
Gross OP Revenue	5,374,000	5,477,033	10,851,033	10,560,583	2.75
Cash Collection	6,405,880	7,975,215	14,381,095	16,298,240	(11.76)
Days cash on hand	99	100	100	80	
Productive Hrs (PP 18)					
PMC - North		207,254	207,254	214,745	3.49
POM - South		121,167	121,167	124,788	2.90
Others		52,293	52,293	54,889	4.73
		33,794	33,794	35,068	3.63
Productive \$ (PP18)					
PMC - North		6,388,202	6,388,202	6,475,561	1.35
POM - South		3,759,865	3,759,865	3,763,798	0.10
Others		1,536,850	1,536,850	1,599,453	3.91
		1,091,487	1,091,487	1,112,310	1.87

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**Board Approval of the Transfer of a 1997 Ford E-350 Van to the
Biamba Marie Mutombo Hospital Research Center**

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, March 27, 2007

MEETING DATE: Monday, April 16, 2007

BY: Gustavo Friederichsen, Chief Marketing and Communications Officer

Background: The PPH Marketing Department wishes to donate a PPH van with over 200,000 miles to the Biamba Marie Mutombo Hospital Research Center (the "Research Center") in the Democratic Republic of the Congo (the "DRC"). This van will benefit the people served by the district because it will foster a good relationship between PPH and the Research Center, which will allow for the creation and implementation of a successful Exchange Program (which is described more below). In addition, the van will provide transportation to volunteer PPH physicians and nurses who take part in the Exchange Program.

More than 80% of all malaria cases occur in sub-Saharan Africa (about 10% of these are in the DRC); about two-thirds of all people estimated to be living with AIDS/HIV reside in sub-Saharan Africa (about 5% of them reside in the DRC); and although global initiatives to eradicate polio have been largely successful, there were 12 reported cases of polio in the DRC in 2006. The Research Center is located in the capital city of the DRC, Kinshasa, and is the first new facility of its kind to open there in 40 years. Because of the high incidence of these infectious diseases in the DRC, the Research Center's physicians will have significant exposure to and experience in treating these diseases.

The goal of the Exchange Program is to leverage this experience by providing training to visiting volunteer PPH physicians and nurses so that they are prepared to effectively diagnose and treat PPH patients who may have contracted any one of a number of these infectious diseases while traveling not only to Africa but to Central and South America, South and Southeast Asia and Oceania. Doctors who have not had hands-on training in treating infectious diseases, such as those prevalent in the DRC, often fail to diagnose patients infected with diseases prevalent in other parts of the world as quickly as they otherwise would had they received such training. Donating the van will strengthen PPH's relationship with the Research Center and help create opportunities for PPH physicians and nurses to participate in the Exchange Program. In addition, providing transportation to PPH volunteers will be a positive factor in their decision to undertake such training, especially given the present ethnic conflict that exists in the DRC. Thus, the van facilitates the success of the Exchange Program by providing PPH volunteer physicians and nurses with reliable transportation.

Section 32121(i) of the Health and Safety Code empowers the Board "[t]o do any and all things that an individual might do that are necessary for, and to the advantage of, a health care facility and a nurses' training school, or a child care facility for the benefit of employees of the health care facility or residents of the district." Here, the training provided through the Exchange Program will cause PPH to have more qualified physicians and nurses, and as such, the

Exchange Program is necessary for and to the advantage of PPH. The donation of the van will foster the relationship between PPH and the Research Center and will encourage the Research Center to give PPH physicians and nurses priority in receiving this needed training. In addition, having reliable transportation while in the DRC facilitates the success of the Exchange Program. Thus, the Board has the power to transfer the van to the Research Center under this section of the Health and Safety Code.

The Board is also authorized to transfer the van pursuant to section 32121(j) of the Health and Safety Code, which gives the Board the power to “establish, maintain, and operate, or provide assistance in the operation of, one or more health facilities or health services, including, but not limited to, outpatient programs, services, and facilities; retirement programs, services, and facilities; chemical dependency programs, services, and facilities; or other health care programs, services, and facilities and activities at any location within or without the district for the benefit of the district and the people served by the district.” Here, PPH will provide assistance to the Research Center since volunteer physicians and nurses will be treating patients as they undergo their training. The training provided by the Research Center will enhance PPH’s ability to effectively treat and diagnose certain infectious diseases, and will thus benefit PPH. Accordingly, the Board has the power to transfer the van under section 32121(j) of the Health and Safety Code.

Budget Impact: N/A

Staff Recommendation: N/A

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the proposed transfer of specified van to the Biamba Marie Mutombo Hospital Research Center (the “Research Center”) in the Democratic Republic of the Congo (the “DRC”).

Motion: X

Individual Action:

Information:

Required Time:

Physician Recruitment Agreement

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, March 27, 2007

MEETING DATE: Monday, April 16, 2007

BY: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of OB/Gyn physicians as verified by AmeriMed, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract an additional OB/Gyn physician to relocate to Inland North San Diego County. Sudabeh Moein, M.D., F.A.C.O.G., has signed a physician recruitment agreement with Palomar Pomerado Health and is prepared to establish a practice in Poway in May 2007.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Sudabeh Moein, M.D., F.A.C.O.G., and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Physician Recruitment Agreement with Sudabeh Moein, M.D., F.A.C.O.G.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—OB/Gyn
	AGREEMENT DATE	
	PARTIES	1) PPH 2) Sudabeh Moein, M.D.
Recitals; Article I.1	PURPOSE	Provide recruitment assistance to enable Dr. Moein to establish an OB/Gyn practice in Poway
Article I	SCOPE OF SERVICES	Dr. Moein will establish a full-time OB/Gyn practice in Poway and will participate in government-funded programs.
2.2(a); Exhibit 3.1(a).2	TERM	1 year of income assistance; two years repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article VII	TERMINATION	Contract stipulates conditions for termination by hospital, termination by physician and termination in event of governmental action
Article II; 2.2, 2.3, 2.4, 2.5	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	X YES <input type="checkbox"/> NO – IMPACT: None
6.5	EXCLUSIVITY	X NO <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital
	PHYSICIAN MANPOWER STUDY	AmeriMed, a national consulting firm who performed our Physician Manpower Study, completed an OB/Gyn analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	X YES <input type="checkbox"/> NO Methodology: Medical Development Specialists (MDS) developed a pro forma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	X Yes <input type="checkbox"/> NO Legal counsel worked on this agreement and supports that agreement complies with Federal Regulations
	APPROVALS REQUIRED	X CPO X CFO X CEO X BOD Finance Committee on March 27, 2007 X BOD

PHYSICIAN RECRUITMENT AGREEMENT

by and among

PALOMAR POMERADO HEALTH (“Hospital”)

and

Bridgette Franey, M.D. (“Physician”)

and

Centre for Healthcare (“Group”)

PHYSICIAN RECRUITMENT AGREEMENT

THIS PHYSICIAN RECRUITMENT AGREEMENT (this "**Agreement**") is entered into and effective as of May 1, 2007 (the "**Execution Date**"), by and among PALOMAR POMERADO HEALTH, a California district hospital ("**Hospital**"), Bridgette Franey, M.D., an individual ("**Physician**"), and Centre for Healthcare (PIMG), a professional corporation ("**Group**"). Hospital, Physician, and Group are sometimes referred to in this Agreement, individually, as a "**Party**" or, collectively, as the "**Parties.**"

RECITALS

A. Hospital owns and operates two acute care hospital facilities located in Inland North San Diego County, which serve the communities of Escondido, San Marcos, Valley Center, Pala, Pauma Valley, Ramona, Julian, Poway, Rancho Bernardo, and Rancho Peñasquitos.

B. Physician is duly licensed to practice medicine in the State of California (the "**State**") and is board certified for the practice of medicine in the specialty of family practice (the "**Specialty**").

C. At the time of the recruitment discussions, Physician operated a medical practice in Huntsville, Alabama.

D. Hospital has determined that there is a community need for the services of Physician based upon the fact that:

1. The population-to-physician ratio in the community is deficient in the Specialty.
2. There is demand in the community for medical services in the Specialty and a documented lack of availability of or long waiting periods for medical services in the Specialty.
3. Physicians are reluctant to relocate to the community due to Hospital's high cost of living, relatively high housing costs, and traditionally low level of reimbursement for medical services.
4. The number of physicians in the Specialty will be reduced due to the retirement or departure of physicians presently in the community within the next three-to-five year period.
5. There is a documented lack of physicians serving indigent or Medicaid patients in the community.

E. Physician has expressed to Hospital that Physician will not relocate to the Service Area without the financial assistance provided by Hospital pursuant to this Agreement.

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MEDICAL STAFF SERVICES

March 27, 2007



TO: Board of Directors

BOARD MEETING DATE: April 16, 2007

FROM: Robert D. Trifunovic, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Medical Staff Credentialing Recommendations

PALOMAR MEDICAL CENTER

- I. Provisional Appointment (04/16/2007 – 03/31/2009)
Janna Z. Andrews, M.D., Radiation Oncology
Robert F. Hempton, M.D., Orthopaedic Surgery
James C. Kringel, M.D., Internal Medicine
Eric G. Potwardowski, D.O., Family Practice
Rod D. Serry, M.D., Cardiology
Jonathan G. Yee, M.D., Internal Medicine
- II. Advance from Provisional to Active Status
Matthew A. Genovese, M.D., Family Practice (04/16/2007 – 11/30/2008)
Daniel W. Hershey, M.D., Pediatrics (04/16/2007 – 02/28/2009)
Sabiha Pasha, M.D., Internal Medicine (04/16/2007 – 08/31/2007) (Includes PCCC)
Raj J. Patel, M.D., Emergency Medicine (04/16/2007 – 01/31/2009)
- III. Leave of Absence
Prakash K. Bhatia, M.D., Psychiatry (Extension of Leave of Absence through 04/30/2007) (Includes PCCC)
- IV. Voluntary Resignations/Withdrawals
Hossain G. Mohseni, D.P.M., Podiatric Surgery (Effective 04/30/2007)
Sunil S. Rayan, M.D., General Vascular Surgery (Effective 02/27/2007)
Marc M. Sedwitz, M.D., General Vascular Surgery (Effective 02/27/2007)
- V. Automatic Termination of Membership and Privileges
Alan C. Westeren, M.D., Ophthalmology
- VI. Allied Health Professional Appointments (04/16/2007 – 03/31/2009)
Lino M. Cappa, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
David L. Dubnicka, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
Erik M. Duke, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
George E. Frazier, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
Oliver M. Fregoso, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
Paul S. Heath, II, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
Beverly C. Lipscomb, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
Kenneth A. Nelson, O.T.-C., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
Lisa C. Sheehan, N.P., Nurse Practitioner Corporate Health; Sponsors: Dr. Herip and Dr. Esmaeili
Kristin M. Tyner, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists

PALOMAR MEDICAL
CENTER
555 East Valley Parkway
Escondido, CA 92025
Tel 760.739.3140
Fax 760.739.2926

POMERADO
HOSPITAL
15615 Pomerado Road
Poway, CA 92064
Tel 858.613.4664
Fax 858.613.4217

ESCONDIDO
SURGERY CENTER
343 East Second Avenue
Escondido, CA 92025
Tel 760.480.6606
Fax 760.480.1288

VII. Allied Health Professional Withdrawal

Rae L. Richard, N.P., Nurse Practitioner; Sponsor: Dr. Sedwitz (Effective 02/27/2007)

