

PALOMAR
POMERADO
HEALTH

SPECIALIZING IN YOU

**BOARD OF DIRECTORS
AGENDA PACKET**

October 8, 2007

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

A California Health Care District (Public Entity)

PALOMAR POMERADO HEALTH BOARD OF DIRECTORS

Marcelo R. Rivera, MD, Chairman
Bruce G. Krider, MA, Vice Chairman
Linda C. Greer, RN, Secretary
T. E. Kleiter, Treasurer
Nancy L. Bassett, RN, MBA
Alan W. Larson, MD

Michael H. Covert, President and CEO

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

MISSION STATEMENT

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

VISION STATEMENT

***Palomar Pomerado Health will be the health system of choice for patients, physicians and employees,
recognized nationally for the highest quality of clinical care and access to comprehensive services***

CORE VALUES

Integrity

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

Innovation and Creativity

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

Teamwork

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

Excellence

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

Compassion

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

Stewardship

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

Affiliated Entities

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

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

Monday, October 8, 2007

Commences 6:30 p.m.

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

Mission and Vision

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

"The vision of PPH is to be the health system of choice for patients, physicians and employees, recognized nationally for the highest quality of clinical care and access to comprehensive services."

	<u>Time</u>	<u>Page</u>
I. CALL TO ORDER		
II. OPENING CEREMONY	2 min	
A. Pledge of Allegiance		
III. PUBLIC COMMENTS	5	
<i>(5 mins allowed per speaker with cumulative total of 15 min per group – for further details & policy see Request for Public Comment notices available in meeting room).</i>		
IV. * MINUTES	5	
Regular Board Meeting – September 17, 2007		1-10
Special Board Meeting – July 31, 2007	<i>(separate cover)</i>	
Special Board Meeting – July 17, 2007	<i>(separate cover)</i>	
V. * APPROVAL OF AGENDA to accept the Consent Items as listed	5	11-81
A. Consolidated Financial Statements		
B. Revolving Fund Transfers/Disbursements – August 2007		
1. Accounts Payable Invoices	\$34,567,985.00	
2. Net Payroll	9,630,953.00	
Total	<u>\$44,198,938.00</u>	
C. Ratification of Paid Bills		/CONTD...

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

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

- D. August 2007 & YTD FY2007 Financial Report
- E. **Clinical Director Services Agreement**
- Marina Katz, M.D. – POM Outpatient Behavioral Health Program

VI. PRESENTATIONS -

- A. One-Year Performance Report of Pharmacy Antibiotic Program 15
 - Olga DeTorres, Clinical Pharmacy Specialist, PMC
 - Karl Hohengarten, SLA Pharmacy Services, PMC
- B. Bidding Process Overview 15
 - Mike Shanahan, Director, Facilities Planning & Design
 - George Gigliotti, Auditor Construction

VII. REPORTS

- A. Medical Staffs 15
 - * 1. Palomar Medical Center – John J. Lilley, M.D.
 - a. Credentialing/Reappointments 82-96
 - b. Categories of Allied Health Professionals 97
 - c. Dept of Radiology Rules and Regulations 98
 - * 2. Escondido Surgery Center – Marvin W. Levenson, M.D.
 - a. Credentialing/Reappointments 99
 - * 3. Pomerado Hospital – Benjamin Kanter, M.D.
 - a. Credentialing/Reappointments 100-101
 - b. Amendment to Pomerado Hospital Medical Staff Bylaws/
Rules and Regulations 102
- B. Administrative
 - 1. Chairman of Palomar Pomerado Health Foundation – Al Stehly
 - a. Update on PPHF Activities 5 *Verbal Report*
 - 2. Chairman of the Board – Marcelo R. Rivera, M.D. 10 *Verbal Report*
 - a. Former PPH Speech Pathologist Lisa Young - Sept 20 accident
 - b. Special Board Educational Meeting Sept 20
(re: Brown Act and Public Records Act)
 - c. Board Appointment Update

CONTD...

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

3. President and CEO – *Michael H. Covert, FACHE* 10 *Verbal Report*
- a. Center for Health Design/Pebble Update Sept 24-27
 - b. National Healthcare Food Service week of Oct 1
 - c. CAO Interviews update

VIII. INFORMATION ITEMS (*Discussion by exception only*) 103-105

- A. Neurosciences Strategic Plan Strategic Planning
- B. Driving Innovation Programs Strategic Planning
- C. Internal Audit Status Internal Audit
 - Deloitte & Touche FYE Audit Report
 - KPMG – Status of COBIT
(Controlled Objectives for I/T) Implementation
 - Audit Legal Issue Update

IX. COMMITTEE REPORTS -

- A. **Finance Committee** – *Director T. E. Kleiter, Chair* 15
- * 1. FY07 Audit – *discussion/potential action* 106
(*Audit Report separate cover*)
- 2. Recovery Audit Contractors (RAC) Audits 107-117
 - status reports – *informational*
- * 3. Retail Clinics – *action* 118-126

X. BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH

XI. ADJOURNMENT

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

Palomar Pomerado Health
BOARD OF DIRECTORS
REGULAR BOARD MEETING
 Pomerado Hospital, Meeting Room E, Poway
 Monday, September 17, 2007

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
CALL TO ORDER	6:30 pm Quorum comprised Directors Bassett, Kleiter, Krider, Larson, Rivera. Regards from Directors Greer and Powers.		
OPENING CEREMONY	The Pledge of Allegiance was recited in unison.		
MISSION AND VISION STATEMENTS	The PPH mission and vision statements are 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		
APPROVAL OF MINUTES • August 13, 2007 Regular Board Meeting; and Special Board Meeting, August 23, 2007	Following a query from Director Bassett who had made a motion at the August 13 meeting (pg 4 of minutes) to approve a credentialing matter but abstained from voting, Paul DeMuro responded this was not a problem and that she could legally do so.	MOTION: by Kleiter, 2 nd by Krider and carried to approve the August 13, 2007 Regular Board and August 23, 2007 Special Board meeting minutes as submitted. All in favor. None opposed.	
APPROVAL OF AGENDA to accept the Consent Items as listed	It was initially requested and then moved by Director Larson, 2 nd by Director Bassett to pull item V. (H) from the Consent Items (PPH Board Policies regarding Finance policies) for discussion later on in the agenda under Finance	MOTION: by Krider, 2 nd by Kleiter and carried to approve the Consent Items as submitted, and per Director Larson, to pull item V. (H) (PPH Board Policies regarding Finance	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Committee Report.</p> <p>At this point, Director Kleiter and Paul DeMuro agreed that it was not necessary to make a motion in order to pull an item from the consent agenda. However, such request was duly noted.</p>	<p>matters) for discussion at a later point on the agenda under Finance Committee Report.</p> <p>All in favor. None opposed.</p>	
<p>PRESENTATION</p> <ul style="list-style-type: none"> ▪ Corporate Health Update 	<p>Russ Riehl, MHA, Interim Director, Employee/Corporate Health on behalf of Dr. Herip who was present in the audience, and Sheila Brown, FACHE, Chief Clinical Outreach Officer, presented an extensive Corporate Health update via powerpoint (<i>copy attached to original minutes</i>). It was noted there was an 82% reduction in Workers Compensation between 2003 – 2007 and that employee health and integrated health and wellness were working well, with next steps being a fully electronic HRA access; integration into annual employee physicals, and exploring employee incentive programs. A key client list of corporate health services was also provided.</p>	<p>Chairman Rivera thanked those who had presented, including appreciation to Dr. Herip for the extensive efforts in this forward shift of corporate health and wellness which was impressive.</p>	
<p>REPORTS</p> <p>Medical Staff</p>			
<p>Palomar Medical Center</p> <ul style="list-style-type: none"> ▪ Credentialing 	<p>John Lilley, MD., Chief of PMC Medical Staff, presented PMC's requests for approval of Credentialing Recommendations.</p>	<p>MOTION: by Bassett, 2nd by Kleiter and carried to approve the PMC Medical Staff Executive Committee credentialing recommendations for the PMC Medical Staff, as presented. All in favor. None opposed.</p> <p>Director Larson abstained to avoid potential conflict of interest.</p>	
<p>Escondido Surgery Center</p>			
<ul style="list-style-type: none"> ▪ Credentialing 	<p>Marvin W. Levenson, MD, Administrator/ Medical Director of the Escondido Surgery</p>	<p>MOTION: by Kleiter, 2nd by Bassett and carried to approve the PMC</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Pomerado Hospital <ul style="list-style-type: none"> ▪ Credentialing 	Center, presented requests for approval of Credentialing Recommendations.	Medical Staff Executive Committee credentialing recommendations for the Escondido Surgery Center, as presented. All in favor. None opposed. Director Larson abstained to avoid potential conflict of interest.	
<ul style="list-style-type: none"> ▪ Medical Staff Bylaws – Proposed Amendment 	Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's requests for approval of Credentialing Recommendations.	MOTION: by Bassett, 2 nd by Kleiter and carried to approve the Pomerado Hospital Medical Staff Executive Committee credentialing recommendations for the Pomerado Medical Staff, as presented. All in favor. None opposed. Director Larson abstained to avoid potential conflict of interest.	
Administrative	Benjamin Kanter, MD., Chief of Pomerado Medical Staff, presented Pomerado Hospital's request for proposed amendment to the Medical Staff Bylaws.	MOTION: by Kleiter, 2 nd by Bassett and carried to approve the proposed amendment to Pomerado Hospital's Medical Staff Bylaws, as presented. All in favor. None opposed.	
Chairman - Palomar Pomerado Health Foundation	Mr. Al Stehly Mr. Stehly provided a verbal report to the Board stating that the Foundation is in the process of the capital campaign involving interviewing, seeking out names and undertaking a leadership study which was taking all of their efforts at this time but that this extensive preparation would pay off. Two upcoming events were announced, one being a meeting at the Stone Brewery September 27 to bring together all who participated in the study to illustrate the exciting things that will occur in the district. Also, a cocktail party at Mr. Bill Chaffin's	Chairman Rivera thanked Mr. Stehly for his informative report and efforts, noting that this was a tremendous campaign and that the outcome required would be achieved.	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<p>Chairman of the Board - Palomar Pomerado Health</p> <ul style="list-style-type: none"> ACHD Annual Meeting 	<p>house to discuss raising funds which would involve each PPH Board member.</p> <p>Marcelo R. Rivera, MD</p>		
	<p>Chairman Rivera introduced Director Kleiter who provided a report on the ACHD Annual Meeting held recently in San Diego. Director Kleiter, Chairman of ACHD, noted that all of the sessions were very good, including a session on "crisis communication" and also "legislative review" and managed care issues were amongst the topics. He felt that PPH would score highly on many of these aspects. A BETA luncheon was also held and he thanked those from PPH who had attended.</p> <p>Director Bassett also conveyed her thanks and appreciated having attended this ACHD annual meeting and break-out sessions, all of which were worthwhile, noting that it often happened that PPH was noted as an example to follow in various matters.</p> <p>Chairman Rivera thanked Director Kleiter for his efforts and congratulated him on his continued Chairmanship of ACHD.</p>		
<ul style="list-style-type: none"> Resolution No. 09.17.07 (01) – 11 Acknowledgement of Director Gary L. Powers 	<p>Chairman Rivera commented on Director Powers' recent resignation from the Board and wished him well in the future, noting that he would be missed. He thanked him for all his worked whilst on the Board, having initially been appointed in 2006 and subsequently successful in the November election of that year. He then read out a resolution in honor of Director Powers, who was unable to be present at this meeting due to a prior Chamber of Commerce farewell engagement.</p>	<p>MOTION: By Krider, 2nd by Larson and carried unanimously to adopt resolution No. 09.17.07 (01) – 11 in Appreciation of Director Gary L. Powers.</p> <p>All in favor. None opposed.</p>	
<ul style="list-style-type: none"> Board Standing Committees Update 	<p>Chairman Rivera relayed that as a result of Director Powers' resignation effective October 1, 2007, in the interim Director Larson had agreed to chair Community Relations Committee and Director Bassett had agreed to</p>		

f

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>Chair Governance committee. In addition, Director Krider will chair a recent ad hoc CEO Evaluation Committee.</p> <p>The Board Committee Alternates will move up to become full members of the various Committees as necessary until January 1, 2008 when the new Board Chair will be appointing Standing Committee Board Members and Chairs.</p>		
<ul style="list-style-type: none"> • AHA COG Sept 9 – 11, Washington DC – Health for Life – Health Care Plan 	<p>Chairman Rivera reported his attendance at the Committee on Governance "Health for Life – Health Care Plan". He recalled the dramatic events of 9/11 six years previously when he had been in Washington, DC at that time. He referred to several articles from the New York Times regarding universal healthcare, care for uninsured adults and California's health plan, all of which would be distributed to the Board. AHA had been working on universal healthcare for over eighteen months – healthcare for all paid for by all.</p>		
<ul style="list-style-type: none"> • CHA's position – Governor's health plan 	<p>Dr. Rivera referred to CHA's position in supporting the Governor's health plan. We should all take responsibility for our health and wellness. PPH is leading the way in the community and we are improving I/T, appropriate use of the ED, and regular community screenings etc.</p>		
<ul style="list-style-type: none"> • Richard Engel, M.D. Interim Chief of Staff elect, PMC 	<p>Chairman Rivera welcomed Dr. Engel as interim Chief of Staff elect, PMC.</p>		
<ul style="list-style-type: none"> • Special Board Educational Meeting 	<p>He reminded that there would be a Special Board educational meeting regarding The Brown Act and the California Public Records Act on September 20 as part of our ongoing transparency of the organization and should be included on an annual basis.</p>		
<p>President and CEO</p>	<p>Michael H. Covert</p>		
<ul style="list-style-type: none"> • HASD&IC 	<p>Mr. Covert congratulated Director Bruce Krider on having been nominated to serve on</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> Rehab Week 	<p>the Board of the Health Care Association of San Diego & Imperial Counties. Confirmation is anticipated at the November 8 annual meeting.</p>		
<ul style="list-style-type: none"> Wound Care Clinic Open House – San Marcos 	<p>Rehab Week was being celebrated including a Luncheon to on September 20 at the California Center for the Arts, Escondido.</p>		
<ul style="list-style-type: none"> ERTC update 	<p>The Wound Care Clinic Open House was scheduled for the afternoon of September 20 in San Marcos. All were welcome.</p>		
<ul style="list-style-type: none"> Premier Hospital Visit 	<p>CEO reported on the ERTC negotiations with the City of Escondido and that PPH had received the grading permit. We would need to obtain a further grading permit for smaller grading and water run-off. Credit was given to Mike Shanahan and his team. More to follow.</p>		
<ul style="list-style-type: none"> Naming Policy 	<p>Mr. Covert relayed that Opal Reinbold held an excellent session with Premier at PPH September 7 and we made significant progress noting we had been nationally recognized in various arenas, and under leadership of Dr. Buringrud.</p>		
<ul style="list-style-type: none"> Quarterly Reports from Executive Staff - Mary Oelman for Lorie Shoemaker 	<p>It was noted that PPH is working with the Foundation on a Naming Policy so that this may be codified in the appropriate manner. Mr. Covert continued that under Mr. Stehly's leadership, both will be meeting weekly to review our prospects in connection with the multi-million dollar campaign.</p>		
	<p>Mary Oelman reported on behalf of Lorie Shoemaker, Chief Nurse Executive. Under Quality Domain, information was provided on our Magnet journey which has started with the first draft of Magnet documents. Nursing Grand Rounds, a demonstration project sponsored by Robert Wood Johnson (Transforming Care at the Bedside) and JCAHO Steering meetings were noted. Customer Service; Workplace/ Workforce domains were also reviewed. <i>(Report attached to original minutes).</i></p>		

6

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
<ul style="list-style-type: none"> - Steve Gold 	<p>Steve Gold, Interim Chief Administrative Officer, Pomerado Hospital, provided an informative report on Financials, Customer Service, Quality, and Workplace/Workforce Development. A multi departmental satisfaction team was in place engaging non-patient care departments in assisting and empowering patient care service areas. Physician dissatisfiers are also being determined and the physician lounge has been improved to provide physician service magazines, updates on magnet process, construction updates, etc. <i>(Report attached to original minutes).</i></p>		
<ul style="list-style-type: none"> - Ms Sheila Brown 	<p>Ms Sheila Brown, Chief Clinical Outreach Officer, provided a Financial, Customer services and Workforce/Workplace development report, noting that a new physician time-share space was recently completed on the 5th floor of Pomerado Outpatient Pavilion.</p> <p>PPH Home Health was the recipient of the 2007 Press Ganey Compass Award, given to recognize improvement in patient satisfaction scores over the course of two years.</p> <p>Recognition will be given to PPH Home Health at the Press Ganey National Client Conference and a narrative will be included in the Press Ganey annual award book.</p> <p>In addition, impact plans are in process of development and attached to corresponding Balanced Scorecards. <i>(Report attached to original minutes).</i></p>		
<ul style="list-style-type: none"> - Gerald Bracht 	<p>Gerald Bracht, Chief Administrative Officer, PMC, provided a report to the Board on key areas including General, Financial, Quality, Customer Service and Workplace/Workforce domains.</p> <p>Goal was achieved with the AHA's Annual Heart Walk fund raiser in conjunction with the Go Red for Women campaigns to support</p>		

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>AHA efforts in combating hear disease. In addition, census had been strong entering September and was holding. The newly established OB laborist service began August 1 to provide coverage for all midwife and emergency patients. Patient Satisfaction scores beginning to show improvement as all areas were implementing disciplined approach to addressing patient care needs.</p> <p>Palomar would be hosting the local chapter of the ACHE October 11 in Graybill Auditorium for a presentation on PPH's Facility Expansion Plans. <i>(Report attached to original minutes).</i></p>		
<ul style="list-style-type: none"> • - Ms Lorie Shoemaker 	Ms Lorie Shoemaker, Chief Nurse Executive,		
INFORMATION ITEMS	<i>Discussion by exception only</i>		
<ul style="list-style-type: none"> ▪ Strategic Planning 			
<ul style="list-style-type: none"> ▪ Community Relations 			
<ul style="list-style-type: none"> ▪ Governance 			
<ul style="list-style-type: none"> ▪ Facilities and Grounds 			
<ul style="list-style-type: none"> ▪ Human Resources 			
<ul style="list-style-type: none"> ▪ Finance 			
COMMITTEE REPORTS			
Ad hoc CEO Evaluation	<p><i>Director B. Krider, Chairman</i></p> <p>Director Krider reported on a recent meeting of the ad hoc CEO Evaluation committee that included Directors Powers and Greer, regarding review of the CEO evaluation format currently utilized compared with other organizations and updates that were needed to provide a better, more specific format as some questions were too vague, etc. Deadline for report to the Board would be closer to the end of the year.</p>		

Handwritten mark


AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
Finance	<i>Director T. E. Kleiter, Chairman</i>		
<ul style="list-style-type: none"> Resolution No. 09.17.07 (02) – 12 Adopting Direction of Dissolution of Partnership – Escondido Surgery Center to formally Transfer Title of Partnership Assets to PPH and to formally Dissolve EASCI 	<p>Director Kleiter noted that he and Dr. Levenson saw the start of this process when the Escondido Surgery Center was first built and organized. Now, twenty-four years later, we were now dissolving the partnership and transferring title. He then called for adoption of this resolution.</p>	<p>MOTION: by Kleiter, 2nd by Krider and carried that Resolution No. 09.17.07 (02) – 12 Adopting Direction of Dissolution of Partnership – Escondido Surgery Center to formally Transfer Title of Partnership Assets to PPH and to formally Dissolve EASCI be adopted.</p> <p>All in favor. None opposed.</p>	
<ul style="list-style-type: none"> Agenda item V.H. PPH Board Policies referred by Governance Committee 8-17-07 to Finance Committee for review/approval 	<p>Director Kleiter referred to this item pulled for discussion earlier that evening from Consent Items per Director Larson's request.</p>		
<ul style="list-style-type: none"> Development/Review of New Business Plan 	<p>Following extensive discussion and noting the need for the development and review of any new business plan coming to EMT and then forwarded to a relevant committee, it was agreed that that wording referred to on the proposed new Policy on page 157 of the Board packet item III. B. 1. (4th line) would include the word "and" instead of "or", that is, ... "administrative processing through EMT-SM and BOD Strategic Planning Committee for discussion".</p>	<p>MOTION: by Larson, 2nd by Kleiter and carried that the proposed new Policy "Development/Review of New Business Plan" indicated on page 157 of the Board packet item III.B.1. (4th line) would include the word "and" instead of "or", that is... "administrative processing through EMT-SM and BOD Strategic Planning Committee for discussion".</p> <p>All in favor. None opposed.</p>	
<ul style="list-style-type: none"> (Revised) Annual Budget Approval 	<p>Director Kleiter presented and following discussion, motion made as follows:</p>	<p>MOTION: by Kleiter, 2nd by Krider and carried that the revised Annual Budget Approval (FIN-01) as submitted be approved.</p> <p>All in favor. None opposed.</p>	
<ul style="list-style-type: none"> (Revised) Expenditure and Requisition Authority 	<p>Director Kleiter presented. Director Krider in reference to this Policy felt he would like to see Governance Committee discuss "urgency/emergency" criteria referred to in III. D. of Text/Standards of Practice. Discussion ensued with Bob Hemker referring to items</p>	<p>MOTION: by Kleiter, 2nd by Bassett and carried that the revised Expenditure and Requisition Approval Authority as submitted be approved.</p>	

AGENDA ITEM	DISCUSSION	CONCLUSIONS/ACTION	FOLLOW-UP/RESPONSIBLE PARTY
	<p>B & C as being \$ thresholds carried forward over time. Director Larson inquired regarding III. B. concerning matter of total costs including start-up which should be clear as to what they may be for. Further discussion and clarification ensued with motion made as follows:</p>	<p>All in favor. None opposed.</p>	
<p>BOARD MEMBER COMMENTS/AGENDA ITEMS FOR NEXT MONTH</p>	<p>Director Krider stated he would be away during the period of the next Board meeting October 8/regrets.</p> <p>Director Larson relayed that he was very proud to hear of the ongoing awards, achievements and monthly rewards and that PPH is finally and deservedly receiving such awards both locally and nationally. He thanked Director Kleiter and Chairman Rivera for their achievements as PPH representatives in varying capacities at their many other meetings, together with the CEO's contributions locally and nationally. He felt it was a wonderful team and was very appreciative.</p> <p>Director Bassett echoed these sentiments.</p> <p>Chairman Rivera thanked the Board for their comments. In addition, he suggested a potential comparative analysis of the California health plans via Finance Committee and then to the Board including financial impact of CMS, if the Board wished this.</p>		
<p>ADJOURNMENT</p>	<p>9:00 p.m.</p>		
<p>SIGNATURES</p> <ul style="list-style-type: none"> ▪ Board Secretary ▪ Board Assistant 	<p>_____</p> <p>Linda C. Greer, R.N.</p> <p>_____</p> <p>Christine D. Meaney</p>		

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

08/01/07	TO	08/31/07	ACCOUNTS PAYABLE INVOICES	\$34,567,985.00
08/10/07	TO	08/24/07	NET PAYROLL	<u>\$9,630,953.00</u>
				\$44,198,938.00

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



CHIEF FINANCIAL OFFICER

APPROVAL OF REVOLVING, PATIENT REFUND AND PAYROLL FUND DISBURSEMENTS:

Treasurer, Board of Directors PPH _____

Secretary, Board of Directors PPH _____

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

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

August 2007 & YTD FY2008 Financial Report

TO: Board of Directors
MEETING DATE: Monday, October 8, 2007
FROM: Board Finance Committee
Tuesday, September 4, 2007
BY: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for August 2007 and YTD FY2008 are submitted for the Board's approval.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the Board Financial Reports (unaudited) for August 2007 and YTD FY2008.

Motion: X

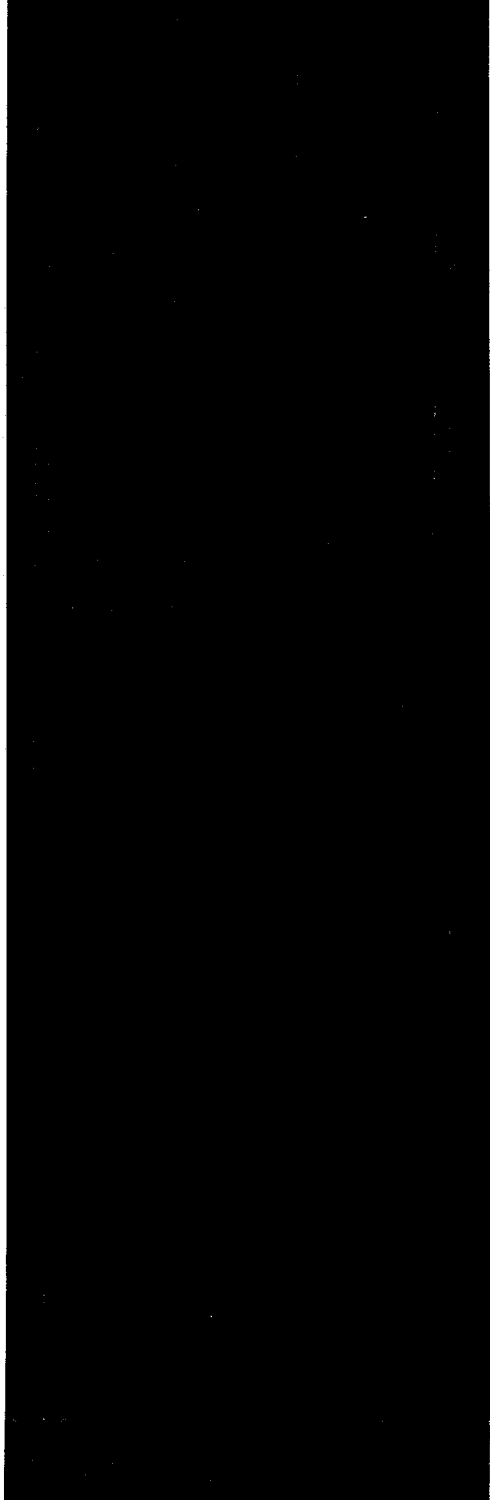
Individual Action:

Information:

Required Time:

Financial Statements

AUGUST 2007



PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Board Financial Report

Table of Contents

	PAGE
Financial Report Summary	3-7
Balance Sheet	8
Budget Comparison - Budget vs. Actual - Statistical Indicators	9-22
Budget Comparison - Budget vs. Actual - Case Mix & Case Mix	23-26
Comparison of Actual vs. Budget	27-29
Budget Comparison - Budget vs. Actual - Weighted Patient Days	30-35
Budget Comparison - Budget vs. Actual - Adjusted Discharges	36-41
Key Values	42-43
Cash Collections	44
Consolidated Balance Sheet	45
Consolidated Budget vs. Actual vs. Budget Analysis - Weighted Patient Days	46
Consolidated Budget vs. Actual vs. Budget Analysis - Weighted Patient Days	47
Consolidated Budget vs. Actual vs. Budget Analysis - Weighted Patient Days	48
Consolidated Budget vs. Actual vs. Budget Analysis - Adjusted Discharges	49
Consolidated Budget vs. Actual vs. Budget Analysis - Adjusted Discharges	50
Consolidated Budget vs. Actual vs. Budget Analysis - Adjusted Discharges	51
Consolidated Budget vs. Actual vs. Budget Analysis - Adjusted Discharges	52
Consolidated Budget vs. Actual vs. Budget Analysis - Adjusted Discharges	53
Bond Covenant Ratios	54
Financial Scorecard - Graphs	55-60
HealthWise Dashboard	61-63
Flash Report	64-65

August 2007 Financial Results

Executive Summary and Highlights

Statistics:

	Jul	Aug	Jul vs Aug % Change	Aug Budget	Act vs Bud % Variance
CONSOLIDATED					
Patient Days Acute	9,000	9,910	10.1%	9,666	2.5%
Patient Days SNF	6,453	6,703	3.9%	6,546	2.4%
ADC Acute	290.32	319.67	10.1%	311.82	2.5%
ADC SNF	208.16	216.23	3.9%	211.16	2.4%
Surgeries CVS Cases	7	8	14.3%	12	-33.3%
Surgeries Total	1,001	1,097	9.6%	984	11.5%
Number of Births	461	472	2.4%	466	1.3%
NORTH					
Patient Days Acute	6,516	7,255	11.3%	7,298	-0.6%
Patient Days SNF	2,681	2,843	6.0%	2,720	4.5%
ADC Acute	210.19	234.02	11.3%	235.43	-0.6%
ADC SNF	86.48	91.71	6.0%	87.74	4.5%
SOUTH					
Patient Days Acute	2,484	2,655	6.9%	2,368	12.1%
Patient Days SNF	3,772	3,860	2.3%	3,826	0.9%
ADC Acute	80.12	85.65	6.9%	76.38	12.1%
ADC SNF	121.68	124.52	2.3%	123.42	0.9%

August 2007 Financial Results Executive Summary and Highlights (cont'd)

Balance Sheet:

Current Cash & Cash Equivalents decreased \$8.6 million from \$75.9 million in July to \$67.3 million in August. This decrease is relevant to the decrease in Accounts Payable of \$12.4 million. Total Cash and Investments are \$96.6 million, compared to \$105.1 million at July 31, 2007. Days Cash on Hand went from 101 days in July to 91 in August.

Net Accounts Receivable increased to \$90.2 million in August as compared to \$87.9 million in July. Gross A/R days decreased from 52.4 days in July to 51.3 days in August.

August patient account collections including capitation are \$33.6 million compared to budget of \$33.1 million. August YTD collections are \$64 million compared to budget of \$66.2 million.

Construction in Progress increased \$4.3 million from \$128.5 million in July to \$132.8 million in August. The increase is attributed to Pomerado Phase I construction costs \$1.2 million, Building Expansion A & E Services and construction costs \$1.0 million, the purchase of a new office building located on Valley Boulevard, Escondido, CA, \$.7 million and the da Vinci Robot \$1.4 million.

Other Current Liabilities decreased \$654 thousand from \$23.1 million to \$22.4 million primarily due to the realization of Deferred Property Tax Revenue of \$1.1 million in August. This was partially offset by an increase in capitation liability.

August 2007 Financial Results Executive Summary and Highlights (cont'd)

Income Statement:

Gross Patient Revenue for YTD reflects a favorable budget variance of \$4.9 million. This favorable variance is composed of \$6.8 million unfavorable volume variance and \$11.7 million favorable rate variance.

Routine revenue (inpatient room and board) reflects an unfavorable \$0.9 million budget variance.

Inpatient Ancillary revenue represents a \$2.2 million favorable budget variance. North reflects \$0.3 million favorable variance and South reflects \$1.9 favorable variance. The favorable variance is primarily due to the Surgery and Cat Scanner departments.

Outpatient revenue reflects a favorable budget variance of \$3.6 million. North has a \$4.0 million favorable variance and South has a \$0.1 million favorable variance. These two amounts are decreased by Outreach's \$0.5 million unfavorable variance.

Deductions from Revenue reflect a YTD unfavorable variance of \$6.3 million. Total Deductions from Revenue is 70.45% of gross revenue compared to a budget of 69.38%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) is 65.46% of YTD Gross Revenue compared to budget of 65.03%.

August 2007 Financial Results Executive Summary and Highlights (cont'd)

Income Statement (cont'd):

The net capitation reflects a favorable budget variance of \$0.4 million. Cap Premium shows a favorable budget variance of \$2.9 million due to retro 2006 premium adjustment. Cap Valuation and Out of Network Claim Expense both show an unfavorable variance of \$2.4 million due to using bill drop date instead of discharge date and \$0.1 million respectively.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$828 thousand. The most significant contributor to this variance is the Foundation where actual revenue is zero versus a budget of \$590 thousand. After the budget was prepared, a change in procedure was initiated to credit the Foundation's expenses instead of crediting revenue for funding requests. Therefore, the offset to this revenue loss is a reduction to expenses. The same set of circumstances applies to PPNC Health Development where the YTD unfavorable variance is \$234 thousand. These variances will be ongoing throughout the year. Also contributing to this variance is the Grant program for Welcome Home Baby and Home Health Outreach where the YTD variances are unfavorable by \$184 thousand and \$46 thousand respectively. A \$267 thousand class action settlement from Hill-Rom offsets the unfavorable variance.

Salaries, Wages & Contract Labor has a YTD favorable budget variance of \$0.8 million. This variance is mostly attributable to lower-than-budgeted volumes and staff flexing. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	32,623,147	33,411,944	788,797
North	18,727,835	19,307,036	579,201
South	8,037,941	7,817,386	(220,555)
Central	4,322,076	4,576,034	253,958
Outreach	1,535,294	1,711,488	176,194

August 2007 Financial Results Executive Summary and Highlights (cont'd)

Income Statement (cont'd):

Benefits Expense has a YTD unfavorable budget variance of \$179 thousand. This variance is due to various categories. They are: FICA – unfavorable by \$214 thousand; Health and Dental – unfavorable by \$211 thousand and Workers Comp – unfavorable by \$45 thousand. These are partially offset by a favorable variance in Other benefits of \$218 thousand.

Supplies Expense reflects a YTD unfavorable budget variance of \$10 thousand. The unfavorable variance is comprised of prosthesis at \$41 thousand, and general supplies at \$98 thousand; the favorable variance is pharmacy at \$130 thousand.

Prof Fees & Purchased Services reflect a YTD favorable budget variance of \$1.2 million. The favorable variance of \$0.3 million in purchased services is due to purchased contracted services. The favorable variance of \$0.9 million in professional fees is due to unrealized Dr. recruitment physician fees and consulting fees in Design/Facility, Revenue Cycle Management and Welcome Home Baby.

Non-Operating Income reflects a YTD favorable variance of \$717 thousand. This is due to a favorable investment income variance of \$535 thousand. Interest expense is also favorable by \$61 thousand.

