



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

TUESDAY, MAY 30, 2006  
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>
<b>CALL TO ORDER</b> .....			<b>6:00 p.m.</b>
➤ Public Comments			
➤ Information Item(s)			
•	.....5	.....	6:05 p.m.
1. * Approval: Minutes – April 25, 2006, Finance Committee Meeting ( <i>Addendum A</i> )	.....5	.....1	6:10 p.m.
2. * Approval: Medical Director Agreements.....	.....10	.....2-5	6:20 p.m.
Diabetes Health Program – Alan Conrad, M.D. ( <i>Addendum B</i> )			
Employee/Corporate Health – Donald Herip, M.D., M.P.H. ( <i>Addendum C</i> )			
3. * Approval: Professional & Medical Director Services Agreement .....	.....10	.....6-7	6:30 p.m.
Radiology Department - Valley Radiology Consultants Medical Group, Inc. ( <i>Addendum D</i> )			
4. * Approval: Resolutions – Bank & Investment Account Changes ( <i>Addendum E</i> )....	.....5	.....8	6:35 p.m.
5. * Review/Approval: Independent Citizens’ Oversight Committee – Nurse/Physician Member Replacement Applications ( <i>Addendum F</i> ) .....	.....15	.....9	6:50 p.m.
6. Review: Revenue Cycle Initiative .....	.....20	.....10	7:10 p.m.
7. * Approval: April 2006 & YTD FY2006 Financial Report ( <i>Addendum G</i> ) .....	.....15	.....11	7:25 p.m.
<b>FINAL ADJOURNMENT</b> .....			<b>7:25 p.m.</b>

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

Distribution:  
Ted Kleiter, Chairperson  
Nancy Bassett, RN  
Linda Greer, RN  
Marcelo Rivera, MD  
Robert Trifunovic, MD  
Paul E. Tornambe, MD

Bruce Krider, *Alternate*  
Michael Covert  
Bob Hemker  
Gerald Bracht  
Jim Flinn

Tanya Howell, Scribe

Other packets to: Sharon Andrews, Tom Boyle, Sheila Brown, Duane Buringrud, MD, Gustavo Friederichsen, Janet Gennoe, Wallie George, Diane Hansen, Andy Hoang, Marcia Jackson, Dr. Marilyn Johnson, Christine Meaney, Jim Neal, Genevieve Nelwan, Mary Oelman, Stonish Pierce, Tina Pope, Opal Reinbold, Paul Sas, Mike Shanahan, Lorie Shoemaker, Steve Tanaka, Brenda Turner, Tanya Wesley, Melanie Van Winkle, Deloitte and Touche (Drew Sutter)

**Minutes**  
**Finance Committee – April 25, 2006**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, May 30, 2006

**FROM:** Tanya Howell, Secretary

**BY:** Bob Hemker, CFO

**Background:** The minutes of the Finance Committee meeting held on Tuesday, April 25, 2006, are respectfully submitted for approval (*Addendum A*).

**Budget Impact:** N/A

**Staff Recommendation:** Approval of the Tuesday, April 25, 2006, Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR POMERADO HEALTH  
MEDICAL DIRECTOR – DIABETES HEALTH PROGRAM**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, May 30, 2006

**FROM:** Sheila Brown, R.N., M.B.A., Chief Clinical Outreach Officer  
Kris Hedges, MBA, Director, Diabetes Health

**BACKGROUND:** This is a request to approve the Medical Director Agreement with Alan Conrad, M.D. Dr. Conrad will provide Medical Director coverage and medical leadership for the PPH Diabetes Health Program. In order to retain ADA recognition for diabetes care, medical oversight is needed. The Diabetes Health Program provides needed services to inpatient and outpatient clients who suffer from diabetes.

**BUDGET IMPACT:** No Budget Impact.

**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
	<b>TITLE</b>	Medical Director Agreement – PPH Diabetes Health Alan Conrad, M.D.
	<b>AGREEMENT DATE</b>	May 1, 2006
	<b>PARTIES</b>	1) PPH 2) Alan Conrad, M.D.
Recitals E	<b>PURPOSE</b>	To provide Medical oversight for PPH's Diabetes Health Program.
Exhibit A	<b>SCOPE OF SERVICES</b>	Alan Conrad, M.D., will provide Medical Director coverage and medical leadership for the PPH Diabetes Health Program. In order to receive payments, Medicare requires that PPH is ADA recognized. This Program provides needed services to inpatient and outpatient clients who suffer from diabetes.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> <b>Request for Proposal</b> <input checked="" type="checkbox"/> <b>Discretionary</b>
4.1	<b>TERM</b>	May 1, 2006 through April 30, 2008
	<b>RENEWAL</b>	N/A
4.3.1.2 4.3.1.1	<b>TERMINATION</b>	a. Immediately for cause b. Not less than 90 days of written notice without cause
3.1	<b>COMPENSATION METHODOLOGY</b>	Monthly payment on or before the 15 <sup>th</sup> of each month with supporting documentation of the prior month's time records.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO - IMPACT:</b> None.
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES – EXPLAIN:</b>
	<b>JUSTIFICATION</b>	In order to remain ADA recognized for diabetes care, medical oversight is needed.
	<b>POSITION NOTICED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>METHODOLOGY &amp; RESPONSE:</b> Posted in Medical Staff Offices for 30 days
	<b>ALTERNATIVES/IMPACT</b>	Proceeding without this arrangement will cause the program to be out of compliance with the ADA guidelines.
Exhibit A	<b>DUTIES</b>	<input checked="" type="checkbox"/> <b>PROVISION FOR STAFF EDUCATION</b> <input checked="" type="checkbox"/> <b>PROVISION FOR MEDICAL STAFF EDUCATION</b> <input checked="" type="checkbox"/> <b>PROVISION FOR PARTICIPATION IN QUALITY IMPROVEMENT</b>
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> <b>Officer</b> <input checked="" type="checkbox"/> <b>CFO</b> <input checked="" type="checkbox"/> <b>CEO</b> <input checked="" type="checkbox"/> <b>BOD Finance Committee</b> <input checked="" type="checkbox"/> <b>BOD</b>

**PALOMAR POMERADO HEALTH  
MEDICAL DIRECTOR – EMPLOYEE/CORPORATE HEALTH  
SERVICES**

**TO:** Board Finance Committee

**DATE:** May 30, 2006

**BY:** Sheila Brown, R.N., M.B.A.  
Marilyn Piek, R.N., M.S.N., C.O.H.N.S., C.C.M.

**BACKGROUND:** This is a request to approve the Medical Director Agreement of Donald Herip, M.D., M.P.H. Dr. Herip provides Medical Director coverage for the Employee/Corporate Health Services. As Medical Director, Dr. Herip performs physical examinations and provides medical oversight to PPH employees and corporate clients in the PPH Service Area. Under Dr. Herip's leadership, the Employee/Corporate Health Service has demonstrated a significant reduction in PPH Worker's Compensation Program, high client satisfaction scores and excellent quality outcomes with the Return to Work and the Lift Team Programs.

**BUDGET IMPACT:** No Budget Impact.

**STAFF RECOMMENDATION:** Approve.

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	<b>TITLE</b>	Employee/Corporate Health Medical Director Agreement
Recitals	<b>AGREEMENT DATE</b>	March 1, 2006
Recitals	<b>PARTIES</b>	Palomar Pomerado Health - Donald Herip, MD
Recitals	<b>PURPOSE</b>	To provide Medical oversight for Employee/Corporate Health Services program
	<b>SCOPE OF SERVICES</b>	Donald Herip, M.D. provides Medical Director coverage for the Employee/Corporate Health Services. As Medical Director, Dr. Herip performs physical examinations and provides medical oversight to PPH employees and corporate clients in the PPH Service Area.
	<b>TERM</b>	March 1, 2006 through June 30, 2008 with an additional 2-year option.
	<b>RENEWAL</b>	N/A
	<b>TERMINATION</b>	Immediately for cause or within 90 days of written notice without cause.
	<b>COMPENSATION METHODOLOGY</b>	Monthly payment on or before the 15 <sup>th</sup> of each month with supporting documentation of the prior month's time records.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b>
	<b>JUSTIFICATION</b>	To comply with Title 22 regulatory guidelines for Employee/Corporate Health Services.  To comply with Worker's Compensation regulatory standards.
	<b>POSITION POSTED</b>	<input type="checkbox"/> <b>YES</b> <input checked="" type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b> Option to renew M.D. services beyond the initial agreement term.
	<b>ALTERNATIVES/IMPACT</b>	Proceeding without this arrangement will cause the program to be out of compliance with medical oversight and supervision.
Exhibit B	<b>Duties</b>	<input checked="" type="checkbox"/> <b>Provision for Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for Medical Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input checked="" type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>LEGAL REVIEW</b>	Attorney developed template agreement used.
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> Officer <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <b>FINANCE</b> <input checked="" type="checkbox"/> BOD

**PALOMAR MEDICAL CENTER  
RADIOLOGY DEPARTMENT  
PROFESSIONAL AND MEDICAL DIRECTOR SERVICES AGREEMENT**

**TO:** Board Finance Committee

**MEETING DATE:** May 30, 2006

**BY:** Gerald E. Bracht  
Chief Administrative Officer

**BACKGROUND:** Valley Radiology Consultants Medical Group, Inc. (VRCMG) provides exclusive Radiology Professional and Medical Director services to Palomar Medical Center (PMC) and Pomerado Hospital (POM). VRCMG has provided reliable Radiology professional services to PPH for a number of years and has been responsive to the medical staff and health system in meeting the clinical needs of its patients. The physicians of VRCMG are Board certified bringing expertise to PPH in both general and interventional radiology.

The medical staffs of PMC and POM were invited to provide feedback to the Administration regarding the performance of VRCMG in the provision of services. There was a mixed response from the medical staff, which led the administration to distribute a Request for Proposal (RFP) for services covered by this agreement. An RFP review committee was established comprised of a multidisciplinary group of eighteen medical staff members. This committee developed the criteria for the RFP and reviewed the responses received and also interviewed VRCMG leadership prior to making a recommendation to the Administration to provide exclusive Radiology services. The Committees recommendation was unanimous to continue with VRCMG under the terms and conditions of the RFP. The Medical Executive Committees at PMC and POM were presented the recommendation of the RFP Review Committee and affirmed their recommendation to proceed with an agreement with VRCMG to provide general and interventional radiology services.

The agreement calls for professional radiology services provided by VRCMG to be billed and collected by VRCMG as full and complete compensation for all professional and medical director services. No additional compensation is provided by PPH to VRCMG under this agreement.

The medical director and group physicians have been supportive of efforts to maintain staff competency by providing educational in-services, involvement in the operating and capital budgeting process, and improvement of clinical services provided by the Radiology department.

This agreement represents a replacement of the exclusive agreement for a period of three years with options for the parties to mutually extend the term for two separate two-year terms.

**BUDGET IMPACT:** None

**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
	<b>TITLE</b>	Radiology Department Professional and Medical Director Services Agreement
7.1	<b>AGREEMENT DATE</b>	June 1, 2006
Preamble	<b>PARTIES</b>	Valley Radiology Consultants Medical Group, Inc. and Palomar Pomerado Health
Recitals E	<b>PURPOSE</b>	Clinical supervision and oversight of radiology department and provision of professional radiological and interventional services.
1.1 Exhibit 1.1	<b>SCOPE OF SERVICES</b>	Exclusive provision of professional radiological and interventional radiology services
	<b>PROCUREMENT METHOD</b>	<input checked="" type="checkbox"/> <b>Request For Proposal</b> <input type="checkbox"/> <b>Discretionary</b> In cooperation with an 18 member RFP review committee of medical staff members.
7.1	<b>TERM</b>	Three years with 180 days written notice prior to anniversary date to terminate
7.1	<b>RENEWAL</b>	Two separate two year renewals unless terminated upon 180 days advance written notice prior to the anniversary date
7.2 7.3	<b>TERMINATION</b>	Without cause with 180 days written notice after first 24 months For cause as defined in the agreement
4.3b 1.4a	<b>COMPENSATION METHODOLOGY</b>	No compensation due for medical director services Eligible for emergency on-call compensation when participating in the coverage schedule for non-exclusive services
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b> No budgetary impact
1.15 Exhibit 1.15	<b>EXCLUSIVITY</b>	<input type="checkbox"/> <b>NO</b> <input checked="" type="checkbox"/> <b>YES – EXPLAIN:</b> Administration recommends single provider for scope of services to assure uninterrupted delivery of quality patient care services excluding those services identified in exhibit 1.15.
	<b>JUSTIFICATION</b>	Required for consistent delivery of high quality uninterrupted radiology and interventional services.
	<b>AGREEMENT NOTICED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b> All medical staff invited in writing to provide comment.
	<b>ALTERNATIVES/IMPACT</b>	No other providers on staff. Would need to source alternative coverage if VRCMG discontinued provision of services.
<b>Exhibit 1.5 #'s: 6, 8, 11, 23, 29</b>	<b>Duties</b>	<input checked="" type="checkbox"/> <b>Provision for Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for Medical Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input checked="" type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> <b>CAO</b> <input checked="" type="checkbox"/> <b>CFO</b> <input checked="" type="checkbox"/> <b>CEO</b> <input checked="" type="checkbox"/> <b>BOD Committee</b> <input type="checkbox"/> <b>FINANCE</b> <input checked="" type="checkbox"/> <b>BOD</b>



# RESOLUTIONS

## Bank and Investment Account Changes

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, May 30, 2006

**BY:** Bob Hemker, CFO

**BACKGROUND:** The Resolutions attached as Addendum E reflect the following changes to the board-designated signatory lists for PPH Bank and Investment Accounts:

<b>NAMING OF AUTHORIZED SIGNATORY – info only<sup>1</sup></b>		
All Bank Accounts (Except Auxiliary and Health Development Accounts)	Chief Human Resources Officer	Wallie George
All Investment Accounts (Except PPH GO Bond Accounts)	Chief Human Resources Officer	Wallie George
PCCC & Villa POM Patient Trust Bank Accounts	Chief Administrator SNF Services	Steve Gold
Escondido Surgery Center Bank Accounts	ESC Nurse Manager	Beverly Berg
<b>BANK NAME CHANGE – info only</b>		
Escondido Surgery Center Bank Accounts	OLD Rancho Santa Fe National Bank	NEW First National Bank
<b>ADDITIONAL AUTHORIZED SIGNATORY<sup>2</sup> - Resolution No. 06.12.06 (01) - 14</b>		
All Bank Accounts (Except Auxiliary and Health Development Accounts)	Director of Finance	To Be Named
All Investment Accounts (Except PPH GO Bond Election of 2004 Series 2005A Accounts)		
<b>OPENING OF BANK ACCOUNT<sup>3</sup> - Resolution No. 06.12.06 (02) - 15</b>		
ACCOUNT NAME	GENERAL LEDGER #	INSTITUTION ACCOUNT #
Pre-1993 Workers' Comp Claims Account	Not yet available	Wells Fargo – 4121-230080
<b>CLOSURE OF BANK ACCOUNTS<sup>3</sup> – Resolution No. 06.12.06 (03) – 16</b>		
ACCOUNT NAME	GENERAL LEDGER #	INSTITUTION ACCOUNT #
Workers' Compensation Deposit Account – Delta	01-1107.01200	WestAmerica Bank – 601-03503-3
Workers' Compensation Deposit Account	01-1107.01200	WestAmerica Bank – 601-066483
<b>OPENING OF INVESTMENT ACCOUNT<sup>4</sup> - Resolution No. 06.12.06 (04) - 17</b>		
ACCOUNT NAME	GENERAL	INSTITUTION ACCOUNT #
Citracado Road Public Benefit Development Account	Not yet available	Wells Fargo - 18040503

**BUDGET IMPACT:** No Budget Impact

**STAFF RECOMMENDATION:** Approval

**COMMITTEE QUESTIONS:**

<p><b>COMMITTEE RECOMMENDATION:</b></p> <p><b>Motion:</b></p> <p><b>Individual Action:</b></p> <p><b>Information:</b></p> <p><b>Required Time:</b></p>
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<sup>3</sup> Alpha Fund merged PPH's Workers' Comp Deposits into one account when they relocated their accounts to Wells Fargo

<sup>4</sup> Interest-bearing escrow account, opened pursuant to the February 15, 2006, Development Agreement with City of Escondido

## Independent Citizens' Oversight Committee Nurse/Physician Member Replacement Applications

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, May 30, 2006

**FROM:** Bob Hemker, CFO

**Background:** At the April 25, 2006, meeting of the Board Finance Committee, the resignation of Lee Human, M.D., from the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC) was reported. Dr. Human's resignation in effect caused two vacancies on the ICOC: 1) A vacancy in number, as the Policies, Procedures & Guidelines (PP&G) of the ICOC require that there shall be not less than nine (9) members; and, 2) A vacancy in Required Members, as Dr. Human was the Nurse/Physician Member on the ICOC—required pursuant to the PP&G. None of the current members is qualified to fill that vacancy.

At the May 8, 2006, meeting of the District Board of Directors, the Board authorized the posting of the open seat on the ICOC. Deadline for submission of applications was set as Wednesday, May 24, 2006. As the opening was for the required seat of Nurse/Physician Member, it was also stipulated that applications would be accepted only from those members of the public who were trained nurses or physicians. Applications received from qualified nurse or physician applicants during the original application process were also to be re-examined for consideration.

Notice of the vacancy was posted pursuant to the PP&G of the ICOC—on Wednesday, May 10, 2006, in the local newspapers and on the District's Web site; and on Thursday, May 11, 2006, in the District's hospitals. Applications were available on the District's Web site and from the office of the District's Chief Financial Officer via his Executive Assistant, Tanya Howell, to whom they were also to be returned.

The Finance Committee has been delegated the selection process by the Board. The applications and a proposed Selection Matrix to aid in their evaluation are attached as Addendum F.

**Budget Impact:** N/A

**Staff Recommendation:** It is recommended that the Selection Matrix be used to evaluate the applications. Further, it is recommended that the full Finance Committee evaluate all applicants and that a subcommittee—appointed by the Finance Committee Chair—conduct phone and/or face-to-face interviews with the finalists prior to recommending the proposed ICOC Nurse/Physician Member to the District Board.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## Revenue Cycle Initiative

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, May 30, 2006

**FROM:** Melanie Van Winkle, Revenue Cycle Project Sponsor

**BACKGROUND:** The Revenue Cycle Initiative and the associated implementation project is a 12-14 month project geared to the complete redesign of all the business functions related to patient care, starting from the time the patient has identified a need for a service to the finalization of the patient bill. This project will require participation from almost all PPH disciplines. The project focuses on the business aspects from the patient's perspective and determines the optimal processes from the both patients' and the organization's perspectives. The outcome of this initiative is to significantly improve our patient and employee loyalty and to reduce lost reimbursement due to inefficient/ineffective processes.

PPH has dedicated internal staffing to ensure that the continuous focus on this project results in success. In addition, PPH has engaged Gustafson + Associates (Bobette Gustafson) to share their expertise in this type of project and to provide guidance to the assigned internal staff.

The complete redesign of our patient business processes is targeted to go live on July 2, 2007.

A status report and additional information will be provided at the meeting.

**BUDGET IMPACT:** \$2 million in Net Revenue improvements have been budgeted for FY2007 in anticipation of the implementation of some process changes during the term of the project. In addition, the FY2007 budget includes expenses for the duration of the project.

**STAFF RECOMMENDATION:** Information only

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## April 2006 & Fiscal YTD 2006 Financial Report

**TO:** Joint Board/Finance Committee

**MEETING DATE:** Tuesday, May 30, 2006

**FROM:** Robert Hemker, CFO

**Background:** The Board Financial Reports (unaudited) for April 2006 and Fiscal YTD 2006 are submitted for the Committee's approval (*Addendum G*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**