

FINANCE COMMITTEE MEETING

*(BOARD MEETING WITH RESPECT TO
BOARD MEMBERS ON THE COMMITTEE)*

**Posted
Mailed (US & E-mail)
Faxed
March 20, 2008**

Tuesday, March 25, 2008
5:30 p.m. (Buffet Dinner for Committee Members & Invited Guests *only*)
6:00 p.m. Meeting

Palomar Medical Center
555 East Valley Parkway, Escondido, CA
Graybill Auditorium

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER			6:00 p.m.
➤ Public Comments	5		6:05 p.m.
➤ Information Item(s)			
• ICOC – Update on Vacancies	5		6:10 p.m.
1. * Approval: Minutes – Tuesday, February 26, 2008 (<i>Addendum A</i>).....	5	Ag2	6:15 p.m.
2. * Review/Approval: Auction Rate Securities	45	Ag3	7:00 p.m.
3. * Review/Approval: LAIF Depository Account for Bond Proceeds	10	Ag4	7:10 p.m.
4. * Review/Approval: Physician Recruitment Agreement	5	Ag5-7	7:15 p.m.
• Ving Yam, D.O. – Family Practice			
5. * Review/Approval: Medical Director Agreement	5	Ag8-11	7:20 p.m.
• Charles Callery, MD – Physician Advisor POM Bariatric Program			
6. * Review/Approval: Revised Board Charity Care Policy	10	Ag12-13	7:30 p.m.
7. * Review/Approval: Weight Solutions Program (<i>Addendum B</i>)	20	Ag14	7:50 p.m.
8. * Approval: February 2008 & YTD FY2008 Financial Report (<i>Addendum C</i>).....	20	Ag15	8:10 p.m.
FINAL ADJOURNMENT			8:10 p.m.

***NOTE: If you have a disability, please notify us 72 hours
prior to the event so that we may provide reasonable accommodations.***

Minutes
Finance Committee – Tuesday, February 26, 2008

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, February 26, 2008, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the Tuesday, February 26, 2008, Board Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Auction Rate Securities

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: Bob Hemker, CFO

Background: In December 2006, PPH closed a Revenue Bond financing through the issuance of \$180 million of Auction Rate Securities (ARS) in 3 Series of \$60 million each. The ARS instrument was utilized in lieu of Fixed Rate Bonds based upon significant due diligence, establishment of a Board variable rate debt policy, tolerance for risk, safety of ARS instruments, significant debt service savings, and stability of the marketplace related to ARSs. This form of financing had been widely utilized by well respected healthcare entities

Until the week of February 11, 2008, the performance on the ARS weekly resets of PPH bonds was performing well - averaging 3.79%. However, the recent market turmoil related to ARSs, ratings of Bond Insurers, etc., has caused significant uncertainty in the ARS marketplace (approx. \$325 billion of issued debt). These market conditions and uncertainty have resulted in interest rate resets at significantly higher levels, including failed auctions in many cases. While PPH has not had any failed auctions, resets have ranged from 6.7% to 10% on each of the Series. As a result, we are evaluating options that include the use of Variable Rate Demand Obligations (VRDOs) and/or refunding to fixed rate bonds to mitigate the interest rate exposure while the future of ARS instruments is defined by the marketplace.

The Bond Financing Team will present an in-depth assessment of the current conditions (in that they are changing rapidly, information will be updated to the time of the Committee meeting and, therefore, will be provided at the meeting), options available to PPH on a go-forward basis, and a recommended strategy.

Budget Impact: TBD based upon strategy utilized and market conditions at the time of executing the strategy.

Staff Recommendation: Staff will recommend a go-forward strategy at the meeting and will request approval to proceed on executing the recommended strategy.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

LAIF Depository Account

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: Bob Hemker, CFO

Background: Information regarding the use of the Local Agency Investment Fund (LAIF) in the State Treasury as a depository for current authorized bond proceeds, along with the requisite resolution, will be presented at the meeting.