Ratios & Margins:

All required bond covenant ratios were achieved in August 2007.

Balanced Scorecard Financial Indicators August 31, 2007

	May		June		July		August		YTD 2008		Prior Year		
	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Actual	Budget	Variance to Budget	% Actual to Budget	Actual
PPH Indicators:													
OEBITDA Margin w/Prop Tax	11.1%	7.0%	10.1%	8.6%	9.9%	9.9%	-1.3%		9.2%	9.5%	-0.3%	96.8%	11.7%
Expenses/Wtd Day	\$2,585.86	\$2,236.80	\$2,720.58	\$2,613.59	\$2,707.31	\$	93.72		2,684.71	\$2,718.69	\$ 53.98		2,469.37
SWB/Wtd Day	\$1,513.14	\$1,296.25	\$1,618.11	\$1,516.53	\$1,577.84	\$	61.31		1,565.06	\$1,577.78	\$ 12.72		1,467.15
Prod FTE's/Adj Occupied Bed	6.13	6.00	6.35	4.16	4.35	0.19		4.24	4.24	4.35	0.11	97.5%	6.05
Weighted Patient Days	13,476	13,021	12,587	13,756	13,150	606	104.6%	26,343	26,517	(174)			25,668
PPH North Indicators:													
OEBITDA Margin w/Prop Tax	10.7%	-6.6%	8.4%	10.6%	11.1%	-0.5%		9.7%	10.7%	-1.0%			12.0%
Expenses/Wtd Day	\$2,478.25	\$2,035.21	\$2,661.58	\$2,505.69	\$2,539.91	\$	34.22		2,580.35	\$2,551.22	\$ (29.13)	101.1%	2,355.37
SWB/Wtd Day	\$1,257.06	\$1,138.99	\$1,357.29	\$1,264.19	\$1,304.67	\$	40.48		1,308.74	\$1,304.60	\$ (4.14)	100.3%	1,234.40
Prod FTE's/Adj Occupied Bed	5.19	5.04	5.41	3.98	4.04	0.06		4.07	4.04	(0.03)		100.7%	5.13
Weighted Patient Days	9,129	8,843	8,530	9,384	9,045	339	103.7%	17,911	18,453	(542)			17,758
PPH South Indicators:													
OEBITDA Margin w/Prop Tax	10.3%	19.1%	10.5%	-1.0%	5.5%	-6.5%		4.6%	5.1%	-0.5%			7.9%
Expenses/Wtd Day	\$2,440.57	\$2,208.01	\$2,485.96	\$2,367.77	\$2,571.38	\$	203.61		2,425.94	\$2,582.78	\$ 156.84		2,387.08
SWB/Wtd Day	\$1,242.64	\$1,137.60	\$1,320.81	\$1,199.30	\$1,303.06	\$	103.76		1,258.17	\$1,303.06	\$ 44.89		1,224.25
Prod FTE's/Adj Occupied Bed	5.32	5.26	5.48	2.82	2.86	0.04		2.86	2.86	-			5.45
Weighted Patient Days	4,026	3,874	3,809	4,181	3,832	349		7,984	7,520	464			7,385

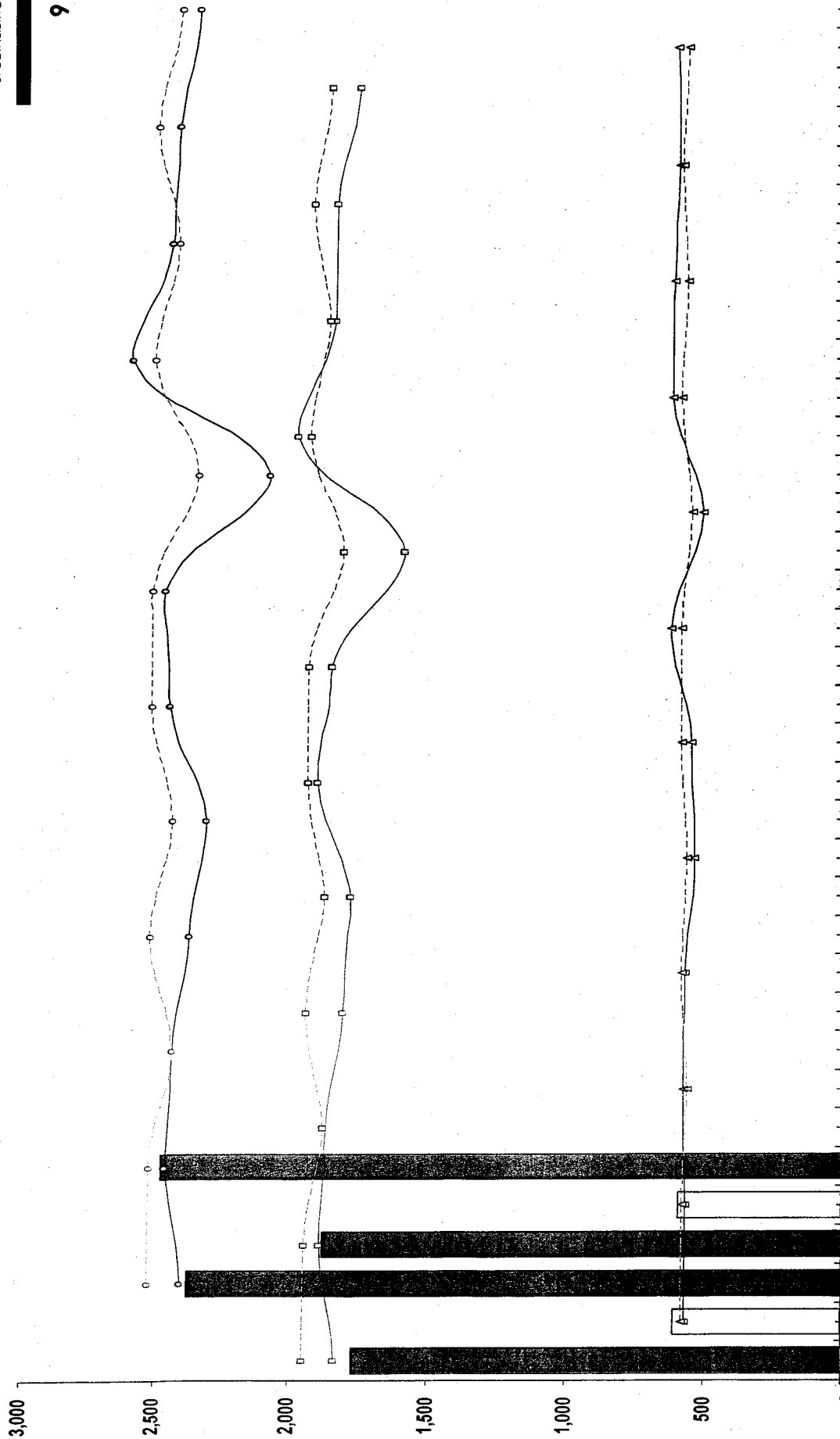
Weighted Patient Days is compared with Prior Year Actual

Admissions - Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

9

FISCAL YEAR 2008



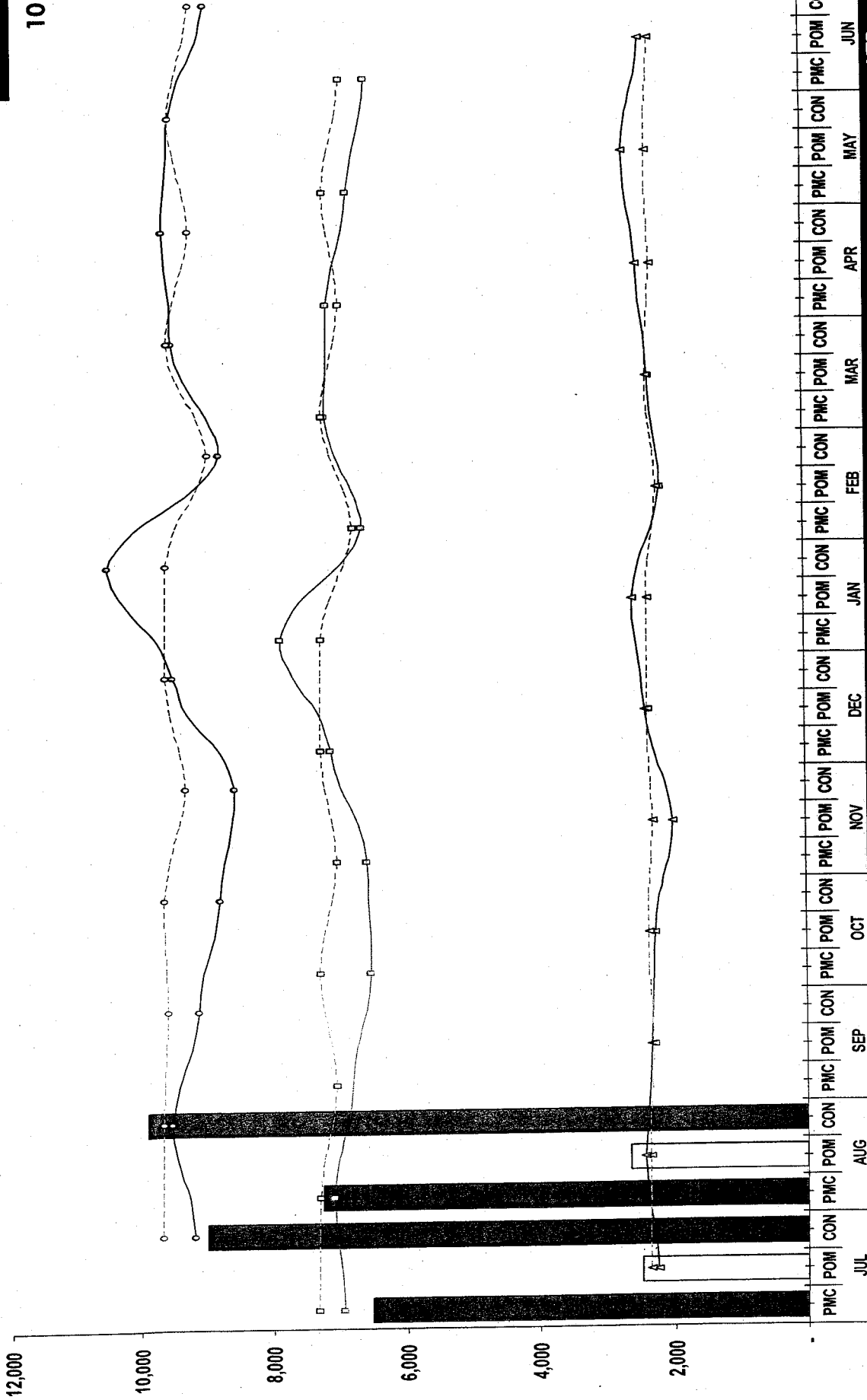
PY	BUD												YTD	BUD YTD		
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN				
PMC	1,770	1,885	-	-	-	-	-	-	-	-	-	-	-	-	3,655	3,896
POM	608	595	-	-	-	-	-	-	-	-	-	-	-	-	1,203	1,156
CON	2,378	2,480	-	-	-	-	-	-	-	-	-	-	-	-	4,858	5,052

Patient Days - Acute

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

10

FISCAL YEAR 2008



PY	FISCAL YEAR 2008												YTD	Bud YTD			
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN					
BUD	6,516	7,255	-	-	-	-	-	-	-	-	-	-	-	-	-	13,771	14,586
ACT	9,000	9,910	-	-	-	-	-	-	-	-	-	-	-	-	-	5,139	4,736
TOTAL	15,516	17,165	-	-	-	-	-	-	-	-	-	-	-	-	-	18,910	19,332

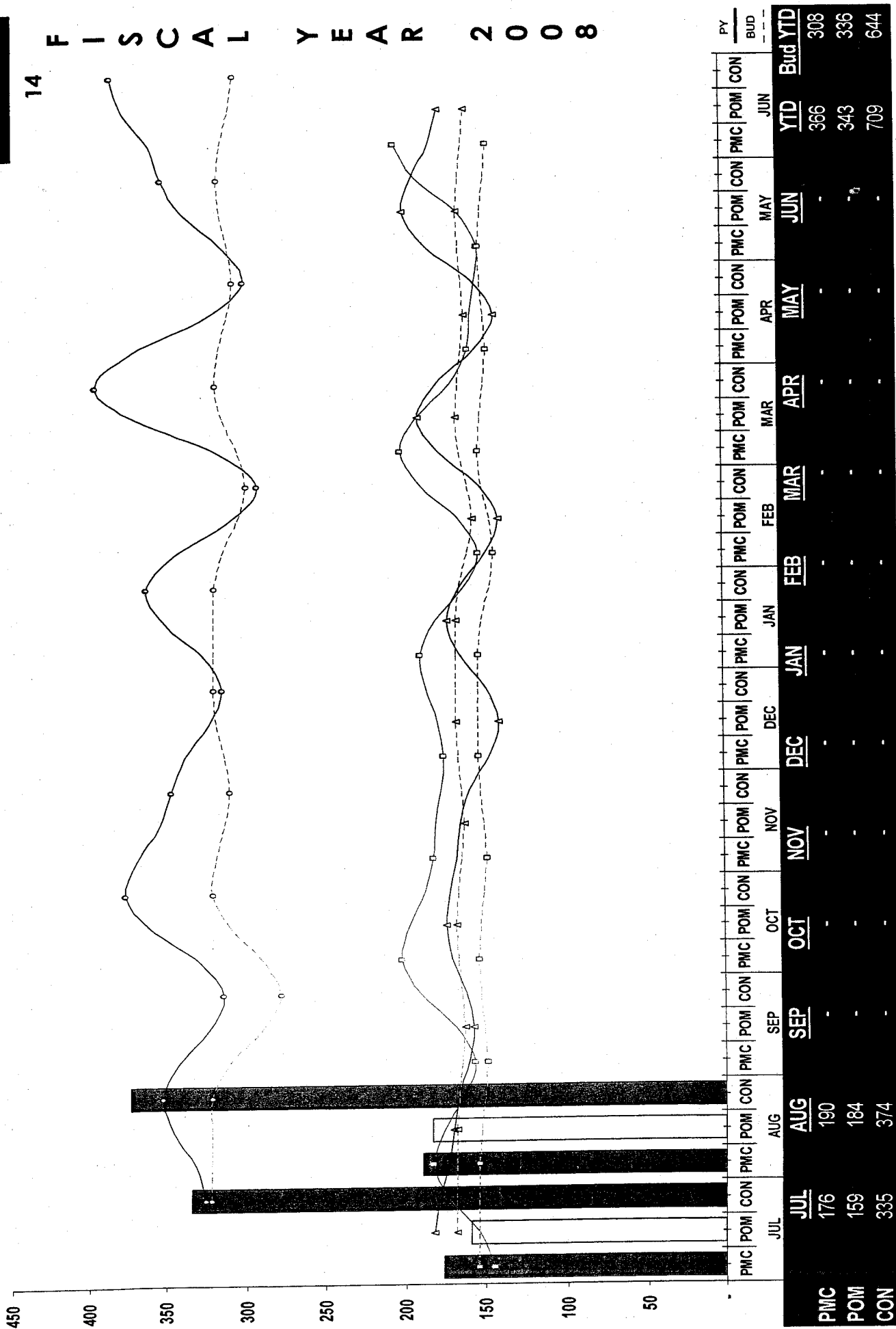
27

Surgeries (Out-Patient)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

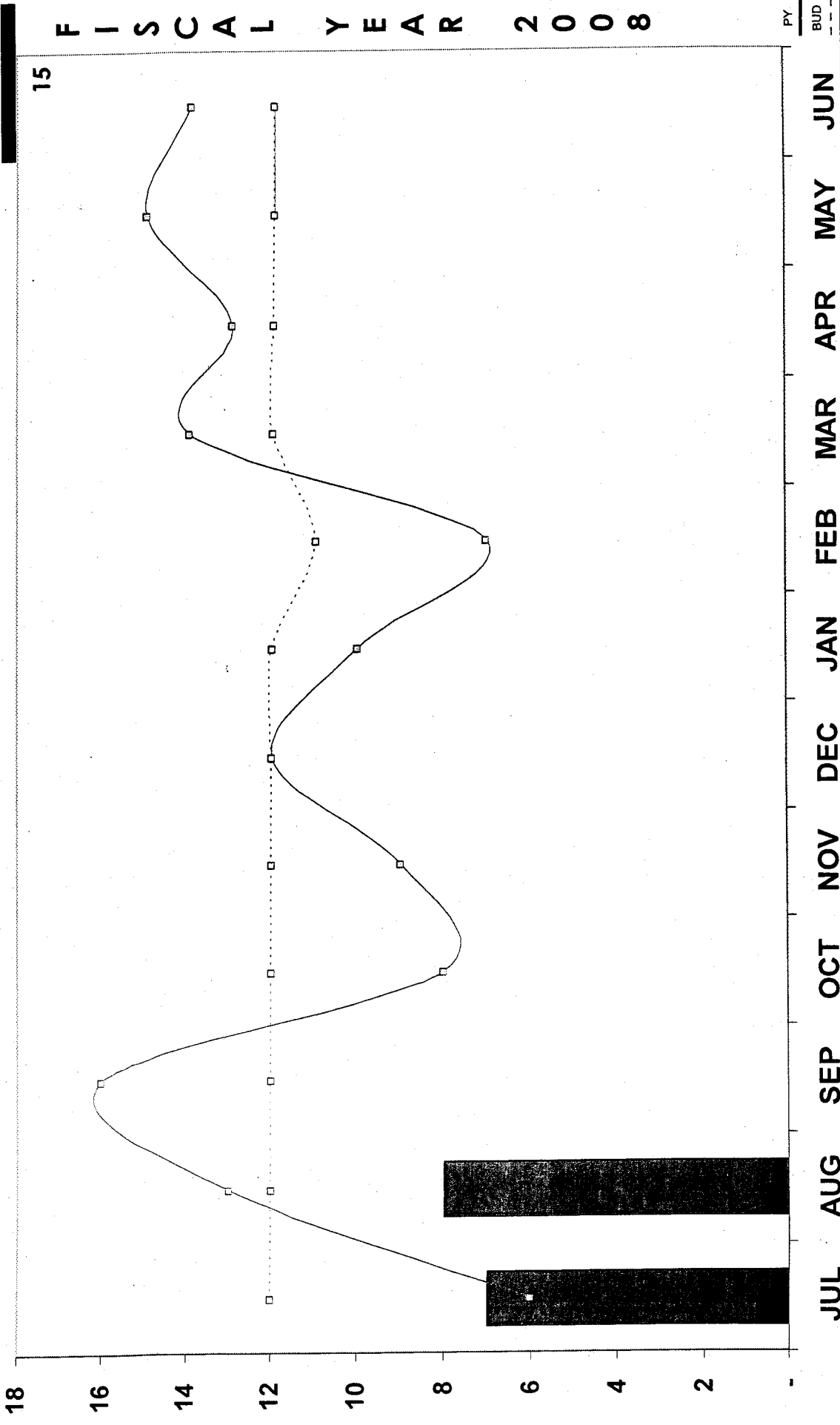
14

F I S C A L Y E A R 2 0 0 8



Surgeries - CVS (PMC)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU



15

F I S C A L Y E A R 2 0 0 8

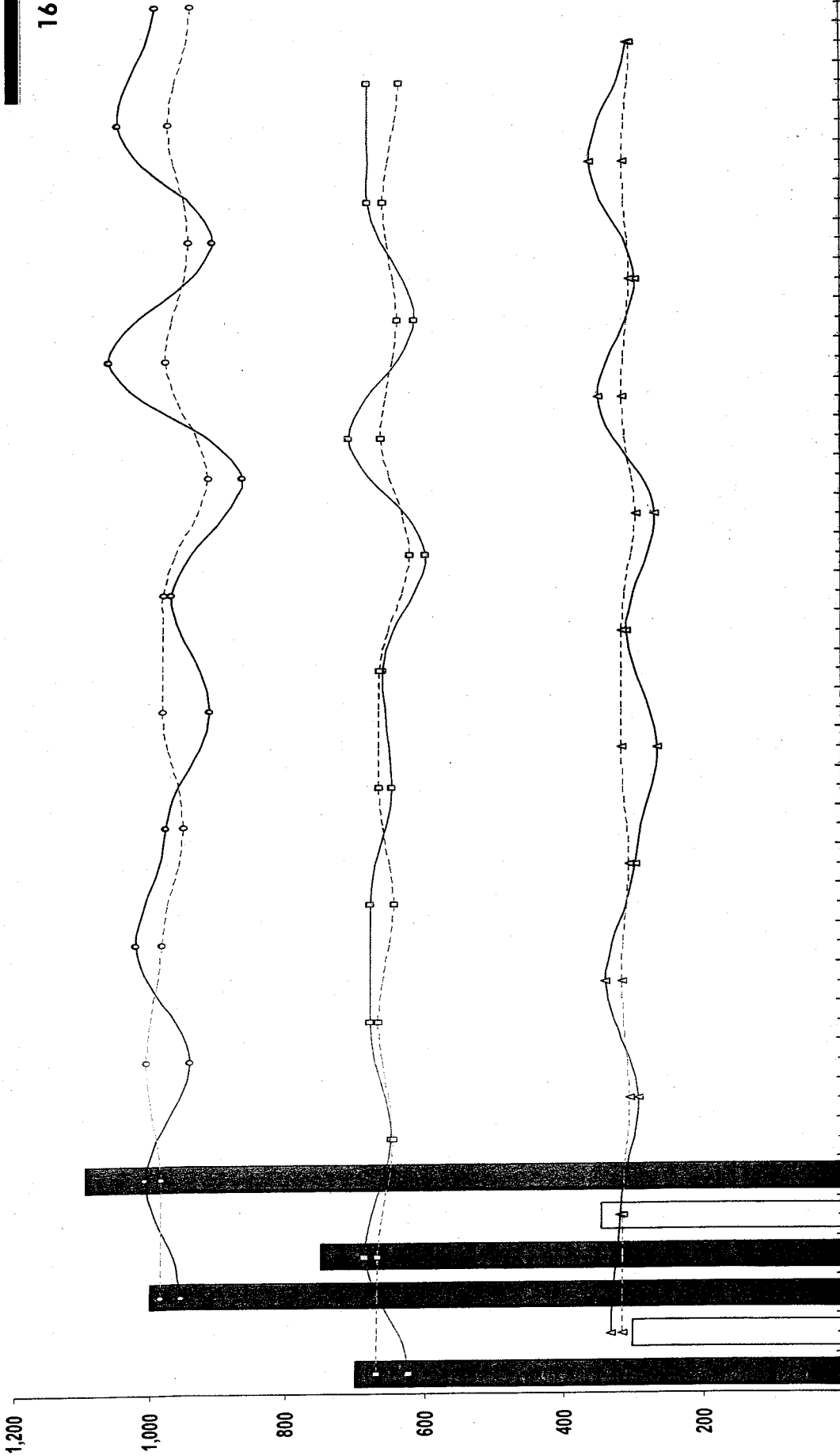
PY	BUD													
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	7	8	-	-	-	-	-	-	-	-	-	-	15	24

Total Surgeries

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

16

FISCAL YEAR 2008



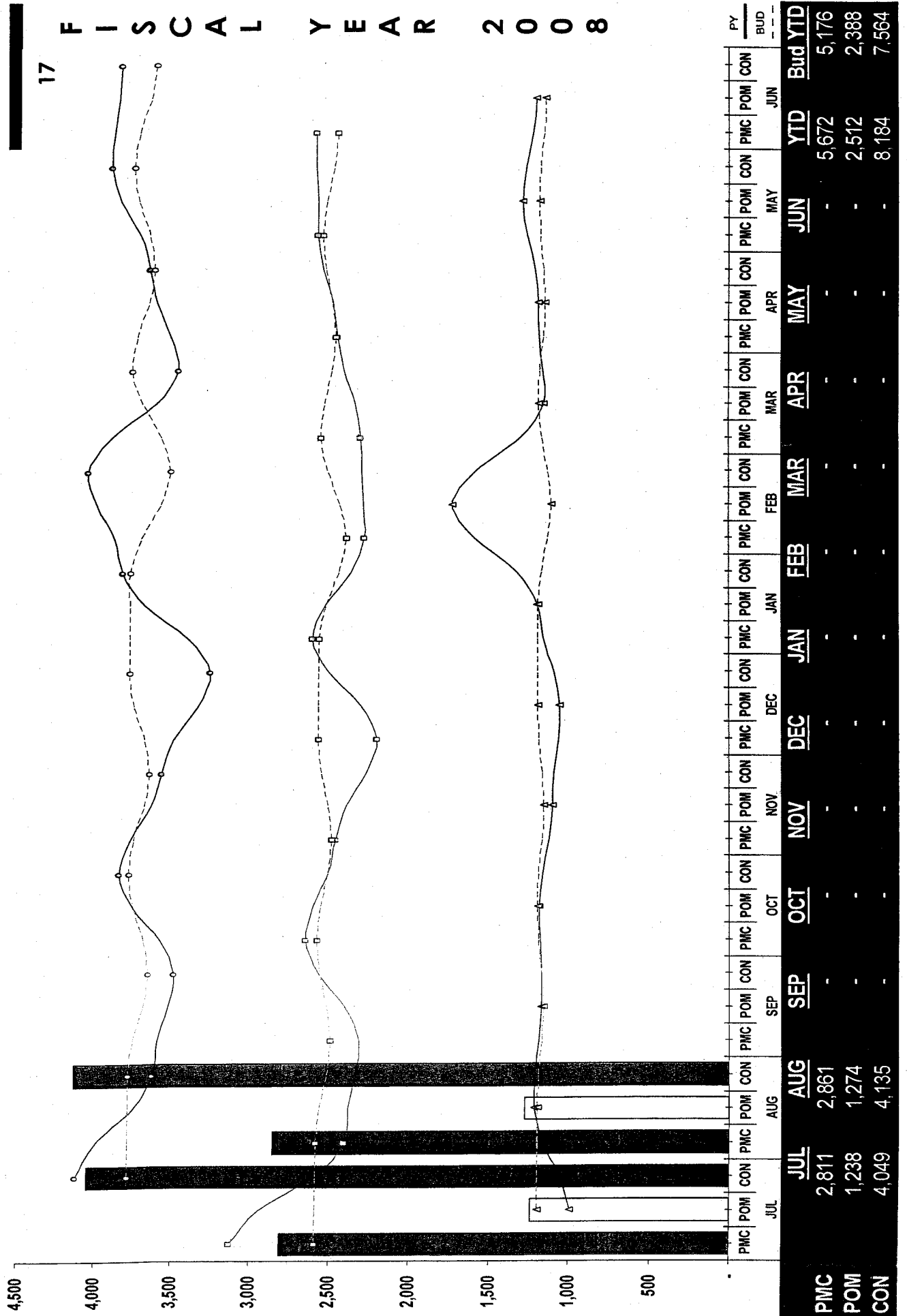
PY	JUL		AUG		SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
	PMC	CON	PMC	CON	PMC	CON	PMC	CON	PMC	CON	PMC	CON	PMC	CON	PMC	CON
BUD	699	1,001	750	1,097	-	-	-	-	-	-	-	-	-	-	1,449	1,336
	302	302	347	347	-	-	-	-	-	-	-	-	-	-	649	632
	1,001	1,001	1,097	1,097	-	-	-	-	-	-	-	-	-	-	2,098	1,968

Outpatient Registration

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

17

FISCAL YEAR 2008

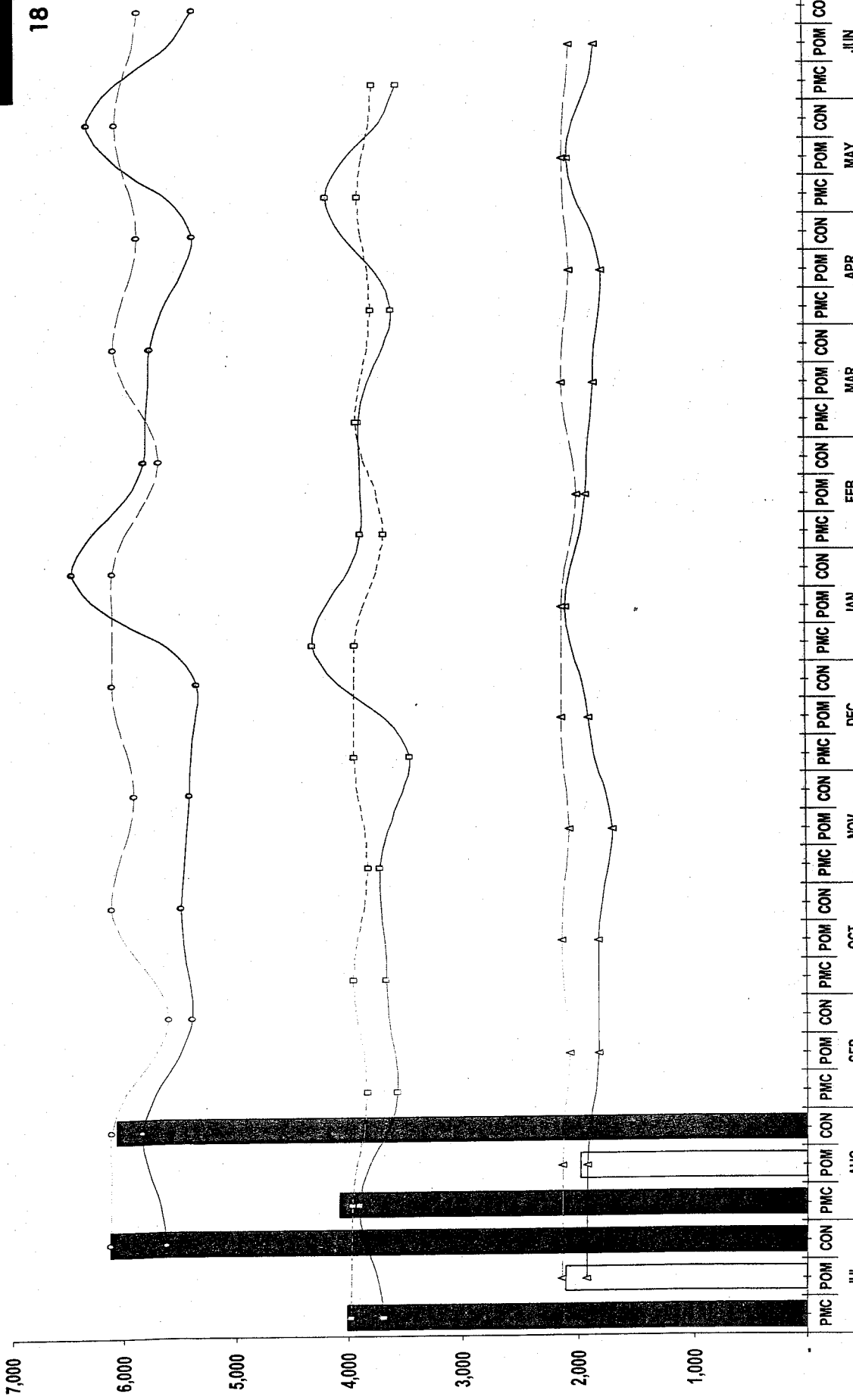


ER Visits includes Trauma

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

18

FISCAL YEAR 2008

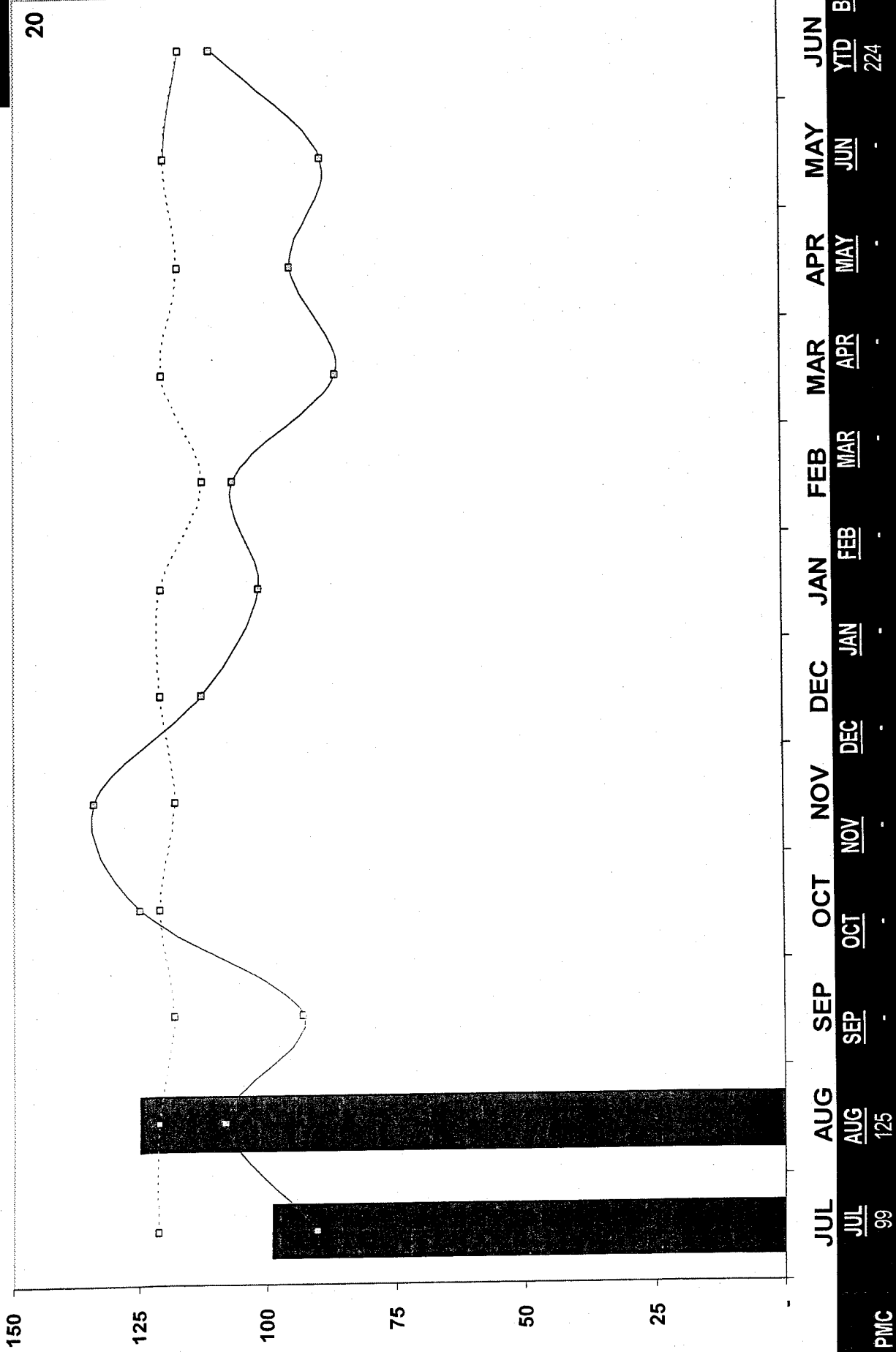


PY	BUD												YTD	Bud YTD	
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN			
PMIC	4,014	4,087	-	-	-	-	-	-	-	-	-	-	-	8,101	7,948
POM	2,110	1,990	-	-	-	-	-	-	-	-	-	-	-	4,100	4,302
CON	6,124	6,077	-	-	-	-	-	-	-	-	-	-	-	12,201	12,250