VIII. Reappointments Effective 05/01/2007 – 04/30/2009

Loubaba A. Adlouni, M.D.	Pediatrics	Dept of Pediatrics	Courtesy
John S. Anshus, M.D.	Emergency Medicine	Dept of Emergency Medicine	Active
Donald P. Bernstein, M.D.	Anesthesiology	Dept of Anesthesia	Active
Jeffrey I. Gorwit, M.D.	Cardiology	Dept of Medicine	Active
Joshua K. Greenstein, M.D.	Nephrology	Dept of Medicine	Active
(Includes PCCC)			
Donald S. Herip, M.D.	Occupational Medicine	Dept of Medicine	Associate
Gregory L. Hirsch, M.D.	Pulmonary Disease	Dept of Medicine	Active
(Includes PCCC)			
Jerry Kolins, M.D.	Pathology	Dept of Pathology	Active
Steve M. Kuriyama, M.D.	Infectious Disease	Dept of Medicine	Active
Eva K. Lean, M.D.	Radiation Oncology	Dept of Radiology	Consulting
Mark L. Magulac, M.D.	Psychiatry	Dept of Medicine	Associate
Franklin M. Martin, M.D.	General Surgery	Dept of Surgery	Active
Allen B. Nalbandian, M.D.	Diagnostic Radiology	Dept of Radiology	Active
Anders H. Nyberg, M.D.	Internal Medicine	Dept of Medicine	Associate
(Includes PCCC)			
Patrick M. O'Meara, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
Robert T. Reichman, M.D.	Cardiothoracic Surgery	Dept of Surgery	Active
Leila Shabanian, M.D.	Internal Medicine	Dept of Medicine	Active
(Includes PCCC)			
Jonathan M. Siegel, M.D.	Internal Medicine	Dept of Medicine	Active
Pritam Singh, M.D.	Gastroenterology	Dept of Medicine	Active
Dean C. Tasher, M.D.	Internal Medicine	Dept of Medicine	Active
(Includes PCCC)			
Ashish K. Wadhwa, M.D.	Otorhinolaryngology	Dept of Surgery	Active
Stanley H. Weinberg, M.D.	Family/General Practice	Dept of Family Practice	Associate
(Changed from Active to Associate Category)			
Maram F. Zakko, M.D.	Gastroenterology	Dept of Medicine	Active
(Changed from Courtesy to Active Category)			
Maryam Zarei, M.D.	Allergy/Pediatrics	Dept of Pediatrics	Associate

IX. Allied Health Professional Reappointment Effective 05/01/2007 – 03/28/2009

Peter R. Bryant, CCP, Perfusionist; Sponsors: Drs. Reichman, Rosenburg, Young, Bulkin
 Gayle Hicks, Ph.D., Evoked Potential Technician; Sponsors: Drs. Deitel, Marcisz, Stern, T. Tantuwaya, Yoo.
 David M. Illich, MS-CCC, Audiologist; Sponsors: Drs. Kripps and Fitzgerald
 (Includes PCCC)

Tammy L. Prida, AuD, Evoked Potential Technician; Sponsors: Drs. McKinley and Yoo
 Jessica Valdez, RDA, Dental/Oral Surgery Assistant; Sponsors: Drs. Lin and Grammins
 Robin Vaughan, Ph.D., Evoked Potential Technician; Sponsors: Drs. McKinley and Yoo

Certification by and Recommendation of Chief of Staff:

As Chief of Staff of Palomar Medical Center, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment or alteration of staff membership or the granting of privileges and that the policy of the Palomar Pomerado Health System's Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Janna Z. Andrews, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Radiation Oncology – Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	Radiation Medical Group, Inc.
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Temple University, Philadelphia, PA FROM: 09/01/1996 TO: 05/18/2000 Doctor of Medicine Degree
<i>Internship Information</i>	Crozer-Chester Medical Center, Chester, PA Transitional From: 06/23/2000 To: 06/22/2001
<i>Residency Information</i>	Allegheny General Hospital, Pittsburgh, PA Radiation Oncology From: 07/01/2001 To: 06/30/2003 Did not complete; transferred to UCSF Emory University Hospital, Atlanta, GA Radiation Oncology From: 10/11/2004 To: 09/30/2006
<i>Fellowship Information</i>	University of California, San Francisco Radiology From: 07/01/2003 To: 10/08/2004 GU Brachytherapy
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Robert F. Hempton, M.D.
<i>PPHS Facilities</i>	Escondido Surgery Center Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Orthopaedic Surgery – Certified 1980
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Yale University School of Medicine, New Haven, CT FROM: 09/09/1970 TO: 05/20/1974 Doctor of Medicine Degree
<i>Internship Information</i>	Dartmouth-Hitchcock Medical Center, Lebanon, NH General Surgery From: 06/26/1974 To: 06/26/1975
<i>Residency Information</i>	Yale New Haven Hospital Orthopaedics From: 07/01/1975 To: 06/30/1978
<i>Fellowship Information</i>	Hartford Hospital, Hartford, CT Orthopaedics, Hand From: 07/01/1978 To: 12/31/1978
<i>Current Affiliation Information</i>	Pomerado Hospital Sharp Coronado Hospital Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	James C. Kringel, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine - Certified 2006
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Southern California, Los Angeles FROM: 09/01/1998 TO: 05/10/2002 Keck School of Medicine
<i>Internship Information</i>	
<i>Residency Information</i>	Cedars-Sinai Medical Center, Los Angeles, CA Medicine/Pediatrics From: 06/24/2002 To: 06/30/2006
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Eric G. Potwardowski, D.O.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Family Practice – Certified 2003
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	College Of Osteopathic Medicine of the Pacific, Pomona, CA FROM: 08/01/1996 TO: 06/02/2000
<i>Internship Information</i>	Medical Center, Columbus, Georgia Family Practice From: 06/26/2000 To: 06/29/2001
<i>Residency Information</i>	Medical Center, Columbus, Georgia Family Practice From: 07/01/2001 To: 06/27/2003
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Rod D. Serry, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine - Certified 2003 Cardiovascular Disease – Not Board Certified
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ORGANIZATIONAL NAME

<i>Name</i>	Escondido Cardiology Associates
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Rush Medical College, Rush University, Chicago, IL FROM: 09/01/1992 TO: 12/21/1996 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Rush-Presbyterian-St. Luke's Medical Ctr., Chicago Internal Medicine From: 07/01/1997 To: 06/30/2000
<i>Fellowship Information</i>	University of California, San Diego Cardiology From: 09/01/2000 To: 08/31/2003 University of California, San Diego Interventional Cardiology From: 07/01/2003 To: 06/30/2005 El Camino Hospital District (CA), Mountain View, CA Endovascular Surgery From: 07/01/2005 To: 04/30/2006
<i>Current Affiliation Information</i>	Hinsdale Hospital, IL LaGrange Community Memorial Hospital, IL University of California, San Diego

**PALOMAR POMERADO HEALTH SYSTEM
PROVISIONAL APPOINTMENT
April, 2007**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Jonathan G. Yee, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 1987
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ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
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EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	UCSD School of Medicine FROM: 09/01/1980 TO: 06/03/1984 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, San Diego Internal Medicine From: 06/24/1984 To: 06/27/1985
<i>Residency Information</i>	University of California, San Diego Internal Medicine From: 07/01/1985 To: 06/30/1987
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
APRIL 2007**

NAME:	Lino Cappa, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	Grossmont College, La Mesa, CA	
	A.S. degree Orthopaedic Technology	01/29/90-08/12/94
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	08/07/95-Present
	Orthopaedic Technician, Sharp Grossmont Medical Center San Diego, CA	05/01/95-06/30/95
	Orthopaedic Technician, B.W. and Associates, San Diego, CA	01/94-07/95
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	
NAME:	David L. Dubnicka, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	Grossmont College, La Mesa, CA	
	A.S. degree Orthopaedic Technology	08/24/87-06/05/90
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	06/01/90-Present
	Orthopaedic Technician, Kaiser Permanente, Fontana, CA	06/01/88-06/01/90
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	
NAME:	Erik M. Duke, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	U.S. Navy Corps School	
	Orthopaedic Cast Room Tech training	06/01/92-12/1/92
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	01/01/96-Present
	Orthopaedic Technician, U.S. Navy	12/01/92-03/28/98
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	
NAME:	George Frazier, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	Naval Medical Center, San Diego, CA	
	U.S. Navy Orthopaedic Technician Certificate	10/01/78-07/26/79
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	07/01/91-Present
	Orthopaedic Technician, Tri-City Hospital, Oceanside, CA	09/18/89-06/06/91
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
APRIL 2007 (continued)**

Page two

NAME:	Oliver M. Fregoso, O.T.	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	U.S. Navy On the Job Training Program	10/03/94-04/03/95
PRACTICE:	Orthopaedic Technician, U.S. Navy	10/03/94-05/31/99
	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	09/27/99-Present
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	
NAME:	Paul Heath, OT	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	U.S. Army, Brooke Army Medical Center, Ft. Sam Houston, TX	
	Orthopaedic Specialist Course	10/01/76-12/1/76
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	06/06/80-Present
	Orthopaedic/Medical Specialist, Womack Army Hospital,	
	Orthopaedic Clinic, Ft. Bragg, N.C.	01/01/77-05/11/80
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	
NAME:	Beverly C. Lipscomb, OT	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	San Diego City College/CWETA, San Diego, CA	
	LVN certificate	01/01/77-01/25/85
	Orthopaedic technician Training – Kaiser on the job, San Diego, CA	
PRACTICE:	Orthopaedic Technician/LVN, Kaiser Permanente, San Diego, CA	10/08/85-Present
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	None	
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	
NAME:	Kenneth A. Nelson, OT-C	
SPECIALTY:	Orthopaedic Technician	
SERVICES:	Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center	
TRAINING:	Grossmont College/ROP Program, El Cajon, CA	08/19/02-08/8/03
	Orthopaedic Technologist Certificate	
PRACTICE:	Orthopaedic Technician, Kaiser Permanente, San Diego, CA	09/12/05-Present
	Orthopaedic Technician, Coastal Orthopaedics, Oceanside, CA	08/01/04-09/01/05
	Orthopaedic Technician, UCSD Medical Center, San Diego, CA	12/01/03-Present
	Health Technician, Veterans Affairs Medical Center, San Diego, CA	08/11/03-07/30/04
SPONSORS:	Kaiser Orthopaedic Surgeons	
CERTIFICATION:	National Board for Certification of Orthopaedic Technologists	2003
FACILITY:	Palomar Medical Center and the Escondido Surgery Center	

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
APRIL 2007 (continued)**

Page three

NAME: Lisa C. Sheehan, R.N., N.P.
SPECIALTY: Nurse Practitioner
SERVICES: Corporate Health Nurse Practitioner
TRAINING: Barnes Hospital School of Nursing, St. Louis, MO
 Diploma in Nursing 09/20/79-01/31/82
 University of San Diego, San Diego, CA
 Bachelor of Science in Nursing 09/01/88-05/26/91
 University of San Diego, San Diego, CA
 Master of Science in Nursing, Family Nurse Practitioner 09/01/92-01/31/95
PRACTICE: Corporate Health Nurse Practitioner, Palomar Pomerado Health
 Escondido and Poway, CA 1/08/07-Present
 Nurse Practitioner, Work Partners, Tri-City Medical Center,
 Oceanside, CA 10/20/03-11/17/06
 Nurse Practitioner, Childrens' Hospital, San Diego, CA 04/01/98-11/30/03
 Nurse Practitioner, Pacific Nurse Practitioners at Balboa Hospital,
 San Diego, CA 06/01/95-06/30/99
 Nurse Practitioner, San Diego Unified School District, San Diego, CA 02/01/95-06/01/95
 Nurse Practitioner, Scripps Well Being, UTC, San Diego, CA 12/01/94-12/01/95
SPONSORS: Donald Herip, M.D. & Keyvan Esmaeili, M.D.
CERTIFICATION: American Nurses Credentialing Center 2005
 American Board for Occupational Health 2004
FACILITY: Palomar Medical Center and Pomerado Hospital

NAME: Kristin M. Tyner, O.T.
SPECIALTY: Orthopaedic Technician
SERVICES: Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at
 Palomar Medical Center and the Escondido Surgery Center
TRAINING: Grossmont College/ROP Program, San Diego, CA
 Orthopedic Technician certificate (08/03/89) 08/22/88-12/19/00
PRACTICE: Orthopaedic Technician, Kaiser Permanente, San Diego, CA 05/17/99-Present
 Orthopaedic Physician Assistant, William Shoemaker, D.O.,
 San Diego, CA 09/01/98-03/31/99
 Orthopaedic Physician Assistant, Willam Tontz, M.D., San Diego, CA 06/01/98-09/30/98
 Orthopaedic Technologist, American Orthopaedic/Sports Medicine,
 Encinitas, CA 01/01/96-06/30/98
 Orthopaedic Physician Assistant, Gary Kelman, M.D., San Diego, CA 09/01/94-12/31/95
 Orthopaedic Technologist, Orthopaedic Multispeciality Group,
 San Diego, CA 01/01/88-09/30/94
SPONSORS: Kaiser Orthopaedic Surgeons
CERTIFICATION: None
FACILITY: Palomar Medical Center and the Escondido Surgery Center

MEDICAL STAFF SERVICES

March 27, 2007



TO: Board of Directors

BOARD MEETING DATE: April 16, 2007

FROM: Robert Trifunovic, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Department of Medicine Rules and Regulations

At the Executive Committee meeting for Palomar Medical Center, the following modifications to the Department of Medicine Rules and Regulations were approved for forwarding to the Board of Directors with a recommendation for approval.

Rationale

The Allied Health Professional Policy within the Department of Medicine Rules and Regulations is being modified to pertain to all Allied Health Professionals rather than being specific to Nurse Practitioners.

Modification

ALLIED HEALTH PROFESSIONALS

The Department of Medicine will utilize ~~Nurse Practitioners~~ Allied Health Professionals within this Hospital department. ~~Nurse Practitioners~~ Allied Health Professionals will be authorized to perform professional services within the Department of Medicine based on the authorized scope of services as determined by the Chairman of the Department of Medicine. The Department of Medicine, through its designee, shall review and approved each ~~Nurse Practitioner~~ Allied Health Professional on an individual basis.

Education and Training of ~~Nurse Practitioners~~ Allied Health Professional

Minimum requirements for education and training are noted in the Hospital Bylaws, Rules and Regulations.

Requirements

1. The ~~Nurse Practitioner~~ Allied Health Professional may not independently provide care to Hospital patients. The ~~Nurse Practitioner~~ Allied Health Professional must have a sponsoring (or supervising) physician who is a member in good standing on the medical staff of the Hospital.
2. The ~~Nurse Practitioner~~ Allied Health Professional may not perform consultations in the Hospital.
3. A signature by the ~~Nurse Practitioner~~ Allied Health Professional is required daily on all orders.
4. All entries in the Medical Record must be countersigned by the sponsoring physician-within 24 hours during the monitoring period. After the monitoring period, all discharge orders are required to be countersigned by the sponsoring (or supervising) physician within 24 hours.
5. The authorized scope of practice for a ~~Nurse Practitioner~~ Allied Health Professional in the Department of Medicine must be reviewed and approved annually by the Interdisciplinary Practice Committee.
6. ~~Nurse Practitioner~~ Allied Health Professional will undergo a bi-annual reappointment process.
7. The ~~Nurse Practitioner~~ Allied Health Professional will not be able to request sub-specialty consultations without review and approval from the sponsoring physician.
8. The Nurse Practitioner Practice Guidelines and Standardized Procedures and Scope of Services Checklists provide authority for Nurse Practitioners to provide patient assessment and care under defined practice guidelines. It is not intended for ~~Nurse Practitioner~~ Allied Health Professional to independently diagnose, treat, or manage all diseases encountered, but rather to utilize their advanced physical assessment and disease management knowledge and skills in conjunction with approved practice guidelines and their sponsoring physician.

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MEDICAL STAFF SERVICES



March 27, 2007

TO: Board of Directors

MEETING DATE: April 16, 2007

FROM: Robert Trifunovic, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Medical Staff Bylaws, Rules and Regulations

The following revisions to the Medical Staff Bylaws, Rules and Regulations were approved by the Executive Committee for forwarding to the Board of Directors based on Article 18.3, Mandated Amendments which states that "In the event any amendment to the bylaws or the rules and regulations is required based on any provision of state or federal statute or regulation, or any interpretation of any such law or regulation by duly authorized regulatory or court of competent jurisdiction, such amendment may be approved by the Executive Committee and presented to the Board of Directors."

Rationale: Proposed changes are the result of changes to the Medicare Conditions of Participation permitting podiatrists to perform history and physical exams in the acute care setting. The first change deletes the wording in Section 6.3 SPECIAL CONDITIONS as all the necessary information is contained in more detail in other sections of the Bylaws. An additional statement is being added to 3.5 of the Rules and Regulations permitting H&Ps by oromaxillofacial surgeons or podiatric surgeons if they have the proper privileges.

Modifications:

~~6.3~~ SPECIAL CONDITIONS

~~6.3.1~~ Dental and Podiatric Privileges

~~Request for clinical privileges from dentists and podiatrists are processed in the same manner as specified in this article. Surgical procedures performed by dentists and podiatrists are under the overall supervision of the department of surgery or the department of orthopaedic surgery/rehabilitation. Except as provided by subdivision 6.3.1 (a) all dental and podiatric patients shall receive a basic medical appraisal by a Physician on the Medical Staff. A Physician on the Medical Staff shall also be responsible for the care of any medical problem that may be present at admission, or that may arise during hospitalization, and shall advise on the risk and effect of any proposed surgical or special procedure on the total health status of the patient. If significant medical abnormality is present, the final decision on whether to proceed with surgery must be agreed upon by the dentist or podiatrist and the Physician consultant. The department of surgery or the department of orthopaedic surgery/rehabilitation, whichever is appropriate, will decide the issue in case of dispute.~~

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~~(a) Oral and maxillofacial surgeons who have successfully completed a postgraduate program in oral and maxillofacial surgery accredited by a nationally recognized accrediting body approved by the U.S. Office of Education and have been determined by the medical staff to be competent to do so, may perform a history and physical examination and determine the ability of their patient to undergo surgical procedures the oral and maxillofacial surgeon proposed to perform. Completion of a history and physical by a qualified oral and maxillofacial surgeon under this subsection (a) shall satisfy the appraisal portion of the requirements of Section 6.3.1, above. The oral and maxillofacial surgeon may perform a history and physical utilizing the American Society of Anesthesiologists physician status classification of I and II. The classification is as follows: I) A normal, healthy patient for an elective operation. II) A patient with mild systemic disease. For patients with existing medical conditions or abnormal findings beyond the surgical indications, a physician member of the medical staff must conduct or directly supervise the admitting history and physical examination, except the portion related to oral and maxillofacial surgery, and assume responsibility for the care of the patient's medical problems present at the time of admission or which may arise during hospitalization which are outside of the oral and maxillofacial surgeon's lawful scope of practice.~~

~~6.3.2 Associate Privileges~~

~~Associate category Members may admit and attend patients in the Hospital's distinct part skilled nursing/rehabilitation service (1718 Avenida Del Diablo, Escondido, California) and/or attend patients at the Surgery Center only. No other clinical privileges, except for temporary privileges, will be granted to such Members.~~

~~6.3.3 Allied Health Professionals~~

~~Requests to perform specified patient care services from allied health professionals are processed in the same manner specified in Article V. A specified professional personnel may, subject to any licensure requirements or other limitations, exercise independent judgment within the areas of his professional competence and participate directly in the management of patients upon an order from or under the supervision of a Member. Allied health professionals may not admit patients to the Hospital.~~

Rules and Regulations

3.5 If a complete history has been recorded and a physical examination performed prior to the patient's admission to the Hospital, a reasonable, durable, legible copy of these reports may be used in the patient's Hospital medical record in lieu of the admission history and report of physical examination described in Section 1.5 of these Rules and Regulations, provided the history and physical examination were performed by a Member not more than seven (7) days prior for the same medical condition. In such circumstances, an interval admission note that includes all additions to the history and any subsequent changes in physical findings must always be documented in the medical record within twenty-four (24) hours of admission. These reports may only be done (1) by an M.D. or D.O. for cases other than oromaxillofacial surgery or podiatric surgery, 2) for oromaxillofacial surgery the special case permits oromaxillofacial surgeons to do the H&P provided that they have proper privileges, and 3) for podiatric surgery the special case permits podiatric surgeons to do the H&P provided that they have the proper privileges.

MEDICAL STAFF SERVICES



March 27, 2007

TO: Board of Directors

BOARD MEETING DATE: April 16, 2007

FROM: Robert Trifunovic, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Department of Orthopaedic Surgery/Rehabilitation Rules and Regulations

At the Executive Committee meeting for Palomar Medical Center, the following modifications to the Department of Orthopaedic Surgery/Rehabilitation Rules and Regulations were approved for forwarding to the Board of Directors with a recommendation for approval. Additions are underlined.

Rationale

The Department of Orthopaedic Surgery/Rehabilitation is modifying their Rules and Regulations to require that postoperative orthopaedic patients be seen by a qualified orthopaedic surgeon on a daily basis. This further clarifies the requirement in the Medical Staff Bylaws that patients be seen daily by a physician.

In addition, a definition of the activity requirements for maintaining active status was added to the Rules and Regulations.

Modification

2.2 Responsibilities

The responsibilities of membership shall constitute:

1. participation in the department business, committees, and duties assigned by the Chairman in accordance with the Medical Staff bylaws, rules and regulations and Department rules and regulations.
2. attendance at a minimum of twenty-five percent (25%) of the Department meetings.

Non-compliance with the twenty five percent (25%) requirement of Department meetings is subject to the sanctions outlined in the Medical Staff bylaws, rules and regulations.

3. provision of emergency consultation in accordance with the Medical Staff bylaws, rules and regulations and in accordance with the Department policy entitled "Department of Orthopaedic Surgery and Rehabilitation Emergency Department Consultation".
4. compliance with the ethical code specified in the Medical Staff bylaws, rules and regulations.
5. compliance with the Medical Staff bylaws, rules and regulations, Department of Orthopaedic Surgery and Rehabilitation rules and regulations, Department of Orthopaedic Surgery and Rehabilitation policies, the Operating Room protocol, and applicable Hospital policies and procedures.

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6. compliance with the Department of Orthopaedic Surgery/Rehabilitation requirement that postoperative patients be seen by a qualified orthopaedic surgeon on a daily basis for the first five (5) postoperative days.

Guidelines for Privileges

Responsibility of the Credentials Committee of the Medical Staff

To review the application and to determine if the application is complete and that there are no reasons why this individual should not be considered for membership and privileges at Palomar Medical Center.

Responsibility of the Department of Orthopaedic Surgery and Rehabilitation

To determine documented and demonstrable skill, experience and education relative to the pre-operative evaluation, technical performance and postoperative care inherent in the procedures requested.

Resources

- a. Education/Training
Application process includes submission of a questionnaire to the director of the internship, residency and fellowship. This questionnaire includes the question, "did the applicant's training include those procedures being requested". A copy of the applicant's checklist is included.
- b. Reference Letters
- c. Operative Reports
If submitted operative reports are not felt to be of sufficient number to reflect training to be a primary surgeon, the Chairman of the Department of Orthopaedic Surgery and Rehabilitation may direct another letter to the training program specifically asking for training details.
- d. Malpractice Coverage Limitations
- e. Criteria
(as developed for specific procedures: i.e. open heart, laparoscopic cholecystectomy, etc.)
- f. List of Procedures/Equipment Requiring Certificates.
- g. Department of Orthopaedic Surgery and Rehabilitation policy entitled "Department of Orthopaedic Surgery and Rehabilitation Monitoring Policy".
- h. Department of Orthopaedic Surgery and Rehabilitation policy entitled "Department of Orthopaedic Surgery and Rehabilitation Attendance Policy".

Activity Requirements for Maintaining Active Status

- a. The Medical Staff bylaws define the categories of membership on the Medical Staff. However, the Department of Orthopaedic Surgery/Rehabilitation further clarifies that for members to be eligible for Active Category Status, they must be the primary surgeon, perform the admitting history and physical or perform consultation on at least 25 patients during a two-year reassessment-reappointment period.

