

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	P	P				
LINDA GREER, R.N.	P	E	P	P	P	P	P				
TED KLEITER – CHAIR	P	P	E	P	P	P	P				
MARCELO RIVERA, M.D.	P	P	P	P	P	P	E				
MICHAEL COVERT, FACHE	P	P	P	P	P	P	E				
BEN KANTER, M.D.	E	P	P	P	P	P	P				
ROBERT TRIFUNOVIC, M.D.	E	E	E	E	P	E	P				
<i>BRUCE KRIDER – ALTERNATE</i>			P			GUEST	P				
<i>GARY POWERS – 2ND ALTERNATE</i>		P	P			GUEST					
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P	P	P	P				
GERALD BRACHT	P	P	P	E	P	P	P AS CEO				
STEVE GOLD	P	P	P	P	P	P	P				
TANYA HOWELL – SECRETARY	P	P	P	P	P	P	P				
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
MEETING LOCATION	Pomerado Hospital, 15615 Pomerado Road, Poway, CA		
MEETING CALLED TO ORDER	6:05 .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 6:06 p.m.</p> <p align="center">~ PURSUANT TO CALIFORNIA GOVERNMENT CODE §54956.8 CONFERENCE W/REAL PROPERTY NEGOTIATORS</p> <p><i>PROPERTY: 127-133 VALLEY BOULEVARD, ESCONDIDO, CA An approximately 2,744 sq ft single-story residential four-plex on an approximately 10,500 sq ft parcel of land</i></p> <p><i>AGENCY NEGOTIATOR: ROBERT HEMKER, CFO, PPH</i></p> <p><i>NEGOTIATING PARTIES: ANDRES GILL AND ROBERT HEMKER</i></p> <p><i>UNDER NEGOTIATION: INSTRUCTION TO NEGOTIATOR WILL CONCERN AGENCY'S INTEREST IN LAND, BUILDING, PRICE AND TERMS OF PAYMENT</i></p> <p><i>ESTIMATED DATE OF PUBLIC DISCLOSURE: JULY 2007 ~ Anticipated Action</i></p>		
OPEN SESSION RESUMED	Chairman Kleiter called the open session back to order at 6:20p.m.		
ACTION RESULTING FROM CLOSED SESSION DISCUSSION, IF ANY	<ul style="list-style-type: none"> • Consistent with the MOU regarding acquisition of Valley Blvd properties, negotiations with the owner of 127-133 Valley Blvd resulted in a mutually agreeable purchase agreement. Discussion regarding price, terms, due diligence and approvals were discussed. 	<p>MOTION: By Director Krider, seconded by Director Bassett and carried that Management be authorized to proceed with the purchase agreement for acquisition of the land and buildings located at 127-133 Valley Boulevard, Escondido, CA, subject to completion of due diligence; that authorization be afforded the CEO and/or CFO to execute the final Purchase Agreement; and recommends approval of the associated Board Resolution.</p>	Forwarded to the August 13, 2007, Board of Directors meeting
INFORMATION ITEMS	<ul style="list-style-type: none"> • Now have 100% ownership of Escondido Surgery Center (ESC) <ul style="list-style-type: none"> o Licensure is being reviewed to convert to hospital based from ASC o Question as to whether Limited Partnership need to be dissolved o Now consolidated into PPH financials o Infusion and observation-type services can go in as O/P departments of the hospital; 		