Trauma Cases (PMC)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

FISCAL YEAR 2008



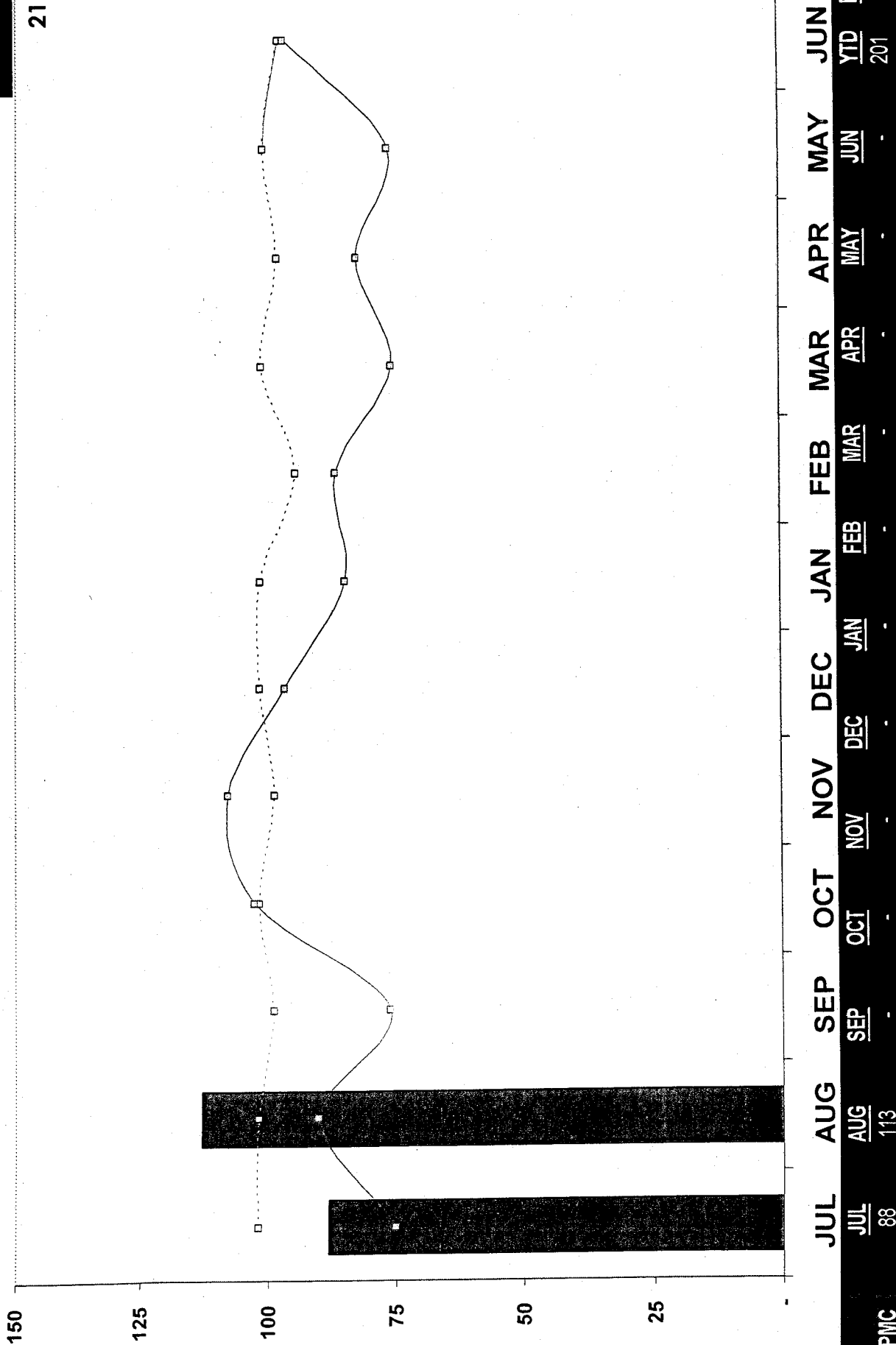
PY	BUD											
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN
99	99	125										
2008												224
												242

PMC

Trauma Admissions (PMC)

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

FISCAL YEAR 2008



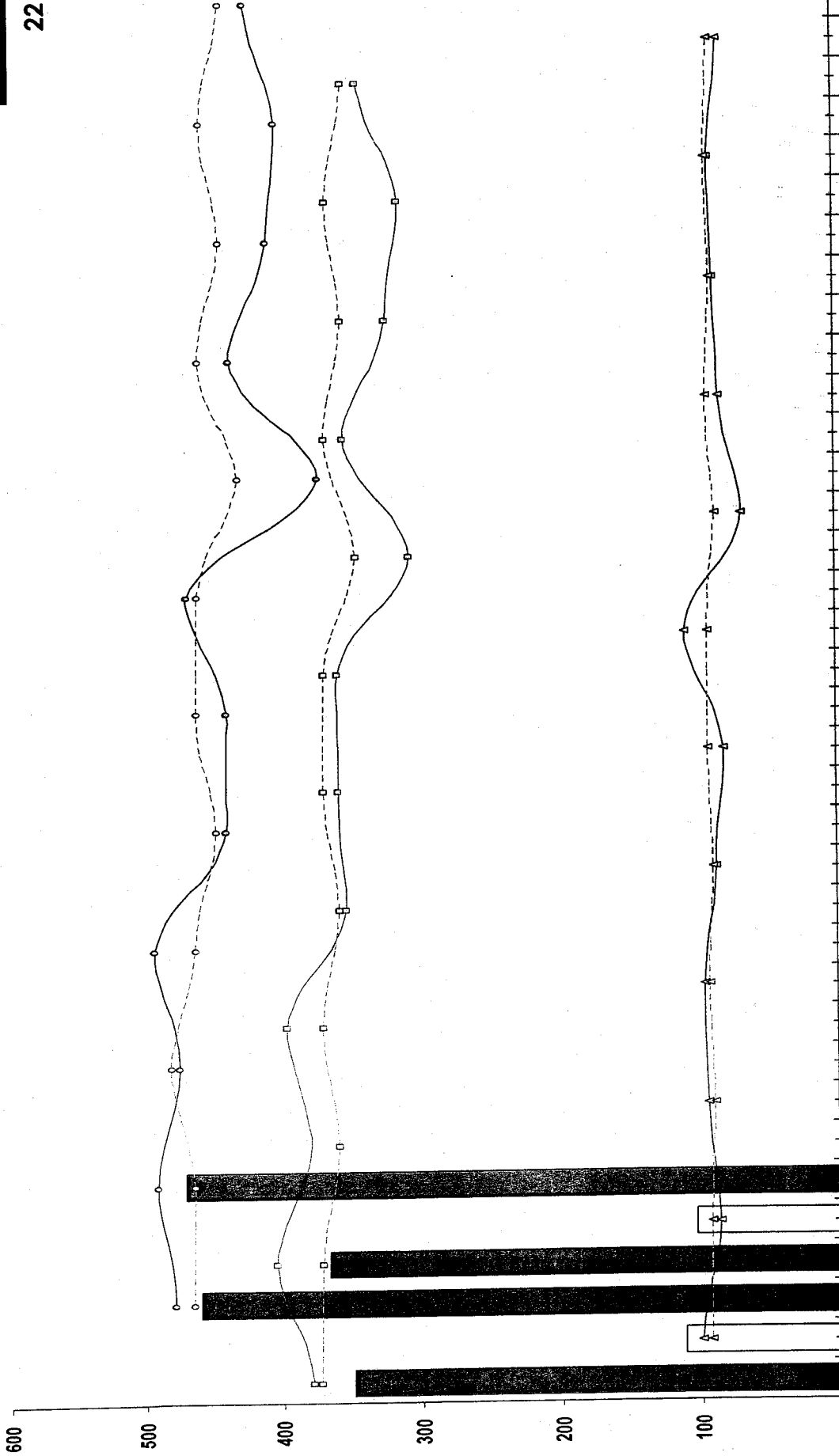
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUN	YTD	Bud YTD
PMC	88	113												201	204

Deliveries

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

22

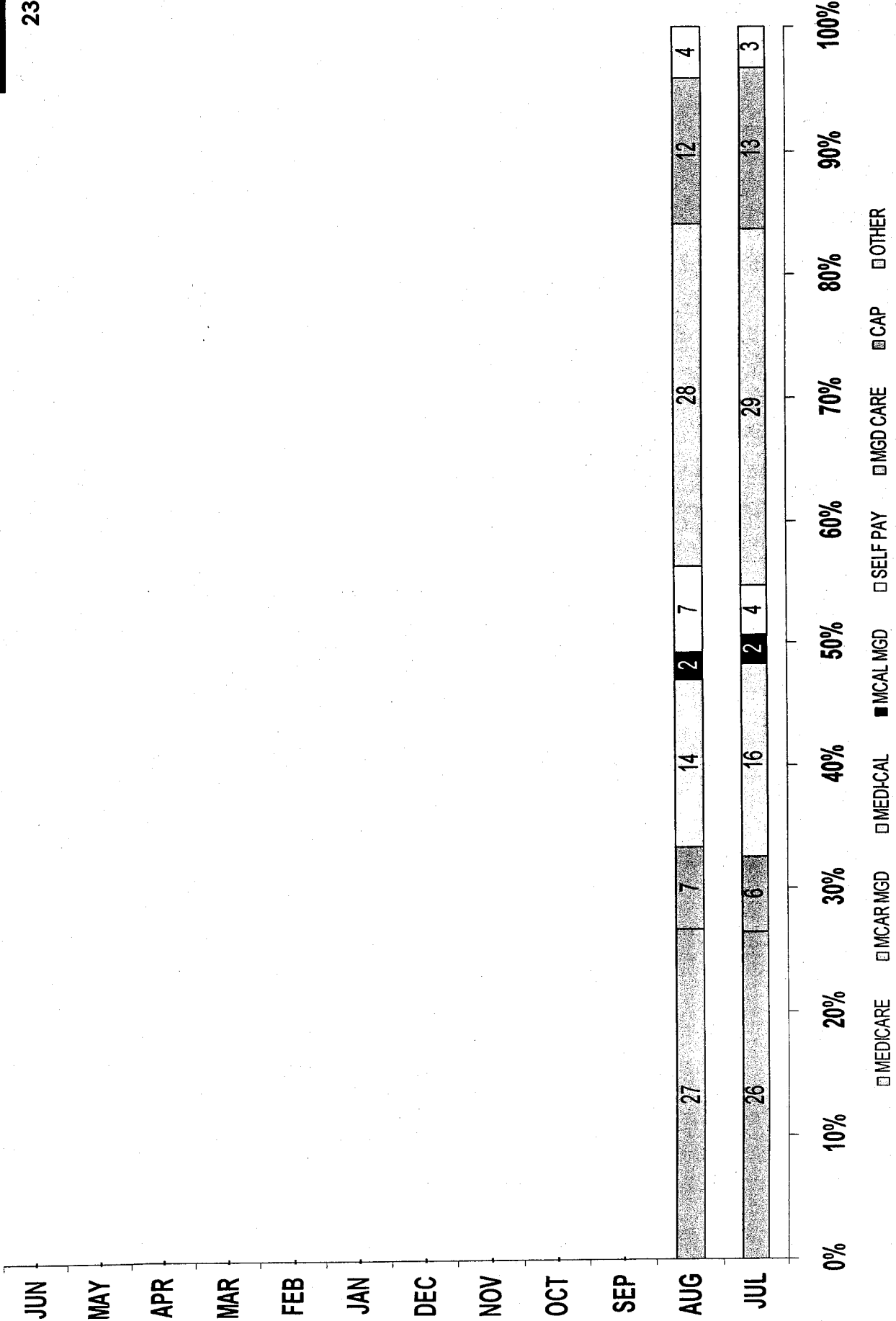
F I S C A L Y E A R 2 0 0 8



PY	AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD	Bud YTD
	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON	PM	CON		
	349	112	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	717	746
	112	104	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	216	186
	461	472	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	933	932

25

Payor Mix based on Gross Revenue



Summary of Key Indicators and Results

FYTD August 2007

	ACTUAL	BUDGET	VARIANCE	FY 2007
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	3,655	3,896	(241)	3,727
Pomerado Hospital	1,203	1,156	47	1,139
Total:	<u>4,858</u>	<u>5,052</u>	<u>(194)</u>	<u>4,866</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	92	100	(8)	115
Pomerado Hospital	89	94	(5)	88
Total:	<u>181</u>	<u>194</u>	<u>(13)</u>	<u>203</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	13,771	14,596	(825)	14,021
Pomerado Hospital	5,139	4,736	403	4,694
Total:	<u>18,910</u>	<u>19,332</u>	<u>(422)</u>	<u>18,715</u>
<u>PATIENT DAYS - SNF:</u>				
Palomar Medical Center	5,524	5,440	84	5,441
Pomerado Hospital	7,632	7,652	(20)	7,711
Total:	<u>13,156</u>	<u>13,092</u>	<u>64</u>	<u>13,152</u>



Summary of Key Indicators and Results

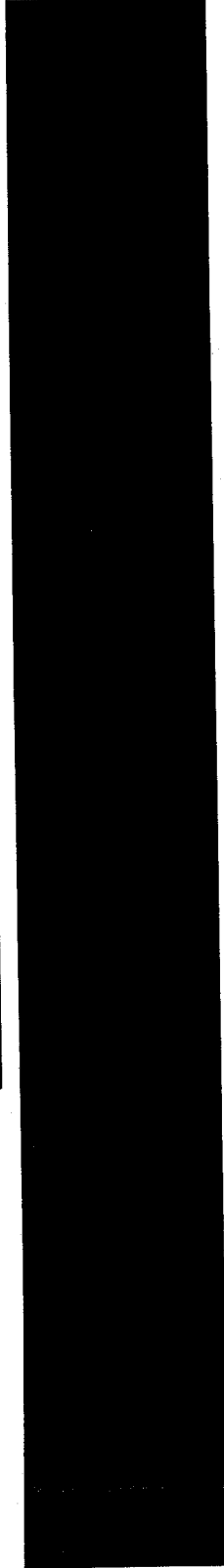
FYTD August 2007 (cont'd)

	ACTUAL	BUDGET	VARIANCE	FY 2007
WEIGHTED PATIENT DAYS				
Palomar Medical Center	17,911	18,453	(542)	17,758
Pomerado Hospital	7,984	7,520	464	7,385
Other Activities	448	544	(96)	525
Total:	26,343	26,517	(174)	25,668

ADJUSTED DISCHARGES				
Palomar Medical Center	4,704	4,929	(225)	4,759
Pomerado Hospital	1,783	1,734	49	1,687
Other Activities	152	180	(28)	167
Total:	6,639	6,843	(204)	6,613

AVERAGE LENGTH OF STAY - Acute:				
Palomar Medical Center	3.80	3.75	0.05	3.75
Pomerado Hospital	4.22	4.10	0.12	4.14
Total:	3.90	3.83	0.07	3.84

AVERAGE LENGTH OF STAY - SNF:				
Palomar Medical Center	65.76	55.51	10.25	49.92
Pomerado Hospital	85.75	81.40	4.35	89.66
Total:	76.05	68.19	7.86	67.45



Summary of Key Indicators and Results FYTD August 2007 (cont'd)

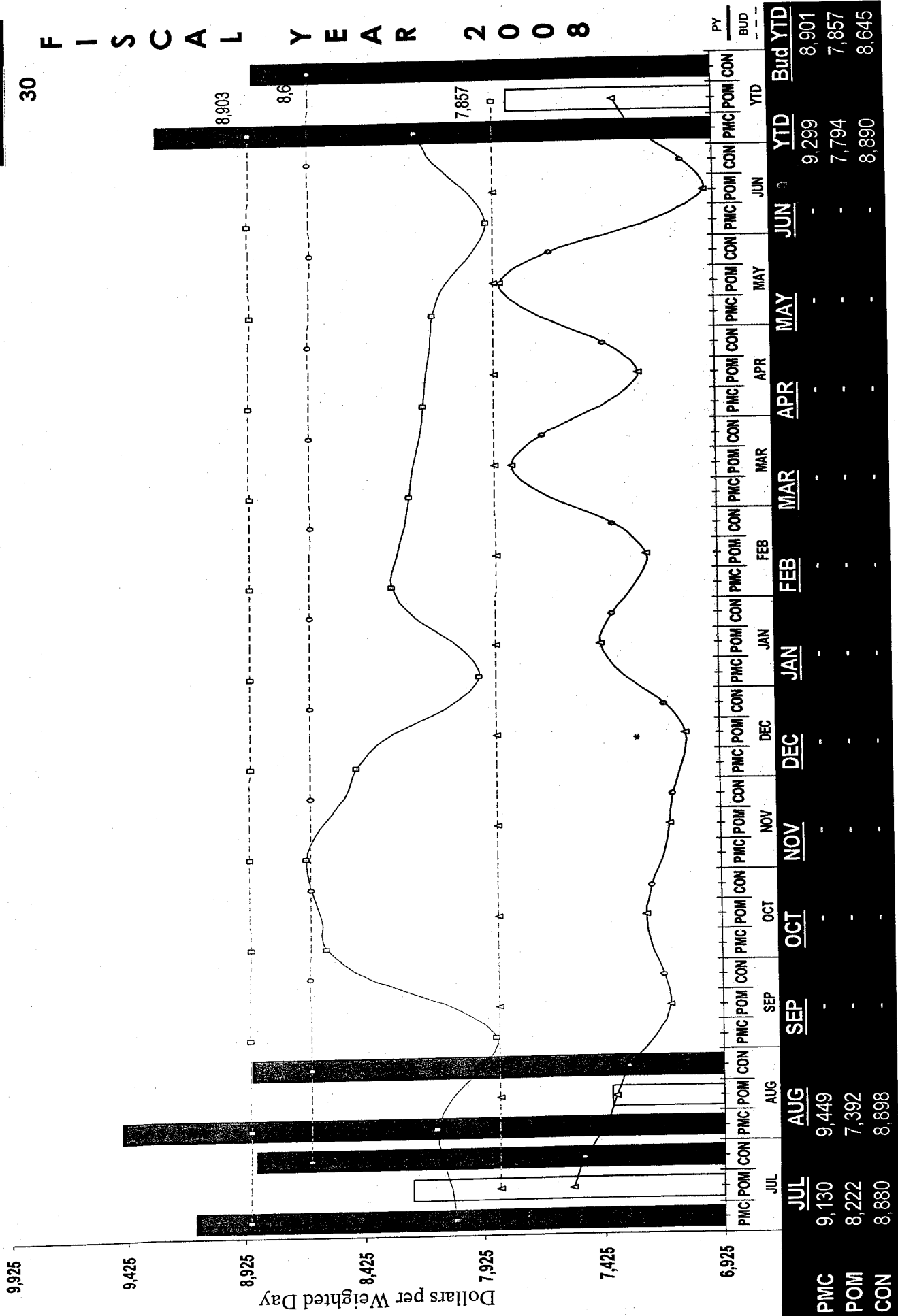
	ACTUAL	BUDGET	VARIANCE	FY 2007
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	8,101	7,948	153	7,601
Pomerado Hospital	4,100	4,302	(202)	3,860
Total:	<u>12,201</u>	<u>12,250</u>	<u>(49)</u>	<u>11,461</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	1,899	1,938	(39)	1,868
Pomerado Hospital	708	642	66	637
Total:	<u>2,607</u>	<u>2,580</u>	<u>27</u>	<u>2,505</u>
<u>SURGERIES:</u>				
Palomar Medical Center	1,449	1,336	113	1,309
Pomerado Hospital	649	632	17	653
Total:	<u>2,098</u>	<u>1,968</u>	<u>130</u>	<u>1,962</u>
<u>BIRTHS:</u>				
Palomar Medical Center	717	746	(29)	785
Pomerado Hospital	216	186	30	187
Total:	<u>933</u>	<u>932</u>	<u>1</u>	<u>972</u>

Gross Patient Revenue per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

30

FISCAL YEAR 2008



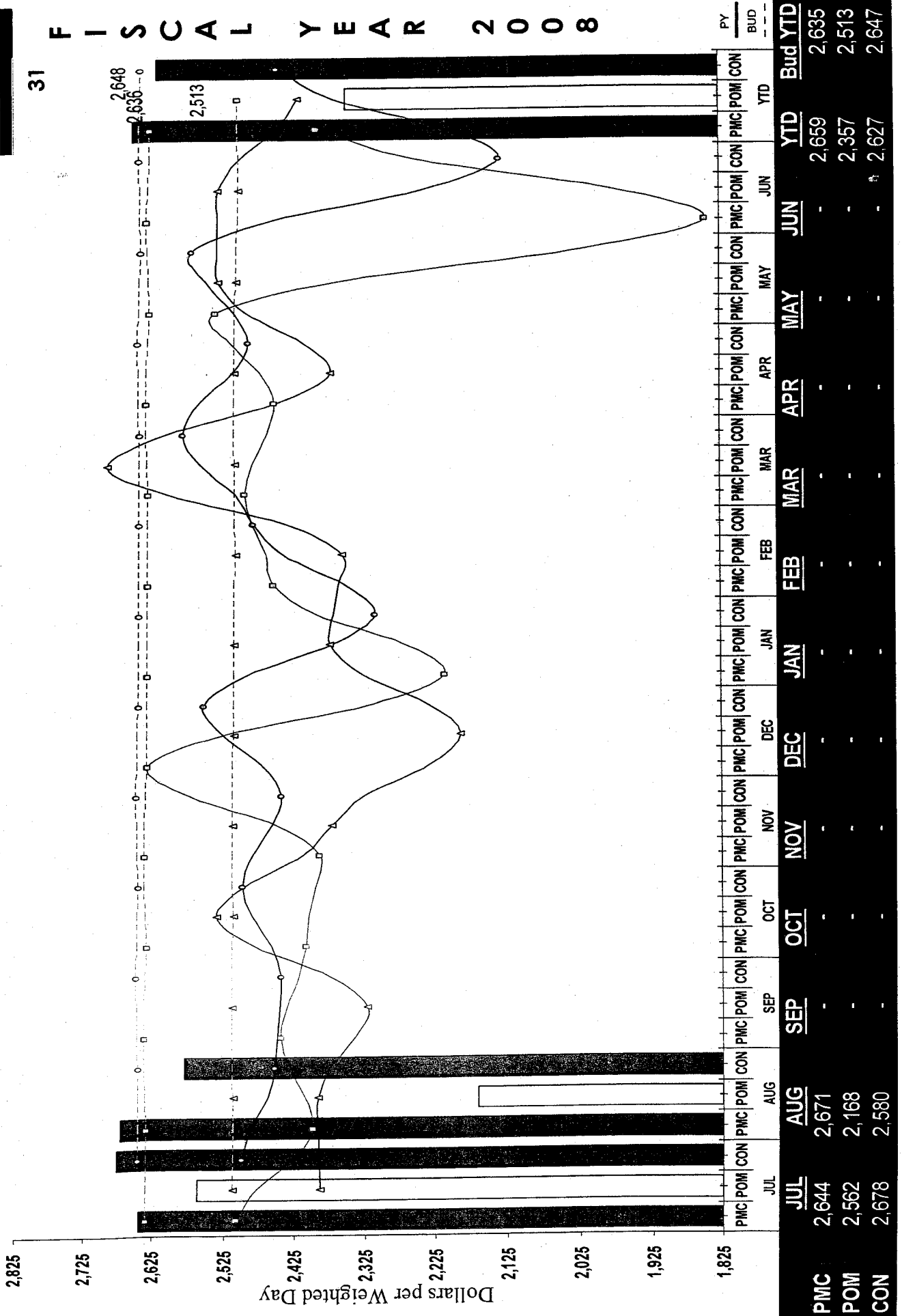
3

Net Patient Revenue per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

31

FISCAL YEAR 2008

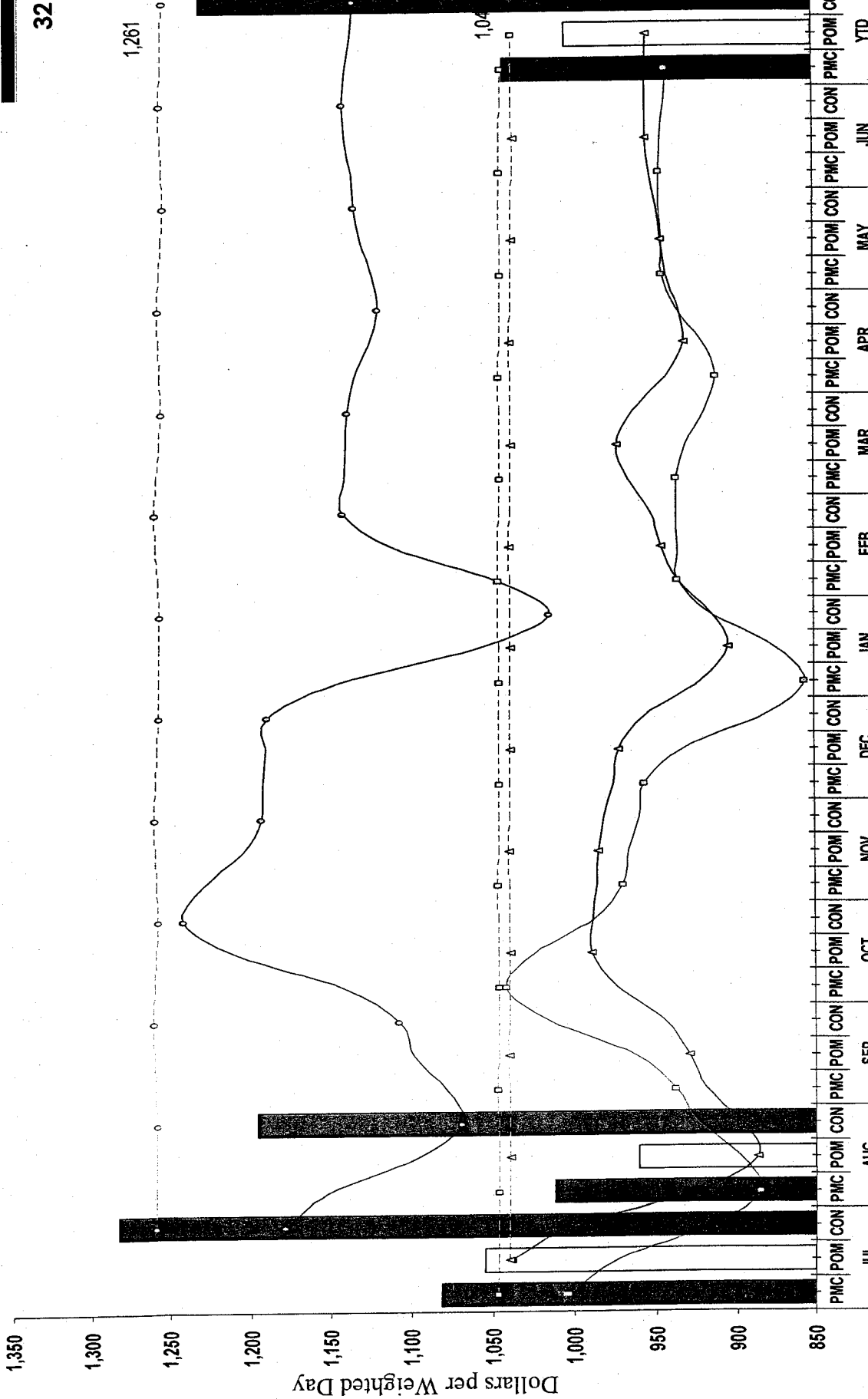


Salaries per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

32

FISCAL YEAR 2008



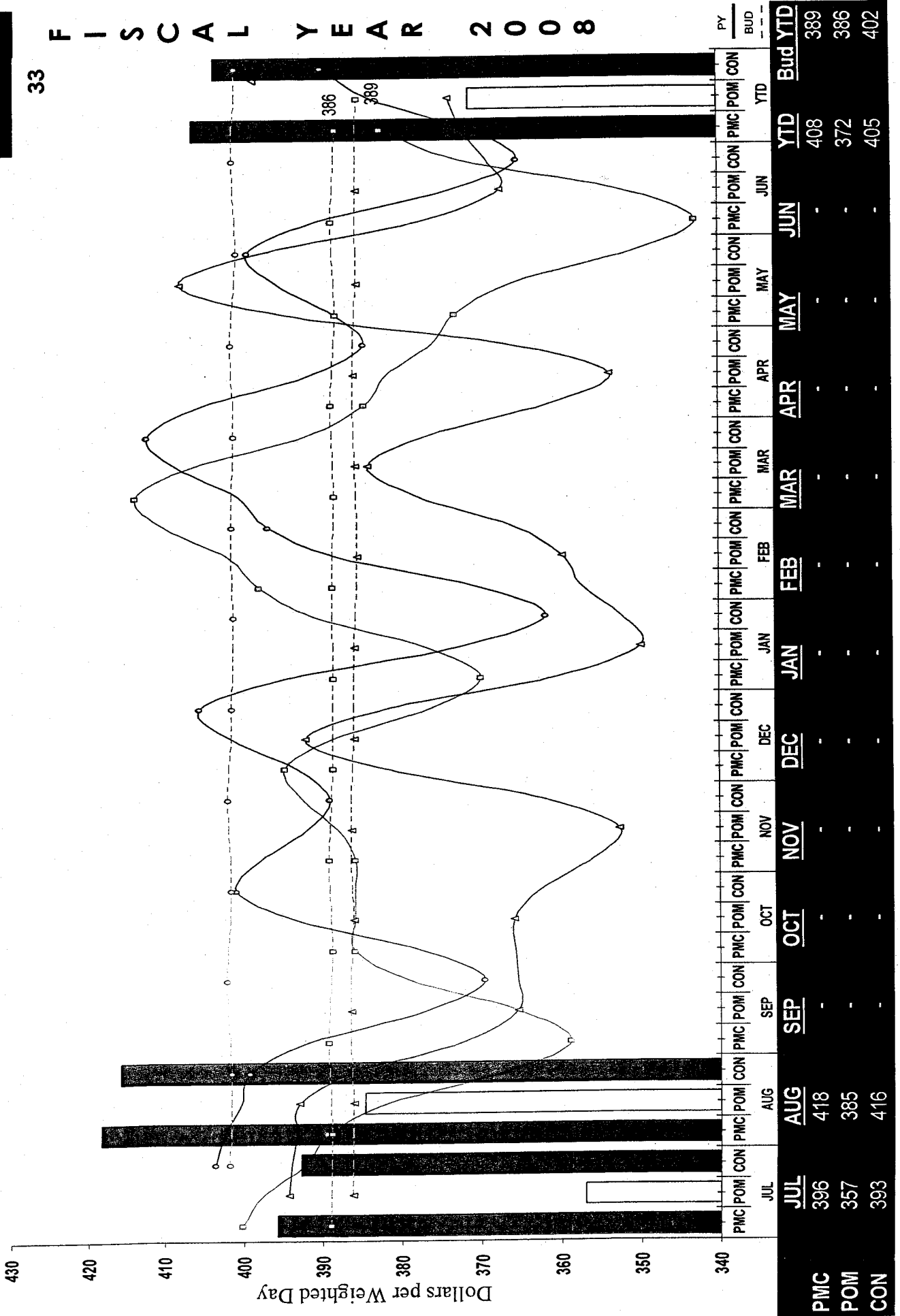
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	YTD	BUD YTD
PMC	1,082	1,012	-	-	-	-	-	-	-	-	-	-	-	1,046	1,046
POM	1,056	961	-	-	-	-	-	-	-	-	-	-	-	1,007	1,040
CON	1,284	1,197	-	-	-	-	-	-	-	-	-	-	-	1,238	1,260

Supplies per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

33

FISCAL YEAR 2008

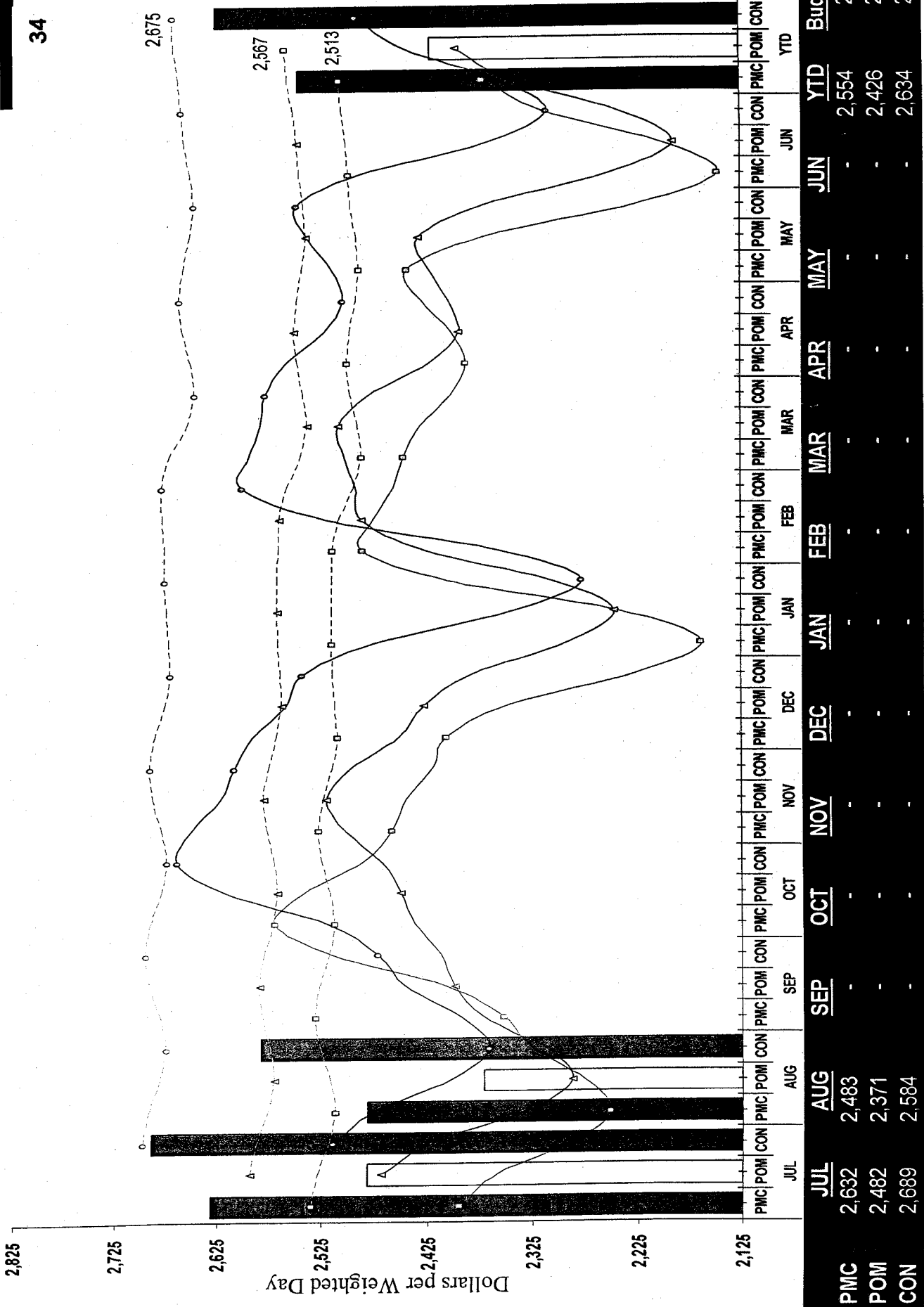


Total Expenses per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

34

FISCAL YEAR 2008

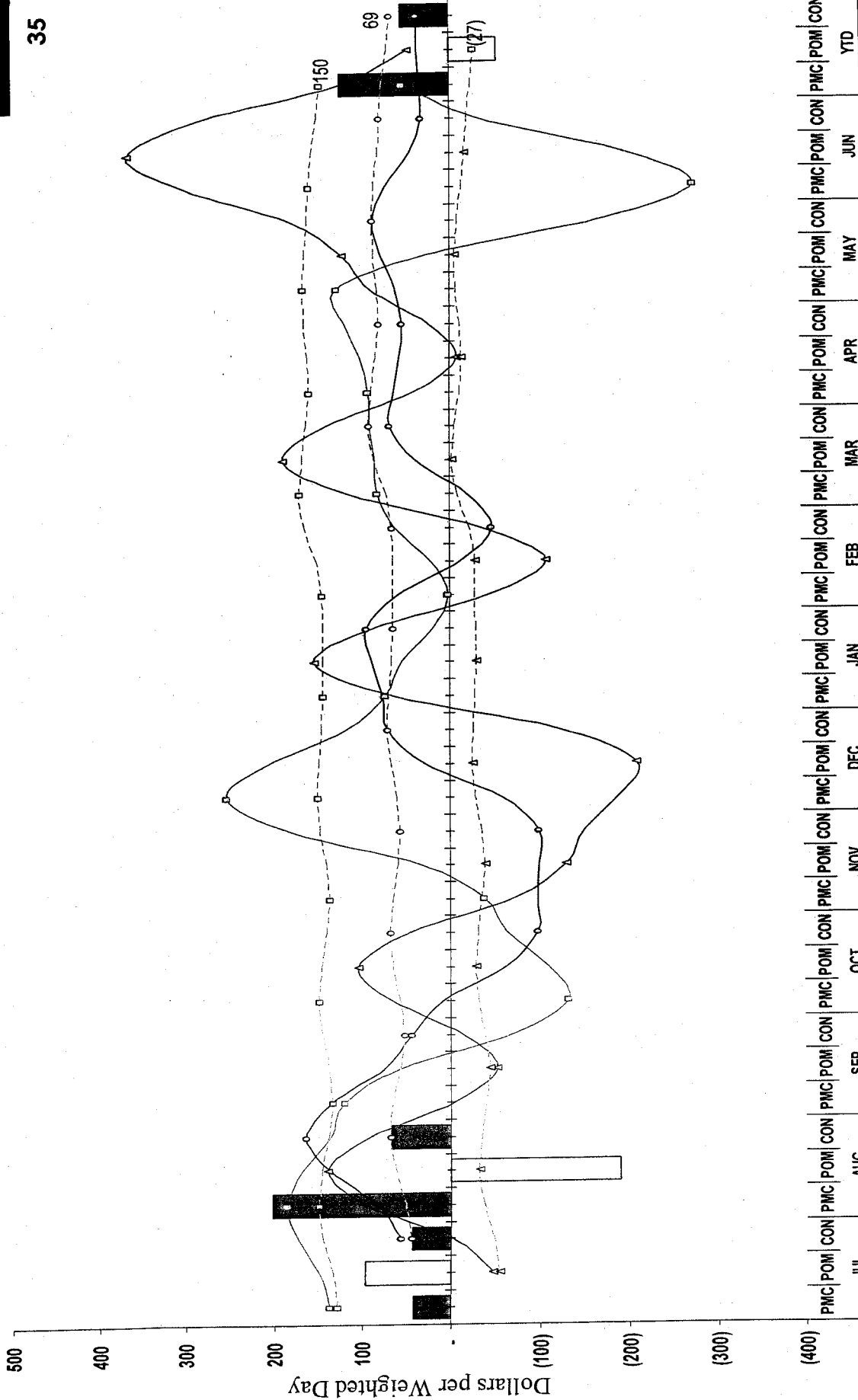


Net Operating Income per Weighted Patient Days

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

35

FISCAL YEAR 2008



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD	PY	
	CON	POM	PMC	CON	POM	PMC	CON	POM	PMC	CON	POM	PMC	CON	POM	PMC	BUD
PMC	43	204	-	-	-	-	-	-	-	-	-	-	127	150	150	
POM	96	(190)	-	-	-	-	-	-	-	-	-	-	(54)	(32)	(32)	
CON	45	68	-	-	-	-	-	-	-	-	-	-	57	56	56	

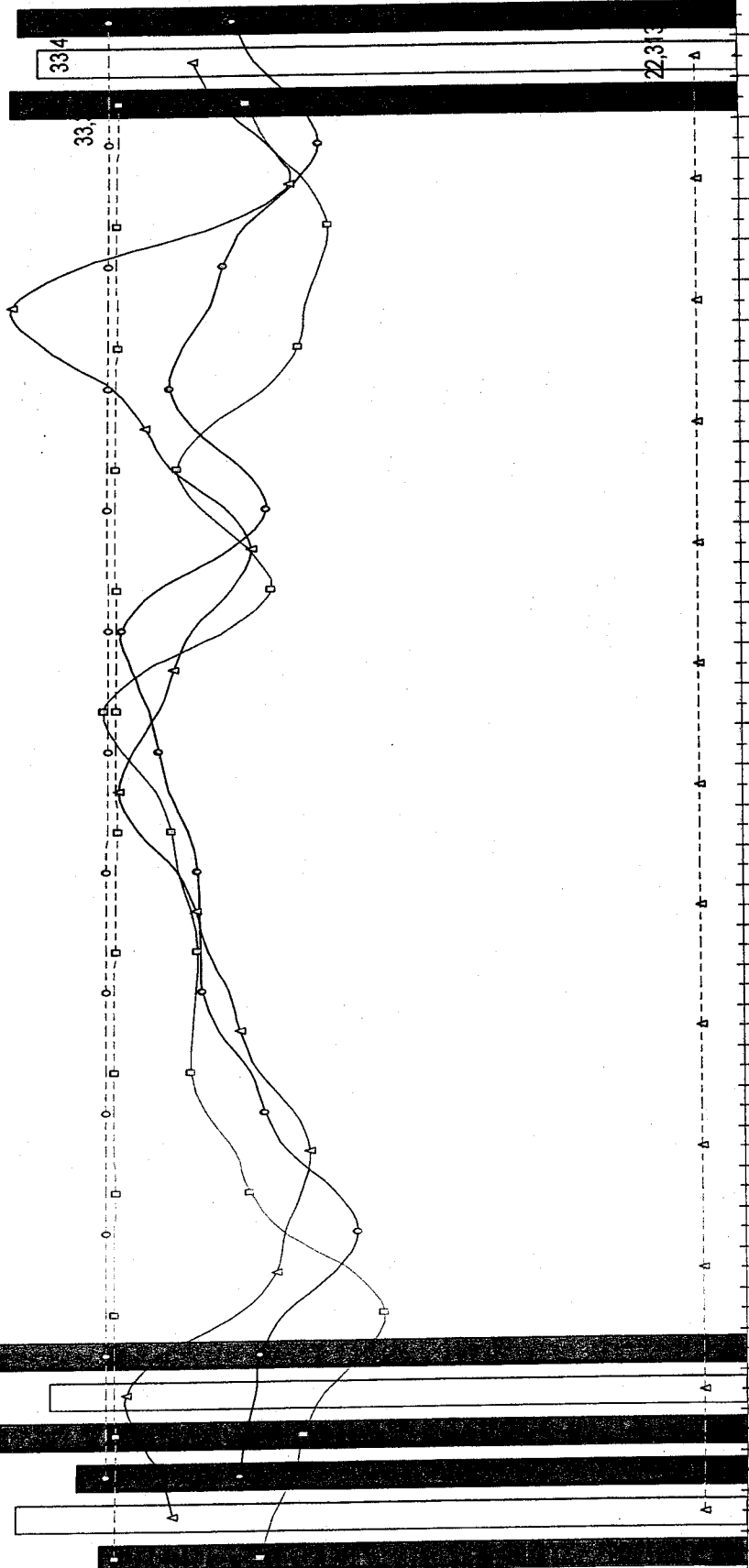
Gross Patient Revenue per Adjusted Discharges

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

36

F I S C A L Y E A R 2 0 0 8

Dollars per Adjusted Discharges



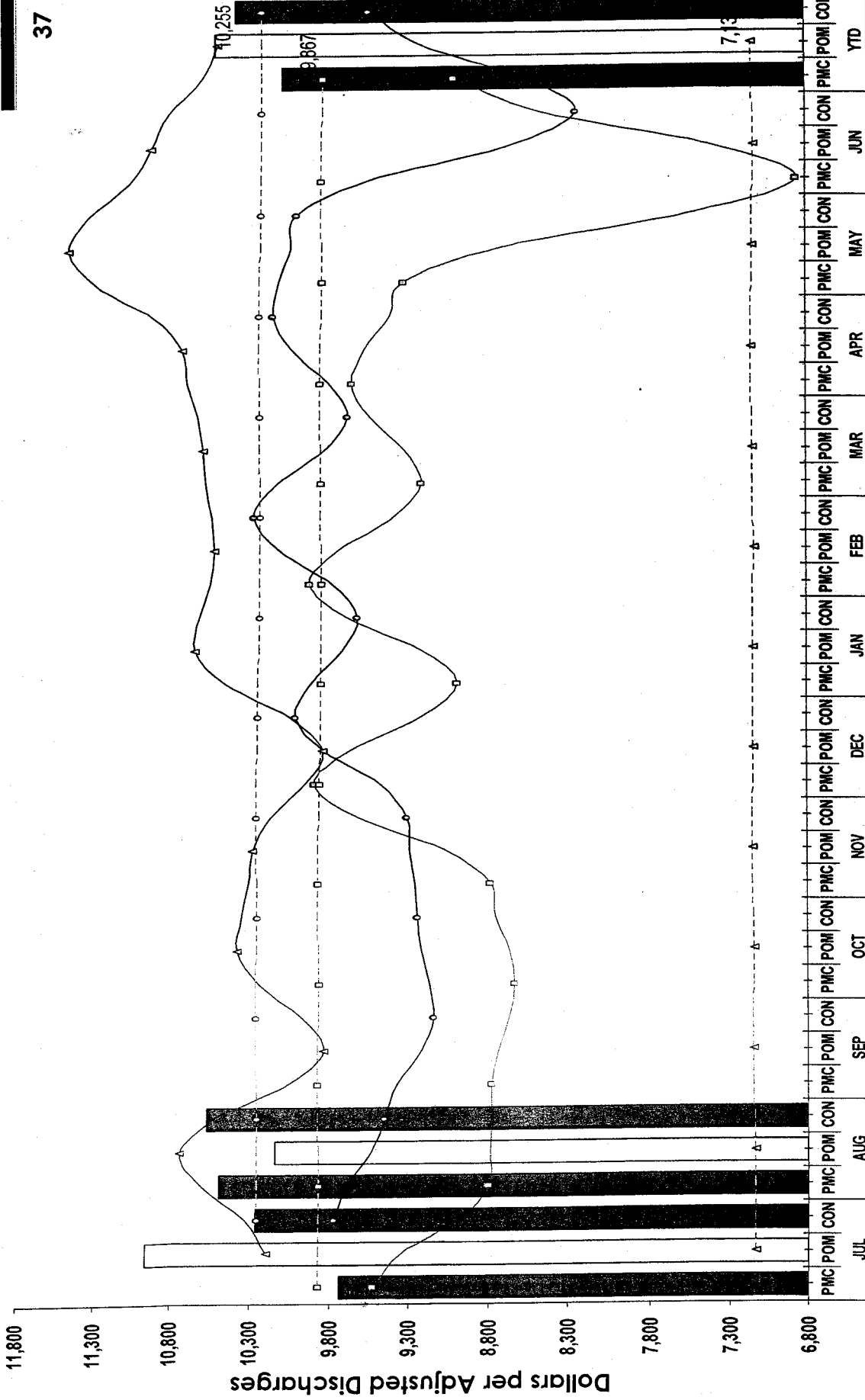
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PM	33,628	37,115	-	-	-	-	-	-	-	-	-	-	35,406	33,235
POM	35,188	34,573	-	-	-	-	-	-	-	-	-	-	34,899	33,456
CON	34,046	36,462	-	-	-	-	-	-	-	-	-	-	35,273	33,490

Net Patient Revenue per Adjusted Discharges

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

37

FISCAL YEAR 2008



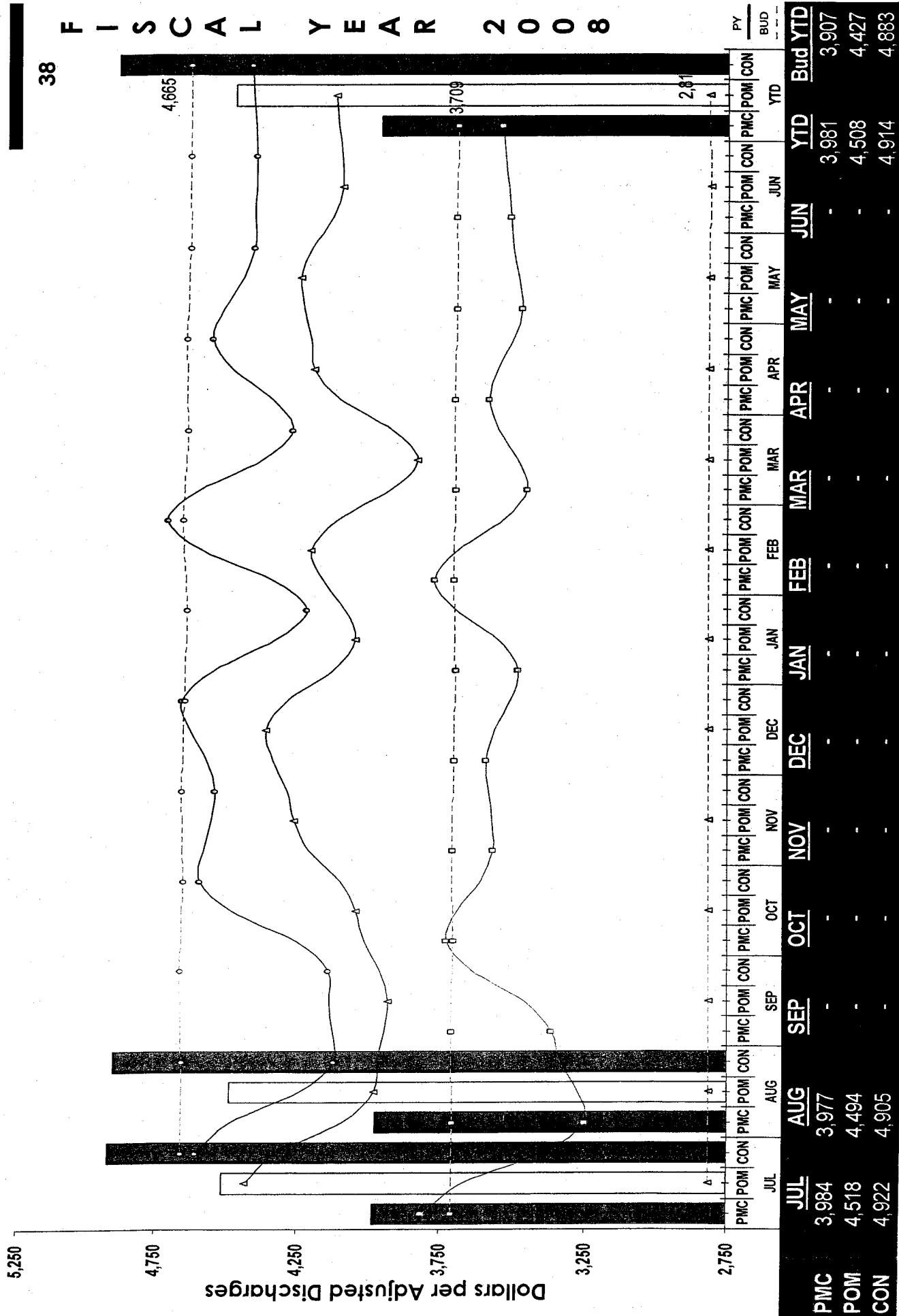
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	Bud YTD
PMC	9,737	10,493	-	-	-	-	-	-	-	-	-	-	10,123	9,838
POM	10,963	10,138	-	-	-	-	-	-	-	-	-	-	10,556	10,701
CON	10,266	10,573	-	-	-	-	-	-	-	-	-	-	10,423	10,257

Salaries per Adjusted Discharges

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

38

FISCAL YEAR 2008

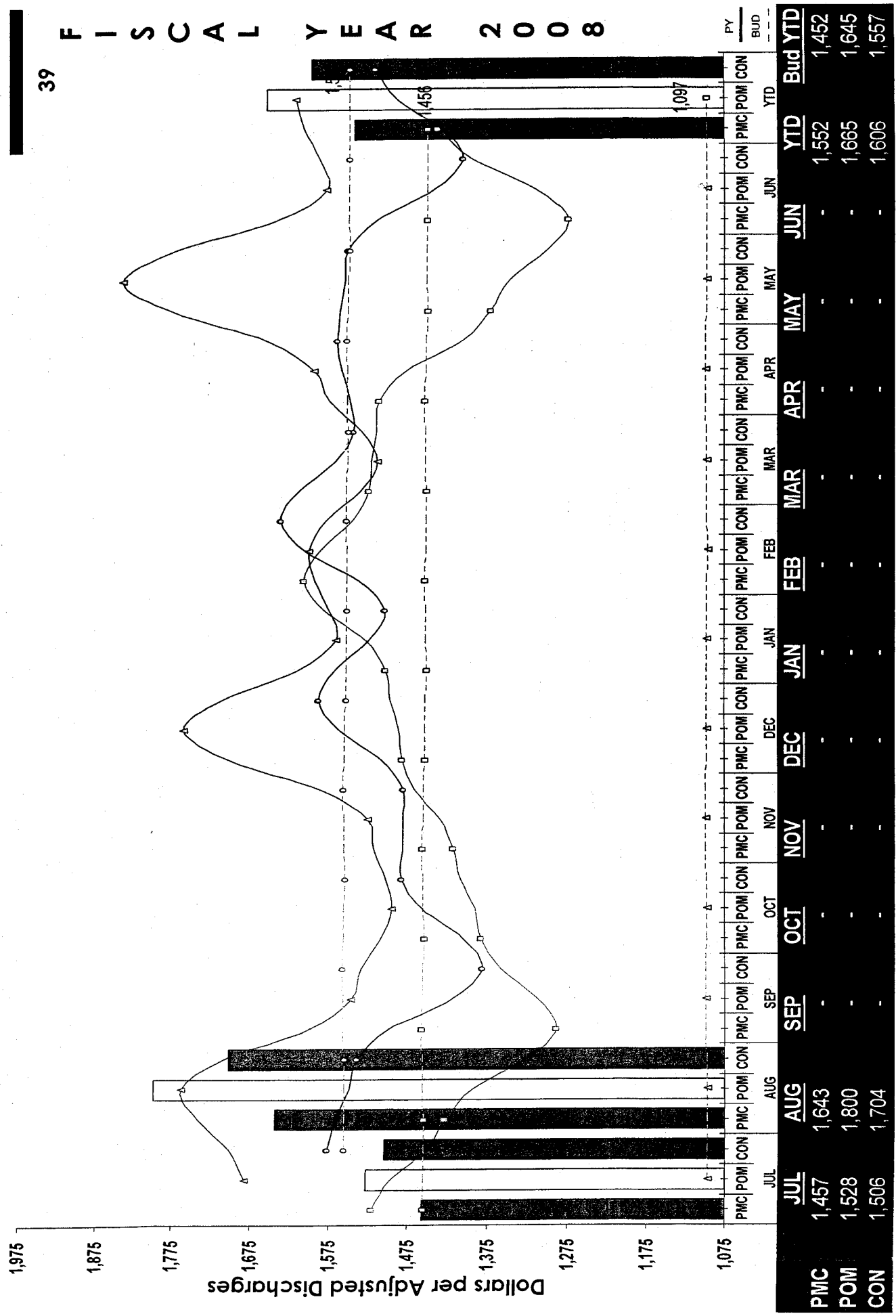


Supplies per Adjusted Discharges

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

39

FISCAL YEAR 2008

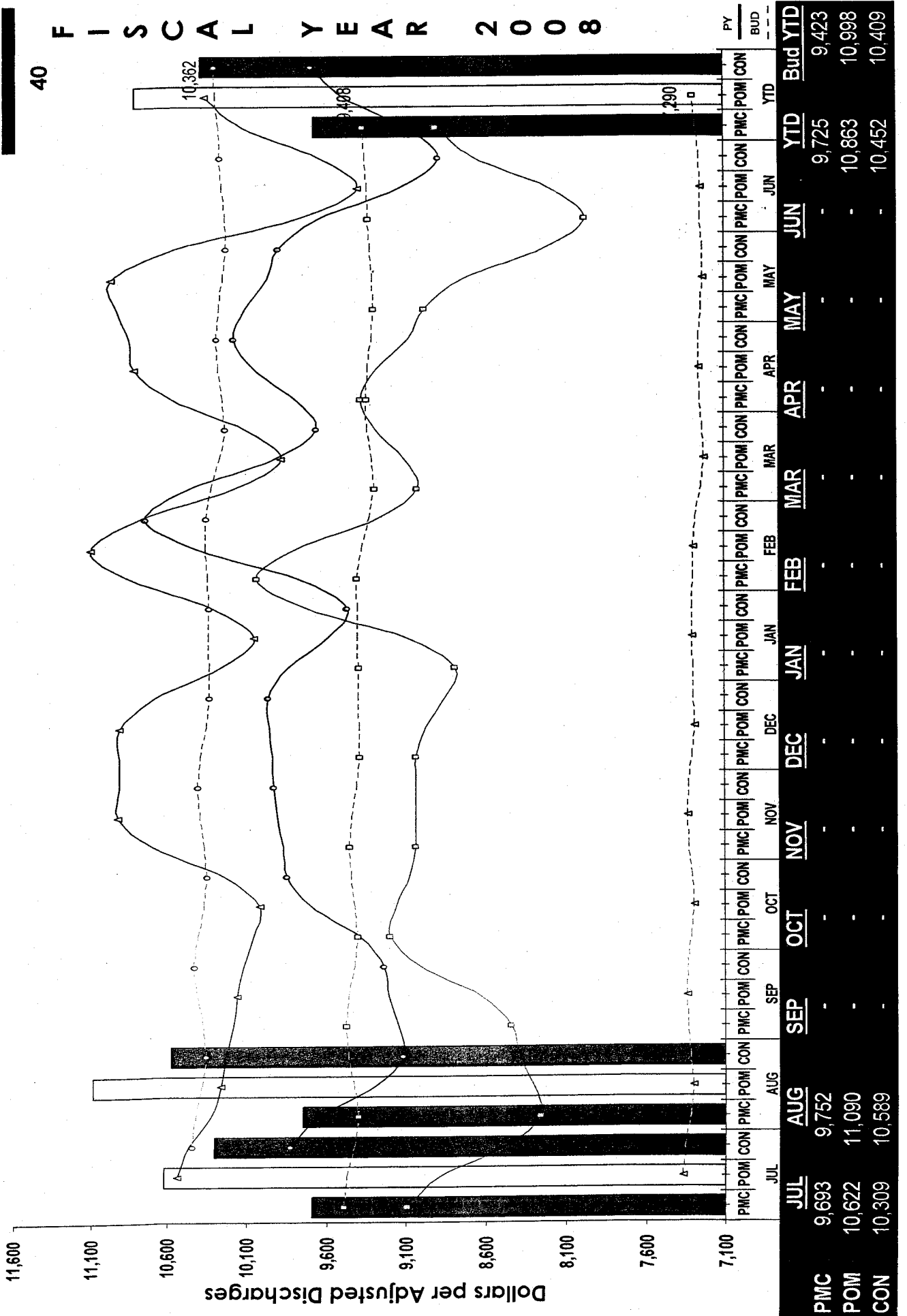


Total Expenses per Adjusted Discharges

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

40

FISCAL YEAR 2008

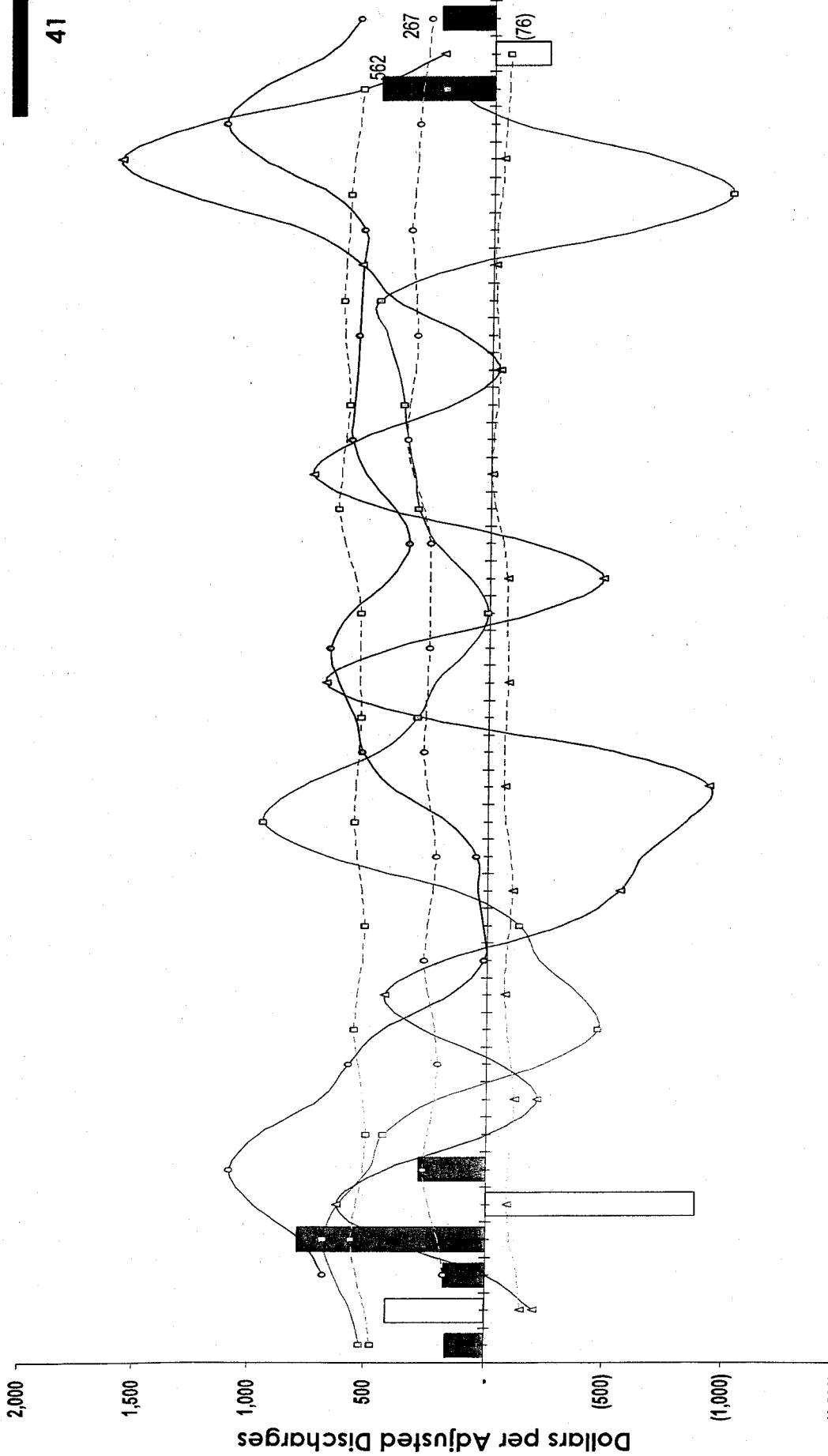


Net Operating Income per Adjusted Discharges

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

41

FISCAL YEAR 2008



	FISCAL YEAR 2008												YTD		BUD		
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	JUL	AUG	YTD	BUD	PY
PMC	158	799	-	-	-	-	-	-	-	-	-	-	484	516	516	516	516
POM	411	(889)	-	-	-	-	-	-	-	-	-	-	(241)	(184)	(184)	(184)	(184)
CON	171	278	-	-	-	-	-	-	-	-	-	-	225	216	216	216	216

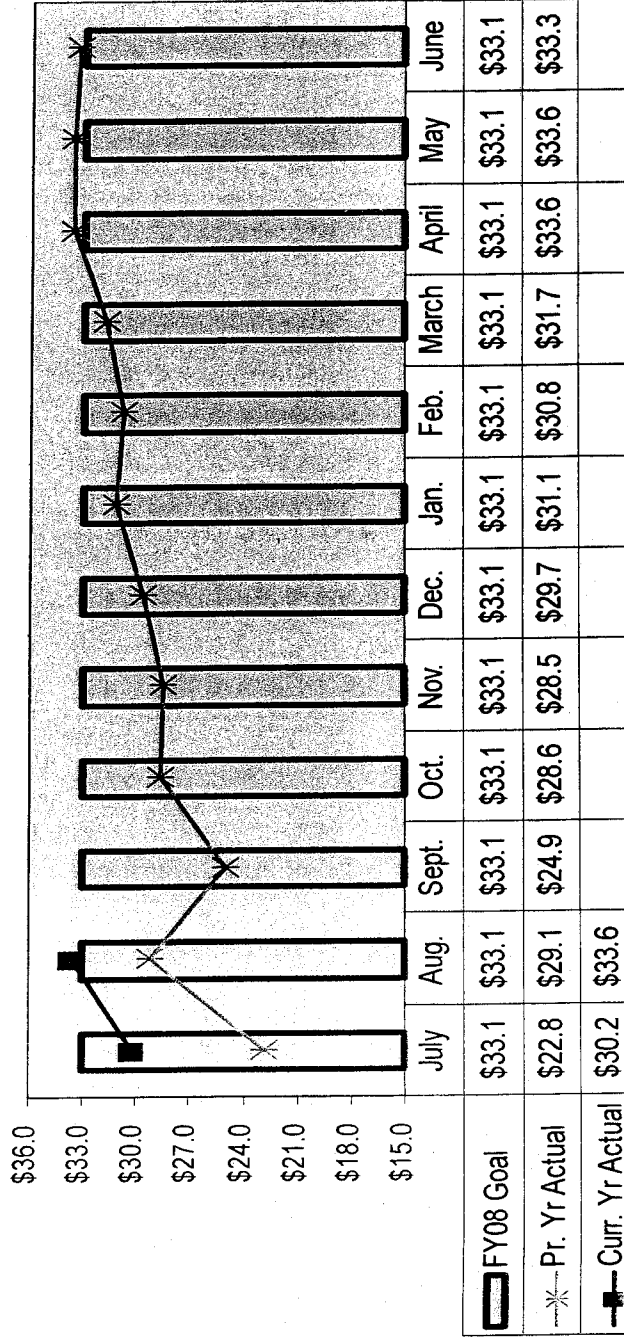
Key Variance Explanations August 2007

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Adjusted Discharges (Contractual %)	3,357 72.43%	3,421 69.48%	(64)
Gross Patient Revenue:	122,404,050	114,616,558	7,787,492
Contractuals:	88,657,991	79,630,009	(9,027,982)
Net Capitation: Retro 2006 Premium Adj	1,746,966	107,136	1,639,830 2,000,000
Other Operating Revenue:	986,763	1,258,134	(271,371)
PPH Foundation			(294,835)
PPNC Health Development			(116,864)
Welcome Home Baby			(90,529)
PMC Labor Delivery Recovery			(26,170)
Home Health Outreach			(14,425)
Central Office General (Class Action Settlement - Hill Rom)			267,290
Salaries & Wages:	15,573,664	15,955,133	381,469
Volume variance			252,588
Rate variance			128,881
Benefits:	4,396,919	4,212,966	(183,953)
FICA			(155,839)
Health and Dental			(86,697)
Worker's Compensation			(28,643)
Pension			(18,462)
Other Benefits			105,688
Contract Labor:	890,814	750,839	(139,975)

Key Variance Explanations August 2007 (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>
Professional Fees:			
Physician Income Guarantees Not Realized	2,510,105	2,579,618	69,513
WHB Other Pro Fees (for First Five Commission Subcontractors)			160,907
Admin Legal fees (Latham & Watkins)			67,599
Design/Facility			(72,295)
			(102,000)
Supplies:			
Volume variance	5,720,790	5,326,861	(393,929)
Rate variance			99,655
			(493,584)
Purchased Services:			
Repairs & maintenance	2,725,188	2,643,404	(81,784)
Other			(109,114)
			27,330
Depreciation:			
	1,785,978	1,774,857	(11,121)
Other Direct Expenses:			
Rent equipment	1,944,304	2,217,335	273,031
Marketing/recruiting			(28,945)
Utilities			(17,986)
Other			(13,194)
			333,156
Net Income From Operations	932,026	890,806	41,220

**PBS Monthly Collections
in Millions**



Palomar Pomerado Health
Consolidated Balance Sheet
As of August 31, 2007

	Current Month	Prior Month	Prior Fiscal Year End
--	---------------	-------------	-----------------------

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$544,886	\$7,718,264	\$5,261,349
Cash Marketable Securities	66,738,060	68,153,794	125,846,582
Total Cash & Cash Equivalents	67,282,946	75,872,058	131,107,931
Patient Accounts Receivable	184,700,112	180,505,171	160,552,740
Allowance on Accounts	-94,542,228	-92,564,648	-75,255,899
Net Accounts Receivable	90,157,884	87,940,523	85,296,841
Inventories	6,978,597	7,096,351	7,041,272
Prepaid Expenses	2,724,737	3,123,868	2,071,008
Other	19,012,988	19,897,063	4,959,948
Total Current Assets	186,157,132	193,929,863	230,477,000
Non-Current Assets			
Restricted Assets	171,634,440	182,053,867	181,107,440
Restricted by Donor	297,727	296,184	296,184
Board Designated	28,983,807	28,952,972	-17,999,058
Total Restricted Assets	200,915,974	211,303,023	163,404,566
Property Plant & Equipment	372,862,682	372,297,900	373,271,092
Accumulated Depreciation	-225,862,730	-224,076,752	-222,304,232
Construction in Process	132,785,739	128,482,248	121,922,826
Net Property Plant & Equipment	279,785,691	276,703,396	272,889,686
Investment in Related Companies	1,799,584	1,795,017	1,790,449
Deferred Financing Costs	4,742,614	4,842,781	4,877,002
Other Non-Current Assets	3,255,281	3,255,281	3,255,281
Total Non-Current Assets	490,499,144	497,899,498	446,216,984
Total Assets	\$676,656,276	\$691,829,361	\$676,693,984
Liabilities			
Current Liabilities			
Accounts Payable	\$17,836,178	\$30,178,435	\$31,565,407
Accrued Payroll	15,261,661	14,719,107	15,324,611
Accrued PTO	12,376,610	12,470,515	12,638,138
Accrued Interest Payable	851,670	2,292,550	1,906,574
Current Portion of Bonds	8,640,000	13,220,000	13,220,000
Est Third Party Settlements	829,606	53,461	-1,584,197
Other Current Liabilities	22,417,627	23,071,607	10,609,707
Total Current Liabilities	78,213,352	96,005,675	83,680,240
Long Term Liabilities			
Bonds & Contracts Payable	293,886,222	294,741,869	294,723,824
General Fund Balance			
Unrestricted	275,275,185	271,832,674	315,992,798
Restricted for Other Purpose	297,727	296,184	296,184
Board Designated	28,983,807	28,952,972	-17,999,058
Total Fund Balance	304,556,719	301,081,830	298,289,924
Total Liabilities / Fund Balance	\$676,656,276	\$691,829,361	\$676,693,984

	Current Month	Prior Month	Prior Fiscal Year End
--	---------------	-------------	-----------------------

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$544,886	\$7,718,264	\$5,261,349
Cash Marketable Securities	66,738,060	68,153,794	125,846,582
Total Cash & Cash Equivalents	67,282,946	75,872,058	131,107,931
Patient Accounts Receivable	184,700,112	180,505,171	160,552,740
Allowance on Accounts	-94,542,228	-92,564,648	-75,255,899
Net Accounts Receivable	90,157,884	87,940,523	85,296,841
Inventories	6,978,597	7,096,351	7,041,272
Prepaid Expenses	2,724,737	3,123,868	2,071,008
Other	19,012,988	19,897,063	4,959,948
Total Current Assets	186,157,132	193,929,863	230,477,000
Non-Current Assets			
Restricted Assets	171,634,440	182,053,867	181,107,440
Restricted by Donor	297,727	296,184	296,184
Board Designated	28,983,807	28,952,972	-17,999,058
Total Restricted Assets	200,915,974	211,303,023	163,404,566
Property Plant & Equipment	372,862,682	372,297,900	373,271,092
Accumulated Depreciation	-225,862,730	-224,076,752	-222,304,232
Construction in Process	132,785,739	128,482,248	121,922,826
Net Property Plant & Equipment	279,785,691	276,703,396	272,889,686
Investment in Related Companies	1,799,584	1,795,017	1,790,449
Deferred Financing Costs	4,742,614	4,842,781	4,877,002
Other Non-Current Assets	3,255,281	3,255,281	3,255,281
Total Non-Current Assets	490,499,144	497,899,498	446,216,984
Total Assets	\$676,656,276	\$691,829,361	\$676,693,984

**PALOMAR POMERADO HEALTH
CONSOLIDATED**
Year-to-Date as of August FY 2008

	Actual		Budget		Variance		\$/Wtg Pt Day			
					Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:										
Admissions - Acute	4,858	4,474	384							
Admissions - SNF	181	147	34							
Patient Days - Acute	18,910	16,964	1,946							
Patient Days - SNF	13,156	9,266	3,890							
ALOS - Acute	3.90	3.83	0.07							
ALOS - SNF	76.05	68.19	7.86							
Weighted Patient Days	26,343	26,517	(174)							
Revenue:										
Gross Revenue	\$ 234,177,273	\$ 229,233,116	\$ 4,944,157	F	\$ (1,504,188)	\$ 6,448,345	\$ 8,889.54	\$ 8,644.76	\$ 244.78	
Deductions from Rev	(164,980,277)	(159,045,746)	(5,934,531)	U	1,043,631	(6,978,162)	(6,262.77)	(5,997.88)	(264.90)	
Net Patient Revenue	69,196,996	70,187,370	(990,374)	U	(480,557)	(529,817)	2,626.77	2,646.88	(20.11)	
Other Oper Revenue	1,688,152	2,516,268	(828,116)	U	(16,511)	(811,605)	64.08	94.89	(30.81)	
Total Net Revenue	70,885,148	72,703,638	(1,818,490)	U	(477,069)	(1,341,421)	2,690.85	2,741.77	(50.92)	
Expenses:										
Salaries, Wages & Contr Labor	32,623,147	33,411,944	788,797	F	219,243	589,554	1,238.40	1,260.02	21.62	
Benefits	8,605,356	8,425,932	(179,424)	U	55,290	(234,714)	326.67	317.76	(8.91)	
Supplies	10,663,560	10,653,722	(9,838)	U	69,908	(79,746)	404.80	401.77	(3.03)	
Prof Fees & Purch Svc	9,526,849	10,750,308	1,223,460	F	70,542	1,152,917	361.65	405.41	43.77	
Depreciation	3,573,609	3,549,714	(23,895)	U	23,293	(47,188)	135.66	133.87	(1.79)	
Other	4,399,661	4,433,621	33,960	F	29,093	4,867	167.01	167.20	0.18	
Total Expenses	69,392,182	71,226,290	1,834,108	F	467,375	1,366,733	2,634.18	2,686.06	51.88	
Net Inc Before Non-Oper Income	1,492,966	1,477,348	15,618	F	(9,694)	25,312	56.67	55.71	0.96	
Property Tax Revenue	2,250,000	2,250,000	-		(14,764)	14,764	85.41	84.85	0.56	
Non-Operating Income	849,329	132,636	716,693	F	(870)	717,563	32.24	5.00	27.24	
Net Income (Loss)	\$ 4,592,295	\$ 3,859,984	\$ 732,311	F	\$ (25,329)	\$ 757,640	\$ 174.33	\$ 145.57	\$ 28.76	
Net Income Margin	5.8%	5.1%	0.7%							
OEBITDA Margin w/o Prop Tax	6.4%	6.6%	-0.2%							
OEBITDA Margin with Prop Tax	9.2%	9.5%	-0.3%							

F = Favorable variance
U = Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of August FY 2008**

	Actual		Budget		Variance		\$/Wtg Pt Day			
					Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:										
Admissions - Acute	2,480	2,526	(46)							
Admissions - SNF	83	97	(14)							
Patient Days - Acute	9,910	9,666	244							
Patient Days - SNF	6,703	6,546	157							
ALOS - Acute	4.03	3.83	0.20							
ALOS - SNF	77.94	68.19	9.75							
Weighted Patient Days	13,756	13,258	498							
Revenue:										
Gross Revenue	\$ 122,404,049	\$ 114,616,558	\$ 7,787,491	F	\$ 4,305,253	\$ 3,482,238	\$ 8,898.23	\$ 8,645.09	\$ 253.14	
Deductions from Rev	\$ (86,911,029)	\$ (79,522,873)	(7,388,156)	U	(2,987,056)	(4,401,100)	(6,318.05)	(5,998.10)	(319.94)	
Net Patient Revenue	35,493,020	35,093,685	399,335	F	1,318,197	(918,862)	2,580.18	2,646.98	(66.80)	
Other Oper Revenue	986,768	1,258,134	(271,366)	F	47,258	(318,624)	71.73	94.90	(23.16)	
Total Net Revenue	36,479,788	36,351,819	127,969	F	1,365,455	(1,237,486)	2,651.92	2,741.88	(89.96)	
Expenses:										
Salaries, Wages & Contr Labor	16,464,478	16,705,972	241,495	F	(627,514)	869,008	1,196.89	1,260.07	63.17	
Benefits	4,396,919	4,212,966	(183,953)	U	(158,248)	(25,705)	319.64	317.77	(1.87)	
Supplies	5,720,791	5,326,861	(393,930)	U	(200,089)	(193,841)	415.88	401.78	(14.09)	
Prof Fees & Purch Svc	5,235,292	5,223,022	(12,270)	U	(196,188)	183,918	380.58	393.95	13.37	
Depreciation	1,785,978	1,774,857	(11,121)	U	(66,688)	55,547	129.83	133.87	4.04	
Other	1,944,304	2,217,335	273,031	F	(83,288)	356,319	141.34	167.25	25.90	
Total Expenses	35,547,762	35,461,013	(86,749)	U	(1,331,995)	1,245,246	2,584.16	2,674.69	90.52	
Net Inc Before Non-Oper Income	932,026	890,806	41,220	F	33,461	7,759	67.75	67.19	0.56	
Property Tax Revenue	1,125,000	1,125,000	-		42,258	(42,258)	81.78	84.85	(3.07)	
Non-Operating Income	517,862	66,318	451,544	F	2,491	449,053	37.65	5.00	32.64	
Net Income (Loss)	\$ 2,574,888	\$ 2,082,124	\$ 492,764	F	\$ 78,209	\$ 414,555	\$ 187.18	\$ 157.05	\$ 30.14	
Net Income Margin	5.8%	5.5%	0.3%							
OEBITDA Margin w/o Prop Tax	6.1%	7.0%	-0.9%							
OEBITDA Margin with Prop Tax	8.6%	9.9%	-1.3%							

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
CONSOLIDATED
August 2007 YTD vs. August 2006 YTD

	August 07 YTD		August 06 YTD		Variance		\$/Wtg Pt Day		
	Volume	Rate/Eff	Actual	Budget	Volume	Rate/Eff	Actual	Budget	
Statistics:									
Admissions - Acute	4,858	(6)	4,866						
Admissions - SNF	181	(22)	203						
Patient Days - Acute	18,910	195	18,715						
Patient Days - SNF	13,156	4	13,152						
ALOS - Acute	3.90	0.06	3.84						
ALOS - SNF	76.05	8.60	67.45						
Weighted Patient Days	26,343	675	25,668						
Revenue:									
Gross Revenue	\$ 234,177,273	\$ 203,445,647	\$ 30,731,626	F	\$ 5,350,078	\$ 25,381,548	\$ 8,889.54	\$ 7,928.04	\$ 963.50
Deductions from Rev	(164,980,277)	(139,892,190)	(25,088,087)	U	(3,678,792)	(21,409,295)	(6,262.77)	(5,450.06)	(812.71)
Net Patient Revenue	69,196,996	63,553,457	5,643,539	F	1,671,287	3,972,252	2,626.77	2,475.98	150.79
Other Oper Revenue	1,688,152	1,897,080	(208,928)	U	49,888	(258,816)	64.08	73.91	(9.82)
Total Net Revenue	70,885,148	65,450,537	5,434,611	F	1,721,175	3,713,436	2,690.85	2,549.89	140.96
Expenses:									
Salaries, Wages & Contr Labor	32,623,147	30,229,155	(2,393,992)	U	(794,946)	(1,599,046)	1,238.40	1,177.70	(60.70)
Benefits	8,605,356	7,429,731	(1,175,625)	U	(195,382)	(980,243)	326.67	289.46	(37.21)
Supplies	10,663,560	10,305,397	(358,163)	U	(271,004)	(87,159)	404.80	401.49	(3.31)
Prof Fees & Purch Svc	9,526,849	7,981,770	(1,545,079)	U	(209,899)	(1,335,180)	361.65	310.96	(50.69)
Depreciation	3,573,609	3,309,055	(264,554)	U	(87,019)	(177,535)	135.66	128.92	(6.74)
Other	4,399,661	3,336,082	(1,063,579)	U	(87,730)	(975,849)	167.01	129.97	(37.04)
Total Expenses	69,392,182	62,591,190	(6,800,992)	U	(1,645,982)	(5,155,010)	2,634.18	2,438.49	(195.69)
Net Inc Before Non-Oper Income	1,492,966	2,859,347	(1,366,381)	U	75,193	(1,441,574)	56.67	111.40	(54.72)
Property Tax Revenue	2,250,000	2,108,332	141,668	F	55,444	86,224	85.41	82.14	3.27
Non-Operating Income	849,329	933,376	(84,047)	U	24,545	(108,592)	32.24	36.36	(4.12)
Net Income (Loss)	\$ 4,592,295	\$ 5,901,055	(1,308,760)	U	\$ 155,182	(1,463,942)	\$ 174.33	\$ 229.90	(55.57)
Net Income Margin	5.8%	8.3%	-2.5%						
OEBITDA Margin w/o Prop Tax	6.4%	8.7%	-2.3%						
OEBITDA Margin with Prop Tax	9.2%	11.7%	-2.5%						

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
MONTHLY TREND**

	Jul	Aug	YTD
Statistics:			
Admissions - Acute	2,378	2,480	4,858
Admissions - SNF	98	83	181
Patient Days - Acute	9,000	9,910	18,910
Patient Days - SNF	6,453	6,703	13,156
LOS - Acute	3.77	4.03	3.90
LOS - SNF	74.17	77.94	76.05
Weighted Patient Days	12,587	13,756	26,343
Adjusted Discharges	3,283	3,357	6,639

Revenue:			
Gross Revenue	\$ 111,773,221	\$ 122,404,049	\$ 234,177,273
Deductions from Rev	(78,069,250)	(86,911,029)	(164,980,277)
Net Patient Revenue	33,703,971	35,493,020	69,196,996
Other Oper Revenue	701,388	986,768	1,688,152
Total Net Revenue	34,405,359	36,479,788	70,885,148

Expenses:			
Salaries, Wages & Contr Labor	16,158,669	16,464,478	32,623,147
Benefits	4,208,437	4,396,919	8,605,356
Supplies	4,942,769	5,720,791	10,663,560
Prof Fees & Purch Svc	4,291,556	5,235,293	9,526,849
Depreciation	1,787,630	1,785,978	3,573,609
Other	2,455,357	1,944,304	4,399,661
Total Expenses	33,844,418	35,547,763	69,392,182

Net Inc Before Non-Oper Income 560,941 932,026 1,492,966

Property Tax Revenue	1,125,000	1,125,000	2,250,000
Non-Operating Income	331,466	517,863	849,329

Net Income (Loss) \$ 2,017,407 \$ 2,574,888 \$ 4,592,295

Net Income Margin	5.8%	5.8%	5.8%
OEBITDA Margin w/o Prop Tax	6.8%	6.1%	6.4%
OEBITDA Margin with Prop Tax	10.1%	8.6%	9.2%

**PALOMAR POMERADO HEALTH
CONSOLIDATED**
Year-to-Date as of August FY 2008

	Actual		Budget		Variance		Rate/Eff		\$/Wtg Pt Day	
					Volume		Actual	Budget		Variance
Statistics:										
Admissions - Acute	4,858	4,474	384							
Admissions - SNF	181	147	34							
Patient Days - Acute	18,910	16,964	1,946							
Patient Days - SNF	13,156	9,266	3,890							
ALOS - Acute	3.90	3.83	0.07							
ALOS - SNF	76.05	68.19	7.86							
Adjusted Discharges	6,639	6,843	(204)							
Revenue:										
Gross Revenue	\$ 234,177,273	\$ 229,233,116	\$ 4,944,157	F	\$ (6,833,780)	\$ 11,777,937	\$ 35,272.97	\$ 33,498.92	\$ 1,774.05	
Deductions from Rev	(164,980,277)	(159,045,746)	(5,934,531)	U	4,741,390	(10,675,921)	(24,850.17)	(23,242.11)	(1,608.06)	
Net Patient Revenue	69,196,996	70,187,370	(990,374)	U	(2,092,390)	1,102,016	10,422.80	10,256.81	165.99	
Other Oper Revenue	1,688,152	2,516,268	(828,116)	U	(75,014)	(753,102)	254.28	367.71	(113.44)	
Total Net Revenue	70,885,148	72,703,638	(1,818,490)	U	(2,167,404)	348,914	10,677.08	10,624.53	52.56	
Expenses:										
Salaries, Wages & Contr Labor	32,623,147	33,411,944	788,797	F	996,060	(207,263)	4,913.86	4,882.65	(31.22)	
Benefits	8,605,356	8,425,932	(179,424)	U	251,190	(430,614)	1,296.18	1,231.32	(64.86)	
Supplies	10,663,560	10,653,722	(9,838)	U	317,603	(327,441)	1,606.20	1,556.88	(49.32)	
Prof Fees & Purch Svc	9,526,849	10,750,308	1,223,459	F	320,483	902,976	1,434.98	1,570.99	136.01	
Depreciation	3,573,609	3,549,714	(23,895)	U	105,822	(129,717)	538.28	518.74	(19.54)	
Other	4,399,661	4,433,621	33,960	F	132,173	(98,213)	662.70	647.91	(14.79)	
Total Expenses	69,392,182	71,226,290	1,834,108	F	2,123,362	(289,254)	10,452.20	10,408.64	(43.57)	
Net Inc Before Non-Oper Income	1,492,966	1,477,348	15,618	F	(44,042)	59,660	224.88	215.89	8.99	
Property Tax Revenue	2,250,000	2,250,000	-		(67,076)	67,076	336.91	328.80	10.10	
Non-Operating Income	849,329	132,636	716,693	F	(3,954)	720,647	127.93	19.38	108.55	
Net Income (Loss)	\$ 4,592,295	\$ 3,859,984	\$ 732,311	F	\$ (115,072)	\$ 847,383	\$ 691.71	\$ 564.08	\$ 127.64	
Net Income Margin	5.8%	5.1%	0.7%							
OEBITDA Margin w/o Prop Tax	6.4%	6.6%	-0.2%							
OEBITDA Margin with Prop Tax	9.2%	9.5%	-0.3%							

F= Favorable variance
U= Unfavorable variance

**PALOMAR POMERADO HEALTH
CONSOLIDATED
Month-to-Date as of August FY 2008**

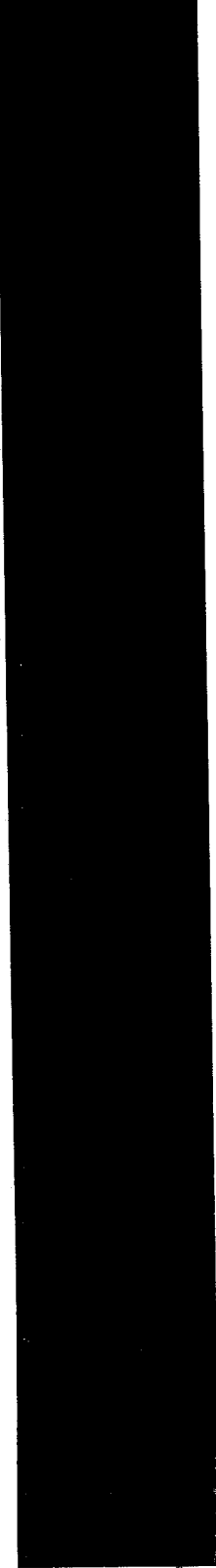
	Actual		Budget		Variance		Rate/Eff		Actual		Budget		Variance	
					Volume									
Statistics:														
Admissions - Acute	2,480	2,526	(46)											
Admissions - SNF	83	97	(14)											
Patient Days - Acute	9,910	9,666	244											
Patient Days - SNF	6,703	6,546	157											
ALOS - Acute	4.03	3.83	0.20											
ALOS - SNF	77.94	68.19	9.75											
Adjusted Discharges	3,357	3,421	(64)											
Revenue:														
Gross Revenue	\$ 122,404,049	\$ 114,616,558	\$ 7,787,491	F	\$ (2,144,244)	\$ 9,931,735	\$ 36,462.33	\$ 33,503.82	\$ 2,958.52					
Deductions from Rev	\$ (86,911,029)	\$ (79,522,873)	(7,388,156)	U	1,487,712	(8,875,868)	(25,889.49)	(23,245.51)	(2,643.99)					
Net Patient Revenue	35,493,020	35,093,685	399,335	F	(656,632)	1,055,867	10,572.84	10,258.31	314.53					
Other Oper Revenue	986,768	1,298,134	(271,366)	U	(23,537)	(247,829)	293.94	367.77	(73.82)					
Total Net Revenue	36,479,788	36,351,819	127,969	F	(880,069)	808,038	10,866.78	10,626.08	240.70					
Expenses:														
Salaries, Wages & Contr Labor	16,464,478	16,705,972	241,494	F	312,535	(71,041)	4,904.52	4,883.36	(21.16)					
Benefits	4,396,919	4,212,966	(183,953)	U	78,816	(262,769)	1,309.78	1,231.50	(78.27)					
Supplies	5,720,791	5,326,861	(393,930)	U	99,655	(493,565)	1,704.14	1,557.11	(147.03)					
Prof Fees & Purch Svc	5,235,293	5,223,022	(12,269)	U	97,712	(109,983)	1,559.52	1,526.75	(32.76)					
Depreciation	1,785,978	1,774,857	(11,121)	U	33,204	(44,325)	532.02	518.81	(13.20)					
Other	1,944,304	2,217,335	273,031	F	41,482	231,549	579.18	648.15	68.98					
Total Expenses	35,547,763	35,461,013	(86,749)	U	663,404	(750,154)	10,589.15	10,365.69	(223.46)					
Net Inc Before Non-Oper Income	932,025	890,806	41,220	F	(16,665)	57,884	277.64	260.39	17.24					
Property Tax Revenue	1,125,000	1,125,000	-		(21,046)	21,046	335.12	328.85	6.27					
Non-Operating Income	517,863	66,319	451,544	F	(1,241)	452,785	154.26	19.39	134.88					
Net Income (Loss)	\$ 2,574,888	\$ 2,082,125	\$ 492,764	F	\$ (38,952)	\$ 531,715	\$ 767.02	\$ 608.63	\$ 158.39					
Net Income Margin	5.8%	5.5%	0.3%											
OEBITDA Margin w/o Prop Tax	6.1%	7.0%	-0.9%											
OEBITDA Margin with Prop Tax	8.6%	9.9%	-1.3%											

F= Favorable variance
U= Unfavorable variance

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

	August 07 YTD		August 06 YTD		Variance		\$/Adjusted Discharge		
					Volume	Rate/Eff	Actual	Budget	Variance
Statistics:									
Admissions - Acute	4,858	4,866	(8)						
Admissions - SNF	181	203	(22)						
Patient Days - Acute	18,910	18,715	195						
Patient Days - SNF	13,156	13,152	4						
ALOS - Acute	3.90	3.84	0.06						
ALOS - SNF	76.05	67.45	8.60						
Adjusted Discharges	6,639	6,613	26						
Revenue:									
Gross Revenue	\$ 234,177,273	\$ 203,445,947	\$ 30,731,626	F	\$ 799,877	\$ 29,931,749	\$35,272.97	\$ 30,764.50	\$ 4,508.47
Deductions from Rev	(164,980,277)	(139,892,190)	(25,088,087)	U	(550,007)	(24,538,080)	(24,850.17)	(21,154.12)	(3,695.05)
Net Patient Revenue	69,196,996	63,553,457	5,643,539	F	249,870	5,393,669	10,422.80	9,610.38	812.42
Other Oper Revenue	1,688,152	1,897,080	(208,928)	U	7,459	(216,387)	254.28	286.87	(32.59)
Total Net Revenue	70,885,148	65,450,537	5,434,611	F	257,329	5,177,282	10,677.08	9,897.25	779.83
Expenses:									
Salaries, Wages & Contr Labor	32,623,147	30,229,155	(2,393,992)	U	(118,850)	(2,275,142)	4,913.86	4,571.17	(342.69)
Benefits	8,605,356	7,429,731	(1,175,625)	U	(29,211)	(1,146,414)	1,296.18	1,123.50	(172.68)
Supplies	10,663,560	10,305,397	(358,163)	U	(40,517)	(317,646)	1,606.20	1,558.35	(47.85)
Prof Fees & Purch Svc	9,526,849	7,981,770	(1,545,079)	U	(31,382)	(1,513,697)	1,434.98	1,206.98	(228.00)
Depreciation	3,573,609	3,309,055	(264,554)	U	(13,010)	(251,544)	538.28	500.39	(37.89)
Other	4,399,661	3,336,082	(1,063,579)	U	(13,116)	(1,050,463)	662.70	504.47	(158.23)
Total Expenses	69,392,182	62,591,190	(6,800,992)	U	(246,087)	(6,554,905)	10,452.20	9,464.87	(987.33)
Net Inc Before Non-Oper Income	1,492,966	2,859,347	(1,366,381)	U	11,242	(1,377,623)	224.88	432.38	(207.50)
Property Tax Revenue	2,250,000	2,108,332	141,668	F	8,289	133,379	338.91	318.82	20.09
Non-Operating Income	849,329	933,376	(84,047)	U	3,670	(87,717)	127.93	141.14	(13.21)
Net Income (Loss)	\$ 4,592,295	\$ 5,901,055	(1,308,760)	U	\$ 23,201	(1,331,961)	\$ 691.71	\$ 892.34	(200.63)
Net Income Margin	5.8%	8.3%	-2.5%						
OEBITDA Margin w/o Prop Tax	6.4%	8.7%	-2.3%						
OEBITDA Margin with Prop Tax	9.2%	11.7%	-2.5%						

F= Favorable variance
U= Unfavorable variance



58

Statement of Cash Flows

**Palomar Pomerado Health
STATEMENTS OF CASH FLOWS
Fiscal Year 2008**

	<u>August</u>	<u>YTD</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss from operations)	932,026	1,492,467
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,785,978	3,573,608
Provision for bad debts	9,187,293	10,024,683
Changes in operating assets and liabilities:		
Patient accounts receivable	(11,404,654)	(14,885,725)
Property Tax and other receivables	442,648	(14,820,384)
Inventories	117,754	62,675
Prepaid expenses and Other Non-Current assets	394,564	(662,864)
Accounts payable	(13,383,698)	(13,770,680)
Accrued comp	448,649	(324,478)
Estimated settlement amounts due third-party payors	776,145	2,413,803
Other current liabilities	471,020	14,057,920
Net cash provided by operating activities	<u>(9,232,275)</u>	<u>(12,838,975)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales on investments	11,802,783	21,597,114
Interest (Loss) received on investments	875,819	1,497,422
Investment in affiliates	102,641	370,990
Net cash used in investing activities	<u>12,781,243</u>	<u>23,465,526</u>
CASH FLOWS FROM NON CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	137,791	245,739
Receipt of District Taxes	242,717	389,892
Net cash used in activities	<u>380,508</u>	<u>635,631</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(3,902,142)	(8,777,933)
Proceeds from sale of asset	0	0
G.O. Bond Interest paid	(1,745,713)	(1,745,713)
Revenue Bond Interest paid	0	0
Proceeds from issuance of debt	0	0
Payments of LT Debt	(5,455,000)	(5,455,000)
Net cash used in activities	<u>(11,102,854)</u>	<u>(15,978,645)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,173,378)	(4,716,463)
CASH AND CASH EQUIVALENTS - Beginning of period	7,718,264	5,261,349
CASH AND CASH EQUIVALENTS - End of period	544,886	544,886

**PALOMAR POMERADO HEALTH
BOND COVENANT RATIOS**

CUSHION RATIO	Jun-06	Jun-07	Aug-07
Cash and Cash Equivalents	112,036,430	131,107,931	67,282,946
Board Designated Reserves	9,267,526	(17,999,058)	28,983,807
Trustee-held Funds	12,170,183	151,337,563	149,556,507
Total	133,474,139	264,446,436	245,823,260
Divided by: Max Annual Debt Service (Bond Year 2008)	10,697,594	16,972,692	16,972,692

CUSHION RATIO REQUIREMENT
 12.5
 1.6
 Achieved

15.6
 1.6
 Achieved

14.5
 1.6
 Achieved

DAYS CASH ON HAND	Jun-06	Jun-07	Aug-07
Cash and Cash Equivalents	112,036,430	131,107,931	67,282,946
Board Designated Reserves	9,267,526	(17,999,058)	28,983,807
Total	121,303,956	113,108,873	96,266,753
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	364,120,335	388,181,714	69,392,182
Less: Depreciation	18,737,467	19,482,444	3,573,609
Adjusted Expenses	345,382,868	368,699,270	65,818,573
Number of days in period	365	365	62
Average Adjusted Expenses per Day	946,254	1,010,135	1,061,950

DAYS CASH ON HAND REQUIREMENT
 128
 90
 Achieved

112
 80
 Achieved

91
 80
 Achieved

Net Income Available for Debt Service	Jun-06	Jun-07	Aug-07
Excess of revenue over expenses Cur Mo.	1,315,850	3,795,437	2,574,888
Excess of revenues over expenses YTD (General Funds)	11,558,633	22,806,500	4,592,295
ADD:			
Depreciation and Amortization	18,737,467	19,482,444	3,573,609
Interest Expense	4,405,929	3,441,118	603,863
Net Income Available for Debt Service	34,702,029	45,730,062	8,969,767

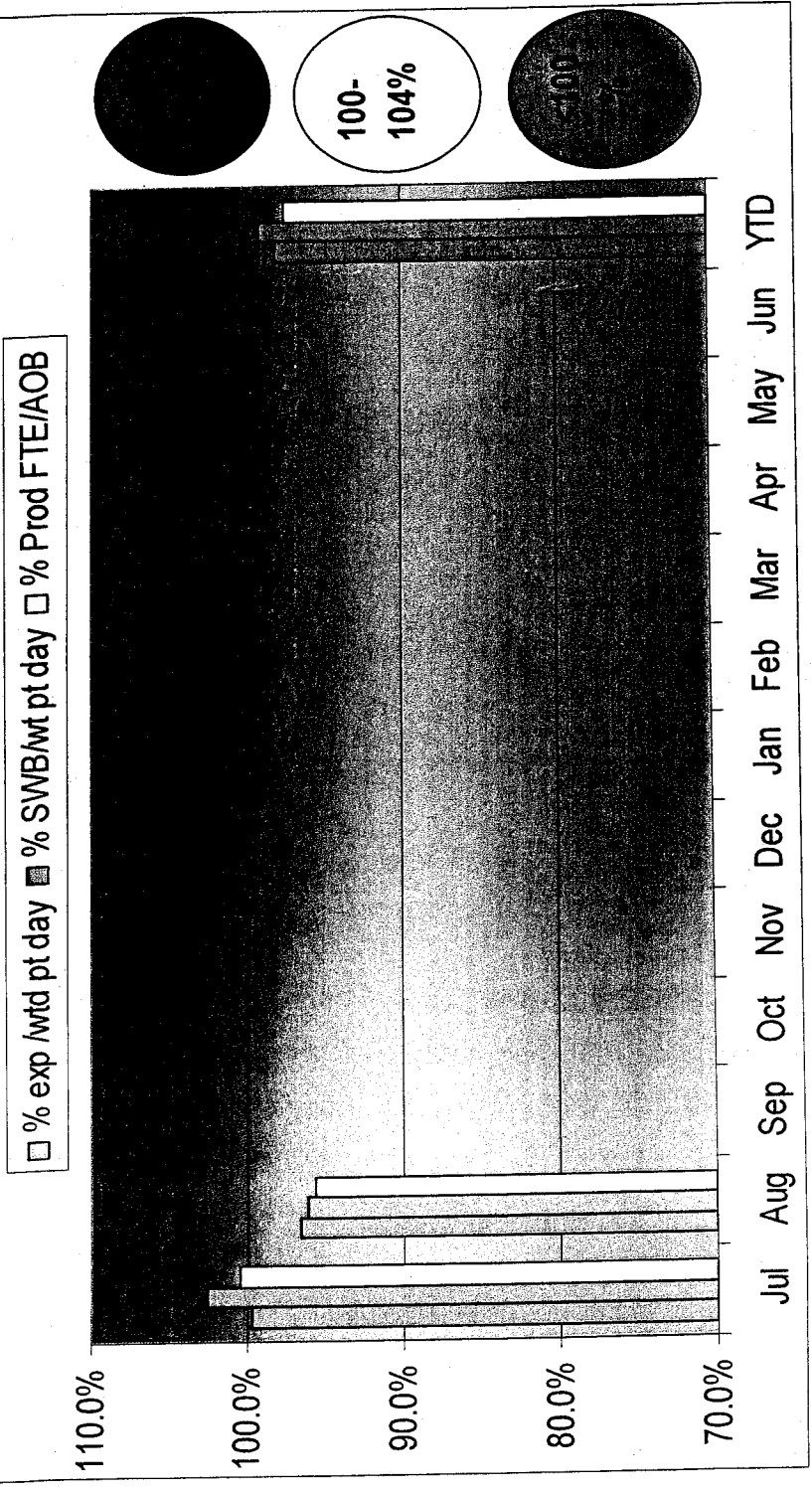
Aggregate Debt Service	Jun-06	Jun-07	Aug-07
1993 Insured Refunding Revenue Bonds	3,639,772	0	0
1999 Insured Refunding Revenue Bonds	6,950,508	8,249,916	1,375,148
2006 Certificates of Participation	10,590,280	12,623,258	1,249,526
Aggregate Debt Service	21,180,560	21,473,174	2,624,674

Net Income Available for Debt Service Required Coverage
 3.28
 1.15
 Achieved

3.62
 1.15
 Achieved

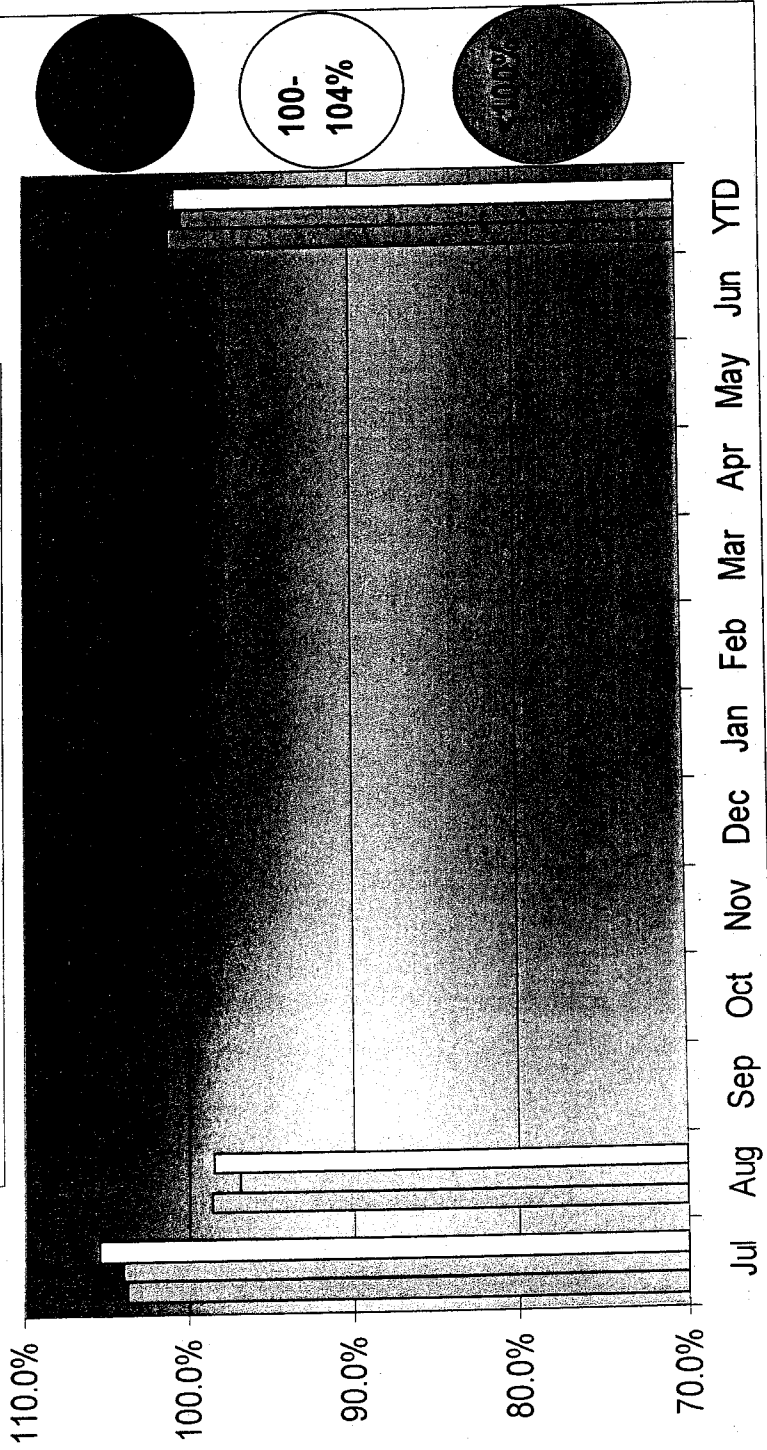
3.42
 1.15
 Achieved

Total Consolidated Financial Indicators BSC-FY08



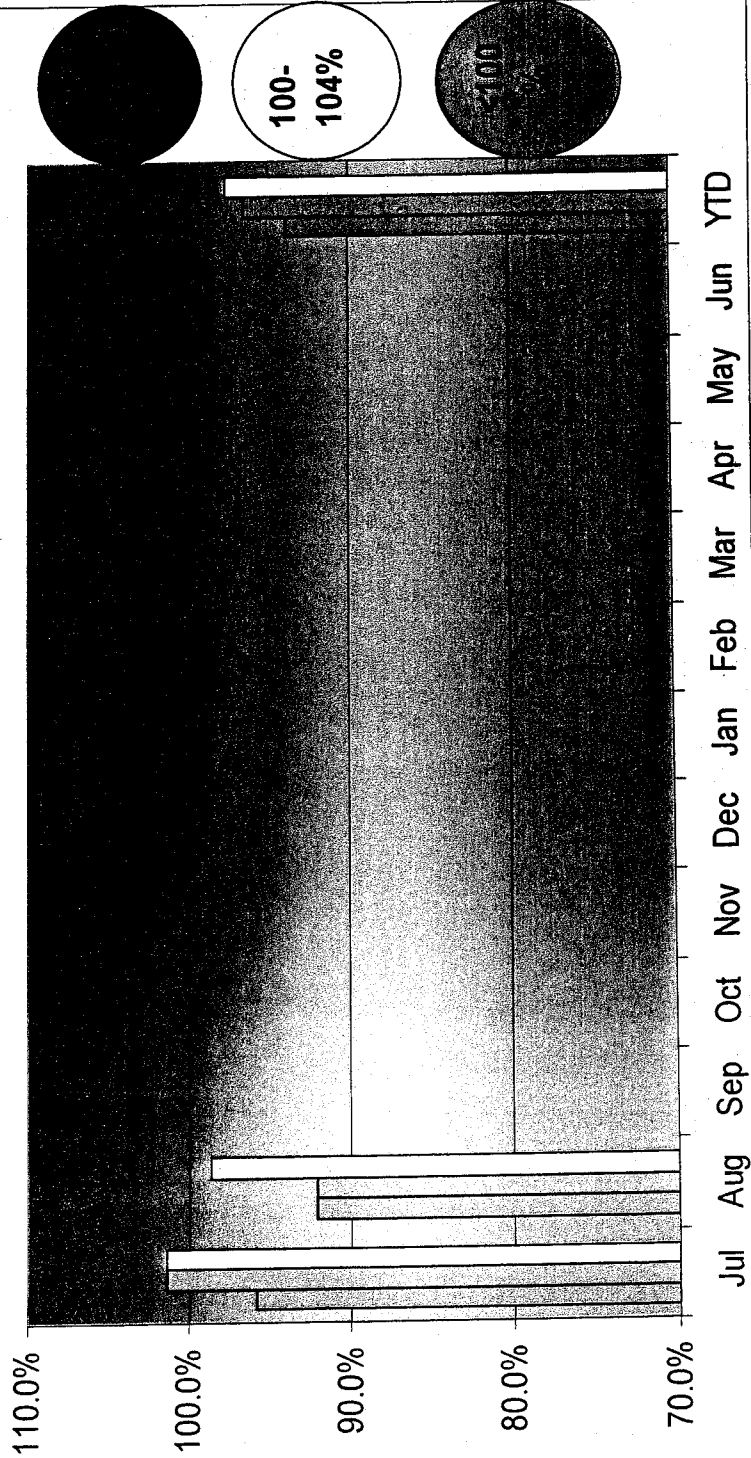
North Consolidated Financial Indicators BSC-FY08

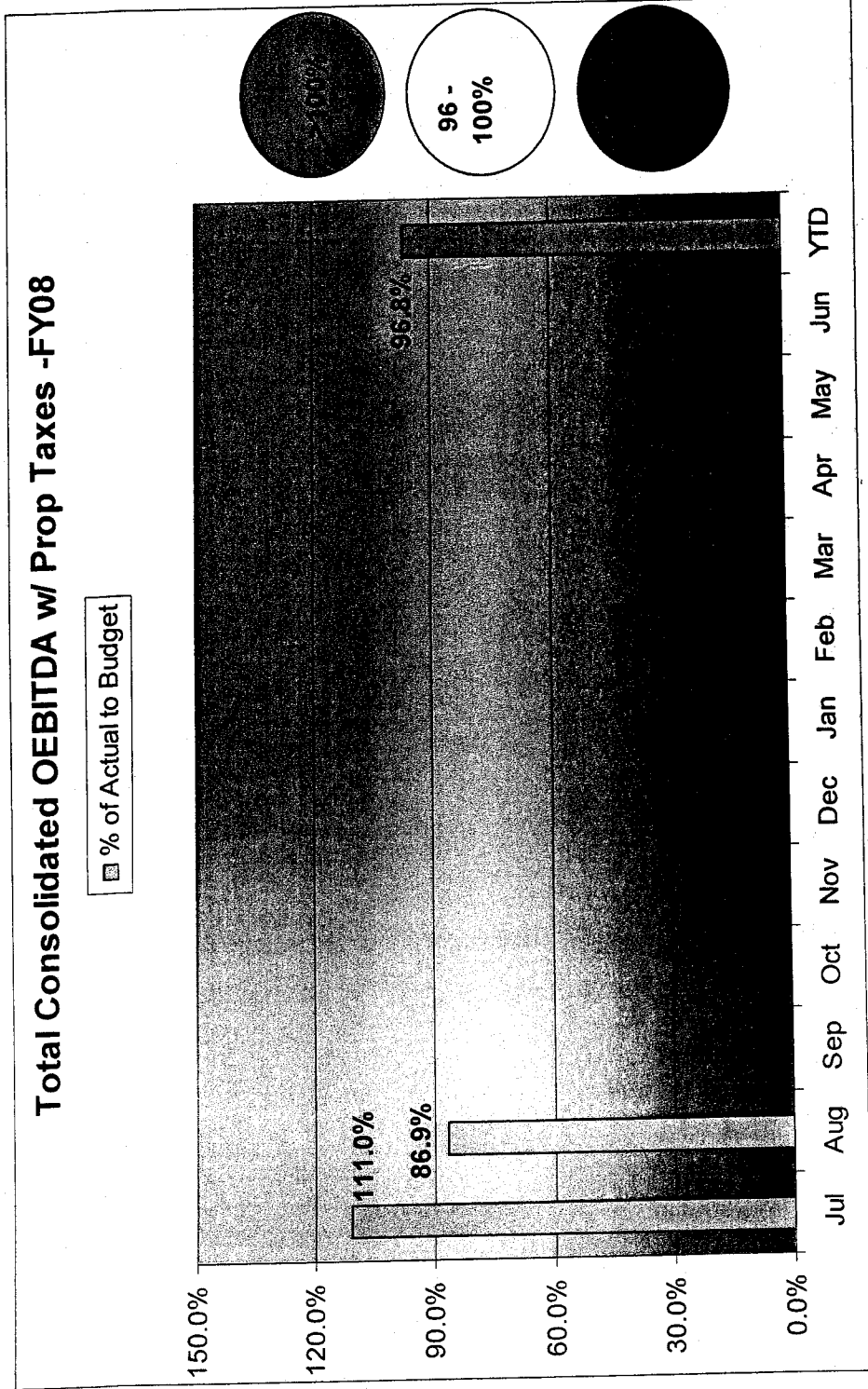
□ % exp /wtd pt day ■ % SWB/wt pt day □ % Prod FTE/AOB



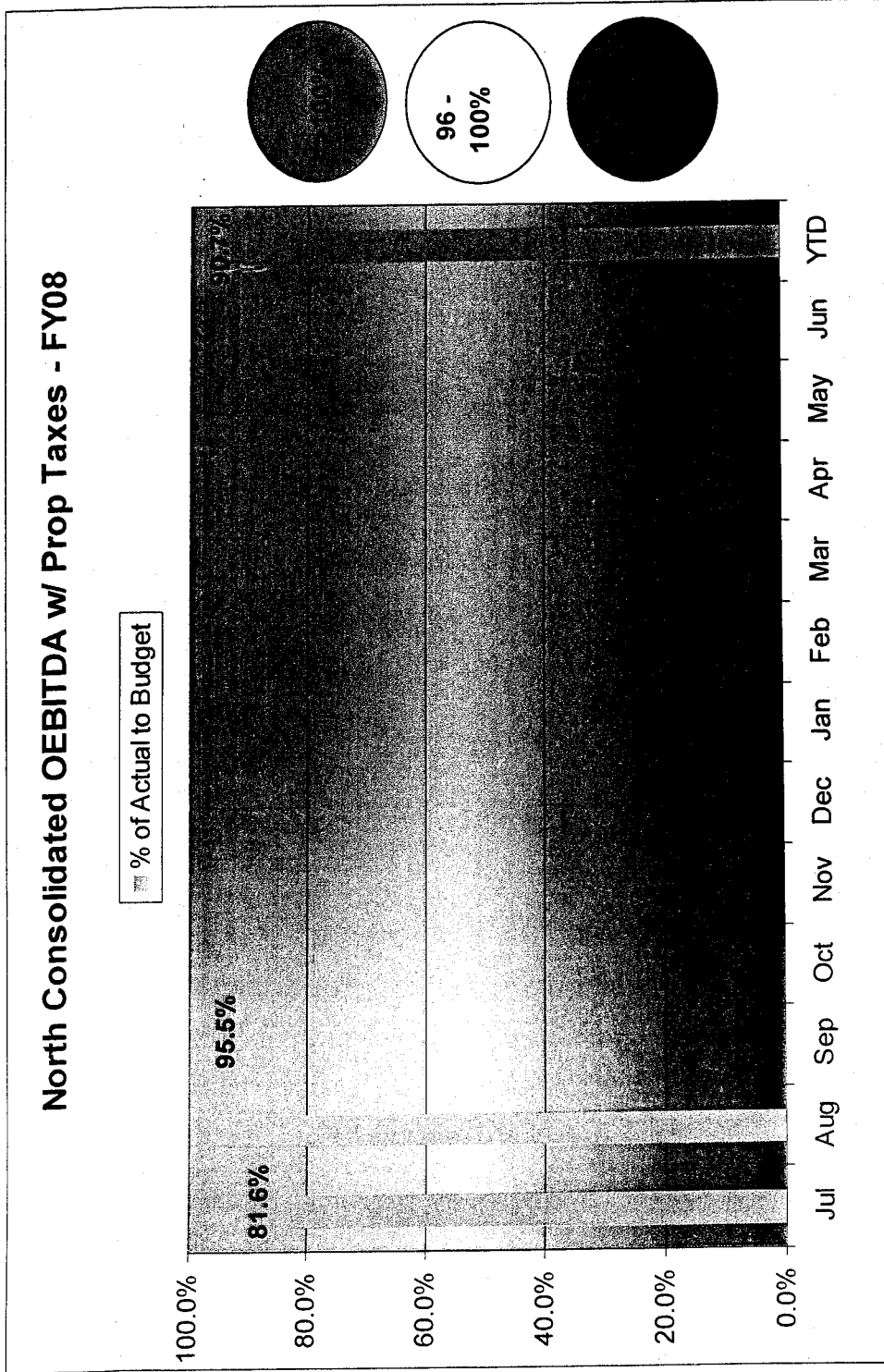
South Consolidated Financial Indicators BSC-FY08

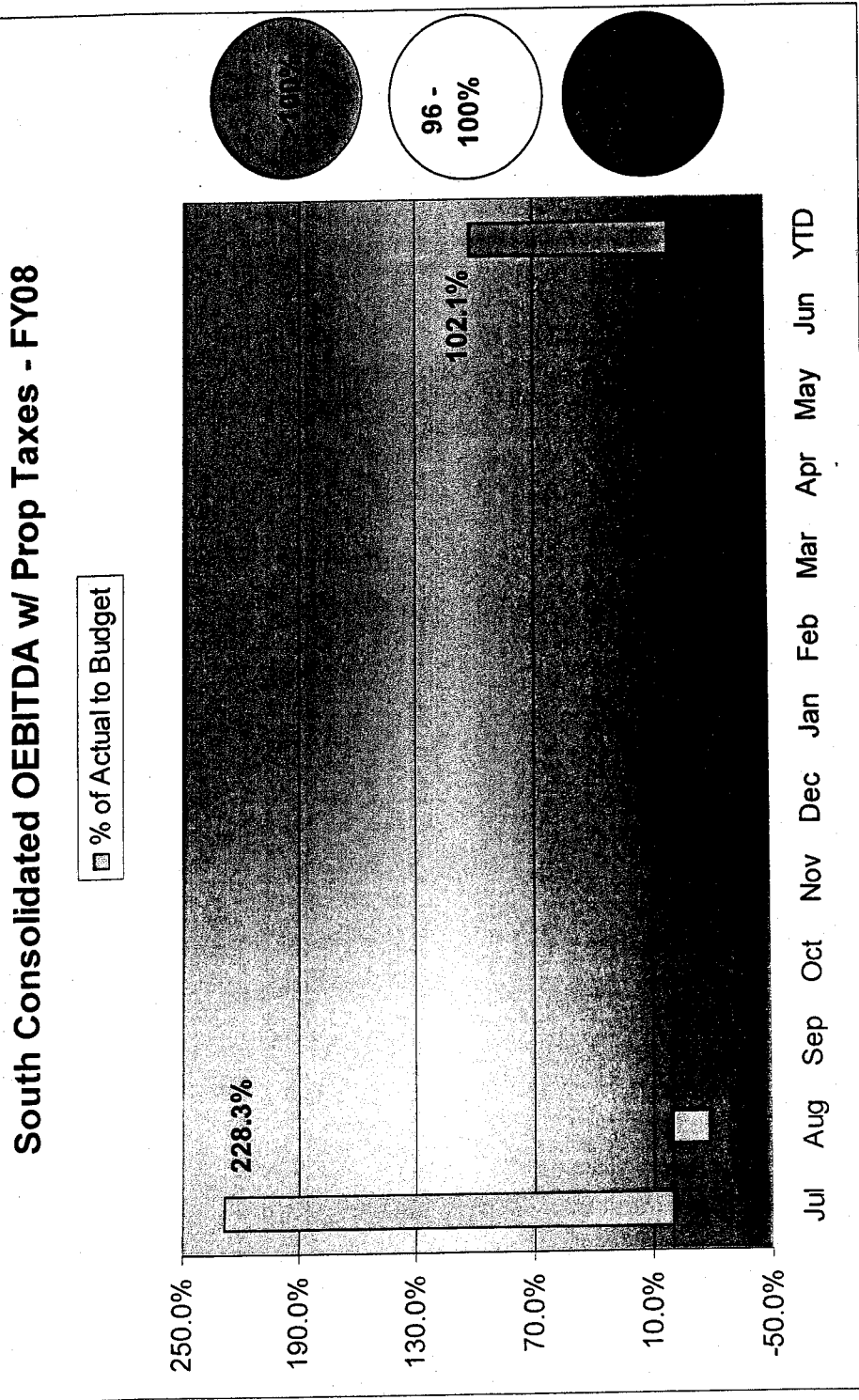
□ % exp /wtd pt day ■ % SWB/wtd pt day □ % Prod FTE/AOB





PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU





Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the

Source	Most Recent Month End	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
	8/31/2007	7/31/2007	6/30/2007	8/31/2007	6/30/2007	8/31/2006	
Period Ending Days in Period	31	31	30	62	62	62	
Revenue							
Gross for Month (Month to Date)	119,574,558	109,075,942	96,600,123	228,650,500	\$ 1,205,732,433	\$ 198,617,735	\$ 10,498,616
Net Revenue	36,111,517	32,632,655	26,425,401	68,744,172	371,016,682	61,198,931	\$ 3,478,862
Net:Gross %	30.2%	29.9%	27.4%	30.1%	30.8%	30.8%	0.3%
Last 3 Month Daily Average (Gross)	3,535,333	3,383,997	3,423,402	3,687,911	3,303,377	3,203,512	\$ 151,336
Last 3 Month Daily Average (Net)	1,034,452	1,009,726	1,084,192	1,108,777	1,016,484	987,080	24,726
Cash Collections							
Month to Date	33,603,517	30,206,037	33,327,834	63,809,584	\$ 357,733,249	\$ 52,427,535	\$ 3,397,480
Month to Date Goal	31,374,144	30,916,783	29,880,107	62,290,927	358,561,284	59,760,214	\$ 457,361
Over (under) Goal	2,229,373	(710,746)	3,447,727	1,518,627	(628,035)	(7,332,679)	\$ 2,940,119
% of Goal	107%	97.7%	112%	102.4%	99.8%	87.7%	9.4%
Point of Service Collections							
Month to Date	322,273	\$ 259,551	\$ 281,626	\$ 581,824	\$ 3,244,728	\$ 543,152	\$ 62,722
Month to Date Goal	297,000	297,000	272,145	4,725,000	3,265,740	544,290	\$
Over (under) Goal	\$ 25,273	\$ (37,449)	\$ 9,481	\$ (4,143,176)	\$ (21,012)	\$ (1,138)	\$ 62,722
% of Goal	108.5%	87.4%	103%	12.3%	99.4%	99.8%	21.1%
Accounts Receivable							
0-30	110,082,206	\$ 82,051,803	\$ 73,718,929	\$	\$ 73,718,929	\$ 75,358,892	\$ 28,030,403
31-60	18,201,606	28,187,224	19,857,146		19,857,146	26,150,207	(9,985,618)
61-90	10,752,921	16,736,720	13,499,609		13,499,609	16,664,779	(5,983,799)
91-180	21,262,246	26,960,335	26,694,468		26,694,468	25,025,552	(5,698,089)
Over 180	18,795,543	21,387,821	21,653,259		21,653,259	26,924,533	(2,562,278)
Total	\$ 179,094,522	\$ 175,293,903	\$ 155,423,421	\$	\$ 155,423,421	\$ 170,124,063	\$ 3,800,619
Calc	50.66	51.80	45.40		47.05	53.11	-1.14
A/R Days (Gross)	10.5%	12.2%	13.9%		14%	15.8%	
% of AR aged over 180 days	60,396	61,890	61,809		NA	NA	(1,494)
Number of Accounts							
Credit Balance Accounts:							
Dollars ATB	\$ (2,546,487)	\$ (5,082,562)	\$ (3,955,501)	\$	\$ (3,955,501)	\$	\$ 2,536,076
Number of Accounts ATB	1,843	2,114	1,642		1,642		(271)

Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the

Source	Most Recent Month End	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
	8/31/2007	7/31/2007	6/30/2007	8/31/2007	6/30/2007	8/31/2006	
Accounts Receivable by Major Payer							
Medicare	31	31	30	62	365	62	
AR Comp	37,807,359 \$	32,376,461 \$	31,212,504 \$		31,212,504 \$	33,412,417 \$	5,430,898
Lawson	954,009	956,013	965,874		965,874	877,073 \$	(2,004)
Calc	39.63	33.87	32.32		32.32	38.10	5.76
MediCal (Includes M-Cal HMO)							
AR Comp	25,218,261	31,440,704	23,655,071		23,655,071	24,808,132	(6,222,443)
Lawson	590,817	553,913	522,046		522,046	490,260	36,904
Calc	42.68	56.76	45.31		45.31	50.60	-14.08
Comm/Managed Care (Incl Mcare HMO)							
AR Comp	81,589,051	80,947,010	72,445,182		72,445,182	77,720,959	642,041
Lawson	1,784,240	1,706,627	1,579,046		1,679,046	1,574,583	77,613
Calc		47.43	43.15		43.15	49.36	-47.43
Self-Pay							
AR Comp	34,479,851	30,529,728	28,110,665		28,110,665	34,182,554	3,950,123
Lawson	179,365	139,183	165,713		165,713	189,114	40,182
Calc	192.23	219.35	169.63		169.63	180.75	-27.12
Bad Debt Write-offs							
M-T-D Amount net of Recovery	2,941,465	939,542	11,923,986	3,881,008		\$ 2,739,567	\$ 2,001,923
% of Gross Revenue (Target < 2%)	2.5%	0.9%	12.3%	1.7%		1.4%	1.6%
Charity & Undocumented Write-offs							
M-T-D Amount	1,273,118	953,499	3,784,487	1,273,118		\$ 4,245,983	\$ 319,619
% of Gross Revenue (Target < 2%)	1.1%	0.9%	3.9%	0.6%		2.1%	0.2%
Denial & Other Admin Adjustments							
M-T-D Amount	643,626	467,382	771,144	643,626		\$ 244,468	\$ 176,244
% of Gross Revenue (Target < 1%)	0.5%	0.4%	0.8%	0.3%		0.1%	0.1%

Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the

Source	Most Recent Month End	Prior Month	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D	Change from Prior Month
	8/31/2007	7/31/2007	6/30/2007	8/31/2007	6/30/2007	8/31/2006		
Discharged Not Final Billed (DNFB)	31	31	30	62	365	62		
HIM (Waiting for Coding)	DNFB Rpt \$ 5,195,217	\$ 4,285,067	\$ 6,249,765	5,195,217			\$ 910,150	
PBS (Correction required)	DNFB Rpt 161,705	920,196	18,284	161,705			\$ (758,491)	
Other holds requiring correction	DNFB Rpt -	-	-	-			\$ 161,659	
Total Action Required	5,356,922	5,205,263	6,268,049	5,356,922			151,659	
# of AR Days action Required	1.52	1.54	1.83	1.52			-0.02	
DNFB No Action Required								
4 Day Standard Delay	DNFB Rpt \$ 24,448,655	\$ 22,693,400	\$ 22,948,148	24,448,655			\$ 1,755,255	
Other	DNFB Rpt 1,053,805	518,698	664,451	1,053,805			535,107	
Total No Action Required	25,502,460	23,212,098	23,612,599	25,502,460			2,290,362	
Total DNFB	\$ 30,859,382	\$ 28,417,361	\$ 29,880,648	30,859,382			2,442,021	
Total Days in DNFB	8.73	8.40	8.73	8.73			0.33	
Late Charges								
Late Charges from Date of Service 5 to 20 Days								
Number of line items	16,201	8,244	7,531	24,445			7,957	
Dollar amount of Charges	1,620,077	675,398	1,093,899	2,295,475			944,679	
Dollar amount of Credits	(958,292)	(361,624)	(681,315)	(1,319,916)			(596,668)	
Net Dollar Amount	661,785	313,774	412,585	975,559			348,011	
Absolute Dollar Amount	\$ 2,578,369	\$ 1,037,023	\$ 1,775,214	\$ 3,615,392			\$ 1,541,346	
Late Charges from Date of Service > 21 Days								
Number of line items	55,471	28,876	34,621	84,347			26,595	
Dollar amount of Charges	966,133	402,554	1,527,843	1,368,687			563,579	
Dollar amount of Credits	(2,743,784)	(1,546,665)	(3,325,012)	(4,290,449)			(1,197,119)	
Net Dollar Amount	(1,777,651)	(1,144,111)	(1,797,169)	(2,921,762)			(633,539)	
Absolute Dollar Amount	\$ 3,709,916	\$ 1,949,219	\$ 4,552,855	\$ 5,659,135			\$ 1,760,698	
Denials:								
Inventory of OPEN denials - # encounters	2,298	1,219	1,219	1,219		1,219	1,079	
Inventory of OPEN denials - (\$ at risk)	\$ 27,752,700	\$ 21,403,453	\$ 21,403,453	\$ 21,403,453		\$ 21,403,453	\$ 6,349,247	

Weekly Flash Report

September 07	Aug31-Sep6	Sep7-13	Sep14-20	MTD Total	MTD Budget	% Variance
ADC (Acute)	310	320	338	322	312	3.37
PMC	233	232	252	239	235	1.58
POM	76	88	85	83	76	8.87
PCCC	89	90	89	89	88	1.93
VP	121	123	126	123	123	(0.27)
Patient Days (Acute)	2167	2237	2363	6,767	6,546	3.37
PMC	1632	1624	1765	5,021	4,943	1.58
POM	535	613	598	1,746	1,604	8.87
PCCC	625	633	620	1,878	1,842	1.93
VP	845	858	882	2,585	2,592	(0.27)
Discharges	552	568	572	1,692	1,712	(1.14)
PMC	429	422	419	1,270	1,320	(3.75)
POM	123	146	153	422	392	7.65
Number of Surgeries	228	231	258	717	667	7.48
PMC	165	165	175	505	453	11.50
POM	63	66	83	212	214	(1.03)
Number of Births	109	120	118	347	316	9.91
PMC	88	88	93	269	253	6.45
POM	21	32	25	78	63	23.81

**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

Weekly Flash Report (cont'd)

September 07	Aug31-Sep6	Sep7-13	Sep14-20	MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)						
PMC	2303	2078	2041	6,422	5,822	10.31
POM	1554	1358	1347	4,259	3,844	10.80
	749	720	694	2,163	1,978	9.34
ER Visits	1813	1648	1698	5,159	5,025	2.67
ER Visits	1218	1130	1174	3,522	3,350	5.15
ER Visits	595	518	524	1,637	1,675	(2.27)
Trauma Visits	22	17	22	61	28	121.55
IP	19	15	18	52	23	125.11
OP	3	2	4	9	4	103.01
Gross IP Revenue	20,062,114	20,595,231	21,771,204	62,428,549	59,522,053	4.88
Gross OP Revenue	5,839,590	6,062,541	5,869,059	17,771,190	18,133,763	(2.00)
Cash Collection	7,228,387	5,201,673	6,655,297	19,085,357	24,356,165	(21.64)
Days cash on hand	107	110	107	107	80	
Prod Hrs (PP 5 & 6)	219,217		212,832	432,049	435,708	0.84
PMC - North	127,773		123,444	251,217	252,224	0.40
POM - South	54,334		54,562	108,896	110,200	1.18
Others	37,110		34,826	71,936	73,284	1.84
Prod \$ (PP 5 & 6)	6,732,351		6,625,402	13,357,753	13,589,720	1.71
PMC - North	3,954,726		3,877,061	7,831,787	7,959,988	1.61
POM - South	1,579,177		1,632,812	3,211,989	3,224,643	0.39
Others	1,198,448		1,115,529	2,313,977	2,405,089	3.79



**PSYCHIATRIC CLINICAL DIRECTOR
POMERADO HOSPITAL
OUTPATIENT BEHAVIORAL HEALTH PROGRAM**

TO: Board of Directors

DATE: Monday, October 8, 2007

FROM: Board Finance Committee
Tuesday, September 25, 2007

BY: Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer
Susan Linback, R.N., M.B.A., Service Line Administrator, Behavioral Health

BACKGROUND: This is a request to approve the Psychiatric Clinical Director Agreement with Marina Katz, M.D. Dr. Katz will provide Clinical Director coverage and medical leadership for the Pomerado Hospital Outpatient Behavioral Health Program. This treatment program provides needed services to acutely ill patients who suffer from severe mental health disorders in both the adult and Senior populations.

BUDGET IMPACT: No Budget Impact

STAFF RECOMMENDATION: Approval

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends approval of the 3-year (October 1, 2007, to September 30, 2010) Psychiatric Clinical Director Agreement with Marina Katz, M.D., for the Pomerado Hospital Outpatient Behavioral Health Program.