Budget Impact: N/A

Staff Recommendation: Recommendation will be made at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Physician Recruitment Agreement

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: Marcia Jackson, Chief Planning Officer

Background: The PPH community lacks an adequate number of primary care physicians as verified by Medical Development Specialists, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract additional Family Medicine physicians to relocate to Inland North San Diego County. Ving Yam, D.O. has signed the PPH Physician Recruitment Agreement in order to establish a practice in Escondido, CA. He intends to begin practicing in April 2008 with Dr. Weinberg.

Budget Impact: None

Staff Recommendation: Approval of the Physician Recruitment Agreement with Dr. Yam and recommend approval by the full Board of Directors.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action: X

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Recruitment Agreement—Family Medicine
	AGREEMENT DATE	
	PARTIES	1) PPH 2) Ving Yam, D.O.
Recitals	PURPOSE	Provide recruitment assistance to enable Dr. Yam to establish a full-time Family Medicine practice in Escondido
Article 4	SCOPE OF SERVICES	Dr. Yam will establish a full-time Family Medicine practice in Escondido and will participate in government-funded programs.
2.1; 6.3; 6.4	TERM	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	RENEWAL	None available
Article 8; 9.17	TERMINATION	Contract stipulates conditions for termination
Article 2	COMPENSATION METHODOLOGY	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT: None
5.1; 9.19	EXCLUSIVITY	<input checked="" type="checkbox"/> No <input type="checkbox"/> YES – EXPLAIN: Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital. The contract does include a non-compete clause.
	PHYSICIAN MANPOWER STUDY	Medical Development Specialists, a national consulting firm who performed our Physician Manpower Study, completed an analysis which confirmed there is a justifiable community need for this recruitment
	EXTERNAL FINANCIAL VERIFICATION	<input checked="" type="checkbox"/> YES <input type="checkbox"/> No Methodology: Medical Development Specialists (MDS) developed a proforma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	LEGAL COUNSEL REVIEW	<input checked="" type="checkbox"/> Yes <input type="checkbox"/> No No exceptions to the standard agreement. Legal Counsel has approved this contract.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> General Counsel <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee on March 25, 2008 <input checked="" type="checkbox"/> BOD

**PRACTICE RECRUITMENT AGREEMENT
BETWEEN PALOMAR POMERADO HEALTH
AND
VING YAM, D.O.**

This is an Agreement dated February 16, 2008 (“**Agreement**”) between Palomar Pomerado Health, a California health district organized under Section 23 of the Health and Safety Code (“**PPH**”), and Ving Yam, D.O. (“**Physician**,”) collectively hereinafter the “**parties**”).

PPH owns and operates Palomar Medical Center, an acute-care hospital located in Escondido, California and Pomerado Hospital, an acute-care hospital in Poway, California, collectively hereinafter “**PPH**”. The service area of PPH includes, but is not limited to, north San Diego County and other surrounding communities (“**Service Area**”).

PPH has determined that a portion of its Service Area has substantial unmet medical needs, evidenced by a population that is rapidly expanding and that is in need of services in Physician’s medical specialty. PPH has further determined that under available benchmark criteria, the number of physicians in its Service Area practicing in Physician’s medical specialty is insufficient to serve current and potential patients in need of such services.

PPH’s Service Area has not proven sufficiently appealing on its own to attract and retain a suitable number of physicians in Physician’s specialty. The Board of Directors of PPH has determined that it is within PPH’s mission to recruit a physician in Physician’s specialty who is willing to locate a medical practice in PPH’s service area, join the medical staff of PPH, provide a reasonable amount of charity care, and serve the medical needs of the community.

Physician is a medical doctor specializing in Family Medicine who has not previously practiced that specialty in PPH’s service area. Physician is willing to establish a medical practice in Escondido, California, on the terms and conditions set forth below, and PPH is willing to provide assistance to Physician to help establish such a practice:

Therefore, the parties agree as follows:

ARTICLE 1

DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms shall have the following definitions:

1.1.1 Approved Expenses. The term “*Approved Expenses*” shall mean the expenses listed in Exhibit B or that have otherwise been approved by PPH before they are incurred.