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<p>Hours may be changed, depending on what services go there and needs of district</p> <ul style="list-style-type: none"> o Additional BOD requested actions and follow up items will be forthcoming at the next Finance Committee mtg. • New Vision Program <ul style="list-style-type: none"> o Medical detox program o Financials were not meeting expectations o Solutions offered by program provider were problematic o After ensuring that patients on waiting list had been served or referred elsewhere, agreed to terminate the agreement as of 7/28/07 • State of California is currently without a budget • As of July 30th, Medi-Cal is out of money <ul style="list-style-type: none"> o No Monday “check write” for institutionals (would have been over \$1M) o Emergency funding legislation of \$1B/\$2B to carry out Medi-Cal payments gap has been exhausted o Delayed cash flow will eventually be recouped once funds are budgeted • Cash Forecast for July <ul style="list-style-type: none"> o New budget year for cash o Despite Medi-cal/Medicare issues, will still break \$30M of cash collections trend o YOY significant improvement over past o Collected old monies – HealthWoRx initiative is hardwiring cash practices 		
1. MINUTES JUNE 26, 2007	No discussion as to content. Dr. Kanter questioned the apparently redundant attachment of presentations to minutes. It was explained that documents distributed or utilized during Board or Board Committee meetings were required by Brown Act to be included as part of the minutes.	MOTION: By Director Greer, seconded by Director Bassett and carried to approve the minutes of the June 26, 2007, Board Finance Committee meeting as presented.	
2. PHYSICIAN RECRUITMENT AGREEMENTS			
MARIA CAMILLE V. SANTOS, MD, AND GRAYBILL MEDICAL GROUP, INC.	<p>Marcia Jackson, Chief Planning Officer, presented both agreements</p> <p>Dr. Santos will be joining Graybill Medical Group, Inc., specializing in Family Practice</p> <ul style="list-style-type: none"> • Located in their San Marcos office (off Rancho Santa Re) • Residency at Methodist Hospital of Sacramento. • Graybill and PPH staff who interviewed here were very impressed with qualifications 	MOTION: By Director Greer and carried to approve the Physician Recruitment Agreement with Maria Camille V. Santos, MD, and Graybill Medical Group, Inc.	Forwarded to the August 13, 2007, Board of Directors meeting with a recommendation for approval
GABRIEL RODARTE, MD, AND NEIGHBORHOOD HEALTHCARE	<p>Dr. Rodarte will be joining Neighborhood Healthcare, specializing in both Family Medicine and Psychiatry</p> <ul style="list-style-type: none"> • Special recruitment, as he is double-boarded in both practices • Undergrad at Harvard, UCSD medical school <ul style="list-style-type: none"> o NHC very excited o Physician exudes passion 	MOTION: By Director Greer, seconded by Director Bassett and carried to approve the Physician Recruitment Agreement with Gabriel Rodarte, MD, and Neighborhood Healthcare	<p>Forwarded to the August 13, 2007, Board of Directors meeting with a recommendation for approval</p> <p style="text-align: center;">At request of the Board, Marcia Jackson</p>

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o Potential for additional services for inpatient mental health 		will bring physician recruitment candidates to Board/Board Committee meetings when possible in the future
3. GENERAL OBLIGATION BONDS – TAX LEVY 2007-2008	<p>Bob Hemker described the procedures followed for the annual collection of tax levy for GO bonds.</p> <ul style="list-style-type: none"> • All part of tax approved by voters in authorizing us to issue the indebtedness • Required on an annual basis to request tax levy • Same rate as in past (\$17.75/\$100K assessed property value), consistent with: <ul style="list-style-type: none"> o Obligation of what's needed to fund debt service o District's desire and commitment to hold to level tax rate • Specific tax levy associated with GO Bond - percentage apportionment, line item on tax bill • How levied: <ul style="list-style-type: none"> o County adds to tax roll o County acts as servicing agent <ul style="list-style-type: none"> ■ Nominal fee paid for this service ■ Much more cost-effective to pay fee than to create infrastructure within District to do it ourselves o County forwards funds on a regular basis to our trustee, Wells Fargo o Trustee holds funds and pays debt service as bills come due • Discussion regarding how tax levy is affected by draws on GO Bond, spend-down rules, and other general matters on how the tax works 	<p>MOTION: By Director Krider, seconded by Director Bassett and carried to approve the proposed resolution and instruct management to take the appropriate action necessary to calculate the tax levy and request the County to collect said tax levy</p>	Forwarded to the August 13, 2007, Board of Directors meeting along with the proposed resolution with a recommendation for approval
4. ESTABLISHMENT OF APPROPRIATIONS LIMIT FOR FISCAL YEAR 2008	<p>Bob Hemker discussed how the annual appropriations limit is established</p> <ul style="list-style-type: none"> • Statutory limitations on what we can collect on general property tax allocation <ul style="list-style-type: none"> o Formula is historically based o \$46M limit, and we're significantly short of that amount o We must adopt limit and note that we are within the authorized limit 	<p>MOTION: By Director Krider, seconded by Director Greer and carried to approve the Appropriations Limit for Fiscal Year 2008 for Palomar Pomerado Health and the accompanying proposed resolution</p>	Forwarded to the August 13, 2007, Board of Directors meeting along with the proposed resolution with a recommendation for approval
FINANCIAL REPORT JUNE 2007 & YTD FY2007	<p>Bob Hemker reviewed the June 2007 financial report, utilizing the presentation distributed as Addendum D in the agenda packet, as well as the attached handout, with apologies for the inability to provide the additional information earlier for read-ahead.</p> <ul style="list-style-type: none"> • Audit: Kept financials open right up to the date of "field" work by auditors, Deloitte & Touche <ul style="list-style-type: none"> o We administratively closed the books for the fiscal year o Auditors are now fully engaged in the field, auditing from those books. o It is too early to tell whether there will be audit entries/final clean-up entries proposed by auditors/management 	<p>MOTION: By Director Bassett seconded by Director Greer and carried to approve the June 2007 and YTD FY2007 Financial Report as presented</p>	Forwarded to the August 13, 2007, Board of Directors meeting with a recommendation for approval