Motion: X

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Clinical Director Agreement – Pomerado Hospital Outpatient Behavioral Health Program Marina Katz, M.D.
	AGREEMENT DATE	October 1, 2007
	PARTIES	1) PPH 2) Marina Katz, M.D.
Recitals E	PURPOSE	To provide Psychiatric oversight for Pomerado Hospital's Outpatient Behavioral Health Program
Exhibit A	SCOPE OF SERVICES	Marina Katz, M.D., will provide Clinical Director coverage for Pomerado Hospital's Outpatient Behavioral Health Program. This treatment program provides needed services to acutely ill patients who suffer from mental health disorders, both the adult and Senior populations.
	PROCUREMENT METHOD	<input type="checkbox"/> Request for Proposal <input checked="" type="checkbox"/> Discretionary
4.1	TERM	October 1, 2007 through September 30, 2010
	RENEWAL	N/A
4.3 4.4	TERMINATION	a. Immediately for cause b. Not less than 30 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 compliant with CMS requirements for Outpatient Behavioral Health Services, medical oversight is needed.
	POSITION NOTICED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO METHODOLOGY & RESPONSE: Posted in Medical Staff Offices for 30 days
	ALTERNATIVES/IMPACT	Proceeding without this arrangement would cause the services to be out of compliance with CMS requirements and jeopardize ongoing mental health to a vulnerable population.
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	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

CLINICAL DIRECTOR SERVICES AGREEMENT

between

PALOMAR POMERADO HEALTH,

a local health care district

and

Marina Katz, M.D.

October 1, 2007

80

CLINICAL DIRECTOR SERVICES AGREEMENT

THIS CLINICAL DIRECTOR SERVICES AGREEMENT ("Agreement") is made and entered into effective October 1, 2007, by and between Palomar Pomerado Health, a local health care district organized pursuant to Division 23 of California Health and Safety Code ("PPH") and Marina Katz, M.D. ("Clinical Director").

R E C I T A L S

A. PPH is the owner and operator of Pomerado Hospital, a general acute care hospital located at 15615 Pomerado Road, Poway, California ("Hospital").

B. PPH operates a Psychiatric Outpatient Program ("Program") at Pomerado Hospital, which is a part of a continuum of PPH's Behavioral Health Services.

C. Clinical 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 Psychiatry, and who is a member of the Medical Staff of Hospital ("Medical Staff").

D. Program consists of facilities and equipment owned by Hospital and staffed by Hospital employees.

E. Hospital desires to retain Clinical Director to provide certain administrative services ("Administrative Services") for the Program. Hospital has determined this arrangement with Clinical Director will enhance the Program's and Hospital's organization, procedure standardization, economic efficiency, professional proficiency, and provide other benefits to enhance coordination and cooperation among the Program's providers and users.

F. Hospital and Clinical 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 Clinical 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 Program of Health and Human Services, Office of Inspector General, and in the Ethics in Patient Referral Act.

MEDICAL STAFF SERVICES

September 25, 2007

TO: Board of Directors

BOARD MEETING DATE: October 8, 2007

FROM: John J. Lilley, M.D., Chief of Staff
PMC Medical Staff Executive Committee

SUBJECT: Medical Staff Credentialing Recommendations



PALOMAR MEDICAL CENTER

- I. Provisional Appointment (10/08/2007 – 09/30/2009)
Andrew J. Busby, M.D., Internal Medicine
Shafi M. Khalid, M.D., Internal Medicine/Geriatric Medicine
Alex H. Kim, D.P.M., Podiatry
Michael D. Lemm, D.P.M., Podiatry
Bhuvana K. Ramanathan, M.D., Internal Medicine
Maria Camille V. Santos, M.D., Family Practice (Includes PCCC)
Veronique Tache, M.D., OB/GYN
Philip Wrotslavsky, D.P.M., Podiatry (Includes PCCC)
Subashini T. Yogeswaren, M.D., Radiation Oncology
- II. Advance from Provisional to Active Status
Ramesh K. Gopi, M.D., Diagnostic Radiology (10/08/2007 – 10/31/2008)
Sonali S. Master, M.D., Gastroenterology (10/08/2007 – 07/31/2008)
Michael D. Mottet, M.D., Gastroenterology (10/08/2007 – 09/30/2008)
Mario R. Quintero, M.D., Emergency Medicine (10/08/2007 - 10/31/2008)
- III. Advance from Provisional to Courtesy Status
Gordon C. Hunt, M.D., Gastroenterology (10/08/2007 – 10/31/2008)
- IV. Advance from Provisional to Associate Status
Evan S. Gold, D.M.D., M.D., Oral & Maxillofacial Surgery (10/08/2007 – 05/31/2008)
- V. Change from Active to Courtesy Status
Wendy K. Wright, M.D., Pediatrics
Daniel C. Robbins, D.O., Pediatrics
- VI. Additional Privileges
Riaz Bokhari, M.D., General Vascular Surgery
 - Intravascular Ultrasound (IVUS)Anatoly J. Bulkin, M.D., General Vascular Surgery
 - Intravascular Ultrasound (IVUS)Allen K. Chan, M.D., General Vascular Surgery
 - Intravascular Ultrasound (IVUS)Jeffrey M. Rosenburg, M.D., Cardiothoracic Surgery
 - Intravascular Ultrasound (IVUS)Thomas S. Velky, M.D., General Vascular Surgery
 - Intravascular Ultrasound (IVUS)

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

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

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

- VII. Leave of Absence
 Douglas A. Shapiro, M.D., Anesthesiology (08/24/2007 – 07/31/2009)
 Gary G. Tong, M.D., Neurology (09/01/2007 – 08/31/2009)
- VIII. Voluntary Resignations/Withdrawals
 James B. Esther, M.D., Diagnostic Radiology (Effective 08/18/2007)
 Mohammad Imandoust, M.D., Pediatrics (Effective 09/30/2007)
 David C. Lozar, M.D., Family Practice (Effective 10/08/2007)
 Alicja S. Steiner, M.D., Anesthesia-Pain Management (Effective 10/31/2007)
 Jeffrey J. Weitz, M.D., Diagnostic Radiology (Effective 07/14/2007)
- IX. Allied Health Professional Appointment (10/08/2007 – 09/30/2009)
 Gary T. Baldwin, P.A.-C., Physician Assistant; Sponsors: CEP
 Ray A. Brown, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedic Surgeons
 Marie A. Greene, N.P., Nurse Practitioner; Sponsors: Kaiser Orthopaedic Surgeons
 Diane G. Lewis, N.P., Nurse Practitioner; Sponsors: Kaiser Orthopaedic Surgeons
 Sarah A. Zgainer, N.P., Pediatric Nurse Practitioner; Sponsors: Drs. Epstein, Fatayerji, Golembeski, Marchese, Hershey, Johnsgard, Rosenthal.
- X. Allied Health Professional Additional Duties
 James H. Kimber, P.A.-C., Physician Assistant
 - Orthopaedic Physician Assistant Duties (Sponsor: Dr. Kaska)
- XI. Allied Health Professional Withdrawal
 Cassandra L. Miller, P.A., Physician Assistant; Sponsors: CEP
- XII. Reappointments Effective 11/01/2007 – 10/31/2009
- | | | | |
|--|---------------------------|-------------------------|------------|
| H. Richard Adams, M.D. | Physical Medicine & Rehab | Dept of Ortho/Rehab | Associate |
| Nancy P. Chen, M.D. | Dermatology | Dept of Medicine | Associate |
| Irene L. Chennell, M.D. | Ophthalmology | Dept of Surgery | Associate |
| Kyoung E. Han, M.D.
(Includes PCCC) | Internal Medicine | Dept of Medicine | Associate |
| Lorne D. Kapner, M.D. | Ophthalmology | Dept of Surgery | Associate |
| Jon P. Kelly, M.D. | Orthopaedic Surgery, Hand | Dept of Ortho/Rehab | Active |
| Christopher P. Khoury, M.D.
(Includes PCCC) | Psychiatry | Dept of Medicine | Active |
| Lara L. Le, M.D.
(Includes PCCC) | Internal Medicine | Dept of Medicine | Active |
| Leslie J. McCormick, M.D. | Pediatrics | Dept of Pediatrics | Active |
| Bing S. Pao, M.D. | Emergency Medicine | Dept of Emergency Med | Active |
| Kenneth R. Roth, M.D. | Orthopaedic Surgery | Dept of Ortho/Rehab | Associate |
| Ulrika B. Schumacher, M.D. | Gastroenterology | Dept of Medicine | Courtesy |
| Matthew E. Sitzler, M.D. | Gastroenterology | Dept of Medicine | Active |
| Damon E. Smith, M.D.
(Includes PCCC) | Radiation Oncology | Dept of Radiology | Consulting |
| John W. Snider, M.D. | OB/GYN | Dept of OB/GYN | Active |
| Vanessa M. Weir, M.D.
(Includes PCCC) | Family Practice | Dept of Family Practice | Active |

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.

RZ

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Andrew J. Busby, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 2003
--------------------	------------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
-------------	-------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Cambridge, United Kingdom From: 10/01/1992 To: 05/09/1998 Queens College Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Veterans Affairs Medical Center - West Los Angeles Internal Medicine From: 06/24/2000 To: 06/30/2003
<i>Fellowship Information</i>	Veterans Affairs Medical Center - West Los Angeles Internal Medicine From: 07/01/2003 To: 06/30/2004 Kennamer Fellowship/UCLA
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego University of California, San Diego

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

PERSONAL INFORMATION

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

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine – Certified 1995, Re-certified 2005 Geriatric Medicine – Certified 1998
--------------------	--

ORGANIZATIONAL NAME

<i>Name</i>	Shafi M. Khalid, M.D.
-------------	-----------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Mymensingh Medical College, Mymensingh, Bangladesh From: 09/01/1976 To: 11/15/1982 Doctor of Medicine Degree
<i>Internship Information</i>	N/A
<i>Residency Information</i>	Flushing Hospital Medical Center, Flushing, NY Internal Medicine From: 07/01/1992 To: 06/30/1995 Chief Resident: 7/1/94-6/30/95
<i>Fellowship Information</i>	Montefiore Medical Center, Bronx, NY Geriatric Medicine From: 07/01/1995 To: 06/30/1997 University of London, United Kingdom Clinical Neurology From: 09/01/1989 To: 03/23/1990
<i>Current Affiliation Information</i>	Continental Rehabilitation Hospital, San Diego

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Alex H. Kim, D.P.M.
<i>PPHS Facilities</i>	Escondido Surgery Center Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Podiatric Surgery – Certified 2006
--------------------	------------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
-------------	-------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	California College of Podiatric Medicine at Samuel Merritt, Oakland, CA From: 08/01/1996 To: 05/26/2000 Doctor of Podiatric Medicine
<i>Internship Information</i>	N/A
<i>Residency Information</i>	St. Mary's Medical Center, San Francisco Podiatric Surgery From: 07/01/2000 To: 06/30/2003
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego Kaiser Permanente Ontario Vineyard Medical Center, Ontario, CA Kaiser Foundation Hospital, Fontana, CA

AK

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Michael D. Lemm, D.P.M.
<i>PPHS Facilities</i>	Escondido Surgery Center Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Podiatric Surgery - Certified 1998
--------------------	------------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
-------------	-------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	California College of Podiatric Medicine at Samuel Merritt, Oakland, CA From: 08/22/1988 To: 05/24/1992 Doctor of Podiatric Medicine Degree
<i>Internship Information</i>	Scripps Mercy Hospital, San Diego Podiatry From: 07/01/1992 To: 06/30/1994
<i>Residency Information</i>	Kaiser Foundation Hospital, Sacramento, CA Podiatry From: 07/01/1994 To: 06/30/1995
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Kaiser Permanente, San Diego

87

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Bhuvana K. Ramanathan, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Internal Medicine - Certified 1996, Re-certified 2006
--------------------	---

ORGANIZATIONAL NAME

<i>Name</i>	Kaiser Permanente
-------------	-------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Hawaii John Burns School of Medicine, Honolulu, HI From: 09/01/1988 To: 05/17/1992 Doctor of Medicine Degree
<i>Internship Information</i>	Kaiser Foundation Hospital, Los Angeles Internal Medicine From: 07/01/1992 To: 06/30/1993
<i>Residency Information</i>	Kaiser Foundation Hospital, Los Angeles Internal Medicine From: 07/01/1993 To: 06/30/1995
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Sharp Mesa Vista Hospital, San Diego Kaiser Permanente, San Diego

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Maria Camille V. Santos, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center (Palomar Continuing Care Center)

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Family Practice – Not Board Certified
--------------------	---------------------------------------

ORGANIZATIONAL NAME

<i>Name</i>	Graybill Medical Group
-------------	------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Far Eastern University, Manila, Philippines From: 09/01/1996 To: 04/25/2000 Doctor of Medicine Degree
<i>Internship Information</i>	Flower Hospital, Sylvania, OH Family Practice From: 07/01/2004 To: 06/30/2005
<i>Residency Information</i>	Mercy/Methodist Hospital of Sacramento, CA Family Practice From: 07/01/2005 To: 06/30/2007
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	None

879

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Jeffrey S. Schiffman, M.D.
<i>PPHS Facilities</i>	Pomerado Hospital

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Orthopaedic Surgery - Certified 1995, Re-certified 2006
--------------------	---

ORGANIZATIONAL NAME

<i>Name</i>	North County Spine Center & Orthopaedics
-------------	--

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of Pennsylvania SOM, Philadelphia, PA From: 08/29/1983 To: 05/18/1987 Doctor of Medicine Degree
<i>Internship Information</i>	Albert Einstein College of Medicine (Montefiore), Bronx, NY General Surgery From: 07/01/1987 To: 06/30/1988
<i>Residency Information</i>	Albert Einstein College of Medicine (Montefiore), Bronx, NY Orthopaedic Surgery From: 07/01/1988 To: 06/30/1992
<i>Fellowship Information</i>	Scripps Clinic and Research Foundation, La Jolla, CA Orthopaedic Surgery/Spine From: 07/01/1992 To: 06/30/1993
<i>Current Affiliation Information</i>	Poway Surgery Center, LP Escondido Surgery Center Palomar Medical Center (Palomar Continuing Care Center)

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

PERSONAL INFORMATION

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

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Obstetrics and Gynecology – Not Certified
--------------------	---

ORGANIZATIONAL NAME

<i>Name</i>	UCSD Medical Center
-------------	---------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	University of California, Los Angeles From: 08/01/1999 To: 05/13/2003 Doctor of Medicine Degree
<i>Internship Information</i>	University of California, Davis Obstetrics/Gynecology From: 06/24/2003 To: 06/22/2004
<i>Residency Information</i>	University of California, Davis Obstetrics/Gynecology From: 07/01/2004 To: 06/30/2007
<i>Fellowship Information</i>	University of California, San Diego Maternal-Fetal Medicine From: 07/01/2007 To: Present Expected Date of Completion: 06/30/2010
<i>Current Affiliation Information</i>	None

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

PERSONAL INFORMATION

Provider Name & Title	Philip Wrotslavsky, D.P.M.
PPHS Facilities	Pomerado Hospital (Villa Pomerado) Palomar Medical Center (Palomar Continuing Care Center)

SPECIALTIES/BOARD CERTIFICATION

Specialties	Podiatric Surgery – Not Board Certified
--------------------	---

ORGANIZATIONAL NAME

Name	Philip Wrotslavsky, D.P.M.
-------------	----------------------------

EDUCATION/AFFILIATION INFORMATION

Medical Education Information	New York College of Podiatric Medicine, New York, NY From: 09/01/1998 To: 06/05/2002 Doctor of Podiatric Medicine Degree
Internship Information	North General Hospital/New York College of Podiatric Medicine, New York, NY Podiatry From: 07/01/2002 To: 06/30/2003
Residency Information	North General Hospital/New York College of Podiatric Medicine, New York, NY Podiatry From: 07/01/2003 To: 06/30/2006
Fellowship Information	Sinai Hospital of Baltimore, MD Podiatry; Limb Lengthening/Foot & Ankle Reconstruction From: 07/01/2006 To: 06/30/2007
Current Affiliation Information	None

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

PERSONAL INFORMATION

<i>Provider Name & Title</i>	Subashini T. Yogeswaren, M.D.
<i>PPHS Facilities</i>	Palomar Medical Center

SPECIALTIES/BOARD CERTIFICATION

<i>Specialties</i>	Radiation Oncology – Not Board Certified
---------------------------	--

ORGANIZATIONAL NAME

<i>Name</i>	X-Ray Medical Group, Inc.
--------------------	---------------------------

EDUCATION/AFFILIATION INFORMATION

<i>Medical Education Information</i>	Baylor College of Medicine, Houston, TX From: 08/01/1998 To: 05/21/2002 Doctor of Medicine Degree
<i>Internship Information</i>	Baylor College of Medicine, Houston, TX Transitional From: 06/24/2002 To: 06/23/2003
<i>Residency Information</i>	Baylor College of Medicine, Houston, TX Radiation Oncology From: 07/01/2003 To: 06/30/2007
<i>Fellowship Information</i>	N/A
<i>Current Affiliation Information</i>	Sharp Mary Birch Hospital Sharp Memorial Hospital, Chula Vista Sharp Grossmont Hospital Sharp Memorial Hospital

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENTS
FOR OCTOBER 2007**

NAME: Polly "Beth" Amaral, AuD
SPECIALTY: Evoked Potential Technician
SERVICES: Intraoperative Monitoring services (evoked potential)
TRAINING: University of Mississippi, University, MS
 Bachelor of Arts Degree- Communicative Disorders 08/01/90-05/30/94
 Master of Science Degree – Communicative Disorders 08/01/94-5/30/96
 Arizona School of Health Sciences
 Doctor of Audiology degree 03/01/05-11/17/06
PRACTICE: Evoked Potential Technician, Neurophysiology, Inc,
 San Diego, CA 04/01/07-Present
 Clinical Audiologist, Hearing Professionals, Inc,
 Waldorf, MD 02/01/05-03/31/07
 Clinical Audiologist, Sonus, Inc, San Diego, CA 02/08/99-09/30/03
 Clinical Audiologist, Professional Hearing Associates,
 Escondido, CA 10/01/98-1/31/99
 Clinical Audiologist, West Florida Medical Center,
 Pensacola, FL 04/01/98-09/30/98
 Clinical Audiologist, Methodist Hospital of Memphis, TN 7/14/97-05/01/98
 Clinical Audiologist, Audiology Clinics of West Tennessee 07/01/97-07/01/98
 Clinical Audiologist, Beltone Hearing Center, Pace, FL 05/01/96-07/01/97
SPONSORS: Kevin Yoo, M.D.
CERTIFICATION: American Speech-Hearing-Language Association None
FACILITIES: Pomerado Hospital

NAME: Gary T. Baldwin, P.A.-C
SPECIALTY: Physician Assistant
SERVICES: Physician Assistant services for California Emergency Physicians
 In the Emergency Department
TRAINING: San Joaquin Valley College, Visalia, CA,
 Associate of Science degree – Physician Assistant Program 06/01/05-06/01/07
PRACTICE: Physician Assistant, California Emergency Physicians,
 Emergency Department at PPH 08/01/07-Present
 EMT, American Medical Response and Americare Ambulance,
 Escondido and San Diego 2/2/99-12/26/01
SPONSORS: Jaime Rivas, M.D. and California Emergency Physician
CERTIFICATION: National Commission on Certification of Physician Assistants 2007
FACILITIES: Palomar Medical Center and Pomerado Hospital

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENTS
FOR OCTOBER 2007 (continued)**

Page two

NAME: Ray A. Brown, O.T.
SPECIALTY: Orthopedic Technician
SERVICES: Orthopaedic Technician for the Kaiser Orthopaedic Surgeons at Palomar Medical Center and the Escondido Surgery Center
TRAINING: Grossmont College, La Mesa, CA
 Orthopaedic Technologist Courses 08/21/89-08/21/90
 Southwestern College, Chula Vista, CA
 Surgical Technologist Courses 08/01/92-08/31/93
PRACTICE: Orthopaedic Technician, Kaiser Permanente, San Diego, CA 11/22/94-Present
 Orthopaedic Technician and Surgical technician positions- Palomar Medical Center, Pomerado Hospital, Scripps Clinic, Grossmont Hospital and UCSD Medical Center 12/1990-09/1994
SPONSORS: Kaiser Orthopaedic Surgeons at Palomar Medical Center
CERTIFICATION: National Board for Certification of Orthopaedic Technologists None
FACILITIES: Palomar Medical Center and the Escondido Surgery Center

NAME: Marie A. Greene, N.P.
SPECIALTY: Nurse Practitioner
SERVICES: Nurse Practitioner for Kaiser Orthopaedic Surgeons
TRAINING: San Diego State University, San Diego, CA
 Bachelor of Science – Nursing 09/01/79-06/01/82
 University of San Diego, San Diego, CA
 Master of Science in Nursing including Nurse Practitioner 01/28/85-12/19/87
PRACTICE: Nurse Practitioner, Dept of Orthopaedics, Kaiser Permanente, San Diego, CA 04/17/95-Present
 Registered Nurse, Kaiser Permanente, San Diego, CA 03/15/88-04/95
SPONSORS: Kaiser Orthopaedic Surgeons at Palomar Medical Center
CERTIFICATION: American Nurses Credentialing Center 2004
FACILITY: Palomar Medical Center

NAME: James H. Kimber, P.A.-C.
SPECIALTY: Physician Assistant
SERVICES: Physician Assistant
TRAINING: US Navy, Naval School of Health Sciences
 Basic Hospital Corpsman 1983
 US Navy, Naval School of Health Sciences
 Surgical Technician 1983
 US Navy, Naval School of Health Sciences
 Independent Duty Corpsman 1991
 George Washington University, Washington D.C.
 Bachelor of Science, Health Sciences 09/97-01/30/02
 Stanford University, School of Medicine, Palo Alto, CA
 Certificate of Clinical Proficiency- Physician Assistant 09/09/02-12/17/03
PRACTICE: Physician Assistant, Vrijesh Tantuwaya, M.D., La Mesa, CA 01/08/04-Present
 Independent Duty Corpsman, U.S. Navy 11/82-11/02
SPONSOR: Serge Kaska, M.D.
CERTIFICATION: National Commission on Certification of Physician Assistants 2006
FACILITIES: Escondido Surgery Center

**PALOMAR POMERADO HEALTH
ALLIED HEALTH PROFESSIONAL
APPOINTMENTS
FOR OCTOBER 2007 (continued)**

Page three

NAME: Diane G. Lewis, N.P.
SPECIALTY: Nurse Practitioner
SERVICES: Nurse Practitioner for Kaiser Orthopaedic Surgeons
TRAINING: San Diego State University, San Diego, CA
 Bachelor of Science – Nursing 09/01/80-05/30/84
 California State University, Long Beach, CA
 Master of Science in Nursing including Acute Care Nurse Practitioner,
 Clinical Nurse Specialist and Family Nurse Practitioner 08/22/95-05/30/97
PRACTICE: Nurse Practitioner, Dept of Orthopaedics, Kaiser Permanente,
 San Diego, CA 08/17/98-Present
 Clinical Care Nurse, Trauma Clinic Coordinator, UCSD Medical
 Center, San Diego, CA 08/06/84-11/04/98
SPONSORS: Kaiser Orthopaedic Surgeons at Palomar Medical Center
CERTIFICATION: American Academy of Nurse Practitioners 2003
FACILITY: Palomar Medical Center

NAME: Sarah Zgainer, N.P.
SPECIALTY: Pediatric Nurse Practitioner
SERVICES: Nurse Practitioner for the Pediatric Hospitalists
TRAINING: California State University, Chico
 Bachelor of Science Degree- R.N. 08/01/98-12/30/01
 University of San Diego, San Diego, CA
 Master of Science Nursing- Pediatric Nurse Practitioner 08/01/05-05/26/07
PRACTICE: Pediatric Nurse Practitioner, Children's Specialist of San Diego 08/01/2007-Present
 Pediatric ICU&IMC Clinical Nurse II, Rady Childrens Hospital of
 San Diego, San Diego, CA 01/01/02-Present
 Travel R. N. Pediatrics at Dartmouth-Hitchcock Medical Center,
 Lebanon, NH for RN Network, Boca Raton, FL 04/05/04-07/24/04
SPONSORS: E. Epstein, M.D. , D. Hershey, M.D., J. Rosenthal, M.D.
 S. Marchese, M.D., D. Golembeski, M.D, L. Johnsgard, M.D.,
 N. Fatayerji, M.D.
CERTIFICATION: None
FACILITY: Palomar Medical Center

MEDICAL STAFF SERVICES



September 12, 2007

TO: Board of Directors
MEETING DATE: October 8, 2007
FROM: John J. Lilley, M.D., Chief of Staff
PMC Medical Staff Executive Committee
SUBJECT: Categories of Allied Health Professionals

In accordance with Article VII of the Medical Staff Bylaws, the Executive Committee makes recommendations regarding the categories of Allied Health Practitioners which shall be entitled to apply for the authority to provide specific patient care services at the Hospital. The following is a list of the categories of Allied Health Professionals that have previously been permitted to apply for Allied Health Professional membership. These categories must be affirmed by the Executive Committee and forwarded to the Board of Directors for approval.

Categories of Allied Health Professionals

Audiologists
Certified Nurse Midwives
Certified Nurse Practitioners
Clinical Research Coordinators
Evoked Potential Technicians
Licensed Registered Nurses
Licensed Vocational Nurses
Perfusionists
Physician Assistants
Psychologists
Registered Nurse First Assists
Technicians/Assistants who are trained in selected skills under the direction and supervision of their sponsoring Member

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

MEDICAL STAFF SERVICES



September 12, 2007

TO: Board of Directors
BOARD MEETING DATE: October 8, 2007
FROM: John J. Lilley, M.D., Chief of Staff
PMC Medical Staff Executive Committee
SUBJECT: Department of Radiology Rules and Regulations

At the August 27, 2007 Executive Committee meeting for Palomar Medical Center, the following modifications to the Department of Radiology Rules and Regulations were approved for forwarding to the Board of Directors with a recommendation for approval. Recommendations for additional wording are underlined and recommendations for deletion are ~~crossed-out~~.

Rationale

The Department is recommending modification of the rules and regulations to clarify who may serve as the Health System Radiation Safety Officer.

ARTICLE VI

6.4 RADIATION SAFETY OFFICER

- 6.4.1 There shall be a Health System Radiation Safety Officer as required by Title 17. The Radiation Safety Officer will be an approved staff member under the guidance of the Materials License Regulations of State and Federal Law ~~a radiologist or radiation oncologist who is qualified by reason of training and experience to oversee the radiation safety aspects of radioactive material use in the institutions. He will be selected by the Department of Radiology.~~
- 6.4.2 Duties of the Radiation Safety Officer include:
- Develop rules, regulations and directions for radiation control in the hospitals, subject to the approval of the Radiation Safety and Nuclear Medicine Committee.
 - Prepare specific manuals and other written documents related to radiation safety.
 - Minimize unnecessary human exposure to radiation and control the release of radioactivity in to the environment.
 - Enforce Radiation Safety and Nuclear Medicine Committee policies and state agency regulations.
 - Maintain various records required by the radioactive material license and/or other applicable state and federal regulations and laws.
 - Evaluate the results of the program and periodically report to the radiation Safety and Nuclear Medicine Committee.
 - Evaluate the adequacy of shielding of the radiographic linear accelerator and other facilities with radiation producing equipment.
 - Evaluate periodic calibration and performance of linear accelerators, diagnostic x-ray machines and other radiation producing equipment.

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

MEDICAL STAFF SERVICES



DATE: September 25, 2007
MEMO TO: Palomar Pomerado Health
Board of Directors
FROM: Marvin Levenson, M.D.
Medical Director, Escondido Surgery Center
RE: Medical Staff Recommendations

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

Appointments (10/08/2007 – 09/30/2009)

- ◆ Alex H. Kim, D.P.M., Podiatry
- ◆ Michael D. Lemm, D.P.M., Podiatry

Leave of Absence

- ◆ Douglas A. Shapiro, M.D., Anesthesiology (08/24/2007 – 07/31/2009)

Resignations

- ◆ Alicja S. Steiner, M.D., Anesthesia-Pain Management (Effective 10/31/2007)

Allied Health Professional Appointment

- ◆ Ray A. Brown, O.T., Orthopaedic Technician; Sponsors: Kaiser Orthopaedic Surgeons (10/08/2007 – 09/30/2009)
- ◆ James Kimber, P.A.-C., Physician Assistant; Sponsor: Dr. Kaska (10/08/2007 – 06/30/2008)

Reappointment

- 10/08/2007 – 05/31/2008
 - ◆ Evan S. Gold, D.M.D., M.D., Oral & Maxillofacial Surgery
- 10/08/2007 – 07/31/2008
 - ◆ Sonali S. Master, M.D., Gastroenterology
- 10/08/2007 – 09/30/2008
 - ◆ Michael S. Mottet, M.D., Gastroenterology
- 11/01/2007 – 10/31/2009
 - ◆ Irene L. Chennell, M.D., Ophthalmology
 - ◆ Lorne D. Kapner, M.D., Ophthalmology
 - ◆ Jon P. Kelly, M.D., Orthopaedic Surgery, Hand
 - ◆ Matthew F. Sitzer, M.D., Gastroenterology

Certification by and Recommendation of Escondido Surgery Center Medical Director:

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

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



Pomerado Hospital Medical Staff Services

15615 Pomerado Road
Poway, CA 92064
Phone – (858) 613-4664
FAX – (858) 613-4217

DATE: September 26, 2007
TO: Board of Directors - October 8, 2007 Meeting
FROM: Benjamin Kanter, M.D., Chief of Staff, Pomerado Hospital Medical Staff
SUBJECT: Medical Staff Credentials Recommendations – September 2007:

Provisional Appointments: (10/08/2007 – 09/30/2009)

Shafi M. Khalid, M.D. – Internal Medicine
Jeffrey S. Schiffman, M.D. – Orthopedic Surgery
Veronique Tache, M.D. – OB/GYN
Philip Wroslavsky, D.P.M. - Podiatry (includes Villa)

Advancements:

Julie J. Chuan, M.D. – Advanced to Active (10/08/2007 – 06/30/2008) (includes Villa)
Steven G. Eisenberg, D.O. – Advanced to Courtesy (10/08/2007 – 07/31/2009)
Ramesh K. Gopi, M.D. – Radiology – Advanced to Active (10/08/2007 – 10/31/2008)
Roger Kornu, M.D. – Rheumatology – Advanced to Consulting (10/08/2007 – 7/31/2009)
Mario R. Quintero, M.D. – Advanced to Active (10/08/2007 – 10/31/2008)

Biennial Reappointments: (11/01/2007 – 10/31/2009)

Munish K. Batra, M.D.- Surgery - Courtesy
Irene L. Chennell, M.D. – Surgery – Affiliate
Jill S. Cottel, M.D. – Medicine – Active (includes Villa)
Gillian Q. Galloway, M.D. – Surgery – Affiliate
Leslie J. Gullahorn, M.D. – Surgery – Active
Kyoung E. Han, M.D. – Medicine – Associate (includes Villa)
Lorne D. Kapner, M.D. – Surgery – Active
Daniel Y. Lee, M.D. – Medicine - Active
Leslie J. McCormick, M.D. – Pediatrics - Active
Bing S. Pao, M.D. – Emergency Medicine – Active
Damon E. Smith, M.D. – Radiology – Consulting (includes Villa)
Alan C. Western, M.D. – Surgery - Active

Resignations:

James B. Esther, M.D.
Christopher P. Gorman, M.D.
Robert S. Powell, M.D.
Raymond A. Sachs, M.D.
Steven R. Schelkun, M.D.
Steven Sorenson, M.D.
Jeffrey J. Weitz, M.D.

Expiration of Leave of Absence – Bob Blake M.D.

Additional Privileges:

Brian W. Meyerhoff, M.D. – Villa Pomerado

Allied Health Professionals Appointments: (10/08/2007 – 09/30/2009)

Polly E. Amaral, AuD – Evoked Potential Technician – Sponsor Dr. Kevin Yoo
Gary T. Baldwin, P.A.-C – Sponsors CEP Physicians

Allied Health Professionals Withdrawal of Membership:

Erik Duke, Ortho Tech - Kaiser
Beverly Lipscomb, Ortho Tech – Kaiser
Cassandra L. Miller, P.A. - CEP

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



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

Date: September 26, 2007
To: Board of Directors, Palomar Pomerado Health
Meeting Date: October 8, 2007
From: Benjamin Kanter, M.D., Chief of Staff
 Pomerado Hospital
Subject: Amendment to Pomerado Hospital Medical Staff Bylaws/Rules and Regulations

The following revision to the Medical Staff Bylaws, Rules and Regulations was approved for forwarding to the Board of Directors. In accordance with Article 14.3, this is an amendment based on Federal Regulations and does not require a vote of the Active Members of the Medical Staff.

Rationale

The Medicare Conditions of Participation now require that a physical examination and medical history be done no more than thirty days prior to admission for each patient.

Modifications

Rules and Regulations:

- 3.5 If a complete history has been recorded and a physical examination performed prior to the patient's admission to the Hospital, either a dictated copy through the hospital or a reasonable durable, legible copy of these reports may be used in the patient's Hospital medical record, provided the history and physical examination has not been performed more that thirty (30) ~~seven (7)~~ days prior for the same medical condition. These reports may only be done by (1) an M.D. or D.O. for cases other than oromaxillofacial surgery, (2) for oromaxillofacial surgery the special case permits oromaxillofacial surgeons to do the H&P provided that they have proper privileges, and (3) for podiatric surgery the special case permits podiatric surgeons to do the H&P provided that they have the proper privileges. In such circumstances, an interval admission note that includes all additions to the history and any subsequent changes in physical findings must always be recorded within twenty-four (24) hours of admission. Prenatal records shall be accepted for thirty (30) ~~seven (7)~~ days before the expected date of confinement. An interval admission note is required.

Neurosciences Strategic Plan

TO: PPH Board of Directors
DATE: October 8, 2007
FROM: Strategic Planning Committee on September 18, 2007
BY: Kwaja Floyd, IS Analyst – Security Compliance

BACKGROUND: This Strategic Plan provides an analysis and evaluation of the research behind and the necessary steps to implement a Neurosciences Institute at Palomar Pomerado Health. The proposed plan organized existing services and recommended new programs to offer a comprehensive neurological continuum.

The plan for the Neurosciences Institute has been designed to ensure PPH fulfills the commitment of providing accessible services to our community and improving the quality of life of our patients. The methods of analysis included trend, market, product line, gap, and financial.

Much discussion ensued about different methodologies and strategies that could be undertaken, and the next step to be taken would be to do a business plan.

BUDGET IMPACT: None

COMMITTEE RECOMMENDATION: For information and discussion only.

COMMITTEE RECOMMENDATION:

Information: X

Driving Innovation Programs

TO: PPH Board of Directors
DATE: October 8, 2007
FROM: Strategic Planning Committee on September 18, 2007
BY: Orlando Portale, Chief Technology and Innovation Officer

BACKGROUND: PPH recently created a new position for a Chief Technology and Innovation Officer to be a catalyst to move PPH forward in researching and adopting new technologies and innovative opportunities. Orlando Portale presented a framework for PPH to drive innovation programs in our organization.

Michael Covert explained that our desire has been to be an innovative organization, and that he brought Orlando in to help jump-start this. We need to be innovative from the inside, but also to get external partners to work with us on innovative projects.

Orlando explained that he views his role as an accelerant, and that Management's role will be to execute the methods of innovation. He further added that increased competitiveness will allow us to produce more competitive, creative ideas, and we will realize a return on investment on these ideas when they come to fruition. We need to infuse innovation into our business strategy, and leverage technology and innovation to improve the health of our community.

Orlando discussed many applications of innovative technology that are already in use, including the Life Bed, which measures respiration and heart rate (Mary Oelman is looking at piloting this at Pomerado), Remote Presence Robotics, and Programmable Home Health Monitoring Devices.

Dr. Rivera suggested having Orlando make a presentation to the full Board of Directors, and Michael Covert suggested that this could be done as a Board education session once the Board selects a replacement for Gary Powers.

BUDGET IMPACT: Unknown

COMMITTEE RECOMMENDATION: For information only.

COMMITTEE RECOMMENDATION:

Information: X

Status of the Internal Audit Committee

TO: Board of Directors
DATE: October 8, 2007
FROM: Internal Audit Committee
September 26, 2007
BY: Thomas Boyle, Director Internal Audit Services

Background: This was for information only. In attendance were Directors Rivera and Krider, and Bob Hemker, CFO.

1. Approved Minutes of July 19, 2007 Meeting
2. Deloitte & Touche - FYE Audit Report
3. KPMG – Status of COBIT Implementation
4. Update – Audit Legal Issue

Budget Impact: None
Staff Recommendation: None
Committee Questions: None
Next Meetings: To be determined

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information: X

Required Time:

**Draft Audited Financial Statements for Years Ended June 30, 2007 and 2006
& Independent Auditors' Report**

TO: Board of Directors

DATE: Monday, October 8, 2007

FROM: Board Finance Committee
Tuesday, September 25, 2007

BY: Bob Hemker, CFO
Tim Nguyen, Corporate Controller

BACKGROUND: The draft Audited Financial Statements for the Years Ended June 30, 2007 and 2006, and the Independent Auditors' Report are respectfully submitted for approval.

NOTE: The draft Audited Financial Statements and Independent Auditors' Report were being finalized at the time of the agenda release. They will be forwarded under separate cover upon receipt, with an anticipated release by October 3, 2007.

Additionally, the Auditor's Report and review of engagement were presented to the Internal Audit Committee at its September 26, 2007 meeting.

BUDGET IMPACT: N/A

STAFF RECOMMENDATION: Approval of the draft Audited Financial Statements for the Years Ended June 30, 2007 and 2006, and the Independent Auditors' Report as submitted.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION: As the final draft was not available for review at the Board Finance Committee meeting, the draft Audited Financial Statements for the Years Ended June 30, 2007 and 2006, and the Independent Auditors' Report will be reviewed via Discussion Agenda at the Board meeting.

Motion:

Individual Action:

Information:

Required Time:

RAC Audits

TO: Board of Directors

MEETING DATE: Monday, October 8, 2007

FROM: Board Finance Committee
Tuesday, September 25, 2007

BY: Melanie Van Winkle, Executive Director Revenue Cycle
Bob Hemker, CFO

Background: At the September 4, 2007, Board Finance Committee meeting, the members requested an update on the RAC Audit process, current impact to PPH, and potential for future adjustments.

At the September 25, 2007, Board Finance Committee meeting, Melanie Van Winkle presented the attached overview of the RAC audits and current impacts to PPH.

Budget Impact: To be determined over the course of the audits

Staff Recommendation: Information Only

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

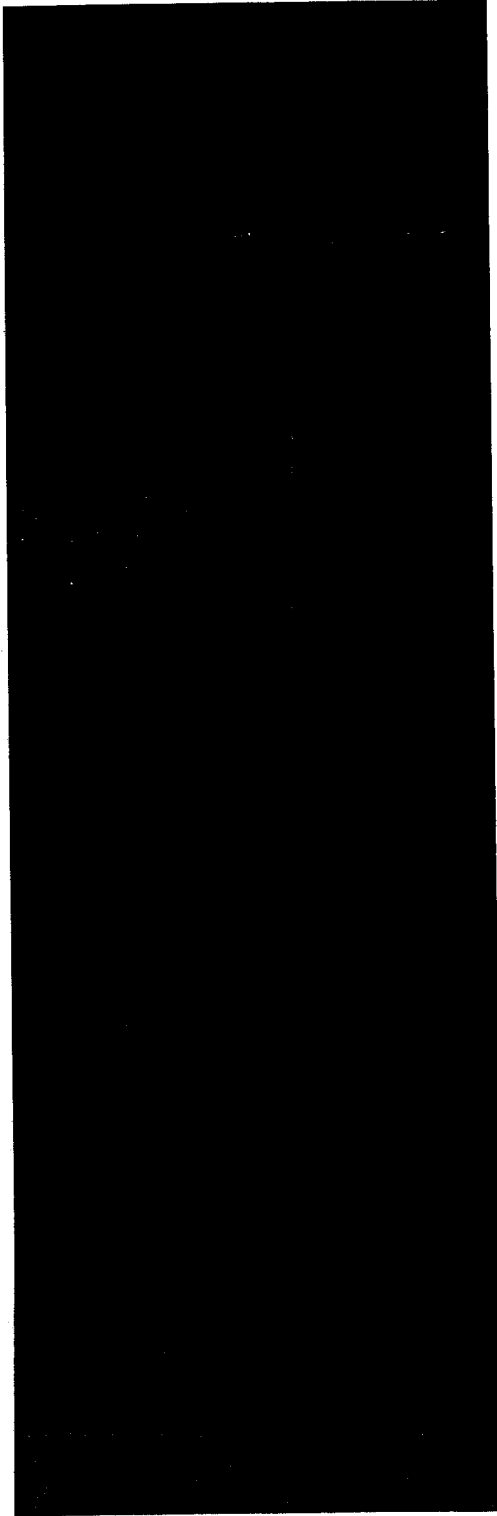
Information: X

Required Time:

Recovery Audit Contractors (RAC)

Finance Committee

September 25, 2007



PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

RAC Audits

- RACs Recover Audit Contractors
- 3 year demonstration project to reduce Medicare overpayments
- California, New York & Florida
- Contracting contractor is PRG Schultz
- 1300000000 2005
- Contractors paid on a contingency basis

RAC Audits – Demonstration Results

- * Overpayments recovered = \$68.6M
- * Underpayments paid = \$2.9M
- * \$200 million in collection recovery
- * Total net over payments = \$303.5M
- * DCA 9-30-01 through 9-30-05
- * OIG will expand – nationwide by
- * 2008 will make permanent

RAC Audits

- Process for RAC Audits
 - Provider letter requesting copies of MR –
- Payment for each account
 - Provider views and sends f/u letters
 - Provider sets deadline for rebuttal if RAC determines
- Provider payment
 - Provider recoup taken with regular remits
 - Provider appeal to Administrative Law Judge
- Significant administrative burden
- Provider requested a limit of 50 records request

RAC Audits – PPH Impact

- Started January 2006
- 1,000 medical record copy requests
- 700 to findings
- 200 audits
- 100% of audits being reviewed

RAC Audits – PPH Impact (so far)

* Medicare has recouped funds

* Medicare encounters ~ \$2.6 million

* Acute Rehab ~ \$1.6M

* Day Stays/Observation ~ \$500K

* various diagnosis ~ \$500K

RAC Audits – PPH Impact

• 1 Day stays

• 100% of receiving letters in April 2007

• 100% request (so far)

• 100% pending

• 100% (so far) – 94% rate

• 100% for IP stay – should be observation or
Observation criteria

• 100% (so far) – Chest Pain, Transient

• 100%



RAC Audits – PPH Impact

- Other (coding/billing/other)
- ICD-9 86.27 – Wound debride & skin graft
- ICD-9 92.97 – Coagulation disorders
- ICD-9 046 – Septicemia
- ICD-9 51.31 – Pleural effusion w/CC
- ICD-9 51.91 – Chronic respiratory DRG's

RAC Audits – PPH Strategy

- New interdisciplinary RAC
- Developing Standardized processes
- Data review – track all results
- Address appeal actions
- Ensure issues causing denial have been addressed/fixed

Retail Health Clinics

TO: Board of Directors

MEETING DATE: Monday, October 8, 2007

FROM: Board Finance Committee
Tuesday, September 25, 2007

BY: Sheila Brown, BSN, MBA, FACHE; Chief Clinical Outreach Officer
Stonish Pierce, MHA; Manager, Clinical Outreach Services

BACKGROUND: Given the rise of consumer-directed health care and Americans expending more of their personal dollars on healthcare than ever before, retail health clinics have grown tremendously over the last two years with 700 clinics expected to be in operation by the end of 2007. Retail clinics are providing consumers with another option to have their non-emergent healthcare needs addressed, reducing congestion for non-emergent care in emergency rooms and urgent care centers and improving access to care for many who would have forgone treatment. Nationally, several progressive health care systems have branded their own clinics. In addition to the enhanced marketing and brand exposure, establishing retail clinics will align with the PPH vision to [increase] access to *comprehensive services*, serve as a new referral source for affiliated physicians and further enhance PPH's continuum of care.

Supervalu, Inc., is a \$44B corporation with expertise in grocery and supply chain operations along with experience in retail clinic, banking and retail franchising. *Albertsons/Sav-On Pharmacy* stores are one of many retail chain banners owned nationally by Supervalu, Inc. Entering into the proposed "partnership" with Supervalu, Inc., further presents PPH with potential opportunities for future partnerships in supply chain operations, pharmacy services and corporate health.

BUDGET IMPACT: (\$277,026.71), which includes tenant improvements; staffing and physician oversight stipends; EHR implementation costs; leasing fees; and the initial purchase of durable equipment, non-durable supplies and vaccinations. Expected payback: 62.8 months (5.2 years).

FY Ending	Projected Patient Visits	Operating Revenue	Operating Expenses	Net Income
2008	10,925	\$ 663,538	\$ 940,564	\$ (277,026.71)
2009	12,018	\$ 767,004	\$ 973,230	\$ (206,225.32)
2010	13,220	\$ 884,529	\$ 1,005,049	\$ (120,519.95)
2011	14,542	\$ 988,836	\$ 881,994	\$ 106,841.68
2012	15,996	\$ 1,135,707	\$ 914,979	\$ 220,728.57
2013	17,595	\$ 1,319,660	\$ 953,287	\$ 366,372.76
2014	19,355	\$ 1,529,046	\$ 989,453	\$ 539,593.09

STAFF RECOMMENDATION: Staff recommends that PPH sign the five-year Convenience Clinic License Agreement with Supervalu, Inc., to establish the first retail-based health clinics in San Diego County and only the second of such clinics to be established by a health system in the state of California.

COMMITTEE RECOMMENDATION: The Board Finance Committee recommends that PPH sign the five-year Convenience Clinic License Agreement with Supervalu, Inc., to establish the first retail-based health clinics in San Diego County and only the second of such clinics to be established by a health system in the State of California.

Motion:

Individual Action:

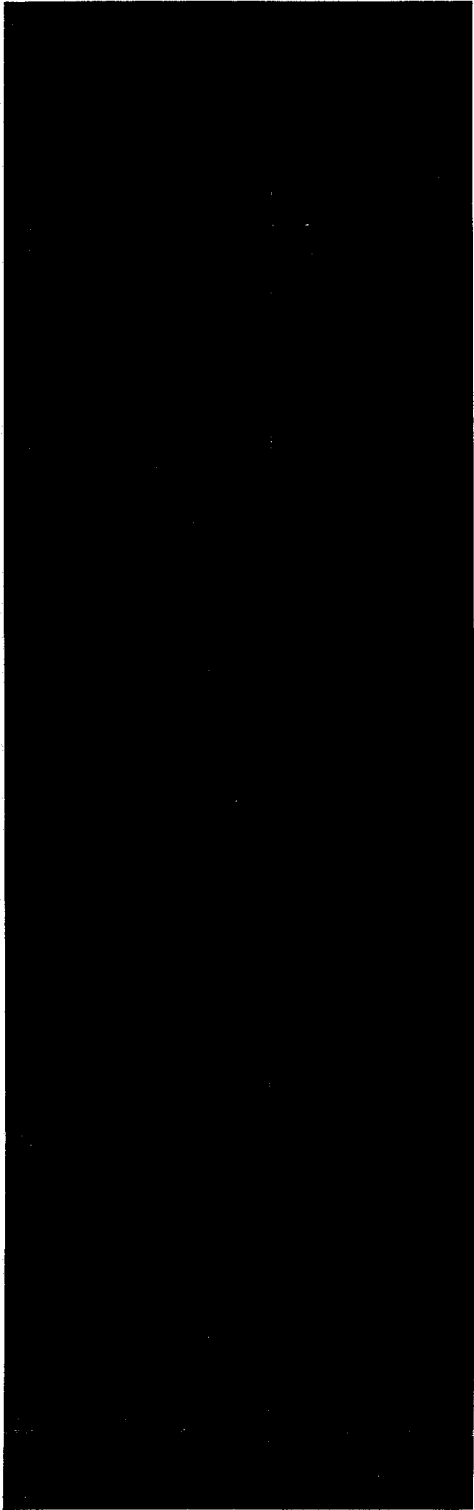
Information:

Required Time:

PPH *expresscare*

Financial Planning Update

Presented by: Bob Hemker and Stonish Pierce
Board Finance Committee Meeting
September 25, 2007



**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

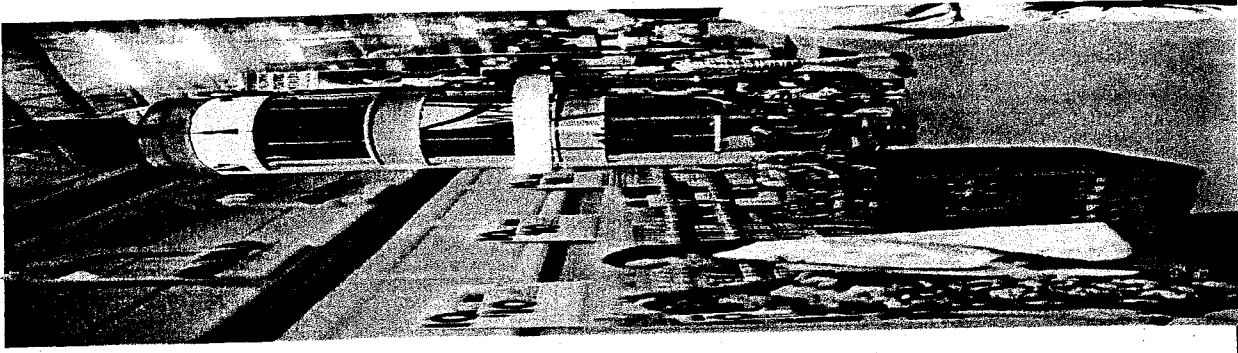
Comparison: Start-Up Costs

April 2007

- Capital: \$24,120
- IT/Phone \$70,126
- Minor Equipment: \$9,251
- Non-durable equipment/supplies: \$17,105
- Vaccinations: \$11,882

September 2007

- Capital: \$24,120
- IT/Phone \$70,126
- Minor Equipment: \$9,251
- Non-durable equipment/supplies: \$17,105
- Vaccinations: \$11,882



**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

Summary of Changes

April 2007

- Labor Expense: 2.00 FTEs
- No per-diem staff

▪ Tenant Improvements: \$700,781

▪ Estimated Square Footage: 316 sq²

- Exam room
- Retailer approved floor plan
- "Shelled" restroom area

▪ Final Negotiated Leasing Rate

▪ Marketing: \$30,000

- Per-diem staff as in-kind

▪ Miscellaneous Costs

September 2007

- Labor Expense: 5.80 FTEs
- Per-diem staff

▪ Tenant Improvements: \$339,252

▪ Estimated Square Footage: 350 sq²

- Combined exam room/office
- Retailer approved floor plan
- "Shelled" restroom area

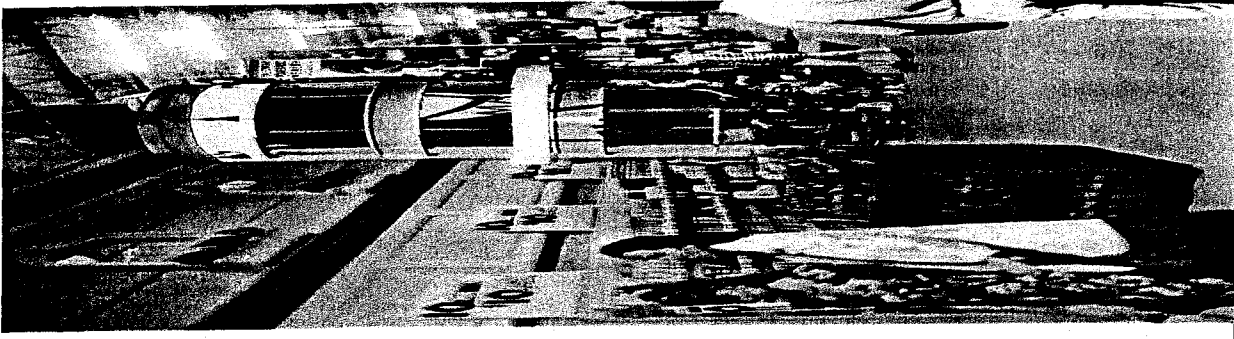
▪ Final Negotiated Leasing Rate

- Includes revised square footage

▪ Marketing: \$30,000

- Reflect true cost of program

▪ Miscellaneous Costs



Revised Staffing Requirements

• Nurse Practitioners

• Clinical Nurse Specialists (full-time)

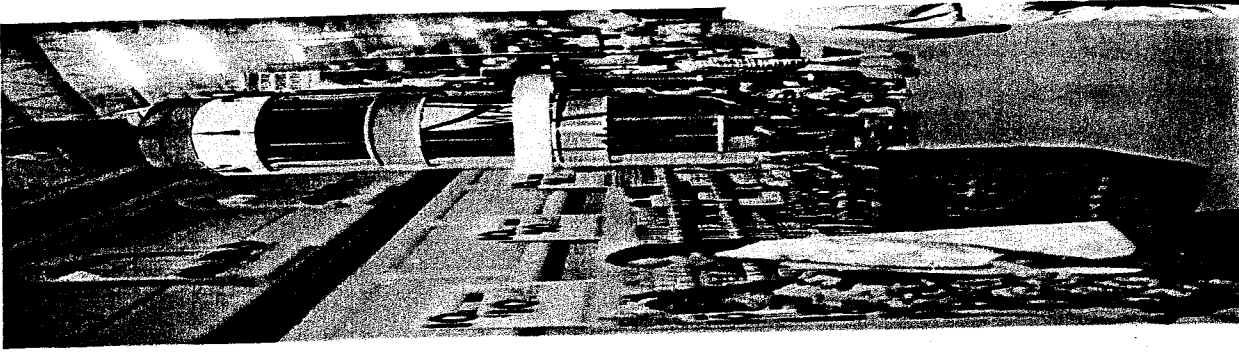
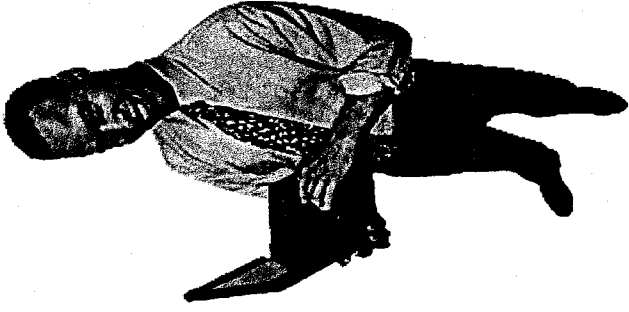
• Nurse Anesthetists (NAs)

• Program Management

• Clinical Nurse Educators (full-time)

• Professors/Instructors

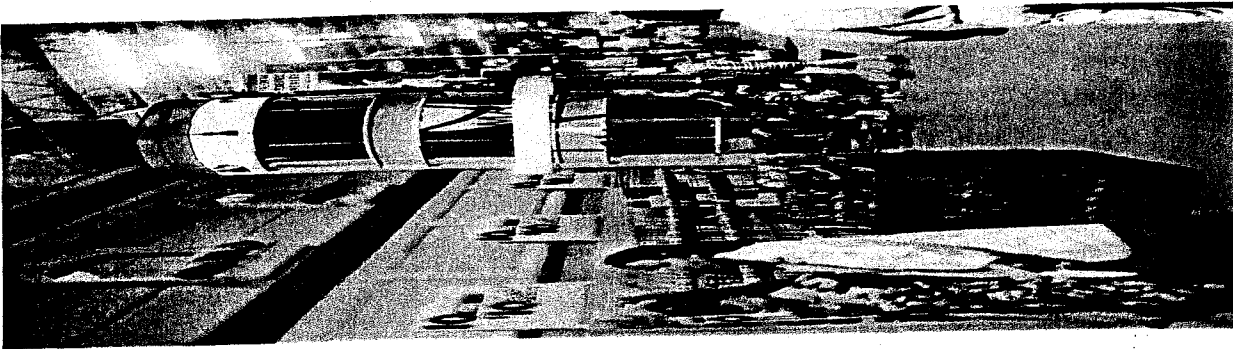
• Medical Directors (stipends)



**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

Key Financial Indicators April 2007 v. September 2007

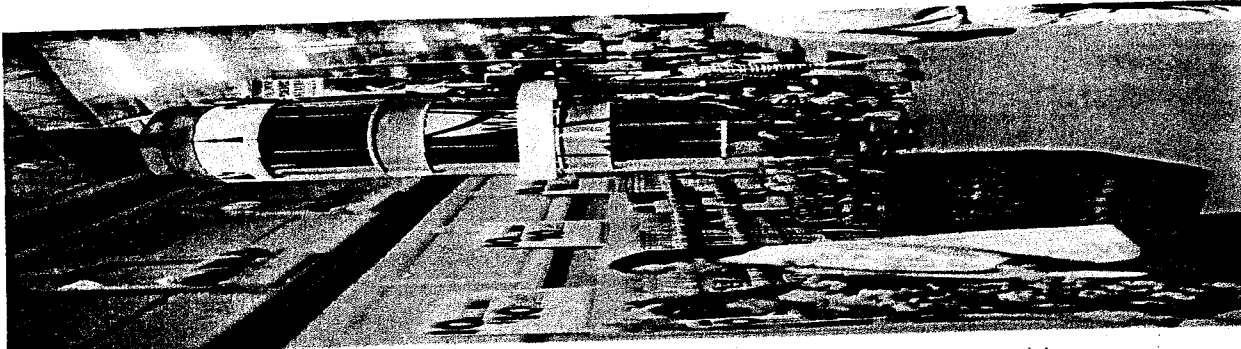
April 2007	September 2007
▪ 11.4% IRR	▪ 11.4% IRR
▪ \$304,685 NPV	▪ \$304,685 NPV
▪ 5.2 year payback period	▪ 5.2 year payback period
▪ \$339,252 tenant improvements	▪ \$339,252 tenant improvements
▪ Year 6: cumulative cash flow	▪ Year 6: cumulative cash flow
▪ \$621,500 annual operating expenses	▪ \$652,689 annual operating expenses



**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

**PALOMAR POMERADO HEALTH
RETAIL CLINICS IMPLEMENTATION
CASH FLOW ANALYSIS - 2 CLINICS**

	Initial Cash Outlay	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7
Cumulative Cash Flow	(442,749)	(576,787)	(640,024)	(617,555)	(507,267)	(283,093)	86,725	629,764
Capital Equipment	24,120							
Tenant Improvements	339,252							
Start Up Costs	79,377							
NPV	304,686							
Discount Rate	5.00%							
IRR	11.36%							
Pay Back in Years	5.2							
Patient Visits:								
Total Potential Visits		20,448	20,448	20,448	20,448	20,448	20,448	20,448
Projected Actual Visits		10,925	12,018	13,220	14,542	15,996	17,595	19,355
Total Projected Actual Visits		321	353	388				
Total Gross Revenue		663,538	767,004	884,529	988,836	1,136,707	1,319,660	1,529,046
OPERATING EXPENSES								
Labor Expense		5.80	5.80	5.80	5.80	5.80	5.80	5.80
Total FTEs		426,696	443,764	461,515	479,975	499,174	519,141	539,907
Salaries/Wages/PTO:		94,328	98,101	102,025	106,106	110,350	114,764	119,355
Per Diem		521,024	541,865	563,540	585,082	609,525	633,906	659,282
Total Salaries/Wages		51,204	53,252	55,382	57,597	59,901	62,297	64,789
Direct Benefits		42,670	44,376	46,151	47,998	49,917	51,914	53,991
Indirect Benefits		614,898	639,494	665,073	691,676	719,343	748,117	778,042
Total Labor and Benefit Expense		28,800	29,520	30,258	31,014	31,790	32,585	33,399
Other Non-Labor Expense		17,105	19,243	21,949	24,355	27,399	30,824	34,677
Physician Fees		11,882	13,367	15,038	16,822	18,730	20,764	22,929
Supplies		37,800	37,800	37,800	37,800	37,800	37,800	37,800
Immunization and Vaccination Supplies		55,626	57,017	58,442	59,903	61,401	62,936	64,509
Building Rental		30,000	30,000	30,000	30,000	30,000	30,000	30,000
IT Support / Telephone		3,800	3,800	3,800	3,800	3,800	3,800	3,800
Marketing Expense		1,464						
Press Ganey patient satisfaction		182,678	190,747	196,987	186,873	192,190	201,725	207,966
Pagers (one-time expense)								
Total Other Non-Labor Expense		3,446	3,446	3,446	3,446	3,446	3,446	3,446
Depreciation and Amortization		113,084	113,084	113,084	113,084	113,084	113,084	113,084
Depreciation		26,459	26,459	26,459	26,459	26,459	26,459	26,459
Amortization of TI's (3 years)		142,989	142,989	142,989	142,989	142,989	142,989	142,989
Amortization of Start-up Costs (3 years)		940,564	973,230	1,005,049	851,994	914,979	953,287	989,453
Total Depreciation and Amortization		(277,027)	(206,226)	(120,520)	105,842	220,729	366,373	639,593
Net Income	(442,749)	(134,038)	(63,236)	22,469	110,287	224,174	369,818	543,039
Net Change in Cash Flow (Excludes Depreciation/Amortization)		10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Visit Growth		59.00 %	62.00 %	65.00 %	68.00 %	71.00 %	75.00 %	79.00 %
Initial Charge Per Visit (excludes DME)		5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%
Gross Charge Increase		4.0%	4.0%	4.0%	4.0%	4.0%	4.0%	4.0%
Labor Inflation		2.5%	2.5%	2.5%	2.5%	2.5%	2.5%	2.5%
Non Labor Inflation		12%	12%	12%	12%	12%	12%	12%
Direct Benefit %		10%	10%	10%	10%	10%	10%	10%
Indirect Benefit %		12.0	12.0	12.0	12.0	12.0	12.0	12.0
Non Labor Inflation (Building Rental)		62.8						
Pay Back in months								



**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

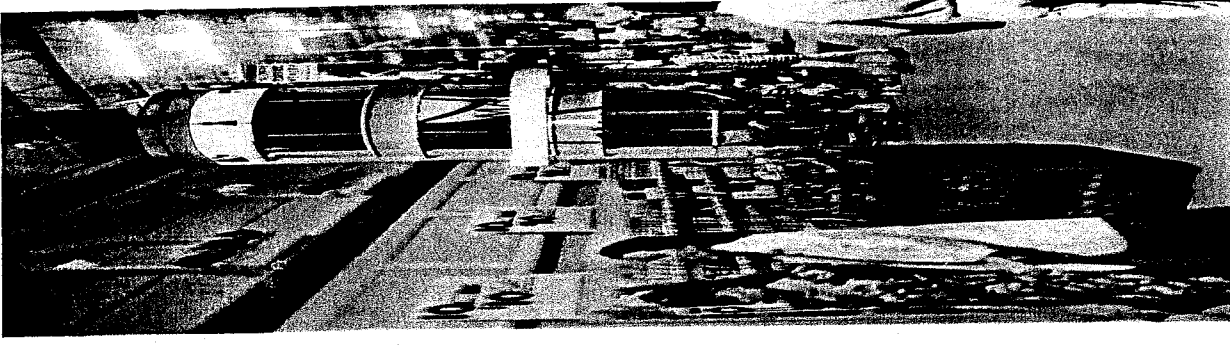
Net Income Projections: 2008-2014

April 2007

FY Ending	Projected Patient Visits	Operating Revenue	Operating Expenses	Net Income
2008	11,246	\$ 663,538	\$ 767,195	\$ (103,656.93)
2009	12,371	\$ 767,004	\$ 793,818	\$ (26,813.78)
2010	13,608	\$ 884,529	\$ 821,783	\$ 62,746.24
2011	14,969	\$ 1,017,889	\$ 757,795	\$ 260,094.32
2012	16,466	\$ 1,169,076	\$ 788,738	\$ 380,337.42
2013	18,112	\$ 1,358,433	\$ 821,339	\$ 537,094.39
2014	19,924	\$ 1,573,971	\$ 855,723	\$ 718,248.33

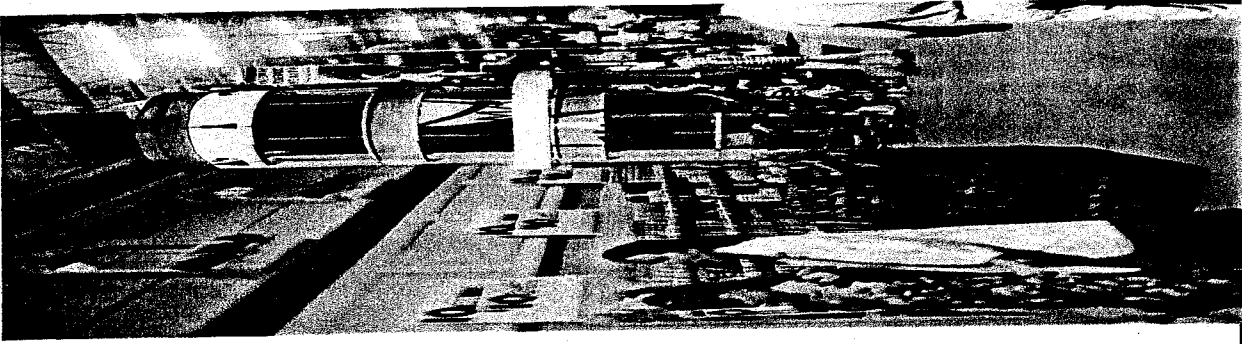
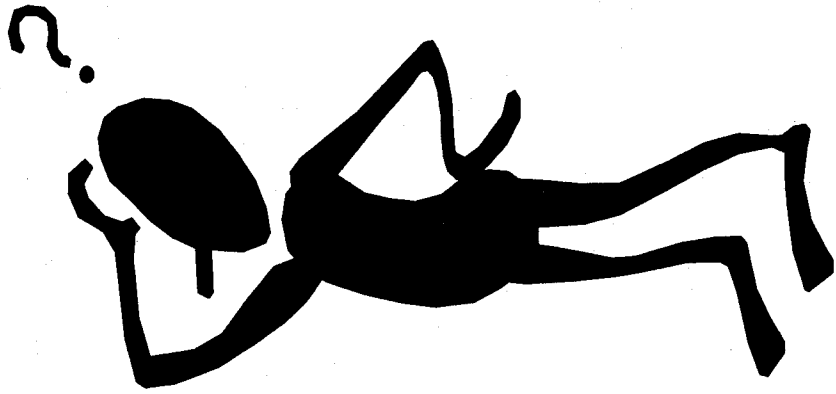
September 2007

FY Ending	Projected Patient Visits	Operating Revenue	Operating Expenses	Net Income
2008	10,925	\$ 663,538	\$ 940,564	\$ (277,026.71)
2009	12,018	\$ 767,004	\$ 973,230	\$ (206,225.32)
2010	13,220	\$ 884,529	\$ 1,005,049	\$ (120,519.95)
2011	14,542	\$ 988,836	\$ 881,994	\$ 106,841.68
2012	15,996	\$ 1,135,707	\$ 914,979	\$ 220,728.57
2013	17,595	\$ 1,319,660	\$ 953,287	\$ 366,372.76
2014	19,355	\$ 1,529,046	\$ 989,453	\$ 539,593.09



PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

Questions



PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