Physician Advisor Agreement for Bariatric Services Program

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: David Tam, CAO, Pomerado Hospital

BY: Steve Gold, District Administrator, SNF Services

Background: Charles Callery, M.D., will act as the Physician Advisor of the Bariatric Services Program of the Surgery Department at Pomerado Hospital. The Physician Advisor will assist PPH and its bariatric surgery program in successfully maintaining its designation as a center that has achieved credentialing with the American Society for Metabolic Bariatric Surgery (“ASMBS”) Center of Excellence. The Physician Advisor will be the designated Medical Director for bariatric surgery and will participate in the relevant decision-making administrative meetings of PPH.

Budget Impact: No Budget Impact, renewal of agreement

Staff Recommendation: Approval

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Physician Advisor Between Palomar Pomerado Health (Pomerado Hospital) and Charles Callery, M.D.
	AGREEMENT DATE	April 1, 2008
	PARTIES	1) PPH 2) Charles Callery, M.D.
	PURPOSE	Charles Callery, M.D. Physician Advisor shall act as the Physician Advisor of Bariatric Services Program of the Surgery Dept at Pomerado Hospital and as Medical Director for Bariatric Surgery.
	SCOPE OF SERVICES	Physician Advisor will assist PPH and its bariatric surgery program in successfully maintaining its designation as a center that has achieved credentialing with the American Society for Metabolic Bariatric Surgery (“ASMBS”) Center of Excellence. Physician Advisor will be the designated Medical Director for bariatric surgery and will participate in the relevant decision-making administrative meetings of PPH.
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	TERM	April 1, 2008 through March 31, 2010
	RENEWAL	N/A\
	TERMINATION	A. Immediately for cause B. Not less than 90 Days of written notice without cause
	COMPENSATION METHODOLOGY	Monthly Installments on or before the 15 th of the month with supporting documentation of the prior month’s time record
	BUDGETED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO – IMPACT:
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	Medical oversight for our Bariatric Surgical Program is a requirement of our credentialing with the American Society for Bariatric Surgery
	AGREEMENT NOTICED	<input type="checkbox"/> YES <input type="checkbox"/> NO Methodology & Response:
	ALTERNATIVES/IMPACT	Proceeding without this agreement would cause our services to be out of compliance with ASBS standards
	Duties	Provision for Staff Education Provision for Medical Staff Education Provision for participation in Quality Improvement Provision for participation in budget process development
	COMMENTS	
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee _Finance <input checked="" type="checkbox"/> BOD

PHYSICIAN ADVISOR AGREEMENT

between

PALOMAR POMERADO HEALTH

a local hospital district

and

Charles D. Callery, MD

April 1, 2008

PHYSICIAN ADVISOR AGREEMENT

THIS PHYSICIAN ADVISOR AGREEMENT (“Agreement”) is made and entered into effective April 1, 2008 by and between Palomar Pomerado Health System, a local health care district organized pursuant to Division 23 of California Health and Safety Code (“PPH”) and Charles D. Callery, MD (“Physician Advisor”).

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. Hospital performs Bariatric Surgery Services (“Services”).

C. Physician Advisor 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 General Surgery and Bariatric Surgery, and who is a member of the Medical Staff of Hospital (“Medical Staff”).

D. The Bariatric Surgery Department consists of facilities and equipment owned by Hospital and staffed by Hospital employees.

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

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

Charity Policy

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: Bob Hemker, CFO

BY: Melanie Van Winkle, Exec Director, Revenue Cycle

Background: This document defines Palomar Pomerado Health's (PPH) policy for the identification, documentation and handling of Financial Assistance (Charity Care). In accordance with its Statement of Mission, it is the policy of PPH to provide a reasonable amount of hospital services without charge to eligible patients who cannot afford to pay for care. In addition, PPH is regulated and follows the California Assembly Bill, AB774, which mandates certain practices as it relates to providing charity care or discounting for the uninsured or underinsured.