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o Exceptions to pre-audit close are usually plusses & minuses • Admissions remain strong <ul style="list-style-type: none"> o Approximately 22K PMC – up against budget o 28,969 overall – slightly down to budget o Small change in LOS • Patient days <ul style="list-style-type: none"> o Down slightly against budget of approximately 116K o Matching level of care needs as the patients move through continuum of care o Nothing notable in June – off a little bit from month before • In-Patient surgeries <ul style="list-style-type: none"> o Down slightly at both campuses • Out-Patient surgeries <ul style="list-style-type: none"> o Up against budget – 4100 YTD vs 3300 budgeted • CVS – year-on-year volatility in numbers <ul style="list-style-type: none"> o Consistency in 13-14-15 range per month o Closing 11 ahead of budget for the year • Total surgeries <ul style="list-style-type: none"> o 500 short of budget o Notable portion attributable to strategies that didn't mature at POM • Outpatient Registration <ul style="list-style-type: none"> o 101K YTD vs 99K budget o Traditional and reference lab usage contributed to growth • ER Visits including Trauma <ul style="list-style-type: none"> o Growth projections are 5% on annual basis o Projections weren't being met earlier in the fiscal year o About 300 over budget for last half of fiscal year <ul style="list-style-type: none"> ■ Just over the 5% projection ■ Very consistent growth • ER Admissions Including Trauma <ul style="list-style-type: none"> o Admissions are presenting a little less acuity at levels I and II o Just under budget (15.1K vs 15.4K) • Trauma Cases <ul style="list-style-type: none"> o Strong trauma month in June — highest since December o Just over budget (1,257 vs 1,249) o Highest since December as well • Deliveries <ul style="list-style-type: none"> o Right at budget at PMC 		

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o Down about 400 vs budget at POM <ul style="list-style-type: none"> ■ POM continued opportunity for growth o Combined total of 5400 against 5881 budget • Payor Mix <ul style="list-style-type: none"> o Medi-Cal/Medi-Cal Managed Care dollars are a constant % of the business <ul style="list-style-type: none"> ■ Lack of cash funding from the budget stalemate is notable for us o Change within capitation groups, in that part of the lives were not reaffiliated • Case Mix Index <ul style="list-style-type: none"> o 1.16 at PMC o 1.13 at POM o 1.16 Combined • Case Mix Index – excluding Deliveries <ul style="list-style-type: none"> o Changes to 1.35 overall o More differentiation between campuses as you remove impact of births • Case Mix Index – Medicare <ul style="list-style-type: none"> o Senior population o More differentiation in this mix as well • Collections <ul style="list-style-type: none"> o On budget o Volume-adjusted, were actually ahead of budget o Breaking through goal & previous year in current actuals o July isn't starting out significantly short as in previous two years o Hoped that Medi-Cal will be funded prior to end of August, so lag would appear almost transparent o Results of positive follow through by revenue cycle team o Collections up \$12M over last 3 months • Revenue cycle will be working on realigning DRGs <ul style="list-style-type: none"> o Coder cannot code anything that isn't in the documentation from which they are making coding entries o Part of DocuSys program would help with reviewing this information <ul style="list-style-type: none"> ■ They will be doing the study for free o There is still a shortage of coders • Flash Report <i>(Attached)</i> <ul style="list-style-type: none"> o Overview of key indicators presented on a weekly basis so as to quickly adjust to change in volume o Covers 4 weeks of July, but ends at July 26, so portion of month still not added in o ADC off about 6% o Surgeries are reflecting pretty close with prior year 		

