

**Palomar Pomerado Health
STRATEGIC PLANNING COMMITTEE
POM- CONFERENCE ROOM E
August 15, 2006**

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	Dr. Larson opened Strategic Planning Committee meeting at 6:32 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Michael Covert, Nancy Bassett, RN, Ted Kleiter, Dr. Rivera, and Dr. Tornambe. Also attending were Gerald Bracht, Lorie Harmon, Bob Hemker, Marcia Jackson, Dr. Kanter, Dr. Lilley, and Lorie Shoemaker. Guests: Kwaja Floyd, Wallie George, Dr. Kung, Stonish Pierce, Mike Shanahan, Bob Wells, and Nick Xenitopoulos. Kaufman Hall guests: Ajay Chokshi, Mark Grube, Ellen Riley, and Adam Scott		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
MINUTES June 20, 2006		Motion made by Nancy Bassett, R.N., seconded by Dr. Larson, and carried unanimously for approval of the June 20 Strategic Planning Committee minutes.	

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<p>FY '06 GOAL OUTCOME</p>	<p>Annual goals were established at the beginning of fiscal year 2006. A spreadsheet was presented, which provided a summary of the fiscal year's achievement of these goals, divided into Balanced Scorecard categories.</p> <p>Michael Covert commented that this is the closest that PPH has come to closing the year-end in a disciplined fashion.</p> <p><u>Financial Strength</u> - Bob Hemker pointed out that the performance fell short of the targeted 9.8% margin. PPH is in the middle of an audit, and a 7.8% margin is a more likely outcome. Bob also pointed out that PPH is using a metric of margin percentage, rather than dollar amount.</p> <p>For business growth, Marcia Jackson noted that PPH did see growth in volume, and exceeded the FY '06 target.</p> <p><u>Customer Service</u> – Marcia Jackson pointed out that for Patient Loyalty Scores, PPH changed from the Gallup tool to Press Ganey beginning the 4th quarter of FY '06. With the new tool, comparing to past performance is questionable. For the 4th quarter of FY '06, PMC Inpatient score was in the 12th percentile, and POM Inpatient score was in the 14th percentile. Michael Covert pointed out that the same type of initial results occurred at Sarasota & Washington, and that the surveys were very good at showing what areas need work, specifically, so that they were able to raise their scores up from approximately 14% to approximately 80%, over a few years. Dr. Tornambe asked Michael what was the determining factor in raising the scores so substantially,</p>		

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	<p>and Michael responded that it was the level of communication between the administrators and the patients, and between the physicians and the patients.</p> <p>Ted Kleiter asked how long PPH has been using Gallup, and Gerald Bracht answered that it has been 3 ½ years. It was noted that PPH had used Press Ganey previously, and Ted asked why PPH stopped using Press Ganey. Michael Covert answered that it was his decision to switch to Gallup, since Press Ganey didn't do physician and employee surveys. Gerald commented that it is easier to drill-down with Press Ganey. Michael will bring the Press Ganey results back to a Board Committee, possibly Community Relations Committee.</p> <p>Quality – Results included that the CAPE Prospector Award application was submitted on time, and that department standards were established by approximately 80% of departments. PPH achieved the quality targets for the CMS demonstration project.</p> <p>Workforce Development Human Resources – Wallie George pointed out that the PPH vacancy rate is 8.7%, whereas the CHA vacancy rate is 8.1%, and that the Magnet application was submitted. The tracking of certified staff and advanced degrees has not been automated, and data is not available at this time. Internal promotions increased 2.5% over baseline (goal was a 5% increase over baseline).</p> <p>Workplace Development Facilities & Grounds – For the question on the Gallup survey about if the employees have the tools and equipment they need to do their jobs, the target was the 80th percentile, and the actual results were at the 46th</p>	<p>Michael Covert will bring Press Ganey results back to BOD Committee (most likely Community Relations Committee).</p>	<p>M. Covert</p>

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	<p>percentile. It was noted that the IT Master Plan is on schedule.</p> <p>It was noted that PPH achieved at approximately a 30% level of what we set as goals, and Dr. Larson asked if our goals might be unrealistic, and that he was not sure how to digest these results. Michael Covert responded that it is critical that we focus on patients, and not on ourselves. We need to examine customer satisfaction and physician satisfaction, and if we do these well, we will be successful. We also need good facilities, as well as good community benefits. We have made improvements here, but we have a ways to go. Are we pushing too hard? Not where we want to be? He has pushed us a notch further, but he won't stop; it is critical that we strive for excellence in quality, finance, people, and services. We also need to learn to feel good about ourselves. Can we get there? He asked the Committee to stay with us, and that they would not be disappointed.</p>		
<p>STRATEGIC PLAN DEVELOPMENT</p>	<p>Marcia Jackson introduced representatives from Kaufman Hall: Ellen Riley, Mark Grube, Ajay Chokshi, and Adam Scott, consultants who have been retained to work with PPH on the creation of a Strategic Plan to formalize the growth strategy for the organization. These representatives from Kaufman Hall attended the meeting to review the Strategic Planning process and discuss PPH's current situation and high-level market analytics.</p> <p>Ellen Riley discussed Kaufman Hall's approach to integrated strategic and financial planning, and discussed the relationship between the following:</p>		

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	<ul style="list-style-type: none"> • Strategic Planning • Financial Planning • Capital Planning • Facilities Planning <p>Ellen emphasized that this approach is an interactive process with continuity, and reminded us that not all volume is equal. She also described the “Corridor of Control” which is the balancing point between two opposing goals - in this case, Over-Investment versus Under-Investment.</p> <p>Another key component of the approach to integrated strategic and financial planning is to identify initiatives, which is an iterative process, a component that won’t be right the first time. It is important to identify the risk analysis.</p> <p>The next item in Ellen’s presentation was to review the engagement objectives and project timeline, to identify the best growth opportunities for PPH:</p> <p>Phase I: Market and Strategic Position Assessment Phase II: Growth Strategy Development and Modeling Phase III: Integrated Plan of Finance Update</p> <p>A preliminary project plan and meeting schedule was also presented and discussed.</p> <p>The next section was a “PPH Current Situation Summary” which included the following highlights:</p> <ul style="list-style-type: none"> • PPH operates in a highly favorable market • PPH is the dominant provider in its service area with 56% market share 		

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	<ul style="list-style-type: none"> • PPH recently developed a Master Facility Plan (MFP) to respond to the significant market growth for healthcare services and to comply with State-mandated seismic building regulations. • The annual cash flow required (\$50M) to fund the project is considerably higher than historical cash flows, and will require substantial operating performance improvement, and an increase in current inpatient & outpatient volumes <p>Financial projection scenarios were presented to determine what types of strategies PPH can pursue to achieve the desired growth, including the following:</p> <ul style="list-style-type: none"> • New PMC West campus • Expanded POM Hospital • Programs/Centers of Excellence • Advanced Clinical Technology • Superior Quality and Outcomes • Best Physician Workshop • Strong Physician Relationships • New Access Points (Urgent Care, Freestanding ED's, Clinics, etc.) • Primary Care Physician Network • Community-Based Specialists • Referral Coaching • Marketing <p>The following were identified as necessary to get where we want to go:</p> <ul style="list-style-type: none"> • MD Recruitment & Retention • Financial Resources • Human Resources • Time 		

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	<ul style="list-style-type: none"> • Organization Cultural Change <p>Market demographics and projections in the PPH service area were shared with the Committee. OSHPD data indicated that PPH has significant opportunity in the north and south geographic clusters, and it would be easier and cheaper to grow our market share there rather than face strong competition from Scripps and Tri-City in the Northwest and Southwest.</p> <p>Attractive service lines for growth are:</p> <ul style="list-style-type: none"> • Obstetrics/Gynecology • Orthopedics • General Surgery <p>A SWOT (Strengths, Weaknesses, Opportunities, and Threats) analysis, with an emphasis on business growth, was performed, using Committee participation, with the following results:</p> <p><u>STRENGTHS:</u></p> <ul style="list-style-type: none"> • Cardio • Trauma • Rehab • Wound Care • Ortho • Retinal • OB • Intensivists • ER • Peripheral Vascular • Bariatric 		

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	<p><u>WEAKNESSES:</u></p> <ul style="list-style-type: none"> • Shortage of PCP's • Recruitment of MD's • How to break with the past – reputation or lack thereof • Split medical staff (Dr. Kanter mentioned that we're close to resolving this issue) • Reputation, perception, lack of knowledge <p><u>OPPORTUNITIES:</u></p> <ul style="list-style-type: none"> • Sell nursing as service – affiliate with CSUSM • Cardiothoracic • POM – need cardiology, neurology, interventional radiology (North & South) • Women's Services • Rancho Peñasquitos • Perception of facilities • Recruit physicians from neighboring areas <p><u>THREATS:</u></p> <ul style="list-style-type: none"> • Mobility of wealth in South • New Sharp facilities • Scripps Clinic – signed 180,000 square foot new lease in Carmel Mountain Ranch • Shortage of Primary Care Physicians • Attracting MD's to San Diego, which has low reimbursement levels <p>Dr. Rivera suggested that we strongly consider partnering with UCSD and/or Tri-City Medical Center. Nancy Bassett added that people identify with UCSD due to their reputation as a "cutting edge" research facility.</p>		

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	<p>Preliminary SWOT Analysis Results from EMT Kick-off were presented, and Kaufman Hall will compile all of the EMT Kick-off/Committee comments and suggestions, and will send out an inclusive document.</p> <p>Dr. Kung asked the Kaufman Hall representatives how they could help with physician issues, and Mark Grube agreed to bring back more information to the Committee.</p> <p>Ted Kleiter suggested that we provide all info to all of the PPH BOD. Marcia mentioned that a full Board Retreat, including Physician Leaders, is being planned for January to ensure full Board involvement.</p> <p>Dr. Larson asked what the shelf life is of the product (strategic plan), and Mark Grube answered that it is about 3 – 5 years; and that the financial projections have a shelf life of about 10 years.</p> <p>The next steps for the September 18 Market Position Assessment Meeting (EMT) are as follows:</p> <ul style="list-style-type: none"> • Finalize service area and service line definitions • Develop detailed market and service line profiles using 2005 OSHPD database, Claritas 2006 to 2011 population projections and internal current YTD PPH data • Schedule market tour and physician interviews. <p>Michael Covert stressed that he wants an 85% market share, adding that it must be the right mix, and not just a “traditional” strategic plan.</p>		

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COMMITTEE COMMENTS, SUGGESTIONS	<p>Marcia Jackson mentioned that the September 19 Strategic Planning Committee meeting will be a Joint BOD/Strategic Planning Committee meeting, with a Quarterly Facilities Update.</p> <p>There were no further Committee comments at this time.</p>		
ADJOURNMENT	9:00 p.m.		
SIGNATURES			
Committee Chairperson	<hr/> Alan Larson, M.D., Committee Chair		
Recording Secretary	<hr/> Lorie Harmon		