

ADDENDUM A

**PALOMAR POMERADO HEALTH
FINANCE COMMITTEE MEETING
(BOARD MEETING WITH RESPECT TO BOARD MEMBERS ON THE COMMITTEE)**

**ATTENDANCE ROSTER & MEETING MINUTES
CALENDAR YEAR 2007**

MEMBERS	MEETING DATES:										
	1/23/07	2/27/07	3/27/07	4/27/07	5/29/07	6/26/07	7/31/07	8/28/07	9/25/07	10/30/07	12/4/07
NANCY BASSETT, R.N.	P	P	P	P	P						
LINDA GREER, R.N.	P	E	P	P	P						
TED KLEITER – CHAIR	P	P	E	P	P						
MARCELO RIVERA, M.D.	P	P	P	P							
MICHAEL COVERT, FACHE	P	P	P	P	P						
BEN KANTER, M.D.	E	P	P	P	P						
ROBERT TRIFUNOVIC, M.D.	E	E	E	E	P						
<i>BRUCE KRIDER – ALTERNATE</i>			P								
<i>GARY POWERS – 2ND ALTERNATE</i>		P	P								
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P	P						
GERALD BRACHT	P	P	P	E	P						
STEVE GOLD	P	P	P	P	P						
TANYA HOWELL – SECRETARY	P	P	P	P	P						
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
MEETING LOCATION	Meeting Room E, Pomerado Hospital, 15615 Pomerado Road, Poway, CA		
MEETING CALLED TO ORDER	6:00 p.m. by Chair Ted Kleiter		
ESTABLISHMENT OF QUORUM	See roster		
PUBLIC COMMENTS	There were no public comments		
ADJOURNMENT TO CLOSED SESSION	<p>The meeting adjourned to Closed Session at 6:01 p.m. ~ pursuant to California Government Code §54956.8 CONFERENCE W/REAL PROPERTY NEGOTIATORS <i>Property: Grandesco Building, 456 East Grand Avenue, Escondido, CA</i> <i>An approximate 14,319 square foot building and companion lot, exact legal description to be provided in escrow</i></p> <p><i>Agency Negotiator: Robert Hemker, CFO, PPH</i> <i>Negotiating Parties: Dave Baker and Steve Knight, and Robert Hemker</i> <i>Under Negotiation: Instruction to Negotiator will concern Agency's interest in land, building, price and terms of payment</i> <i>Estimated Date of Public Disclosure: May 2007</i></p> <p>~Anticipated Action</p>		
OPEN SESSION RESUMED	Chairman Kleiter called the Open Session back to Order at 6:32 p.m.		
ACTION RESULTING FROM CLOSED SESSION DISCUSSION		MOTION: By Director Rivera, seconded by Director Kleiter and carried to recommend that Management be authorized to proceed with the purchase agreement as negotiated	Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval
INFORMATION ITEM(S)	<ul style="list-style-type: none"> • Standard & Poors (S&P) <ul style="list-style-type: none"> o S&P changed rating criteria nationwide <ul style="list-style-type: none"> ▪ Used to look at credit of underlying payors ▪ S&P didn't look at us as district and made no in-depth review ▪ One day after phone interview report was already issued – no preview offered ▪ Issued rating changes on 17 credits ▪ PPH rating went from AA- to BBB+ o Citigroup & Kaufman Hall were unaware this was happening <ul style="list-style-type: none"> ▪ Industry as a whole was also caught off guard ▪ Legal is reviewing 	Information Only	

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o S&P had issues regarding bankruptcy o No impact on current GO Bond or Revenue Bond dollars <ul style="list-style-type: none"> ▪ Some funds might be unable to purchase GO Bonds if only one rating is provided or if S&P is not rating agency 		
1. MINUTES – APRIL 24, 2007	A typographical error in Chairmanship at the April meeting was clarified and will be corrected. No further discussion.	MOTION: By Director Greer, seconded by Director Kleiter, and carried to approve the minutes from the April 24, 2007, Board Finance Committee meeting as corrected	
2. MEDICAL DIRECTOR AGREEMENTS			
STEVE M. KURIYAMA, M.D.	MEDICAL DIRECTOR FOR THE PPH INFECTIOUS DISEASE PROGRAM <ul style="list-style-type: none"> • 3-year term at both campuses <ul style="list-style-type: none"> o What is Kuriyama's role at POM? <ul style="list-style-type: none"> ■ Responsible for reviewing infection control nurses – does not cover referrals or consults – purely for oversight ■ Technical backup for staff ■ Hours are as outlined in agreement – whatever goes with the duty 	MOTION: By Dr Trifunovic, seconded by Director Kleiter, and carried to approve the three-year Medical Director Agreement for the PPH Infectious Disease Program with Steve M. Kuriyama, M.D. Director Bassett was absent from the room during this vote; Director Greer abstained	Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval
ANESTHESIA CONSULTANTS OF CA MEDICAL GROUP, INC.	MEDICAL DIRECTOR FOR ANESTHESIA SERVICES AT PMC AND ESCONDIDO SURGERY CENTER (ESC) <ul style="list-style-type: none"> • 5-year agreement <ul style="list-style-type: none"> o PMC in entirety for OR, and at ESC <ul style="list-style-type: none"> ■ Not at POM as it isn't a closed shop ■ Separate agreement with another group for POM OB o All medical anesthesia services o No active quality issues 	MOTION: By Director Rivera, seconded by Dr. Kanter, and carried to approve the five-year Medical Director Agreement for Anesthesia Services at PMC and ESC with Anesthesia Consultants of CA Medical Group, Inc. Director Greer abstained	Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval
JOHN T. STEELE, M.D.	MEDICAL DIRECTOR FOR THE TRAUMA PROGRAM AT PMC <ul style="list-style-type: none"> • No discussion 	MOTION: By Director Rivera, seconded by Director Bassett, and carried to approve the three-year Medical Director Agreement for the Trauma Program at PMC with John T. Steele, M.D. Director Greer abstained	Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
3. MEDICAL DIRECTOR AGREEMENT			
PAUL R. KEITH, M.D.	<p>TERM EXTENSION AS MEDICAL DIRECTOR FOR THE INPATIENT MENTAL HEALTH UNIT AT PMC</p> <ul style="list-style-type: none"> • Month-to-month, not to exceed December 31, 2007 <ul style="list-style-type: none"> o Susan Linback explained that the medical director structure is being revamped, and the position must be covered until those changes are finalized o Same terminology in all agreements that follow 	<p>MOTION: By Dr. Kanter, seconded by Director Bassett and carried to month-to-month extension of the Medical Director Agreement with Paul R. Keith, M.D., for the Mental Health Unit at Palomar Medical Center, commencing on January 1, 2007, and ending on December 31, 2007</p>	<p>Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval</p>
STEPHEN F. SIGNER, M.D.	<ul style="list-style-type: none"> • 3 different assignments, all reviewed and handled as one item: <ul style="list-style-type: none"> o TERM EXTENSION AS MEDICAL DIRECTOR FOR THE INPATIENT MENTAL HEALTH UNIT AT PMC o INTERIM MEDICAL DIRECTOR OF THE PSYCHIATRIC OUTPATIENT PROGRAM AT POM o INTERIM MEDICAL DIRECTOR OF THE GERO-PSYCHIATRIC UNIT AT POM <ul style="list-style-type: none"> ▪ Hospitalists are handling the medical side 	<p>MOTION: By Director Bassett, seconded by Director Greer, and carried to approve all three of the Medical Director Agreements with Stephen F. Signer, M.D.:</p> <p>1) The month-to-month extension of the Medical Director Agreement for the Mental Health Unit at Palomar Medical Center, commencing on January 1, 2007, and ending on December 31, 2007</p> <p>2) The Interim Medical Director Agreement for the Outpatient Behavioral Health Program at Pomerado Hospital, commencing on January 1, 2007, until such time as a permanent Medical Director can be recruited or determined</p> <p>3) The Interim Medical Director Agreement for the Gero-Psychiatric Unit at Pomerado Hospital, commencing on January 1, 2007, until such time as a permanent Medical Director can be recruited or determined</p>	<p>Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval.</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
4. PHYSICIAN RECRUITMENT AGREEMENT			
BRIDGETTE FRANNEY, M.D. AND CENTRE FOR HEALTHCARE	<p>Family Practice</p> <ul style="list-style-type: none"> o Jackie Forsythe <ul style="list-style-type: none"> ■ Manpower study 2 years ago and recently – high priority need for both campuses ■ Will help to begin filling need for 10-15 physicians ■ 18-month contract o Medi-Cal acceptance is part of the agreement, and must take all contracts from district <ul style="list-style-type: none"> ■ CHC must accept her Medi-Cal patients, even if she is not on duty 	MOTION: By Director Bassett, seconded by Director Rivera and carried to approve the Physician Recruitment Agreement with Bridgette Franey, M.D., and Centre for Healthcare	Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval
FINANCIAL REPORT APRIL 2007 & YTD F3Y2007	<p>Bob Hemker reviewed the April 2007 financial report, utilizing the presentation distributed as Addendum B in the agenda packet:</p> <ul style="list-style-type: none"> • Census remains strong & continues through May • Admissions ahead of trend, days not tracking the same <ul style="list-style-type: none"> o Lower LOS o Close to previous year and at budget • Patient days by month are right at budget but are down against YTD budget about 4K • ADC <ul style="list-style-type: none"> o MTD is up to 325 o YTD is at 308 – significant upturn • Patient Days are up \$4K over Budget YTD • Surgeries <ul style="list-style-type: none"> o In-Patient surgeries have proven challenging <ul style="list-style-type: none"> ■ No difference in explanations o Out-Patient surgeries are exceeding budget o CVS – sitting in 13/14 – up 2 against YTD budget o Total surgeries <ul style="list-style-type: none"> ■ Down about 550 in terms of aggregated YTD budget <ul style="list-style-type: none"> ▲ Mostly from POM ▲ Slightly down at PMC o Nothing remarkable in Out-Patient registrations • ER Visits <ul style="list-style-type: none"> o Constant, coming through previous year o Just under by about 100 in terms of YTD budget • ER Admissions <ul style="list-style-type: none"> o Up against prior year and MTD budget o Short about 300 against YTD budget • Trauma Cases <ul style="list-style-type: none"> o Down MTD against budget o Up against YTD budget 	MOTION: By Director Bassett, seconded by Director Greer and carried to approve the April 2007 and YTD FY2007 Financial Report as presented	<p>Forwarded to the June 11, 2007, Board of Directors meeting with a recommendation for approval</p> <p>Dr Trifunovic will check into national / statewide / citywide birth trends</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> • Trauma Admissions <ul style="list-style-type: none"> o Up almost 100 cases against YTD budget o More critical trauma cases presenting • Deliveries <ul style="list-style-type: none"> o Down about 350 YTD <ul style="list-style-type: none"> ■ Most at POM campus ■ PMC also slightly below budget o Some flatline birth projections for next year o Dr. Trifunovic stated that he doesn't have any data regarding national/statewide/citywide birth trends • Payor Mix remains constant • Continuation of a fall off in terms of Case Mix index <ul style="list-style-type: none"> o A little lighter compared to March & February o Trauma admissions weren't enough to carry it • Gross revenue - slightly off previous month • Net Patient Revenue/WPD is up \$32 to YTD budget • Salaries & wages <ul style="list-style-type: none"> o Down from previous month, but YTD is just below budget o Sitting at 100% productivity as a system o Starting to demonstrate management in reaction to radical volume swings • Supplies/WPD <ul style="list-style-type: none"> o \$392 YTD vs \$413 YTD budget o Issues <ul style="list-style-type: none"> ■ Expired supplies didn't cause a major issue ■ Physical inventory is in progress <ul style="list-style-type: none"> ▲ Compares what you have vs book value ▲ Nothing material assessed at this juncture o Appreciation from the Committee to Paul Sas for a job well done • Total expenses/WPD <ul style="list-style-type: none"> o Net revenue is up \$20K o YTD is \$40 up against YTD budget • Variance Explanations <ul style="list-style-type: none"> o SWB negative variance continues from unanticipated participation in deferred compensation o Capitation <ul style="list-style-type: none"> ■ 2006 encounters finalized in April ■ Significant improvement for one group that was on watch ■ Future issues <ul style="list-style-type: none"> ▲ Penn Elm is no longer a conduit for capitated quality care 		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> ▲ Anticipated exposure for the next few months ○ \$900K deferred compensation; up from 25% to 42/43% participation by employees ○ In-house legal counsel <ul style="list-style-type: none"> ■ A little more than dollar-for-dollar for FY2008 <ul style="list-style-type: none"> ▲ Determinations are in progress on how paralegal & administrative costs will ramp up ▲ Professional fees will be reduced vs SWB increases <ul style="list-style-type: none"> (a) Amount to be based on what will be appropriate to keep/send out/send to a small shop? ○ Depreciation is in a budgeting cycle for next year <ul style="list-style-type: none"> ■ As new facilities come on line, they sit in capital accounts ○ PBS Collections <ul style="list-style-type: none"> ■ Continued upward trend ■ Already broke through May budget, so next 2 days will be over & above budget ■ Off about \$5M from budgeted cash ○ YTD bottom/bottom line of \$17.1M <ul style="list-style-type: none"> ■ About \$1.7M off against budget ■ OEBITDA is at 9.1% against budgeted 9.8% ■ Targeting just over \$2M/month next budget year ○ April bottom-bottom line of \$1.8M vs \$1.79M <ul style="list-style-type: none"> ■ 9.9% OEBITDA vs 9.6% budgeted ■ Replication of this month 12 times in a fiscal year would be great ○ HealthWoRx Revenue Cycle Key Indicators Trending Report <ul style="list-style-type: none"> ■ Utilizing the attached report—which will become part of the standard financial packet after this initial introduction—Bob Hemker discussed the revenue cycle project ● New Vision Program follow-up: <ul style="list-style-type: none"> ○ Still in negotiations ○ Will bring back to Finance Committee when finalized ○ Budgeted at our proposed rates ● Special board budget workshop to review budget on Monday, June 4, 2007 		
ADJOURNMENT	The meeting was adjourned at 7:45 p.m.		
SIGNATURES: <ul style="list-style-type: none"> ● COMMITTEE CHAIR _____ 5 	<ul style="list-style-type: none"> Ted Kleiter 		
<ul style="list-style-type: none"> ● COMMITTEE SECRETARY _____ 	<ul style="list-style-type: none"> Tanya Howell 		



Revenue Cycle Key Indicators Trending Report

The purpose of this report is to provide a summary comparative of the Current month, to the Prior Month, Prior Year End, and Same month in Prior Year. This comparative is used to provide a quick recap of fluctuations in Revenue, Cash, A/R, and other critical indicators.

	Most Recent Month End	Prior Month	Prior Month	Current Fiscal Year Year-to-Date	Most Recent Year End	Prior Year Y-T-D
Period Ending Days in Period	4/30/2007 30	3/31/2007 31	2/28/2007 28	4/30/2007 304	6/30/2006 365	4/30/2006 304
Revenue						
Gross for Month (Month to Date)	103,622,128	105,679,226	95,569,979	1,006,080,687	1,084,474,920	902,225,609
Net Revenue	30,050,417	33,673,972	29,067,428	304,791,466	340,208,436	288,400,782
Net:Gross %	29.0%	31.9%	30.4%	30.3%	31.4%	32.0%
Last 3 Month Daily Average (Gross)	3,458,605	3,412,113	3,332,798	3,309,476	2,971,164	2,967,847
Last 3 Month Daily Average (Net)	1,051,193	1,016,131	995,857	1,002,604	932,078	948,687
Cash Collections						
Month to Date	33,562,618	31,690,913	30,753,669	290,771,958	350,861,246	289,003,896
Month to Date Goal	29,880,107	29,880,107	29,880,107	298,801,070	349,482,900	291,235,750
Over (under) Goal	3,682,511	1,810,806	873,562	(8,029,112)	1,378,346	(2,231,854)
% of Goal	112%	106.1%	102.9%	97.3%	100.4%	99.2%
Point of Service Collections	307,472	287,994	208,621	2,773,531	2,677,000	2,246,257
Month to Date Goal	272,145	272,145	272,145	2,721,450	2,742,000	2,285,000
Over (under) Goal	35,327	15,849	(63,524)	52,081	(65,000)	(38,743)
% of Goal	113%	105.8%	76.7%	101.9%	97.6%	98.3%
Accounts Receivable						
0-30	80,527,282	78,454,390	86,685,672		67,808,021	67,123,245
31-60	25,402,184	28,724,286	33,487,384		16,477,031	17,063,941
61-90	18,347,817	17,414,985	15,623,987		12,124,704	17,455,272
91-180	28,923,576	27,656,551	26,350,615		22,803,620	22,535,629
Over 180	27,926,760	26,789,868	26,456,539		25,677,426	25,597,829
Total	181,127,619	179,040,080	188,604,197		144,890,802	149,775,916
A/R Days (Gross)	52.37	52.47	56.59		48.77	50.47
% of AR aged over 180 days	15.4%	15.0%	14.0%		17.7%	17.1%



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Accounts Receivable by Major Payer						
Medicare	33,205,887	33,973,617	32,851,199		25,761,408	28,786,881
Last 3 months daily average revenue	984,800	976,645	956,581		809,589	859,527
Gross Days revenue outstanding	33.72	34.79	34.34		31.82	33.49
MediCal (Includes M-Cal HMO)	24,775,129	27,304,901	30,251,793		23,202,684	24,778,663
Last 3 months daily average revenue	617,140	636,064	648,177		484,426	460,076
Gross Days revenue outstanding	40.15	42.93	46.67		47.90	53.86
Comm/Managed Care (Incl Mcare HMO)	86,263,367	82,670,588	91,077,943		64,953,503	67,561,487
Last 3 months daily average revenue	1,686,782	1,316,969	1,192,229		1,475,151	1,465,262
Gross Days revenue outstanding	51.14	62.77	76.39		44.03	46.11
Self-Pay	36,883,236	35,090,974	34,423,262		30,973,207	28,648,885
Last 3 months daily average revenue	136,798	141,564	220,030		168,523	176,854
Gross Days revenue outstanding	269.62	247.88	156.45		183.79	161.99
	181,127,619	179,040,080	188,604,197		144,890,802	149,775,916
Bad Debt Write-offs						
M-T-D Amount net of Recovery	2,030,714	1,778,179	3,335,538	13,999,537		
% of Gross Revenue (Target < 2%)	2.0%	1.7%	3.5%	1.4%		0.0%
Charity & Undocumented Write-offs						
M-T-D Amount	981,050	1,400,432	1,601,794	8,260,427		18,436,074
% of Gross Revenue (Target < 2%)	0.9%	1.3%	1.7%	0.8%		1.7%
Denial & Other Admin Adjustments						
M-T-D Amount	472,017	432,376	354,600	2,436,052		
% of Gross Revenue (Target < 1%)	0.5%	0.4%	0.4%	0.2%		0.0%

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Discharged Not Final Billed (DNFB)						
DNFB Action Required						
HIM (Waiting for Coding)	4,616,262	3,279,038	3,102,569			
PBS (Correction required)	839,756	503,413	425,698			
Other holds requiring correction	120,019	260,978	459,974			
Total Action Required	5,576,037	4,043,429	3,988,241			
# of AR Days action Required	1.61	1.19	1.20			
DNFB No Action Required						
4 Day Standard Delay	20,802,598	21,488,567	17,679,121			
Other	2,193,715	1,425,089	6,190,329			
Total No Action Required	22,996,313	22,913,656	23,869,450			
Total DNFB	28,572,350	26,957,085	27,857,691			
Total Days in DNFB	8.26	7.90	8.36			

Late Charges

Late Charges from Date of Service 5 to 20 Days

Number of line items	4,152	11,557
Dollar amount of Charges	\$ 321,324	\$ 978,179
Dollar amount of Credits	\$ (229,409)	\$ (628,865)
Net Dollar Amount	\$ 91,915	\$ 349,313
Absolute Dollar Amount	\$ 550,733	\$ 1,607,044

Late Charges from Date of Service > 21 Days

Number of line items	9,926	16,362
Dollar amount of Charges	\$ 521,801	\$ 975,037
Dollar amount of Credits	\$ (475,284)	\$ (778,110)
Net Dollar Amount	\$ 46,518	\$ 196,927
Absolute Dollar Amount	\$ 997,085	\$ 1,753,147

Denials:

Inpatient Denials:

New denials (# encounters)		
New denials (Dollars at Risk)		
Inventory of open denials (# encounters)	174	124
Inventory of open denials (Dollars at Risk)	1,719,711	1,968,471