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o Births are up about 4% o Revenue is down about 10% <ul style="list-style-type: none"> ■ Lighter on case mix index o Up slightly on productivity <ul style="list-style-type: none"> ■ Hours are up, but dollars are being managed, so we saved on wage rate • Consolidated YTD, through Pre-Audit June FY07 <ul style="list-style-type: none"> o Up on admissions o Down on patient days o Total net revenue is \$1.6M unfavorable <ul style="list-style-type: none"> ■ Volume is a significant portion of variance o Management of SWB – including contracted labor <ul style="list-style-type: none"> ■ \$2M favorable variance ■ Part of pickup was due to volume ■ Part was due to rate ■ Management of premium pay issues notable reason for positive variance o Supplies <ul style="list-style-type: none"> ■ \$4M positive variance for the year ■ Most achieved on the rate side, not so much on the volume side o Prof Fees/Purchased Services <ul style="list-style-type: none"> ■ \$7M unfavorable variance ■ Based on rate/consumption side related to Legal, IT and Business Services o Total expenses <ul style="list-style-type: none"> ■ \$388M actual against \$386M budget ■ Net income from OEBITDA off about \$3.2M from budget o Investment income was up o Also saved on interest expense o Pre-audit close of just under \$22M o Net income margin of 5.5% o OEBITDA of 9.1% actual vs 9.8% budget reflects the mix of business o Refinements will continue as we go through the audit • Key negative variances <ul style="list-style-type: none"> o Legal of \$1.4M <ul style="list-style-type: none"> ■ Reduced significantly to reflect in-house counsel startup ■ Any continued outsourcing would be cause of legal variance next year o Physician ED call/trauma call/med directorships of \$588K o IT consulting of \$516K <ul style="list-style-type: none"> ■ Funded in FY08 budget 		

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o More rehab volume than anticipated <ul style="list-style-type: none"> ■ Generated more management fees (\$457K) o Collections services for A/R management of \$1.6M o Gateway/Parkway of \$860K <ul style="list-style-type: none"> ■ Strategy of imaging services is still under discussion ■ Budget neutral item o PPNC Health Development of \$472K <ul style="list-style-type: none"> ■ Due to ramp-up strategy ■ Handled in FY08 budget o Depreciation of \$635K <ul style="list-style-type: none"> ■ Brought some assets online and in service sooner than anticipated in budget cycle (\$219K) ■ Truing up of ESC depreciation as full owner (\$416K) <ul style="list-style-type: none"> ▲ One-time endeavor as part of consolidation • Year-on-year consolidated <ul style="list-style-type: none"> o Volume is up o Weighted patient days are up about 2% o Net revenue is up almost \$30M o \$24M more in expenses for the cost of doing business o Significant improvement in net income before non-operating income (\$5.8M) o Bottom bottom line of \$22.8M – nearly doubled FY06 performance • Positioned where we need to be for FY08 <ul style="list-style-type: none"> o Adding ability to service the plan of finance o Came through the low point in FY06 and evened back out o Demonstrated capacity and capability to readjust to volume swings w/productivity on real-time basis • Month-to-date consolidated <ul style="list-style-type: none"> o June was off \$1.9M on operating income • Balance sheet <ul style="list-style-type: none"> o Based on CEQA approval, were able to make draws from Bond monies for replacement of advances from working capital • Looking ahead – planning & projections <ul style="list-style-type: none"> o Are we monitoring what previous projections were for 2015/2020? o Are we on track in all service areas? o With numerous different facilities, etc. – will we need to make adjustments to shift focus? o Any rebase before the next census would be pure supposition • Briefing book 		

MEETING MINUTES – TUESDAY, JULY 31, 2007

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP
	<ul style="list-style-type: none"> o Promised on a quarterly basis o Nothing to enter due to lack of end of year close o Will be brought back next month • About 30 days ahead of timeline over last year's audit <ul style="list-style-type: none"> o Full team is on-site and actively engaged o Fair amount of interim work has already been done and rolled forward for additional testing 		
ADJOURNMENT	The meeting was adjourned at 7:35 p.m.		
SIGNATURES: <ul style="list-style-type: none"> • COMMITTEE CHAIR _____ Ted Kleiter • COMMITTEE SECRETARY _____ Tanya Howell 			

Financial Statements

June 2007

Pre-Audit Close 7/30/07

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

D-30

				Variance		\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	28,969	29,683	(714)					
Admissions - SNF	1,150	1,405	(255)					
Patient Days - Acute	112,372	116,823	(4,451)					
Patient Days - SNF	76,840	77,605	(765)					
ALOS - Acute	3.85	4.00	(0.15)					
ALOS - SNF	67.23	55.00	12.23					
Weighted Pt Days	155,376	156,982	(1,606)					
Revenue:								
Gross Revenue	\$ 1,239,405,958	\$ 1,251,685,690	\$ (12,279,732) U	\$ (12,805,336)	\$ 525,604	\$ 7,976.82	\$ 7,973.43	\$ 3.38
Deductions from Rev	(857,689,487)	(868,108,294)	10,418,807 F	8,881,158	1,537,649	(5,520,09)	(5,529,99)	9.90
Net Patient Revenue	381,716,471	383,577,396	(1,860,925) U	(3,924,178)	2,063,253	2,456.73	2,443.45	13.28
Other Oper Revenue	12,309,684	12,091,180	218,504 F	(123,698)	342,202	79.23	77.02	2.20
Total Net Revenue	394,026,155	395,668,576	(1,642,421) U	(4,047,876)	2,405,455	2,535.95	2,520.47	15.48
Expenses:								
Salaries, Wages & Contr Labor	185,593,727	187,710,344	2,116,617 F	1,920,365	196,252	1,194.48	1,195.74	1.26
Benefits	45,269,254	44,808,895	(460,359) U	458,416	(918,775)	291.35	285.44	(5.91)
Supplies	60,722,547	64,805,425	4,082,878 F	662,990	3,419,888	390.81	412.82	22.01
Prof Fees & Purch Svc	54,370,765	47,219,592	(7,151,173) U	483,079	(7,634,252)	349.93	300.80	(49.13)
Depreciation	19,482,444	18,847,656	(634,788) U	192,820	(827,698)	125.39	120.06	(5.33)
Other	22,742,977	23,181,322	438,345 F	237,156	201,189	146.37	147.67	1.29
Total Expenses	388,181,714	386,573,234	(1,608,482) U	3,954,827	(5,563,308)	2,498.34	2,462.53	(35.81)
Net Inc Before Non-Oper Income	5,844,441	9,095,342	(3,250,903) U	(93,050)	(3,157,852)	37.61	57.94	(20.32)
Property Tax Revenue	12,561,796	12,649,992	(88,196) U	(129,415)	41,219	80.85	80.58	0.27
Non-Operating Income	4,400,263	876,702	3,523,561 F	(8,969)	3,532,530	28.32	5.58	22.74
Net income (Loss)	\$ 22,806,500	\$ 22,622,036	\$ 184,462 F	\$ (231,434)	\$ 415,897	\$ 146.78	\$ 144.11	\$ 2.68
Net Income Margin	5.5%	5.4%	0.1%					
OEBITDA Margin w/o Prop Tax	6.1%	6.7%	-0.6%					
OEBITDA Margin with Prop Tax	9.1%	9.8%	-0.7%					

F= Favorable variance
U= Unfavorable variance

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Key Variance Explanations for June 2007 YTD

D-31

	Actual	Budget	Variance
Benefits:	45,269,254	44,808,895	(460,359)
FICA and Other Benefits			(1,445,835)
Pension			(1,252,802)
Health and Dental			(596,132)
SUI			(66,686)
Worker's Compensation			2,900,639
Professional Fees:	24,659,671	21,734,422	(2,925,249)
Legal Fees			(1,390,703)
Pomerado ED calls			(588,236)
IT Consulting			(516,749)
Rehabcare Therapist fees			(457,556)
Purchased Services:	29,711,094	25,485,170	(4,225,924)
Collection fees			(1,632,412)
Gateway/Parkway contracted services			(860,795)
PPNC			(472,169)
Biomed			(266,792)
HIS file storage & transcription services			(259,091)
Repairs & maintenance			(250,971)
Management services			(242,836)
Laundry/linen			(212,482)
Depreciation:	19,482,444	18,847,656	(634,788)
Additional depreciation on closed CIP's			(219,021)
Escondido Surgery Center			(415,767)

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CONSOLIDATED
June 2007 YTD vs. June 2006 YTD

D-32

	June 07 YTD			June 06 YTD			Variance			Variance			\$/Wtg Pt Day			
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance			
Statistics:																
Admissions - Acute	28,969		28,364			605										
Admissions - SNF	1,150		1,226			(76)										
Patient Days - Acute	112,372		112,445			(73)										
Patient Days - SNF	76,840		75,846			994										
ALOS - Acute	3.85		3.99			(0.14)										
ALOS - SNF	67.23		61.86			5.37										
Weighted Pt Days	155,376		151,695			3,681										
Revenue:																
Gross Revenue	\$ 1,239,405,958		\$ 1,113,705,639			\$ 125,700,319			F	\$ 27,024,954		\$ 98,675,365		\$ 7,976.82	\$ 7,341.74	\$ 635.07
Deductions from Rev	(857,689,487)		(759,422,835)			(86,266,652)			U	(18,426,000)		(79,838,652)		(5,520.09)	(5,006.25)	(513.84)
Net Patient Revenue	381,716,471		354,282,804			27,433,667			F	8,596,954		18,838,713		2,458.73	2,335.49	121.23
Other Oper Revenue	12,309,684		9,834,741			2,474,943			F	238,648		2,236,295		79.23	64.83	14.39
Total Net Revenue	394,026,155		364,117,545			29,908,610			F	8,835,602		21,073,008		2,535.95	2,400.33	135.63
Expenses:																
Salaries, Wages & Contr Labor	185,593,727		175,568,909			(10,024,818)			U	(4,260,319)		(5,764,499)		1,194.48	1,157.38	(37.10)
Benefits	45,269,254		36,441,617			(8,827,637)			U	(884,285)		(7,943,352)		291.35	240.23	(51.12)
Supplies	60,722,547		63,554,046			2,831,499			F	(1,542,190)		4,373,689		390.81	418.96	28.15
Prof Fees & Purch Svc	54,370,765		49,031,003			(5,339,762)			U	(1,189,776)		(4,149,986)		349.93	323.22	(26.71)
Depreciation	19,482,444		18,737,467			(744,977)			U	(454,680)		(290,297)		125.39	123.52	(1.87)
Other	22,742,977		20,787,293			(1,955,684)			U	(504,420)		(1,451,264)		148.37	137.03	(11.34)
Total Expenses	368,181,714		364,120,335			(4,061,379)			U	(8,835,670)		(15,225,710)		2,498.34	2,400.35	(97.99)
Net Inc Before Non-Oper Income	5,844,441		(2,790)			5,847,230			F	(68)		5,847,298		37.61	(0.02)	37.63
Property Tax Revenue	12,561,796		11,494,884			1,066,912			F	278,933		787,979		80.85	75.78	5.07
Non-Operating Income	4,400,263		66,539			4,333,724			F	1,615		4,332,109		28.32	0.44	27.88
Net Income (Loss)	\$ 22,806,500		\$ 11,558,633			\$ 11,247,866			F	\$ 280,479		\$ 10,967,387		\$ 146.78	\$ 76.20	\$ 70.59
Net Income Margin	5.5%		3.1%			2.4%										
OEBITDA Margin w/o Prop Tax	6.1%		5.0%			1.1%										
OEBITDA Margin with Prop Tax	9.1%		8.0%			1.1%										