Budget Impact: None

Staff Recommendation: Board adoption of policy

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

I. PURPOSE:

This document defines Palomar Pomerado Health's (PPH) policy for the identification, documentation and handling of Financial Assistance (Charity Care). In accordance with its Statement of Mission, it is the policy of PPH to provide a reasonable amount of hospital services without charge to eligible patients who cannot afford to pay for care. In addition, PPH is regulated and follows the California Assembly Bill, AB774, which mandates certain practices as it related to providing charity care or discounting for the uninsured or underinsured.

II. DEFINITIONS:

Financial Assistance is defined as health care services provided for no charge or at a reduced charge to the patient (the term "patient" refers to the patient or guarantor ultimately responsible for the financial resolution of an account) who does not have or cannot obtain adequate financial resources to pay for his/her health care services. This is in contrast to bad debt, which occurs when a patient who, having the requisite financial resources to pay for health care services, has demonstrated by his/her actions an unwillingness to resolve his/her bill. Financial Assistance eligibility may be determined prior to or at the time of an admission, during a hospital stay or after a patient is discharged. Each situation is different and shall be evaluated at the time of the application based upon the patient's circumstances. Eligibility for Financial Assistance does not apply to services rendered by any physician, whether rendered on an inpatient or outpatient basis, or to health care providers other than PPH.

III. TEXT / STANDARDS OF PRACTICE:

A. The General guidelines for Financial Assistance approval are:

1. Patients who do not have or cannot obtain adequate financial resources to pay for their health care services.
2. Uninsured patients, as well as insured patients for the portion of their bill not covered by insurance, may be eligible.
3. Resources from third party payors, local charitable agencies, Queenscare, Victim of Crime, Medi-Cal, Healthy Families, etc. must be exhausted before a charity adjustment can be applied.
4. Only hospital services provided by PPH shall be considered.
5. Eligibility determinations shall be based primarily upon income and family size. While expenses and other factors may be considered, these shall not serve as the primary basis for determining eligibility.

B. Clinical Determination:

The evaluation of the necessity for medical treatment of any patient shall be based upon clinical judgment, regardless of insurance or financial status, in compliance with PPH's Statement of Mission. The clinical judgment of the patient's personal physician or the Emergency Department (ED) staff physician shall be the primary determining criteria for a patient's admission. In cases where an emergency medical condition exists, any evaluation of possible payment alternatives shall occur only after an appropriate medical screening examination has occurred and necessary stabilizing services have been provided in accordance with all applicable State and Federal laws and regulations.

C. Exclusions:

Patients who are not permanent citizens or permanent residents of the United States.

IV. ADDENDUM:

V. DOCUMENT / PUBLICATION HISTORY:

VI. CROSS-REFERENCE DOCUMENTS:

Charity Care Services at PPH (Procedure #2467)
Self Pay Discounting and Extended Payment Plan (Procedure #25853)
Undocumented Compensation Program (Procedure #26152)

Weight Solutions

TO: Board Finance Committee
MEETING DATE: Tuesday, March 25, 2008
FROM: Kris Hedges, System Director DiabetesHealth

Background: A presentation will be made (*Addendum B*) with a recommendation for approval of Weight Solutions, a continuum of care option for individuals seeking weight loss, medically supervised weight loss, and weight maintenance programs.

Budget Impact: As shown in the following table, Weight Solutions will have a positive annual financial impact to PPH, beginning in the first year.

	Year 1	Year 2	Year 3	Year 4	Year 5
Gross Rev	\$723,711	\$1,073,323	\$1,498,579	\$1,723,366	\$1,895,702
Expenses	<u>\$665,083</u>	<u>\$877,145</u>	<u>\$1,181,679</u>	<u>\$1,405,445</u>	<u>\$1,543,033</u>
Net Rev	\$58,628	\$196,178	\$316,900	\$317,921	\$352,669

Staff Recommendation: Approval and implementation

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

February 2008 & YTD FY2008 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, March 25, 2008

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for February 2008 and YTD FY2008 are submitted for the Finance Committee's approval (*Addendum C*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time: