

ADDENDUM B

**PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

Palomar Pomerado Health

Development / Review of New Business Plan

Policy

Finance

26132

(Rev: 0) In preparation

Applicable to:
All PPH Entities - 00

Affected Departments:
All Departments

I. PURPOSE:

- A. To ensure that District resources are allocated and utilized for the furtherance of Palomar Pomerado Health's Mission and Vision, a Strategic Plan has been adopted by the Board of Directors. The Plan provides direction for both long-and short-term decision making for the Board of Directors and EMT as well as a common framework for the organization to assess and prioritize alternatives and distribute resources. In concert with the identification and execution of strategies and initiatives, Business Plans will be developed, approved, and utilized to assure that business programs and services opportunities ("Opportunity") have been thoroughly evaluated, associated business risks identified, appropriate resources have been addressed, and post implementation measurement and review techniques have been identified prior to approval and / or implementation.

II. DEFINITIONS:

- A. **Strategic Plan** - As defined in the Strategic Planning Policy # _____.
- B. **Business Plan** - A document that summarizes the operational and financial objectives of an Opportunity. At a minimum it contains the detailed plans and budgets showing how the objectives are to be realized. The business plan contains detailed financial projections, forecasts about business performance, and a marketing plan. It is utilized as a tool for planning, implementation and monitoring. In application to this policy it is:
1. A written document that describes the Opportunity, its objectives, strategies, market and financial forecast - course of action for a specified period, usually including a detailed listing and analysis of risks and uncertainties. In summary, it is a blueprint or road-map.
 2. A comprehensive planning document which clearly describes the business developmental objective of an existing or proposed business identifying markets, customers, expenditures and finances required to carry out the identified Opportunity based on projected revenues and costs over a specific period of time.
- C. **Sponsor** - A member of the Executive Management Team (EMT) and / or Service Line Administrator (SLA) ultimately responsible for the implementation, over-site and management of the Opportunity.

III. TEXT / STANDARDS OF PRACTICE:

- A. Business Plans are complimentary to the strategic planning process and the prioritization of short-term and long-term goals and initiatives. As such, Business Plans must be referenced to the strategic purpose of PPH and are not to be completed and / or approved in isolation.
1. Delegated authority to the Chief Executive Officer (CEO) to approve New Business Plans and commit District resources is reserved by the Board of Directors and will be granted and authorized on a periodic basis.
 2. In granting delegated authority, the Board of Directors will consider other authorities granted to the CEO through the annual operating and capital budget approval process and signature authority for certain ongoing budgeted, as well as unbudgeted, matters.
- B. Identification of new program and / or services Opportunity may and will originate from multiple sectors of the District including Board of Directors, Medical Staff, EMT, and Management. To facilitate and assure that an Opportunity is adequately and appropriately assessed by all stakeholders, the following review methodology will apply:
1. The Sponsor will present a strategic plan (summary / overview / detail as appropriate) of the Opportunity to either the Executive Management Team - Strategic Mtg (EMT-SM) or in the case of a Board of Director identified Opportunity to the CEO for administrative processing through EMT-SM or BOD Strategic Planning Committee for discussion. EMT-SM will assess the opportunity for consistency and compatibility with the Strategic Plan.
 2. Upon EMT-SM approval, the Sponsor will prepare a comprehensive business plan, in accordance with the appended Business Plan Template, utilizing appropriate resources, and present to EMT - Business Matters Mtg (EMT-BM). EMT-BM will assess the Opportunity for business purposes,

- impact on business operations, ability to execute the Opportunity, its financial benefits and impacts on capital and operational funds and resources.
3. Upon administrative evaluation and approval, the Business Plan will be presented by the Sponsor to the appropriate Board of Director Committees. At a minimum, Committee review and recommendation will be first through the Strategic Planning Committee and then the Finance Committee. Other affected Committees of the Board may request or may be asked to review and recommend the Business Plan in advance of its presentation to the Finance Committee. Subject to Committee recommendation(s) for approval, including its own, the Finance Committee will forward the Business Plan to the Board of Directors for review and approval.
- C. In reviewing the Opportunity, the EMT, as well as the Board of Director Committees, will take into account the operating and capital budget status of the Opportunity.
1. The Business Plan will clearly state if the Opportunity is budgeted, a request for substitution of other budgeted funds, or is requesting current year unbudgeted funds.
 2. Risks and benefits of funding in the current year versus delaying until a future budget period will be explained when applicable to result in an informed decision.
- D. To assure accountability and enhance the evaluative process for approving new opportunities, an approved Opportunity will be reviewed, on or about the first anniversary, after implementation by the Board of Directors through a designated Committee(s). The review will include, at a minimum, the following:
1. Measurement of proforma financial outcomes to actual outcomes
 2. Actual capital expenditures compared to the approved Business Plan
 3. Summary of accomplishments in achieving identified strategies and business impacts
 4. Comparison of Business Plan measurement tools to actual outcomes including performance and timelines
- E. The CEO will identify, develop, and implement procedures and processes necessary to assure compliance with this Policy.

IV. **ADDENDUM:**

Palomar Pomerado Health Business Plan Template

At a minimum, the Business Plan will address the following sections and topics. Supplementary materials and information should be included as needed to clarify, support, or validate the minimum content.

1) **Executive Summary**

- i) Description of Service / Program
- ii) Strategic Implications / Relationship to Initiatives
- iii) Operational Considerations
- iv) Financial Summary
- v) Timeframe
- vi) Summary Recommendation

2) **Detailed Plan & Analysis**

- i) Service / Program / Structure
 - (a) Description of Service / Program
 1. Purpose

2. Tie to Existing Business Units / Entity
- (b) Proposed Legal Structure
 1. PPH, Jt. Venture, Outsourced, etc.
- (c) Mission and Strategic Implications
 1. Tie to Mission, Vision, Goals, Initiatives
 2. Tie to Innovation
 3. Tie to Facility Master Plan
 4. Assessment of Impact (SWOT) on Domains
 - i. Financial
 - ii. Quality
 - iii. Customer Service
 - iv. Workforce Development
 - v. Workplace Development
- ii) Market Share Opportunity
 - (a) Targeted Customer / Consumer
 - (b) Demand Forecast
 - (c) Projected Volumes
 - (d) Competitive Assessment
- iii) Operational Considerations
 - (a) Business location(s)
 - (b) Resource allocation – New / Existing
 1. Management
 2. Personnel Commitment
 3. Information Technology
 - (c) Medical Staff Considerations / Impacts
 1. Physician Support
 2. Resource Assessment

3. Recruitment Considerations / Implications

- (d) Impact on Current Operations
- (e) Payer Contract Opportunities / Barriers
- iv) Marketing Plan
 - (a) Identity / Branding Strategy
 - (b) Marketing Medium / Media formats
 - (c) Resources
- v) Measurement
 - (a) Implementation and Stabilization Timeframe / Milestones
 - (b) Benchmarking and Assessment Tools / Indicators

3) Financial Review & Analysis

- i) Financial Performance / Considerations
 - (a) Return on Investment (ROI) Analysis
 - (b) Break-even Analysis
 - (c) Alternatives – Make / Buy Analysis
 - (d) Opportunity Cost Considerations
 - (e) Intangibles
 - (f) Financial Analysis / Impact of not going forward
 - (g) Volume / Growth Assumptions
- ii) Operating (Income Statement) Proforma – 5 year
 - (a) Year 1 – by month
 - (b) Year 2 thru 5 – Annual
 - (c) Assumptions
- iii) Cash Flow Analysis
 - (a) Start Up Costs
 - (b) Capital Requirements

1. Facilities

2. Land
 3. Equipment
 4. Information Technology
- iv) Source(s) of Capital
 - (a) Working Capital
 - (b) Debt Financing
 - (c) Lease
 - (d) Venture / Partner Capital
 - v) Benchmarking and Assessment Tools / Indicators

4) **Summary Conclusion**

- i) Strategic Implications – relationship to approved strategies
- ii) Capital Requirements
- iii) Operating and Financial Performance
- iv) Measures of and measurement of Success

V. DOCUMENT / PUBLICATION HISTORY: (template)

Revision Number	Effective Date	Document Owner at Publication	Description
(this version) 0		Bob Hemker, Chief Financial Officer	This is the original version.

VI. CROSS-REFERENCE DOCUMENTS:(template)

Reference Type	Title	Notes
----------------	-------	-------

*Paper copies of this document may not be current and should not be relied on for official purposes. The current version is in Lucidoc at .
[http://www.lucidoc.com/cgi/doc-gw.pl/ref/pphealth:26132\\$0](http://www.lucidoc.com/cgi/doc-gw.pl/ref/pphealth:26132$0)*