



PALOMAR
POMERADO
HEALTH

**BOARD OF DIRECTORS
AGENDA PACKET**

September 13, 2004

*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

Alan W. Larson, MD, Chairman
T. E. Kleiter, Vice Chairman
Nancy L. Bassett, RN, MBA, Secretary
Marcelo Rivera, MD, Treasurer
Michael Berger, MD
Bruce G. Krider, MA
Nancy H. Scofield
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 *
Palomar Pomerado Health Concern * Ramona Radiology Center * VRC Gateway & Parkway Radiology Center * Villa Pomerado**

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

Monday, September 13, 2004

Open Session: 6:30 p.m.

**Pomerado Hospital
15615 Pomerado Road
Poway, California**

Time Page

I. CALL TO ORDER

II. OPENING CEREMONY

- A. Pledge of Allegiance
- B. Recitation – Chaplain David Walden
- C. Mission & Vision – Board Member

“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.”

III. PUBLIC COMMENTS

(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).

IV. * MINUTES

- Regular Board Meeting – August 9, 2004
- Joint Board Strategic Planning Meeting – July 12, 2004
- Special Board Meeting – January 21, 2004
- Special Board Meeting/Visioning Planning Retreat – August 7, 2003

V. * CONSENT ITEMS

- A. July 2004 and YTD FY 2005 Financial Report
- B. Finance Committee – Nancy Bassett, RN, MBA, for Marcelo Rivera, MD, Chair

Approval:

***1. Medical Director and Professional Services Agreements:**

- a. Timothy S. Bailey, M.D. - PPH Diabetes Health Program
Aug 1, 2004 – Jul 31, 2005 (1 year)
- b. X-Ray Medical Group Radiation Oncology, Inc. (XRO) - PMC
Jul 1, 2004 – Jun 30, 2007 (3 years)

***2. Consolidation of PMC and Pomerado Behavioral Medicine Programs**

- C. Strategic Planning Committee – Alan W. Larson, MD, Chair

***3. FY '05 System-Wide Goals**

“In observance of the ADA (American with Disabilities Act), please notify us at 858-675-5106, 48 hours prior to the meeting so that we may provide reasonable accommodations”

VI. PRESENTATION

- A. Health Care Advisory Councils (HCACs) Update
 - Lupe Fierro, Director, Community Outreach and
 Jack Rogers, Chair, PPH Committee on Alcohol, Tobacco
 and Other Drugs (ATOD) 15

VII. REPORTS

- A. Medical Staffs 10 124-144
 - * 1. Palomar Medical Center – *James S. Otoshi, M.D.*
 - a. Credentialing/Reappointments
 - b. Department of Anesthesia Rules and Regulations
 - * 2. Escondido Surgery Center – *L. Richard Greenstein, M.D.*
 - a. Credentialing/Reappointments
 - * 3. Pomerado Hospital – *Alan J. Conrad, M.D.*
 - a. Credentialing/Reappointments

- B. Administrative
 - 1. President of Palomar Pomerado Health Foundation – *Douglas G. Moir, M.D.*
 - a. Update on PPHF Activities 5 *Verbal Report*

 - 2. Chairman of the Board – *Alan W. Larson, M.D.* 10 *Verbal Report*
 - a. Facilities and Grounds Committee Appointments
 - b. LAFCO Advisory Committee Nomination 145-155

 - 3. President and CEO – *Michael H. Covert* 20 *Verbal Report*
 - a. 3rd Qtr Leadership in Action Award
 - b. Special Board Educational Meeting with Premier, Inc. August 30
 - c. * Resolution No. 09.13.04(01)-10 Adopting the Ninth Amended
 and Restated Conflict of Interest Code of PPH 156-186

VIII. INFORMATION ITEMS *(Discussion by exception only)* 187-197

- A. Palomar Pomerado North County Health Development, Inc. } Strategic Planning
- B. FY '04 Goal Outcomes } Strategic Planning
- C. Service Line Update } Strategic Planning
- D. Hospital of the Future Recap } Community Relations
- E. Strategic Marketing Process } Community Relations
- F. Community Outreach Update } Community Relations
- G. Media Coverage } Community Relations
- H. Monthly Reports of Marketing/Public Relations; } Community Relations
 HealthSource and Community Outreach }
- I. Employee Compensation and Benefits } Human Resources
- J. Employee Health Screening } Human Resources

Board Meeting Agenda, September 13, 2004

- IX. COMMITTEE REPORTS** – *for Finance, & Strategic Planning Committees see under Consent Items*
- X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH**
- XI. FINAL ADJOURNMENT**

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

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Palomar Medical Center, Graybill Auditorium, Escondido
 Monday, August 9, 2004

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CLOSED SESSION	5:30 p.m.		
ADJOURNMENT TO OPEN SESSION	6:30 p.m.	No reportable action.	
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Berger, Kleiter, Krider, Larson, Rivera and Scofield.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison, followed by an inspirational reading by Chaplain Hard (<i>attached to original mins</i>).		
MISSION AND VISION STATEMENTS	The PPH mission and vision statements were read by Director Berger as follows: <i>The mission of Palomar Pomerado Health is to heal, comfort and promote health in the communities we serve.</i> <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>		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>APPROVAL OF MINUTES July 13, 2004 Regular Board Meeting</p>		<p>MOTION: by Berger, 2nd by Krider and carried that the minutes of the July 13, 2004 Regular Board Meeting be approved as submitted. None opposed.</p>	
<p>CONSENT ITEMS</p>	<p>Consent Items also included: Approval of Revised Expenditure & Requisition Approval Authority, Policy No. 10-507, increasing CEO's approval of Unbudgeted Operating & Capital Items; Resolution No. 08.09.04(01)-9 Establishment of Appropriations Limit for FY 2005; & Approval Phase I - Imaging Plan - CT Scanner</p>	<p>MOTION: by Berger, 2nd by Krider and carried unanimously to approve the Consent Items as submitted.</p>	
<p>PRESENTATION</p> <ul style="list-style-type: none"> Compliance Update - 4th Qtr/FY '04 & Annual Report 	<p>Jim Neal provided a 4th Quarter and Annual Report to the Board on Compliance via overheads (<i>copy attached to original mins</i>). This update covered Evolving Compliance Requirements, Program Effectiveness, Code Content, New Employee Orientation, Compliance Calls, OIG Workplan & Procedure. There were no legal compliance issues pending and no compliance investigations/focused reviewed ongoing at this time. It was noted there had been a large number of regulatory changes.</p> <p>Director Kleiter stated that the meeting of the Audit Committee is in process of being rescheduled.</p>	<p>Informational</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
REPORTS			
Medical Staff			
Palomar Medical Center			
<ul style="list-style-type: none"> ▪ Credentialing 	James S. Otoshi, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.	<p>MOTION: by Scofield, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. None opposed.</p> <p>Directors Larson and Rivera abstained to avoid potential conflict of interest.</p>	
Escondido Surgery Center			
<ul style="list-style-type: none"> ▪ Credentialing 	L. Richard Greenstein, MD., Medical Director of the Escondido Surgery Center, presented requests for approval of Credentialing Recommendations.	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. None opposed.</p> <p>Directors Larson and Rivera abstained to avoid potential conflict of interest.</p>	
Pomerado Hospital			
<ul style="list-style-type: none"> ▪ Credentialing 	Alan J. Conrad, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.	<p>MOTION: by Kleiter, 2nd by Scofield and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. None opposed.</p> <p>Directors Larson and Rivera abstained to avoid potential conflict of interest.</p>	
Administrative			
Chairperson - Palomar Pomerado Health Foundation	Douglas Moir, MD, President of the Foundation, presented a verbal report on recent	Informational	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>activities of the Foundation, including an event held at the Melrose Ranch July 24. In addition over 200 advocates are getting ready for planned giving events. A Joint Board Retreat is anticipated this fall.</p> <p>The Foundation is recruiting a Planned Giving Director and is developing the planned giving campaign.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>Chairman of the Board - Palomar Pomerado Health</p>	<p>Alan W. Larson, MD, Chairman, relayed the final PPH Board Candidates list of those who are running in the November, 2004 election. These were listed as follows:</p> <p>Nancy L. Bassett Michael D. Berger Mary M. Evert Linda C. Greer Marcelo R. Rivera Dennis A. Dickerson Bruce G. Krider</p> <p>Director Scofield asked if any candidates were in the audience as she wished to welcome them.</p>	<p>Informational</p>	
<p>President and CEO</p>	<p>Bob Hemker, CFO for Michael H. Covert</p>	<p>Informational</p>	
<ul style="list-style-type: none"> Leadership in Action Award 	<p>Mr. Hemker relayed that Virginia Barragan, System Director of Rehab Services had been awarded the 3rd Qtr Leadership in Action award. However, as she was unable to attend this evening it was anticipated that the award would be made at the September Board meeting.</p>		
<ul style="list-style-type: none"> I/T 	<p>Conversions continue within the I/T system, including Lawson HR Payroll and API (time and attendance system) which have gone live successfully.</p>		
<p>CAO Palomar Medical Center</p>	<p>Gerald Bracht, Chief Administrative Officer for PMC provided a verbal report on activities at PMC, including reducing wait times in the ED, noting the Radiology Team throughput initiative. A report from the Annual Audit of SD County Department of EMS for Base Hospital Services (Fire and Paramedics had been received) showing no deficiencies and Mr. Bracht conveyed appreciation to all involved. Offsite parking for PMC employees at the Center for the Arts was underway. Mr. Bracht was thanked for his report.</p>		

5

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CAO Pomerado Hospital	<p>Jim Flinn, Chief Administrative Officer for Pomerado presented his report on activities at Pomerado, noting that census has been in high 90's to low of 50's. Patient Loyalty scores were good. The change of anesthesia group at Pomerado's Birth Center had been handled well. In addition, a physician's lounge has been created on the 2nd Floor in which breakfast is available to physicians. Employee parking will begin offsite at the adjacent church between the hours of 7:15 am - 6 pm and Pomerado will be pleased to offer this facility.</p> <p>2nd Floor remodel/ICU beds should be ready in October.</p> <p>A new Director of Safety and Security has been appointed who will commence September 13.</p>		
Chief Clinical Outreach Officer	<p>Sheila Brown, Chief Clinical Outreach Officer, provided a verbal report to the Board on recent activities, including the opening of the sub-acute unit at Pomerado noting that we were budgeted for 120 days at Villa Pomerado. Following discussions with case managers and based on criteria for sub-acute patients, it is anticipated that some transfers will take place between long-term and sub-acute.</p>		
PPH Balanced Scorecard Update, FY 2005 - Director of Performance Management	<p>Carrie Frederick, Director of Performance Management, provided a review via overheads (<i>copy attached to original mins</i>) of the Balanced Scorecard. Key points were Theoretical Foundation, Reporting Structure, Indicators and, Implementation Plan and Status, noting research by Norton and Kaplan from Harvard Business School that success is more than financial performance; organizations that use a balanced scorecard perform better; and organizational activities are aligned and focused on key success factors.</p> <p>Ms Frederick was thanked for her informative review.</p>	<p>Informational</p> <p>Regarding the selection of indicators, Director Scofield requested further information. Ms Frederick agreed to forward this to the full Board for information.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
PMC Auxiliary Annual Report	<p>Gerald Bracht introduced Susan Westlake, President of PMC Auxiliary. Mr. Bracht relayed items highlighted in their annual report, noting that the Auxiliary supports scholarships to those in healthcare related fields of \$1,500 each, noting a commitment of 12 totaling \$18,000. The Auxiliary is active in community events, and also distributes the "Vial of Life". In addition, it has provided absentee election ballots to 30 inpatients. The Heart and Hands program of making hand puppets and heart pillows is also appreciated. Total hours worked by 357 volunteers and 75 student volunteers from May 1 '03 - Apr 30, '04 were 44,098.</p> <p>No questions were raised under Information Items.</p>	<p>Informational</p> <p>Chairman Larson was impressed with the spirit of volunteerism and wished to have these comments forwarded to the Auxiliary. He also extended thanks to Auxiliary President Susan Westlake.</p>	
INFORMATION ITEMS	<p>No questions were raised under Information Items.</p>		
COMMITTEE REPORTS	<p>Director Bruce Krider, Chairman</p>		
<ul style="list-style-type: none"> Establishment of a Facilities & Grounds Committee 	<p>Director Krider reported that the Governance Committee at its meeting July 22, approved the proposal to establish a Facilities & Grounds Committee of the Board. The proposal included the composition, meetings and duties of the committee (<i>attached</i>). Board approval was sought.</p>	<p>MOTION: by Krider, 2nd by Scofield and carried unanimously to approve the establishment of a Facilities & Grounds Committee of the Board of Directors, with the addition of item 6.2.7 (d) Duties (v) as follows, "Approve the Annual Facilities Development Plan and regularly review updates on implementation of Plan", and that revision to the Bylaws be made to include this Board Committee.</p>	
<ul style="list-style-type: none"> Potential Establishment of a Joint Conference Committee 	<p>Director Krider reported that consideration had been given by the Governance Committee to the possible establishment of a Joint Conference Committee between the Medical Staff and the Board, regarding some Medical Staff matters. An exploratory meeting would be scheduled before the next Governance Committee.</p>	<p>Informational</p>	
<ul style="list-style-type: none"> PPH Bylaws - Board Compensation 	<p>Director Krider relayed that the matter of Board compensation for attendance at board</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> Board Job Descriptions 	<p>related meetings had been reviewed and that this will remain unchanged.</p> <p>Director Krider stated that as a result of the Governance Committee's request for Board job descriptions, a number of these had been provided in draft by Mr. Covert for review by the Board. Director Krider distributed these to the Board requesting their review and to forward any comments to Christine Meaney, Assistant to the Board in time for the September 23 Governance Committee.</p>		
BOARD MEMBER	None		
COMMENTS/AGENDA ITEMS FOR NEXT MONTH			
ADJOURNMENT	8:20 p.m.		
SIGNATURES			
<ul style="list-style-type: none"> Board Secretary 	<p>_____</p> <p>Nancy L. Bassett, R.N., M.B.A.</p>		
<ul style="list-style-type: none"> Board Assistant 	<p>_____</p> <p>Christine D. Meaney</p>		

Proposed Facilities and Grounds Committee

6.2.7 Facilities and Grounds Committee

(a) **Voting Membership.** Membership shall consist of no more than three members of the Board, the Chief Executive Officer and an alternate board member who shall attend and enjoy voting rights only in the absence of a voting Committee Member

(b) **Non-Voting Membership.** The Chief Administrative Officer of Pomerado Hospital and the Director of Facilities Planning and Development shall serve as non-voting members of the Facilities and Grounds Committee. As needed, other appropriate relevant staff in engineering, architectural, planning and compliance may be requested to attend along with PPH staff to facilitate the work of the committee.

(c) **Meetings.** This committee shall meet at least quarterly or more frequently as determined by the Board based on need.

(d) **Duties.** The Committee shall:

(i) Review construction estimates and expenses for accuracy and architectural plans completeness and effectiveness.

(ii) Approve construction project change orders in accordance with applicable District laws and PPH policies.

(iii) Receive reports from the Construction Manager and the Director of Facilities Planning and Development and recommend action to the Board regarding facilities design and maintenance.

(iv) Review regulations and reports regarding facilities and grounds from external agencies, accrediting bodies and insurance carriers and make recommendations for appropriate action regarding the same to the Board.

ADD:

(v) Approve the Annual Facilities Development Plan and regularly review updates on implementation of Plan.

ATTACHMENT

Palomar Pomerado Health
JOINT MEETING OF THE BOARD OF DIRECTORS &
STRATEGIC PLANNING COMMITTEE
Palomar Medical Center – Graybill Auditorium
July 12, 2004

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	6:00 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Michael Covert, Dr. Conrad, Ted Kleiter, Bruce Krider, Dr. Otoshi, and Dr. Rivera. Also attending were Nancy Bassett, R.N., Dr. Berger, Director Scofield, Gerald Bracht, Robert Crouch, George Gigliotti, Marcia Jackson, Anamaria Repetti, Mike Shanahan, Evelyn Warner, and Nick Xenitopoulos, Lorie Shoemaker, Gustavo Friederichsen, Jim Flinn, Dr. Tornambe, Dr. Velky, Carrie Frederick, Nancy Wood. Guests: Tom Chessum, Craig McInroy, Steve Yundt (Anshen&Allen)		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	There were no requests for public comments.		
MINUTES June 8, 2004		MOTION: Motion made by Ted Kleiter, seconded by Dr. Conrad, and carried, for approval as presented.	

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
ADJOURNMENT TO CLOSED SESSION	6:10 p.m. Pursuant to Health and Safety Code Section 32106; Report Involving Trade Secrets: Discussion concerning new program; Estimated date of public disclosure: August 2004.		
RETURNED TO OPEN SESSION	7:10 p.m.		
FACILITIES MASTER PLAN	<p>Marcia Jackson presented a summary of the Satellite Facilities Plan, which is a component of the Facility Master Plan. The Satellite Facilities strategy includes establishing two centers in the next 2-3 years and adding additional centers each 18-24 months. The initial targeted communities are Ramona and Rancho Penasquitos with future consideration for San Marcos and Valley Center. The committee discussed potential strategies for physician outreach, identification of key health care needs and potential programs and services which could be offered as well as a proposed development schedule and implementation plan.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
FACILITIES MASTER PLAN (continued)	<p>Tom Chessum of Anshen & Allen presented a summary of the overall Facility Master Plan. Dr. Larson recognized the Facility Master Plan as an outstanding document and the product of hard work by many people. After a brief discussion, it was voted unanimously by the Strategic Planning Committee to recommend that the Board of Directors approve the Facility Master Plan at the July 13, 2004 Board of Directors meeting.</p> <p>Ted Kleiter updated the committee on the activities of the Ad Hoc Architectural Committee. The Ad Hoc Committee has voted to create a permanent Facilities and Grounds Board Committee. The Ad Hoc Architectural Committee is disbanded.</p>	<p>MOTION: Motion made by Dr. Rivera, seconded by Ted Kleiter, and carried, for approval of the Facility Master Plan.</p> <p>Recommendation to be sent to the Governance Committee to approve the establishment of the new Facilities and Grounds Board Committee.</p>	
COMMITTEE COMMENTS, SUGGESTIONS			
FINAL ADJOURNMENT	<p>8:10 p.m.</p>		
SIGNATURES Committee Chairperson Recording Secretary	<p>_____ Alan Larson, M.D.</p> <p>_____ Nancy Wood</p>		

Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING
 Palomar Medical Center, Graybill Auditorium, Escondido
 Wednesday, January 21, 2004

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:35 pm Quorum comprised Directors Bassett, Berger, Kleiter, Krider, Larson, Rivera, Scofield		
OTHER ATTENDEES	Executive Management Team; James Otoshi, MD, Chief of Staff, PMC; Robert Trifunovic, MD, Chief of Staff elect, PMC; Paul Tornambe, Chief of Staff elect, Pomerado; Consultants Catherine Lew and Dianne Hathaway; Regrets – Alan Conrad, MD, Chief of Staff, Pomerado		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		
SELECTION OF INVESTMENT BANKER for BOND FINANCING	Bob Hemker, CFO, provided a verbal background report on our financial strategy in preparation for issuance of bond financing (G.O. or Revenue Bond), and stated he was in the process of formulating the necessary Finance Team, including Ms Ellen Riley of Kaufman, Hall & Assoc., Ms Catherine Lew of Lew Edwards, internal staff from our Finance Department together with the need to bring in an Investment Banker as well as Bond Counsel. An RFP for Investment Banker had been drawn up in mid-October, 2003 and Proposals received from interested Bankers October 31, 2003. Evaluation of Responses occurred during the early part of November, 2003 with initial interviews with six Bankers meeting pre-established Criteria during the latter part of		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>November, 2003. A finalist interview team met with three finalist Bankers on January 10, 2004.</p> <p>Bob Hemker noted that the finalist Bankers were all qualified and represented significant bond experience, including revenue bonds and GO bonds, market knowledge, financing strategies, fee structure, etc. The recommended Banker would serve PPH well in formulating financing strategy and placement of the necessary financing to accomplish the facility replacement and expansion strategy. Underwriter's fees and other costs associated with bond financing would be funded from bond proceeds.</p> <p>Mr. Hemker then made a Staff recommendation that as a result of the finalist interviews, Citigroup Global Markets be proposed as the Investment Banker for Bond Financing for Palomar Pomerado Health.</p> <p>Mr. Hemker commended those involved, particularly Director Rivera, Chair of Finance Committee, with reaching this decision noting that that we need to raise money that it is for a realistic and attainable project, and that our good credit rating, vision and culture combined with stable management under the leadership of an outstanding CEO have culminated in bringing this to fruition. All groups involved feel comfortable about the matter and are very positive in moving forward. North San Diego County has a high growth rate with great need for facilities expansion, and a bond such as a G.O. Bond would be of major importance in the future healthcare of the community.</p> <p>Director Rivera also commented on these aspects, stating that he wanted everyone to speak freely asking whatever questions they</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>wished.</p> <p>Further discussion ensued and following an inquiry from Director Kleiter as to how the underwriters may be paid under the bond issue, it was noted that the Bankers would cover the underwriters' fees.</p>	<p>MOTION: by Kleiter, 2nd by Rivera and unanimously approved as submitted, that the recommendation of Investment Banker for Bond Financing Related to Facility Replacement and Expansion for Palomar Pomerado Health be Citigroup Global Markets, Inc. All in favor. None opposed.</p>	
<p>SELECTION OF BOND COUNSEL</p>	<p>Bob Hemker relayed that in preparation of issuance of bond financing (Revenue and/or GO), management was in the process of formulating the requisite Financing Team as stated earlier in the meeting. A key member of that team would be the Bond Counsel.</p> <p>As a result of a comprehensive review process including pre-qualification discussions Requests for Qualifications, Finalists interviews and assessment of fit with the Financing Team, and including in the process Ms Ellen Riley of Kaufman Hall engaged as our Financial Advisors for the process.</p> <p>Bob Hemker continued that a finalist interview team met with three Bond Counsels and Management recommends approval of Orrick Herrington & Sutcliffe as Bond Counsel for Palomar Pomerado Health.</p> <p>Bond Counsel fees and other associated costs with bond financing would be funded from bond proceeds.</p> <p>Michael Covert commented that such Bond Counsel can serve us in the best possible way for not only the bond holders but for PPH. Director Kleiter agreed noting that it is important from a legal standpoint to have such Bond Counsel.</p>	<p>MOTION: by Kleiter, 2nd by Bassett and unanimously approved as submitted, that the recommendation of Bond Counsel for Bond Financing Related to Facility Replacement and Expansion for Palomar Pomerado Health be Orrick Herrington & Sutcliffe. All in favor. None opposed.</p>	

15

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
ADJOURNED TO CLOSED SESSION	Chairman Larson sincerely thanked Director Rivera for taking time out of his busy medical practice to assist us in reaching this point. 8:05 p.m.		
RESUMPTION OF OPEN SESSION	9:03 p.m.	No reportable action	
FINAL ADJOURNMENT	9:05 p.m.		
SIGNATURES			
▪ Board Secretary	_____ Nancy L. Bassett, R.N., M.B.A.		
▪ Board Assistant	_____ Christine D. Meaney		

u:\my docs\pph bd mtgs 04\sp bd 01-21-04\sp bd mtg mins 01-21-04.cdm

Palomar Pomerado Health
BOARD OF DIRECTORS
SPECIAL BOARD MEETING – VISIONING, PROGRAM AND FACILITIES PLANNING RETREAT
 Palomar Medical Center, Graybill Auditorium, Escondido
 Thursday, August 7, 2003

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	5:15 pm Quorum comprised Directors Bassett, Berger, Gigliotti, Kleiter, Larson, Rivera, Scofield.		
NOTICE OF MEETING	Notice of Meeting was mailed consistent with legal requirements		
PUBLIC COMMENTS	None		
OTHER ATTENDEES	PMC Medical Executive Committee; Pomerado Medical Executive Committee; PPH Executive Management Team; PPHF Executive Committee; Anshen + Allen, Architects		
REVIEW/DISCUSSION OF PPH VISION STATEMENT	Michael Covert, CEO, introduced this topic, stating that the meeting was a Visioning, Program and Facilities Planning Retreat extending over the next two weeks, splitting the process to determine what we are as an organization, and where we want to be in the future.	Informational	
	<ul style="list-style-type: none"> i. Our Vision plays a key role in this aspect; ii. Based upon our Program Goals for this year (Program Development), Mr. Covert posed the question as to what we may want to continue to develop in the future. Examples being: <ul style="list-style-type: none"> a. Women's Center; b. CardioVascular Center but what other areas of excellence might we wish to develop and at which facilities? c. Also, what are the criteria we should use to measure a number 		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>of potential future needs/centers of excellence, for our healthcare community?</p> <p>A session would be held later with Anshen + Allen, Architects, as to the process they would like to take, guiding us through a disciplined process which will become an evolving process as to what these future facilities will be like.</p> <p>iii.</p>		
	<p>Discussion ensued on the PPH Vision Statement. Mr. Covert stated that we wanted to have "the best patient satisfaction in California". However, he asked what we wanted when we mature in the future. Any strong organization has a strong sense of vision as to what it would like to be. Every time a new program arises, we should consult our Vision Statement to see how this would fit., e.g. Neurology – tertiary-oriented? What capabilities do we want, including commitment, resources, physicians, money? Once we have made those decisions, have we given thought as to how best to utilize those facilities? What is our Vision? e.g. how do we arrange for the services needed in our community? What should the community expect from our facilities? We are not yet a "system". A Vision should be simple, articulate, but large enough to provide us with focus.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>--Mission Statement</p>	<p>Michael Covert quoted from the PPH Mission Statement... "to Heal, Comfort and Promote Health..." but asked at what level did we want to do this. He also posed an example of what would happen if we are a Tertiary Care Center and our ENT specialist left the area.</p> <p>As a result of raising such questions, the Retreat attendees had been split up into separate table groups for a brainstorming session as to which services and at what level they were needed, etc. The table groups were then asked to discuss amongst themselves for about 20 minutes, following which Michael Covert would seek ideas from those groups.</p> <p>Input received from table groups as follows:</p> <p>Two examples of a Vision Statement were suggested --</p> <p>"To be amongst the top 5% of District Hospitals";</p> <p>"To be the Hospital of Choice for San Diego County Nationally Recognized".</p> <p>Other Suggestions -</p> <p>Vision to be Action Oriented; Future Focused; Distinctive Service; Large enough to Grow Into; Inspiring; Simple enough for all to articulate.</p> <p>Table 1 (Bob Hemker - Leader) Suggestions - The issues of "system"; How do we get through the cultural and political barriers as to how we have grown? High-tech/Critical Care Oriented; Bio-Tech; How do we raise the bar in attracting sub-specialties with Bio-tech and Research capabilities?; "PPH will be a high</p>		
<p>--Suggestions for new Vision Statement</p>			

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>technology, cardiovascular, critical care, hospital-oriented system using Diagnostic and Minimally Invasive Procedures" - Pomarado Hospital should lend itself to the latter, whereas PMC should lend itself to Critical Care, particularly with the Leapfrog program, whereby we will be carefully reviewed by both the program and consumer.</p> <p>Table 2: (Director Gigliotti – Leader) Suggestions – Appeared to have similar conclusions as Table 1, but those were elements and not the Vision itself. A suggestion for the Vision Statement was that, "Physicians, Patients and Staff be the Health System of Choice in San Diego County for the Services we Provide".</p> <p>Table 3: (Dr. Tesoro – Leader) Suggestions – Determining if we wanted to be a Tertiary Care Center, providing basic core services. Ability to integrate patients into our system with referral to other systems if needed . However, it was felt we did not want to be a Tertiary Care Center. Suggestion for the Vision Statement was that, "PPH will provide a Choice to the Communities we Serve by Administering the Highest Level of Quality and Commitment to the Community". Director Berger noted we need to be strong in critical areas to be able to provide the very best of care for cardiac patients, ie., stroke, accident, rehab. Provide access to full range of services via integration/seamless level of care.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Table 4: (Lorie Shoemaker – Leader) Suggestions – Have a top facility or one associated with medical research. Both facilities to be tertiary, or one to be tertiary with the other being a “center of excellence”.</p> <p>Suggestion for the Vision Statement was, “To Provide a Healing Environment so that Medical Staffs appreciate the Services we Provide”. Medical Staff want to come to this area and bring their expertise. The quality of nursing care is what brings people to the hospital. We must have staff who feel passionately about quality and reflective of the healthcare community needs within our demographic area including CSUSM, Murrietta, Temecula, etc., recognizing that Outpatient Services are important.</p> <p>Following above input from Retreat attendees, suggestions were entered on a flip chart, noting that, “PPH is dedicated to having centers of excellence to the communities served and committed to patient education and delivery of care through effective teamwork”. Reason being that patients complain nobody ever talks to them – educational communication necessary.</p> <p>Bruce Krider felt that the services provided should be reflective of the needs of the population we serve, including morbidity.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Table 5: (Dr. Kolins - Leader) Suggestions - To be nationally recognized for clinical service excellence; Hospital of Choice in San Diego County; International Recognition.</p> <p>Suggestion for the Vision Statement was, "ppH will be a Nationally Recognized First Choice for Healthcare with a First Choice Working Environment for Healing, Comfort and Prevention".</p> <p>Dr. Kolins continued that in clinical and customer service, we need to be the employer of choice and the architectural design structure must attract everyone. Dr. Buringrud stated that it has to be the choice in the community for whom we provide.</p> <p>Chairman Larson noted that the hospital should be known for its advocacy, already in the Mission Statement.</p> <p>Director Kleiter hoped that we would strive to be nationally recognized, but we need to be known here and now, as he felt we are not the system of choice to many people and we have to address this aspect with our communities in Inland North County before addressing this county or nationwide.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>--Review of Vision Statement Input</p>	<p>Mr. Covert conveyed to those present that we now required this input to be more cogent. Being a "Provider of Choice for our Community" appeared to be a major factor.</p> <p>Further input was provided by Dr. Kanter, Bruce Krider and Director Rivera, with Bob Hemker stating that our Mission points towards the Vision, but asked what we are striving towards.</p> <p>Comments by Dr. Beaumont suggested that North County Inland was too small a description and we should state San Diego County (or Region) instead.</p> <p>Drs. Conrad, Kung and Directors Berger and Kleiter variously commented upon our demographics, tertiary care, medical research potential, established area hospitals, acute care needs, image and reputation.</p> <p>Director Rivera posed the question of considering ourselves consumers and how we might identify with the Foundation specific aspects for future fund-raising.</p> <p>Mr. Covert continued that we need to look hard to the future and that our Vision Statement must be inspiring, action-oriented with future focus, descriptive of services/programs, large enough for us to grow into and simple enough for all to articulate.</p>		
<p>IDENTIFICATION OF POTENTIAL PPH CLINICAL PROGRAMS/SERVICES FOR DEVELOPMENT</p>	<p>A break in the meeting ensued.</p> <p>Marcia Jackson led a preliminary discussion on identification of potential PPH Clinical Programs/Services for Development, providing a handout (<i>attach to original mins</i>) which included Criteria, together with Clinical Service/Program Descriptions and current status. Following input from Drs. Kanter, Beaumont, Berger and Otoshi that this is an aging community having chronic diseases in</p>	<p>Informational</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p style="text-align: center;">ESTABLISHMENT OF CRITERIA FOR PRIORITIZATION OF PROGRAM DEVELOPMENT (2003-2004 Goal)</p> <p style="text-align: right;">--Grid Input</p>	<p>Inpatient and Outpatient, Wound Care, and Rehab., Director Berger noted that the missing piece is a strong Primary Care Referral system. Dr. Just relayed that End of Life care was extremely important, including Home Health, Hospice and Palliative Care. Director Scofield strongly supported Chronic Disease healthcare programs such as DiabetesHealth. Dr. Buringrud voiced concern about our Trauma area and the need to redesign due to space needs.</p> <p>Chairman Larson noted our responsibilities with outlying communities for urgent care/emergency services. Director Bassett suggested provision of an educational service for RNs, etc.</p> <p>Mr. Covert asked which programs, based upon the Criteria, are likely to be decided upon. Dr. Kanter suggested a Needs Assessment. Marcia Jackson responded that potential clinical programs for development would be based upon community demographics. Dr. Kolins commented that physicians come into the community if there is a need. We cannot do everything, but should do what we do best. Further discussion ensued. Director Scofield confirmed with Marcia Jackson that we should look at statewide and national excellence.</p> <p>Marcia Jackson requested that following this meeting, Retreat attendees complete the Grid on last page of the handout and return to the next meeting with a consensus for the greatest opportunity and greatest need where our time, talent and money could be directed over the next 2-3 years.</p>	<p style="text-align: center;">Informational</p>	

24

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>ARCHITECTURAL DISCUSSION - PPH VISION FOR THE FUTURE</p>	<p>Michael Covert stated that we would now briefly discuss with the architects our possibilities of expansion such as square footage allotment, allocation of beds, Lab space needs etc., with discussion of our future direction occurring at next week's follow-up Visioning Session.</p> <p>Tom Chessum from the architectural firm of Anshen + Allen was then introduced stating that he had been listening carefully to all of the suggestions/ideas proposed, and that in next week's meeting he will also be doing the same, as it was important to hear what PPH representatives had to say at the beginning. We should view this as a ground zero/fresh start. It was a structured process that would result in creativity and new ideas. Next week's meeting would discuss how the architect will work with PPH over the next few years as we start to integrate vision with the Criteria/Goals, returning later with a more solid format.</p> <p>Based upon PPH's input, the next six months would be a Design Phase. Early in 2004 it was anticipated that the architect would organize a building or series of buildings, and in 10-12 months, provide an increasingly detailed design. This would be followed by a two-year process of compiling construction documents and going through OSHPD to obtain approvals to building, followed by a Plan Check with eventual construction in 2008-2009, possibly extending into 2010.</p> <p>Mr. Covert commented that if the monthly inflation rate was 2-3% in terms of final cost, it was essential that we stay on track.</p> <p>Bob Hemker inquired what we would need for our brainstorming package. It was felt there should be an architectural theme involving</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>people, where we work, space needs, healing environment, etc., but no specific details at this stage. It would also entail consideration of the highest and best use of our land with overarching ideals.</p> <p>Dr. Kanter said we should have an analysis of where we are backlogged in patient care. How many more beds are needed in the ER and other areas, solving this before any new programming. Mr. Covert responded that we should make such information available to those who would like to have it.</p> <p>Craig McInroy of Anshen + Allen referred to a meeting with Mr. Covert. He quoted an example of InterMountain Healthcare where five pillars of excellence are expressed architecturally and as an operational identity. Mr. McInroy suggested the possibility of touring such hospitals with Anshen + Allen as there was a great deal to consider from an architectural viewpoint, and it would be better to learn from such designs in the next three months or so.</p> <p>In summing up, Director Rivera underscored the need for us to think of ourselves as consumers and listen to what others in the community want. We must have our community support us in this venture.</p> <p>Mr. Covert thanked everyone for attending and providing their valued input. He looked forward to seeing them at the follow-up meeting on August 14.</p>		
--Summation			
ADJOURNMENT	8:40 p.m.		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
SIGNATURES			
▪ Board Secretary	<hr/> Nancy L. Bassett, R.N., M.B.A.		
▪ Board Assistant	<hr/> Christine D. Meaney		

July 2004 & YTD 2005 Financial Report

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, August 17, 2004
MEETING DATE: Monday, September 13, 2004
FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for July 2004 and YTD 2005 were submitted for the Finance Committee's approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Finance Committee recommends approval of the Board Financial Reports (unaudited) for July 2004 and YTD 2004.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH

A California Health Care District

BOARD FINANCIAL REPORT

JULY, 2004

(UNAUDITED)

**PREPARED BY THE FINANCE DEPARTMENT
15255 INNOVATION DRIVE, SUITE 202
SAN DIEGO, CA 92128
(858) 675-5223**

PALOMAR POMERADO HEALTH
A California Health Care District

BOARD FINANCIAL REPORT

TABLE OF CONTENTS	
	<u>PAGE</u>
Financial Report Narrative	1
Consolidated Balance Sheet	2
Consolidated – July 2004 Actual vs. Budget Analysis	3
Bond Covenant Ratios	4

PALOMAR POMERADO HEALTH
JULY 2004 and YTD FY 2005 FINANCIAL RESULTS
EXECUTIVE SUMMARY and HIGHLIGHTS

Statistics:

Acute patient days increased 7% to 9,399 in July, compared to June, however 2% less than budget (9,605). Acute admissions were 2,379 compared to budget of 2,356 and length of stay was 3.75 compared to budget of 3.96. SNF patient days were 6,433 compared to budget of 6,482.

Balance Sheet:

Current Cash & Cash Equivalents decreased \$18 million to \$122.1 million. This decreased cash in July is mainly reflective of re-classing the Board approved \$14 million Capital Budget funds from Current Cash to Board Designated (see below). Total Cash and Investments are \$162 million, compared to \$167.4 million at June 30, 2004. Days cash on hand was 190.

Net Accounts Receivable increased \$5.7 million in July to \$54 million compared to June at \$48.5 million. Gross A/R days increased to 45.2 in July from approximately 40 in June. The increase in AR is partly due to below budget patient account collections and the July 1st rate increase. Patient cash collections for July were \$19.5 million compared to the budget of \$24.5 million (average monthly collections in FY 04 were \$21.5 million).

Other Current Assets, increased by \$9.1 million due to the set up of the property tax receivable for the new year. Also see Other Current Liabilities for the offsetting entry to deferred property tax revenue.

Board Designated Assets increased \$12.1 million mainly due to the re-class of board approved \$14 million Capital Budget for FY 2005 (see Current Cash above) and offset by capital asset purchases in July.

Accounts Payable increased \$1.1 million in July, due to timing of vendor payments.

Accrued Payroll decreased \$2.6 million due to the timing of the last pay period in July compared to June.

Other Current Liabilities increased \$9.3 million mainly due to the set up of deferred property tax revenue for the new year.

Income Statement:

Gross Revenue for the month of July reflects a favorable budget variance of \$3.5 million. This is composed of a \$1.3 million unfavorable volume variance and \$4.8 million favorable rate variance.

Routine revenue (inpatient room and board) was only slightly above budget by \$63 thousand. However, Palomar Medical Center reflected a favorable variance of \$860 thousand due increased volume and Pomerado Hospital reflected an unfavorable variance of \$800 thousand due decreased patient volume.

Inpatient Ancillary revenue represents \$1.9 million of the favorable variance. This variance is mainly reflected at Palomar where patient days were higher than budget. In addition, Palomar had a significant increase in trauma activity during the month which resulted in higher usage of ancillary services.

Outpatient revenue reflected a favorable budget variance of \$1.5 million. OP laboratory revenue accounted for most of this variance (\$1.2 million). The OP lab volume was up by 9% from budget.

Deductions from Revenue reflects a unfavorable variance of \$3.4 million mainly due to the favorable variance in revenue.

Deductions from Revenue, excluding Capitation revenue and Charity expense, was 64.2% of Gross Revenue for July compared to budget of 63.6%.

The Capitation monies retained by PPH are reflecting a \$94 thousand favorable variance for July.

Bad debt, charity & undocumented care write-offs reflected \$800 thousand unfavorable variance. There were two uninsured patients admitted in July for Trauma service. These two accounts accumulated over \$1 million in gross charges and the accounts were written down to expected reimbursement. Bad debt, charity and undocumented write-offs as a percent of gross revenue were 4.6% compared to the budget of 3.8%. Note: Bad debt is now reflected as a deduction from revenue (was an expense line item) to conform with a new government accounting standard.

Other Operating Revenue reflects an unfavorable budget variance of \$374 thousand. The Foundation donation variance is the largest item at \$118 thousand and Corporate Health is \$38 thousand under budget.

Salaries, Wages & Contract labor reflects a favorable variance of \$364 thousand . This favorable variance is composed of: 1) Salaries and Wages – \$587,000 (actual \$12 million), 2) Contract Labor – (\$223,000) (actual \$1 million).

Supplies Expense is reflecting an unfavorable budget variance of \$154,000. The supplies variances is mainly reflected at Palomar and PCCC in various categories.

Prof Fees & Purch Services reflected a favorable budget variance of \$216,000. These expenses are budgeted evenly throughout the year, however, such services have not yet incurred. It is anticipated that this favorable variance will be diminished throughout the year.

Other Direct Expenses reflected an unfavorable variance of \$222 thousand.

Non-Operating Income reflected a favorable variance of \$345 thousand in July. Investment income improved due to increased interest rates in July. The actual investment income yield for July 2004 was approximately 3.7%, compared to a budget of 1.4%.

Ratios

All required bond covenant ratios were achieved in July 2004.

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$149,164	\$4,630,569	\$4,630,569
Cash Marketable Securities	121,950,746	135,426,848	135,426,848
Total Cash & Cash Equivalents	122,099,910	140,057,417	140,057,417
Patent Accounts Receivable	116,645,967	101,725,460	101,725,460
Allowance on Accounts	-62,431,285	-53,246,588	-53,246,588
Net Accounts Receivable	54,214,682	48,478,872	48,478,872
Inventories	5,511,303	5,578,404	5,578,404
Prepaid Expenses	2,407,848	2,238,199	2,238,199
Other	10,350,241	1,201,686	1,201,686
Total Current Assets	194,583,984	197,554,578	197,554,578
Non-Current Assets			
Restricted Assets	12,699,216	11,853,970	11,853,970
Restricted by Donor	278,807	278,470	278,470
Board Designated	39,522,438	27,374,261	27,374,261
Total Restricted Assets	52,500,461	39,506,701	39,506,701
Property Plant & Equipment	296,724,943	296,501,967	296,501,967
Accumulated Depreciation	-205,193,658	-203,816,170	-203,816,170
Construction in Process	29,461,983	28,114,911	28,114,911
Net Property Plant & Equipment	120,993,268	120,800,708	120,800,708
Investment in Related Companies	6,349,101	6,357,605	6,357,605
Deferred Financing Costs	1,876,028	1,899,414	1,899,414
Other Non-Current Assets	181,718,858	168,564,428	168,564,428
Total Non-Current Assets	310,970,017	307,617,057	307,617,057
Total Assets	\$376,302,842	\$366,119,006	\$366,119,006

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$15,031,626	\$13,966,809	\$13,966,809
Accrued Payroll	13,099,872	15,705,168	15,705,168
Accrued PTO	9,923,787	9,997,231	9,997,231
Accrued Interest Payable	1,064,238	726,837	726,837
Current Portion of Bonds	6,015,000	6,015,000	6,015,000
Est Third Party Settlements	607,243	268,757	268,757
Other Current Liabilities	16,919,467	7,641,661	7,641,661
Total Current Liabilities	62,681,233	54,321,463	54,321,463
Long Term Liabilities			
Bonds & Contracts Payable	85,309,892	85,252,184	85,252,184
General Fund Balance			
Unrestricted	188,510,472	198,892,625	198,892,625
Restricted for Other Purpose	278,807	278,470	278,470
Board Designated	39,522,438	27,374,261	27,374,261
Total Fund Balance	228,311,717	226,545,356	226,545,356
Total Liabilities / Fund Balance	\$376,302,842	\$366,119,006	\$366,119,006

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MTD 2005
July 2004**

	Month Activity		Variance	Rate/Eff	Variance		\$/Wtg Pt Day	
	Actual	Budget			Volume	Rate/Eff	Actual	Budget
Statistics:								
Admissions - Acute	2,379	2,356	23					
Admissions - SNF	112	122	(10)					
Patient Days - Acute	9,399	9,605	(206)					
Patient Days - SNF	6,433	6,482	(49)					
LOS - Acute	3.75	3.96	(0.21)					
LOS - SNF	43.82	33.48	10.34					
Weighted Pt Days	12,550	12,748	(198)					
Revenue:								
Gross Revenue	\$ 86,546,571	\$ 83,051,824	\$ 3,494,747	F	\$ 4,784,695	\$ 6,514.89	\$ 381.25	
Deductions from Rev	(59,108,727)	(55,761,975)	(3,346,752)	U	(4,212,839)	(4,374.17)	(335.68)	
Net Patient Revenue	27,437,844	27,289,849	147,995	F	571,857	2,140.72	45.57	
Other Oper Revenue	862,642	1,236,287	(373,645)	U	(354,443)	68.74	(28.24)	
Total Net Revenue	28,300,486	28,526,136	(225,650)	U	217,414	2,237.70	17.32	
Expenses:								
Salaries, Wages & Contr Labor	12,936,374	13,300,379	364,005	F	157,426	1,043.33	12.54	
Benefits	3,056,817	3,097,443	40,626	F	(7,483)	242.97	(0.60)	
Supplies	4,712,548	4,558,274	(154,274)	U	(225,072)	357.50	(17.93)	
Prof Fees & Purch Svc	3,483,795	3,700,415	216,620	F	159,146	277.59	12.68	
Depreciation	1,377,487	1,463,016	85,529	F	62,806	109.76	5.00	
Interest	438,497	440,065	1,568	F	(5,267)	34.94	(0.42)	
Other	1,836,067	1,614,391	(221,676)	U	(246,750)	146.30	(19.66)	
PPH Allocation		(19)	(19)	U	(0)	(0.00)	(0.00)	
Total Expenses	27,841,565	28,173,964	332,379	F	(105,215)	2,210.07	(8.38)	
Net Inc Before Non-Oper Income	458,901	352,172	106,729	F	112,199	27.63	8.94	
Property Tax Revenue	753,667	791,667	(38,000)	U	(25,704)	60.05	(2.05)	
Non-Operating Income	553,793	208,524	345,269	F	(3,239)	44.13	27.77	
Net Income (Loss)	\$ 1,766,361	\$ 1,352,363	\$ 413,998	F	\$ 435,003	\$ 140.75	\$ 34.66	
Net Income Margin	5.7%	4.7%	1.0%					
OEBITDA Margin w/o Prop Tax	7.3%	7.9%	-0.6%					
OEBITDA Margin with Prop Tax	9.7%	10.7%	-1.0%					

F= Favorable variance
U= Unfavorable variance

26

PALOMAR POMERADO HEALTH BOND COVENANT RATIOS

CUSHION RATIO			
	Jun-03	Jun-04	Jul-04
Cash and Cash Equivalents	129,440,297	140,057,417	122,099,910
Board Designated Reserves	37,099,360	27,374,261	39,522,438
Trustee-held Funds	12,388,843	11,853,970	12,699,216
Total	178,928,500	179,285,648	174,321,564
Divided by:			
Max Annual Debt Service (Bond Year 2012)	10,697,594	10,697,594	10,697,594
CUSHION RATIO	16.7	16.8	16.3
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved
DAYS CASH ON HAND			
	Jun-03	Jun-04	Jul-04
Cash and Cash Equivalents	129,440,297	140,057,417	122,099,910
Board Designated Reserves	37,099,360	27,374,261	39,522,438
Total	166,539,657	167,431,678	161,622,348
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	297,904,936	310,787,066	27,841,585
Less: Depreciation	14,532,356	14,216,008	1,377,487
Bad Debt	18,219,392	-	-
Adjusted Expenses	265,153,188	296,571,058	26,464,098
Number of days in period	365	366	31
Average Adjusted Expenses per Day	726,447	810,303	853,681
DAYS CASH ON HAND	229	207	189
REQUIREMENT	90	90	90
	Achieved	Achieved	Achieved
Net Income Available for Debt Service			
	Jun-03	Jun-04	Jul-04
Excess of revenue over expenses Cur Mo.	(575,578)	2,921,263	1,766,361
Excess of revenues over expenses YTD (General Funds)	25,180,908	16,069,246	1,766,361
ADD:			
Depreciation and Amortization	14,532,356	14,216,008	1,377,487
Interest Expense	5,861,454	5,581,454	438,497
Net Income Available for Debt Service	45,574,718	35,866,708	3,582,345
Aggregate Debt Service			
1993 Insured Refunding Revenue Bonds	6,019,112	6,017,132	501,385
1999 Insured Refunding Revenue Bonds	4,357,192	4,357,728	363,283
Aggregate Debt Service	10,376,304	10,374,860	864,668
Net Income Available for Debt Service	4.39	3.46	4.14
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

**PALOMAR POMERADO HEALTH
MEDICAL DIRECTOR – DIABETES HEALTH PROGRAM**

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, August 17, 2004

MEETING DATE: Monday, September 13, 2004

FROM: Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer
Ann Moore, R.N., M.S.N., C.W.C.N., Director, Wound Care & Diabetes Health

BACKGROUND: Effective August 1, 2004, PPH transitioned to a new phase of its relationship with American Healthways by assuming direct management responsibility for the Diabetes Health program, with American Healthways serving in a consulting capacity.

This is a request to approve the Medical Director Agreement with Timothy S. Bailey, M.D. Dr. Bailey will provide Medical Director coverage and medical leadership for the PPH Diabetes Health Program. In order to retain ADA recognition for diabetes care, medical oversight is needed. The Diabetes Health Program provides needed services to inpatient and outpatient clients who suffer from diabetes.

BUDGET IMPACT: No Budget Impact.

STAFF RECOMMENDATION: Approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Finance Committee recommends approval of the one-year (August 1, 2004, through July 31, 2005) Medical Director Agreement for Timothy S. Bailey, M.D., to provide coverage for the PPH Diabetes Health Program.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Medical Director Agreement – PPH Diabetes Health Timothy S. Bailey, M.D.
	AGREEMENT DATE	
	PARTIES	1) PPH 2) Timothy S. Bailey, M.D.
Recitals E	PURPOSE	To provide Medical oversight for PPH's Diabetes Health Program.
Exhibit A	SCOPE OF SERVICES	Timothy S. Bailey, M.D., will provide Medical Director coverage and medical leadership for the PPH Diabetes Health Program. In order to receive payments, Medicare requires that PPH is ADA recognized. This Program provides needed services to inpatient and outpatient clients who suffer from diabetes.
	PROCUREMENT METHOD	<input type="checkbox"/> Request for Proposal <input checked="" type="checkbox"/> Discretionary
4.1	TERM	August 1, 2004 through July 31, 2005
	RENEWAL	N/A
4.3.1.2 4.3.1.1	TERMINATION	a. Immediately for cause b. Not less than 90 days of written notice without cause
3.1	COMPENSATION METHODOLOGY	Monthly payment on or before the 15 th of each month with supporting documentation of the prior month's time records.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO - IMPACT: None.
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	In order to remain ADA recognized for diabetes care, medical oversight is needed.
	POSITION NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO METHODOLOGY & RESPONSE: Posted in Medical Staff Offices
	ALTERNATIVES/IMPACT	Proceeding without this arrangement will cause the program to lose ADA recognition.
Exhibit A	DUTIES	<input checked="" type="checkbox"/> PROVISION FOR STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR MEDICAL STAFF EDUCATION <input checked="" type="checkbox"/> PROVISION FOR PARTICIPATION IN QUALITY IMPROVEMENT
	COMMENTS	Hourly rate based on market comparison from American Healthways.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on August 17,2004 <input checked="" type="checkbox"/> BOD

MEDICAL DIRECTOR AGREEMENT

between

**PALOMAR POMERADO HEALTH,
a local hospital district**

and

Timothy Bailey, M.D.

August 1, 2004

MEDICAL DIRECTOR AGREEMENT

THIS MEDICAL DIRECTOR AGREEMENT ("Agreement") is made and entered into effective August 1, 2004, by and between Palomar Pomerado Health, a local health care district organized pursuant to Division 23 of California Health and Safety Code ("Hospital") and Timothy Bailey, M.D. ("Medical Director").

RECITALS

A. Hospital is the owner and operator of Palomar Medical Center, a general acute care hospital located at 555 East Valley Parkway, Escondido, California and Pomerado Hospital, a general acute care hospital located at 15615 Pomerado Road, Poway, California ("Hospital").

B. Medical Director is a physician who is qualified and licensed to practice medicine in the State of California, is experienced and qualified in the specialized field of Endocrinology, and who is a member of the Medical Staff of Hospital ("Medical Staff").

D. Departments consist of facilities and equipment owned by Hospital and staffed by Hospital employees.

E. Hospital desires to retain Medical Director as an independent contractor to provide certain administrative services ("Administrative Services") in the operation of the Department and has determined that this proposed arrangement with Medical Director will enhance the Department's and Hospital's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Department's providers and users.

F. Hospital and Medical Director acknowledge and agree that this Agreement shall supercede the agreements, if any, previously entered into by the parties for the provision of Administrative Services.

G. It is the intent of both Hospital and Medical Director that the terms and conditions of this Agreement, and the manner in which services are to be performed hereunder, fulfill and comply with all applicable requirements of any applicable "safe harbor" or exception to Stark I and II including, but in no way limited to, the applicable requirements set forth in regulations promulgated by the Department of Health and Human Services, Office of Inspector General, and in the Ethics in Patient Referral Act.

A G R E E M E N T

NOW, THEREFORE, in consideration of the mutual covenants and promises set forth herein, and for such other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

1. MEDICAL DIRECTOR SERVICES

1.1 Medical Director of Department. Medical Director shall act as the medical director of the Department in accordance with the terms of this Agreement, the Medical Staff bylaws ("Medical Staff Bylaws"), and Hospital's bylaws, rules, regulations, policies, and procedures (collectively, "Hospital Bylaws"). Medical Director, at all times during the term of this Agreement, shall be duly licensed as a physician under California law, shall be board certified or eligible in Endocrinology under the rules of the American Board of Endocrinology, shall be a member in good standing of the active Medical Staff, shall comply with all applicable standards and recommendations of the Joint Commission on Accreditation of Healthcare Organizations ("JCAHO"), and shall hold all clinical privileges on the active Medical Staff of Hospital appropriate to the discharge of his or her obligations under this Agreement.

1.2 Medical Director Administrative Duties. Medical Director shall perform the Administrative Services as set forth on Exhibit A. Medical Director and Hospital shall use best efforts to meet monthly to discuss the performance of Administrative Services in the Department.

1.3 Administrative Hours. Medical Director shall commit to a minimum of four hours per month and Medical Director shall set his or her own work schedule consistent with the proper operation of the Department. In the event Medical Director seeks to provide more than four hours per month in connection with this Agreement, Medical Director shall obtain advance approval from Hospital's Chief Clinical Outreach Officer.

1.4 Use of Premises. In order to preserve Hospital's exemption from property and other taxes, pursuant to state and federal law, Hospital space must be used for Hospital purposes only, which include the provision of Administrative Services hereunder by Medical Director. Consequently, no part of the Department premises shall be used at any time by Medical Director as an office for personal use, including for the general/private practice of medicine. Medical Director shall not incur any financial obligation on behalf of Hospital without Hospital's prior written consent, which consent shall be in Hospital's sole and absolute discretion.

1.5 Private Practice. Physician shall not have any Services under this Agreement performed by outside personnel without prior approval of PPH and the Palomar Medical Staff Executive Committee. Physician shall not act as a diabetes services medical director of any other diabetes service department or program in San

Diego, or perform similar administrative services for any other hospital system in San Diego. Physician may engage in private practice and shall have the same privileges to admit patients to diabetes services programs as other Medical Staff members.

1.6 **Referral Prohibition.** Medical Director shall in no event refer or admit any patient to any hospital or other provider of health care services which has been excluded from participation in the Medicare program while acting in his capacity as Medical Director.

1.7 **Independent Contractor.**

1.7.1 In the performance of the duties and obligations of Medical Director hereunder, it is mutually understood and agreed that Medical Director is at all times acting and performing as an independent contractor, and nothing in this Agreement is intended nor shall be construed to create between Hospital and Medical Director, an employer/employee, joint venture, lease or landlord/tenant relationship. In that regard, Hospital shall neither have nor exercise any control or direction over the methods by which Medical Director performs, his or her duties, work, functions or Administrative Services or over Medical Director's best medical, professional or clinical judgment. The standards of medical practice and professional duties of Medical Director shall be determined by the Medical Staff and prevailing professional standards. In furtherance of the independent status of the parties, Medical Director shall not hold himself or herself out as an officer, agent or employee of Hospital, and shall take all reasonable steps to disavow such status or relationship in every instance where a reasonable party might assume that such a relationship exists between the parties. The sole interest and responsibility of Hospital is to assure that the Administrative Services covered by this Agreement shall be performed and rendered in a competent, efficient, and satisfactory manner.

1.7.2 In the event any governmental entity, including without limitation, the Internal Revenue Service should question or challenge the independent contractor status of Medical Director with respect to Hospital and the Administrative Services rendered hereunder, the parties hereto mutually agree that both Medical Director and Hospital shall have the right to participate in any discussion or negotiation occurring with such governmental entity, regardless of who initiated such discussions or negotiations. In the event the governmental entity concludes that an independent contractor relationship does not exist, Hospital may terminate this Agreement immediately upon written notice to Medical Director.

1.8 **Loss or Limitation.** Medical Director shall promptly notify Hospital if Medical Director is subject to any loss, sanction, suspension or material limitation of his or her license, federal Drug Enforcement Agency ("DEA") number, right to participate in the Medicare or Medi-Cal programs, malpractice insurance or Medical Staff membership or clinical privileges at Hospital or any other hospital or managed care organization.

1.9 Medical Director Warranties. Medical Director represents and warrants to Hospital that Medical Director is now and shall remain throughout the term hereof (a) duly licensed to practice medicine in the State of California; (b) a member of the active professional staff of Hospital, with clinical privileges sufficient to permit Medical Director to perform all services required of Medical Director under Section 1 hereinabove; (c) Board certified or eligible in the specialty of Endocrinology; and (d) in legitimate possession of all customary narcotics and controlled substances numbers and licenses. Medical Director further represents and warrants to Hospital that (a) Medical Director's license to practice medicine in any state has never been suspended, revoked or restricted; (b) Medical Director has never been reprimanded, sanctioned or disciplined by any licensing board or state or local medical society or specialty board; (c) Medical Director has never been excluded from participation in, or sanctioned by, any state or federal health care Department, including, but not limited to Medicare or Medicaid; and (d) Medical Director has never been denied membership or reappointment of membership on the medical staff of any hospital and no hospital medical staff membership or clinical privileges of Medical Director have ever been suspended, curtailed or revoked for a medical disciplinary cause or reason.

2. HOSPITAL OBLIGATIONS

2.1 Administrative Director. Hospital shall provide an administrative director of the Department who shall be responsible and accountable to Hospital for administrative and technical functions, including supervision, selection, assignment, and evaluation of Hospital personnel; maintenance of equipment; development of annual budget; and acquisition of materials, supplies, and equipment ("Administrative Director"). In the event of any dispute between Medical Director and Administrative Director regarding their respective administrative responsibilities, such dispute shall be submitted to Chief Clinical Outreach officer, or his or her designee, whose decision shall be final and binding upon the parties hereto.

2.2 Space and Use of Premises. Hospital shall furnish for the use of Medical Director such space and facilities as may be deemed necessary by Hospital for the proper operation and conduct of the Department. Such space and facilities may change from time to time depending upon needs as determined by Hospital in its sole discretion.

2.3 Equipment. Hospital shall furnish for the use of the Department such equipment as is deemed necessary by Hospital for the proper operation and conduct of the Department. Hospital shall keep and maintain this equipment in good order and repair and replace such equipment or any part of it, which becomes worn out. Obligations of Hospital under this Section shall be subject to the availability of funds, and to obtaining all necessary government approvals, if any.

2.4 Hospital Services and Supplies. Hospital shall provide or arrange for the provision of ordinary janitorial services, maintenance, housekeeping services, disposal of clinical waste, laundry and utilities, together with such other Hospital services, including

medical records, administrative, local and long distance telephone services, engineering services, and expendable supplies as Hospital deems necessary for the proper operation and conduct of the Department.

2.5 **Hospital Personnel.** Hospital shall provide all non-physician personnel, including nurses, technicians, and clerical personnel, that Hospital deems necessary for the proper operation and conduct of the Department. Hospital shall consult with Medical Director regarding Department personnel. With the advice and recommendation of Medical Director, Hospital shall establish and classify all non-physician positions and shall designate the persons assigned to each non-physician position. While Medical Director shall have input into non-physician employee performance reviews from a quality of care and technical standpoint, it is specifically agreed that Hospital shall retain ultimate control of the selection, scheduling, and discharge of such employees and/or any direct disciplinary measures as needed. Medical Director shall, at no time during the term of this Agreement, or for a period of one (1) year immediately following termination of this Agreement, interfere with any contractual relationship between Hospital and any of its employees.

2.6 **Hospital Performance.** The responsibilities of Hospital pursuant to Section 2 hereof shall be subject to Hospital's usual purchasing practices, budget limitations, governmental approvals, and applicable laws and regulations.

2.7 **Performance Evaluation.** Hospital's Chief Clinical Outreach Officer shall conduct an annual evaluation of the Medical Director's performance related to job duties, peer and Program satisfaction and project completion. Hospital's Chief Clinical Outreach Officer shall review the results of the evaluation with Medical Director.

3. BILLING AND COMPENSATION

3.1 **Administrative Services.** Medical Director shall, on a monthly basis on or before the fifth (5th) day of each calendar month during the entire term of this Agreement, commencing with the second (2nd) calendar month of the term of this Agreement, submit a written invoice to Hospital detailing to Hospital's satisfaction the date, time, number of hours and description of activities spent by Medical Director in performing the services required of Medical Director in Section 1 of this Agreement during the immediately preceding calendar month. Said monthly invoice shall be in addition to any time studies or work allocation agreements otherwise required of Medical Director pursuant to the terms of this Agreement.

In consideration of the Administrative Services to be provided by Medical Director to Hospital under Section 1 of this Agreement, and expressly conditioned upon Medical Director's timely submission to Hospital of the monthly invoice required pursuant to this Section 3.1, Hospital agrees to pay to Medical Director [REDACTED] [REDACTED] per hour during the term hereof, payable in monthly installments on or before the fifteenth day of each month, with respect to the preceding calendar

month, provided that in no event shall such monthly installments exceed [REDACTED], subject to additional authorized hours, and applicable billing, pursuant to Section 1.3. Medical Director, as an independent contractor, agrees to pay in a timely manner all social security and other payroll taxes relating to such compensation.

3.2 **Records.** Payment of the compensation provided herein is conditioned upon Medical Director maintaining such records and supporting documents as may, from time to time, be required to comply with the requirements of governmental agencies and third party payors, including:

3.2.1 Preparing complete and accurate time records which document separately all time spent providing Administrative Services hereunder, in a form acceptable to Hospital;

3.2.2 Executing and updating at such times and on such form(s) as requested by Hospital, a written allocation statement specifying the respective amounts of time to be spent in furnishing professional, Administrative Services, and services which do not fall into either category, in order to comply with Medicare requirements; and

3.2.3 Completing or assuring the prompt completion of all patient charts and other written records necessary to be maintained with respect to the Department, including all Administrative Services provided under this Agreement.

4. TERM AND TERMINATION

4.1 **Term.** This Agreement shall commence on August 1, 2004, and shall continue for one (1) year, unless sooner terminated as otherwise provided in this Agreement.

4.2 Either party shall have the right to terminate this Agreement immediately with cause or without cause upon not less than 90 days prior written notice to the other party; provided that, if this Agreement is terminated by either party prior to the first 12 months of the term, a same or similar agreement will not be entered into by the parties until after the first 12 months of the original term.

4.3 Termination of Agreement.

4.3.1 Notwithstanding any other provisions of this Agreement, this Agreement may be terminated upon any of the following:

4.3.1.1 Either party may terminate this Agreement, without cause or penalty, by giving no less than ninety (90) days' prior written notice to the other party.

4.3.1.2 Either party may terminate this Agreement on thirty (30) days' prior written notice to the other party if the party to whom such notice is given is in breach of any material provision of this Agreement. The party giving such notice of termination shall set forth in the notice the facts underlying its claim that the other party is in breach of this Agreement. Notwithstanding the foregoing, this Agreement shall not terminate in the event that the breaching party cures the breach, to the satisfaction of the non-breaching party, within twenty (20) days of the receipt of such notice.

4.3.2 Notwithstanding the foregoing, Hospital shall have the right to immediately terminate this Agreement, by giving written notice to Medical Director, upon the occurrence of any one (1) or more of the following events:

4.3.2.1 If Hospital determines in good faith that any aspect of the performance of Medical Director hereunder endangers patient safety;

4.3.2.2 If the insurance required of Medical Director hereunder is cancelled, decreased or not renewed for any reason;

4.3.2.3 If Medical Director fails to maintain compliance with all of the representations and warranties set forth in this Agreement; or

4.3.2.4 Upon (i) the death or permanent disability of Medical Director, (ii) the loss, restriction or suspension of his or her status as a member of the active Medical Staff, or (iii) Medical Director's conviction of a crime punishable as a felony or exclusion from participation in any state or federal health care program, including, but not limited to Medicare or Medicaid; provided however, this Agreement shall not be immediately terminated by Hospital if the parties meet and agree that the Assistant Medical Director can adequately assume the duties of Medical Director. For purposes of this Agreement, the term "permanent disability" is defined as the inability of Medical Director to serve as Medical Director for a period in excess of ninety (90) consecutive days, or ninety (90) days in the aggregate over any three (3) month period.

4.3.3 In the event the parties are unable to develop a revised Agreement in accordance with Section 6.5, Hospital may elect to terminate this Agreement upon thirty (30) days written notice to Medical Director.

4.3.4 In the event legal counsel for either party advises that this Agreement or any practices which could be, or are, employed in exercising rights under this Agreement poses a material risk of violating any of the legal requirements referenced in Sections 6.4 or 6.6 or any legal requirement related to Hospital's tax exempt status or tax exempt bond financing, the parties in good faith shall undertake to revise this Agreement to comply with such legal requirements. In the event the parties are unable to agree upon the revised terms within thirty (30) days thereafter, either party may terminate this Agreement immediately upon written notice to the other.

4.4 Effect of Termination.

4.4.1 Upon expiration or termination of this Agreement, neither party shall have any further obligation hereunder except for (i) obligations due and owing, which arose prior to the date of termination, and (ii) obligations, promises or covenants contained herein which expressly extend beyond the term of this Agreement.

4.4.2 Upon expiration or termination of this Agreement, and upon Hospital's request, Medical Director shall immediately vacate the Department premises on the effective date of the termination or expiration, removing at such time any and all of Medical Director's personal property. Hospital may remove and store, at Medical Director's expense, any personal property that Medical Director has not so removed.

4.4.3 Following the expiration or termination of this Agreement, for a period of one (1) year, Medical Director shall not do anything that might interfere with any Hospital effort to contract with any other individual or entity for the provision of services or to interfere in any way with any relationship between Hospital and physicians who may replace Medical Director.

5. INSURANCE AND INDEMNIFICATION

5.1 Medical Director Insurance. Medical Director shall maintain at Medical Director's sole expense, a policy or policies of professional liability insurance as required by this Section. Such insurance shall provide coverage for Medical Director as the named insured, and such policy shall cover any acts of Medical Director's professional negligence which may have occurred during the relevant term and said policies of insurance shall be written with limits of liability of at least the minimum coverage required from time to time by Hospital's Medical Staff Bylaws, but in any event no less than One Million Dollars (\$1,000,000) per claim/Three Million Dollars (\$3,000,000) annual aggregate for "claims made" insurance coverage. Medical Director further shall maintain "continuous coverage", as defined by this Section for the entire relevant term. The relevant term shall commence with the effective date of the first agreement between the parties regarding the matters described herein, and shall continue through the term of this Agreement, as well as any extensions or renewals hereof, and for a period thereafter of no less than three (3) years. In order to maintain continuous coverage for the entire relevant term Medical Director shall, if it changes insurers for any reason, take the necessary actions required in order to provide continuous coverage by either obtaining "tail" insurance from the preceding carriers, or "nose" insurance from the subsequent carriers. In order to satisfy the requirements of this Section, the "tail" insurance must be of either an unlimited type or of the type, which would extend the discovery period beyond the last effective day of the last contract between the parties for a period of three (3) years. In order to satisfy the requirements of this Section for "nose" insurance, the retroactive effective date for such insurance must be at least the first date of the relevant term noted above. Medical Director will provide proof of current insurance and, in the event of modification, termination, expiration, non-renewal or cancellation of any of the

aforesaid policies of insurance, Medical Director shall give Hospital and PPH written notice thereof within five (5) business days of Medical Director's receipt of such notification from any of its insurers. In the event Medical Director fails to procure, maintain or pay for said insurance as required herein, Hospital shall have the right, but not be obligated to obtain such insurance. In that event, Medical Director shall reimburse Hospital for the cost thereof and failure to repay the same upon demand by Hospital shall constitute a material breach hereunder.

6. GENERAL PROVISIONS

6.1 Confidentiality.

6.1.1 This Agreement is personal and confidential between the parties, and the parties hereto shall not release information concerning this Agreement to any person without the consent of the other party. This prohibition against release of information shall not apply to any information required to be released by contracts existing as of the date of this Agreement, or to fiscal intermediaries, public agencies or commissions with government powers and duties related to disclosure of information having the right to compel disclosure of such information, nor to any information otherwise compelled to be released by process of law, nor to any information required to be disclosed to Hospital's representatives or others in connection with Hospital's or PPH's tax exempt bonds or other financing transactions.

6.1.2 All records, files, proceedings, and related information of Medical Director, Hospital, and the Medical Staff and its committees pertaining to the evaluation and improvements of the quality of patient care at Hospital shall be kept strictly confidential by Medical Director. Medical Director shall not voluntarily disclose such confidential information, either orally or in writing, except as expressly required by law or pursuant to written authorization by Hospital. This provision shall survive the termination of this Agreement.

6.1.3 Notwithstanding any provision herein to the contrary, any and all patient records and charts produced as a result of either party's performance under this Agreement shall be and remain the property of Hospital. Both during and after the term of this Agreement, Medical Director shall be permitted to inspect and/or duplicate, at Medical Director's expense, any individual chart or record to the extent necessary to meet its professional responsibilities to such patient(s) and/or to assist in the defense of any malpractice or similar claim to which such chart or record may be pertinent, provided that such inspection or duplication is permitted and conducted in accordance with the applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. Medical Director shall be solely responsible for maintaining patient confidentiality with respect to any information obtained by him or her pursuant to this Section.

6.1.4 Medical Director acknowledges that in connection with its performance under this Agreement, Medical Director may or will have access to and the use of confidential information and trade secrets (the "Confidential Information") of Hospital related to the Department and its operations which include, but are not limited to, financial statements, internal memoranda, reports, patient lists, and other materials or records of a proprietary nature. In order to protect the Confidential Information, Medical Director agrees that he or she will not, after the date of this Agreement and for so long as any such Confidential Information remains confidential, secret or otherwise wholly or partially protectable, use such information (except in connection with the performance of duties hereunder) or divulge the Confidential Information to any third party, without first obtaining the prior written consent of the Chief Executive Officer of PPH or his or her designee.

6.2 Access to Medical Director Books and Records.

6.2.1 Medical Director shall, in connection with the subject of this Agreement, cooperate fully with Hospital, by, among other things, maintaining and making available all necessary books, documents and records, in order to assure that Hospital will be able to meet all requirements for participation and payment associated with public or private third party payment programs, including matters covered by Section 1861(v)(1)(I) of the Social Security Act, as amended.

6.2.2 For the purpose of implementing Section 1861(v)(1)(I) of the Social Security Act, and any written regulations thereto, Medical Director shall comply with the following statutory requirements governing the maintenance of documentation to verify the cost of services rendered under this Agreement:

6.2.2.1 Until the expiration of four (4) years after the furnishing of services pursuant to the Agreement, Medical Director shall make available to the Secretary of Health and Human Services and the Comptroller General of the United States, or their duly authorized representatives, upon written request of any of them, this Agreement, and all books, documents and records that are necessary to certify the nature and extent of the cost of services hereunder, and

6.2.2.2 If Medical Director carries out any of the duties of this Agreement through a subcontract with a value or cost of Ten Thousand Dollars and No/100 (\$10,000) or more over a twelve (12) month period, with a related organization, such subcontract shall contain a clause to the effect that until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract, the related organization shall make available, upon written request to the Secretary or the Comptroller General, or any of their duly authorized representatives, the subcontract, and books, documents, and records of such organization that are necessary to verify the nature and extent of such costs.

6.2.3 If Medical Director is requested to disclose books, documents or records pursuant to this Section, Medical Director shall notify Hospital of the nature and scope of such request and Medical Director shall make available, upon written request of Hospital, all such books, documents or records, during regular business hours of Medical Director.

6.2.4 This Section pertains solely to the maintenance and disclosure of specified records and shall have no effect on the right of the parties to this Agreement to make assignments or delegations.

6.3 Compliance with Laws.

6.3.1 Medical Director shall comply with the bylaws, rules, regulations, policies and standards of Hospital and its Medical Staff, as may be in effect from time to time. Medical Director shall comply with all applicable laws, rules, and regulations of all governmental authorities and accrediting agencies, having jurisdiction over Hospital, physicians, and/or this Agreement, including all hospital and professional licensure and reimbursement laws, regulations, and policies.

6.3.2 Medical Director agrees not to differentiate or discriminate in its provision of medical services to patients due to race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, or claims history, in violation of any applicable state, federal or local law, or the rules and regulations of Hospital, with respect to such matters. In this regard and not by way of limitation to any other provision hereof, Medical Director shall comply with the Age Discrimination Act of 1975 and the Americans with Disabilities Act, as amended, and all regulations issued pursuant thereto applicable to Medical Director's services under this Agreement.

6.4 Changes in Laws. In the event there are any changes in Medi-Cal, Medicare, JCAHO accreditation guidelines or requirements, federal or state tax exemption requirements, and/or substantial changes under other public or private health and/or hospital care insurance programs or policies which may have a material effect on the operations of Hospital, Hospital may elect to renegotiate this Agreement. Hospital shall indicate the basis upon which it has determined that such a material impact on its operations may result. In any case where such notice is provided, both parties shall negotiate in good faith during the thirty (30) day period thereafter in an effort to develop a revised Agreement, which, to the extent reasonably practicable, will adequately protect the interests of both parties in light of the changes which constituted the basis for the exercise of this provision.

6.5 Verification of Costs.

6.6.1 If and to the extent required by Section 1395x(v)(1) of title 42 of the United States Code, until the expiration of four (4) years after termination of this

agreement, Palomar Pomerado Health shall make available, upon written request to the Secretary of the United States Program of Health and Human Services, or upon request to the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of this agreement such books, documents and records as are necessary to certify the nature and extent of costs of services provided by Palomar Pomerado Health under this Agreement. Palomar Pomerado Health further agrees that in the event Palomar Pomerado Health carries out any of its duties under this agreement through a subcontract with a related organization with a value or cost of Ten Thousand Dollars (\$10,000) or more over a twelve month period, such subcontract shall contain a provision requiring the related organization to make available until the expiration of four (4) years after the furnishing of such services pursuant to such subcontract upon written request to the Secretary of the United States Program of Health and Human Services, or upon request to the Comptroller General of the United States General Accounting Office, or any of their duly authorized representatives, a copy of such subcontract and such books, documents and records of such organization as are necessary to verify the nature and extent of such costs.

6.6 Anti-Referral Laws.

6.6.1 Nothing in this Agreement, nor any other written or oral agreement, nor any consideration in connection with this Agreement contemplates or requires the admission or referral of any patient to Hospital. This Agreement is not intended to influence Medical Director's judgment in choosing the medical facility appropriate for the proper care and treatment of their patients.

6.6.2 Hospital and Medical Director acknowledge and agree that (i) this Agreement covers all of the services provided by Medical Director to Hospital or by Hospital to Medical Director with respect to Department, and (ii) the overall value of the services by and between Hospital and Medical Director are substantially equivalent. In the event Hospital and Medical Director enter into any other agreements pursuant to which Medical Director provides services to Hospital or Hospital provides services to Medical Director, Hospital and Medical Director shall execute and attach hereto an addendum, which cross-references any such other agreements.

6.7 Disclosure of Interests. In order to permit compliance with federal anti-referral statutes and regulations commonly known as Stark I and II (42 U.S.C. Section 1395nn), as those statutes and regulations may be amended from time to time, Medical Director agrees to provide to Hospital upon execution of this Agreement with information sufficient to disclose any ownership, investment or compensation interest or arrangement of Medical Director or any of Medical Director's immediate family members, in any entity providing "designated health services", as that term is defined in applicable statutes and regulations. In addition Medical Director shall immediately inform Hospital of any other arrangements that may present a conflict of interest or materially interfere with Medical Director's performance of its duties under this Agreement. Hospital may

exercise its right to terminate this Agreement under Section 4.2.2 above if Medical Director pursues or engages in conduct that does constitute a conflict of interest or that materially interferes with (or is reasonably anticipated to interfere with) Medical Director's performance under this Agreement.

6.8 Dispute Resolution.

6.8.1 In the event of any dispute or disagreement between the parties with respect to this Agreement, either party may request in writing for a special meeting for the resolution of the dispute (the "Special Meeting"). The Special Meeting shall be held at a mutually agreeable location within ten (10) days of a written request for the meeting, which request shall specify the nature of the dispute to be resolved. The Special Meeting shall be attended by representatives of Hospital and Medical Director (who may or may not be accompanied by legal counsel, in their respective discretion), who shall attempt in good faith to resolve the dispute and shall have reasonable authority to do so.

6.8.2 If a dispute has not been resolved through the Special Meeting process described in Section 6.9.1 above, the arbitration process shall be utilized and either party may commence arbitration by giving a written notice to the other party demanding arbitration. There shall be one (1) impartial third party arbitrator. If the parties are unable to agree upon a mutually acceptable arbitrator within thirty (30) days after the demand for arbitration is given, then the parties stipulate to the arbitration before a single impartial third party arbitrator who is a retired judge on the San Diego panel of JAMS/Endispute, Inc. and who is selected by the then serving chief administrative officer of JAMS/Endispute, Inc. The substantive internal law (and not the conflict of laws) of the State of California shall be applied by the arbitrator to the resolution of the dispute. The parties shall have the rights of discovery as provided for in Part 4 of the California Civil Code Procedure and the provisions of Section 1283.05 of the California Code of Civil Procedure are hereby incorporated by reference into this Agreement pursuant to the provisions of Section 1283.1(b) of the California Code of Civil Procedure.

6.8.3 The arbitration shall take place in the County of San Diego State of California, unless the parties otherwise agree in writing. All decisions of the arbitrator shall be final, binding, and conclusive on all parties subject to appeal or being set aside only on the grounds set forth in the California Code of Civil Procedure, and, except as otherwise set forth in Section 6.9.4 below, shall be the only method of resolving disputes or matters subject to arbitration pursuant to this Agreement.