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
SPECIALIZING IN YOU

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

D-33

	Month Activity			Variance			\$/Wtg Pt Day		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	2,380		2,436			(56)			
Admissions - SNF	107		120			(13)			
Patient Days - Acute	9,116		9,602			(486)			
Patient Days - SNF	6,103		6,381			(278)			
ALOS - Acute	3.83		4.00			(0.17)			
ALOS - SNF	55.48		55.49			(0.01)			
Weighted Pt Days	13,021		12,907			114			
Revenue:									
Gross Revenue	\$ 99,530,811		\$ 102,778,380			\$ (3,247,569)			U
Deductions from Rev	(71,699,208)		(71,309,576)			(389,632)			U
Net Patient Revenue	27,831,603		31,468,804			(3,637,201)			U
Other Oper Revenue	2,688,495		1,007,613			1,680,882			F
Total Net Revenue	30,520,098		32,476,417			(1,956,319)			U
Expenses:									
Salaries, Wages & Contr Labor	15,654,190		15,436,517			(217,673)			U
Benefits	1,339,288		3,705,633			2,366,345			F
Supplies	4,761,972		5,320,394			558,422			F
Prof Fees & Purch Svc	5,597,868		3,902,670			(1,695,198)			U
Depreciation	896,267		1,573,192			676,925			F
Other	1,959,915		1,919,330			(40,585)			U
Total Expenses	30,209,500		31,857,736			1,648,236			F
Net Inc Before Non-Oper Income	310,598		618,681			(308,083)			U
Property Tax Revenue	965,970		1,054,166			(88,196)			U
Non-Operating Income	2,518,869		73,064			2,445,805			F
Net Income (Loss)	\$ 3,795,437		\$ 1,745,911			\$ 2,049,526			F
Net Income Margin	11.6%		5.1%			6.5%			
OEBITDA Margin w/o Prop Tax	3.7%		6.4%			-2.7%			
OEBITDA Margin with Prop Tax	6.6%		9.5%			-2.9%			

F= Favorable variance
U= Unfavorable variance

PALOMAR POMERADO HEALTH
SPECIALIZING IN YOU

Palomar Pomerado Health
Consolidated Balance Sheet
As of June 30, 2007

D-34

	Current Month	Prior Month	Prior Fiscal Year End		Current Month	Prior Month	Prior Fiscal Year End
Assets				Liabilities			
Current Assets				Current Liabilities			
Cash on Hand	\$5,261,349	\$8,875,853	\$2,001,279	Accounts Payable	\$31,565,407	\$20,108,100	\$23,154,953
Cash Marketable Securities	125,846,582	107,100,757	110,035,151	Accrued Payroll	15,324,611	21,028,350	13,504,395
Total Cash & Cash Equivalents	131,107,931	115,976,610	112,036,430	Accrued PTO	12,638,138	12,527,796	11,133,368
Patient Accounts Receivable	160,552,740	191,397,664	149,045,009	Accrued Interest Payable	1,906,574	1,326,493	2,265,274
Allowance on Accounts	-75,255,899	-101,133,908	-78,078,378	Current Portion of Bonds	13,220,000	13,220,000	12,745,000
Net Accounts Receivable	85,296,841	90,263,756	70,966,631	Est Third Party Settlements	-1,584,197	-797,989	-995,051
Inventories	7,041,272	7,012,737	6,937,645	Other Current Liabilities	10,609,707	11,810,692	9,482,924
Prepaid Expenses	2,071,008	2,280,753	2,293,992	Total Current Liabilities	83,680,240	79,223,442	71,290,863
Other	4,959,948	2,459,684	3,868,903	Long Term Liabilities			
Total Current Assets	230,477,000	217,993,540	196,103,601	Bonds & Contracts Payable	294,723,824	297,317,071	151,347,395
Non-Current Assets				General Fund Balance			
Restricted Assets	181,107,440	202,982,051	66,734,609	Unrestricted	315,992,799	307,913,893	255,156,342
Restricted by Donor	296,184	295,342	288,265	Restricted for Other Purpose	296,184	295,342	288,265
Board Designated	-17,999,058	-14,708,670	9,267,526	Board Designated	-17,999,058	-14,708,670	9,267,526
Total Restricted Assets	163,404,566	188,568,723	76,290,400	Total Fund Balance	298,289,925	293,500,565	264,712,133
Property Plant & Equipment	373,271,092	333,892,527	343,335,572	Total Liabilities / Fund Balance	\$676,693,984	\$670,041,070	\$487,350,392
Accumulated Depreciation	-222,304,232	-223,706,708	-220,455,460				
Construction in Process	121,922,826	144,024,330	85,858,842				
Net Property Plant & Equipment	272,889,686	254,210,149	208,738,954				
Investment in Related Companies	1,790,449	1,792,536	268,203				
Deferred Financing Costs	4,877,002	4,912,998	3,354,469				
Other Non-Current Assets	3,255,281	2,563,124	2,594,765				
Total Non-Current Assets	446,216,984	452,047,530	291,246,791				
Total Assets	\$676,693,984	\$670,041,070	\$487,350,392				

PALOMAR
POMERADO
HEALTH
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PPH Weekly Flash Report

D-26

July 07	Jun29-Jul 5	Jul 6-12	Jul 13-19	Jul 20-26	MTD Total	MTD Budget	% Variance
ADC (Acute)	280	291	301	295	292	312	(6.47)
PMC	200	206	219	219	211	235	(10.40)
POM	80	86	82	76	81	76	5.66
PCCC	82	88	93	92	89	88	0.99
VP	120	122	119	123	121	123	(1.93)
Patient Days (Acute)	1957	2039	2106	2064	8,166	8,731	(6.47)
PMC	1400	1440	1534	1532	5,906	6,592	(10.40)
POM	557	599	572	532	2,260	2,139	5.66
PCCC	576	613	649	643	2,481	2,457	0.99
VP	840	855	832	862	3,389	3,456	(1.93)
Discharges	568	541	583	521	2,213	2,282	(3.00)
PMC	419	392	430	399	1,640	1,759	(6.79)
POM	149	149	153	122	573	522	9.76
Number of Surgeries	218	243	227	195	883	889	(0.65)
PMC	160	168	150	139	617	603	2.26
POM	58	75	77	56	266	285	(6.80)
Number of Births	106	120	103	110	439	421	4.30
PMC	78	91	77	87	333	337	(1.16)
POM	28	29	26	23	106	84	26.19

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PPH Weekly Flash Report

D-27

July 07	Jun29-Jul 5	Jul 6-12	Jul 13-19	Jul 20-26	MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2199	1872	2001	1963	8,035	7,762	3.51
PMC	1454	1202	1287	1299	5,242	5,125	2.28
POM	745	670	714	664	2,793	2,637	5.90
ER Visits	1779	1776	1505	1713	6,773	6,697	1.13
PMC	1182	1183	977	1146	4,488	4,465	0.52
POM	597	593	528	567	2,285	2,233	2.34
Trauma Visits	28	21	20	18	87	109	(20.40)
IP	25	19	18	16	78	92	(15.34)
OP	3	2	2	2	9	17	(47.56)
Gross IP Revenue	14,499,053	20,781,039	20,331,219	15,588,761	71,200,072	79,343,463	(10.26)
Gross OP Revenue	4,112,635	5,896,872	5,931,332	4,563,908	20,504,747	24,181,170	(15.20)
Cash Collection	4,900,650	7,153,276	6,227,699	6,515,269	24,796,894	29,906,720	(17.09)
Days cash on hand	102	117	117	119	119	80	
Prod Hrs (PP 1 & 2)		202,245		213,808	416,053	414,044	(0.49)
PMC - North		116,425		121,665	238,090	233,094	(2.14)
POM - South		52,495		55,210	107,705	109,914	2.01
Others		33,325		36,933	70,258	71,036	1.10
Prod \$ (PP 1 & 2)		6,205,377		6,528,193	12,733,570	12,895,239	1.25
PMC - North		3,605,299		3,741,332	7,346,631	7,348,891	0.03
POM - South		1,550,105		1,614,253	3,164,358	3,210,637	1.44
Others		1,049,973		1,172,608	2,222,581	2,335,711	4.84

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