MEDICAL STAFF SERVICES



DATE: March 27, 2007

MEMO TO: Palomar Pomerado Health
Board of Directors

FROM: Marvin Levenson, M.D.
Medical Director, Escondido Surgery Center

RE: Medical Staff Recommendations

The Medical Staff of Palomar Medical Center approved the following credentialing recommendations for Escondido Surgery Center for submission to the Board of Directors:

Appointment:

04/16/2007 – 03/31/2009

- ◆ Robert F. Hempton, M.D., Orthopaedic Surgery

Resignations/Withdrawals:

- ◆ Hossain G. Mohseni, D.P.M., Podiatric Surgery (effective 04/30/2007)
- ◆ Khuram A. Sial, M.D., Pain Management (effective 04/16/2007)

Automatic Termination of Membership and Privileges:

- ◆ Alan C. Westeren, M.D., Ophthalmology

Allied Health Professional Appointments:

04/16/2007 – 03/31/2009

- ◆ Lino M. Cappa, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ David L. Dubnicka, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ Erik M. Duke, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ George E. Frazier, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ Oliver M. Fregoso, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ Paul S. Heath, II, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ Beverly C. Lipscomb, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ Kenneth A. Nelson, O.T.-C., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists
- ◆ Kristin M. Tyner, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedists

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Reappointment:

05/01/2007 – 04/30/2009

- ◆ Donald P. Bernstein, M.D., Anesthesiology
- ◆ Jerry Kolins, M.D., Pathology
- ◆ Franklin M. Martin, M.D., General Surgery
- ◆ Patrick M. O'Meara, M.D., Orthopaedic Surgery
- ◆ Robert T. Reichman, M.D., Cardiothoracic Surgery
- ◆ Pritam Singh, M.D., Gastroenterology
- ◆ Ashish K. Wadhwa, M.D., Otorhinolaryngology
- ◆ Stanley H. Weinberg, M.D., Family/General Practice
- ◆ Maram F. Zakko, M.D., Gastroenterology

Certification by and Recommendation of Escondido Surgery Center Medical Director:

As Medical Director of Escondido Surgery Center, I certify that the procedures described in the Escondido Surgery Center Bylaws for appointment, reappointment or the granting of privileges and that the policy of the Palomar Pomerado Health Board of Directors regarding such practices have been properly followed. I recommend that the action requested in each case be taken by the Board of Directors.



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DATE: March 28, 2007
TO: Board of Directors - April 16, 2007
FROM: Benjamin Kanter, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – March 2007:

Provisional Appointments: (04/16/2007 – 03/31/2009)

Janna Z. Andrews, M.D. – Radiology
Rod D. Serry, M.D. – Medicine - Cardiology

Biennial Reappointments: (05/01/2007 – 04/30/2009)

Loubaba A. Adlouni, M.D. – Pediatrics – Active
John S. Anshus, M.D. – Emergency Medicine – Active
Jeffrey I. Gorwit, M.D. – Medicine – Courtesy
Joshua K. Greenstein, M.D. – Medicine – Active (includes Villa)
Donald S. Herip, M.D. – Medicine – Active
Gregory L. Hirsch, M.D. – Medicine – Active (includes Villa)
Jerry Kolins, M.D. – Pathology – Active
Steve M. Kuriyama – Medicine – Consulting
Mark L. Magulac, M.D. – Medicine – Active
Franklin M. Martin, M.D. – Surgery – Active
Allen B. Nalbandian, M.D. – Radiology – Active
Anders H. Nyberg, M.D. – Medicine – Associate (includes Villa)
Monica P. Ormsby, M.D. – Medicine – Affiliate
Ashish K. Wadwa, M.D. – Surgery – Active
Maram F. Zakko, M.D. – Medicine - Active

Advancements:

Steven A. La Fond, M.D. – Associate 4/16/2007–6/30/2007 (includes Villa)
Julie R. Ohayon, M.D. – Affiliate 4/16/07 – 1/31/2008

Extension of Leave of Absence to 4/30/2007:

Prakash Bhatia, M.D., PhD

Additional Endovascular and Stent Placement Privileges:

Anatoly J. Bulkin, M.D.
Allen K. Chan, M.D.

Resignations/Withdrawal of Membership

Stanley H. Weinberg, M.D. - Family Practice (expiration of LOA)
Andrew M. Kahn, M.D. - Medicine
Isabel J. Pereira, M.D. – Medicine
Alice Song, M.D. – Ophthalmology

Allied Health Professionals Appointments: (04/16/2007 – 03/31/2009)

Lisa C. Sheehan, N.P. – Sponsor – Dr. Herip

Allied Health Professionals Reappointment (05/01/2007 – 04/30/2009)

Gayle E. Hicks, Ph.D

David M. Illich, MS-CCC

Tammy L. Prida, AuD

Jessica Valdez, RDA

Robin Vaughan, PhD

Joanne J. Wendt, PhD

AHP Withdrawal of Membership

Lino Cappa, Ortho Tech – Kaiser

George Frazier, Ortho Tech – Kaiser

Patrick Lehmann, PA – Kaiser

Patrick McKnight, Ortho Tech - Kaiser

POMERADO HOSPITAL: Certification by and Recommendation of Chief of Staff: As Chief of Staff of Pomerado Hospital, I certify that the procedures described in the Medical Staff Bylaws for appointment, reappointment, or alternation of staff membership or the granting of privileges and the policy of the Palomar Pomerado Health System's Board of Directors regarding such practices have been properly followed. I recommend that the Board of Directors take the action requested in each case.

Informational: Fidelity Communications

TO: PPH Board of Directors
MEETING DATE: April 16, 2007
FROM: Human Resources Committee, March 20, 2007
BY: Wallie George, Chief Human Resource Officer

BACKGROUND: Fidelity representative provided an overview of a proposed communication plan for PPH employees. The communications will be targeted to individual needs (i.e., not participating, not diversified, etc.) and will be ongoing throughout the year.

A Retirement Summit is being planned for July 14, 2007. Employees 60 and over, along with their spouses, will be invited to meet with Fidelity, Social Security, and Met Life representatives who will assist with their transition to retirement. It is anticipated that these summits will be held twice each year.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Update: Smoke Free Environment

TO: PPH Board of Directors
MEETING DATE: April 16, 2007
FROM: Human Resources Committee, March 20, 2007
BY: Wallie George, Chief Human Resource Officer

BACKGROUND: At the request of a Board Member, HR Committee discussed the possible creation of a PPH Campus Non-Smoking Policy.

1. The non-smoking policy / proposal has run into some major challenges in the SNF environment.
2. State regulations preclude these areas from denying long-term care patients the right to smoke if they so choose. PPH has the right to deny admittance of persons who smoke, however this action could lead to other problems.
3. Steve Gold, SNF Administrator and Interim POM CAO, is now assisting with the logistics of this proposed policy.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Compensation

TO: PPH Board of Directors
MEETING DATE: April 16, 2007
FROM: Human Resources Committee, March 20, 2007
BY: Wallie George, Chief Human Resource Officer

BACKGROUND: The incentive compensation procedures have been in the process of revision. Brenda Turner presented an overview of the incentive plan developed by PPH. The plan is divided into two parts: Directors and above; Front Line Staff through Manager. Approval of the proposed Compensation Plan was requested.

1. HR Committee members approved the proposed Compensation Plan.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

1. Approved Compensation Plan moved forward to the March 27, 2007, Finance Committee.
2. If approved by Finance Committee, recommendation to move forward to the April 16, 2007, full Board.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Professional Enhancement Program (PEP)

TO: PPH Board of Directors
MEETING DATE: April 16, 2007
FROM: Human Resources Committee, March 20, 2007
BY: Wallie George, Chief Human Resource Officer

BACKGROUND: Lorie Shoemaker provided a presentation to the HR Committee with the results of the first year of the Professional Enhancement Program (PEP).

1. 211 registered nurses participated in PEP the first year. This is 25.5% of all PPH RNs. The packet distributed contained a breakdown of the participants by job title and facility, as well as the 2006 payout by facility and department.
2. The PEP survey was distributed to all staff nurses in November 2006 (828 staff nurses) to help determine what worked well in the new program and suggestions for change. 344 surveys were returned, representing a 42% return rate. The packet distributed included demographic information on the number of responses by facility and job role, shift worked 50% of the time, and work status (full time, part time, etc).
 - a. Information surveyed included questions for staff not participating in PEP, including questions as to their understanding of PEP, opportunities to participate, etc.
 - b. RNs participating in PEP had a different series of questions including the ease of understanding the program, fairness of the program, achievability, and whether it is a factor in staying with PPH.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

Committee Chairperson Nancy Basset requested the two packets be included in the HR portion of the full Board packet.

COMMITTEE RECOMMENDATION:

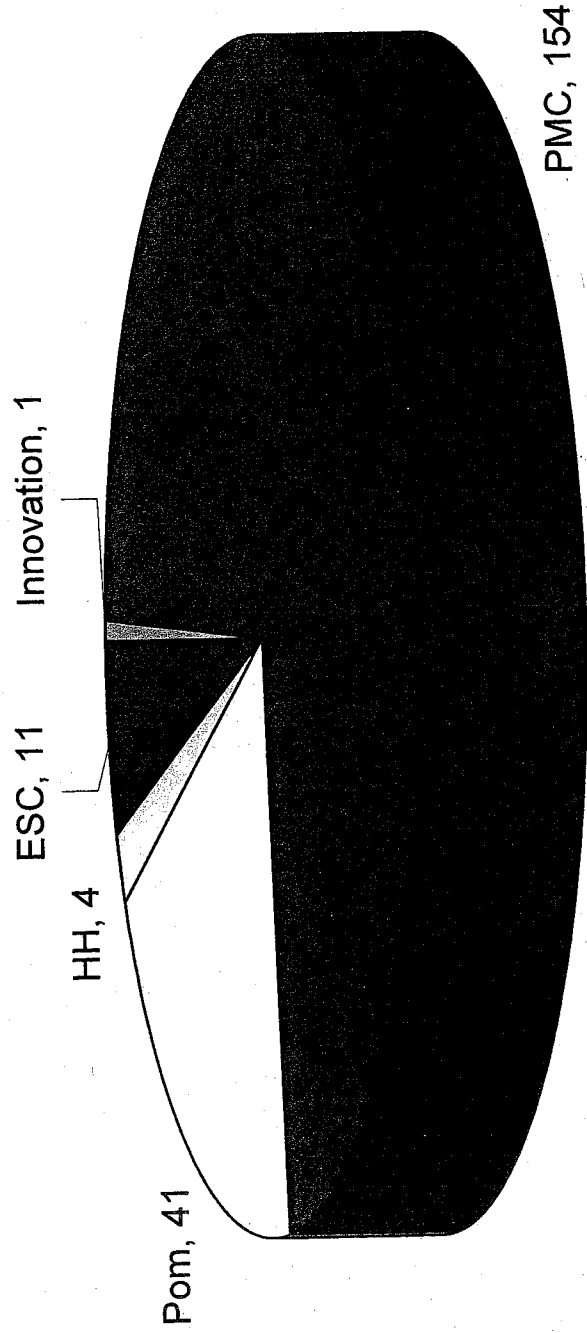
Motion:

Individual Action:

Information: X

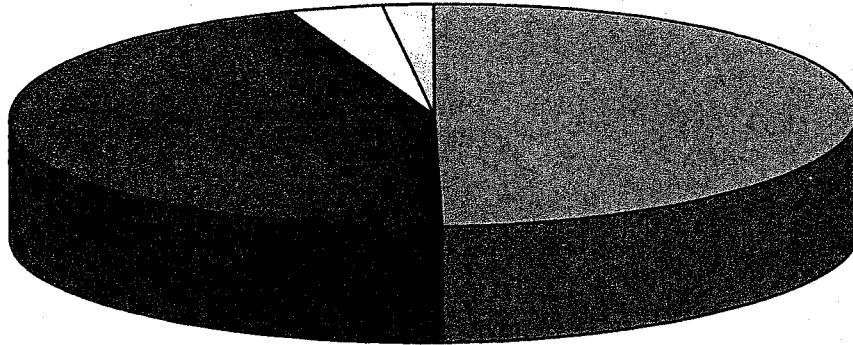
Required Time:

Number of PEP Participants by Facility in 2006



Total Participants: 211

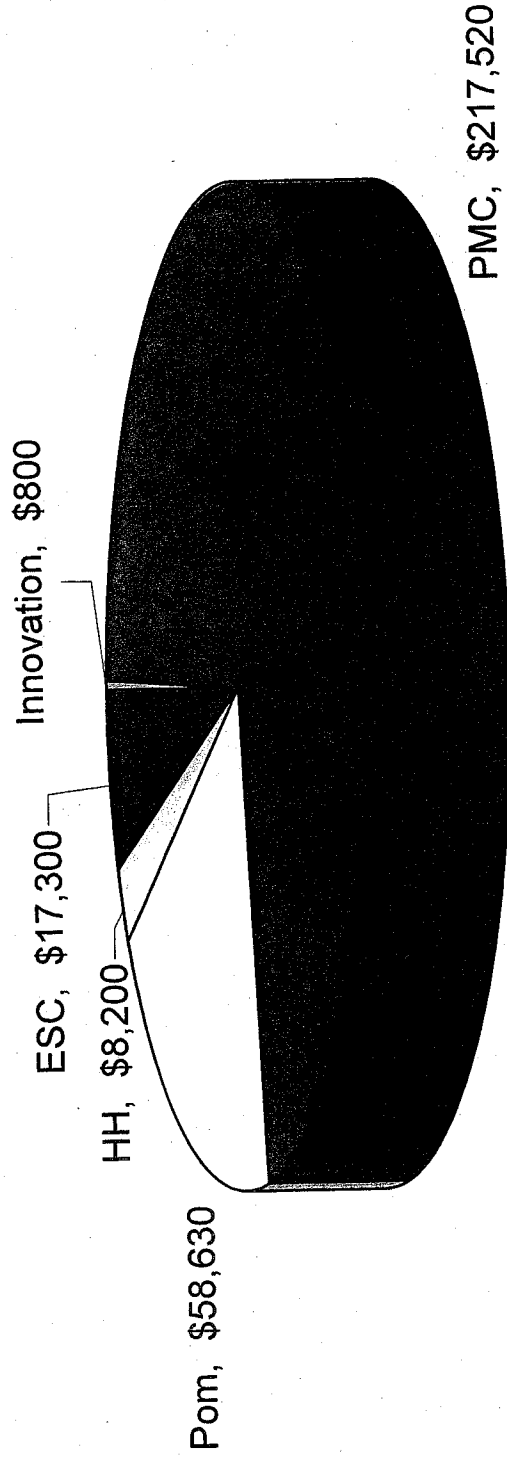
Total Participants by Job Title



Advanced RNs
 Clinical RNs
 Per Diem
 Other

Job Title	Total
Adv Case Mgr (NE)	2
Adv Clinical RN	94
Adv Clinical RN HH	1
Advanced Clinical RN - ALS	8
Advanced RNs	105
Clinical RN	91
Clinical RN HH	3
Clinical RNs	94
RN Pd Level II	1
RN Pd Level IV	7
Per Diem	8
Lactation Consult RN (NE)	1
Nursing Supv	1
STAT RN II	1
Trauma Clinician	1
Other	4
Grand Total	211

PEP 2006 Payout by Facility



Total: \$302,450.00
Average: \$1,433.41

2006 PEP Summary by Facility and Department

Facility	Dept	Dept Name	Employees	Total
ESC	7420	Surgery	11	\$ 17,300.00
ESC Total			11	\$ 17,300.00
HH	7296	HH Outreach	4	\$ 8,200.00
HH Total			4	\$ 8,200.00
Innovation	8720	Nursing Admin	1	\$ 800.00
Innovation Total			1	\$ 800.00
PMC	6340	Psychiatrics	1	\$ 1,000.00
PMC	6010	Critical Care	28	\$ 39,300.00
PMC	6070	Neonatal Intensive Care	9	\$ 12,700.00
PMC	6136	Telemetry	4	\$ 4,400.00
PMC	6150	Intermediate Care	7	\$ 15,200.00
PMC	6173	Medical-Oncology	11	\$ 14,700.00
PMC	6177	Surgical-Ortho	7	\$ 9,400.00
PMC	6179	Medical Surgical	3	\$ 3,800.00
PMC	6290	Pediatrics	3	\$ 3,000.00
PMC	6400	Labor/Delivery/Recovery	32	\$ 41,800.00
PMC	7010	Emergency Room	18	\$ 29,520.00
PMC	7011	Trauma	1	\$ 700.00
PMC	7420	Surgery	12	\$ 16,100.00
PMC	7427	Post Anesthesia Care	12	\$ 16,000.00
PMC	7570	Cardiac Catheterization	2	\$ 2,400.00
PMC	7593	Cardiac Rehabilitation	1	\$ 2,600.00
PMC	7631	Radiology-Interventional	1	\$ 1,800.00
PMC	7680	CAT Scanner	1	\$ 1,100.00
PMC	8360	Clinical Resource Management	1	\$ 2,000.00
PMC Total			154	\$ 217,520.00
Pom	6010	Critical Care	6	\$ 10,730.00
Pom	6070	Neonatal Intensive Care	1	\$ 1,000.00
Pom	6179	Medical Surgical	5	\$ 6,100.00
Pom	6400	Labor/Delivery/Recovery	6	\$ 8,300.00
Pom	7010	Emergency Room	4	\$ 5,400.00
Pom	7076	Wound Care	2	\$ 2,500.00
Pom	7078	Surgery Clinic	5	\$ 7,200.00
Pom	7235	Observation-Outpatient	1	\$ 2,500.00
Pom	7420	Surgery	3	\$ 4,700.00
Pom	7427	Post Anesthesia Care	7	\$ 7,200.00
Pom	8360	Clinical Resource Management	1	\$ 3,000.00
Pom Total			41	\$ 58,630.00
Grand Total			211	\$ 302,450.00

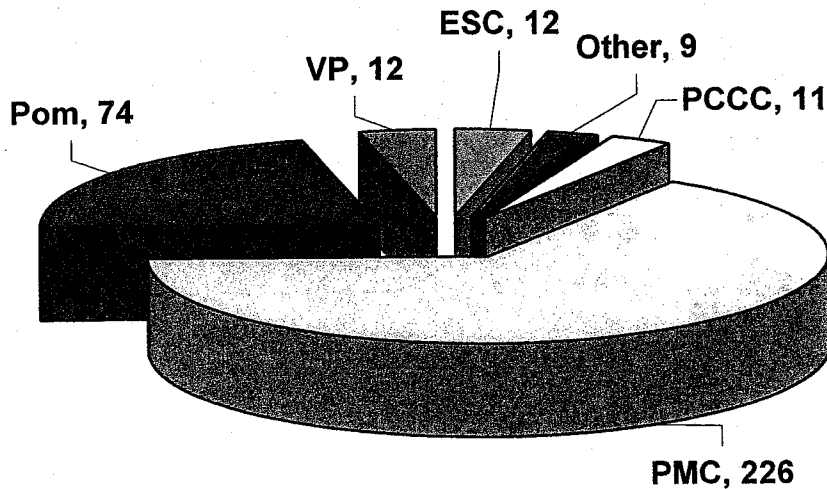
828 PEP Surveys were distributed in November 2006 to all staff nurses.

Staff nurses returned 344 surveys for a 42% return rate.

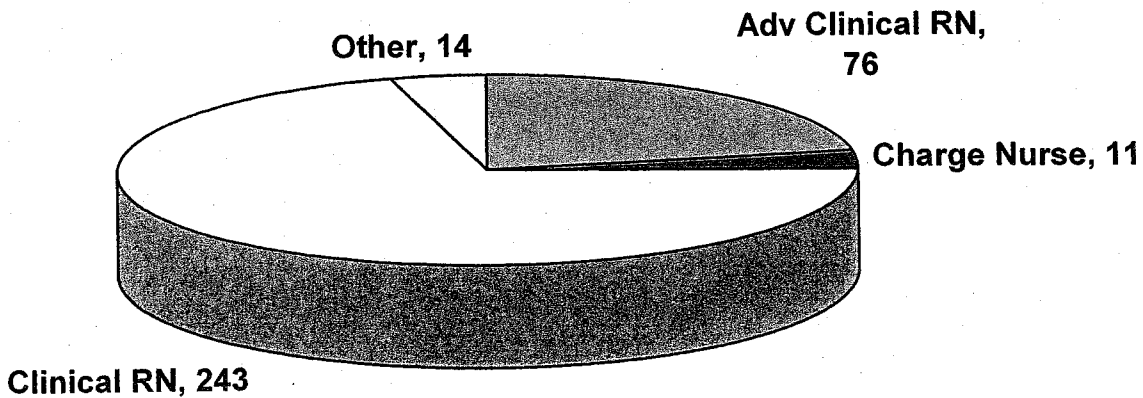
Average length of employment with PPH for those who responded: 6.4 years

Demographic information for responses

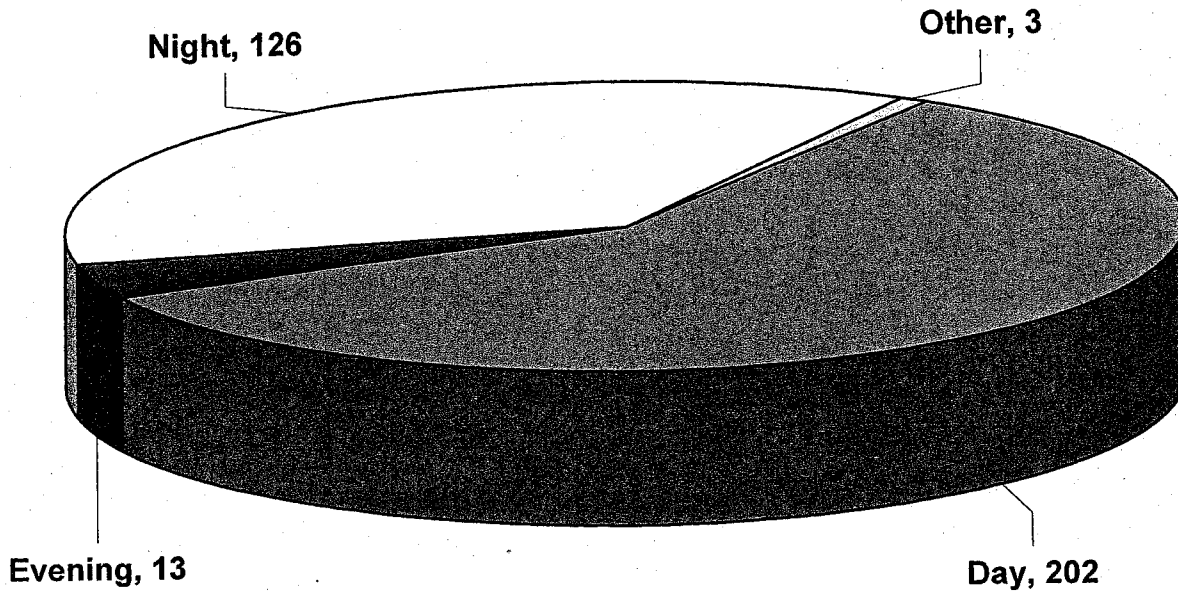
Number of Responses by Location



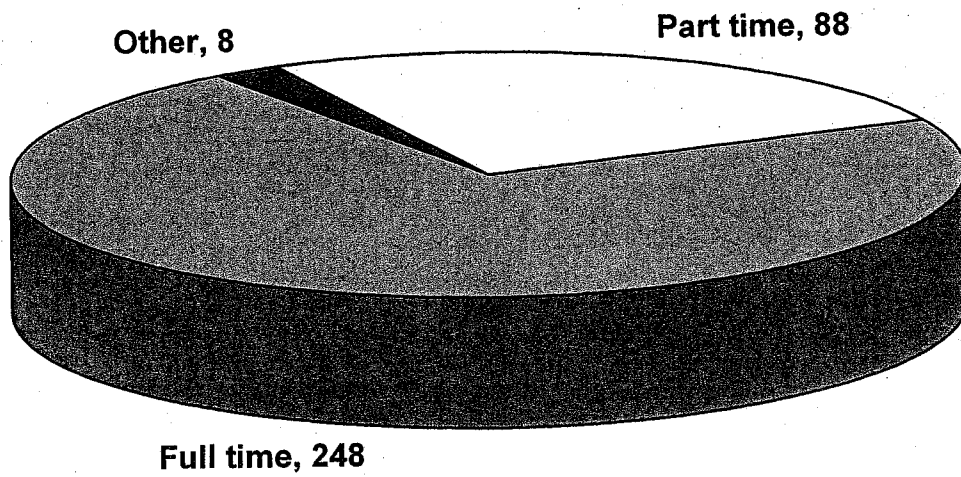
Number of Responses by Job Role



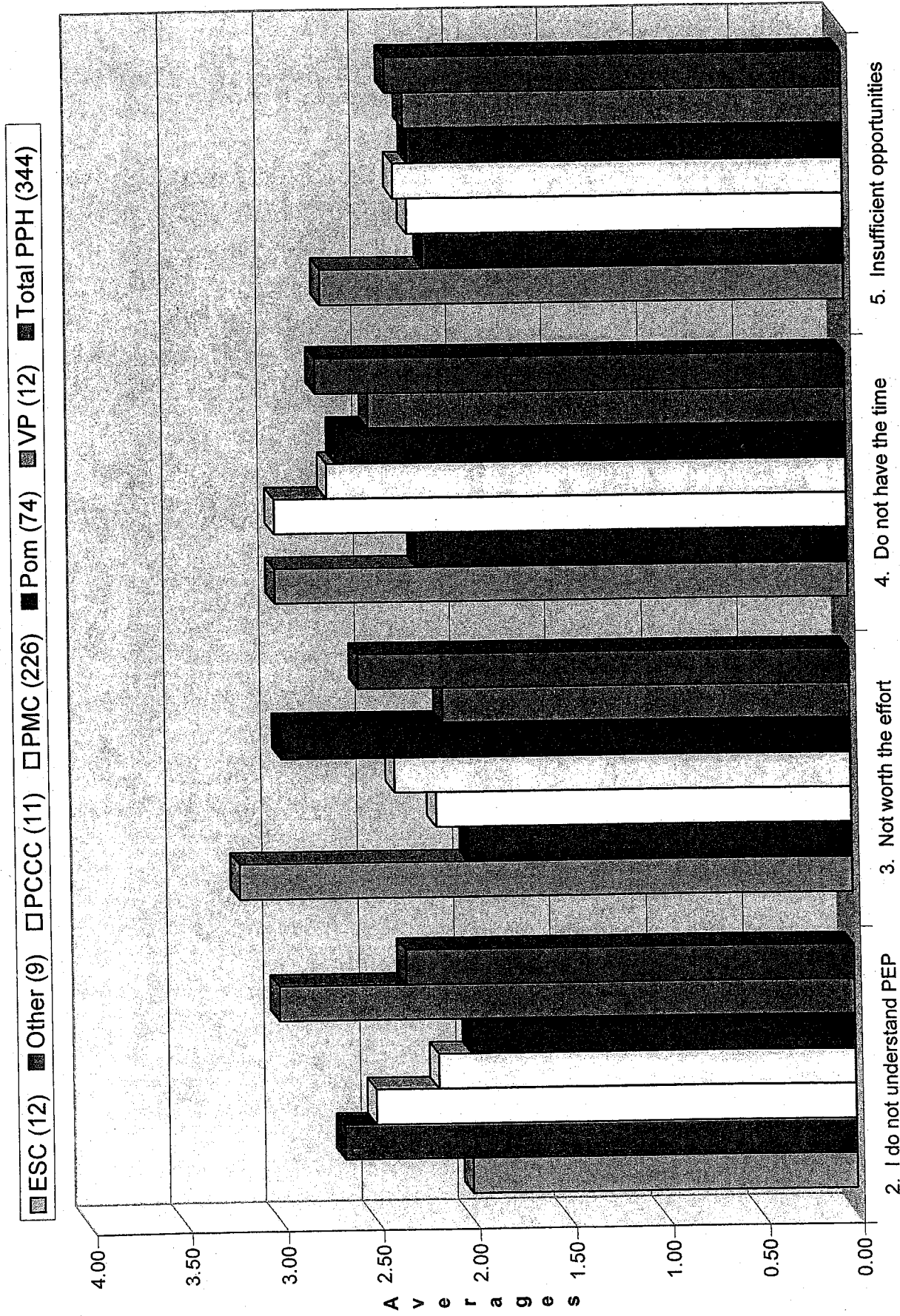
Shift worked over 50% of Time



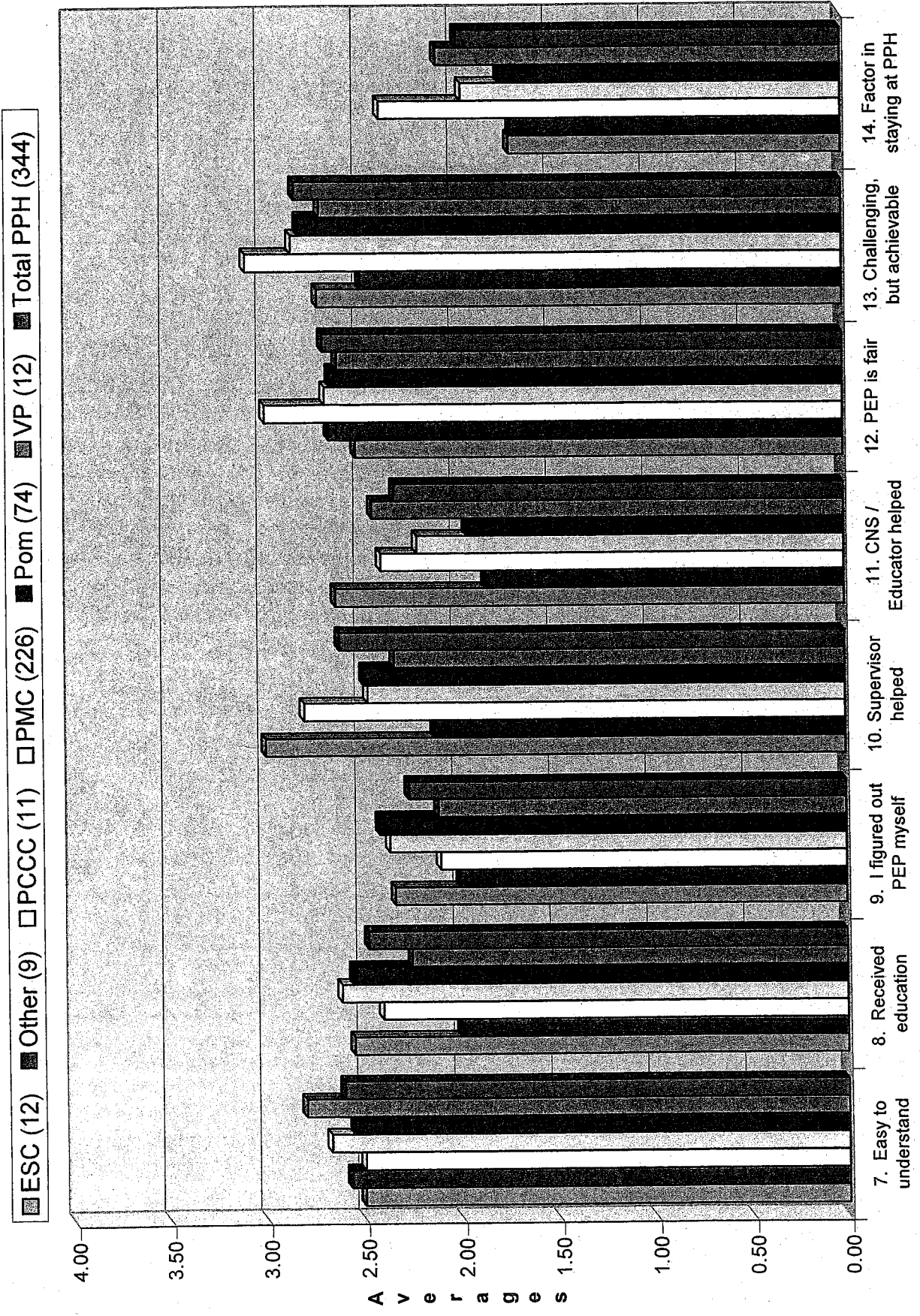
Work Status



2006 RN PEP Survey of RNs Who Did Not Participate



2006 RN PEP Program Survey



Informational: New Employee Referral Campaign

TO: PPH Board of Directors
MEETING DATE: April 16, 2007
FROM: Human Resources Committee, March 20, 2007
BY: Wallie George, Chief Human Resource Officer

BACKGROUND: Brenda Turner provided information to the HR Committee related to the latest new employee referral campaign that was launched in March. The campaign, titled, "Go for the Gold," will have rewards/recognition for all employee referrals when we hire the referred individual, regardless of the position or the status of the new hire. All employees who refer a successful candidate will also be entered into a drawing for a grand prize of a \$2,500 American Express Gold Card. There are two second prizes of \$1,000 and three third prizes of \$500. It is anticipated that the grand prize drawings will take place in November or December.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: Insights to Excellence Program

TO: PPH Board of Directors
MEETING DATE: April 16, 2007
FROM: Human Resources Committee, March 20, 2007
BY: Wallie George, Chief Human Resource Officer

BACKGROUND: Committee Chairperson Nancy Bassett will inform the full Board on the Insights to Excellence Program she recently attended. She will also be requesting that all Board Members take a turn participating in the monthly Insights to Excellence programs. Directors Bassett, Greer and Krider attended the January, February and March events respectively.

BUDGET IMPACT: Not Applicable

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Facilities and Grounds Committee
Education Session**

TO: Board of Directors

MEETING DATE: Monday April 16, 2007

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 19, 2007

BY: Michael Covert
Chief Executive Officer
Palomar Pomerado Health

Background: Michael Shanahan gave a PowerPoint presentation on the following topics:

- 3-D Estimating & Building Information Model
- Lessons Learned, Site Visit to El Camino Hospital
- SDG&E Commissioning Programs

Budget Impact: NONE

Staff Recommendation: INFORMATION ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Facilities and Grounds Committee
Project Updates**

TO: Board of Directors

MEETING DATE: Monday April 16, 2007

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 19, 2007

BY: Michael Covert
Chief Executive Officer
Palomar Pomerado Health

Background: Michael Shanahan gave a PowerPoint presentation and provided updated information on the status of the following projects for Palomar Pomerado Health:

- Phase I –Pomerado Hospital
- Phase II –Pomerado Hospital Entitlements
- Update on System House Projects
- PMC West
- OSP TI

Budget Impact: NONE

Staff Recommendation: INFORMATION ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Facilities and Grounds Committee
Date/Time/Location Of Next Meeting**

TO: Board of Directors

MEETING DATE: Monday April 16, 2007

FROM: FACILITIES AND GROUNDS COMMITTEE
Meeting of March 19, 2007

BY: Michael Covert
Chief Executive Officer
Palomar Pomerado Health

Background: The next meeting is scheduled for Monday June 19, 2007 from 12 noon to 1:30 pm, to be held at Palomar Hospital – 3rd Floor, Conference Room- C.

Budget Impact: N/A

Staff Recommendation: INFORMATION ONLY

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

BOARD QUALITY REVIEW COMMITTEE

Meeting Dates, 2007

TO: Board of Directors
DATE: April 16, 2007
FROM: Quality Review Committee, March 20, 2007
BY: Opal Reinbold, Chief Quality Officer

BACKGROUND: The Board Quality Review Committee discussed the installation of meetings for 2007. As of March 20, 2007, the Committee agreed to change the standing meeting from the 2nd Tuesday of each month to the 3rd Tuesday of each month. Meetings will continue to take place from 12:00 Noon to 2:00 p.m. and locations are as follows:

Please see the following schedule for 2007:

DATE Tuesday	LOCATION Conference Room	DATE Monday	LOCATION Conference Room
January 9	PMC Administration CR 1	July 17	PMC Graybill Back
February 13	PMC Administration CR 1	August 21	PMC Trailer 2
March 20	PMC Graybill Back	September 18	PMC Trailer 1
April 17	PMC Graybill Back	October 16	PMC Graybill Back
May 15	PMC Graybill Front	November 20	PMC Graybill Back
June 19	PMC Graybill Front	December 18	PMC Graybill Front

BUDGET IMPACT: None
STAFF RECOMMENDATION: As agreed by Committee
COMMITTEE QUESTIONS: None

COMMITTEE RECOMMENDATION:

Motion:
Individual Action:
Information: X
Required Time:

Proposal to Achieve JCAHO Stroke Center Certification

TO: PPH Board of Directors
DATE: April 16, 2007
FROM: Strategic Planning Committee on March 20, 2007
BY: Lorie Shoemaker, Chief Nurse Executive

BACKGROUND: In 2002, the Joint Commission began offering evaluation services for disease specific care providers through a certification program. Certification differentiates chronic care management in the marketplace by giving consumers, employees, regulators, physicians and other clinical professionals objective comparative information about a provider's ability to identify and improve patient care systems. PPH proposes to achieve JCAHO certification for our stroke program. The certification is valid for two years unless revoked by JCAHO. After one year, the Joint Commission will return to evaluate the ongoing performance of the program. The evaluation will include submission of 12 months of data for each measure with demonstration of improvement in each area.

Lorie Shoemaker, Chief Nurse Executive, presented a Project Proposal form for JCAHO Stroke Center Certification for PPH, which was submitted by Barbara Buesch, RN, Quality Management. PPH receives approximately 660 stroke patients a year, the highest number of stroke admissions among San Diego County hospitals. If the County requires hospitals to have Joint Commission certification as a condition to be a County Stroke Receiving Center, and we are not certified, we could potentially lose stroke patients to other certified hospitals such as Scripps Encinitas and Tri-City Medical Center.

Linda Greer asked how many of the 600+ stroke patients come in on their own, and Barbara Buesch responded that she will get back to her with the number. Dr. Kanter mentioned that the numbers on education were not accurate, and Lorie Shoemaker responded that they are aware of that, and that the numbers will be cleaned up before they are presented to the Finance Committee.

Dr. Larson agreed that it is essential to have PPH become stroke certified, but had questions about the availability of POM's X-ray staff during evening and weekend hours.

COMMITTEE RECOMMENDATION:

Information: X

Imaging Joint Venture

TO: PPH Board of Directors

DATE: April 16, 2007

FROM: Strategic Planning Committee on March 20, 2007

BY: Bill Kail, Service Line Administrator, Cardiology & Imaging

BACKGROUND: In preparation for opening a new outpatient imaging center in the Pomerado Outpatient Pavilion, PPH is taking this opportunity to consolidate Gateway Radiology, Parkway Radiology, Pomerado Imaging and any future outpatient imaging centers into a single joint venture relationship with Valley Radiology Consultants. By partnering with our inpatient radiologists, it allows us to have a comprehensive program to ensure the state-of-the-art technology and quality utilization of the technology. Negotiations are still in progress, but an update on the strategy for this joint venture was discussed with the Committee.

We are currently evaluating equipment and technology; capital investment would be shared. Everything would be moved in to the new building by the end of this year, and the ownership of the equipment is still pending.

Dr. Kanter cautioned us that different systems don't just "plug and play;" i.e., when Cerner is used in conjunction with other systems, it can become complicated. Dr. Larson reminded us that this item would come before the Finance Committee.

COMMITTEE RECOMMENDATION:

Information: X

Physician Development Plan Update & Manpower Study

TO: PPH Board of Directors
DATE: April 16, 2007
FROM: Strategic Planning Committee on March 20, 2007
BY: Jackie Forsythe, Director Physician Development

BACKGROUND: One of the system-wide initiatives for FY '06 was to develop a comprehensive Physician Development Plan. Such plan was prepared and shared at the February 2006 Strategic Planning Committee meeting. The March 20, 2007 meeting provided an update on the progress that has been made on this plan to date, as well as the results of the Manpower Study.

As part of the Physician Development Plan Update, Jackie Forsythe, Director Physician Development, presented physician predictions for California 2006- 2011, including the belief that functional shortages in many markets will continue to grow. For PPH specifically, we are highly reliant on a core group of physicians – 25 physicians account for 53% of PMC admissions and 67% of POM total admissions. Our service area is undersupplied in primary care and some specialties.

PPH has retained MDS (Medical Development Specialists) to perform a Manpower Study, which is required to be performed every 2 years, by a neutral third party, to determine what areas to focus on for physician recruitment. For FY '07, Strategic Recruitment included 2 orthopedic surgeons and one vascular surgeon, and there are currently 1 OB/Gyn contract and 1 Family Practice contract in negotiation. Strategic discussions are taking place regarding primary care strategies.

Trish Bartel and Eric Themm from MDS presented to the Committee. They assessed current physician supply and demand by specialty in our service area, and profiled the medical staff of both PMC and POM to determine the depth and breadth of specialty coverage, specialty gaps, age mix and potential succession planning needs. They interviewed and obtained qualitative feedback from 26 staff physicians and 6 representatives from senior management regarding physician manpower needs, strategic objectives of physician recruitment, physician relations, and other relevant issues. With this information, they created an objective, empirically based and legally supportable physician recruitment platform for PPH to use over the next 24 to 36 months.

Some of their key findings included the following: Of the 679 physicians on the medical staff at PPH:

- 33.6% are primary care physicians (high end of range for CA hospitals)
 - 27.8% are specialists
 - 22.4% are surgeons
 - 15.9% are hospital-based specialists
 - 11% of the primary care physicians are over 60 years of age
 - 20.1% of the specialists are over 60 years of age, requiring proactive succession planning.
- Key specialties to monitor are: cardiologists, dermatologists, gastroenterologists,

Physician Development Plan Update & Manpower Study

nephrologists, neurologists, oncologists, and psychiatrists.

Service Area Physician Needs by Specialty (overall within PPH's service area, not just PPH)

- Substantial Physician Needs
 - Family Practice
 - Internal Medicine
 - OB/Gyn
 - Psychiatry

- Moderate Physician Needs:
 - General Surgery
 - Oncology
 - Physician Medicine
 - Urology
 - ENT

According to MDS, PPH's physician recruitment and development efforts should be focused in the following areas:

- Expanding the primary care physician base
- Build a primary care strategy in conjunction with local physician groups
- Expand the number of Obstetrics and Gynecology in Escondido

Linda Greer asked if low reimbursement was looked at, and Trish responded that it was. Dr. Kanter suggested that we have to guarantee physicians higher reimbursements, and if we have lower reimbursements, we get lower quality physicians; the Escondido Pulmonary Group recently experienced this. Marcia Jackson responded that physicians that come here do so for reasons other than financial ones.

Dr. Kung mentioned that the San Diego area has a high housing cost, and a low reimbursement rate, and that Kaiser is now rumored to be a high-ranking choice for new physicians, and that PPH needs to look at a strategy to address this.

Dr. Larson responded that these are all vital topics that need to be revisited sooner rather than later, and that retraining of existing physicians also needs to be revisited, as well as topics such as joint ventures, minute clinics, and I.T. advances, in order to make the PPH experience align with the PPH vision.

COMMITTEE RECOMMENDATION:

Information: X

**Robotic Surgery Proposal
da Vinci® Surgical System**

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, March 27, 2007

MEETING DATE: Monday, April 16, 2007

BY: Lorie Shoemaker, RN, MSN, CNAA-BC, Chief Nurse Executive
Kimberly Dodson, RN, SLA Perioperative Services

BACKGROUND: Recent advancements in minimally invasive surgical technologies mean that today's patients have a broader range of alternatives to conventional "open" surgery than patients did just 10 years ago. These advancements include the da Vinci® Surgical System, which is providing patients with new, minimally invasive surgical procedures that offer significant advantages over traditional "open" surgeries. These robotic-assisted, minimally invasive procedures – available to treat conditions as diverse as obesity, heart disease and prostate cancer – can benefit patients with less pain, discomfort and blood loss, and with a quicker return to normal activities. PPH and members of the medical staff have been analyzing the da Vinci® Surgical System and have developed a business plan for PPH to acquire this technology. A presentation regarding this potential strategy—including a comprehensive financial analysis—was made to the Board Finance Committee at its March meeting.

BUDGET IMPACT: \$1.7 million capital costs, with the PPH Foundation expected to provide a significant portion of the funding

STAFF RECOMMENDATION: Staff recommends that PPH pursue the acquisition of the da Vinci® Surgical System with the allocation of just under \$1 million of capital, with a potential for supplemented funding from the PPH Foundation, in addition to the currently committed funds.

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that the Board accept Management's recommendation to acquire a da Vinci® Surgical System, allocating just under \$1 million of capital toward the purchase, in addition to the committed funding from the PPH Foundation.

Motion: X

Individual Action:

Information:

Required Time:

Executive Summary

Service / Program Description

What is the proposed service or program?

This business plan outlines a proposal for PPH to acquire a daVinci Surgical System. The da Vinci Surgical System is a sophisticated robotic platform designed to enable complex surgery using a minimally invasive approach. This new technology, not currently available at PMC, is used to treat cancers and other conditions with robotic surgery.

What is the da Vinci Surgical System?

The da Vinci System is called "da Vinci" in part because Leonardo da Vinci invented the first robot. da Vinci also used unparalleled anatomical accuracy and three-dimensional details to bring his masterpieces to life. The da Vinci Surgical System similarly provides physicians with such enhanced detail and precision that the System can simulate an open surgical environment while allowing operation through tiny incisions.

Its technologies allow surgeons to draw on the same techniques learned in open surgery, while providing the opportunity for significantly better clinical results. The da Vinci Surgical System preserves the natural eye-hand-instrument alignment, depth of field and instrument control of an open procedure. Moreover, the System's instrument tips can rotate like the human wrist, allowing surgeons to perform complex dissection or reconstructive surgery in the closed chest, abdomen or pelvis.

This "intuitive motion" is a dramatic improvement over traditional laparoscopic surgery, which requires specialized talent and training. Laparoscopic surgeons operate with long-shafted, non-wristed instruments, which is similar to using a single chopstick or knitting needle in each hand. In contrast, the da Vinci System can provide dramatically better dexterity, control and precision, allowing surgeons to use a minimally invasive approach for complex procedures.

The term Minimally Invasive Surgery (MIS) can be used interchangeably with laparoscopy or endoscopic surgery. MIS is performed through dime-sized (1-2 cm) incisions — also called operating ports. This is in contrast to the much larger incisions used in traditional, open surgery, which are often as large as 6-12 inches long. In cardiac surgery, a conventional "open" approach also involves splitting the breastbone and opening the ribs.

The smaller incisions used in MIS typically enable shorter recovery times and result in less pain, less blood loss, fewer transfusions, fewer infections and reduced hospitalization costs. While MIS has become standard-of-care for particular surgical procedures, it has not been widely adopted for more complex or delicate procedures — for example, prostatectomy and mitral valve repair.

The disorders that can be treated by the da Vinci Surgical System include:

Cancers and Disorders Treated By the da Vinci Surgical System	
Urological Applications	Radical Prostatectomy
	Pyeloplasty
	Cystectomy
	Nephrectomy; Partial Nephrectomy
	Urethral Implantation
Cardiology Applications	Mitral Valve Repair
	Cardiac Revascularization
General Surgery	Myotomy
	Gastric Byass
	Fundoplication
Thoracic Applications	Thymectomy
	Lobectomy
	Esophagectomy
	Mediastinal Tumor Resection
Gynecological Applications	Myomeectomy
	Hysterectomy

Some of the major benefits experienced by surgeons using the da Vinci Surgical System over traditional approaches have been greater surgical precision, increased range of motion, improved dexterity, enhanced visualization and improved access. Benefits experienced by patients may include a shorter hospital stay, less pain, less risk of infection, less blood loss, fewer transfusions, less scarring, faster recovery and a quicker return to normal daily activities. None of these benefits can be guaranteed, as surgery can be both patient- and procedure-specific.

Why the da Vinci Surgical System at Palomar Medical Center?

1. Cardiac Surgery, General/Vascular Surgery, Thoracic, Urology, and GYN Surgery are the service lines interested in using the daVinci technology to grow volume at PPH. Cardiac Surgery will be the first to be trained as they have a team already established and the OR is available.
2. The addition of the daVinci will enhance the attraction and recruiting a top notch surgeons to utilize the equipment. Currently, there are discussions with a Urologist from the City of Hope that will work with PPH surgeons to grow the robotic surgery program.
3. The da Vinci Surgical System is an advanced and high-tech therapy that will enhance the reputation of PPH for surgical care and improve the overall quality perception of PPH by the community.

4. Competition for robotic surgery is still low in San Diego County, only UCSD and Sharp Memorial Hospital offer it currently. Scripps Green Hospital plans to add it in the near future to their new cancer center as well as the San Diego Naval Medical Center. The demand for the modality is projected to grow. There is good potential to attract additional patients from outside the traditional PPH service area from the more coastal zip codes of Oceanside, Vista and Carlsbad as well as the inland cities of Temecula and Fallbrook.
5. The trend in surgery is to move to less invasive types of procedures. With the purchase of this new multi-functional system, surgeries performed in the operating department can be shifted to the da Vinci Surgical System providing for better outcomes, decreased complications and decreased pain management.
6. PPH physicians are supportive of the acquisition of the da Vinci Surgical System. Physicians have already expressed a willingness to train for using the Surgical System and to use it once installed.
7. Instead of sending PPH patients to the Sharp Memorial campus for robotic surgery or to UCSD, these patients can now stay at PMC. This sends the message that PPH is a comprehensive healthcare provider and able to do the most sophisticated therapeutic treatments.

Plan Summary

What are the key points of the plan?

Current Situation

PMC has a high-volume surgery department but does not have robotic surgery capability. Patients in the PPH service area who need or would like robotic surgery now travel to San Diego for treatment at UCSD or to Sharp Memorial.

Da Vinci Surgical System Program Objectives

1. Quality and Service Improvement
2. Enhanced reputation by positioning PPH as having the latest and most advanced technology
3. Provide a method of attracting and recruiting renown physicians and surgeons
4. Achieve high patient and physician satisfaction
5. Realize financial targets and volumes

Location

The Surgery Department, in the main Operating Rooms of PMC, will be the site for the new da Vinci Surgical System. It will be installed in the existing open heart suite since it's the largest of the rooms, and will be utilized for the Mitral Valve Repair cases. As the Hospital relocates, the da Vinci Surgical System will easily move to the new facility, as it is portable.

Program Structure and Operations

This new service will be offered through the existing PMC Surgical Department and managed by the existing surgical supervisor.

Medical Staff Implications

The medical staff is supportive of adding robotic surgery capability to PMC. In addition to the Surgeons, the Chief Medical Quality Officer is supportive of the Program.

Competitive Issues

Currently there are two competitors in the county for robotic surgery: UCSD, and Sharp Memorial Hospital in San Diego, with two more hospitals coming on line in the near future.

Requirements

The equipment purchase is the most significant requirement to establish the program.

Components of the da Vinci Surgical System include:

1. Surgeon Console
2. Patient-side Cart
3. EndoWrist Instruments
4. Vision System

No construction is required for the installation. The new unit itself arrives in modular sections, requires just a four-foot doorway width for delivery, and is portable. It plugs into standard electrical outlets.

Financials

What are the financial implications of the plan?

Indirect revenue will be generated by the addition of this advanced technology for the modalities listed. Once surgeons have acquired the knowledge of working with this surgical system, Operating Room time may be decreased. However, the primary intent of the robotic surgery program is to increase brand enhancement, consumer satisfaction rather than revenue enhancement. Hospitals which have implemented robotic surgery programs have found a small increase in prostate surgeries in the short term. The primary goal with the robotics surgery program is to provide the educated consumer with an advanced technical surgical program with less invasive procedures. When implemented, length of stay will be lowered, thus improving profitability.

Key elements from the complete Pro Forma developed by PPH Financial Department, located in the appendix, for the proposed program shows:

Initial Capital Investment	\$1,650,000 includes the equipment
Return on Investment:	24.9%
Depreciable Life:	7 years
Payback period:	3.9 years

Recommendation

The proposed da Vinci Surgical System for Robotic Surgery will improve the overall quality of services at PPH, enhance and improve the satisfaction of both physicians and patients, and deliver advanced surgical treatment. The implementation process is relatively uncomplicated and the project will have the support of the medical staff. Patient retention will be higher as it eliminates the need for a trip to other hospitals for advanced services. Recruitment will be more readily obtainable for new physicians coming from training programs, locally, with robotic skills which they do not wish to lose without continued use.

Draft

**Purchase of Land and Building at
975 South Andreasen, Escondido, CA**

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, March 27, 2007
MEETING DATE: Monday, April 16, 2007
BY: Bob Hemker, CFO

Background: The property at 975 South Andreasen, Escondido, CA—which is adjacent to the new Warehousing & Supply Chain Services building at 2227 Enterprise in Escondido—recently came onto the market, presenting Management with an opportunity to group certain system-wide support services of the District into a “clustered” model at that location.

Utilizing the services of a Real Estate broker, the property was evaluated for suitability and appraisal of value. It was determined that the property—land & building—would be an appropriate site onto which such services (including—but not limited to—Dietary Services, Security, EVS, Plant Ops and BioMed) could be relocated, as it is ideally located in proximity to both the ERTC campus site and the Warehousing building, and it will serve those and the other existing hospital and business locations of the District well. The property is currently zoned for the intended use.

After having the value of the property determined by Third Party appraisal, Management entered into negotiations via a Letter of Intent to Purchase, conditioned upon Board of Director approval and certain Due Diligence. The asking price for the 19,215 square-foot building is \$3.17 million (\$165 per sq ft).

At its March 12, 2007, meeting, the Board of Directors authorized Management to proceed with negotiations for the purchase, subject to the satisfactory completion of due diligence and acceptable purchase price and terms.

At its March 27th Finance Committee meeting, an update was provided on price and terms negotiations and the viability of acquiring the property at previously offered terms and conditions.

Budget Impact: Not to exceed \$3.17 million of FMP Capital Funds for the purchase of the property known as 975 South Andreasen, Escondido, CA – **as approved at the March 12, 2007, Board meeting.**

Staff Recommendation: Staff recommended completion of the acquisition at the Board-approved, negotiated price, subject to completion of due diligence, final Purchase Agreement, and approval of the associated Board Resolution.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action: X

Information:

Required Time:

RESOLUTION NO. 04.16.07 (01) – 02

RESOLUTION OF THE BOARD OF DIRECTORS OF PALOMAR POMERADO HEALTH (“PPH”), AUTHORIZING THE ACQUISITION OF THE LAND AND BUILDING KNOWN AS 975 SOUTH ANDREASEN, ESCONDIDO, CA, SUBJECT TO THE FINAL ACCEPTANCE OF THE STANDARD OFFER AND AGREEMENT AND COMPLETION OF DUE DILIGENCE

WHEREAS, in July 2004 the Palomar Pomerado Health Board of Directors approved the Facility Master Plan for new, replacement and expanded facilities, inclusive of support service buildings; and

WHEREAS, the Palomar Pomerado Health Board of Directors determined that acquisition of the land and building located at 2227 Enterprise, Escondido, CA, for its warehousing and supply chain service functions was in the best interest of the district and consistent with the intent of the Development Agreement and the intent of the Memorandum of Understanding, by Resolution No. 04-25-06 (04) – 13; and

WHEREAS, the Palomar Pomerado Health Board of Directors has determined that acquisition of the land and building located at 975 South Andreasen, Escondido, CA – which is adjacent to 2227 Enterprise, Escondido, CA – for additional warehousing and support service functions is in the best interest of the district and consistent with the intent of the Facility Master Plan; and

NOW, THEREFORE, BE IT RESOLVED THAT:

A. DETERMINATIONS AND FINDINGS

The Board hereby determines and finds that:

- (1) The acquisition of the land and building commonly known as 975 South Andreasen, Escondido, CA, is suitable for warehousing and support services for the District’s operations; and
- (2) PPH has obtained a Third Party appraisal and determined that the negotiated purchase price is at or below the market value range of appraisal; and
- (3) The closing on the purchase of the property known as 975 South Andreasen, Escondido, CA, is in the best interest of the District in order to develop and implement the District’s Facility Master Plan.

B. RESOLUTIONS

The Board hereby authorizes the acquisition of the property known as 975 South Andreasen, Escondido, CA, by PPH’s Chief Executive Officer or Chief Financial Officer, and the execution of documents necessary to consummate the acquisition of the property.

The Board hereby authorizes the use of Facility Master Plan funds for the purchase of the property.

All acts and things previously done and performed (or caused to be done and performed) in the name and on behalf of PPH prior to the date of these resolutions in furtherance of any of the foregoing resolutions and the transactions contemplated therein be, and the same hereby are, ratified, confirmed and approved.

PASSED AND ADOPTED at a meeting of the Board of Directors of Palomar Pomerado Health held on April 16, 2007, by the following vote:

AYES:

NOES:

ABSTAINING:

ABSENT:

Dated: April 16, 2007

By:

Marcelo Rivera, M.D.
Chair, Board of Directors
Palomar Pomerado Health

ATTESTED:

Linda Greer, R.N.
Secretary, Board of Directors

Incentive Compensation Plan

TO: Board of Directors

FROM: Board Finance Committee

MEETING DATE: Tuesday, March 27, 2007

BY: Bob Hemker, CFO
Wallie George, CHRO
Brenda Turner, Executive Director of Human Resources

BACKGROUND: During the past six months, Management has been in the process of revising the Incentive Compensation Plan. The attached overview of the Incentive Compensation Plan was presented to the HR Committee at their March meeting. The HR Committee approved the proposed Incentive Compensation Plan and recommended that it be forwarded to the Board Finance Committee for review and approval.

BUDGET IMPACT: Costs are equivalent to current approved incentive plan (*see attached for detail*).

STAFF RECOMMENDATION: Staff recommends approval as presented.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the proposed Incentive Compensation Plan as presented.

Motion: X

Individual Action:

Information:

Required Time:

INCENTIVE PLAN PALOMAR POMERADO HEALTH

The Palomar Pomerado Health incentive compensation plan has been a difficult plan to understand and to explain. In an effort to simplify the plan, the following recommendation is being made:

Directors and Above

Compensation is composed of three elements – market, an individual performance award and an organizational performance award.

Market –

- Market adjustments will be based on a survey of similar positions conducted by a third-party consulting company. The market will be set at the 50th percentile with discretion used within the pay range by the CEO to hire and pay the best individuals possible.
- Market adjustments will be made every other year based on the current data or on an as needed basis if market conditions dictate a change.
- Cost will vary based on market data.

Individual Performance Award –

- All directors and above will receive an individual performance award based on their performance during the prior fiscal year. The award will be 0-10% of base earnings.
- Criteria used for the award will be the accomplishment of up to 10 key goals/initiatives during the year (aka, their 10-commandments).
- Individual performance awards will be paid in a lump sum bonus check. PPH must have a positive bottom line in order for individual performance awards to be paid.
- Estimated cost impact = \$768,000.

Organizational Performance Award –

- The EBITDA goal must be reached in order for an organizational performance award to be paid.
- If the EBITDA goal is reached, a 5% bonus will be paid.
- Four additional balanced scorecard domain goals will be established each year for the organization. One goal will be established in each of the following domain categories: quality, customer service, work force development and work place development.
- Each domain goal will have a threshold, target and maximum established for it. Threshold on each goal will be worth 1%, target will be worth 2% and maximum will be worth 3%.
- Total payment for accomplishment of domain goals may be 0-12%.
- Total potential organizational performance award would be up to 17% (5% financial, 3% for each of the domain goals or a total of 12%).
- The directors, executive directors/service line administrators and EMT members are all eligible for the same maximum 17% bonus for organizational performance.
- To be eligible for participation, individuals must be hired by 1/1 of the year and must still be actively employed on the payout date.
- Estimated cost impact = \$1,247,000.

Front Line Staff through Manager

Front line staff through the manager level in the organization will be eligible for the annually established market/merit base salary increases for non-union employees and range/step adjustments for union employees. They will also be eligible for a lump sum organizational performance award as follows.

Organizational Performance Award –

- All employees will be eligible for a lump sum of up to \$600 when the EBITDA goal is obtained.
- The bonus will be based 1/3 on the department's achievement of their financial target (\$200), 1/3 on a goal from one of the remaining organizational balanced scorecard domains (\$200), and 1/3 on a department level achievement of a goal based on their balanced scorecard (\$200).
- The balanced scorecard domains include quality, customer service, work force development and work place development. This goal will be determined by EMT at the beginning of each fiscal year and communicated to employees.
- To be eligible for organizational performance award, employees must:
 - be hired on or before 4/1 of each year,
 - be employed on the date of award,
 - have no written disciplinary actions during the fiscal year,
 - be in a full-time, part-time or per diem employment status. Per diems with over 1,000 worked will be eligible for the full bonus; per diems with 500-1,000 hours worked will be eligible for \$300 bonus (half); per diems with less than 500 hours worked are not eligible to participate.
- Estimated cost impact = \$1,162,000.