6.8.4 Notwithstanding the contrary provisions of this Section 6.9, each of the parties hereto shall have the right to apply for and obtain a temporary restraining order or other temporary, interim or permanent injunctive or equitable relief from a court of competent jurisdiction in order to enforce the provisions of any part of this Agreement as may be necessary to protect its rights under those Sections.

6.9 **Assignment and Delegation.** Neither this Agreement nor any of the rights or duties under this Agreement may be assigned or delegated by Medical Director without the prior written consent of Hospital in its sole discretion, except as expressly authorized in this Agreement. Any attempted or purported assignment by Medical Director in violation of this provision shall be void. Hospital, in the exercise of its sole and absolute discretion, shall have the right at any time to assign, delegate or in any manner transfer all or any portion of its interests, obligations or duties under this Agreement to any person, group or entity without the consent of Medical Director.

6.10 **Binding on Successors in Interest.** The provisions of this Agreement and obligations arising hereunder shall extend to and be binding upon and inure to the benefit of the assigns and successors of each of the parties hereto.

6.11 **Notice.** Any notice required to be given hereunder shall be in writing and delivered personally or by overnight delivery or sent by registered or certified mail, return receipt requested, at the applicable addresses listed below, or at such other addresses as a party may hereafter designate to the other:

If to PPH and/or Hospital: Palomar Pomerado Health
15255 Innovation Drive, Suite 204
San Diego, CA 92128
Attention: Administrator/Chief Operating
Officer, Palomar Pomerado Health

If to Medical Director:

All notices shall be deemed give on the date of delivery if delivered personally or by overnight delivery, or three (3) business days after such notice is deposited in the United States mail, addressed and sent as provided above.

6.12 **Governing Law.** The validity, interpretation, and performance of this Agreement shall be governed by and construed in accordance with the laws of the State of California and the United States.

6.13 **Severability.** The provisions of this Agreement shall be deemed severable and if any portion shall be held invalid, illegal or unenforceable for any reason, the remainder of this Agreement shall be effective and binding upon the parties.

6.14 **Compliance with Hospital Standards.** Medical Director shall comply with Hospital's corporate compliance programs, including but not limited to the Performance Improvement Plan, Provision of Patient Care Plan, Safety Plan, Infection Surveillance Plan, Confidentiality Policy and Management of Information Plan. Medical

Director shall cooperate with Hospital corporate compliance audits, reviews, and investigations, which relate to Medical Director and/or any of the services provided by Medical Director under this Agreement. Subject to request by Hospital, such cooperation shall include without limitation the provision of any and all Medical Director documents and/or information related to Medical Director activities including the provision of Administrative Services under this Agreement. In addition, as requested by Hospital, Medical Director shall participate in corporate compliance-related seminars and educational programs sponsored by Hospital as part of Hospital's corporate compliance program. Medical Director shall ensure that all personnel retained by Medical Director either directly or indirectly to provide services under this Agreement have not been subject, or are currently not subject, to sanction or exclusion from participation under any federal or state health care program. Any such personnel retained by Medical Director who become so sanctioned or excluded during the term of this Agreement shall be immediately removed by Medical Director and shall be thereafter excluded from the provision of services under this Agreement.

6.15 **Captions.** Any captions to or headings of the articles, sections, subsections, paragraphs or subparagraphs of this Agreement are solely for the convenience of the parties, are not part of this Agreement, and shall not be used for interpretation or determination of the validity of this Agreement or any provision hereof.

6.16 **Entire Agreement; Amendment.** The making, execution, and delivery of this Agreement by the parties has not been induced by any representations, statements, warranties or agreements other than those herein expressed. This Agreement embodies the entire understanding of the parties, and there are no further or other agreements or understandings, written or oral, in effect between the parties hereto relating to the subject matter hereof, unless expressly referred to by reference herein. This Agreement supersedes and terminates any previous oral or written agreements between the parties hereto with respect to the subject matter of this Agreement, and any such prior agreement is null and void. This Agreement may be amended or modified only by an instrument in writing signed by both parties to this Agreement.

6.17 **Waiver of Provisions.** Any waiver of any terms, covenants and/or conditions hereof must be in writing, and signed by the parties hereto. A waiver of any of the terms, covenants and/or conditions hereof shall not be construed as a waiver of any other terms, covenants and/or conditions hereof, nor shall any waiver constitute a continuing waiver.

6.18 **Attorneys' Fees.** In the event that any action, including mediation or arbitration, is brought by either party hereto to enforce or interpret the terms of this Agreement, the prevailing party in such action shall be entitled to its costs and reasonable attorneys' fees and costs (including allocated costs of in-house counsel) incurred therein from the nonprevailing party, in addition to such other relief as the court or arbitrator may deem appropriate.

6.19 **Force Majeure**. Neither party shall be liable nor deemed to be in default for any delay, interruption or failure in performance under this Agreement deemed resulting, directly or indirectly, from Acts of God, civil or military authority, war, accidents, fires explosions, earthquakes, floods, failure of transportation, machinery or supplies, vandalism, riots, civil disturbances, strike or other work interruptions by either party's employees, or any similar or dissimilar cause beyond the reasonable control of either party. However, both parties shall make good faith efforts to perform under this Agreement in the event of any such circumstances. In the event Hospital determines that Hospital facilities have been entirely or substantially destroyed by any of the above, this Agreement may be terminated by either party upon ten (10) days written notice to the other.

6.20 **Gender And Number**. Whenever the context hereof requires, the gender of all words shall include the masculine, feminine, and neuter, and the number of all words shall include the singular and plural.

6.21 **Counterparts**. This Agreement may be executed in any number of counterparts, each of which shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument.

6.22 **Tax Exempt Financing**. In the event PPH or Hospital decides to seek tax exempt financing, Medical Director agrees to amend this Agreement as may be necessary in order for Hospital to obtain such financing. Immediately upon request for Hospital, Medical Director shall execute any and all such amendments presented by Hospital and shall return promptly said fully executed original amendments to Hospital.

6.23 **Non-Discrimination**. Each of the parties hereto represents and warrants that it is and at all times during the term of this Agreement will be in full compliance with Section 504 of the Rehabilitation Act of 1973 and Titles VI and VII of the 1964 Civil Rights Act, as amended and all regulations issued pursuant thereto.

6.24 **Incorporation of Exhibits**. All schedules, exhibits, and recitals referred to in this Agreement are an integral part of this Agreement and are incorporated in full in this Agreement by this reference.

This Medical Director Agreement is executed at Escondido, California as of the date set forth above.

PALOMAR POMERADO HEALTH
("PPH")

By: _____

Its _____

("Medical Director")

TS

**EXHIBIT A
ADMINISTRATIVE SERVICES**

**PALOMAR POMERADO HEALTH
DIABETES HEALTH SERVICES
JOB DESCRIPTION**

POSITION TITLE: Medical Director Diabetes Health Services

Qualifications:

A physician member of the active medical staff at Palomar Medical Center and Pomerado Hospital, who has special interest and specific knowledge in the assessment, diagnosis and treatment of patients with endocrine problems, shall provide medical direction for the inpatient and outpatient Diabetes Health Services. The Medical Director shall be qualified as a board-certified Endocrinologist by the American Board of Endocrinology and be in good standing with that organization.

General Responsibilities:

- A. The Medical Director for the Inpatient and Outpatient Diabetes Health Services shall provide for overall medical direction of the Department and insure that professional standards of care and ethical practice are adhered in all situations of patient care.

In general Medical Director shall:

- (a) Provide overall clinical direction for the Program.
- (b) Participating in and supervising quality measurement activities conducted for the Program.
- (c) Advising individuals regarding the Program services.
- (d) Supporting PPH in working with third-party payers to provide or expand coverage for all components and services of the Program.
- (e) Assisting in developing Program policies, protocols, and procedures, and guidelines.

- (f) Monitoring implementation and execution of medical policies, procedures, protocols, and guidelines pertaining to the Program.
- (g) Conducting professional continuing educational sessions consistent with the needs of the Program, the hospital's medical staff, and hospital personnel.
- (h) Conducting community seminars regarding the Program services.
- (i) Acting as the chief medical liaison for the Program to the Hospital administration, medical staff and the community.
- (j) Participating in the evaluation of the performance of the Program against its goals and objectives.
- (k) Attending PPH regional/national meetings as appropriate.
- (l) Meeting with Regional Director of Operations and/or other PPH personnel on a periodic basis.
- (m) Communicating input regarding the Program's services from the medical staff, administration, patients and the medical community to the Program Director of the Program.
- (n) Participating in the PPH budgeting process as requested.

In the event Medical Director seeks to provide more than four hours per month in connection with this Agreement, Medical Director shall obtain advance approval from Hospital's Chief Clinical Outreach Officer.

**PALOMAR MEDICAL CENTER
RADIOLOGY DEPARTMENT
PROFESSIONAL AND MEDICAL DIRECTOR SERVICES AGREEMENT
RADIATION ONCOLOGY SERVICES**

TO: Board of Directors
FROM: Board Finance Committee
Tuesday, August 17, 2004
MEETING DATE: Monday, September 13, 2004
BY: Gerald E. Bracht
Administrative Officer

BACKGROUND: X-Ray Medical Group Radiation Oncology, Inc. (XRO) provides exclusive radiation oncology professional and medical director services to Palomar Medical Center. XRO has provided services to PPH for a number of years and has been responsive to the medical staff and health district in meeting their clinical needs and those of patients. The physicians of XRO are well trained, bringing expertise to PPH in both traditional and contemporary methods of oncological treatment, including the use of IMRT.

The agreement calls for professional services provided by XRO to be billed and collected by XRO as complete compensation for their services. No additional compensation is provided by PPH.

Both the medical director and the group in general have been supportive of operational efforts to maintain staff competency through training, involvement in the operating and capital budgeting process, and assisting administration in the expansion of services and growth of business.

This agreement represents a renewal of the exclusive agreement for an additional three-year term.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Finance Committee recommends approval of the three-year (July 1, 2004, through June 30, 2007) Professional and Medical Director Services Agreement with X-Ray Medical Group Radiation Oncology, Inc., to provide coverage for Radiation Oncology Services.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Professional and Medical Director Services Agreement Radiation Oncology
	AGREEMENT DATE	July 1, 2004
	PARTIES	X-Ray Medical Group Radiation Oncology, Inc. and PPH
Recitals D	PURPOSE	To provide professional radiation oncology services and certain administrative services at Palomar Medical Center for the entire district.
1.3, 1.4, Exhibit 1.3	SCOPE OF SERVICES	Professional medical coverage available on call 24 hours per day 7 days per week including holidays and department staffed Monday through Friday, 8:30 a.m. to 4:30 p.m.
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
7.1	TERM	July 1, 2004 through June 30, 2007 (three years)
	RENEWAL	None
7.4 7.2	TERMINATION	a. Without cause with 90 days written notice by either party following the first 12 months of the agreement. b. Immediately for cause with written notice.
4.4	COMPENSATION METHODOLOGY	N/A
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
1.14	EXCLUSIVITY	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: Hospital based physician for Radiology Department services.
	JUSTIFICATION	Required for the continued operation of the radiation oncology department.
	POSITION NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO Methodology & Response: Medical staff was solicited for comment regarding the provision of services. One response was received and the physician interviewed.
	ALTERNATIVES/IMPACT	N/A
Exhibit 1.5(a)	Duties	All included <input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement
	COMMENTS	This is a complete replacement of the previous agreement in order to conform to legal counsel template for professional and medical director services. Legal review was completed.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on August 17, 2004 <input checked="" type="checkbox"/> BOD

**RADIOLOGY DEPARTMENT
PROFESSIONAL AND MEDICAL DIRECTOR SERVICES AGREEMENT**

RADIATION ONCOLOGY SERVICES

by and between

PALOMAR POMERADO HEALTH ("Hospital")

a local health care district

and

X-RAY MEDICAL GROUP RADIATION ONCOLOGY, INC. ("Group")

July 1, 2004

RADIOLOGY DEPARTMENT

PROFESSIONAL AND MEDICAL DIRECTOR SERVICES AGREEMENT

THIS PROFESSIONAL AND MEDICAL DIRECTOR SERVICES AGREEMENT (this "Agreement") is made and entered into as of July 1, 2004, by and between PALOMAR POMERADO HEALTH, a local health care district organized pursuant to Division 23 of California Health and Safety Code ("Hospital"), and X-Ray MEDICAL GROUP RADIATION ONCOLOGY, INC., a California professional corporation ("Group"). Hospital and Group are sometimes referred to herein as a "Party" or, collectively, as the "Parties."

RECITALS

A. Hospital owns and operates Palomar Medical Center, a general acute care hospital located at 555 East Valley Parkway, Escondido, California, in which it operates a radiation oncology department (the "Hospital Department") that provides radiation oncology services in order to serve its patients. Hospital Department consists of facilities and equipment owned by Hospital and staffed by Hospital employees.

B. Group employs and contracts with physicians who are duly licensed and qualified to practice medicine in the State of California, and experienced in the specialized field of radiation oncology (the "Specialty") and are members of the medical staff of Hospital (the "Medical Staff").

C. Hospital desires to retain Group on an exclusive basis to provide professional services and certain administrative services related to the development and operation of the Department, through qualified physician employees and independent contractors of Group (collectively, the "Group Practitioners" and each, a "Group Practitioner").

D. Hospital has determined that an exclusive arrangement with Group for the provision of such services will:

1. Facilitate the administration of the Department, the supervision and training of Department personnel, the interrelationship between the Department and the rest of Hospital, and the efficient operation of other Hospital departments and services.
2. Ensure that Specialty professional services are available seven (7) days per week, twenty-four (24) hours per day to the Department and other departments of Hospital and that coverage of such departments is provided at night and on weekends, thereby reducing unnecessary delays in providing such services to Hospital patients.
3. Reduce disruptions in Hospital operations and relations between Hospital administration and Hospital's medical staff and among members of the Medical Staff.

4. Promote participation in Hospital's educational programs.
5. Reduce inefficiencies resulting from having multiple practitioners and groups providing Specialty professional services in the Department.

AGREEMENT

THE PARTIES AGREE AS FOLLOWS:

ARTICLE I. GROUP'S OBLIGATIONS

1.1 Professional Services. Group shall provide the radiation oncology services described in Exhibit 1.1 (the "Radiation Oncology Services") to patients of the Department, upon the terms and subject to the conditions set forth in this Agreement.

1.2 Group Practitioners.

(a) Group shall ensure that Radiation Oncology Services are performed only by Group Practitioners who have been approved and accepted by Hospital, and have not been removed pursuant to Section 7.8 or 7.9 of this Agreement. Prior to providing any services under this Agreement, each Group Practitioner shall execute, and Group shall deliver to Hospital, a letter acknowledging such Group Practitioner's agreement to be bound by the terms of this Agreement, which letter shall be in the form attached as Exhibit 1.2(a).

(b) Group has initially engaged those Group Practitioners listed on Exhibit 1.2(b) to provide Radiation Oncology Services, which Group Practitioners are hereby approved and accepted by Hospital. Group may from time to time engage additional Group Practitioners to furnish Radiation Oncology Services under this Agreement; provided, however, that each additional Group Practitioner satisfies the professional standards and qualifications set forth in Article II of this Agreement and is approved by Hospital in writing prior to furnishing Radiation Oncology Services. Hospital shall have the right to withhold its approval of any Group Practitioner in its sole discretion and without the need for compliance with any provision set forth in the bylaws, rules, regulations, protocols, guidelines and policies of Hospital and the Medical Staff (collectively, the "Hospital Rules") or with any other term of this Agreement, except to the extent Hospital reasonably determines that such withholding of approval is reportable to the Medical Board of California pursuant to the reporting requirements of the State of California (the "Reporting Requirements").

(c) Group shall ensure that any and all Group Practitioners furnishing Radiation Oncology Services continuously satisfy the professional standards and qualifications set forth in Article II of this Agreement.

(d) Group shall ensure that all Radiation Oncology Services are performed on Hospital premises.

1.3 Department Staffing.

(a) Group shall ensure that a sufficient number of qualified Group Practitioners are physically present and available to provide Radiation Oncology Services in Hospital Department during the normal business hours of 8:30 a.m. to 4:30 p.m., Monday through Friday (excluding the normal lunch hour or lunch breaks), as modified by mutual agreement of the Parties from time to time. Group shall also provide Saturday, Sunday, and holiday coverage on an as-needed basis, as determined by Hospital after consultation with Group.

(b) Group shall ensure staffing of the Department by qualified Group Practitioners at the minimum staffing level of one (1) full time equivalent physician, and in accordance with the staffing patterns set forth in Exhibit 1.3). Group shall adjust such staffing levels and/or staffing patterns, as requested by Hospital from time to time, after consultation with Group, to be reasonably necessary and appropriate for the provision of the Radiation Oncology Services and the operation of the Department. Group shall provide vacation coverage and coverage in case of illness or unavailability of a scheduled Group Practitioner, to ensure staffing at the levels described in this Section 1.3.

(c) No fewer than thirty (30) days prior to the beginning of each month during the term of this Agreement, Group shall provide the Department Administrator (as defined in Section 1.5(a)) with the monthly staffing schedule for the Department, along with the name, contact information and scheduled hours for each assigned Group Practitioner, and such other information as reasonably requested by Hospital from time to time.

(d) Group shall ensure that one (1) or more qualified Group Practitioners are available at reasonable times to consult with individual members of the Medical Staff, committees of the Medical Staff, and nursing and administrative employees of Hospital, regarding Radiation Oncology Services.

1.4 Department Coverage.

(a) Group shall ensure that, in addition to the Department staffing described in Section 1.3, one (1) or more Group Practitioners are available to provide Radiation Oncology Services in the Department on an on-call basis, twenty-four (24) hours per day, seven (7) days per week, including all holidays, with a maximum on-site response time of thirty (30) minutes.

(b) Group shall, no later than thirty (30) days prior to the beginning of each month during the term of this Agreement, provide the Department Administrator (as defined in Section 1.5(e)) with the on-call schedule for such month, along with the names, contact information and scheduled hours of coverage for each assigned Group Practitioner, and such other information as reasonably requested by Hospital from time to time. Any Group Practitioner on-call to Hospital shall not simultaneously be on-call to any other hospital or health care facility.

1.5 Medical Director Services.

(a) Group shall provide and cause Lori Coleman, M.D., a Group Practitioner ("Medical Director"), to serve as medical director of the Department. Medical Director shall perform the duties set forth on Exhibit 1.5(a) (the "Director Services") and shall perform all Director Services in accordance with the Hospital Rules and upon the terms and subject to the conditions set forth in this Agreement.

(b) On or before the first (1st) day of each month, Medical Director shall inform Hospital of Medical Director's schedule and availability to perform Director Services during that month. Medical Director shall use his or her best efforts to adjust such schedule of availability if reasonably requested by Hospital in order to meet Hospital's needs for Director Services.

(c) Hospital has designated an individual with principal administrative responsibility for the Department (the "Department Administrator"). The Department Administrator is responsible and accountable to Hospital for the administrative and technical functions of the Department, including: supervision, selection, assignment, and evaluation of personnel; maintenance of equipment; development of all Department budgets; and acquisition of materials, supplies, and equipment. Group and Medical Director shall cooperate with the Department Administrator in administering the Department.

(d) Medical Director shall be solely responsible for performing the Director Services. If for any reason Medical Director: (i) fails to satisfy any of the professional standards and qualifications set forth in Article II of this Agreement; (ii) is no longer a Group Practitioner; (iii) is removed from service in accordance with Sections 7.8 or 7.9; (iv) is unable to provide the Director Services due to illness, disability, vacation or any other absence; (v) is otherwise unable to perform the Director Services; or (vi) is removed from the position of Department medical director at the written request of Hospital, then Group shall designate a replacement Group Practitioner to provide Director Services on behalf of Medical Director, subject to the prior written approval of Hospital, which approval shall not be unreasonably withheld or delayed. In addition, Group shall designate one (1) additional Group Practitioner, subject to the Hospital's prior written approval, who shall serve as the Assistant Medical Director of the Department and who shall perform the duties of the Medical Director during the temporary absences of the Medical Director such as vacation, and attendance at continuing education conferences and seminars. Group shall ensure that any designated replacement meets all qualifications and satisfies all obligations of Medical Director under this Agreement. Group shall be solely responsible for compensating any designated replacement providing Director Services pursuant to this Agreement.

1.6 Personal Services. This Agreement is entered into by Hospital in reliance on the professional and administrative skills of Group and the approved Group Practitioners. Group shall be solely responsible for providing the Services and otherwise fulfilling the terms of this Agreement through the services of the approved Group Practitioners, except as specifically set forth in this Agreement.

1.7 Coordination with Attending Physicians. Group shall ensure that each Group Practitioner promptly reports the provision of Radiation Oncology Services to a Department patient to such patient's attending physician and any other Medical Staff physician engaged in specialty consultation or treatment for such patient.

1.8 Medical Records and Claims.

(a) Group shall prepare complete, timely, accurate and legible medical and other records with respect to the services and treatment furnished by Group Practitioners to any Hospital patient, in accordance with the Hospital Rules, federal and state laws and regulations, and Joint Commission on Accreditation of Healthcare Organizations ("JCAHO") standards and recommendations. All such information and records relating to any Hospital patient shall be: (i) prepared on forms developed, provided or approved by Hospital; (ii) the sole property of Hospital; and (iii) maintained at Hospital in accordance with the terms of this Agreement and for so long as is required by applicable laws and regulations.

(b) Group shall maintain and upon request provide to patients, Hospital, and to state and federal agencies, all financial books and records and medical records and charts as may be necessary for Group and/or Hospital to comply with applicable state, federal, and local laws and regulations and with contracts between Hospital and third party payors. Group shall cooperate with Hospital in completing such claim forms for Department patients as may be required by insurance carriers, health care service plans, governmental agencies, or other third party payors. Group shall retain all such records and information for at least ten (10) years following the expiration or termination of this Agreement. This Section 1.9(b) shall survive the expiration or termination of this Agreement.

1.9 Records Available to Group. Both during and after the term of this Agreement, Hospital shall permit Group and its agents to inspect and/or duplicate, at Group's sole cost and expense, any medical chart and record to the extent necessary to meet Group's professional responsibilities to patients, to assist in the defense of any malpractice or similar claim to which such chart or record may be pertinent, and/or to fulfill requirements pursuant to provider contracts to provide patient information; provided, however, such inspection or duplication is permitted and conducted in accordance with applicable legal requirements and pursuant to commonly accepted standards of patient confidentiality. Group shall be solely responsible for maintaining patient confidentiality with respect to any information which it obtains pursuant to this Section.

1.10 Use of Space. Neither Group nor any Group Practitioner shall use any part of the space that Hospital designates for the Department as an office for the private practice of medicine, except in an emergency or with Hospital's prior written consent. Nothing in this section is intended to limit the Group's use of space for purposes of fulfilling the obligations of the Group under this Agreement.

1.11 Locum Tenens. Group shall, at its own expense, provide all *locum tenens* necessary for Group to fulfill its duties and obligations under this Agreement. Group shall ensure that all *locum tenens* shall, prior to commencement of Services at Hospital, satisfy all

requirements for credentialing pursuant to the Medical Staff bylaws and be approved by Hospital.

1.12 New Technology. Group shall ensure that Group Practitioners adopt and use any information management systems or other new technology as may be made available by Hospital and determined by Hospital to be reasonably necessary and appropriate for the proper operation of the Department and/or Hospital.

1.13 Competitive Services. In order to facilitate the development of an effective Hospital Department, the parties recognize the need of Group, and in particular Medical Director, to devote a significant portion of its energies and efforts to Hospital Department development activities. Therefore, during the term of this Agreement, Group, including Medical Director and all of its other Group Practitioners, shall refrain from assuming the medical direction of or establishing, performing any management or administrative services for, consulting with, investing in or otherwise assigning in the management, administrative or operational functions of any radiation oncology program which is located within Hospital's district as identified on the map attached hereto as Exhibit 1.13, without the prior written consent of the Hospital in its sole direction.

1.14 Exclusive Services. During the term of this Agreement, Hospital shall not, except as otherwise set forth in Exhibit 1.14, without the prior written consent of Group, employ, contract with, or otherwise engage the services of any other physician, allied health professional, corporation, limited liability corporation, partnership, limited partnership, limited liability partnership or other person or entity to provide Radiation Oncology Services in the Department.

1.15 Notification of Certain Events. Group shall notify Hospital in writing within three (3) business days after Group or any Group Practitioner becomes aware of any of the following:

(a) Group or any Group Practitioner becomes the subject of, or materially involved in, any investigation, proceeding, or disciplinary action by any Federal Health Care Program (as defined in Section 2.5), any state's medical board, any agency responsible for professional licensing, standards or behavior, or any medical staff;

(b) Group or any Group Practitioner becomes the subject of any action or proceeding arising out of the provision of Services or any other professional services;

(c) any event that materially interrupts or affects Group's, Group Practitioners' or Medical Director's ability to provide any Services;

(d) any termination, non-renewal, cancellation or reduction in coverage of any insurance policy required under Article V; or

(e) any event listed in Section 7.2.

ARTICLE II.
PROFESSIONAL STANDARDS AND QUALIFICATIONS

2.1 Licensure. Group shall ensure that each Group Practitioner performing Radiation Oncology Services is duly licensed and qualified to practice medicine in the State of California.

2.2 DEA Registration. Group shall ensure that each Group Practitioner performing Radiation Oncology Services has and maintains a valid United States Drug Enforcement Agency (“DEA”) registration.

2.3 Certification. Group shall ensure that each Group Practitioner providing Radiation Oncology Services is board certified in the Specialty of Radiation Oncology by the American Board of Radiology (the “Board”). If a Group Practitioner is not board certified in the Specialty by the Board as of the date such Group Practitioner begins providing Radiation Oncology Services in the Department, such Group Practitioner shall have a reasonable amount of time to obtain such board certification; provided, however, that such Group Practitioner diligently pursues such board certification and exercises his or her best efforts to complete this process and become board certified by the Board at the earliest date reasonably possible, in accordance with Hospital Medical Staff bylaws.

2.4 Medical Staff Membership. Group shall ensure that each Group Practitioner providing Radiation Oncology Services on a regular basis or on-call basis is a member in good standing in the “active staff” or “courtesy staff” category respectively of the Medical Staff, and maintains all clinical privileges necessary to practice medicine in the Specialty at Hospital. If a Group Practitioner is not a member in good standing in the “active staff” or “courtesy staff” category of the Medical Staff, or has not obtained all clinical privileges necessary to practice medicine in the Specialty at Hospital, as of the date such Group Practitioner begins providing Radiation Oncology Services in the Department, such Group Practitioner shall have a reasonable amount of time to obtain such membership and/or clinical privileges; provided, however, that such Group Practitioner diligently pursues such membership and/or clinical privileges and exercises his or her best efforts to complete this process in accordance with the normal procedures set forth in the Hospital Rules. Any Group Practitioner may also obtain and maintain medical staff membership and clinical privileges at any other hospital or health care facility. Group shall ensure that each Group Practitioner actively participates in the Medical Staff department or section encompassing the Specialty and on all Medical Staff committees to which such Group Practitioner may be appointed by the Medical Staff from time to time, as required by the respective medical staff category.

2.5 Participation in Governmental Programs. Group and each Group Practitioner providing Radiation Oncology Services shall: be a participating provider in the Federal health care programs, as defined at 42 U.S.C. § 1320(a)-7b(f) (“Federal Health Care Programs”), which programs include, but are not limited to, Medicare and Medicaid; accept and perform Services for Federal Health Care Program patients at a level that is commensurate with the community need as determined by Hospital; and participate in any Medicare and/or Medicaid managed care efforts and programs of Hospital, as reasonably requested by Hospital from time to time.

2.6 Continuing Education. Group shall ensure that each Group Practitioner providing Services participates in continuing medical education, as necessary to maintain his or her licensure, professional competence and skills, commensurate with the standards of the medical community and the America Board of Radiology.

2.7 Performance Standards. Group shall comply, and shall ensure that each Group Practitioner providing Services complies, with the Hospital Rules, the performance standards set forth in Exhibit 2.7 (the "Performance Standards") and the terms and conditions of this Agreement.

2.8 Disruptive Conduct Policy & Procedure. Group hereby acknowledges receipt of Hospital's Disruptive Conduct Policy & Procedure, attached to this Agreement as Exhibit 2.8 (the "Code"). With respect to their business dealings with Hospital and their performance of duties under this Agreement, Group and the Group Practitioners shall not act, or fail to act, in any manner which conflicts with or violates the Code, and shall not cause another person to act, or fail to act, in any manner which conflicts with or violates the Code. Group and the Group Practitioners shall comply with the Code as it relates to their business relationships with Hospital or any Affiliates (as defined in Section 7.5(d)), subsidiaries, employees, agents, servants, officers, directors, contractors and suppliers of every kind.

2.9 Quality Assurance and Peer Review. Group shall, as reasonably requested by Hospital, assist Hospital in establishing policies, procedures and committees for utilization management, quality assurance and peer review applicable to the Radiation Oncology Services provided by Group Practitioners. Group shall comply and cooperate with, and shall ensure that Group Practitioners comply and cooperate with, Hospital's utilization management, quality assurance, risk management, peer review and credentialing committees, programs and procedures as amended from time to time by Hospital, as such programs, procedures, and policies are made know to Group in writing.

2.10 Representation and Warranties by Group. Group represents and warrants that, except as set forth in Exhibit 2.10: (i) no Group Practitioner's license to practice medicine in any state has ever been suspended, revoked or restricted; (ii) neither Group nor any Group Practitioner has ever been reprimanded, sanctioned or disciplined by any licensing board or medical specialty board; (iii) neither Group nor any Group Practitioner has ever been debarred, excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program; (iv) no Group Practitioner has ever been denied membership and/or reappointment to the medical staff of any hospital or health care facility; and (v) no Group Practitioner's medical staff membership or clinical privileges at any hospital have ever been suspended, limited or revoked for a medical disciplinary cause or reason.

2.11 Confidentiality of Committee Records. The Parties agree that the records and proceedings of the committees referred to in this Article are subject to the immunities and privileges required by the laws of the State of California. The Parties shall conduct all of their activities with respect to this Agreement, and specifically with respect to the proceedings and records of the committees referred to in this Article, to affirm and ensure the applicability of such laws to their activities.

ARTICLE III.
HOSPITAL'S OBLIGATIONS

3.1 Staff. Hospital shall, at its own expense, provide the services of licensed registered nurses, technologists, and other non-physician technicians and assistants necessary for the cost-efficient operation of the Department. Hospital shall, after consultation with Group, have sole discretion with regard to selection and retention of these personnel and to determine levels of staffing. Control and direction of these personnel for medical matters shall rest with Group. Salaries and personnel policies for persons within personnel classifications used in the Department shall be uniform with other Hospital personnel in the same classification insofar as may be consistent with the recognized hazards of the work.

3.2 Support Services. Hospital shall, at its own expense, provide to the Department services such as heat, water, electricity, telephone, laundry, housekeeping, and other support services.

3.3 Space. Hospital shall make available for the use of Group the space that is now or may hereafter be occupied by the Department.

3.4 Equipment and Supplies. Hospital shall, at its own expense, provide all expendable and non-expendable equipment, drugs, supplies, furniture and fixtures for the use of Group as are necessary for the cost-efficient operation of the Department. This equipment shall meet all electrical, engineering, and other safety standards required by law and/or relevant Hospital policies. Hospital shall, at its own expense, keep and maintain this equipment in good order and repair and replace this equipment or any part of it which becomes worn out or is mutually determined to be obsolete.

3.5 Transcription Services. Hospital shall, at its own expense, provide medical dictation equipment and transcription services for Group as necessary in the care of patients.

3.6 Budget Restraints. The obligations of Hospital under this Article III shall be subject to Hospital regulatory and budget restraints.

ARTICLE IV.
BILLING AND COMPENSATION

4.1 Professional Services Billing and Collection.

(a) **Professional Services Fee Schedule.** Group shall have discretion in establishing its professional fees for Radiation Oncology Services furnished pursuant to this Agreement; provided, however, that all professional fees shall be competitive with customary local fees for comparable professional services and shall be billed in accordance with a uniform schedule of Group's fees for Radiation Oncology Services provided under this Agreement, and further provided that such fee schedule, and any amendments thereto, shall be delivered to Hospital and subject to Hospital's review and approval, which approval shall not be unreasonably withheld.

(b) **Group Billing.** Group shall be solely responsible for billing and collecting for Radiation Oncology Services furnished pursuant to this Agreement. All billing shall be in compliance with applicable laws, customary professional practice, the Federal Health Care Programs and other third party payor programs, whether public or private. Hospital shall have reasonable access to Group's records in order to ensure Group's compliance with this Agreement. Group shall promptly correct any billing errors documented by Hospital. Group shall accept assignment with respect to services provided to Federal Health Care Program beneficiaries, to the extent permissible under applicable rules and regulations. To the extent that any personnel or representatives of Hospital have access to the billing records, billing information, and/or financial information of Group as a result of the rights granted to the Hospital under this Agreement, all such information of Group which is reviewed by Hospital shall constitute the confidential proprietary information of the Group, and shall not be used or disclosed by Hospital for any purpose, other than demonstrating compliance with the requirements of this Agreement. Hospital personnel and Hospital representatives having access to Group billing information and other confidential information of the Group shall preserve the confidentiality of such information and shall not discuss, disclose, disseminate, divulge, or publish this information, except as required by law.

(c) **Billing Compliance.** Group shall ensure that all billing and coding for Radiation Oncology Services is in compliance with applicable laws and regulations, customary professional practice, the Federal Health Care Programs, and other third party payor programs, whether public or private. Group shall adopt and maintain billing and coding compliance policies and procedures to ensure Group's compliance with applicable laws and regulations, including laws and regulations under the Federal Health Care Programs.

(d) **Patient Information.** Hospital shall take all necessary and reasonable steps to provide Group sufficient patient information to facilitate Group's billing and collecting for Radiation Oncology Services furnished pursuant to this Agreement.

(e) **Separate Billing.** Each Party shall separately bill all patients for its respective fees and charges, and neither Group nor Hospital shall bill for, guarantee the ability to collect, or have any claim or interest in or to the amounts billed or collected by the other Party.

(f) **Collection Agencies.** Hospital shall have the right to disapprove Group's use of any collection agency which engages in conduct which results in the unreasonable annoyance or harassment of patients. Group shall either cure this problem or discharge the collection agency within thirty (30) days following written notice of disapproval by Hospital. If this problem occurs a second time, Group shall discharge the collection agency within thirty (30) days following written notice of disapproval by Hospital.

4.2 **Third Party Payor Arrangements.**

(a) Group shall make all reasonable efforts to cooperate as necessary to facilitate Hospital's entry into or maintenance of any third-party payor ("Payor") arrangements.

(b) Third party payor arrangements are defined as arrangements for the provision of services under Medicare, Medi-Cal or other public or private managed care, health, and/or hospital care programs. Group shall, in good faith upon Hospital's request, negotiate with third-party payors for the purpose of entering into an express contractual agreement with said third-party payor, or any intermediate organization including any independent practice association, if required for said enrollment, at fair market rates for professional emergency services. Both parties agree that negotiations must be fair and reasonable.

(c) Upon communication to Hospital from any third party payor of failed negotiation with Group, if Hospital in good faith determines (i) that the third party payor has been negotiating with Group in good faith and (ii) that such negotiations have been active long enough for a reasonable chance of resolution, Hospital shall immediately notify Group. Thereupon, Group agrees to proceed as follows:

- (i) Group and Hospital agree to proceed immediately to have a Special Meeting and Payor will be invited to join and participate in the Special Meeting.
- (ii) The parties will mutually discuss the failed negotiation in order to reach a mutual resolution including the discussion over the process for resolution that Hospital and Group have agreed to ("The Process") as defined in section 4.2(d). If Group and Payor agree to enter into The Process then both Group and Payor will enter into an agreement to delineate, (i) the equal sharing of cost associated with The Process and (ii) selection of a mediator ("Mediator") to facilitate The Process. The Mediator selected shall have expertise required to survey and determine prevailing rates for professional radiation oncology services in Southern California.
- (iii) If Payor does not agree to enter into The Process, or a mutually agreed upon modified process, with Group, then Section 4.2(e) shall apply.

(d) The Process

- (i) Group and Payor shall each submit its most recent rate schedule proposal made to each other in their negotiation process and the rationale used to substantiate the proposal. The Mediator and all parties shall in the Special Meeting seek in good faith to reach consensus on reimbursement rates and establishment of a contractual agreement with Payor within thirty (30) days of the initial Special Meeting, or such extended time as Group and Hospital agree upon.
- (ii) If Group does not reach agreement with Payor within such thirty (30) day or extended period, then Mediator shall determine a rate

schedule based on the median prevailing rates for the geographic service area of Hospital which is the northern portion of San Diego County ("Geographic Area"). In determining prevailing rates for the Geographic Area, the Mediator may take into account to the extent Mediator deems relevant prevailing rates for professional radiation oncology services, of comparable scope and scale, in San Diego County, Orange County, Riverside County, and Los Angeles County. If the rate schedule proposed by the Group in the aggregate is within five percent (5%) of the rate schedule determined by the Mediator, then Group agrees to contract with Payor at the rate schedule proposed. If the rate schedule proposed by the Group in the aggregate is not within five percent (5%) of the rate schedule determined by the Mediator, then Group shall adjust its rate schedule proposal to be within five percent (5%) of the rate schedule determined by the Mediator. If Payor does not agree to consummate a contract with Group under such circumstances, then Section 4.2(e) shall apply.

(e) If Group and Payor fail to enter into a contractual agreement based on the method described in Section 4.2(c)(ii), then Group shall have no further obligation to enter into a contractual agreement with Payor, and shall be entitled to bill Payor directly at Group's full rate schedule. If Payor defaults in payment of all or a portion of the billing, then Group may balance bill the patient (if not prohibited by law). Provided that, in this case in no event shall the total collection from Payor and patient exceed one hundred percent (100%) of Group's full rate schedule described at Section 6.2 and attached as Exhibit 4.8 to this Agreement.

(f) Under no circumstance shall Hospital or mediator be allowed to disclose any rates or contract terms of Group with any other third party payor to the third party payor involved in this mediation. Further, it is the understanding of all parties, that any information brought forth in this mediation, including, but not limited to rates and contract terms of Group with any third party payor is proprietary and confidential information and will not be disclosed to any other party outside of this mediation.

4.3 Compensation for Director Services.

(a) No Compensation. In recognition of the mutual obligations of the Parties hereunder, Hospital and Group acknowledge that there shall be no monetary compensation to Group for the Director Services furnished by Group hereunder.

4.4 Compensation for Additional Services.

(a) No Compensation. In recognition of the mutual obligations of the Parties hereunder, Hospital and Group acknowledge that there shall be no monetary compensation to Group for the Additional Services furnished by Group hereunder.

ARTICLE V.
INSURANCE AND INDEMNITY

5.1 Malpractice Liability Insurance. Group shall obtain and continuously maintain professional malpractice liability insurance coverage, issued by an insurance company licensed or otherwise qualified to issue professional liability insurance policies or coverage in the State of California, and acceptable to Hospital, in the amount of at least One Million Dollars (\$1,000,000) per occurrence or claim and Three Million Dollars (\$3,000,000) in the annual aggregate for the acts and omissions of Group and each Group Practitioner. Such coverage shall provide for a date of placement preceding or coinciding with the Effective Date (as defined in Section 7.1) of this Agreement.

5.2 Certificate of Insurance. On or before the Effective Date (as defined in Section 7.1), Group shall provide Hospital with an original certificate evidencing professional malpractice liability insurance coverage, and shall provide Hospital with proof of continued professional malpractice liability insurance coverage on an annual basis (or as periodically requested by Hospital). Group shall provide Hospital with no less than thirty (30) calendar days' prior written notice of cancellation or any material change in such professional malpractice liability insurance coverage.

5.3 Tail Coverage. If Group's professional malpractice liability insurance is provided on a claims-made basis, upon the expiration or termination of this Agreement for any reason, Group shall continuously maintain such insurance or purchase from an insurance company licensed or otherwise qualified to issue professional liability insurance policies or coverage in the State of California, and acceptable to Hospital, extended reporting period (*i.e.*, "tail") coverage for the longest extended reporting period then available to ensure that insurance coverage in the amount set forth in Section 5.1 of this Agreement is maintained for claims which arise from professional services provided by Group and any Group Practitioner during the term of this Agreement.

5.4 Hold Harmless. Each Party shall be responsible for its own acts and omissions and the acts and omissions of its employees and agents. Neither Party shall be responsible for the acts and omissions of the other Party or the other Party's employees and agents in carrying out this Agreement. Neither Party shall be liable for any judgment, settlement, award, fine or otherwise, which arises out of the acts and omissions of such other Party, or its employees and agents, under this Agreement. To the extent either Party utilizes its own equipment, products, or other personal property in the performance of its obligations under this Agreement, such Party shall ensure that such equipment, product, or other personal property is suitable and fit for the purpose intended by such Party, free from defects which may damage the other Party, and otherwise operates in accordance with applicable government standards and safety regulations.

5.5 Cooperation between the Parties.

(a) The Parties recognize that, during the term of this Agreement and for an undetermined time period thereafter, certain risk management issues, legal issues, claims or actions may arise that involve or could potentially involve the Parties and their respective employees and agents. The Parties further recognize the importance of cooperating with each

other in good faith when such issues, claims or actions arise, to the extent such cooperation does not violate any applicable laws, cause the breach of any duties created by any policies of insurance or programs of self-insurance, or otherwise compromise the confidentiality of communications or information regarding the issues, claims or actions. As such, the Parties hereby agree to cooperate in good faith, using their best efforts, to address such risk management and legal issues, claims, or actions.

(b) The Parties further agree that if a controversy, dispute, claim, action or lawsuit (each, an "Action") arises with a third party wherein both the Parties are included as defendants, each Party shall promptly disclose to the other Party in writing the existence and continuing status of the Action and any negotiations relating thereto. Each Party shall make every reasonable attempt to include the other Party in any settlement offer or negotiations. In the event the other Party is not included in the settlement, the settling Party shall immediately disclose to the other Party in writing the acceptance of any settlement and terms relating thereto, if allowed by the settlement agreement.

5.6 Survival of Obligations. The Parties' obligations under this Article V shall survive the expiration or termination of this Agreement for any reason.

ARTICLE VI. **RELATIONSHIP BETWEEN THE PARTIES**

6.1 Independent Contractors. Group and each Group Practitioner are and shall at all times be independent contractors with respect to Hospital in meeting their respective responsibilities under this Agreement. Nothing in this Agreement is intended nor shall be construed to create a partnership, employer-employee or joint venture relationship between Hospital and either Group or any Group Practitioner.

6.2 Limitation on Control. Hospital shall neither have nor exercise any control or direction over Group's or any Group Practitioner's professional medical judgment or the methods by which Group or any Group Practitioner performs professional medical services; provided, however, that Group and each Group Practitioner providing Services shall be subject to and shall at all times comply with the Hospital Rules.

6.3 Practice of Medicine. Group and Hospital acknowledge that Hospital is neither authorized nor qualified to engage in any activity which may be construed or deemed to constitute the practice of medicine. To the extent that any act or service required of, or reserved to, Hospital in this Agreement is construed or deemed to constitute the practice of medicine, the performance of such act or service by Hospital shall be deemed waived or unenforceable, unless this Agreement can be amended to comply with the law, in which case the Parties shall make such amendment.

6.4 No Benefit Contributions. Hospital shall have no obligation under this Agreement to compensate or pay applicable taxes for, or provide employee benefits of any kind (including contributions to government mandated, employment-related insurance and similar programs) to or on behalf of, Group, any Group Practitioner or any other person employed or retained by Group. Notwithstanding the foregoing, if Hospital determines or is advised that it is

required by law to compensate or pay applicable taxes for, or provide employee benefits of any kind (including contributions to government mandated, employment-related insurance and similar programs) to or on behalf of, Group, any Group Practitioner or any other person employed or retained by Group, Group shall reimburse Hospital for any such expenditure within thirty (30) calendar days after being notified of such expenditure.

6.5 Non-Solicitation. During the term of this Agreement and for a period of one (1) year thereafter, neither Group nor any Group Practitioner shall solicit for employment or actually employ any employee of Hospital, or interfere with any relationship, contractual or otherwise, between Hospital and any of its employees.

6.6 Referrals. Group and each Group Practitioner shall be entitled to refer patients to any hospital or other health care facility or provider deemed by Group or such Group Practitioner best qualified to deliver medical services to any particular patient; provided, however, that neither Group nor any Group Practitioner shall refer any Hospital patient to any provider of health care services which either Group or such Group Practitioner knows or should have known is excluded or suspended from participation in, or sanctioned by, any Federal Health Care Program. No term of this Agreement shall be construed as requiring or inducing either Group or any Group Practitioner to refer patients to Hospital. Group's rights under this Agreement shall not be dependent in any way on the referral of patients or business to Hospital by either Group or any Group Practitioner.

6.7 Physician Compensation Arrangements. Group represents and warrants to Hospital that the compensation paid or to be paid by Group to any physician is and will at all times be fair market value for services and items actually provided by such physician, not taking into account the value or volume of referrals or other business generated by such physician for Hospital or any Affiliate. Group further represents and warrants to Hospital that Group has and will at all times maintain a written agreement with each physician receiving compensation from Group.

ARTICLE VII.

TERM, TERMINATION AND REMOVAL OF GROUP PRACTITIONERS

7.1 Term. This Agreement shall become effective on July 1, 2004 (the "Effective Date"), and shall continue until June 30, 2007 (the "Expiration Date"), subject to the termination provisions of this Agreement.

7.2 Termination by Hospital. Upon the occurrence of any one or more of the following events, and where Group does not, or cannot, cure such event(s) within thirty (30) calendar days, Hospital may terminate this Agreement by giving written notice of termination to Group, which termination shall be effective as of the date set forth in Hospital's written notice of termination to Group or, if no date is set forth in the notice, the date the notice is delivered to Group:

- (a) Group breaches any representation or warranty in this Agreement;
- (b) Group or any Group Practitioner breaches any HIPAA Obligation (as defined in Exhibit 8.5);

(c) Group: (i) utilizes a physician who has not been approved by Hospital to furnish Services under this Agreement; or (ii) fails to remove a Group Practitioner from furnishing Services under this Agreement in accordance with Section 7.8 or Section 7.9 of this Agreement;

(d) the performance of Group's obligations pursuant to this Agreement, in Hospital's good faith determination, jeopardizes the mental or physical health, safety or well being of any patient or damages the reputation of Hospital;

(e) the: (i) sale, transfer or other disposition of all or substantially all of the assets or the issued and outstanding voting securities of Group; (ii) merger, consolidation or other reorganization of Group if, immediately following such transaction, either Group or its shareholders or other equity holders (as existing immediately preceding such transaction) do not own a majority of all classes of the issued and outstanding voting securities of the surviving, consolidated or reorganized entity; (iii) issuance of any class of voting securities by Group (or its successor) if, immediately following such transaction, Group's shareholders or other equity holders existing immediately preceding such issuance do not own a majority of all classes of the issued and outstanding voting securities of Group; or (iv) dissolution and/or liquidation of Group or the cessation of the active conduct of Group's business activities (or those of its successor), in any case, without the prior written consent of Hospital;

(f) Group makes an assignment for the benefit of creditors, admits in writing its inability to pay its debts as they mature, applies to any court for the appointment of a trustee or receiver over its assets, or upon commencement of any voluntary or involuntary proceedings under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution, liquidation or other similar law of any jurisdiction;

(g) the insurance required to be maintained by Group hereunder is terminated, reduced below the minimum coverage requirements set forth in Section 5.1, not renewed or cancelled (whether by action of the insurance company or Group) for any reason, and Group has not obtained replacement coverage prior to the effective date of such termination, reduction, non-renewal or cancellation;

(h) Group is charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, or moral turpitude, or any crime relevant to the provision of the Services, or Group's or any Group Practitioner's practice of medicine;

(i) Medical Director becomes unable to furnish Director Services for a period of thirty (30) days in the aggregate over any three (3) month period, and a replacement Medical Director is not designated by Group and approved by Hospital in accordance with Section 1.5(d) of this Agreement;

(j) Group or any Group Practitioner acts, or causes another person to act, in a manner which conflicts with or violates the Code;

(k) Group or any Group Practitioner is debarred, suspended, excluded or otherwise ineligible to participate in any Federal Health Care Program; or

(l) Group or Group Practitioner engages in or commits any other act in breach of this Agreement.

7.3 Termination by Group. Group shall have the right to terminate this Agreement upon breach of this Agreement by Hospital where the breach is not cured within thirty (30) calendar days after Group gives written notice of the breach to Hospital.

7.4 Termination without Cause. After the date that is twelve (12) months from the Effective Date, either Party may terminate this Agreement without cause, expense or penalty, effective ninety (90) days after written notice of termination is given to the other Party.

7.5 Termination or Modification in the Event of Government Action.

(a) In the event of any Government Action (as defined below), the Parties shall, within ten (10) days after one Party gives written notification of such Government Action to the other Party, meet and confer and negotiate in good faith to attempt to amend this Agreement in order to comply with the Government Action.

(b) If the Parties, after good faith negotiations that shall not exceed thirty (30) days, are unable to mutually agree upon the amendments necessary to comply with the Government Action, or, alternatively, if either Party determines in good faith that compliance with the Government Action is impossible or infeasible, either Party may terminate this Agreement effective ten (10) days after a written notice of termination is given to the other Party.

(c) For the purposes of this Section, "Government Action" shall mean any legislation, statute, law, regulation, rule or procedure passed, adopted or implemented by any federal, state or local government or legislative body or any private agency, or any decision, finding, interpretation or action by any governmental or private agency, court or other third party which, in the opinion of counsel to either Party, as a result or consequence, in whole or in part, of the arrangement between the Parties set forth in this Agreement, if or when implemented, could reasonably be expected to result in or present a material risk of any one or more of the following:

- (i) revocation or threat of revocation of the status of any license, certification or accreditation granted to Hospital or any Affiliate;
- (ii) revocation or threat of revocation of the federal, state or local tax-exempt status of Hospital, or any Affiliate, or their respective tax-exempt financial obligations;
- (iii) prohibit or restrict the ability of Hospital or any Affiliate to issue tax-exempt bonds, certificates of participation or other tax-exempt financial obligations;
- (iv) violation of or threat of prosecution under 42 U.S.C. § 1320a-7b(b) (commonly referred to as the Anti-Kickback law), 42 U.S.C. § 1395nn (commonly referred to as the Stark law) or any comparable state law governing kickbacks, bribes, rebates or

patient referrals if either Group or any Group Practitioner referred patients to Hospital or any Affiliate;

- (v) violation by Hospital of, or threat of prosecution of Hospital under, any law, regulation, rule or procedure applicable to Hospital;
- (vi) prohibit Group, Hospital or any Affiliate from submitting claims or materially reducing the reimbursement received by Hospital or any Affiliate for services provided to patients referred by Group or any Group Practitioner;
- (vii) subject Hospital, Group, any Group Practitioner, any Affiliate, or any of their respective officers, directors, employees or agents, to civil action or criminal prosecution by any governmental authority or other person or entity or the imposition of any sanction (including any excise tax penalty under Internal Revenue Code § 4958), on the basis of their approval of or participation in this Agreement or performing their respective obligations under this Agreement.
- (viii) revocation or loss of Hospital's status as a provider of Medi-Cal services under the Selective Provider Contracting Program established pursuant to Section 14081 et seq. of the California Welfare & Institutions Code as a result in whole or in part, of the exclusive rights of Group under Section 1.15 of this Agreement.

(d) For the purposes of this Agreement, "Affiliate" shall mean any entity which, directly or indirectly, controls, is controlled by, or is under common control with Hospital.

7.6 Effect of Termination or Expiration. Upon any termination or expiration of this Agreement:

(a) all rights and obligations of the Parties shall cease except: (i) those rights and obligations that have accrued and remain unsatisfied prior to the termination or expiration of this Agreement; (ii) those rights and obligations which expressly survive termination or expiration of this Agreement; and (iii) Group's obligation to continue to provide services to patients under its care in the Department at the time of expiration or termination of this Agreement, until the patient's course of treatment is completed or the patient is transferred to the care of another physician;

(b) upon Hospital's request, Group and the Group Practitioners shall immediately vacate the Department premises, removing any and all of their personal property, and Hospital may remove and store, at Group's expense, any personal property not so removed;

(c) Group and the Group Practitioners shall immediately return to Hospital all of Hospital's property, including Hospital's equipment, supplies, furniture, furnishings and patient records, in their possession or under their control; and

(d) neither Group nor any Group Practitioner shall do anything or cause any other person to do anything that interferes with Hospital's efforts to engage any other person or entity for the provision of Services, or interfere in any way with any relationship between Hospital and any other person or entity who may be engaged to provide Services to Hospital.

(e) This Section 7.6 shall survive the expiration or termination of this Agreement for any reason.

7.7 Effect of Termination or Expiration on Medical Staff Status.

(a) The termination or expiration of this Agreement shall have an independent effect upon the Medical Staff membership or clinical privileges of any Group Practitioner.

(b) Notwithstanding the foregoing, upon the termination or expiration of this Agreement, the right of Group and each Group Practitioner to provide Radiation Oncology Services in the Department shall immediately terminate, without any action on the part of Hospital and/or the Medical Staff and without the right to a "fair hearing" or any other similar hearing or appellate review as may be set forth in the Medical Staff bylaws, except to the extent Hospital reasonably determines that the termination of such right is reportable to the Medical Board of California pursuant to the reporting requirements of the State of California. Upon termination or expiration of this Agreement, neither Group nor any Group Practitioner shall seek to exercise such clinical privileges nor will either initiate any administrative or judicial proceeding to require Hospital to permit it, him or her to exercise such Medical Staff privileges if Hospital enters into an agreement with another physician or group of physicians which provides that such other physician or group of physicians have the right to provide all professional services related to the development and operation of the Department at Hospital on an exclusive basis or to take any other action to challenge the right of Hospital to enter into such an agreement.

(c) Group shall provide in any agreement it has with a Group Practitioner providing Radiation Oncology Services under this Agreement that upon the earlier of the termination or expiration of this Agreement or the termination of the employment or other affiliation between Group and such Group Practitioner, the right of such Group Practitioner to provide Radiation Oncology Services in the Department shall immediately terminate, without any action on the part of Hospital and/or the Medical Staff and without the right to a "fair hearing" or any other similar hearing or appellate review as may be set forth in the Medical Staff bylaws, except to the extent Hospital reasonably determines that such termination is reportable to the Medical Board of California pursuant to the reporting requirements of the State of California; provided, however, that Group's failure to include such provision shall not affect Hospital's right to so terminate the right of such Group Practitioner to provide Radiation Oncology Services in the Department.

7.8 Immediate Removal of Group Practitioners. Group shall immediately remove any Group Practitioner, including Medical Director, from furnishing Services under this Agreement who:

(a) has his or her Medical Staff membership or clinical privileges at Hospital or any other health facility terminated, suspended, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(b) has his or her license to practice medicine in the State of California, board certification or DEA registration denied, suspended, restricted, terminated, revoked or relinquished for any reason, whether voluntarily or involuntarily, temporarily or permanently, regardless of the availability of civil or administrative hearing rights or judicial review with respect thereto;

(c) is charged with or convicted of a felony, a misdemeanor involving fraud, dishonesty, or moral turpitude, or any crime relevant to Radiation Oncology Services or the practice of medicine;

(d) is debarred, suspended, excluded or otherwise ineligible to participate in any Federal Health Care Program;

(e) fails to satisfy any of the standards and qualifications set forth in Sections 2.1, 2.2, 2.3, 2.4, 2.5, 2.6, or 2.7 of this Agreement; or

(f) fails to be covered by the professional liability insurance required to be maintained under this Agreement.

7.9 Removal of Group Practitioners upon Hospital Request. Upon written request by Hospital, Group shall immediately remove any Group Practitioner, including Medical Director, from furnishing Services under this Agreement who:

(a) engages in conduct that, in Hospital's good faith determination, jeopardizes the mental or physical health, safety or well-being of any person or damages the reputation of Hospital;

(b) fails to satisfy any of the standards and qualifications set forth in Section 2.8 or Section 2.9 of this Agreement;

(c) fails to comply with any other material terms or conditions of this Agreement after being given written notice of that failure and a reasonable opportunity to comply;

(d) is disabled such that the Group Practitioner is unable to perform services as required under this Agreement for more than thirty (30) days in the aggregate over any three (3) month period; or

(e) within a twelve (12) month period, has two (2) or more medical malpractice claims filed against him or her, or he or she becomes the subject of two (2) or more proceedings by the Medical Staff regarding the performance of professional medical services.

7.10 Effect of Removal; Reinstatement of Group Practitioner.

(a) No Group Practitioner removed from furnishing Services pursuant to Section 7.8 or Section 7.9 of this Agreement, shall be entitled to any "fair hearing" or any other similar hearing or appellate review as may be set forth in the Medical Staff bylaws, except to the extent Hospital reasonably determines that such removal is reportable to the Medical Board of California pursuant to the reporting requirements of the State of California.

(b) Upon the removal of a Group Practitioner pursuant to Section 7.8 or Section 7.9 of this Agreement, Group shall employ, contract with, or otherwise engage, at its cost and expense, a qualified substitute for the removed Group Practitioner, or shall demonstrate to Hospital's satisfaction Group's ability to continuously perform the Services without such a substitute. Failure to take such action shall constitute a material breach of this Agreement, subject to Section 7.2. Nothing herein shall be construed to limit Hospital's rights under Section 7.2 or any other provision of this Agreement.

(c) A Group Practitioner that has been removed from furnishing Services pursuant to Section 7.8 or Section 7.9 of this Agreement may be reinstated as a Group Practitioner eligible to furnish Services upon the prior written approval by Hospital. Hospital shall have the right to withhold its approval of any Group Practitioner in its sole discretion and without the need for compliance with any provision of the Medical Staff bylaws or with any other term of this Agreement, except to the extent Hospital reasonably determines that withholding of approval is reportable to the Medical Board of California pursuant to the reporting requirements of the State of California.

**ARTICLE VIII.
GENERAL PROVISIONS**

8.1 Amendment. This Agreement may be modified or amended only by mutual written agreement of the Parties. Any such modification or amendment must be in writing, dated, signed by the Parties and explicitly indicate that such writing modifies or amends this Agreement.

8.2 Assignment. Group may not assign any of Group's rights, interests, duties, or obligations under this Agreement without Hospital's prior written consent, which consent may be given or withheld in Hospital's sole discretion. Any attempted or purported assignment by Group in violation of this Section shall be void. Hospital may, in its sole discretion, assign any or all of its rights, interests, duties, or obligations hereunder to any person or entity without the prior written consent of Group. Subject to the foregoing, this Agreement shall be binding on and shall inure to the benefit of the Parties and their respective heirs, successors, assigns and representatives.

8.3 Attorneys' Fees. If either Party brings an action or proceeding, arising out of or relating to this Agreement, the non-prevailing Party shall pay to the prevailing Party reasonable

attorneys' fees and costs incurred in bringing such action, including, without limitation, fees incurred in post judgment motions, contempt proceedings, garnishment, levy, debtor and third party examinations, discovery, bankruptcy litigation, arbitration, trial, and any appeal or review, all of which shall be deemed to have accrued upon the commencement of such action and shall be paid whether or not such action is prosecuted to judgment. Any judgment or order entered shall contain a provision providing for the recovery of attorneys' fees and costs incurred in enforcing such judgment. The prevailing Party shall be the Party who is identified in any judgment or order entered as the Party entitled to recover its costs of suit, whether or not the action or proceeding proceeds to final judgment or award.

8.4 Choice of Law. This Agreement shall be construed in accordance with and governed by the laws of the State of California, without giving effect to any choice of law or conflict of law rules or provisions that would cause the application of the laws of any jurisdiction other than the State of California.

8.5 Compliance with HIPAA. Group and each Group Practitioner shall comply with the HIPAA Obligations as defined and set forth in Exhibit 8.5. The HIPAA Obligations shall survive the expiration or termination of this Agreement for any reason.

8.6 Compliance with Laws. Group and each Group Practitioner shall comply with all applicable laws, ordinances, codes and regulations of federal, state and local governments, including without limitation laws that require Group and each Group Practitioner to disclose any economic interest or relationship with Hospital, and the policies, standards, requirements, guidelines and recommendations of JCAHO, all as in effect and amended from time to time.

8.7 Compliance with Medicare Rules. To the extent required by law or regulation, Group shall make available, upon written request from Hospital, the Secretary of Health and Human Services, the Comptroller General of the United States, or any duly authorized agent or representative of the foregoing, a copy of this Agreement and Group's books, documents and records to the extent necessary to certify the nature and extent of Hospital's costs for services provided by Group. Group shall preserve and make available such books, documents and records for a period which is the longer of ten (10) years after the end of the term of this Agreement or the length of time required by state or federal law. If Group is requested to disclose books, documents or records pursuant to this Section for any purpose, Group shall notify Hospital of the nature and scope of such request, and Group shall make available, upon written request of Hospital, all such books, documents or records. Group shall indemnify and hold harmless Hospital if any amount of reimbursement is denied or disallowed because of Group's failure to comply with the obligations set forth in this Section. Such indemnity shall include, but not be limited to, the amount of reimbursement denied, plus any interest, penalties and legal costs. This Section 8.7 shall survive the expiration or termination of this Agreement for any reason.

8.8 Confidentiality. Neither Party shall disclose any of the provisions of this Agreement to any person or entity, other than their respective attorneys or accountants, without the prior written consent of the other Party, unless and only to the extent such disclosure is required by law, subpoena or legal process; provided, however, that either Party may disclose the provisions of this Agreement to any person or entity without the prior written consent of the

other Party to the extent such disclosure is (a) required by such Party's contracts existing as of the date of this Agreement; or (b) requested by fiscal intermediaries, public agencies or commissions with governmental powers and duties related to disclosure of information which have the right to compel disclosure of such information. Hospital may also disclose the provisions of this Agreement to any person or entity without the prior written consent of Group to the extent such disclosure is requested or required by Hospital's representatives or others in connection with any tax-exempt bond or other financing transactions of Hospital or any Affiliates.

8.9 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

8.10 Dispute Resolution. In the event of any controversy or dispute related to or arising out of this Agreement, the Parties agree to meet and confer in good faith to attempt to resolve the controversy or dispute without an adversary proceeding. If the controversy or dispute is not resolved to the mutual satisfaction of the Parties within five (5) business days of notice of the controversy or dispute, the Parties agree to waive their rights, if any, to a jury trial and pre-trial discovery, and to submit the controversy or dispute to a retired judge or justice pursuant to Section 638 et seq. of the California Code of Civil Procedure, or any successor provision, for resolution in accordance with Chapter 6 (References and Trials by Referees), of Title 8 of Part 2 of the California Code of Civil Procedure, or any successor chapter. The Parties agree that the only proper venue for the submission of claims is the County of San Diego, California, and that the hearing before the referee shall be concluded within nine (9) months of the filing and service of the complaint. The Parties reserve the right to contest the referee's decision and to appeal from any award or order of any court.

8.11 Entire Agreement. This Agreement is the entire understanding and agreement of the Parties regarding its subject matter, and supersedes any prior oral or written agreements, representations, understandings or discussions between the Parties with respect to such subject matter. No other understanding between the Parties shall be binding on them unless set forth in writing, signed and attached to this Agreement.

8.12 Exhibits and Attachments. The attached exhibits and attachments, together with all documents incorporated by reference in the exhibits and attachments, form an integral part of this Agreement and are incorporated by reference into this Agreement.

8.13 Force Majeure. Neither Party shall be liable for nonperformance or defective performance or late performance of any of its obligations under this Agreement to the extent and for such periods of time as such nonperformance, defective performance or late performance is due to reasons outside such Party's control, including acts of God, war (declared or undeclared), terrorism, action of any governmental authority, riots, revolutions, fire, floods, explosions, sabotage, nuclear incidents, lightning, weather, earthquakes, storms, sinkholes, epidemics, or strikes (or similar nonperformance or defective performance or late performance of employees, suppliers or subcontractors).

8.14 Headings. The headings in this Agreement are intended solely for convenience of reference and shall be given no effect in the construction or interpretation of this Agreement.

8.15 Income Tax Ramifications. The Parties acknowledge that Group may incur federal and state income tax liabilities from certain of the transactions contemplated by this Agreement, and that Hospital is or may be required to report items of income to Group under relevant income tax laws and regulations. The Parties acknowledge and agree that Hospital has not made any representation to Group with respect to the tax implications of the transactions contemplated by this Agreement, and that statements made by Hospital or its agents, employees, representatives or attorneys shall not be relied upon by Group, and shall not be interpreted or construed as tax advice to Group.

8.16 Litigation Consultation. Neither Group nor any Group Practitioner shall accept consulting assignments or otherwise contract, agree, or enter into any arrangement to provide expert testimony or evaluation on behalf of a plaintiff in connection with any claim against Hospital or any Affiliate named, or expected to be named as a defendant. Neither Group nor any Group Practitioner shall accept similar consulting assignments if (a) the defendants or anticipated defendants include a member of the medical staff of Hospital or any Affiliate, and (b) the matter relates to events that occurred at Hospital or any Affiliate; provided, however, the provisions of this Section shall not apply to situations in which any Group Practitioner or any partner, physician or employee of Group served as a treating physician.

8.17 Meaning of Certain Words. Wherever the context may require, any pronouns used in this Agreement shall include the corresponding masculine, feminine, or neuter forms, and the singular form of nouns shall include the plural and vice versa. Unless otherwise specified, "days" shall be considered "calendar days" and "months" shall be considered "calendar months" in this Agreement and its exhibits and attachments.

8.18 No Conflicting Obligations. Group represents and warrants that the execution and delivery of this Agreement and the performance its obligations hereunder do not and will not: (a) present a conflict of interest or materially interfere with the performance of its or any Group Practitioner's duties under any other agreement or arrangement; or (b) violate, conflict with, or result in a breach of any provision of, or constitute a default (or an event which, with notice and/or lapse of time, would constitute a default) under, terminate, accelerate the performance required by, or result in a right of termination or acceleration under any of the terms, conditions or provisions of any other agreement, indebtedness, note, bond, indenture, security or pledge agreement, license, franchise, permit, or other instrument or obligation to which Group or any Group Practitioner is a party or by which Group or any Group Practitioner is bound. Group shall immediately inform Hospital of any other agreements to which Group or any Group Practitioner is a party that may present a conflict of interest or materially interfere with performance of either Group's or a Group Practitioner's duties under this Agreement.

8.19 Non-Discrimination. Neither Group nor any Group Practitioner shall differentiate or discriminate in the provision of medical services on the basis of race, color, national origin, ancestry, religion, sex, marital status, sexual orientation, age, medical condition, medical history, genetics, evidence of insurability, or claims history, in violation of any applicable state, federal or local law or regulation, or Hospital Rules, including, without

limitation, the Age Discrimination Act of 1975, the Americans with Disabilities Act and all regulations issued pursuant thereto and as may be amended from time to time. Group, each Group Practitioner, and Hospital shall be in full compliance with Section 504 of the Rehabilitation Act of 1973, Titles VI and VII of the 1964 Civil Rights Act, and all regulations issued pursuant thereto and as may be amended from time to time.

8.20 No Third Party Beneficiary Rights. This Agreement shall not confer or be construed to confer any rights or benefits to any person or entity other than the Parties.

8.21 Notices. All notices or communications required or permitted under this Agreement shall be given in writing and shall be delivered to the Party to whom notice is to be given either: (a) by personal delivery (in which case such notice shall be deemed given on the date of delivery); (b) by next business day courier service (e.g., Federal Express, UPS or other similar service) (in which case such notice shall be deemed given on the business day following date of deposit with the courier service); or (c) by United States mail, first class, postage prepaid, registered or certified, return receipt requested (in which case such notice shall be deemed given on the third (3rd) day following the date of deposit with the United States Postal Service). In each case, notice shall be delivered or sent to the address indicated on the signature page, or such other address as provided by a Party, from time to time, pursuant to this Section.

8.22 Participation in Federal Health Care Programs. Group hereby represents that neither Group nor any Group Practitioner is debarred, suspended, excluded or otherwise ineligible to participate in any Federal Health Care Program.

8.23 Representations. Each Party represents with respect to itself that: (a) no representation or promise not expressly contained in this Agreement has been made by any other Party or by any Parties' agents, employees, representatives or attorneys; (b) this Agreement is not being entered into on the basis of, or in reliance on, any promise or representation, expressed or implied, other than such as are set forth expressly in this Agreement; and (c) Party has been represented by legal counsel of Party's own choice or has elected not to be represented by legal counsel in this matter.

8.24 Severability. Subject to Section 7.5, if any provision of this Agreement, in whole or in part, or the application of any provision, in whole or in part, is determined to be illegal, invalid or unenforceable by a court of competent jurisdiction and such provision can be severed without substantially changing the bargain reached by the Parties, such provision or part of such provision shall be severed from this Agreement, and such severance shall have no effect upon the enforceability, performance or obligations of the remainder of this Agreement, including the remainder of such provision not determined to be illegal, invalid or unenforceable. If Section 7.5 is applicable, this Section 8.24 shall not be enforced.

8.25 Trade Secrets. During the term of this Agreement, Group and Group Practitioners providing Services hereunder will have access to and become acquainted with confidential information and trade secrets of Hospital, including information and data relating to payor contracts and accounts, clients, patients, patient groups, patient lists, billing practices and procedures, business techniques and methods, strategic plans, operations and related data (collectively, "Trade Secrets"). All Trade Secrets are the property of Hospital and used in the

course of Hospital's business, and shall be proprietary information protected under the Uniform Trade Secrets Act. Neither Group nor any Group Practitioner shall disclose to any person or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Trade Secrets, or use any Trade Secrets other than in the course of providing Services under this Agreement. All documents that Group or any Group Practitioner prepares, or Trade Secrets that might be given to Group or any Group Practitioner in the course of providing Services under this Agreement, are the exclusive property of Hospital, and, without the prior written consent of Hospital, shall not be removed from Hospital's premises.

During the term of this Agreement, Hospital will have access to and become acquainted with confidential information and trade secrets of Group, including the identity of the Group Practitioners, fee schedules of the Group, financial information concerning the Group, the health plans and IPA's with which Group has contracts and the Group's contract rates and reimbursement arrangements with such health plans and IPA's, billing practices of the Group, strategic plans, and related data (collectively, "Group Trade Secrets"). All such Group Trade Secrets all be and remain the Property of Group, and shall be proprietary information protected under the Uniform Trade Secrets Act. Neither Hospital nor Hospital personnel shall disclose to any person and/or entity, directly or indirectly, either during the term of this Agreement or at any time thereafter, any Group Trade Secrets, or use any Group Trade Secrets other than as permitted under this Agreement, or as required by law. All information containing Group Trade Secrets which may be provided to or disclosed to the Hospital during the term of this Agreement shall remain the exclusive property of Group.

8.26 Waiver. No delay or failure to require performance of any provision of this Agreement shall constitute a waiver of that provision as to that or any other instance. Any waiver granted by a Party must be in writing to be effective, and shall apply solely to the specific instance expressly stated.

8.27 Waiver of Injunctive or Similar Relief. Upon any breach or termination of this Agreement by Hospital that is determined to be improper by a court or by an arbitrator, Group shall accept monetary damages, if any, as full and complete relief, to the exclusion of any specific performance, or injunctive or similar equitable relief.

[signature page follows]

The Parties have executed this Agreement on the date(s) indicated below and signify their agreement with duly authorized signatures.

HOSPITAL

PALOMAR POMERADO HEALTH,
a local health care district

By: _____

Its: _____

Dated: _____

Address of Hospital:

555 East Valley Parkway
Escondido, CA 92025
Attn: Administrator

GROUP

**X-RAY MEDICAL GROUP RADIATION
ONCOLOGY, INC,**
a California professional corporation

By: _____

Its: _____

Dated: _____

Address of Group:

5565 Grossmont Center Drive
Building 3, Suite 151
La Mesa, California 91942

Attn: _____

Exhibit 1.1

RADIATION ONCOLOGY SERVICES

1. Patient Consultations (Inpatient and Outpatient)
2. External Beam Radiation Therapy
 - Planning and Treatment Monitoring
(3-Dimensional, IMRT and non-3-Dimensional)
3. Brachytherapy (when Hospital acquires and installs appropriate equipment in the Department)
 - GU (Prostate Seed Implants)
 - GYN (Tandem and Ovoid)
4. Radiosurgery (when Hospital acquires and installs appropriate equipment in the Department)
5. Follow-up of Radiation Oncology patients as needed

Exhibit 1.13

See Attached.

Exhibit 1.14

NON-EXCLUSIVE RADIATION ONCOLOGY SERVICES

Notwithstanding Section 1.15 of this Agreement, Group shall not have the exclusive right to furnish the following specific Radiation Oncology Services:

No Excluded Services

Exhibit 1.2(a)

LETTER OF ACKNOWLEDGEMENT

Hospital President
[Name of Hospital]
[Address of Hospital]

Ladies and Gentlemen:

I acknowledge that Palomar Pomerado Health ("Hospital") and X-Ray Medical Group Radiation Oncology, Inc. ("Group") have entered into a Professional and Medical Director Services Agreement ("Agreement") under which Group shall perform specified Radiation Oncology Services and Director Services (as defined in the Agreement), and that I have been engaged by Group to provide Radiation Oncology Services, and Director Services as a "Group Practitioner" (as defined in the Agreement). In consideration of Hospital's approval of me as a Group Practitioner eligible to furnish Radiation Oncology Services and Director Services, I expressly:

1. acknowledge that I have read the Agreement, and agree to be bound by and comply with all of the requirements of the Agreement applicable to Group Practitioners;
2. acknowledge that I have no employment, independent contractor or other contractual relationship with Hospital, that my right to practice in Hospital as a Group Practitioner is derived solely through my employment or contractual relationship with Group, and that Hospital has approved my acting as a Group Practitioner as provided in the Agreement;
3. acknowledge that Hospital has reserved the right to cause Group to remove me as a Group Practitioner at any time pursuant to Sections 7.8 and 7.9 of the Agreement upon written notice to me, and understand that Hospital may do so without compliance with any rules or procedures of the Hospital's Medical Staff bylaws, except to the extent Hospital reasonably determines that my removal is reportable to the Medical Board of California pursuant to the reporting requirements set forth in California (the "Reporting Requirements");
4. acknowledge that upon the termination or expiration of the Agreement, notwithstanding the fact that such termination or expiration will not have any independent effect on my Medical Staff membership or clinical privileges, my right to continue to provide Radiation Oncology Services in the Department will immediately terminate, without any action on the part of Hospital and/or the Medical Staff and without the right to a "fair hearing" or any other similar hearing or appellate review as may be set forth in the Medical Staff bylaws, except to the extent Hospital reasonably determines that withholding of approval is reportable to the Medical Board of California pursuant to the Reporting Requirements;
5. acknowledge that upon the termination of my employment or other affiliation with Group, notwithstanding the fact that such termination will not have any independent effect on my Medical Staff membership or clinical privileges, my right to continue to provide Radiation Oncology Services in the Department will immediately terminate, without any other

Exhibit 1.2(b)

GROUP PRACTITIONERS

Lori Coleman, M.D.

Kevin Murphy, M.D.

John Einck, M.D.

Geoffrey Weinstein, M.D.

Phillip Zentner, M.D.

Barry Uhl, M.D.

Exhibit 1.3

STAFFING LEVELS

Monday – Friday

8:30 a.m. to 4:30 p.m.
(excluding the normal lunch
hour or lunch breaks)

One Physician

All Other Times,
Including Weekends and Holidays

On-Call

Exhibit 1.5(a)

DIRECTOR SERVICES

Group shall be responsible for the performance of the professional component of each of the following services and duties in conjunction with the Hospital Radiation Oncology Department. Medical Director shall:

1. Perform each and every duty which, in connection with Medical Director's functions as Medical Director, is required by statute, regulation, the State of California, by the JCAHO, Hospital Bylaws, Medical Staff Bylaws or by the Medical Staff Executive Committee.
2. Submit to the Department Administrator, on or before the twenty first (21st) day of each month, the assignment schedules (including on-call responsibility) of Physicians for the following month (which assignment schedules shall at all times be subject to the approval of Hospital), and such data, reports, and records as may be required by Hospital, regulatory bodies, and accreditation agencies relative to the Department.
3. Be accountable to Hospital and appropriate Medical Staff committees for the quality of Services performed in the Department, advise and assist Hospital and the appropriate Medical Staff committees in the development of comprehensive quality assessment and improvement programs for the Department, and participate in Hospital's and Department's quality assessment and improvement programs.
4. Participate in such Hospital and Medical Staff committees as Hospital or Medical Staff may request.
5. Work with Hospital Administration in the timely planning of activities for the Department, including the annual development of Department objectives, operations budget, and a capital equipment budget, and provide Hospital with ongoing appraisals of the strengths, weaknesses, and overall quality of the Department.
6. Fully cooperate with Hospital personnel assigned general administrative responsibilities for operation of the Department.
7. Participate with Hospital in the development of patient satisfaction standards.
8. Advise and assist in the organization and implementation of an effective utilization review program for the Department and Hospital and perform utilization review services.
9. Provide teaching, educational or training services in radiation oncology medicine, as reasonably requested by Hospital.

10. Keep abreast of Hospital policies and procedures and all state and federal regulations which affect Department operation, as well as regulations and requirements of the voluntary professional and facility accrediting institutions in which Hospital is or becomes a participant, and taking all reasonable steps to conform therewith.
11. Recommend to appropriate committees of the Medical Staff and/or Hospital Administration new or revised policies as needed.
12. Participate in developing and presenting programs pertinent to the Department for the community and as needed for Hospital/community relations.
13. Consult with Hospital in the design and development of patient information forms, medical record forms, and consent forms for use within the Department.
14. Cooperate with and assist other Medical Staff members to prepare clinical reports for publication to the extent such reports pertain to Radiation Oncology.
15. Make recommendations to Hospital as to appropriate repair or replacement of Department equipment and materials.
16. Be responsible for keeping abreast of equipment developments and making recommendations with respect to procurement of new equipment.
17. Provide an annual Department report to Hospital's administration no less than sixty (60) days after fiscal year end, including, but not limited to, Department efficiency, suggestions as to improving Services, decreasing costs, and enhancing Department performance. This report will be used to satisfy the requirement for an annual report to the Medical Executive Committee.
18. Perform such other reasonable administrative duties as may be assigned from time to time by the administration of Hospital.

Exhibit 2.7

PERFORMANCE STANDARDS

In addition to the requirements and standards set forth in the Agreement, Group and Group Practitioners shall meet the following minimum standards in performing Radiation Oncology Services under this Agreement:

1. Hospital has contracted or may contract with an independent party to periodically survey patient satisfaction with Radiation Oncology Services provided by Group and Group Practitioners. Provided that Hospital, in good faith, determines that a statistically significant number of responses are received in response to patient satisfaction surveys conducted by or for the Hospital, if the overall satisfaction rating for Group or any Group Practitioner in any survey is less than ninetieth (90th) percentile, Group shall immediately develop and institute a plan of correction to increase patient satisfaction. A resurvey shall be conducted three (3) months after the initial survey, and provided that Hospital, in good faith, determines that a statistically significant number of responses are received in response to the resurvey, if the overall satisfaction rating has not increased to ninetieth (90th) percentile, Group shall be deemed in breach of these Performance Standards.
2. Hospital, in consultation with Medical Director, may develop a survey to measure the satisfaction of professional users of the Department (other members of the Medical Staff, etc.) with the quality of care furnished in the Department. Provided that Hospital, in good faith, determines that a statistically significant number of responses are received in response to patient satisfaction surveys conducted by or for the Hospital, if the overall rating of the Department is less than ninetieth (90th) percentile, Medical Director shall institute a plan of correction to increase satisfaction of the professional users. A resurvey shall be conducted three (3) months after the initial survey, and provided that Hospital, in good faith, determines that a statistically significant number of responses are received in response to the resurvey, if the overall satisfaction rating has not increased to ninetieth (90th) percentile or better, Group shall be deemed in breach of these Performance Standards.
3. Hospital may establish a grievance procedure to address the concerns of Hospital patients. Each Group Practitioner shall be bound by such grievance procedure, and, if requested, shall serve on a grievance review committee, in accordance with such procedures as Hospital may establish.
4. There shall be no more than one (1) successful employee grievance per year relating to Group or any Group Practitioner. A successful employee grievance is an EEOC, DFEH, or labor department complaint which results in a finding of fault of any Group Practitioner in a judicial or administrative decision, or a settlement involving a payment by any Group Practitioner in excess of Ten Thousand Dollars (\$10,000).
5. Each Group Practitioner shall cooperate positively with Hospital in the accomplishment of Hospital's goals, share information with Hospital appropriately and in a timely

manner, and not engage in a pattern of repeated lack of cooperation or negative interpersonal relations.

6. As and to the extent requested, each Group Practitioner shall, without compensation, serve on, participate in and cooperate fully with any and all credentialing, quality assurance, peer review and utilization review procedures, programs and committee applicable to the performance of Radiation Oncology Services.

Exhibit 2.8

PALOMAR MEDICAL CENTER MEDICAL STAFF DISRUPTIVE CONDUCT POLICY & PROCEDURE

I. Purpose

To (1) describe disruptive conduct; (2) set forth a formal policy regarding Medical Staff members and allied health professionals engaging in disruptive conduct at Palomar Medical Center (the "Hospital"); and (3) provide a procedure for addressing such conduct.

II. Policy

It is the policy of the Hospital that Medical Staff members (whether or not employed or contracted by the Hospital) and allied health professionals (who are credentialed by the Medical Staff and are not employed by the Hospital) (collectively, "Practitioners") conduct themselves in a professional and cooperative manner, and refrain from engaging in disruptive conduct. Any Practitioner who engages in disruptive conduct, as defined below, is in violation of this Policy, and shall be subject to the procedures set forth in this Policy. Intentionally submitting a complaint of disruptive conduct which contains material false facts is prohibited.

This Policy is not intended to govern (1) disruptive conduct of a Medical Staff member that involves a "medical disciplinary cause or reason" as defined below, or (2) disruptive conduct of an allied health professional that involves professional competence. A Medical Staff member's conduct that involves a medical disciplinary cause or reason should be referred to the Executive Committee to be addressed using the procedures set forth in the Medical Staff Bylaws. An allied health professional's conduct that involves professional competence should be referred to the Interdisciplinary Practice Committee ("IPC") to be addressed pursuant to the Medical Staff Bylaws. Any question regarding whether conduct involves a medical disciplinary cause or reason, or an allied health professional's professional competence, should be directed to the Chief of Staff or the Executive Committee.

III. Definitions

1. "Disruptive Conduct" includes, but is not limited to, the following:

- a. discrimination or harassment on the basis of race, religion, color, national origin, ancestry, age (of persons 40 and above), disability, marital status, sex, gender, or sexual orientation;
- b. sexual harassment or conduct of a sexual nature (for example, unwelcome sexual advances, or making personnel decisions regarding an individual contingent on submission to verbal or physical conduct of a sexual nature);
- c. verbal conduct, such as threats, epithets, derogatory comments or slurs;

- d. visual conduct, such as derogatory posters, photographs, cartoons, drawings or gestures;
- e. physical conduct, such as assault, unwanted touching, blocking normal movement, or throwing equipment, instruments or medical records;
- f. behavior that has the purpose or effect of creating a hostile work environment or of unreasonably interfering with an individual's work performance;
- g. behavior directed at a specific person or persons, which causes substantial emotional distress in such person(s), and serves no legitimate purpose;
- h. a malicious verbal or written attack of another Practitioner's or health care provider's professional capabilities, which is libelous, slanderous or defamatory, exceeds the bounds of fair professional comment, and has the purpose of disparaging the reputation of the other Practitioner or health care provider, rather than serving the legitimate purpose of improving the quality of care rendered in the Hospital;
- i. conduct (excluding medical treatment) which endangers the safety of any individual on Hospital grounds;
- j. inappropriate entries made in patient medical records or other official documents, including expressions of personal animosity or criticism of other Practitioners or health care providers involved in a patient's care, which is unnecessary to document the clinical aspects of the care provided or to assure continuity of care;
- k. willful damage to or theft of Hospital property;
- l. possession of a dangerous weapon on Hospital premises; or
- m. threats or reprisals against individuals who report or investigate disruptive conduct.

2. "Medical disciplinary cause or reason" means that aspect of a Medical Staff member's competence or professional conduct which is reasonably likely to be detrimental to patient safety or to the delivery of patient care. Cal. Bus. & Prof. Code § 805(a)(6).

IV. Procedure

1. Documentation of Disruptive Conduct

a. Documentation of disruptive conduct is critical because, although one incident may justify corrective action, often corrective action may be warranted only after a pattern of disruptive conduct has been established.

b. Documentation may be made by anyone who witnesses the conduct, and shall be made by the supervisor of the work unit in which the incident occurred if the supervisor witnessed the conduct. Any supervisor, Medical Staff officer, or Medical Staff Department or

committee chair who receives an oral report regarding a Practitioner engaging in disruptive conduct shall encourage the reporting person to document the incident. Requests by the reporting person that nothing be done about the matter, or indications that the report is for "information only," will not be honored. If the reporting person declines or fails to do so, the supervisor, Medical Staff officer, or Medical Staff Department or committee chair shall document the oral report.

c. The incident should be documented on a Hospital incident report form or other appropriate form, and should include:

- i. the date and time of the incident;
- ii. the names of all persons involved with the incident, including the target(s) of the conduct, any witnesses, and if the behavior affected or involved a patient, the name of the patient and the medical record number;
- iii. the circumstances surrounding the incident;
- iv. a factual and objective description of the conduct;
- v. a description of the consequences, if any, of the disruptive conduct, including how it relates to patient care or Hospital operations; and
- vi. any action taken to remedy the situation including date, time, place, action, and name(s) of those intervening.

d. All reports of disruptive conduct shall be promptly submitted to the Quality Administrator or the Nurse Executive for initial review, with an informational copy to the Risk Manager. The Quality Administrator or the Nurse Executive, as applicable, shall notify the Vice President/Administrator and the Chief of Staff of the report.

e. The Chief of Staff shall, in consultation with the Executive Committee as necessary, determine whether the disruptive conduct involves a medical disciplinary cause or reason or an allied health professional's professional competence. If the Chief of Staff and Executive Committee determine that the conduct involves a medical disciplinary cause or reason, the matter shall be referred to the Executive Committee for corrective action under the Medical Staff Bylaws. If the Chief of Staff and Executive Committee determine that the conduct involves the professional competence of an allied health professional, the matter shall be referred to the IPC for action under the Medical Staff Bylaws.

2. Initial Investigation

a. When appropriate, the Hospital shall undertake an initial investigation of the incident of disruptive conduct. The Vice President/Administrator and Chief of Staff or their designees shall assign the initial investigation to an appropriate person, such as the Hospital Risk Manager or other member of senior management. When feasible, the investigation shall be conducted in a manner that will bring its related documents and information under state law peer

review/quality assurance immunities. Regardless, the investigation shall be conducted confidentially to the extent possible.

b. The initial investigation shall include, where appropriate, interviewing the parties involved.

c. Whenever feasible, the initial investigation shall be completed within five business days (excluding weekends and holidays) after the Vice President/Administrator and Chief of Staff, or their designees, assign the initial investigation to the appropriate person. In any event, the initial investigation shall be completed as soon as reasonably possible.

d. The person(s) completing the initial investigation shall prepare a brief report of the investigation ("Report of Investigation"), including the process he or she followed in conducting the investigation, the person(s) interviewed, and the findings. The Report of Investigation shall be provided to the Vice President/Administrator and the Chief of Staff or their designees.

3. Initial Determination by Vice President/Administrator and Chief of Staff

a. The Vice President/Administrator and Chief of Staff or their designees shall review the Report of Investigation, and as soon as reasonably possible but within not more than four business days, make a written "Initial Determination" regarding whether the Practitioner has engaged in disruptive conduct.

b. If the Initial Determination is that the Practitioner has not engaged in disruptive conduct, the Practitioner and the reporting person shall be so advised. Nothing more is required under this Policy, except as provided immediately below in Section IV.3.d.

c. If the Initial Determination is that the Practitioner has, or may have, engaged in disruptive conduct, the Vice President/Administrator and the Chief of Staff or their designees shall attempt to bring the parties to a mutually acceptable, appropriate resolution, as set forth below.

d. The Initial Determination and a copy of all interview notes regarding the incident shall be placed in the accused Practitioner's credentials file.

4. Informal Resolution

a. As soon as reasonably possible, but within not more than five business days of the rendering of the Initial Determination, the Vice President/Administrator and the Chief of Staff or their designees shall hold two meetings: one with the accused Practitioner, and another with the reporting person or target of the disruptive conduct, as applicable. The goal of the meetings shall be to attempt to bring the parties to a mutually acceptable, appropriate resolution.

b. When meeting with the Practitioner, the Vice President/Administrator and the Chief of Staff or their designees shall inform the Practitioner:

i. of the Medical Staff's strict policy against disruptive conduct;

- ii. of the allegations that have been made;
- iii. that further investigation and corrective action may be undertaken if the matter is not resolved to both parties' satisfaction;
- iv. that the Medical Staff and the Hospital will treat the complaint and any investigation confidentially to the maximum extent possible that is consistent with its obligations for investigating and preventing disruptive conduct; and
- v. that any retaliation against, or intimidation of, the reporting person or anyone participating in the investigation or resolution is prohibited, and will be an independent cause for discipline, regardless of the validity of the underlying report.

c. Whenever possible, discussions regarding informal resolution should be collegial, and should be helpful and supportive to both the Practitioner and the reporting person or target of the disruptive conduct.

d. If the parties agree to a mutually acceptable informal resolution, the Vice President/Administrator and Chief of Staff or their designees shall determine, carry out, and document an appropriate time period and method for monitoring the effectiveness of the resolution. The Practitioner shall be given written notice of any requirements that are part of the resolution, and that further disruptive conduct by the Practitioner shall immediately be referred for additional corrective action.

e. Any plan for a mutually acceptable resolution, and all related correspondence, shall be placed in the accused Practitioner's credentials file.

5. Corrective Action when Complaint has not been Resolved Informally or when a Pattern of Disruptive Conduct is Identified

a. When the Initial Determination is that the Practitioner has, or may have, engaged in disruptive conduct and the initial investigation does not result in informal resolution, or if a pattern of disruptive conduct is identified, the Vice President/Administrator and the Chief of Staff or their designees shall decide whether additional investigation is appropriate in order to more accurately determine whether the Practitioner has engaged in disruptive conduct or whether a true pattern exists. Any additional investigation shall be carried out as deemed appropriate by the Vice President/Administrator and the Chief of Staff or their designees, and shall be completed as promptly as possible. Any additional factual findings shall be documented by the investigator.

b. As soon as reasonably possible but within not more than five business days of the completion of the investigation, the Vice President/Administrator and the Chief of Staff or their designees shall meet with the accused Practitioner to discuss any findings and to develop a formal plan of correction. The Vice President/Administrator and the Chief of Staff or their designees shall consider the Practitioner's suggestions for the plan of correction, but shall include in the plan all the items they deem necessary to avoid future disruptive conduct. The

plan of correction might include any of the following requirements, and/or other requirements deemed appropriate to the individual situation:

- i. the Practitioner's agreement to undergo consultation with and monitoring by the Physician Well Being Committee;
- ii. the Practitioner's agreement to undergo professional counseling;
- iii. the Practitioner's agreement to take a temporary leave of absence;
- iv. a formal apology by the Practitioner to each individual who was the target of the disruptive conduct;
- v. the Practitioner's agreement and plan to work constructively with the appropriate people to address a clinical or administrative issue that was a source of frustration for the Practitioner and was related to the disruptive conduct;
- vi. appropriate restitution by the Practitioner; and/or
- vii. the Practitioner's completion of sensitivity training or other appropriate training.

c. The plan of correction shall identify the individuals or committee responsible and the mechanisms for monitoring the Practitioner's compliance with the plan, and shall specify a monitoring period of sufficient length. The plan of correction shall also set forth the consequences of further disruptive conduct. Depending on the behavior at issue, the plan of correction may include an immediate recommendation for termination of Medical Staff membership or privileges, or practice prerogatives, for specified additional disruptive conduct (such as sexual harassment or endangerment of individuals), graduated penalties for repeated disruptive conduct, or other penalties as deemed appropriate.

d. In drafting the plan of correction, the Vice President/Administrator and Chief of Staff shall consult legal counsel as appropriate.

e. The plan of correction shall become effective when it is signed by the Practitioner and the Vice President/Administrator and Chief of Staff or their designees.

f. If the Practitioner refuses to sign the plan of correction, the matter shall be referred to the ad hoc committee as described below in Section IV.7.

6. Monitoring Compliance with Plan of Correction

a. Monitoring of the Practitioner's compliance with the plan of correction shall be carried out as specified in the plan. If the Practitioner fails to comply with the plan in any material respect, the individuals or committee responsible for monitoring shall report the failure to the Vice President/Administrator and the Chief of Staff or their designees who shall investigate the noncompliance to the extent they deem appropriate. The additional investigation

shall include offering an interview to the Practitioner, but the investigation shall proceed if the Practitioner declines the interview.

b. Based on the further investigation, the Vice President/Administrator and the Chief of Staff or their designees may impose additional corrective action for the Practitioner. The additional corrective action may include any elements that the Vice President/Administrator and the Chief of Staff or their designees deem appropriate.

c. The matter shall be referred to the ad hoc committee described below if either:

- i. a recommendation is made that involves a loss of Medical Staff membership or restriction of clinical privileges or loss or restriction of practice prerogatives; or
- ii. additional corrective action is imposed and the Practitioner either refuses to agree in writing to the additional corrective action, or fails to comply with the additional corrective action.

7. Referral to Ad Hoc Committee

a. Once a referral to an ad hoc committee is made, within five business days the Vice President/Administrator and Chief of Staff shall each appoint representatives to serve on the committee. The Chief of Staff shall appoint a member of the Medical Staff. The Vice President/Administrator shall appoint a representative from the Hospital or the Palomar Pomerado Health administrative or management staff. Those two appointed committee members shall then appoint a third member to serve on the ad hoc committee, and shall determine who among them shall serve as the committee chair.

b. The members of the ad hoc committee shall not be in any way biased against the accused Practitioner, shall gain no direct financial benefit from the outcome, and shall not have acted as an accuser, investigator, factfinder, or initial decisionmaker in the same matter.

c. The ad hoc committee shall meet as soon as reasonably possible, but in no event more than seven days from the appointment of the final member. The ad hoc committee shall consider the matter, shall review documentation regarding the underlying incident(s), any investigations, the corrective action plan (even if the corrective action plan was never signed by the Practitioner), and any other relevant documentation. The ad hoc committee may interview whomever it chooses, and consider any statements provided by the Practitioner, the reporting person, the target of the disruptive conduct, and/or any witnesses.

d. The accused Practitioner shall have the right to informally appear before the ad hoc committee, and shall have the right to submit a written statement to the ad hoc committee.

e. Within seven days from its first meeting, the ad hoc committee shall render a written recommendation regarding the action to be taken. The recommendation shall briefly describe the committee's findings, and the reasoning behind the findings.

f. If the ad hoc committee recommendation includes a loss of Medical Staff membership or restriction of clinical privileges, or a loss or restriction of practice prerogatives, the committee shall send the recommendation to the Executive Committee for information and recommendation. The Executive Committee shall consider the ad hoc committee's recommendation at its next meeting if its next meeting is within two weeks, or at a special meeting called for the purpose of considering the recommendation. The accused Practitioner shall have the right to appear before the Executive Committee, and to provide a written statement, before the Executive Committee renders its recommendation regarding the action to be taken against the Practitioner. The Executive Committee shall forward its written recommendation regarding the action to be taken against the Practitioner to the Board of Directors for final action.

g. Recommendations of the ad hoc committee, other than those involving a loss of Medical Staff membership or restriction of clinical privileges, or a loss or restriction of practice prerogatives, shall be provided to the Executive Committee for information only.

h. The Board of Directors shall consider the recommendation of the ad hoc committee, and the recommendation of the Executive Committee if applicable, before taking final action. The Board of Directors shall seek legal counsel as necessary before taking such action under this Policy.

Board of Directors – 12/17/01

Exhibit 2.10

EXCEPTIONS TO REPRESENTATIONS AND WARRANTIES OF GROUP

No Exceptions.

Exhibit 4.8

FEES SCHEDULE FOR PROFESSIONAL SERVICES

See Attached.

Exhibit 8.5

OBLIGATIONS UNDER THE HEALTH INSURANCE PORTABILITY AND ACCOUNTABILITY ACT OF 1996 ("HIPAA")

1. Definitions.

- a. "Designated Record Set" shall have the meaning given to such term under the Privacy Rule (as defined below).
- b. "HIPAA Obligations" means the obligations of Group and each Group Practitioner as set forth in this Exhibit.
- c. "Privacy Rule" means the HIPAA Regulation that is codified at 45 CFR Parts 160 and 164, or applicable successor provisions, as may be amended from time to time.
- d. "Protected Health Information" means any information, whether oral or recorded in any form or medium that: (i) relates to the past, present or future physical or mental condition of an individual; the provision of health care to an individual; or the past, present or future payment for the provision of health care to an individual, and (ii) identifies the individual or with respect to which there is a reasonable basis to believe the information can be used to identify the individual, or is defined as such under the Privacy Rule.
- e. "Protected Information" means Protected Health Information provided by Hospital to Group or any Group Practitioner or created or received by Group or any Group Practitioner on Hospital's behalf.
- f. "Required by Law" shall have the meaning given to such term under the Privacy Rule.

2. Use of Protected Information. Neither Group nor any Group Practitioner shall use Protected Information except as permitted by and for the purpose of performing their respective obligations under this Agreement. Neither Group nor any Group Practitioner shall use Protected Information in any manner that would constitute a violation of the Privacy Rule if so used by Hospital.

3. Permitted Disclosures. Neither Group nor any Group Practitioner shall disclose Protected Information in any manner that would constitute a violation of the Privacy Rule if disclosed by Hospital, except that Group and any Group Practitioner may disclose Protected Information in a manner permitted pursuant to this Agreement or as Required by Law.

4. Appropriate Safeguards. Group shall implement appropriate safeguards as are necessary to prevent the use or disclosure of Protected Information other than as permitted by this Agreement.

5. **Reporting of Improper Use or Disclosure.** Group shall notify Hospital in writing of any use or disclosure of Protected Information other than as provided for by this Agreement and this Exhibit within two (2) days of becoming aware of such use or disclosure.
6. **Group Practitioner's Agents.** Group and each Group Practitioner shall ensure that any agents, including subcontractors, to whom either provides Protected Information, agree in writing to the same restrictions and conditions that apply to Group and each Group Practitioner with respect to such Protected Information.
7. **Access to Protected Information.** Group and each Group Practitioner shall make Protected Information maintained by Group, any Group Practitioner or their respective agents or subcontractors in Designated Record Sets available to Hospital for inspection and copying within ten (10) days of a request by Hospital to enable Hospital to fulfill its obligations under the Privacy Rule.
8. **Amendment of Protected Health Information.** Within ten (10) days of receipt from Hospital for an amendment of Protected Information or a record about an individual contained in a Designated Record Set, Group, each Group Practitioner and their respective agents or subcontractors shall make such Protected Information available to Hospital for amendment and incorporate any such amendment to enable Hospital to fulfill its obligations under the Privacy Rule.
9. **Accounting Rights.** Within ten (10) days of notice by Hospital of a request for an accounting of disclosures of Protected Information, Group and each Group Practitioner and their respective agents or subcontractors shall provide to Hospital an accounting of disclosures sufficient to enable Hospital to fulfill its obligations under the Privacy Rule. As set forth and as limited by the Privacy Rule, neither Group nor any Group Practitioner shall provide an accounting to Hospital of disclosures: (i) to carry out treatment, payment or health care operations; (ii) to individuals of Protected Information about them; (iii) to persons involved in the individual's care or other notification purposes; (iv) for national security or intelligence purposes; or (v) to correctional institutions or law enforcement officials. *[Group shall implement a process that allows for an accounting to be collected and maintained by Group and its agents or subcontractors for at least six (6) years prior to the request, but not before the compliance date of the Privacy Rule.]* At a minimum, such information shall include: (A) the date of disclosure; (B) the name of the entity or person who received Protected Information and, if known, the address of the entity or person; (C) a brief description of Protected Information disclosed; and (D) a brief statement of purpose of the disclosure that reasonably informs the individual of the basis for the disclosure, or copy of the individual's authorization, or a copy of the written request for disclosure.
10. **Governmental Access to Records.** Group and each Group Practitioner shall make their respective internal practices, books and records relating to the use and disclosure of Protected Information available to Hospital or, at the request of Hospital, to the Secretary of the U.S. Department of Health and Human Services, for purposes of determining Hospital's compliance with the Privacy Rule.

11. **Retention of Protected Information.** Except as provided in Sections 12 and 13 of this Exhibit, Group, each Group Practitioner and their respective agents or subcontractors shall retain all Protected Information throughout the term of this Agreement and shall continue to maintain the information required hereunder for a period of six (6) years after expiration or termination of this Agreement.
12. **Term of Obligations.** Group's and each Group Practitioner's HIPAA Obligations shall commence as of the compliance date of the Privacy Rule, and shall terminate when all of the Protected Information is destroyed or returned to Hospital, or, if it is infeasible to return or destroy Protected Information, protections are extended to such information, in accordance with Section 14 of this Exhibit.
13. **Effect of Termination.** Upon expiration or termination of this Agreement for any reason, Group and each Group Practitioner shall return or destroy all Protected Information that Group, any Group Practitioner or their respective agents or subcontractors still maintain in any form, and shall retain no copies of such Protected Information. If return or destruction is not feasible, Group and each Group Practitioner shall continue to extend the protections of this Exhibit to such information, and limit further use of such Protected Health Information to those purposes that make the return or destruction of such Protected Health Information infeasible.
14. **Amendment.** The Parties agree to take such action as is necessary to amend HIPAA Obligations from time to time in order for Hospital to comply with the requirements of the Privacy Rule, HIPAA and other applicable laws relating to the security or confidentiality of Protected Health Information.
15. **Interpretation of Obligations.** The HIPAA Obligations shall be interpreted as broadly as necessary to implement and comply with HIPAA and the Privacy Rule. The Parties acknowledge and agree that any ambiguity in the HIPAA Obligations shall be resolved in favor of a meaning that complies and is consistent with HIPAA and the Privacy Rule.

Status of the Behavioral Medicine Consolidation

TO: Board of Directors

FROM: Board Finance Committee
Tuesday, August 17, 2004

MEETING DATE: Monday, September 13, 2004

BY: Sheila Brown, Clinical Outreach Officer
Susan Linback, System Director, Behavioral Health Services
Bob Hemker, Chief Financial Officer

Background: At the February 18, 2004, Committee meeting, it was recommended and approved that the Behavioral Medicine Programs at Palomar Medical Center (PMC) and Pomerado Hospital (POM) be consolidated at PMC, subject to a regulatory change in reimbursement by July 1st, as well as the ability to complete construction for a July 1st opening. Construction was estimated at \$400,000. This project was intended to utilize excess beds at PMC, free up beds at POM for use by medical/surgical patients, and set the stage for long-term reimbursement changes affecting inpatient psychiatric services.

On the basis of various internal and external reviews and analyses, consolidation of the two psychiatric units at PMC could potentially provide an additional \$655K contribution margin.

The conditions needing to be met included implementation by Medicare of the new Inpatient Psychiatric Facility Prospective Payment System (IPFPPS) reimbursement program for inpatient psychiatric services by July 1, 2004. Necessary OSHPD and licensing approvals would also have been required by July 1, 2004, for construction required by Life/Safety Code requirements that centered around the use of PMC's locked psychiatric unit. Construction costs for these basic changes were expected to be approximately \$400K. However, unforeseen regulatory requirements were not known at that time.

Delays in any of these factors beyond July 1, 2004, would have resulted in reduced financial benefits from this project. With delay in implementation of the IPFPPS reimbursement regulations beyond July 1, 2004, consolidation of the psychiatric programs at PMC was projected to result in a reduction in contribution margin of approximately \$450K in comparison to current operations. These results would have been from lower DRG reimbursement for med/psych patients in lieu of higher blended PPS and TEFRA reimbursement under the IPFPPS program.

Current Condition: We were informed late in May that the implementation by Medicare of the new IPFPPS reimbursement program for inpatient psychiatric services is now projected for July 1, 2005, not the originally anticipated date of July 1, 2004.

In addition, as of May 4, 2004, the project cost—formerly estimated at \$400,000—has escalated to \$1 million as the result of fire suppression and other lock-down issues. Also, there will be a reduction of 2 beds from 26 to 24 in the combined program.

These significant changes warranted re-consideration of the viability of consolidating the programs from a silo perspective. However, the opportunity to gain 12 acute care beds at POM

Status of the Behavioral Medicine Consolidation

for a relatively modest amount per bed suggested the project be evaluated further. Premised on an approximate November 2004 consolidation and opening of the 12 acute beds, operating income neutralizes within 2 years and the capital investment is returned in 3 years. Acute bed capacity will be key to finalizing the evaluation and recommendation.

As noted in the attached project timeline, the availability of additional acute care beds at POM will not occur until the end of February 2005. Thus, they will not be ready for the anticipated "seasonal volume fluctuation". Even so, it is important to prepare and make ready the combined program at PMC and access to additional acute beds at POM. Transfer of the program from POM will not occur until June 30, 2005, unless there is an essential need for the additional acute beds at POM to be filled on a regular basis.

Budget Impact: Potential negative operating budget impact of \$450,000 for FY05

Capital budget of approximately \$1,000,000

Staff Recommendation: Continue to evaluate based on current conditions, reimbursement, and acute bed capacity needs. Approve capital amount of \$1,000,000 to construct a combined behavioral medicine program at PMC and acute beds at POM.

Committee Questions:

COMMITTEE RECOMMENDATION: The Finance Committee recommends approval of the \$1,000,000 in unbudgeted capital funds to complete the construction build-outs necessary to implement the consolidation of the Behavioral Medicine Programs to Palomar Medical Center no later than the July 1, 2005, deadline, and the addition of acute care beds at Pomerado Hospital. Staff to monitor need to open prior to July 1, 2005.

Motion: X

Individual Action:

Information:

Required Time:

New Psychiatric Unit Palomar Medical Center

ID	Task Name	Duration	Start	Finish	2005																			
					Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	1st Quarter	2nd Quarter								
1																								
2	Total Project Duration	0 days	Mon 5/3/04	Mon 5/3/04	5/3	◆ Total Project Duration																		
3	Notice to Proceed	0 days	Mon 5/3/04	Mon 5/3/04	5/3	◆ Notice to Proceed																		
4																								
5	Fire Protection	41 days	Mon 5/3/04	Mon 6/28/04	5/3	▶ Fire Protection																		
6	Bid Process	10 days	Mon 5/3/04	Fri 5/14/04	5/3	▢ Bid Process																		
7	PPH Approval	31 days	Mon 5/17/04	Mon 6/28/04	5/17	▢ PPH Approval																		
8	Notice to Proceed	0 days	Mon 6/28/04	Mon 6/28/04	6/28	◆ Notice to Proceed																		
9																								
10	Planning and Engineering	61 days	Mon 5/17/04	Tue 8/10/04	5/17	▶ Planning and Engineering																		
11	Architectural and MEP Drawings	4 wks	Mon 5/17/04	Fri 6/11/04	5/17	▢ Architectural and MEP Drawings																		
12	Fire Sprinkler Drawings & Calcs	3 wks	Wed 7/21/04	Tue 8/10/04	7/21	▢ Fire Sprinkler Drawings & Calcs																		
13	Fire Alarm Drawings & Calcs	2 wks	Wed 7/28/04	Tue 8/10/04	7/28	▢ Fire Alarm Drawings & Calcs																		
14																								
15	OSHDP Review and Approval	30 days	Tue 8/10/04	Wed 9/22/04	8/10	▶ OSHDP Review and Approval																		
16	Submit to OSHDP	0 days	Tue 8/10/04	Tue 8/10/04	8/10	◆ Submit to OSHDP																		
17	OSHDP Review	30 days	Wed 8/11/04	Wed 9/22/04	8/11	▢ OSHDP Review																		
18	Obtain OSHDP Permit	0 days	Wed 9/22/04	Wed 9/22/04	9/22	◆ Obtain OSHDP Permit																		
19																								
20	Contractor Selection	13 days	Tue 8/31/04	Mon 9/20/04	8/31	▶ Contractor Selection																		
21	Issue Bid Packages	0 days	Tue 8/31/04	Tue 8/31/04	8/31	◆ Issue Bid Packages																		
22	Bidding Period	10 days	Wed 9/1/04	Wed 9/15/04	9/1	▢ Bidding Period																		
23	Award Contracts	3 days	Thu 9/16/04	Mon 9/20/04	9/16	▢ Award Contracts																		
24																								
25	Move	3 days	Fri 9/24/04	Tue 9/28/04	9/24	▶ Move																		
26	Move out of Phase 1	3 days	Fri 9/24/04	Tue 9/28/04	9/24	▢ Move out of Phase 1																		
27	Phase 1 Vacated	0 days	Tue 9/28/04	Tue 9/28/04	9/28	◆ Phase 1 Vacated																		
28																								
29	Construction - 1st Phase	38 days	Wed 9/29/04	Mon 11/22/04	9/29	▶ Construction - 1st Phase																		
30	Start Construction Activities	0 days	Wed 9/29/04	Wed 9/29/04	9/29	◆ Start Construction Activities																		
31	Spot Abatement	5 days	Thu 9/30/04	Wed 10/6/04	9/30	▢ Spot Abatement																		



PROJECT: PALOMAR PSYCHIATRIC UNIT REMODEL
 LOCATION: PALOMAR HOSPITAL
 ARCHITECTS: RODRIGUEZ PARK
 OWNER: PALOMAR / POMERADO HEALTH
 DATE: 7/9/04

OUTLINE SPECIFICATION		SCOPE OF WORK		ESTIMATE		CLARIFICATIONS	
System	Description	Quantity	Unit	\$/unit	\$/gsf	Total	
SYSTEMS RECAP							
1.000	FOUNDATIONS	-	cy	\$0.00	\$0.00	\$0	No Work
2.000	SUBSTRUCTURE	-	sf	\$0.00	\$0.00	\$0	No Work
3.000	SUPERSTRUCTURE	-	sf	\$0.00	\$0.00	\$0	
4.000	EXTERIOR ENCLOSURE	32	sf	\$475.20	\$1.35	\$15,206	
5.000	ROOFING SYSTEMS	-	sf	\$0.00	\$0.44	\$4,920	
6.000	INTERIOR CONSTRUCTION	11,256	sf	\$8.90	\$8.90	\$100,208	
7.000	CONVEYING SYSTEMS	-	stops	\$0.00	\$0.00	\$0	No Work
8.000	PLUMBING & PIPING	-	ft	\$0.00	\$1.24	\$13,959	
9.000	FIRE PROTECTION	11,256	gsf	\$8.66	\$8.66	\$97,500	
10.000	H.V.A.C.	11,256	gsf	\$2.40	\$2.40	\$27,029	
11.000	ELECTRICAL	11,256	gsf	\$15.92	\$15.92	\$179,192	
12.000	EQUIPMENT	-	gsf	\$0.00	\$0.00	\$0	See Project Cost
13.000	SITWORK	-	sf	\$0.00	\$0.00	\$0	No Work
14.000	CONSTRUCTION MANAGEMENT	-	ls	\$0.00	\$18.60	\$209,379	
15.000	SPECIAL CONDITIONS	-	ls	\$0.00	\$9.77	\$110,000	
SUBTOTAL		757,393	ls	\$67.29	\$67.29	\$757,393	
SUBCONTRACTOR BONDS		776,328	ls	2.50%	\$1.68	\$18,935	
CONSTRUCTION CONTINGENCY		853,961	ls	10.00%	\$6.90	\$77,633	
DESIGN & ESTIMATING CONTINGENCY		853,961	ls		\$0.00	\$0	
ADMINISTRATIVE OVERHEAD & PROFIT		853,961	ls		\$0.00	\$0	w/ rates
RUDOLPH & SLETTEN BOND		853,961	ls		\$0.00	\$0	excluded
LIABILITY INSURANCE		853,961	ls		\$0.00	\$0	w/ trade contracts
ESCALATION		853,961	ls		\$0.00	\$0	
SUBTOTAL, CONSTRUCTION		11,256	gsf	\$75.87	\$75.87	\$853,961	
PROJECT COSTS						\$1,005,416	

Note: Excludes security system

116

**Strategic Planning Committee
FY05 Goals**

TO: Board of Directors
DATE: September 13, 2004
FROM: Strategic Planning Committee
August 10, 2004
BY: Marcia Jackson for Alan Larson, M.D. (Chair)

BACKGROUND: At the March, April and May 2004 Strategic Planning Committee meetings, the Committee reviewed, discussed and provided recommendations regarding the FY05 system-wide goals. Due to the pressing nature of finalizing the Facilities Master Plan, the Committee has not had an opportunity to make a final approval of the FY05 system-wide goals.

Marcia Jackson presented the Revised Final FY05 Goals. Since the Committee had reviewed and discussed these goals at previous meeting there were minimal comments.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Staff recommends approval.

COMMITTEE RECOMMENDATION:

Motion: The committee accepted the goals and voted to recommend full Board approval with the stipulation that the timeframe for the Philanthropic Capital Campaign Strategy be revised if recommended by PPHF.

Individual Action: X

Information:

Required Time:

FY05 WORKFORCE DEVELOPMENT GOAL

Accountable Leader: Michael Covert

Goal Team: All Employees, EMT, Leadership Council

Relationship to Mission:	A fully engaged workforce provides high quality care.
FY08 Goal	Achieve national recognition as one of the top health systems in the country to work for, through receipt of Nursing Magnet designation, Fortune Magazine Top 100 status, and 99 th percentile Gallup Organization status.
Goal Statement:	<u>PPH:</u> To achieve an organizational culture of high-level engagement among our employees, which will contribute to high patient and physician loyalty and high quality care.
Outcome Measure:	<p>The grand mean from the employee engagement survey is utilized as the measurement for this goal.</p> <p>2004 performance: 3.78 2003 performance: 3.79</p> <p>Maximum: Employee engagement survey average overall grand mean score greater than or equal to: 4.10</p> <p>Target: employee engagement survey average overall grand mean score greater than or equal to: 4.04</p> <p>Threshold: employee engagement survey average overall grand mean score greater than or equal to: 3.99</p>
Timeframe:	June 30, 2005 (end of 4 th quarter, FY2005)
Context, Assumptions, Required Resources, Other Considerations:	<ul style="list-style-type: none"> • Possible consultative support • Periodic sample surveying during fiscal year to measure progress

FY05 FACILITIES/TECHNOLOGY GOAL

Accountable Leaders: Jim Flinn/Elizabeth Renfree

Goal Team: EMT & Leadership

Relationship to Mission:	To provide information technology and a physical environment that will improve the quality of care, enhance patient safety, provide a healing environment and facilitate clinical and financial processes and decision support																																																											
FY08 Goal	Development of state-of-the-art facilities and technology, recognized (by the Center for Health Design, Institute for Healthcare Improvement, Modern Healthcare, Healthcare Design or other organizations) for integration across specialty lines and continuum of care.																																																											
Goal Statement:	Finalize a comprehensive facility plan and implementation of the I.T. strategy for all PPH campuses.																																																											
Outcome Measure:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="width: 40%;"></th> <th style="width: 15%;">Threshold</th> <th style="width: 15%;">Target</th> <th style="width: 15%;">Maximum</th> <th style="width: 15%;">Weight</th> </tr> </thead> <tbody> <tr> <td>Facility Milestones</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>POM hospital</td> <td>Complete schematic design; 50% completion of design development</td> <td>Complete design development</td> <td>Complete design development; 20% completion of construction documents</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>POM Outpatient Services Pavilion</td> <td>75% completion of design</td> <td>Design complete; City approval received</td> <td>Completion of construction documents; bid process complete</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>PMC/north hospital</td> <td>Complete schematic design; 50% completion of design development</td> <td>Complete design development</td> <td>Complete design development; 20% completion of construction documents</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Satellite centers</td> <td>Program developed and space/facility 50% designed for 1 center</td> <td>Program developed and design completed for 1 facility</td> <td>Program developed and design 50% complete for 2 centers</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Information technology milestones</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Cerner Phase II</td> <td>10/31/05</td> <td>9/30/05</td> <td>8/31/05</td> <td style="text-align: center;">0%</td> </tr> <tr> <td>PACS</td> <td>5/31/05</td> <td>4/30/05</td> <td>3/31/05</td> <td style="text-align: center;">20%</td> </tr> <tr> <td>Lawson Hr & Payroll</td> <td>9/30/04</td> <td>8/31/04</td> <td>7/31/04</td> <td style="text-align: center;">10%</td> </tr> <tr> <td>Time & Attendance</td> <td>9/30/04</td> <td>8/31/04</td> <td>7/31/04</td> <td style="text-align: center;">10%</td> </tr> </tbody> </table>						Threshold	Target	Maximum	Weight	Facility Milestones					POM hospital	Complete schematic design; 50% completion of design development	Complete design development	Complete design development; 20% completion of construction documents	15%	POM Outpatient Services Pavilion	75% completion of design	Design complete; City approval received	Completion of construction documents; bid process complete	15%	PMC/north hospital	Complete schematic design; 50% completion of design development	Complete design development	Complete design development; 20% completion of construction documents	15%	Satellite centers	Program developed and space/facility 50% designed for 1 center	Program developed and design completed for 1 facility	Program developed and design 50% complete for 2 centers	15%	Information technology milestones					Cerner Phase II	10/31/05	9/30/05	8/31/05	0%	PACS	5/31/05	4/30/05	3/31/05	20%	Lawson Hr & Payroll	9/30/04	8/31/04	7/31/04	10%	Time & Attendance	9/30/04	8/31/04	7/31/04	10%
		Threshold	Target	Maximum	Weight																																																							
	Facility Milestones																																																											
	POM hospital	Complete schematic design; 50% completion of design development	Complete design development	Complete design development; 20% completion of construction documents	15%																																																							
	POM Outpatient Services Pavilion	75% completion of design	Design complete; City approval received	Completion of construction documents; bid process complete	15%																																																							
	PMC/north hospital	Complete schematic design; 50% completion of design development	Complete design development	Complete design development; 20% completion of construction documents	15%																																																							
	Satellite centers	Program developed and space/facility 50% designed for 1 center	Program developed and design completed for 1 facility	Program developed and design 50% complete for 2 centers	15%																																																							
	Information technology milestones																																																											
	Cerner Phase II	10/31/05	9/30/05	8/31/05	0%																																																							
	PACS	5/31/05	4/30/05	3/31/05	20%																																																							
	Lawson Hr & Payroll	9/30/04	8/31/04	7/31/04	10%																																																							
	Time & Attendance	9/30/04	8/31/04	7/31/04	10%																																																							
	Timeframe:	Implementation will be in process throughout FY05																																																										
	Context, Assumptions, Required	<ul style="list-style-type: none"> ▪ Implementation of the IT strategy and the facility plan 																																																										

<p>Resources, Other Considerations:</p>	<p>requires the commitment of staff resources from most departments to design the facilities and implement the IT systems.</p> <ul style="list-style-type: none">▪ Medical staff will need to be involved in both aspects of this goal as well▪ Several departments need to be involved in the financing of these projects including Finance Department, Foundation, Marketing
--	---

FY05 FINANCE GOAL

Accountable Leader: Bob Hemker, Anamaria Repetti

Goal Team: EMT, Bond Financing Team, and Bond Communications Team

Relationship to Mission	To develop excellence in PPH'S ability to heal, comfort, and promote health in the communities we serve.				
FY08 Goal	Achieve the highest A bond rating, as provided by Moody's Financial Services, through the reaching of 11.3% earnings before interest, taxes, and depreciation.				
Goal Statement	Develop a comprehensive Plan of Finance for Facility Plan that includes: <ol style="list-style-type: none"> 1) Secure Bond financing 2) PPHF will develop a Philanthropic Capital Campaign Strategy and develop the infrastructure to successfully implement the Campaign 3) Achieve A2 positive rating from Moodys by June 2005. 				
Outcome Measure		Threshold	Target	Maximum	Weight
	Possible G.O. Bond	Not passed (No Threshold)	Passes by 6/05	Passes 11/04	50%
	Revenue Bond Package	Prepared by 6/30/05	Prepared by 4/30/05	Prepared by 2/28/05	25%
	Philanthropic Capital Campaign	Strategy developed by 6/30/05	Strategy developed by 4/30/05	Strategy developed by 2/28/05	10%
	Bond Rating	Maintain current rating, A2 stable	Achieve A2 positive rating	Achieve A1 rating	15%
Timeframe	Complete Financing Package and / or Strategies by April 30, 2005.				
Context, Assumptions, Required Resources, Other Considerations	Interrelationships of Financing Alternatives and capital dollars associated with each are dependent upon the final facility plan and potential tax implications of a G.O. strategy.				

FY05 CUSTOMER SERVICE GOAL

Accountable Leader: Gerald Bracht

Goal Team: All Employees, EMT, Leadership, Service Excellence Directors, Patient Advocates, Customer Service Workgroups

Relationship to Mission:	A caring and compassionate workforce provides comfort and is responsive to all those served.															
FY08 Goal	Realize combined 90 th percentile ranking of all health systems rated by the Gallup Organization for Physician and Patient Loyalty.															
Goal Statement:	To achieve an organizational culture among our employees, physicians and volunteers of proactive and positive customer relations extended to all internal and external customers.															
Outcome Measure:	<p>Metrics for this goal are:</p> <p style="margin-left: 40px;">A. Patient Loyalty Survey Average Overall Composite Grand Mean Score B. Physician Loyalty Annual Survey Grand Mean Score</p> <p>The 2003 scores were:</p> <p style="margin-left: 40px;">A. Patient Loyalty Survey Average Overall Composite Grand Mean Score: 3.49 B. Physician Loyalty Annual Survey Grand Mean Score: 3.78</p> <p>The 2004 scores are:</p> <p style="margin-left: 40px;">A. Patient Loyalty Survey Average Overall Composite Grand Mean Score: 3.47 B. Physician Loyalty Annual Survey Grand Mean Score: 3.93</p> <table border="1" style="margin-left: auto; margin-right: auto; border-collapse: collapse; text-align: center;"> <thead> <tr> <th style="width: 50%;"></th> <th style="width: 10%;">Threshold</th> <th style="width: 10%;">Target</th> <th style="width: 10%;">Maximum</th> <th style="width: 10%;">Weight</th> </tr> </thead> <tbody> <tr> <td>Patient Loyalty Survey Average Overall Composite Mean Score</td> <td>3.54</td> <td>3.56</td> <td>3.59</td> <td>50%</td> </tr> <tr> <td>Physician Loyalty Annual Survey Grand Mean Score</td> <td>3.95</td> <td>4.01</td> <td>4.06</td> <td>50%</td> </tr> </tbody> </table>		Threshold	Target	Maximum	Weight	Patient Loyalty Survey Average Overall Composite Mean Score	3.54	3.56	3.59	50%	Physician Loyalty Annual Survey Grand Mean Score	3.95	4.01	4.06	50%
	Threshold	Target	Maximum	Weight												
Patient Loyalty Survey Average Overall Composite Mean Score	3.54	3.56	3.59	50%												
Physician Loyalty Annual Survey Grand Mean Score	3.95	4.01	4.06	50%												
Timeframe:	June 30, 2005															
Context, Assumptions, Required Resources, Other Considerations:	<ul style="list-style-type: none"> ▪ Possible consultative support ▪ Education and training for key roles. 															

FY05 QUALITY GOAL

Accountable Leader: Val Tesoro, M.D.

Goal Team: Board of Directors, EMT, Q/CE Team, Department Directors, Clinical Nurse Specialists

Relationship to Mission:	To develop excellence in PPH's ability to heal, comfort, and promote health in the communities we serve.																																							
FY08 Goal	Achieve national recognition for the clinical quality and programs and services provided through receipt of the California Baldrige Award, AHA Awards, and top 10% status among institutions in implementation of CMS standard.																																							
FY05 Goal Statement:	<p>PPH will support continuous improvement and demonstrate consistent excellence in clinical outcomes in order to (1) exceed national standards and (2) effectively promote our services to the community.</p> <ol style="list-style-type: none"> 1. Improve clinical outcomes in cardiovascular, pulmonary and surgical services and achieve external benchmark of top 20% of participants in CMS/Premier Hospital Quality Incentive Demonstration. 2. Initiate participation in the <u>California Awards for Performance Excellence[™] (CAPE[™])</u> program, which is a three-step process that utilizes the most current Malcolm Baldrige National Quality Awards (MBNQA) criteria. 																																							
FY05 Outcome Measure:	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left;">Outcome Measures</th> <th style="text-align: center;">Threshold</th> <th style="text-align: center;">Target</th> <th style="text-align: center;">Maximum</th> <th style="text-align: center;">Weight</th> </tr> </thead> <tbody> <tr> <td>AMI</td> <td style="text-align: center;">3/9</td> <td style="text-align: center;">5/9</td> <td style="text-align: center;">9/9</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>CHF</td> <td style="text-align: center;">2/4</td> <td style="text-align: center;">3/4</td> <td style="text-align: center;">4/4</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Community Acquired Pneumonia</td> <td style="text-align: center;">2/7</td> <td style="text-align: center;">4/7</td> <td style="text-align: center;">7/7</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Hip & Knee</td> <td style="text-align: center;">2/6</td> <td style="text-align: center;">4/6</td> <td style="text-align: center;">6/6</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>Open heart surgery</td> <td style="text-align: center;">2/8</td> <td style="text-align: center;">4/8</td> <td style="text-align: center;">8/8</td> <td style="text-align: center;">15%</td> </tr> <tr> <td>California Awards for Performance Excellence (CAPE)/ state Baldrige Program</td> <td style="text-align: center;">Complete a gap analysis</td> <td style="text-align: center;">Develop action plans based on gap analysis. Educate all staff on opportunities for improvement.</td> <td style="text-align: center;">Submission of Level 1 CAPE Award Application (Challenge Award)</td> <td style="text-align: center;">25%</td> </tr> </tbody> </table>					Outcome Measures	Threshold	Target	Maximum	Weight	AMI	3/9	5/9	9/9	15%	CHF	2/4	3/4	4/4	15%	Community Acquired Pneumonia	2/7	4/7	7/7	15%	Hip & Knee	2/6	4/6	6/6	15%	Open heart surgery	2/8	4/8	8/8	15%	California Awards for Performance Excellence (CAPE)/ state Baldrige Program	Complete a gap analysis	Develop action plans based on gap analysis. Educate all staff on opportunities for improvement.	Submission of Level 1 CAPE Award Application (Challenge Award)	25%
Outcome Measures	Threshold	Target	Maximum	Weight																																				
AMI	3/9	5/9	9/9	15%																																				
CHF	2/4	3/4	4/4	15%																																				
Community Acquired Pneumonia	2/7	4/7	7/7	15%																																				
Hip & Knee	2/6	4/6	6/6	15%																																				
Open heart surgery	2/8	4/8	8/8	15%																																				
California Awards for Performance Excellence (CAPE)/ state Baldrige Program	Complete a gap analysis	Develop action plans based on gap analysis. Educate all staff on opportunities for improvement.	Submission of Level 1 CAPE Award Application (Challenge Award)	25%																																				
Timeframe:	June 30, 2005 / Report quarterly																																							

MEDICAL STAFF SERVICES

August 24, 2004



TO: Board of Directors

BOARD MEETING DATE: September 13, 2004

FROM: James S. Otschi, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Medical Staff Credentialing Recommendations

PALOMAR MEDICAL CENTER

- I. Provisional Appointment (September 13, 2004 through August 31, 2006)
Ravi K. Ajmera, M.D., Internal Medicine
Ramin Amani, M.D., Pediatrics
Aliya S. Ferouz-Colborn, M.D., Otolaryngology
Kathleen P. Gates, M.D., Pediatrics
John S. Locke, M.D., Orthopaedic Surgery
Raymond Y. Sung, M.D., Diagnostic Radiology
Dawn L. Swarm, M.D., Orthopaedic Surgery
Jeffrey W. Tamborlane, M.D., Orthopaedic Surgery
Roy Yaari, M.D., Neurology
- II. Advance from Provisional to Active Status
Keyvan Esmaeili, M.D., Physical Medicine & Rehab
Donald T. Miller, M.D., Pediatrics
T. Tejpal Singh, M.D., Diagnostic Radiology
- III. Advance from Provisional to Associate
H. Richard Adams, M.D., Physical Medicine & Rehab
Lorne D. Kapner, M.D., Ophthalmology
- IV. Additional Privileges
Alex I. Fraser, M.D., Anesthesiology
 - Epidural Injection with or without Catheter Placement – Thoracic, Lumbar, CaudalDavid L. Greenwald, M.D., Neurosurgery
 - Laser (Safety and Use in Neurosurgery)Andrew D. Polansky, M.D., Diagnostic Radiology
 - Management of Patient Controlled Analgesia (PCA)Kevin Yoo, M.D., Neurosurgery
 - Moderate Sedation
- V. Leave of Absence
Cynthia A. Araneta, M.D., Pediatrics (09/13/2004 through 08/31/2006)
Charles V. Maletz, M.D., Family Practice (4/23/04 through 9/12/04)
Margaret Riley-Hagan, M.D., Pediatrics (09/20/2004 through 08/31/2006)
- VI. Voluntary Resignations/Withdrawal of Membership
Darin W. Allred, M.D., Orthopaedic Surgery (effective 08/01/2004)
Jerry L. Blakely, M.D., OB/GYN (effective 09/01/2004)

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

124

Voluntary Resignations/Withdrawal of Membership....Continued

Margaret E. Branscom, M.D., Psychiatry (effective 09/30/2004)
Pedro Carrillo, M.D., Family Practice (effective 08/31/2004)
John P. Einck, M.D., Radiation Oncology (effective 09/09/2004)
Kevin P. Hansen, M.D., Orthopaedic Surgery (effective 08/01/2004)
Hsingyee E. Lee, M.D., Diagnostic Radiology
Darius M. Moezzi, M.D., Orthopaedic Surgery (effective 08/01/2004)
Steven C. Plaxe, M.D., Reproductive Oncology (effective 09/30/2004)
Shannon M. Rose, M.D., Medicine/Pediatrics (effective 09/09/2004)
Sajani Tipnis, M.D., Neonatology (effective 08/27/2004)
Gregory R. VandenBerghe, M.D., Orthopaedic Surgery (effective 08/01/2004)

VII. Reappointments Effective October 1, 2004 through September 30, 2006

Joyce A. Adams, M.D.	Pediatrics	Dept of Pediatrics	Associate
Rachel L. Bacon, M.D.	Medicine/Pediatrics	Dept of Medicine	Active
David E. Buccigrossi, M.D.	Internal Medicine	Dept of Medicine	Active
Regis F. Fallon, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
Edward M. Gurrola, II, M.D.	Anesthesiology	Dept of Anesthesia	Active
Mark D. Haberman, M.D.	Medicine/Pediatrics	Dept of Medicine	Active
John J. Lilley, M.D.	Nephrology	Dept of Medicine	Active
Steven H. Mannis, M.D.	Emergency Medicine	Dept of Emergency Medicine	Active
Laurence M. McKinley, M.D.	Orthopaedic Surgery	Dept of Ortho/Rehab	Active
Carl A. Miller, M.D.	Anesthesiology	Dept of Anesthesia	Active
Robert V. Reznichak, D.D.S.	Dentistry	Dept of Surgery	Associate
Jose A. Rua, M.D.	Pediatrics	Dept of Pediatrics	Active
William S. Samuel, M.D.	Neurology	Dept of Medicine	Active
Karla A. Strazicich, M.D.	Pediatrics	Dept of Pediatrics	Active
Lori J. Wan, M.D.	Medicine/Pediatrics	Dept of Medicine	Active
Wendy K. Wright, M.D.	Pediatrics	Dept of Pediatrics	Associate
John A. Young, M.D.	Cardiothoracic Surgery	Dept of Surgery	Courtesy

One Year Provisional Reappointments Effective September 13, 2004 through August 31, 2005

Byron C. Chow, M.D., Pediatrics
Maria H. Elswick, M.D., OB/GYN
Lena K. Hillenburg, M.D., Internal Medicine/Pediatrics
Mohammad Imandoust, M.D., Pediatrics
Samuel C. Kim, M.D., Neurosurgery
Peter M. Lucas, M.D., Anesthesiology
Kosala Samarasinghe, M.D., Internal Medicine
Steve S. Song, M.D., Internal Medicine
Vishal Verma, M.D., Diagnostic Radiology

VIII. Allied Health Professional Appointment (September 13, 2004 through August 31, 2006)

Jayne E. Dansky, CNM, Certified Nurse Midwife; Sponsors: Drs. Buringrud, Hannig, Trifunovic, Kohatsu.
Joan M. Keith, CNM, Certified Nurse Midwife; Sponsors: Drs. Buringrud, Hannig, Trifunovic, Kohatsu.
Therese M. O'Neill, CNM, Certified Nurse Midwife; Sponsors: Drs. Buringrud, Hannig, Trifunovic, Kohatsu.

IX. Allied Health Professional Additional Duties

Teri L. Arruda, N.P., Nurse Practitioner; Sponsors: Drs. Deitel, Gullahorn, Nissanoff.
▪ Orthopaedic Surgery/Rehabilitation Services as a Nurse Practitioner

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
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Ravi K. Ajmera, M.D.
PPHS Facilities	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Internal Medicine - Not Board Certified
--------------------	---

ORGANIZATIONAL NAME

Name	Neighborhood Healthcare
-------------	-------------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	UCSD School of Medicine, La Jolla, CA From: 09/22/1997 To: 05/25/2001 Doctor of Medicine
Internship Information	University of California, San Diego Internal Medicine From: 06/24/2001 To: 06/27/2002
Residency Information	University of California, San Diego Internal Medicine From: 07/01/2002 To: 06/30/2004
Fellowship Information	N/A
Current Affiliation Information	San Diego Hospice Kaiser Permanente, San Diego

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Ramin Amani, M.D.
PPHS Facilities	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Pediatrics – Certified: 1997
--------------------	------------------------------

ORGANIZATIONAL NAME

Name	Children's Specialists of San Diego
-------------	-------------------------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	UCSD School of Medicine, La Jolla, CA From: 08/01/1989 To: 06/06/1993 Doctor of Medicine Degree
Internship Information	LAC/University of Southern Calif. Medical Center, Los Angeles, CA General Surgery – PGY1 Resident From: 06/24/1993 To: 06/24/1994 LAC/University of Southern Calif. Medical Center Pediatrics – PGY1 Resident From: 06/24/1994 To: 06/24/1995
Residency Information	LAC/University of Southern Calif. Medical Center, Los Angeles, CA Pediatrics From: 07/01/1995 To: 06/30/1997
Fellowship Information	N/A
Current Affiliation Information	Kaweah Delta Hospital, Visalia, CA Coral Springs Medical Center, Coral Springs, FL North Broward Medical Center, Pompano Beach, FL Broward General Medical Center, Fort Lauderdale, FL

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Aliya S. Ferouz-Colborn, M.D.
PPHS Facilities	Escondido Surgery Center Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Otolaryngology – Certified: 1997
--------------------	----------------------------------

ORGANIZATIONAL NAME

Name	Aliya S. Ferouz, M.D., Medical Corporation
-------------	--

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	University of Pennsylvania School of Medicine, Philadelphia, PA From: 08/31/1987 To: 05/21/1991 Doctor of Medicine Degree
Internship Information	Temple University Hospital, Philadelphia, PA General Surgery From: 07/01/1991 To: 06/30/1992
Residency Information	Temple University Hospital, Philadelphia, PA Otolaryngology, Head & Neck Surgery From: 07/01/1992 To: 06/30/1996
Fellowship Information	Global Sleep Labs, Arcadia, CA Sleep Medicine Proctorship From: 02/01/2003 To: 06/30/2003
Current Affiliation Information	HealthSouth, Center for Surgery of Encinitas Scripps Memorial Hospital, Encinitas

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Kathleen P. Gates, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Pediatrics – Not Board Certified
--------------------	----------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Children's Specialists of San Diego
-------------	-------------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of California, Davis From: 09/22/1997 To: 06/15/2001 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, San Francisco Pediatrics From: 06/21/2001 To: 06/20/2002
<i>Residency Information</i>	University of California, San Francisco Pediatrics From: 07/01/2002 To: 05/21/2004
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Edward M. Gurrola II, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Anesthesiology – Certified: 2000
--------------------	----------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Anesthesia Consultants of California
-------------	--------------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Connecticut, Storrs, CT From: 08/26/1991 TO: 05/25/1995 Doctor of Medicine Degree
<i>Internship Information</i>	University of Connecticut Health Center, Farmington, CT Internal Medicine From: 07/01/1995 To: 06/30/1996
<i>Residency Information</i>	University of California, San Diego Anesthesia From: 07/01/1996 To: 06/30/1999
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	HealthSouth Rancho Bernardo Surgery Center University of California, San Diego Palomar Medical Center Escondido Surgery Center

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	John S. Locke, M.D.
<i>PPHS Facilities</i>	Escondido Surgery Center Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Orthopaedic Surgery - Certified: 2001
--------------------	---------------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	San Diego Arthroscopy & Sports Medicine
-------------	---

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Uniformed Services University - Health Sciences From: 08/24/1987 To: 05/18/1991 Doctor of Medicine Degree
<i>Internship Information</i>	Naval Hospital, Oakland Basic Surgery From: 07/01/1991 To: 06/30/1992
<i>Residency Information</i>	Naval Hospital, Oakland Orthopaedic Surgery From: 07/01/1993 To: 06/30/1995 Stanford University Medical Center PGYIV-V Orthopaedic Surgery Resident From: 07/01/1995 To: 06/30/1997
<i>Fellowship Information</i>	San Diego Arthroscopy & Sports Medicine Sports Medicine From: 08/01/2004 To: 07/31/2005
<i>Current Affiliation Information</i>	Naval Hospital, Twenty-Nine Palms

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Peter M. Lucas, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Anesthesiology – Certified: 1990
--------------------	----------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Anesthesia Consultants of California
-------------	--------------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Pennsylvania School of Medicine, Philadelphia, PA From: 08/31/1981 To: 05/20/1985 Doctor of Medicine Degree
<i>Internship Information</i>	Crozer-Chester Medical Center, Chester, PA Transitional From: 06/23/1985 To: 06/22/1986
<i>Residency Information</i>	New England Medical Center, Boston, MA Anesthesia From: 07/01/1986 To: 06/30/1989
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Escondido Surgery Center Palomar Medical Center South Coast Surgery Center, Coos Bay, OR Bay Area Hospital, Coos Bay, OR

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Deborah M. Mitchell, M.D.
PPHS Facilities	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

Specialties	Anesthesiology – Certified: 1990
--------------------	----------------------------------

ORGANIZATIONAL NAME

Name	Anesthesia Consultants of California
-------------	--------------------------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	University of Arizona, Tucson, AZ 05/19/1979 Doctor of Medicine Degree
Internship Information	Tucson Hospitals Medical Education Program Flexible From: 07/01/1979 To: 06/30/1980
Residency Information	University of Colorado, Denver, CO Anesthesia From: 07/01/1983 To: 06/30/1985
Fellowship Information	University of Colorado, Denver, CO Anesthesia, Cardiothoracic From: 07/01/1985 To: 12/31/1985 Children's Hospital, Denver, CO Anesthesia, Pediatric From: 01/01/1986 To: 07/30/1986
Current Affiliation Information	HealthSouth Rancho Bernardo Surgery Center Rancho Springs Medical Center Escondido Surgery Center Palomar Medical Center

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Malini M. Reddy, M.D.
PPHS Facilities	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

Specialties	Anesthesiology – Not Board Certified
--------------------	--------------------------------------

ORGANIZATIONAL NAME

Name	Anesthesia Consultants of California
-------------	--------------------------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	Bangalore University/Kempegowda Institute of Medical Sciences, India From: 07/01/1987 To: 04/24/1993 Doctor of Medicine Degree
Internship Information	University of Pennsylvania, Philadelphia, PA Transitional From: 01/01/1999 To: 01/31/2000
Residency Information	University of Pennsylvania, Philadelphia, PA Anesthesia From: 01/01/2000 To: 10/02/2003
Fellowship Information	N/A
Current Affiliation Information	Palomar Medical Center Escondido Surgery Center

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Raymond Y. Sung, M.D.
PPHS Facilities	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Diagnostic Radiology – Certified: 2003
--------------------	--

ORGANIZATIONAL NAME

Name	Stat Radiology Medical Corporation
-------------	------------------------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	University of Southern California, Los Angeles From: 08/01/1992 To: 05/10/1996 Doctor of Medicine Degree
Internship Information	State University of New York Downstate, Brooklyn General Surgery From: 07/01/1996 To: 06/30/1997
Residency Information	Albany Medical Center Hospital, Albany, NY Diagnostic Radiology From: 07/01/1999 To: 06/30/2003
Fellowship Information	University of California, San Diego Neuroradiology From: 07/01/2003 To: Present Expected Date of Completion: 6/30/05
Current Affiliation Information	None

125

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Dawn L. Swarm, M.D.
PPHS Facilities	Escondido Surgery Center Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Orthopaedic Surgery – Not Board Certified
--------------------	---

ORGANIZATIONAL NAME

Name	San Diego Arthroscopy & Sports Medicine
-------------	---

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	Jefferson Medical College, Philadelphia, PA From: 08/30/1995 To: 05/27/1999 Doctor of Medicine Degree
Internship Information	Thomas Jefferson University Hospital, Philadelphia, PA General Surgery From: 06/20/1999 To: 06/20/2000
Residency Information	Thomas Jefferson University Hospital, Philadelphia, PA Orthopaedic Surgery From: 07/01/2000 To: 06/30/2004
Fellowship Information	San Diego Arthroscopy & Sports Medicine Sports Medicine From: 08/01/2004 To: Present Expected Date of Completion: 07/31/2005
Current Affiliation Information	None

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

Provider Name & Title	Jeffrey W. Tamborlane, M.D.
PPHS Facilities	Pomerado Hospital Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

Specialties	Orthopaedic Surgery – Not Board Certified
--------------------	---

ORGANIZATIONAL NAME

Name	San Diego Arthroscopy & Sports Medicine
-------------	---

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	Georgetown University School of Medicine, Washington, D.C. From: 08/01/1994 To: 05/23/1998 Doctor of Medicine Degree
Internship Information	Harbor/UCLA Medical Center, Torrance, CA General Surgery From: 06/24/1998 To: 06/23/1999
Residency Information	Saint Vincent Catholic Medical Centers, Jamaica, NY (New York Medical College) Orthopaedic Surgery From: 07/01/1999 To: 06/30/2004
Fellowship Information	San Diego Arthroscopy & Sports Medicine, San Diego, CA Sports Medicine From: 08/01/2004 To: Present Expected Date of Completion: 07/31/2005
Current Affiliation Information	None

**PALOMAR POMERADO HEALTH
PROVISIONAL APPOINTMENT
September, 2004**

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Roy Yaari, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Neurology – Not Board Certified
--------------------	---------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Southwest Neurology Medical Group
-------------	-----------------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Southern California, Los Angeles, CA From: 08/26/1996 To: 05/12/2000 Doctor of Medicine Degree
<i>Internship Information</i>	Veterans Affairs Medical Center - West Los Angeles Internal Medicine From: 06/24/2000 To: 06/23/2001
<i>Residency Information</i>	University of California, San Diego Neurology From: 07/01/2001 To: 06/30/2004
<i>Fellowship Information</i>	University of California, San Diego Neurology - Dementia From: 07/01/2004 To: 06/30/2006
<i>Current Affiliation Information</i>	None

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
SEPTEMBER, 2004**

NAME:	Teri L. Arruda, N.P.	
SPECIALTY:	Nurse Practitioner	
SERVICES:	Emergency Medicine Nurse Practitioner	
TRAINING:	Our Lady of Holy Cross College, New Orleans, LA	
	Bachelor of Science in Nursing	09/01/87-5/13/90
	California State University, Dominguez Hills, Carson, CA	
PRACTICE:	Master of Science, Nursing: Family Nurse Practitioner	09/01/95-06/18/99
	Nurse Practitioner, San Diego Advanced Orthopedic Center	05/04-Present
	Nurse Practitioner, California Emergency Physicians, Palomar Medical Center, Escondido, CA	03/01/04-5/04
	Nurse Practitioner, SART Program, Palomar Pomerado Health Escondido, CA	11/10/03-Present
	Nurse Practitioner, Head and Neck Surgery, UCSD Medical Center, San Diego, CA	10/21/03-02/13/04
	Nurse Practitioner, Emergency Physicians of Northern Virginia, Emergency Room, Potomac Hospital, Woodbridge, VA	09/26/01-11/03/03
	Nurse Practitioner, Family Health Connection, Potomac Hospital, Woodbridge, VA	06/04/01-07/01/03
	Nurse Practitioner, Woodbridge Family Health Center, Woodbridge, VA	11/01/00-10/01
	Nurse Practitioner, Division of Otolaryngology, UCSD Medical Center, San Diego, CA	07/01/99-07/19/00
SPONSORS:	Registered Nurse, United States Army Nurse Corps	06/20/90-06/12/99
CERTIFICATION:	Kevin Deitel, M.D., Leslie Gullahorn, M.D., Jonathan Nissanoff, M.D.	
FACILITIES:	American Nurses Credentialing Center	1999
	Pomerado Hospital	
NAME:	Jayne E. Dansky, CNM	
SPECIALTY:	Certified Nurse Midwife	
SERVICES:	Certified Nurse Midwife, Birth Center Palomar Medical Center	
TRAINING:	University of Maryland, Baltimore, MD	
	Bachelor of Science in Nursing	09/85-06/87
	University of Mexico, Albuquerque, NM	
PRACTICE:	Master of Science in Nursing-Speciality Nurse Midwifery	09/93-07/29/95
	Certified Nurse Midwife, Palomar Medical Center Birth Center	01/05/04-Present
	Nurse Practitioner, Planned Parenthood, Escondido, CA	06/21/01-01/23/04
	Certified Nurse Midwife, Kelsey-Seybold Clinic, Houston, TX	09/20/99-4/12/01
	Certified Nurse Midwife, The University of Texas Medical Branch, Galveston, TX	10/14/96-09/01/99
	Certified Nurse Midwife, Baylor College of Medicine, Houston, TX	01/96-09/4/96
	Registered Nurse for the following hospitals: Sibley Memorial Hospital and Georgetown University Hospital, Washington, D.C.;	
	Greater Baltimore Medical Center, John Hopkins Hospital, Baltimore, MD;	
	Brakenridge Hospital, Austin, TX, United States Naval Hospital, San Diego, CA	1987-1993
SPONSORS:	Duane Buringrud, M.D., John Hannig, Karen Kohatsu, M.D.	
	Robert Trifunovic, M.D.	
CERTIFICATION:	American College of Nurse Midwives	1995
FACILITY:	Palomar Medical Center	

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENT
SEPTEMBER 2004**

Page two

<p>NAME: SPECIALTY: SERVICES: TRAINING:</p>	<p>Joan M. Keith, CNM Certified Nurse Midwife Certified Nurse Midwife, Birth Center Palomar Medical Center Dundee Royal Infirmary(now part of Tayside College of Nursing and Midwifery Degree in Registered Nursing St. Lukes Maternity Hospital, Bradford, England Midwife Degree Downstate University, State University of New York & Kings County Hospital Certified Nurse Midwife (Refresher Program) Certified Nurse Midwife, North County Health Services, San Marcos, CA Certified Nurse Midwife, Palomar Medical Center Birth Center Certified Nurse Midwife, Athena - The Birth Place, San Diego, CA Certified Nurse Midwife, OB/GYN Specialists of the Palm Beachs, West Palm Beach, FL Certified Nurse Midwife, Beth Israel Medical Center, New York City Midwifery Sister, Ripon and District Hospital, Ripon, England Head Nurse, Whitaker Corp, Tabuk, Saudia Arabia Staff Midwife; Maryfield Hospital, Dundee, Scotland Duane Buringrud, M.D., John Hannig, Karen Kohatsu, M.D. Robert Trifunovic, M.D.</p>	<p>1/30/57-02/24/60 1961-1962 1/70-02/05/71 04/04/01-Present 1/05/2004-Present 06/30/95-1999 1986-06/01/95 1984-1986; 71-74 80-84; 74-77;64-67;62-63 1977-1979 1963-1964</p>
<p>PRACTICE:</p>	<p>American College of Nurse Midwives Palomar Medical Center</p>	<p>1971</p>
<p>SPONSORS:</p>	<p>Therese M. O'Neill, CNM Certified Nurse Midwife Certified Nurse Midwife, Birth Center Palomar Medical Center Antelope Valley College, Lancaster, CA Associate of Science Degree- Nursing California State University, Long Beach Bachelor of Science - Nursing University of Southern California, School of Medicine Nurse Midwife Certification University of Southern California, School of Nursing Master of Science in Nursing Certified Nurse Midwife, Palomar Medical Center Birth Center Assistant Clinical Professor, University of Southern California School of Medicine, Department of OB-GYN, Los Angeles, CA Nurse Midwife, LAC/USC Medical Center, Women's & Childrens Hospital, Los Angeles, CA Registered Nurse, Orange Coast Memorial Medical Center Fountain Valley, CA Duane Buringrud, M.D., John Hannig, Karen Kohatsu, M.D. Robert Trifunovic, M.D.</p>	<p>06/82-06/85 09/01/87-06/01/90 01/2/92-12/17/92 09/01/94-12/16/97 06/24/96-present 02/17/93-06-23/96 02/17/93-06-23/96 06/87-01/93</p>
<p>PRACTICE:</p>	<p>American College of Nurse Midwives Palomar Medical Center</p>	<p>1993</p>
<p>SPONSORS:</p>	<p>Therese M. O'Neill, CNM Certified Nurse Midwife Certified Nurse Midwife, Birth Center Palomar Medical Center Antelope Valley College, Lancaster, CA Associate of Science Degree- Nursing California State University, Long Beach Bachelor of Science - Nursing University of Southern California, School of Medicine Nurse Midwife Certification University of Southern California, School of Nursing Master of Science in Nursing Certified Nurse Midwife, Palomar Medical Center Birth Center Assistant Clinical Professor, University of Southern California School of Medicine, Department of OB-GYN, Los Angeles, CA Nurse Midwife, LAC/USC Medical Center, Women's & Childrens Hospital, Los Angeles, CA Registered Nurse, Orange Coast Memorial Medical Center Fountain Valley, CA Duane Buringrud, M.D., John Hannig, Karen Kohatsu, M.D. Robert Trifunovic, M.D.</p>	<p>06/82-06/85 09/01/87-06/01/90 01/2/92-12/17/92 09/01/94-12/16/97 06/24/96-present 02/17/93-06-23/96 02/17/93-06-23/96 06/87-01/93</p>
<p>PRACTICE:</p>	<p>American College of Nurse Midwives Palomar Medical Center</p>	<p>1993</p>
<p>SPONSORS:</p>	<p>Therese M. O'Neill, CNM Certified Nurse Midwife Certified Nurse Midwife, Birth Center Palomar Medical Center Antelope Valley College, Lancaster, CA Associate of Science Degree- Nursing California State University, Long Beach Bachelor of Science - Nursing University of Southern California, School of Medicine Nurse Midwife Certification University of Southern California, School of Nursing Master of Science in Nursing Certified Nurse Midwife, Palomar Medical Center Birth Center Assistant Clinical Professor, University of Southern California School of Medicine, Department of OB-GYN, Los Angeles, CA Nurse Midwife, LAC/USC Medical Center, Women's & Childrens Hospital, Los Angeles, CA Registered Nurse, Orange Coast Memorial Medical Center Fountain Valley, CA Duane Buringrud, M.D., John Hannig, Karen Kohatsu, M.D. Robert Trifunovic, M.D.</p>	<p>06/82-06/85 09/01/87-06/01/90 01/2/92-12/17/92 09/01/94-12/16/97 06/24/96-present 02/17/93-06-23/96 02/17/93-06-23/96 06/87-01/93</p>
<p>PRACTICE:</p>	<p>American College of Nurse Midwives Palomar Medical Center</p>	<p>1993</p>

140

MEDICAL STAFF SERVICES



August 26, 2004

TO: Board of Directors
BOARD MEETING DATE: September 13, 2004
FROM: James S. Otoshi, M.D., Chief of Staff
PMC Medical Staff Executive Committee
SUBJECT: Department of Anesthesia Rules and Regulations
EXECUTIVE COMMITTEE MEETING DATE: August 23, 2004

At the August 23, 2004 Executive Committee meeting for Palomar Medical Center, the following modifications to the Department of Anesthesia Rules and Regulations were approved for forwarding to the Board of Directors with a recommendation for approval. These modifications have been reviewed by legal counsel. Recommendations for additional wording are underlined.

Rationale

The Department is recommending modification of the rules and regulations to clarify the eligibility criteria for pain management privileges.

POLICY FOR ANESTHESIA PRIVILEGES

1. Privileges may be granted to anesthesiologists who meet the requirement specified in the Medical Staff Bylaws, are affiliated with the group holding an active service contract with Palomar Pomerado Health System, and who meet such additional criteria for specific privileges as the Department and Executive Committee shall determine. However, for chronic pain services, which are currently not part of the exclusive active service contract held by the anesthesia providing group, other anesthesiologists qualified to provide chronic pain services may obtain chronic pain privileges, provided that they meet specific additional criteria for privileges as the Department and Executive Committee may determine. Physicians requesting pain management privileges after the effective date of _____ will be required to be Board Certified in Pain Management or have successfully completed a Pain Management Fellowship or extended training in Pain Management. Requests for consideration of a waiver of this requirement may be submitted to the Department along with documentation of additional qualifications.

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

141

MEDICAL STAFF SERVICES



DATE: August 24, 2004

MEMO TO: Palomar Pomerado Health
Board of Directors

FROM: L. Richard Greenstein, M.D.
Medical Director, Escondido Surgery Center

RE: Medical Staff Recommendations

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

Appointment:

Effective September 13, 2004 through August 31, 2006

- ◆ Aliya S. Ferouz-Colborn, M.D., Otolaryngology
- ◆ John S. Locke, M.D., Orthopaedic Surgery
- ◆ Dawn L. Swarm, M.D., Orthopaedic Surgery

Resignations/Withdrawals:

Effective August 1, 2004

- ◆ Darin W. Allred, M.D., Orthopaedic Surgery
- ◆ Kevin P. Hansen, M.D., Orthopaedic Surgery
- ◆ Darius Moezzi, M.D., Orthopaedic Surgery
- ◆ Gregory R. VandenBerghe, M.D., Orthopaedic Surgery

Reappointment:

Effective September 13, 2004 through August 30, 2005

- ◆ Peter M. Lucas, M.D., Anesthesiology

Effective September 13, 2004 through October 31, 2005

- ◆ Lorne D. Kapner, M.D., Ophthalmology

Effective October 1, 2004 through September 30, 2006

- ◆ Regis F. Fallon, M.D., Orthopaedic Surgery
- ◆ Edward M. Gurrola, II, M.D., Anesthesiology
- ◆ Laurence M. McKinley, M.D., Orthopaedic Surgery
- ◆ Carl A. Miller, M.D., Anesthesiology

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

142



Pomerado Hospital Medical Staff Services
 15615 Pomerado Road
 Poway, CA 92064
 Phone (858) 613-4664/4538 Fax (858) 613-4217

DATE: September 2, 2004
TO: Board of Directors - September 13, 2004 Meeting
FROM: Alan J. Conrad, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – August 2004:

Credentials Recommendations: August 2004

Provisional Appointment:

<u>Name</u>	
Aliya Ferouz-Colborn, M.D.	Surgery
Ramin Amani, M.D.	Pediatrics
Kathleen Gates, M.D.	Pediatrics
Edward Gurrola, M.D.	Anesthesia
Peter M. Lucas, M.D.	Anesthesia
Deborah M. Mitchell, M.D.	Anesthesia
Malini M. Reddy, M.D.	Anesthesia
John S. Locke, M.D.	Surgery
Raymond Y. Sung, M.D.	Radiology
Dawn L. Swarm, M.D.	Surgery
Jeffrey Tamborlane, M.D.	Surgery

Advancement to Active Category:

T. Tejpal Singh, M.D. Radiology

Biennial Reappointment:

<u>Name</u>	<u>Category</u>	<u>Section</u>	<u>Effective Through</u>
Joyce A. Adams, M.D.	Consulting	Pediatrics	9/30/2006
Michael E. Easter, M.D.	Assisting Only	OB/GYN	9/30/2006
Larry T. Konzen, M.D.	Active	Medicine	9/30/2006
John J. Lilley, M.D.	Courtesy	Medicine	9/30/2006
Steven H. Mannis, M.D.	Active	Emergency Medicine	9/30/2006
Artemio G. Pagdan, M.D.	Active	Medicine	9/30/2006
Steven C. Plaxe, M.D.	Consulting	OB/GYN	9/30/2006
David N. Spees, M.D.	Courtesy	Medicine	9/30/2006
Kuangkai Tai, M.D.	Active	Pediatrics	9/30/2006

Interim Reappointment – Patricia Johnson, M.D. to allow for completion of processing reappointment 90 days from the date the current reappointment expires 9/30/2004

90 Day Extension to allow for completion of the Advancement Review

Christopher Di Simone, M.D.

Keyvan Esmaeili, M.D.

Terese Dudarewicz, M.D.

David, Haffie, D.O.

Bindu Singhal, M.D.

Lei Wang, M.D.

Allied Health Appointment:

Teri L. Arruda, N. P. – Sponsors: Dr. K. Deitel, Dr. L. Gullahorn, M.D., Dr. J. Nissanoff

Resignations:

Darin Allred, M.D. - Surgery

Kevin Hansen, M.D. – Surgery

David A. Kirkman, M.D. OB/GYN

Darius Moezzi, M.D. – Surgery

Sajani Tipnis, M.D. - Pediatrics

Gregory VandenBerghe, M.D. – Surgery

142

Request for Additional Privileges:

Andrew Polansky, M.D. – Management of Patient Controlled Analgesia

Request for Return From Leave of Absence – L. Richard Greenstein, M.D.

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.

**LAFCO SPECIAL DISTRICTS ADVISORY COMMITTEE NOMINATION
(Informational)**

TO: Board of Directors
September 13, 2004

FROM: Alan W. Larson, MD, Chairman, Board of Directors

BY: Christine Meaney for Alan W. Larson, MD

BACKGROUND: By letter dated April 30, 2004, nominations for positions on LAFCO (San Diego Local Agency Formation Commission) Special Districts Advisory Committee were sought. The name of Director Scofield was submitted by the Board Chairman. As a result ballots were recently received from LAFCO wherein Director Scofield was included amongst the 2004 Special Districts Advisory Committee candidates. Relevant materials are attached for information.

BUDGET IMPACT: None

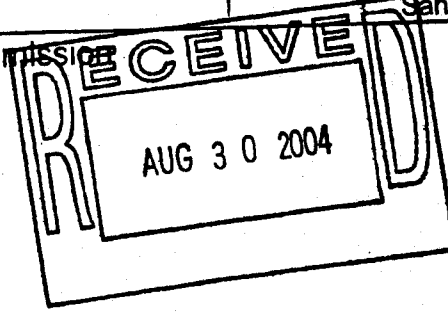
RECOMMENDATION: **Informational**

LAFCO

San Diego Local Agency Formation Commission

1600 Pacific Highway • Room 452
San Diego, CA 92101 • (619) 531-5400

Website: www.sdlafco.org



August 26, 2004

Chairwoman

Patty Davis
Councilmember
City of Chula Vista

Vice Chairman

Bud Pocklington
South Bay Irrigation District

Members

Donna Frye
Councilmember
City of San Diego

Jill D. Greer
Councilmember
City of Lemon Grove

Bill Horn
County Board of
Supervisors

Dianne Jacob
County Board of
Supervisors

Andrew L. Vandertaan
Public Member

Ronald W. Wootton
Vista Fire Protection District

Alternate Members

Greg Cox
County Board of
Supervisors

Harry Mathis
Public Member

Andrew J. Menshek
Padre Dam
Municipal Water District

Betty Rexford
Councilmember
City of Poway

(Vacant)
Councilmember
City of San Diego

Executive Officer

Michael D. Ott

Counsel

William D. Smith

TO: Independent Special Districts of San Diego County

FROM: Executive Officer
Local Agency Formation Commission

SUBJECT: 2004 Special Districts Election

By our letter of April 30, 2004, we solicited nominations for one regular member position on LAFCO, and eight positions on the Special Districts Advisory Committee. By the deadline of June 18, 2004, one nomination for the regular member, and eleven nominations for the Advisory Committee were received. A nomination for Dale Amato, submitted by the San Diego Rural Fire Protection District for the regular LAFCO member position, was received after the June 18th deadline. However, he was not included on the ballot because the nomination was submitted after the deadline. As required by the Selection Committee Rules, all eligible nominations were forwarded to the Nominating Committee. The 2004 Nominating Committee was comprised of Barbara Barber (Helix Water District), Judy Hanson (Leucadia Wastewater District), and Tom Pocklington (Bonita-Sunnyside Fire Protection District). A copy of the committee's report is attached (**Attachment 1**). Also attached are a summary and copies of all nominations received (**Attachment 2**). A list of the eligible independent special districts, formatted in label form, is provided for your convenience (**Attachment 3**). Special Districts may use the mailing list to send letters of support or additional biographical material for a particular candidate. Please note that LAFCO staff has not included any of the Candidates promotional materials with the election's materials. Also enclosed are ballots on which to record your votes (**Attachment 4**).

With respect to ballots, there is a separate ballot for each position: yellow for the LAFCO regular member, and blue for the advisory committee members. Be sure each ballot is marked only for the number of positions to be voted for in that category. A ballot that is cast for more than the indicated number of positions will be disregarded. In addition to this year's Special Districts Advisory Committee Member ballot, an advisory vote on the subject of amending members' term lengths from 2 years to 4 years has been added.

146

The ballots should be considered by your full district board. State Law and the Selection Committee Rules require a district's vote to be cast by its presiding officer, or an alternate member of the legislative body appointed by the other members. Therefore, a certification form has been attached to the ballots to be signed by the person who casts your district's votes. **A ballot received without a signed certification form will not be counted.**

The certification forms will be detached and kept separately from the ballots, but will be retained. All nominees are listed on the relevant ballot. An asterisk indicates the Nominating Committee recommendations, and incumbents have been *italicized*. Write-in candidates are permitted, and spaces have been provided for that purpose.

The deadline for receipt of the ballots by LAFCO is **October 7, 2004**. The Selection Committee Rules require that marked ballots be returned **by certified mail, return receipt requested**. Facsimile (FAX) ballots and certification forms will be accepted, **if necessary to meet the ballot deadline**, but originals must be submitted as soon as possible thereafter.

The Selection Committee Rules stipulate that a majority of the districts shall constitute a quorum for the conduct of committee business. Therefore, a minimum of **33** ballots must be received to certify that a legal election was conducted. A candidate for a LAFCO member must receive at least a majority of the votes cast to be elected. Election to the Special Districts Advisory Committee requires only a plurality vote. The ballots will be kept on file in this office, and will be made available upon request.

Please call me or Tita Jacque Cayetano if you have any questions.



MICHAEL D. OTT
Executive Officer

MDO:tjc

- Attachments:
- 1) Nominating Committee Report and Recommendations
 - 2) Independent Special District Summary of Nominations and Copies of Nomination Forms
 - 3) Independent Special District Labels
 - 4) Special District Election Vote Certification Form & Ballots



San Diego Local Agency Formation Commission

Chairwoman

Patty Davis
Councilmember
City of Chula Vista

August 26, 2004

Vice Chairman

Bud Pocklington
South Bay Irrigation District

TO: Independent Special Districts in San Diego County
FROM: 2004 Special Districts Election Nominating Committee
SUBJECT: Nominating Committee Report and Recommendations

Members

Donna Frye
Councilmember
City of San Diego

Jill D. Greer
Councilmember
City of Lemon Grove

Bill Horn
County Board of
Supervisors

Dianne Jacob
County Board of
Supervisors

Andrew L. Vanderlaan
Public Member

Ronald W. Wootton
Vista Fire Protection District

Alternate Members

Greg Cox
County Board of
Supervisors

Harry Mathis
Public Member

Andrew J. Menshek
Padre Dam
Municipal Water District

Betty Rexford
Councilmember
City of Poway

(Vacant)
Councilmember
City of San Diego

Executive Officer

Michael D. Ott

Counsel

William D. Smith

In 2004, independent special district nominations were solicited for: (1) a regular member on LAFCO, and (2) eight Special Districts Advisory Committee members. As required by the Selection Committee Rules, a nominating committee was appointed to review the nominations submitted, and to prepare a list of recommended candidates. According to the Selection Committee Rules, the nominating committee is appointed by the chairperson or vice chair of the Special Districts Advisory Committee. The Nominating Committee conferred on August 19, 2004 and reviewed the qualifications of all nominations received. The committee reviewed one nomination for the regular LAFCO member and eleven nominations for the Advisory Committee. In evaluating the nominations, the Committee considered special district experience, interests, and knowledge of LAFCO issues. For those nominees who are incumbents, the Committee further considered attendance records and meeting participation. The Committee also wanted to ensure representation from those types of districts that most often are involved in making recommendations to LAFCO.

A Candidates Forum, moderated by Mr. Ott, was scheduled on August 19 as part of the quarterly dinner meeting of the San Diego Chapter, California Special Districts Association. All candidates were invited to attend and present a brief statement of qualifications. In the interest of impartiality, the Nominating Committee decided to conclude its deliberations after the Candidates Forum. The Nominating Committee's recommendations for each category follows.

Attachment 1

148

NOMINATING COMMITTEE RECOMMENDATIONS

LAFCO Regular Member

The Nominating Committee recommended **William D. "Bud" Pocklington** (South Bay Irrigation District)

Special Districts Advisory Committee Members

The Nominating Committee recommended the following nominees for the Advisory Committee (incumbents are *italicized*): **Gary Arant** (Valley Center Municipal Water District), **Harry Ehrlich** (Olivenhain Municipal Water District), **Ron Fuller** (Alpine Fire Protection District), **Keith Lewinger** (Fallbrook Public Utility District), **Jo MacKenzie** (Vista Irrigation District), **Augie Scalzitti** (Padre Dam Municipal Water District), **Dennis Shepard** (North County Cemetery District), and **James C. Alkire** (South Bay Irrigation District).

Copies of all nominations are attached following this report.

2004 NOMINATING COMMITTEE

BARBARA BARBER
Helix Water District

JUDY HANSON
Leucadia Wastewater District

TOM POCKLINGTON
Bonita-Sunnyside Fire Protection District

**2004 SPECIAL DISTRICTS ELECTION
VOTE CERTIFICATION**

I hereby certify that I cast the votes of the _____
(Name of District)
at the 2004 Special Districts Selection Committee Election as:

- the presiding officer, or
- the duly-appointed alternate board member.

(Name)

(Title)

Date: _____

**2004 SPECIAL DISTRICTS ELECTION
BALLOT FOR SPECIAL DISTRICTS ADVISORY COMMITTEE MEMBER**

VOTE FOR ONLY EIGHT

Incumbents are *italicized*.

- * *Jo MacKenzie* (Vista ID) []
- Joel Anderson (RCD of Greater San Diego County) []
- * *James C. Alkire* (South Bay ID) []
- Thomas Bumgardner (Valley Center Parks and Recreation District) []
- * *Keith Lewinger* (Fallbrook PUD) []
- * *Augie Scalzitti* (Padre Dam MWD) []
- * *Gary Arant* (Valley Center MWD) []
- Nancy Scofield (Palomar Pomerado HCD) []
- * *Ron Fuller* (Alpine FPD) []
- * *Dennis Shepard* (North County Cemetery District) []
- * *Harry Ehrlich* (Olivenhain MWD) []

Write Ins

_____	[]
_____	[]
_____	[]

ADVISORY VOTE

The terms for Special Districts Advisory Committee members should be increased from 2 years to 4 years.

[] YES

[] NO

* = Nominating Committee Recommendation

Please note: The order in which the candidates' names are listed was determined by random selection.

2004 SPECIAL DISTRICTS ELECTION
BALLOT FOR REGULAR LAFCO MEMBER

VOTE FOR ONLY ONE

* **William D. "Bud" Pocklington**
(South Bay Irrigation District)

[]

Write-ins

[]

[]

[]

[]

* = Nominating Committee's Recommendation

GENERAL MANAGER
NORTH COUNTY CEMETERY DIST
DIAZ HILL MEMORIAL PARK
640 GLEN RIDGE RD
ESCONDIDO CA 92027

GENERAL MANAGER
MAJESTIC PINES CSD
C/O MURRAY A TOMLINSON
PO BOX 266
JULIAN CA 92036

FIRE CHIEF
BORREGO SPRINGS FPD
PO BOX 898
BORREGO SPRINGS CA 92004

GENERAL MANAGER
DOMERADO CEMETERY DIST
4361 TIERRA BONITA RD
POWAY CA 92064

GENERAL MANAGER
MORRO HILLS CSD
PO BOX 161
FALLBROOK CA 92088-0161

FIRE CHIEF
DEER SPRINGS FPD
8709 CIRCLE R DR
ESCONDIDO CA 92026

GENERAL MANAGER
RAMONA CEMETERY DIST
PO BOX 211
RAMONA CA 92065

GENERAL MANAGER
PAUMA VALLEY CSD
P O BOX 434
PAUMA VALLEY CA 92061

FIRE CHIEF
EAST COUNTY FPD
1811 SUNCREST BLVD
EL CAJON CA 92021-4246

GENERAL MANAGER
VALLEY CENTER CEMETERY DIST
PO BOX 645
VALLEY CENTER CA 92082

GENERAL MANAGER
RANCHO SANTA FE CSD
C/O DUDEK & ASSOC
605 THIRD ST
ENCINITAS CA 92024-3513

FIRE CHIEF
NORTH COUNTY FPD
315 E IVY ST
FALLBROOK CA 92028

GENERAL MANAGER
BORREGO SPRINGS PARK CSD
PO BOX 306
BORREGO SPRINGS CA 92004-0306

GENERAL MANAGER
RINCON RANCH CSD
P O BOX 882
PAUMA VALLEY CA 92061-0882

FIRE CHIEF
JULIAN-CUYAMACA FPD
P O BOX 33
JULIAN CA 92036

GENERAL MANAGER
DESCANSO CSD
C/O CAL-AM WATER CO
PO BOX 610
DESCANSO CA 91916

GENERAL MANAGER
VALLEY CENTER PARKS AND
RECREATION DISTRICT
P O BOX 141
VALLEY CENTER CA 92082-0141

FIRE CHIEF
LAKESIDE FPD
12365 PARKSIDE ST
LAKESIDE CA 92040-3006

GENERAL MANAGER
FAIRBANKS RANCH CSD
C/O DUDEK & ASSOC
605 THIRD ST
ENCINITAS CA 92024-3513

GENERAL MANAGER
WHISPERING PALMS CSD
C/O DUDEK & ASSOC
605 THIRD ST
ENCINITAS CA 92024-3513

FIRE CHIEF
LOWER SWEETWATER FPD
2711 GRANGER AVE
NATIONAL CITY CA 91950

GENERAL MANAGER
JACUMBA CSD
PO BOX 425
JACUMBA CA 91934-0425

FIRE CHIEF
ALPINE FPD
1834 ALPINE BLVD
ALPINE CA 91901-2107

FIRE CHIEF
PINE VALLEY FPD
PO BOX 130
PINE VALLEY CA 91962

GENERAL MANAGER
JULIAN CSD
PO BOX 681
JULIAN CA 92036-0681

FIRE CHIEF
BONITA-SUNNYSIDE FPD
4900 BONITA RD
BONITA CA 91902

FIRE CHIEF
RANCHO SANTA FE FPD
P O BOX 410
RANCHO SANTA FE CA 92067

FIRE CHIEF
SAN DIEGO RURAL FPD
14145 HWY 94
JAMUL CA 91935

GENERAL MANAGER
SOUTH BAY IRRIGATION DIST
PO BOX 2328
CHULA VISTA CA 91912-2328

GENERAL MANAGER
CANEBRAKE CWD
140 SMOKETREE LN
JULIAN CA 92036

FIRE CHIEF
SAN MIGUEL CONSOL FPD
850 VIA ORANGE WAY
SPRING VALLEY CA 91978-1746

GENERAL MANAGER
VISTA IRRIGATION DIST
1391 ENGINEER ST
VISTA CA 92083

GENERAL MANAGER
LEUCADIA WASTEWATER DISTRICT
1960 LA COSTA AVE
CARLSBAD CA 92009-68

FIRE CHIEF
VALLEY CENTER FPD
18234 LILAC RD
VALLEY CENTER CA 92028-5413

GENERAL MANAGER
FALLBROOK PUD
PO BOX 2290
FALLBROOK CA 92088-2290

GENERAL MANAGER
TIA JUANA VALLEY CWD
223 VIA DE SAN YSIDRO STE 4
SAN DIEGO CA 92173

FIRE CHIEF
VISTA FPD
175 N MELROSE
VISTA CA 92083

GENERAL MANAGER
LAKE CUYAMACA REC & PARK DIST
15027 HWY 79
JULIAN CA 92036

GENERAL MANAGER
MOOTAMAI MWD
PO BOX 812
PAUMA VALLEY CA 92061-0812

GENERAL MANAGER
FALLBROOK HEALTHCARE DIST
PO BOX 2587
FALLBROOK CA 92088

GENERAL MANAGER
OLIVENHAIN MWD
1966 OLIVENHAIN RD
ENCINITAS CA 92024-5699

ADMINISTRATIVE DIRECTOR
GROSSMONT HEALTHCARE DIST
9001 WAKARUSA ST
LA MESA CA 91942-3300

GENERAL MANAGER
MISSION RCD
PO BOX 1777
FALLBROOK CA 92088

GENERAL MANAGER
PADRE DAM MWD
PO BOX 719003
SANTEE CA 92072-9003

GENERAL MANAGER
PALOMAR-POMERADO HCD
15255 INNOVATION DR STE 204
SAN DIEGO CA 92128-3410

GENERAL MANAGER
RESOURCE CONSERVATION DIST
OF GREATER SAN DIEGO COUNTY
332 S JUNIPER ST #110
ESCONDIDO CA 92025-4941

GENERAL MANAGER
PAUMA MWD
PO BOX 116
PAUMA VALLEY CA 92061

GENERAL MANAGER
TRI-CITY HEALTHCARE DIST
4002 VISTA WAY
OCEANSIDE CA 92056

GENERAL MANAGER
UPPER SAN LUIS REY RCD
PO BOX 921
PAUMA VALLEY CA 92061

GENERAL MANAGER
QUESTHAVEN MWD
20560 QUESTHAVEN RD
ESCONDIDO CA 92029-4810

GENERAL MANAGER
SANTA FE IRRIGATION DIST
PO BOX 409
RANCHO SANTA FE CA 92067-0409

GENERAL MANAGER
RAINBOW MWD
PO BOX 2500
FALLBROOK CA 92088-2500

GENERAL MANAGER
RAMONA MWD
105 EARLHAM ST
RAMONA CA 92065

GENERAL MANAGER
OTAY WATER DIST
2554 SWEETWATER SPRINGS BLVD
SPRING VALLEY CA 91978-2096

GENERAL MANAGER
RINCON DEL DIABLO MWD
1920 N IRIS LN
ESCONDIDO CA 92026-1399

GENERAL MANAGER
RIVERVIEW WATER DIST
11769 WATERHILL RD
LAKESIDE CA 92040-2998

GENERAL MANAGER
VALLECITOS WATER DIST
201 VALLECITOS DE ORO
SAN MARCOS CA 92069-1453

GENERAL MANAGER
VALLEY CENTER MWD
PO BOX 67
VALLEY CENTER CA 92082-0067

GENERAL MANAGER
WYNOLA WATER DIST
PO BOX 193
SANTA YSABEL CA 92070-0193

GENERAL MANAGER
YUIMA MWD
P O BOX 177
PAUMA VALLEY CA 92061-0177

GENERAL MANAGER
BORREGO WATER DIST
PO BOX 1870
BORREGO SPRINGS CA 92004

GENERAL MANAGER
CUYAMACA WATER DIST
PO BOX 609
JULIAN CA 92036-0609

GENERAL MANAGER
HELIX WATER DIST
7811 UNIVERSITY AVE
LA MESA CA 91941-4927

GENERAL MANAGER
LAKESIDE WATER DIST
10375 VINE ST
LAKESIDE CA 92040

GENERAL MANAGER
SAN LUIS REY MWD
5328 HWY 76
FALLBROOK CA 92028

155

CONFLICT OF INTEREST CODE BIENNIAL REVIEW
Amending & Restating the Eighth Amended Conflict of Interest Code

TO: Board of Directors
September 13, 2004

FROM: Michael Covert, President and CEO

BY: Christine Meaney for Jim Neal, Compliance Officer

BACKGROUND: Section 87306.5 of the Government Code requires Palomar Pomerado Health to review and revise, as necessary, its Conflict of Interest Code every two years. Pursuant to this directive we have reviewed our Code with our attorneys and recommend that the Board adopt the suggested changes to the Code as shown by the redline version of the revised Code with which you have been provided.

An overview of revisions to the District's Conflict of Interest Code is as follows:

1. The language regarding monetary thresholds in Section III.F.1.a(4) and Section III.F.2.b have been included pursuant to the Government Code Sections 87206.d and 87207(2).
2. The threshold provided in Section III.F.2 has been raised to \$500 pursuant to changes to Government Code Section 87207(a)(1);
3. The gift threshold provided in Sections III.H and III.L.1.e. has been raised to \$340 pursuant to changes to 2CCR Section 18703.4
4. Appendix 1 reflects the current list of designated employees required to disclose economic interests.

This updated version will be sent to the San Diego County Board of Supervisors as required by October 1, 2004.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Action

RECOMMENDATION:

Motion:

Individual Action: X

Information:

**Resolution No. 09.13.04(01)-10
RESOLUTION OF THE BOARD OF DIRECTORS
OF PALOMAR POMERADO HEALTH
AMENDING AND RESTATING THE EIGHTH AMENDED
CONFLICT OF INTEREST CODE**

WHEREAS, Palomar Pomerado Health ("PPH"), a California local health care district, has previously adopted a Conflict of Interest Code ("Code") in accordance with California Government Code Section 87100 *et seq.* and those regulations related thereto; and

WHEREAS, PPH has performed its Biennial Review of the Code consistent with the requirements of Section 87306 of the California Government Code; and

WHEREAS, PPH now desires to amend the Code to ensure that it is consistent with changes to California laws and regulations which have occurred since the Code was last amended, as well as to make other improvements upon the advice of legal counsel; and

WHEREAS, the list of Designated Employees in the Code requires updating.

NOW, THEREFORE, BE IT RESOLVED, by the Board of Directors of PPH that:

1. Pursuant to Government Code Section 87100, the Code attached hereto as Exhibit "A", which revises the existing Code, is hereby adopted and promulgated as the Conflict of Interest Code for PPH.
2. The Secretary is hereby directed and authorized to cause to be submitted a certified copy of the revised Code to the Clerk of the Board of Supervisors.
3. The revised Code attached hereto shall become effective immediately upon its final approval by the Board of Supervisors as PPH's Code-reviewing body.

APPROVED AND ADOPTED at a Regular Meeting of the Board of Directors of Palomar Pomerado Health held on September 13, 2004, by the following vote:

AYES:

NOES:

ABSENT:

ABSTAINING:

DATED: September 13, 2004

APPROVED: _____
Alan W. Larson, M.D.
Chairperson, Board of Directors

ATTESTED: _____
Nancy L. Bassett RN, MBA
Secretary, Board of Directors

EXHIBIT A

**AMENDED
CONFLICT OF INTEREST CODE**

DRAFT 9/7/04
EIGHTHNINTH AMENDED AND RESTATED
CONFLICT OF INTEREST CODE
OF PALOMAR POMERADO HEALTH

I. Purpose

Pursuant to the Political Reform Act, Government Code Sections 87100 *et seq.* and its implementing regulations at Title 2 of the California Code of Regulations Sections 18100 *et seq.* (collectively, the "PRA"), Palomar Pomerado Health (the "District") hereby adopts the following Conflict of Interest Code (this "Code"). Nothing contained herein is intended to modify or abridge the provisions of the PRA; the provisions of this Code are additional to those found in the PRA and any other applicable laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of the PRA and any amendments thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

II. Definitions

A. Investment:

Any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest owned directly, indirectly or beneficially by the Official (as defined below), or his or her immediate family, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any Statement or other action is required under the PRA. No asset shall be deemed an investment unless its fair market value exceeds Two Thousand Dollars (\$2,000). The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or a common trust fund which is created pursuant to Section 1564 of the Financial Code, or any bond or other debt instrument issued by any government or government agency. Investments include a pro rata share of investments of any business entity, mutual fund or trust in which the Official (as defined below) or his or her family owns, directly, indirectly or beneficially, a ten percent (10%) interest or greater.

B. Interest

Interest in real property" includes any leasehold, beneficial or ownership interest or an option to acquire such an interest in real property located in the jurisdiction owned directly, indirectly or beneficially by the public official or other filer, or his or her immediate family) if the fair market value of the interest is one thousand dollars (\$1,000) or more. Interests in real property of an individual includes a pro rata share of interests in real property of any business entity or trust in which the individual or immediate family owns, directly, indirectly or beneficially, a ten percent interest or greater. Jurisdiction includes property within two miles outside the boundaries of the District or within two miles of any land owned or used by the District.

C. Income

1. Income means, except as provided in subsection (2) hereof a payment received, including but not limited to any salary, wage, advance, dividend interest, rent, proceeds from any sale, gift,

including any gift of food or beverage, loan, forgiveness or payment or indebtedness received by the filer, reimbursement for expenses, per diem. or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse. Income also includes an outstanding loan income also includes a pro rated share of any income of any business entity or trust in which the Official (as defined below) or spouse owns, directly, indirectly or beneficially, a ten percent (10%) interest or greater, "Income," other than a gift. does not include income received from any source outside the Jurisdiction and not doing business within the jurisdiction, not planning to do business within the jurisdiction, or not having done business within the jurisdiction during the two years prior to the time any Statement or other action is required under the PRA.

2. Income does not include:

- a. Campaign contributions required to be reported under Chapter 4 of the PRA;
- b. Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide nonprofit entity exempt from taxation under Section 501(c)(3) of the Internal Revenue Code;
- c. Any devise or inheritance;
- d. Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency;
- e. Dividends, interest or any other return on a security which is registered with the Securities and Exchange Commission of the United States government or a commodity future registered with the Commodity Futures Trading Commission of the United States government, except proceeds from the sale of these securities and commodities future;
- f. Redemption of a mutual fund;
- g. Alimony or child support payments;
- h. Any loan or loans from a commercial lending institution which are made in the lender's regular course of business on terms available to members of the public without regard to official status if:
 - (1) The loan is secured by the principal residence or filer: or
 - (2) The balance owed does not exceed Ten Thousand Dollars (\$10,000).
- i. Any loan from or payments received on a loan made to an individual's spouse, child, parent, grandparent, grandchild, brother sister. parent-in-law; brother-in-law, sister-in-law, nephew, niece, uncle, aunt or first cousin, or the spouse of any such person provided that a loan- or a loan payment received, from any such person shall be

considered income if he or she is acting as an agent or intermediary for any person not covered by this paragraph.

- j. Any indebtedness created as part of a retail installment or credit card transaction if made in the lender's regular course of business on terms available to members of the public without regard to official status, so long as the balance owed to the creditor does not exceed Ten Thousand Dollars (\$10,000).
- k. Payments received under a defined benefit pension plan qualified under Internal Revenue Code Section 401(a).
- l. Proceeds from the sale of securities registered with the Securities and Exchange Commission of the United States government if the filer sells the securities or the commodities futures on a stock or commodities exchange and does not know or have reason to know the identity of the purchaser.

D. Business Position

Business position means any business entity in which the Official (as defined below) holds any position of management, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the Jurisdiction, or does business or plans to do business in the jurisdiction or has done business in the jurisdiction at any time during the two years prior to the date the Statement of Interest is required to be filed.

E. Official

Includes every PPH director, officer, employee and Consultant and Candidate (as defined herein), including but not limited to members of the District's Board of Directors ("Board"), those employees identified in Appendix 1 hereto and District management personnel.

F. Statement of Economic Interests

The then current Form 700 Statement of Economic Interests provided by the California Fair Political Practices Commission.

G. Consultant

Includes any individual who, pursuant to a contract with the District, makes a District decision, including any decision that would be made by an Official in the absence of the Consultant's contract with the District.

III. Text / Standards Of Practice

A. DISCLOSURE CATEGORIES.

All Board members, candidates who have officially declared their intention to stand for election to the Board ("Candidates), designated employees and any other persons and Officials designated under the PRA must disclose their material financial interests, including completion and submission of a Statement of Economic Interests.

B. STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING:

All designated employees required to submit a Statement of economic interests shall file the original with the Chief Executive Officer or designee, The District Chief Executive Officer or designee shall make and retain a copy and forward the original to the San Diego County Board of Supervisors.

C. STATEMENTS OF ECONOMIC INTERESTS: TIME OF FILING:

1. **Initial Statements.** All Officials employed by the District on the effective date of this Code as originally adopted, promulgated and approved by the San Diego County Board of Supervisors, shall file Statements within 30 days after the effective date of this Code. Thereafter, each person already in a position when he or she is designated by an amendment to this Code shall file an initial Statement within 30 days after the effective date of the amendment.
2. **Assuming Office Statements.** All Officials assuming designated positions after the effective date of this Code shall file Statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation, 30 days after being nominated or appointed. During this same 30 day period, and prior to filing such Statements, all such persons shall attend an information session presented by the District which describes the contents and requirements of this Code and discusses the potential disqualifications applicable to the individual at issue.
3. **Annual Statements.** All designated employees shall file Statements no later than April 1 of each year.
4. **Leaving Office Statements.** Every Official who leaves a designated position shall file a Statement within 30 days after leaving his or her position.
5. **Candidate Statements.** Every Candidate shall file a Statement of Economic Interests within 10 days after the effective date of his or her candidacy as determined by applicable election laws.

D. STATEMENTS FOR PERSONS WHO RESIGN PRIOR TO ASSUMING OFFICE:

1. Any Official who resigns within 12 months of initial appointment or election, or within 30 days of the date of notice provided by the filing officer to file an assuming office Statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office Statement.
2. Any Official who resigns a position within 30 days of the date of notice from the filing officer shall do both of the following:
 - a. File a written resignation with the appointment power;

- b. File a written Statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the District or receive, or become entitled to receive, any form of payment by virtue of being appointed or elected to the position.

E. CONTENTS OF AND PERIOD COVERED BY STATEMENTS OF ECONOMIC INTERESTS:

1. Contents of Initial Statements. Initial Statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the Code and income received during the 12 months prior to the effective date of the Code.
2. Contents of Assuming Office Statements. Assuming office Statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.
3. Contents of Annual Statements. Annual Statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an Official's first annual Statement shall begin on the effective date of this Code or the date of assuming office, whichever is later.
4. Content of Leaving Office Statements. Leaving office Statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last Statement filed and the date of leaving office.
5. Contents of Candidate Statements. Candidate Statements shall disclose such interests as are reportable under an assuming office Statement as described above.

F. MANNER OF REPORTING:

1. Statements of economic interests shall contain at least the following information:
 - a. Investment and Real Property Disclosure. When an investment or an interest in real property is required to be reported the Statement shall contain at least the following:
 - (1) A Statement of the nature of the investment or interest;
 - (2) The name of the business entity in which each investment is held and a general description of the business activity in which the business entity is engaged.
 - (3) The address or other precise location of the real property;
 - (4) A Statement whether the fair market value of the investment or interest in real property exceeds Two Thousand Dollars (\$2,000) but does not exceed Ten Thousand Dollars (\$10,000), whether it exceeds Ten Thousand Dollars (\$10,000) but does not exceed One Hundred Thousand Dollars (\$100,000), or whether it exceeds One

Hundred Thousand Dollars (\$100,000) but does not exceed One Million Dollars (\$1,000,000), or whether it exceeds One Million Dollars (\$1,000,000).

2. Personal Income Disclosure. When personal income is required to be reported, the Statement shall contain:
 - a. The name and address of each source of income aggregating Two Hundred Fifty Dollars ~~(\$250)~~(\$500) or more in value, or Fifty Dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source.
 - b. A Statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was ~~Two Thousand Dollars (\$1,000) or less, greater than~~at least Five Hundred Dollars (\$500) but did not exceed One Thousand Dollars ~~(\$1,000), or (\$1,000), whether it was in excess of One Thousand Dollars (\$1,000), but was not greater than Ten Thousand Dollars (\$10,000), whether it was greater then Ten Thousand Dollars (\$10,000), but was not greater than One Hundred Thousand Dollars (\$100,000), or whether it was greater than One Hundred Thousand Dollars (\$100,000);~~
 - c. A description of the consideration, if any, for which the income was received;
 - d. In the case of a gift. The name, address and business activity of the donor and any intermediary through which the gift was made. a description of the gift, the amount or value of the gift, and the date on which the gift was received;
 - e. In the case of a loan: The annual interest rate and the security, if any, given for the loan and the term of the loan.
2. Business Entity Income Disclosure: When income of a business entity, including income of a sole proprietorship, is required to be reported," the Statement shall contain:
 - a. The name, address, and a general description of the business activity of the business entity;
 - b. The name of every person from whom the business entity received payments if the Official's pro rata share of gross receipts from such person was equal to or greater than Ten Thousand Dollars (\$10,000).
3. Business Position Disclosure: When business positions are required to be reported the Official shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds an\ position of management, a description of [he business activity in which the business entity is engaged, and the designated Official 's position with the business entity.

164

4. Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office Statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the Statement of Economic Interest, the Statement shall contain the date of acquisition or disposal.
5. Update of Information. Officials shall have an ongoing obligation to update information included in their respective Statements of Economic Interests. Any change in fact or circumstance which alters or affects the information reported in the most recently filed Statement of Economic Interests shall be reported in writing to the CEO within 30 days of such change in fact or circumstance. Notwithstanding the foregoing, Board members shall submit such written reports to the CEO within 30 days of the change in fact or circumstance or five days prior to the next Board meeting after such change, whichever occurs sooner.

G. PROHIBITION ON RECEIPT OF HONORARIA:

1. No Official shall accept any honorarium from any source if he or she would be required to report such honorarium on his or her Statement of Economic Interests. Subdivisions (a), (b) and (c) of Government Code Section 89501 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

H. PROHIBITION ON RECEIPT OF GIFTS IN EXCESS OF ~~\$320~~\$340

1. No Official shall accept gifts with a total value of more than ~~\$320~~\$340 in a calendar year from any single source if the Official would be required to report the receipt of gift on his or her Statement of Economic Interests. Subdivisions (e), (f) and (g) of Government Code Section 89503 shall apply to the prohibitions in this Section.

I. LOANS TO OFFICIALS:

1. No Official shall, from the date of his or her election, appointment or hire through the date that he or she vacates office or terminates his or her employment, receive any personal loan from any officer, employee, member, or consultant of the state or local government agency in which the Official holds office or over which the District has direction and control.
2. No Official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office or employment, receive a personal loan from any officer, employee, member, or consultant of the State or local government agency in which the Official holds office or over which District has direction and control. This subdivision shall not apply to loans made to an Official whose duties are solely secretarial, clerical, or manual.

3. No Official shall, from the date of his or her election or appointment to office or hire through the date that he or she vacates office or terminates employment, receive a personal loan from any person who has a contract with the state or local government agency to which that Official has been elected or over which the District has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to official status.
4. No Official who is exempt from the state civil services system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office or employment, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which PPH has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to official status. This subdivision shall not apply to loans made to an Official whose duties are solely secretarial, clerical, or manual.
5. This Section shall not apply to the following:
 - a. Loans made to the campaign committee of an elected Official;
 - b. Loans made by an Official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making me loan is not acting as an agent or intermediary for any person not otherwise exempted under this section;
 - c. Loans from a person which, in the aggregate, do not exceed Two Hundred Fifty Dollars (\$250) at any given time: or
 - d. Loans made or offered in writing, before January 1, 1998;

J. LOAN TERMS.

1. Except as set forth in subdivision (B) of this section, no Official shall, from the date of his or her election, appointment or hire through the date he or she vacates office or otherwise leaves PPH, receive a personal loan of Five Hundred Dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.
2. This Section shall not apply to the following types of loans:

- a. Loans made to an Official's campaign committee;
 - b. Loans made to the Official by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this Section; or
 - c. Loans made, or offered in writing, before January 1, 1998.
3. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

K. PERSONAL LOANS.

1. Except as set forth in subdivision (B) of this section, a personal loan received by any Official shall become a "gift" for the purposes of this Section in the following circumstances:
 - a. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired;
 - b. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - (1) The date the loan was made;
 - (2) The date the last payment of One Hundred Dollars (\$100) or more was made on the loan; or
 - (3) The date upon which the debtor has made payments on the loan aggregating to less than Two Hundred Fifty Dollars (\$250) during the previous 12 months.
2. This Section shall not apply to the following types of loans:
 - a. A loan made to an Official's campaign committee;
 - b. A loan that would otherwise not be a "gift" as defined in this Title;
 - c. A loan that would otherwise be a "gift" as set forth under subdivision 1, but on which the creditor has taken reasonable action to collect the balance due;
 - d. A loan that would otherwise be a "gift" as set forth under subdivision 1, but on which the creditor, based on reasonable business considerations, has not undertaken collection action, except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations; or
 - e. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

3. Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

L. DISQUALIFICATION.

1. No Official shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any PPH and/or Board decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the Official or a member of his or her immediate family or on:
 - a. Any business entity in which the Official has, or has had within the last 12 months, a direct or indirect investment worth Two Thousand Dollars (\$2,000) or more;
 - b. Any real property in which the Official has, or has had within the last 12 months, a direct or indirect interest worth Two Thousand Dollars (\$2,000) or more;
 - c. Any source of income from a business entity or otherwise, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating Five Hundred Dollars (\$500) or more in value provided to, received by or promised to the Official within 12 months prior to the time when the decision is made;
 - d. Any business entity in which the Official is, or has been (a) a director, officer, partner, trustee, medical director, manager or administrator within the last 18 months, or (b) an employee within the last 12 months; or
 - e. Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating Three Hundred Twenty Dollars (~~\$320~~)(\$340) or more provided to, received by, or promised to the Official within 12 months prior to the time when the decision is made.
2. Disqualification from participation in the making of a governmental decision shall include, without limitation: (a) the exclusion of the disqualified Official from that portion of any meeting during which discussions regarding the subject area of the conflicted issue take place; and (b) the prohibition of the Official's access to any writings, documents, statements, reports, letters, instructions, memoranda, notes, records, files, whether electronic or otherwise, or video or audio tapes pertaining to the subject area of the conflicted issue.
3. Examples of "business entities" within the scope of the prohibition described in Section 1 above include, but are not limited to:
 - a. Payers, including health maintenance organizations, that contract with the District or any affiliate (including Joint venture partners) of the District, except those payers in which the District itself has an ownership interest;
 - b. Provider organizations, including but not limited to independent practice associations, medical groups, and physician hospital organizations, that contract with or compete with the District or any affiliate (including Joint venture partners) of the District; or

- c. Any other business entities that contract or compete with the District or any affiliate (including joint venture partners) of the District.
4. Officials who have a conflict of interest based upon the terms of Section 15(A)(1) (*investment interest*), Section 15(A)(2) (*real property interest*), Section 14(A)(4)(a) (*officer, director, etc.*), and/or Section 15(E) (*litigation*) shall be disqualified from participating in any strategic planning which in any way, directly or indirectly, relates to the issue on which the Official is conflicted. As described at Section 15(A) in relation to decisions and the decision-making process, disqualification from participation in strategic planning shall include without limitation: (a) the exclusion of the Official from that portion of any meeting during which strategic planning discussions take place; and (b) the prohibition of the Official's access to any writings, documents, statements, reports, letters, instructions, memoranda, notes, records or files, whether electronic or otherwise, pertaining to strategic planning.
 5. In addition to the prohibition of Section 1 above, no Official who is also 3 licensed physician, nurse or other professional medical service provider shall make or participate in making any decision or participate in any discussion regarding:
 - a. Staff issues that may directly or indirectly affect the Official's financial interests, or which would otherwise create an appearance of impropriety; and/or;
 - b. Staff issues that may directly or indirectly affect the Official's financial interests, or which would otherwise create an appearance of impropriety; and/or
 6. In addition to the prohibition of Section 1 above, no Official shall make or participate in making any decision or participate in any discussion relating to a pending or threatened lawsuit, arbitration, mediation or other action against:
 - a. The District that has been filed by the Official, any member of the Official's immediate family, or any business entity' in which the Official is a director, officer, partner, trustee, employee, holds any position of management or holds or has held a business position as defined herein; or
 - b. The Official that has been filed by the District or an affiliate thereof.

M. LEGALLY REQUIRED PARTICIPATION:

1. No Official shall be prevented from making or participating in the making of any decision to the extent that his or her participation is legally required for the decision to be made. The fact that the vote of an Official who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this Section.
2. In the event that such participation of a conflicted Official is legally required, the non-conflicted Officials of the decision-making body shall select which disqualified Official(s) shall

participate in the decision-making process. Such participation shall include participation in all discussions and deliberations preceding the making of such decisions.

3. The non-conflicted Officials shall select amongst disqualified Officials by determining which of them is disqualified under the fewest categories of disqualification set forth at Section 15. The disqualified Official who is subject to the fewest categories of disqualification shall participate in the decision and the decision-making process. If the selection process results in the selection of more than the required number of Officials needed to make the decision at issue, the disqualified Official who participates in the decision and the decision-making process shall be chosen by lot from the group of selected disqualified Officials.
4. Once an otherwise disqualified Official is selected based upon the process identified above, the disqualified Official shall similarly participate in future related decisions if there is a legal requirement to include a disqualified Official in the decision and decision-making process.

N. DISTRICT CONTRACTS DISQUALIFICATION:

1. In addition to the general disqualification provisions of Section 15, no Official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the Official knows or has reason to know that any party to the contract is a person with whom the Official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:
 - a. Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
 - b. Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value of One Thousand Dollars (\$1,000) or more.

O. MANNER OF DISQUALIFICATION:

In addition to the general disqualification provisions of Section 15, no Official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the Official knows or has reason to know that any party to the contract is a person with whom the Official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

P. ASSISTANCE OF THE COMMISSION AND COUNSEL:

Any Official who is unsure of his or her duties under this Code may request assistance from the FPPC pursuant to the PRA, or from PPH's attorney, provided that nothing in this Section requires PPH's attorney to issue any formal or informal opinion.

Q. VIOLATIONS.

This Code has the force and effect of law. Officials violating any provision of this Code are subject to the administrative, criminal and civil sanctions provided in the PRA. In addition, a decision in relation to which a violation of the disqualification provisions of this Code or of Government Code Section 87100 or 87450 has occurred may be set a side as void pursuant to Government Code Section 91003.

R. PUBLIC OFFICIAL AUTHORITY:

Board members shall exercise authority with respect to the District and its affairs only when acting in their capacity as Board members and during Board meetings or meetings of Board-authorized committees. Notwithstanding the foregoing, (i) the President of the Board shall confer with the CEO regarding Board and committee agendas and other matters between Board meetings, and (ii) the Chairpersons of Board-authorized committees are expected to confer with the President of the Board and/or the CEO, as appropriate, regarding Board agendas and other matters which may arise outside Board meetings. Members of the Board are not authorized to independently exercise management authority with respect to the District or its affairs.

S. DESIGNATED EMPLOYEES:

The persons holding positions listed in Appendix 1 hereto are, in addition to those identified by the PRA, "designated employees" who make or participate in the making of decisions which may foreseeably have a material effect on financial interests. This Code shall also apply to Board members and other individuals specified in the PRA for purposes of determining disqualification. Disclosure obligations for such individuals are described in Section 4 below.

APPENDIX 1

Designated Employees

The designated employees listed in this Appendix shall disclose economic interests:

1. Board Members
2. CEO
- ~~3. Senior Vice Presidents~~
- ~~4. Vice Presidents~~
- ~~5. Administrators~~
- ~~6. Directors of:~~
 - ~~a. Human Resources~~
 - ~~b. Pharmacy~~
 - ~~c. Medical Staff~~
 - ~~d. Food and Nutrition~~
 - ~~e. Radiology/Cardiology~~
 - ~~f. Safety~~
 - ~~g. Information Systems~~
 - ~~h. Behavioral Health~~
 - ~~j. Marketing/PR~~
 - ~~k. Patient Business Services~~
 - ~~l. Medical Records~~
 - ~~m. Compliance~~
 - ~~n. Benefits (HR)~~
 - ~~o. Laboratory~~
 - ~~p. Plant Operations~~
 - ~~q. Emergency~~
 - ~~r. OR/PACU/SPD~~
 - ~~s. Surgery Center~~
7. Nurse Epidemiologist
8. Admitting Manager
- 9.3. Surgery Center Manager CFO
4. Executive Management Team
5. All Directors and above

NINTH AMENDED AND RESTATED
CONFLICT OF INTEREST CODE
OF PALOMAR POMERADO HEALTH

I. Purpose

Pursuant to the Political Reform Act, Government Code Sections 87100 *et seq.* and its implementing regulations at Title 2 of the California Code of Regulations Sections 18100 *et seq.* (collectively, the "PRA"), Palomar Pomerado Health (the "District") hereby adopts the following Conflict of Interest Code (this "Code"). Nothing contained herein is intended to modify or abridge the provisions of the PRA; the provisions of this Code are additional to those found in the PRA and any other applicable laws pertaining to conflicts of interest. Except as otherwise indicated, the definitions of the PRA and any amendments thereto are incorporated herein and this Code shall be interpreted in a manner consistent therewith.

II. Definitions

A. Investment:

Any financial interest in or security issued by a business entity, including but not limited to common stock, preferred stock, rights, warrants, options, debt instruments and any partnership or other ownership interest owned directly, indirectly or beneficially by the Official (as defined below), or his or her immediate family, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the jurisdiction, or does business or plans to do business in the jurisdiction, or has done business within the jurisdiction at any time during the two years prior to the time any Statement or other action is required under the PRA. No asset shall be deemed an investment unless its fair market value exceeds Two Thousand Dollars (\$2,000). The term "investment" does not include a time or demand deposit in a financial institution, shares in a credit union, any insurance policy, interest in a diversified mutual fund registered with the Securities and Exchange Commission under the Investment Company Act of 1940 or a common trust fund which is created pursuant to Section 1564 of the Financial Code, or any bond or other debt instrument issued by any government or government agency. Investments include a pro rata share of investments of any business entity, mutual fund or trust in which the Official (as defined below) or his or her family owns, directly, indirectly or beneficially, a ten percent (10%) interest or greater.

B. Interest

Interest in real property" includes any leasehold, beneficial or ownership interest or an option to acquire such an interest in real property located in the jurisdiction owned directly, indirectly or beneficially by the public official or other filer, or his or her immediate family) if the fair market value of the interest is one thousand dollars (\$1,000) or more. Interests in real property of an individual includes a pro rata share of interests in real property of any business entity or trust in which the individual or immediate family owns, directly, indirectly or beneficially, a ten percent interest or greater. Jurisdiction includes property within two miles outside the boundaries of the District or within two miles of any land owned or used by the District.

C. Income

1. Income means, except as provided in subsection (2) hereof a payment received, including but not limited to any salary, wage, advance, dividend interest, rent, proceeds from any sale, gift,

including any gift of food or beverage, loan, forgiveness or payment or indebtedness received by the filer, reimbursement for expenses, per diem. or contribution to an insurance or pension program paid by any person other than an employer, and including any community property interest in income of a spouse. Income also includes an outstanding loan income also includes a pro rated share of any income of any business entity or trust in which the Official (as defined below) or spouse owns, directly, indirectly or beneficially, a ten percent (10%) interest or greater, "Income," other than a gift. does not include income received from any source outside the Jurisdiction and not doing business within the jurisdiction, not planning to do business within the jurisdiction, or not having done business within the jurisdiction during the two years prior to the time any Statement or other action is required under the PRA.

2. Income does not include:

- a. Campaign contributions required to be reported under Chapter 4 of he PRA;
- b. Salary and reimbursement for expenses or per diem received from a state or local government agency and reimbursement for travel expenses and per diem received from a bona fide nonprofit entity exempt from taxation under Section 501(cX3) of the Internal Revenue Code;
- c. Any devise or inheritance;
- d. Interest, dividends or premiums on a time or demand deposit in a financial institution, shares in a credit union or any insurance policy, payments received under any insurance policy, or any bond or other debt instrument issued by any government or government agency;
- e. Dividends, interest or any other return on a security which is registered with the Securities and Exchange Commission of the United States government or a commodity future registered with the Commodity Futures Trading Commission of the United States government, except proceeds from the sale of these securities and commodities future;
- f. Redemption of a mutual fund;
- g. Alimony or child support payments;
- h. Any loan or loans from a commercial lending institution 'Which are made in the lender's regular course of business on terms available to members of the public without regard to official status if:
 - (1) The loan is secured by the principal residence or filer: or
 - (2) The balance owed does not exceed Ten Thousand Dollars (\$10,000).
- i. Any loan from or payments received on a loan made to an individual's spouse, child, parent, grandparent, grandchild, brother sister. parent-in-law; brother-in-law, sister-in-law, nephew, niece, uncle, aunt or first cousin, or the spouse of any such person provided that a loan or a loan payment received, from any such person shall be

considered income if he or she is acting as an agent or intermediary for any person not covered by this paragraph.

- j. Any indebtedness created as part of a retail installment or credit card transaction if made in the lender's regular course of business on terms available to members of the public without regard to official status, so long as the balance owed to the creditor does not exceed Ten Thousand Dollars (\$10,000).
- k. Payments received under a defined benefit pension plan qualified under Internal Revenue Code Section 401(a).
- l. Proceeds from the sale of securities registered with the Securities and Exchange Commission of the United States government if the filer sells the securities or the commodities futures on a stock or commodities exchange and does not know or have reason to know the identity of the purchaser.

D. Business Position

Business position means any business entity in which the Official (as defined below) holds any position of management, if the business entity or any parent, subsidiary or otherwise related business entity has an interest in real property in the Jurisdiction, or does business or plans to do business in the jurisdiction or has done business in the jurisdiction at any time during the two years prior to the date the Statement of Interest is required to be filed.

E. Official

Includes every PPH director, officer, employee and Consultant and Candidate (as defined herein), including but not limited to members of the District's Board of Directors ("Board"), those employees identified in Appendix 1 hereto and District management personnel.

F. Statement of Economic Interests

The then current Form 700 Statement of Economic Interests provided by the California Fair Political Practices Commission.

G. Consultant

Includes any individual who, pursuant to a contract with the District, makes a District decision, including any decision that would be made by an Official in the absence of the Consultant's contract with the District.

III. Text / Standards Of Practice

A. DISCLOSURE CATEGORIES.

All Board members, candidates who have officially declared their intention to stand for election to the Board ("Candidates), designated employees and any other persons and Officials designated under the PRA must disclose their material financial interests, including completion and submission of a Statement of Economic Interests.

B. STATEMENTS OF ECONOMIC INTERESTS: PLACE OF FILING:

All designated employees required to submit a Statement of economic interests shall file the original with the Chief Executive Officer or designee, The District Chief Executive Officer or designee shall make and retain a copy and forward the original to the San Diego County Board of Supervisors.

C. STATEMENTS OF ECONOMIC INTERESTS: TIME OF FILING:

1. **Initial Statements.** All Officials employed by the District on the effective date of this Code as originally adopted, promulgated and approved by the San Diego County Board of Supervisors, shall file Statements within 30 days after the effective date of this Code. Thereafter, each person already in a position when he or she is designated by an amendment to this Code shall file an initial Statement within 30 days after the effective date of the amendment.
2. **Assuming Office Statements.** All Officials assuming designated positions after the effective date of this Code shall file Statements within 30 days after assuming the designated positions, or if subject to State Senate confirmation. 30 days after being nominated or appointed. During this same 30 day period, and prior to filing such Statements, all such persons shall attend an information session presented by the District which describes the contents and requirements of this Code and discusses the potential disqualifications applicable to the individual at issue.
3. **Annual Statements.** All designated employees shall file Statements no later than April 1 of each year.
4. **Leaving Office Statements.** Every Official who leaves a designated position shall file a Statement within 30 days after leaving his or her position.
5. **Candidate Statements.** Every Candidate shall file a Statement of Economic Interests within 10 days after the effective date of his or her candidacy as determined by applicable election laws.

D. STATEMENTS FOR PERSONS WHO RESIGN PRIOR TO ASSUMING OFFICE:

1. Any Official who resigns within 12 months of initial appointment or election, or within 30 days of the date of notice provided by the filing officer to file an assuming office Statement, is not deemed to have assumed office or left office, provided he or she did not make or participate in the making of or use his or her position to influence any decision and did not receive or become entitled to receive any form of payment as a result of his or her appointment. Such persons shall not file either an assuming or leaving office Statement.
2. Any Official who resigns a position within 30 days of the date of notice from the filing officer shall do both of the following:
 - a. File a written resignation with the appointment power;

- b. File a written Statement with the filing officer declaring under penalty of perjury that during the period between appointment and resignation he or she did not make, participate in the making, or use the position to influence any decision of the District or receive, or become entitled to receive, any form of payment by virtue of being appointed or elected to the position.

E. CONTENTS OF AND PERIOD COVERED BY STATEMENTS OF ECONOMIC INTERESTS:

1. **Contents of Initial Statements.** Initial Statements shall disclose any reportable investments, interests in real property and business positions held on the effective date of the Code and income received during the 12 months prior to the effective date of the Code.
2. **Contents of Assuming Office Statements.** Assuming office Statements shall disclose any reportable investments, interests in real property and business positions held on the date of assuming office and income received during the 12 months prior to the date of assuming office or the date of being appointed or nominated, respectively.
3. **Contents of Annual Statements.** Annual Statements shall disclose any reportable investments, interests in real property, income and business positions held or received during the previous calendar year provided, however, that the period covered by an Official's first annual Statement shall begin on the effective date of this Code or the date of assuming office, whichever is later.
4. **Content of Leaving Office Statements.** Leaving office Statements shall disclose reportable investments, interests in real property, income and business positions held or received during the period between the closing date of the last Statement filed and the date of leaving office.
5. **Contents of Candidate Statements.** Candidate Statements shall disclose such interests as are reportable under an assuming office Statement as described above.

F. MANNER OF REPORTING:

1. Statements of economic interests shall contain at least the following information:
 - a. **Investment and Real Property Disclosure.** When an investment or an interest in real property is required to be reported the Statement shall contain at least the following.
 - (1) A Statement of the nature of the investment or interest;
 - (2) The name of (he business entity in which each investment is held and a general description of the business activity in which the business entity is engaged.
 - (3) The address or other precise location of the real property;
 - (4) A Statement whether the fair market value of the investment or interest in real property exceeds Two Thousand Dollars (\$2,000) but does not exceed Ten Thousand Dollars (\$10,000), whether it exceeds Ten Thousand Dollars (\$10,000) but does not exceed One Hundred Thousand Dollars (\$100,000), whether it exceeds One Hundred

177

Thousand Dollars (\$100,000) but does not exceed One Million Dollars (\$1,000,000), or whether it exceeds One Million Dollars (\$1,000,000).

2. Personal Income Disclosure. When personal income is required to be reported, the Statement shall contain:
 - a. The name and address of each source of income aggregating Two Hundred Fifty Dollars (\$500) or more in value, or Fifty Dollars (\$50) or more in value if the income was a gift, and a general description of the business activity, if any, of each source.
 - b. A Statement whether the aggregate value of income from each source, or in the case of a loan, the highest amount owed to each source, was at least Five Hundred Dollars (\$500) but did not exceed One Thousand Dollars (\$1,000), whether it was in excess of One Thousand Dollars (\$1,000), but was not greater than Ten Thousand Dollars (\$10,000), whether it was greater than Ten Thousand Dollars (\$10,000), but was not greater than One Hundred Thousand Dollars (\$100,000), or whether it was greater than One Hundred Thousand Dollars (\$100,000);
 - c. A description of the consideration, if any, for which the income was received;
 - d. In the case of a gift. The name, address and business activity of the donor and any intermediary through which the gift was made. a description of the gift, the amount or value of the gift, and the date on which the gift was received;
 - e. In the case of a loan: The annual interest rate and the security, if any, given for the loan and the term of the loan.
2. Business Entity Income Disclosure: When income of a business entity, including income of a sole proprietorship, is required to be reported," the Statement shall contain:
 - a. The name, address, and a general description of the business activity of the business entity;
 - b. The name of every person from whom the business entity received payments if the Official's pro rata share of gross receipts from such person was equal to or greater than Ten Thousand Dollars (\$10,000).
3. Business Position Disclosure: When business positions are required to be reported the Official shall list the name and address of each business entity in which he or she is a director, officer, partner, trustee, employee, or in which he or she holds an\ position of management, a description of [he business activity in which the business entity is engaged, and the designated Official 's position with the business entity.

4. Acquisition or Disposal During Reporting Period. In the case of an annual or leaving office Statement, if an investment or an interest in real property was partially or wholly acquired or disposed of during the period covered by the Statement of Economic Interest, the Statement shall contain the date of acquisition or disposal.
5. Update of Information. Officials shall have an ongoing obligation to update information included in their respective Statements of Economic Interests. Any change in fact or circumstance which alters or affects the information reported in the most recently filed Statement of Economic Interests shall be reported in writing to the CEO within 30 days of such change in fact or circumstance. Notwithstanding the foregoing, Board members shall submit such written reports to the CEO within 30 days of the change in fact or circumstance or five days prior to the next Board meeting after such change, whichever occurs sooner.

G. PROHIBITION ON RECEIPT OF HONORARIA:

1. No Official shall accept any honorarium from any source if he or she would be required to report such honorarium on his or her Statement of Economic Interests. Subdivisions (a), (b) and (c) of Government Code Section 89501 shall apply to the prohibitions in this section. This section shall not limit or prohibit payments, advances, or reimbursements for travel and related lodging and subsistence authorized by Government Code Section 89506.

H. PROHIBITION ON RECEIPT OF GIFTS IN EXCESS OF \$340

1. No Official shall accept gifts with a total value of more than \$340 in a calendar year from any single source if the Official would be required to report the receipt of gift on his or her Statement of Economic Interests. Subdivisions (e), (f) and (g) of Government Code Section 89503 shall apply to the prohibitions in this Section.

I. LOANS TO OFFICIALS:

1. No Official shall, from the date of his or her election, appointment or hire through the date that he or she vacates office or terminates his or her employment, receive any personal loan from any officer, employee, member, or consultant of the state or local government agency in which the Official holds office or over which the District has direction and control.
2. No Official who is exempt from the state civil service system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office or employment, receive a personal loan from any officer, employee, member, or consultant of the State or local government agency in which the Official holds office or over which District has direction and control. This subdivision shall not apply to loans made to an Official whose duties are solely secretarial, clerical, or manual.
3. No Official shall, from the date of his or her election or appointment to office or hire through the date that he or she vacates office or terminates employment, receive a personal loan from any person who has a contract with the state or local government agency to which that Official

has been elected or over which the District has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to official status.

4. No Official who is exempt from the state civil services system pursuant to subdivisions (c), (d), (e), (f), and (g) of Section 4 of Article VII of the Constitution shall, while he or she holds office or employment, receive a personal loan from any person who has a contract with the state or local government agency to which that elected officer has been elected or over which PPH has direction and control. This subdivision shall not apply to loans made by banks or other financial institutions or to any indebtedness created as part of a retail installment or credit card transaction, if the loan is made or the indebtedness created in the lender's regular course of business on terms available to members of the public without regard to official status. This subdivision shall not apply to loans made to an Official whose duties are solely secretarial, clerical, or manual.
5. This Section shall not apply to the following:
 - a. Loans made to the campaign committee of an elected Official;
 - b. Loans made by an Official's spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such persons, provided that the person making me loan is not acting as an agent or intermediary for any person not otherwise exempted under this section;
 - c. Loans from a person which, in the aggregate, do not exceed Two Hundred Fifty Dollars (\$250) at any given time: or
 - d. Loans made or offered in writing, before January 1, 1998;

J. LOAN TERMS.

1. Except as set forth in subdivision (B) of this section, no Official shall, from the date of his or her election, appointment or hire through the date he or she vacates office or otherwise leaves PPH, receive a personal loan of Five Hundred Dollars (\$500) or more, except when the loan is in writing and clearly states the terms of the loan, including the parties to the loan agreement, date of the loan, amount of the loan, term of the loan, date or dates when payments shall be due on the loan and the amount of the payments, and the rate of interest paid on the loan.
2. This Section shall not apply to the following types of loans:
 - a. Loans made to an Official's campaign committee;

- b. Loans made to the Official by his or her spouse, child, parent, grandparent, grandchild, brother, sister, parent-in-law, brother-in-law, sister-in-law, nephew, niece, aunt, uncle, or first cousin, or the spouse of any such person, provided that the person making the loan is not acting as an agent or intermediary for any person not otherwise exempted under this Section; or
 - c. Loans made, or offered in writing, before January 1, 1998.
3. Nothing in this section shall exempt any person from any other provision of Title 9 of the Government Code.

K. PERSONAL LOANS.

1. Except as set forth in subdivision (B) of this section, a personal loan received by any Official shall become a "gift" for the purposes of this Section in the following circumstances:
- a. If the loan has a defined date or dates for repayment, when the statute of limitations for filing an action for default has expired;
 - b. If the loan has no defined date or dates for repayment, when one year has elapsed from the later of the following:
 - (1) The date the loan was made;
 - (2) The date the last payment of One Hundred Dollars (\$100) or more was made on the loan: or
 - (3) The date upon which the debtor has made payments on the loan aggregating to less than Two Hundred Fifty Dollars (\$250) during the previous 12 months.
2. This Section shall not apply to the following types of loans:
- a. A loan made to an Official's campaign committee;
 - b. A loan that would otherwise not be a "gift" as defined in this Title;
 - c. A loan that would otherwise be a "gift" as set forth under subdivision 1, but on which the creditor has taken reasonable action to collect the balance due;
 - d. A loan that would otherwise be a "gift" as set forth under subdivision 1, but on which the creditor, based on reasonable business considerations, has not undertaken collection action, except in a criminal action, a creditor who claims that a loan is not a gift on the basis of this paragraph has the burden of proving that the decision for not taking collection action was based on reasonable business considerations; or
 - e. A loan made to a debtor who has filed for bankruptcy and the loan is ultimately discharged in bankruptcy.

3. Nothing in this section shall exempt any person from any other provisions of Title 9 of the Government Code.

L. DISQUALIFICATION.

1. No Official shall make, participate in making, or in any way attempt to use his or her official position to influence the making of any PPH and/or Board decision which he or she knows or has reason to know will have a reasonably foreseeable material financial effect, distinguishable from its effect on the public generally, on the Official or a member of his or her immediate family or on:
 - a. Any business entity in which the Official has, or has had within the last 12 months, a direct or indirect investment worth Two Thousand Dollars (\$2,000) or more;
 - b. Any real property in which the Official has, or has had within the last 12 months, a direct or indirect interest worth Two Thousand Dollars (\$2,000) or more;
 - c. Any source of income from a business entity or otherwise, other than gifts and other than loans by a commercial lending institution in the regular course of business on terms available to the public without regard to official status, aggregating Five Hundred Dollars (\$500) or more in value provided to, received by or promised to the Official within 12 months prior to the time when the decision is made;
 - d. Any business entity in which the Official is, or has been (a) a director, officer, partner, trustee, medical director, manager or administrator within the last 18 months, or (b) an employee within the last 12 months; or
 - e. Any donor of, or any intermediary or agent for a donor of, a gift or gifts aggregating Three Hundred Twenty Dollars (\$340) or more provided to, received by, or promised to the Official within 12 months prior to the time when the decision is made.
2. Disqualification from participation in the making of a governmental decision shall include, without limitation: (a) the exclusion of the disqualified Official from that portion of any meeting during which discussions regarding the subject area of the conflicted issue take place; and (b) the prohibition of the Official's access to any writings, documents, statements, reports, letters, instructions, memoranda, notes, records, files, whether electronic or otherwise, or video or audio tapes pertaining to the subject area of the conflicted issue.
3. Examples of "business entities" within the scope of the prohibition described in Section 1 above include, but are not limited to:
 - a. Payors, including health maintenance organizations, that contract with the District or any affiliate (including Joint venture partners) of the District, except those payers in which the District itself has an ownership interest;
 - b. Provider organizations, including but not limited to independent practice associations, medical groups, and physician hospital organizations, that contract with or compete with the District or any affiliate (including Joint venture partners) of the District; or

- c. Any other business entities that contract or compete with the District or any affiliate (including joint venture partners) of the District.
4. Officials who have a conflict of interest based upon the terms of Section 15(A)(1) (*investment interest*), Section 15(A)(2) (*real property interest*), Section 14(A)(4)(a) (*officer, director, etc.*), and/or Section 15(E) (*litigation*) shall be disqualified from participating in any strategic planning which in any way, directly or indirectly, relates to the issue on which the Official is conflicted. As described at Section 15(A) in relation to decisions and the decision-making process, disqualification from participation in strategic planning shall include without limitation: (a) the exclusion of the Official from that portion of any meeting during which strategic planning discussions take place; and (b) the prohibition of the Official's access to any writings, documents, statements, reports, letters, instructions, memoranda, notes, records or files, whether electronic or otherwise, pertaining to strategic planning.
 5. In addition to the prohibition of Section 1 above, no Official who is also a licensed physician, nurse or other professional medical service provider shall make or participate in making any decision or participate in any discussion regarding:
 - a. Staff issues that may directly or indirectly affect the Official's financial interests, or which would otherwise create an appearance of impropriety; and/or;
 - b. Staff issues that may directly or indirectly affect the Official's financial interests, or which would otherwise create an appearance of impropriety; and/or
 6. In addition to the prohibition of Section 1 above, no Official shall make or participate in making any decision or participate in any discussion relating to a pending or threatened lawsuit, arbitration, mediation or other action against:
 - a. The District that has been filed by the Official, any member of the Official's immediate family, or any business entity' in which the Official is a director, officer, partner, trustee, employee, holds any position of management or holds or has held a business position as defined herein; or
 - b. The Official that has been filed by the District or an affiliate thereof.

M. LEGALLY REQUIRED PARTICIPATION:

1. No Official shall be prevented from making or participating in the making of any decision to the extent that his or her participation is legally required for the decision to be made. The fact that the vote of an Official who is on a voting body is needed to break a tie does not make his or her participation legally required for purposes of this Section.
2. In the event that such participation of a conflicted Official is legally required, the non-conflicted Officials of the decision-making body shall select which disqualified Official(s) shall

participate in the decision-making process. Such participation shall include participation in all discussions and deliberations preceding the making of such decisions.

3. The non-conflicted Officials shall select amongst disqualified Officials by determining which of them is disqualified under the fewest categories of disqualification set forth at Section 15. The disqualified Official who is subject to the fewest categories of disqualification shall participate in the decision and the decision-making process. If the selection process results in the selection of more than the required number of Officials needed to make the decision at issue, the disqualified Official who participates in the decision and the decision-making process shall be chosen by lot from the group of selected disqualified Officials.
4. Once an otherwise disqualified Official is selected based upon the process identified above, the disqualified Official shall similarly participate in future related decisions if there is a legal requirement to include a disqualified Official in the decision and decision-making process.

N. DISTRICT CONTRACTS DISQUALIFICATION:

1. In addition to the general disqualification provisions of Section 15, no Official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the Official knows or has reason to know that any party to the contract is a person with whom the Official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:
 - a. Engaged in a business transaction or transactions on terms not available to members of the public, regarding any investment or interest in real property; or
 - b. Engaged in a business transaction or transactions on terms not available to members of the public regarding the rendering of goods or services totaling in value of One Thousand Dollars (\$1,000) or more.

O. MANNER OF DISQUALIFICATION:

In addition to the general disqualification provisions of Section 15, no Official shall make, participate in making, or use his or her official position to influence any governmental decision directly relating to any contract where the Official knows or has reason to know that any party to the contract is a person with whom the Official, or any member of his or her immediate family has, within 12 months prior to the time when the official action is to be taken:

P. ASSISTANCE OF THE COMMISSION AND COUNSEL:

Any Official who is unsure of his or her duties under this Code may request assistance from the FPPC pursuant to the PRA, or from PPH's attorney, provided that nothing in this Section requires PPH's attorney to issue any formal or informal opinion.

Q. VIOLATIONS.

This Code has the force and effect of law. Officials violating any provision of this Code are subject to the administrative, criminal and civil sanctions provided in the PRA. In addition, a decision in relation to which a violation of the disqualification provisions of this Code or of Government Code Section 87100 or 87450 has occurred may be set a side as void pursuant to Government Code Section 91003.

R. PUBLIC OFFICIAL AUTHORITY:

Board members shall exercise authority with respect to the District and its affairs only when acting in their capacity as Board members and during Board meetings or meetings of Board-authorized committees. Notwithstanding the foregoing, (i) the President of the Board shall confer with the CEO regarding Board and committee agendas and other matters between Board meetings, and (ii) the Chairpersons of Board-authorized committees are expected to confer with the President of the Board and/or the CEO, as appropriate, regarding Board agendas and other matters which may arise outside Board meetings. Members of the Board are not authorized to independently exercise management authority with respect to the District or its affairs.

S. DESIGNATED EMPLOYEES:

The persons holding positions listed in Appendix 1 hereto are, in addition to those identified by the PRA, "designated employees" who make or participate in the making of decisions which may foreseeably have a material effect on financial interests. This Code shall also apply to Board members and other individuals specified in the PRA for purposes of determining disqualification. Disclosure obligations for such individuals are described in Section 4 below.

APPENDIX 1

Designated Employees

The designated employees listed in this Appendix shall disclose economic interests:

1. Board Members
2. CEO
3. CFO
4. Executive Management Team
5. All Directors and above

**Strategic Planning Committee
Palomar Pomerado North County Health Development Inc.**

TO: Board of Directors

DATE: September 13, 2004

FROM: Strategic Planning Committee
August 10, 2004

BY: Marcia Jackson for Alan Larson, M.D. (Chair)

BACKGROUND: In June 2004 the Palomar Pomerado Health Board of Directors approved the formation of a Tax-Exempt 501(c)3 Nonprofit Corporation for the purposes of obtaining and managing grant opportunities, consistent with the Mission of Palomar Pomerado Health. Efforts are underway to establish this corporation, currently referred to as Palomar Pomerado North County Health Development, Inc. Dr. Nick Yphantides and Brad Wiscons will attend the Strategic Planning Committee meeting to update the committee on the efforts for this corporation.

Dr. Yphantides and Brad Wiscons presented the development, progress, structure and future of the PPNCHD.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Informational

COMMITTEE QUESTIONS:

Ted Kleiter asked how this group would affect the Foundation's efforts. Anamaria responded that the Foundation will continue to act as the fiscal agent for grants in the interim while we are seeking the 501(c)3 status. However, in the interim as well as on an on-going basis there is commitment and benefit to all by having collaboration and integration between PPH, PPNCHD and PPHF.

**Strategic Planning Committee
Palomar Pomerado North County Health Development Inc.**

Bruce Krider inquired as to how the SPC is involved and what criteria is used to select specific grant opportunities. Michael Covert's vision for this group is that the SPC is the keeper of the vision and PPNCHD provides a vehicle to seek funding for programs that support the vision. PPNCHD has drafted a selection criteria tool for grant opportunity consideration.

Staff for PPNCHD will be hired on a grant-by-grant basis.

Ted Kleiter asked what the budget is for this project. Michael Covert replied that the start up costs were budgeted in the FY05 budget, but on an ongoing basis he expects this entity to be self-funded.

Dr. Larson asked how this would affect Welcome Home Baby. Dr. Yphantides explained that Prop. 10 had extended their funding, but when a reapplication is necessary in the future it will go through PPNCHD.

Dr. Larson asked how the HCAC's will get their grant funding. For their projects that are consistent with PPH initiatives, PPNCHD will seek funding on their behalf. For their projects that are more community-based, Partners for Community Access will work on their funding efforts.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Strategic Planning Committee
FY04 Goal Outcomes**

TO: Board of Directors

DATE: September 13, 2004

FROM: Strategic Planning Committee

BY: Marcia Jackson for Alan Larson, M.D. (Chair)

BACKGROUND: Working in conjunction with management, the Palomar Pomerado Health Board approved system-wide goals for fiscal year 2004. With the completion of the fiscal year, a report will be made regarding the outcome of the goals.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Informational

COMMITTEE QUESTIONS: The EMT leaders of the various FY04 goals reported on the outcomes. Several goals were achieved at a threshold level however several goals were not met. It was noted that despite the lack of achievement of the goals, significant efforts were undertaken on all of the goals. Michael Covert stated that he was not pleased with the outcome of FY04 goals, but that it is an indication that we need to stay more focused as an organization. He is hopeful that we will be more disciplined and have better outcomes in FY05.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Strategic Planning Committee
Service Line Update**

TO: Board of Directors

DATE: September 13, 2004

FROM: Strategic Planning Committee
August 10, 2004

BY: Marcia Jackson for Alan Larson, M.D. (Chair)

BACKGROUND: In November 2003 the Strategic Planning Committee and Management arrived at consensus for service line priorities: women's services, cardiovascular services, vascular services, orthopedics and neurosciences. Since that time efforts have been underway for several service lines. An update will be provided to the Committee.

Marcia Jackson presented an update to the Committee. Based on the prioritization of service lines established by the Board and Management, planning has been moving forward on women's services and cardiovascular services. The planning process was reviewed and the committee was given the current status and strategic plan outline for each of these service lines. Key strategies have been identified for both services. The next step is to refine the strategies and develop business plans to specify the implementation steps and costs.

BUDGET IMPACT: None

STAFF RECOMMENDATION: None

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Hospital of the Future Recap

TO: PPH Board of Directors

MEETING DATE: September 13, 2004

FROM: Community Relations Committee on August 11, 2004

BY: Gustavo Friederichsen

BACKGROUND: Gustavo Friederichsen presented to the Community Relations Committee the Post Event Review relative to the Hospital of the Future Event that PPH held on July 31, 2004 at the Group W in Poway.

There were a total of 64 evaluations returned with an average of 59 respondents having rated the overall event as "very good to excellent". An average of 43 respondents rated materials as "very good" to "excellent" (20 did not answer). An average of 61 respondents rated the facilities at the Group W as "very good" to "excellent". An Average of 61 respondents rated the guest speakers as "very good" to "excellent".

A vast variety of comments were recorded and saved for future reference ranging from "this was a world class event" to "not enough time for questions and answers".

Gustavo reported that he was very pleased with the Media Coverage PPH received on the event. Local television included KUSI (9,51) and KFMB-TV (8). Print included North County Times (2), The San Diego Union Tribune (2) and The Pomerado News (1).

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Strategic Marketing Process

TO: PPH Board of Directors

MEETING DATE: September 13, 2004

FROM: Community Relations Committee on August 11, 2004

BY: Gustavo Friederichsen

BACKGROUND: Gustavo Friederichsen presented to the Committee an Interim Marketing Proposal and an Interim Marketing Plan that was developed by Gustavo with the assistance of Johnson and Gray Advertising Agency. Gustavo reported that he and his staff have been working closely with Johnson and Gray to put together concepts and strategies to help target top markets within our community. He expressed the need to keep these targeted markets fully aware so that they buy into what we are doing. He also emphasized the importance of always keeping the staff fully engaged.

Gustavo said it is very important to look at what rankings are available to us and to be in those rankings. We need to look at our key competition, where they are strong and where they are weak and where they want to go.

Gustavo also reported that he will be working with Johnson and Gray on a "brand". He shared that this will be a long communication based process

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Community Outreach Update

TO: PPH Board of Directors

MEETING DATE: September 13, 2004

FROM: Community Relations Committee on August 11, 2004

BY: Gustavo Friederichsen

BACKGROUND: Due to time constraints, the Community Outreach was postponed until the October Community Relations Meeting.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Media Coverage

TO: PPH Board of Directors

MEETING DATE: September 13, 2004

FROM: Community Relations Committee on August 11, 2004

BY: Gustavo Friederichsen

BACKGROUND: Gustavo gave a media coverage update to the committee. He showed footage of "Full Focus", a television show that airs on KPBS. On the August 11th show, CEO Michael Covert and Mickey Cafagna, Mayor of Poway, discussed the needs and costs of PPH's future expansion plan. Gloria Penner was the show's interviewer. The show is scheduled to run again in mid October. Dr. Larson asked if the video of the show could be shown at Community Conversations instead of the present video. Gustavo reminded the committee that we need to keep community information informational. The committee expressed as a whole that the show was very positive.

Tamara Hemmerly explained to the committee how the media works. Tamara says "again, it comes to training our reporters and educating our staff as well".

Julie Taber, Public Relation Specialist for PPH, reported on FOX 6 in the morning. She reported that she is in the process of posting TV spots and articles on the website. She said she is always in the process of putting together Human Interest stories like Allstate and PPH coming together with a donation from Allstate to PPH of 50,000 dollars for respiratory and Mental Health needs for the October fire victims.

Gustavo shared with the committee that we want to be in the news at least twice a week and that all of the recent media coverage has elevated PPH to another level. He also reported that this media is doubling website visits and is very helpful in increasing physician referral as they are showing more interest in working for us.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Monthly Reports

TO: PPH Board of Directors

MEETING DATE: September 13, 2004

FROM: Community Relations Committee on August 11, 2004

BY: Gustavo Friederichsen

BACKGROUND: Monthly reports presented to Community Relations Committee include Marketing/Public Relations, The HealthSource, and Community Outreach, for the month of July 2004.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For information purposes only

COMMITTEE RECOMMENDATION:

Information: X

Informational: Compensation and Benefits

TO: PPH Board of Directors
MEETING DATE: September 13, 2004
FROM: Brenda Turner
Director, Compensation/Benefits

BACKGROUND:

The Pension Committee reviews the Fidelity benefits offered to employees on a quarterly basis. Acting on recommendations from Fidelity the Committee voted to include additional funds in the mid and small cap choices provided to employees. Inclusion of the additional funds provides employees with a more balanced menu of fund choices for their portfolios.

BUDGET IMPACT: None

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

Committee discussed methods for educating employees on investment options with the intent of engaging employees in participation in their retirement program.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

Informational: PPH Health Screening

TO: PPH Board of Directors
MEETING DATE: September 13, 2004
FROM: Brenda Turner
Director, Compensation/Benefits

BACKGROUND:

PPH provides basic employee health screenings on an annual basis that includes a TB test. Information about the annual screening process was shared.

BUDGET IMPACT: None

STAFF RECOMMENDATION:

COMMITTEE QUESTIONS:

Committee questioned the possibility of including testing for specific diseases such as diabetes. The purpose of annual health exams is to reasonably ensure that employees are fit for their jobs with no restrictions. It is not the intent of these exams to intervene in diagnostic testing.

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time: