

Palomar Pomerado Health
Strategic Planning Committee Meeting
(Board Meeting with Respect to the Board Members on the Committee)

December 18, 2003

5:00 p.m. DINNER

5:30 p.m. START

⇒NOTE: LOCATION CHANGE
POMERADO HOSPITAL
CONFERENCE ROOM E

!	Call To Order		
!	Public Comments	<u>Time</u>	<u>Page</u>
1.	* Approval of Minutes – November 20, 2003	2 Minutes	1
2.	Vision Statement Review	10 Minutes	7
3.	Architectural Presentation	75 Minutes	8
4.	Committee Comments, Suggestions		

Adjournment to Closed Session - Report Involving Trade Secrets; Pursuant to Health and Safety Code Section 32106; Discussion concerning new program; Estimated date of public disclosure: February, 2004.

Adjourn to Open Session - Action, if any taken, in Closed Session

Follow-up Reports Included:

- FY '04 Goals Update
- Strategic Planning Committee 2003 Year-End Summary

Distribution:

Alan W. Larson, M.D., Chairperson
Duane Baingrud, M.D.
Michael Covert, CEO
Ted Kleiter
Bruce Krider
George Kung, M.D.
Marcelo Rivera, M.D.

Gerald Bracht
Lorie Harmon
Bob Hemker
Marcia Jackson
Jerry Kolins, M.D.
James Otoshi, M.D.
Anamaria Repetti
Lori Wells

NOTE: Asterisks indicate anticipated action; action is not limited to those designated items.

Approval of Minutes

TO: Strategic Planning Committee on December 18, 2003

FROM: Lorie Harmon, Secretary

BACKGROUND: The Secretary of the Strategic Planning Committee respectfully submits the minutes of the meeting held on November 20, 2003.

The minutes have been reviewed and approved by Marcia Jackson, Sr. Vice President, Planning, Marketing and Business Development.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Approval of attached minutes.

COMMITTEE RECOMMENDATION:

Individual Action: X

Palomar Pomerado Health
JOINT MEETING OF THE BOARD OF DIRECTORS &
STRATEGIC PLANNING COMMITTEE
Pomerado Hospital – Conference Room E
November 20, 2003

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	6:34 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Nancy Bassett, R.N., Michael Covert, Ted Kleiter, Bruce Krider, Dr. Kung, and Dr. Rivera. Also attending were Gerald Bracht, Lorie Harmon, Marcia Jackson, Dr. Otonari, Anamaria Repetti, Mike Shanahan, Lori Wells, and Nick Xenitopoulos. Guests: Evelyn Warner from Mike Shanahan's office, and Tom Chessum and Steve Yundt from Anshen & Allen.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	There were no requests for public comments.		
MINUTES October 16, 2003		MOTION: Motion made by Ted Kleiter, seconded by Bruce Krider, and carried, for approval as presented.	

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
ANSHEN & ALLEN ARCHITECTURAL UPDATE	<p>At the October Strategic Planning Committee meeting, an update on community bed need estimates and alternative building solutions was presented and discussed with the Committee. Based on feedback from the Committee, the architects further studied alternatives and provided an update at the November Strategic Planning Committee meeting.</p> <p>Tom Chessum of Anshen & Allen reviewed the various options for the facilities, and noted the cost increase from one year ago, and offered explanations as to why the costs have escalated. He presented a summary of Project Sites and Program Distribution. He stressed the fact that square footage drives the costs. Two key indicators of the budget/cost reconciliation were:</p> <ol style="list-style-type: none"> 1) Program = Gross square footage/Bed <ul style="list-style-type: none"> • This accounts for the full scope of services to be provided • Accounts for programming standards/codes • Accounts for planning criteria 2) Cost Structure = Project \$/Bed <ul style="list-style-type: none"> • Accounts for direct functional "bricks & mortar" costs • Accounts for indirect "bricks & mortar" costs • Accounts for related "soft" costs • Accounts for escalation of all costs <p>Mr. Chessum showed the figures from a project cost estimate done in 2002 (pre-Anshen & Allen) of \$375,000 per bed, and added in a \$64,000 per bed cost for cost escalation to 2007, based on the assumption of a</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>compound escalation of 3% per annum, noting that most of the money would be spent during the 2006 – 2007 period.</p> <p>The architect's presentation included a Project Cost Development Comparative Data and Benchmarks, which compared PPH's competitors figures as to gross square footage per bed, and project \$ per bed. Tom used examples of several recent projects where square footage per bed varies from 1,900 – 2,190. Dr. Larson asked whether the use of private versus semi-private rooms significantly impacts the square footage/bed and Tom responded that it does not significantly increase it.</p> <p>The current PPH proposed schemes provided a range of 1,650 – 1,800 square feet per bed. Palomar Medical Center is currently at 1,096 gross square feet per bed, which is substantially under the industry ranges. A proposed new hospital (bed) tower would average 1,126 SF (square feet) per bed, and once the following categories were added, the total SF/bed of a new hospital would be 1,850 SF/bed:</p> <ul style="list-style-type: none"> • Expanded Diagnostic & Treatment • Expanded Support Services • Healing Environment Criteria <p>He pointed out that the \$375,000 per bed did not include medical equipment, nor did it include the cost of a new central plant. The final total estimate of a new hospital would be \$787,000 per bed, with a square footage per bed of 1,850.</p> <p>Dr. Rivera requested examples of the components of a healing environment and the expanded support services.</p>	<p>Tom Chessum will provide examples at the December</p>	<p>T. Chessum/ Anshen &</p>

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>Discussion ensued regarding the content of the information about the building projects, as well as the manner in which the information is presented.</p> <p>Suggestions included:</p> <ul style="list-style-type: none"> • Need concise, consistent, logical, and simplistic positioning for the public • Review of historical information for accuracy and to determine what information we gave to the public the last time – Dr. Rivera asked Tom to review the last figures. • Michael Covert suggested revisiting the bond issue at the Finance Committee meeting • Ted Kleiter suggested that we tell the public that “we have more information now,” to emphasize a positive approach, i.e., that services have been added, along with top-notch medical equipment. <p>Mike Shanahan shared information about land site options, and showed aerial photographs of those options available for a new site, should this be the decided course to follow.</p> <p>The Committee will invite the full PPH Board to the December Committee meeting and will have an architectural update for the full Board.</p>	<p>Committee meeting.</p> <p>Tom Chessum will provide review at the December Committee meeting.</p> <p>Marcia Jackson to invite full Board to December Committee meeting.</p>	<p>Allen</p> <p>T. Chessum</p> <p>M. Jackson/ L. Harmon</p>
<p>PROGRAM DEVELOPMENT PRIORITIZATION</p>	<p>One of the nine FY '04 system-wide goals is to prioritize 3 clinical services for program development focus. Through meetings with Board members, senior management and Medical staff Leadership, numerous potential programs and services were identified for planning assessments. This list was refined to include clinical programs that could be a source of revenue for PPH. The program assessments have been completed for these 13 potential clinical development programs.</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>Committee members were requested to review the assessments and prepare to discuss which programs they feel should receive prioritization.</p> <p>A prioritization exercise was done, whereby each Committee member was given 3 dots to select the programs that they felt should be given the highest prioritization. The Committee members discussed their reasoning for their priorities and also heard Management's input. Both EMT and the Committee felt that Neurosciences, Vascular Services, Interventional Radiology, and Musculoskeletal (Orthopedic) programs should be the top priorities. Staff will begin to work on business plans for these services.</p>	<p>M. Jackson to begin work on business plans.</p>	<p>M. Jackson</p>
<p>FINAL ADJOURNMENT</p>	<p>8:15 p.m.</p>		
<p>SIGNATURES</p> <p>Board Secretary</p> <p>Recording Secretary</p>	<p>_____</p> <p>Nancy H. Scofield</p> <p>_____</p> <p>Lorie Harmon</p>		

Vision Statement Review

TO: Strategic Planning Committee

MEETING DATE: December 18, 2003

FROM: Michael Covert, President and CEO

BACKGROUND: Mr. Covert has solicited input from Board members, EMT, Leadership, and physician and employee groups, particularly targeting past Values in Action Award and Employees of the Month recipients, and will bring their incorporated input back to this Committee for further discussion.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For discussion only

COMMITTEE RECOMMENDATION:

Information: X

Architectural Presentation

TO: Strategic Planning Committee

MEETING DATE: December 18, 2003

FROM: Marcia Jackson, Sr. VP, Planning, Marketing & Bus. Development

BACKGROUND: At the October Strategic Planning Committee meeting, an update on community bed need estimates and alternative building solutions was presented and discussed with the Committee. After feedback from the Committee, the architects further studied alternatives and provided an update at the November Strategic Planning Committee meeting. Based on this information, the Committee decided to invite the full PPH Board to the December Committee meeting and will have an in-depth architectural update to present to the full Board.

BUDGET IMPACT: None

STAFF RECOMMENDATION: For discussion only

COMMITTEE RECOMMENDATION:

Information: X

ID	Task Name	Q4 '02			Q1 '03			Q2 '03			Q3 '03			Q4 '03			Q1 '04			Q2 '04	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
1	FY04 Goals																			44%	
2	Program Development - Comprehensive Assessment (Marcia Jackson)																			44%	
3	Establish Selection Criteria and Prioritization																			100%	
4	Vascular																			41%	
5	Medical Staff Profile																			50%	
6	Market Assessment																			50%	
7	Financial Assessment																			40%	
8	Technology Assessment																			25%	
9	Facility Needs Assessment																			25%	
10	Program Assessment																			50%	
11	Benchmark the Nation's Top Performers																			50%	
12	Gap Analysis																			40%	
13																					
14	Neurosciences																			41%	
15	Medical Staff Profile																			50%	
16	Market Assessment																			50%	
17	Financial Assessment																			40%	
18	Technology Assessment																			25%	
19	Facility Needs Assessment																			25%	
20	Program Assessment																			50%	
21	Benchmark the Nation's Top Performers																			50%	
22	Gap Analysis																			40%	
23																					
24	Orthopedics																			41%	
25	Medical Staff Profile																			50%	
26	Market Assessment																			50%	
27	Financial Assessment																			40%	
28	Technology Assessment																			25%	

Project: FY04Goals2Tracking Date: Wed 12/10/03	Critical		Baseline		Project Summary	
	Critical Split		Baseline Split		External Tasks	
	Critical Progress		Baseline Milestone		External Milestone	
	Task		Milestone		Deadline	
	Split		Summary Progress			
	Task Progress		Summary			

ID	Task Name	Q4 '02			Q1 '03			Q2 '03			Q3 '03			Q4 '03			Q1 '04			Q2 '04			
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		
29	Facility Needs Assessment																					25%	
30	Program Assessment																						50%
31	Benchmark the Nation's Top Performers																						50%
32	Gap Analysis																						40%
33																							
34	Customer Service (Gerald Bracht)																						34%
35	Establish outcome measures																						100%
36	Establish employee driven customer service workgroups																						100%
37	Identify employee and EMT co-chairs for each workgroup																						100%
38	Develop specific customer service plans																						0%
39	Develop specific customer service metrics																						0%
40	Ongoing implementation of customer service plans																						0%
41																							
42	Facilities Planning - PMC (Marcia Jackson/Mike Shanahan)																						5%
43	Functional and Space Planning																						20%
44	Schematic Design																						0%
45	Design Development																						0%
46																							
47	Facilities Planning - POM (Marcia Jackson/Mike Shanahan)																						7%
48	Functional and Space Planning																						30%
49	Schematic Design																						0%
50	Design Development																						0%
51																							
52	Strategic Financial Planning (Bob Hemker)																						54%
53	Development of a comprehensive financial planning model																						75%
54	Develop an analytical tool to evaluate strategic initiatives																						95%
55	Develop a refined operating budget process with decision making tools																						75%

Project: FY04Goals2Tracking
Date: Wed 12/10/03

Critical		Baseline		Project Summary	
Critical Split		Baseline Split		External Tasks	
Critical Progress		Baseline Milestone		External Milestone	
Task		Milestone		Deadline	
Split		Summary Progress			
Task Progress		Summary			

UI

ID	Task Name	Q4 '02			Q1 '03			Q2 '03			Q3 '03			Q4 '03			Q1 '04			Q2 '04			
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov		
56	Instill an entrepreneurial spirit and culture at all levels of the Leadership/Management Team																					50%	
57	Provide financial management education to BOD, Managers, Staff, and Physicians																						25%
58																							
59	Image Development (Marcia Jackson)																						32%
60	Research Phase																						80%
61	Development of key goals/objectives																						0%
62	Finalization and approval of the image development plan																						100%
63	Implementation of plan																						20%
64	Initial assessment and strategy for year 2 goals																						0%
65																							
66	IT Strategic Plan (Elizabeth Renfree)																						40%
67	Avega - Decision Support																						95%
68	Avega - Financial Management																						0%
69	Carex/Vision																						50%
70	Cerner																						60%
71	Lawson - Financials and Materials Management																						85%
72	Lawson - Human Resources and Payroll																						20%
73	Long-Term Care																						60%
74	MDS/Midas																						50%
75	PACS																						0%
76	Time and Attendance																						15%
77	Web Site and Intranet																						60%
78																							
79	Access to Care Initiative (Lorie Shoemaker)																						70%
80	Decrease Door to Doc time in the ED																						81%
81	Develop strategy																						100%
82	Implement strategies																						75%

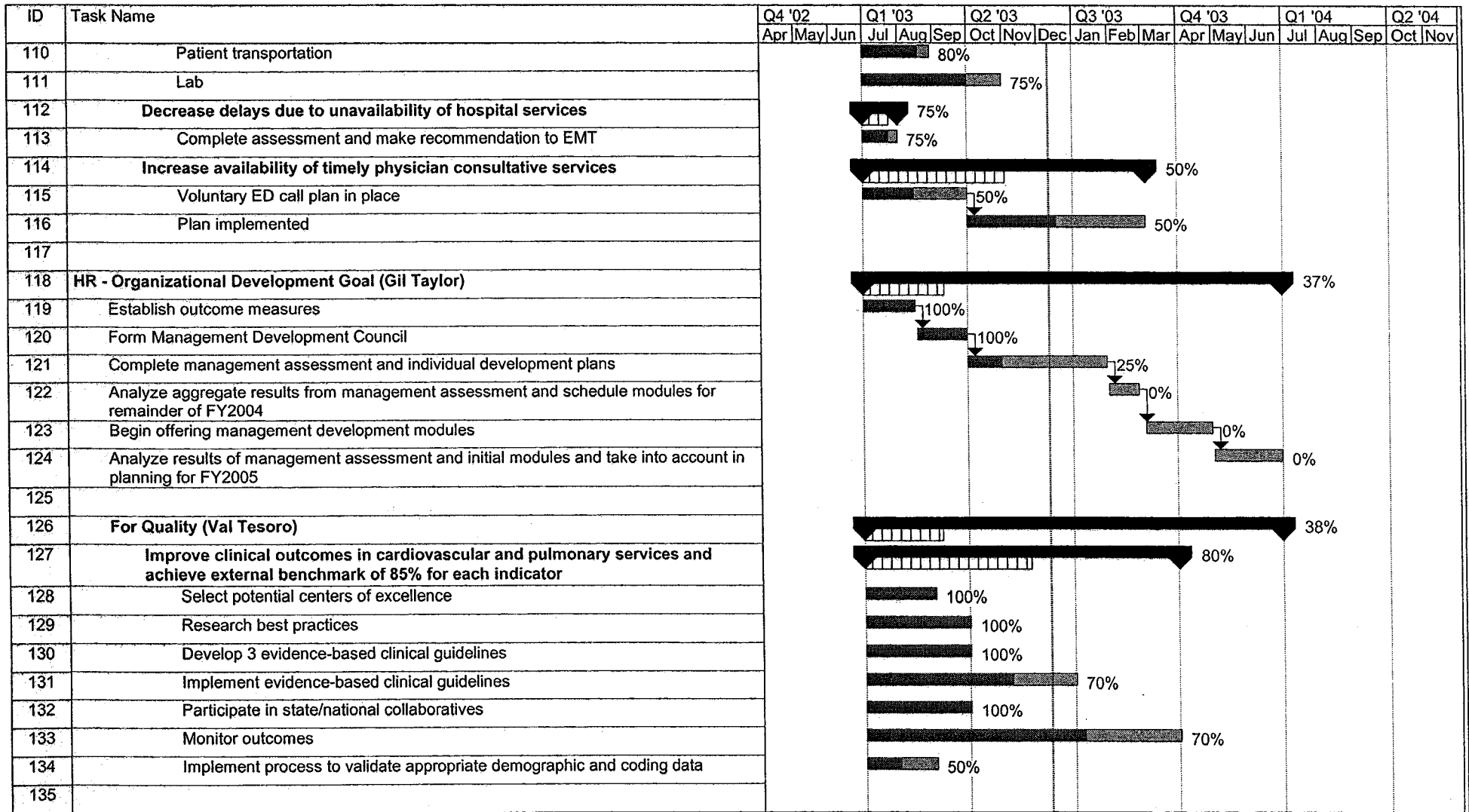
Project: FY04Goals2Tracking Date: Wed 12/10/03	Critical		Baseline		Project Summary	
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ID	Task Name	Q4 '02			Q1 '03			Q2 '03			Q3 '03			Q4 '03			Q1 '04			Q2 '04	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
83	Increase bed capacity at PMC and Pomerado																			82%	
84	Develop strategy/determine feasibility																			100%	
85	Submit plans to State, if appropriate																			100%	
86	Obtain decision and start construction																			100%	
87	Completion																			50%	
88	Increase timely discharge of patients to home or PPH home care																			100%	
89	Develop strategy																			100%	
90	Implement strategy																			100%	
91	Increase timely discharge of patients transferring to a PPH SNF																			100%	
92	Develop strategy																			100%	
93	Implement strategy																			100%	
94	Decrease avoidable patient days and payment denials																			100%	
95	Develop strategy																			100%	
96	Implement strategy																			100%	
97	Implement outlier management program																			100%	
98	Develop strategy																			100%	
99	Implement strategy																			100%	
100	Develop clinical protocols for use in a clinical decision unit or similar model																			38%	
101	Develop strategy																			100%	
102	Implement with chest pain																			80%	
103	Implement 2 additional high volume diagnoses (CHF and another TBD)																			0%	
104	Increase the sharing of resources between facilities including the appropriate transfer of patients between hospitals																			81%	
105	Develop strategy																			100%	
106	Implement strategy																			75%	
107	Improve the performance of support services (EVS, Radiology, Patient Transportation and Lab) in meeting turnaround times																			52%	
108	EVS bed response and completion time																			75%	
109	Radiology (extended date for six sigma)																			20%	

Project: FY04Goals2Tracking
Date: Wed 12/10/03

Critical		Baseline		Project Summary	
Critical Split		Baseline Split		External Tasks	
Critical Progress		Baseline Milestone		External Milestone	
Task		Milestone		Deadline	
Split		Summary Progress			
Task Progress		Summary			

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Project: FY04Goals2Tracking
Date: Wed 12/10/03

Critical		Baseline		Project Summary	
Critical Split		Baseline Split		External Tasks	
Critical Progress		Baseline Milestone		External Milestone	
Task		Milestone		Deadline	
Split		Summary Progress			
Task Progress		Summary			

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ID	Task Name	Q4 '02			Q1 '03			Q2 '03			Q3 '03			Q4 '03			Q1 '04			Q2 '04	
		Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov
136	Develop / implement a balanced quality scoreboard to monitor continuous quality improvement in all areas of the organization																				
137	EMT to develop scoreboard in conjunction with medical staff leadership																				
138	Identify appropriate indicators for each area																				
139	Develop indicators by division based on scorecards; departments to develop scorecards																				
140	Collect data on routine basis																				
141	Develop reporting mechanism (Quality Committee, EMT, Board of Directors) for use on an on-going basis																				
142																					
143	Implement physician leadership development																				
144	Initiate educational/orientation program for medical staff leadership																				
145	Develop programs of growth with physician champions identified for centers of excellence																				
146	Complete survey of medical staff leaders as to satisfaction with development process																				
147	Celebrate physician leadership accomplishments																				

Project: FY04Goals2Tracking
Date: Wed 12/10/03

Critical		Baseline		Project Summary	
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Strategic Planning Committee 2003 Year End Summary

Building Projects

- The Strategic Planning Committee acts as the liaison to the full Board for these projects
- The Committee provided oversight and input into the architect selection process and outcome
- Provided input and oversight for the building project structure and processes
- Provides ongoing monitoring of the building projects
- Has been the Board liaison, and has also included the full Board, on the strategic alternatives for the building projects

FY04 Goals

- Provided oversight, input into, and ultimately recommended that the Board approve the FY04 goals
- Established a monitoring process for FY04 goals and reviews progress regularly
- Monitored outcome measurement finalization
- Provided input, and ultimately approval, for the top program development priorities for PPH as part of the Program Development Goal

Additional Committee Work in 2003

- Monitored outcomes of FY03 goals including specifically physician recruitment
- Monitored progress of the strategic relationship negotiations
- Board liaison for the Interim Bed Capacity issues, including recommending Board approval for the plan to capture 7 additional ICU beds at Palomar
- Acted as a liaison with the Palomar Pomerado Health Foundation for the establishment of the Community Conversations project
- Provided input on the revision of the PPH Vision statement. Will continue to act as the Board liaison for this.
- Monitors the FY04 physician recruitment targets and progress

Palomar Pomerado Health
JOINT MEETING OF THE BOARD OF DIRECTORS &
STRATEGIC PLANNING COMMITTEE
Pomerado Hospital – Conference Room E
December 18, 2003

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
CALL TO ORDER	5:37 p.m.		
ESTABLISHMENT OF QUORUM	Dr. Larson, Nancy Bassett, R.N., Dr. Buringrud, Michael Covert, Ted Kleiter, Bruce Krider, Dr. Kung, Dr. Rivera, and Director Scofield. Also attending were Gerald Bracht, Lorie Harmon, Bob Hemker, Marcia Jackson, Dr. Kolins, Mike Shanahan, Evelyn Warner, and Lori Wells. Guests: Craig Acosta (KSA), Tom Chessum, Craig McInroy, and Steve Yundt (Anshen & Allen), and Chris Chrisafulli, Dr. William Cory, and John Krave.		
NOTICE OF MEETING	The notice of meeting was mailed consistent with legal requirements.		
PUBLIC COMMENTS	There were no requests for public comments.		
MINUTES October 16, 2003		MOTION: Motion made by Ted Kleiter, seconded by Dr. Kung, and carried, for approval as presented.	

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
VISION STATEMENT REVIEW	<p>Mr. Covert solicited input from Board members, EMT, Leadership, and physician and employee groups, particularly targeting past Values in Action Award and Employees of the Month recipients, and brought their incorporated input back to this Committee for further discussion.</p> <p>Michael Covert distributed and discussed suggestions for the new PPH Vision Statement, and would like to finalize in January. It was suggested that we have a Special Board meeting in order to do so.</p>	M. Covert to host Special Board Meeting.	M. Covert/C. Meaney
ARCHITECTURAL PRESENTATION	<p>At the October Strategic Planning Committee meeting, an update on community bed need estimates and alternative building solutions was presented and discussed with the Committee. After feedback from the Committee, the architects further studied alternative and provided updates at the November and December Strategic Planning Committee meetings. The December Strategic Planning Committee meeting was expanded to a full Board meeting. Based on this information, the Committee invited the full PPH Board to the January 26 Committee meeting to further review architectural options.</p> <p>Our architectural firm, Anshen & Allen, as well as representatives from Kurt Salmon Associates, presented a detailed Summary of Project Sites and Program Distribution, going over our options for new and/or existing facilities, and also reviewing land options should a new facility be one of the preferred options. Ideally, any potential site for a new PPH facility would include a landsite of 40 acres, in order to address future growth potential, including an opportunity to develop</p>		

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW-UP/ RESPONSIBLE PARTY
	<p>500 beds or more. The immediate concerns include access and proximity to the population that our district serves. A more detailed study regarding land options, including growth and population demographics, will be presented at the January 26 Committee meeting.</p> <p>Many alternative solutions were presented and discussed, including expanding our existing facilities, focusing on programs and users. Sample schemes were presented, including an evaluation of operational implications. Costs associated with each option were included, and comparative analyses were performed. More detailed information regarding these options will also be presented at the January 26 Committee meeting.</p>	<p>Anshen & Allen and Mike Shanahan to present at Jan. 26 Committee meeting.</p>	<p>Anshen & Allen, M. Shanahan</p>
FINAL ADJOURNMENT	8:55 p.m.		
SIGNATURES			
Board Secretary	<hr/> Nancy H. Scofield		
Recording Secretary	<hr/> Lorie Harmon		

Memorandum



To: Strategic Planning Committee
From: Michael H. Covert
Date: December 15, 2003
Re: Vision Statement

Following the 1st "Visioning" session with our architects, it was evident to all present that we needed to craft a stronger, more directed yet concise statement of what we wanted our future to be. It needed to stretch, empower and inspire us.

We held a second session to hone in on words and meaning behind them. To be inclusive we met with our Foundation Board, Leadership Council and members of our Values in Action (employees of the month) group. Each of them shared their thoughts on what our vision should be, as well.

As you can imagine, pulling everyone's thoughts together is a daunting task. I have tried to make the best of a number of them and proposed options for your consideration.

There is no pride of authorship here and I welcome any suggestion, alterations and comments you have.

Attached are the listings of each of the group's statements so that you may have an idea where we have come from in the process. It has been a rewarding experience and I am struck by the consistency of the themes from all the groups.

I look forward to the Committee's deliberation on this important statement and recommendation to the Board for their review and approval. It will have serious and long-term implications for our structure and growth of Palomar Pomerado and the communities we serve.

Thank you for the opportunity to respond to the charge of developing a new statement.

Sincerely,

CONFIDENTIAL this message is for the use of the individual or entity to which it is directed and may contain information that is privileged, confidential and/or exempt from disclosure under applicable law. If the reader of this communication is not the intended recipient or the employee or agent responsible for delivering the communication to the recipient, you are notified that any use, distribution or copying of the communication is prohibited. If you have received this communication in error, please notify us immediately by telephone and return the original communication to the address on this letterhead by U.S. Postal Service.

15255 Innovation Drive, San Diego, CA 92128-3408 Tel. 858.675.5100 Web www.pph.org

Values in Actions Group Session

- 1) To become one of the top five integrated public health care systems in the nation recognized for the quality of care, it's clinical programs and comprehensive access to services provided to the communities served
- 2) To become nationally recognized as a high tech, high quality, customer friendly (or "family oriented") organization for the programs and services we provide
- 3) To be the health system of choice for patients, physicians, staff and community
- 4) To achieve national distinction as a health system offering the highest quality of care

Board of Directors, Medical Staff, Leadership Council Visioning Session

1. To become the healthcare provider of choice in the southern California region, recognized for our clinical service excellence, quality of outcomes, technological superiority and development of staff in the delivery of care.
2. To become one of the top five integrated public health care systems in the nation, recognized for our quality of and access to care and service provided to the communities we serve.
3. To be the health system of choice for patients, physicians and staff in San Diego County for the health care services we provide.
4. To effectively promote a full range of comprehensive hi-tech health care services that constantly improves the quality of care for the citizens in the northern San Diego community.
5. Palomar Pomerado Health will achieve national distinction as a health system offering the highest quality of care.
6. Palomar Pomerado Health will be nationally recognized as a health care leader for best practices by 2010.
7. To be nationally recognized with a community focus as the health care provider of choice for patients, staff and physicians characterized by excellence in environment, outcomes, technology and affiliation with leading teaching institutions.
8. To achieve national distinction as a health system offering the highest quality of care.
9. Palomar Pomerado Health will be recognized nationally as a health system of choice for patients, physicians and employees by providing state of art technology, quality and programs and services in a caring environment that exceeds the expectations of the diverse communities we serve.
10. To be the innovative health care provider of choice offering nationally recognized programs.
 - Move from foundation of substance
 - R/D – academic affiliation
 - Cutting edge technology
 - Premier facility
 - Wellness
 - Customer focused
 - Comprehensive

11. "Palomar Pomerado Health: achieving national recognition as the community healthcare provider and employer of choice through trust, skill and compassion"
12. Palomar Pomerado Health will be nationally recognized as a high tech, high quality, customer friendly health care organization for the programs and services we provide. We will be the preferred organization for patients, families, employees and physicians through our commitment to customer service and continuing education.
13. Palomar Pomerado Health will be recognized for compassionate leading edge healthcare through the 21st century. Offering premier employees and physicians, state of the art technology and community education.
14. Nationally recognized leader in healthcare excellence for patients, physicians, staff and community.
15. Nationally recognized for providing superior family oriented comprehensive healthcare services

PROGRAM & PLANNING OPTIONS

December 18, 2003

PALOMAR POMERADO HEALTH

ANSHEN+ALLEN

Agenda

- 1. Status of Systemwide Program / Planning Options**
 - a. Potential New Site Locations**
 - b. Summary of Options**
 - c. Comparative Analysis of Options**
- 2. Status of Programming**
 - a. Palomar Medical Center**
 - b. Pomerado Hospital**

PALOMAR POMERADO HEALTH

ANSHEN+ALLEN

**PALOMAR MEDICAL CENTER
&
POMERADO HOSPITAL**

Program & Planning Options

PALOMAR POMERADO HEALTH

ANSHEN+ALLEN

New Site Options

PALOMAR POMERADO HEALTH

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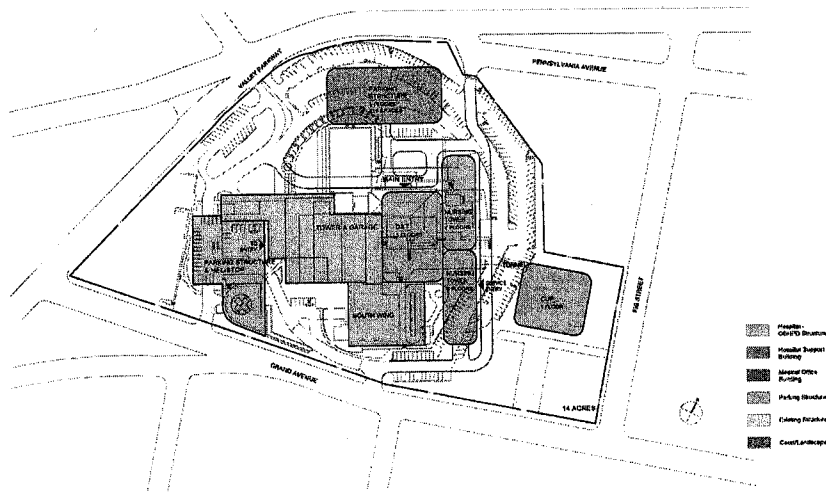
Summary of Program & Planning Options

Schemes	# Hospitals/Beds	Palomar	Pomerado	New Site
A (Base)	2 / 594	434 Beds	160 Beds	---
A1	2 / 594	434 Beds (Expanded Site)	160 Beds	---
B	2 / 594	vacate	160 Beds	434 Beds
C	2 / 594	vacate	100 Beds (No Changes)	494 Beds
D	3 / 594	160 Beds	100 Beds (No Changes)	334 Beds
D1	3 / 594	120 Beds	120 Beds	354 Beds
D2	3 / 594	87 Beds	120 Beds	387 Beds
D3 R	3 / 600	178 Beds (Retrofit)	120 Beds	302 Beds
D3 NT	3 / 600	178 Beds (New Tower)	120 Beds	302 Beds
D5	3 / 594	225 Beds	120 Beds	250 Beds
E (Benchmark)	1 / 594	vacate	vacate	594 Beds

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Sample Scheme - 434 Beds at Palomar

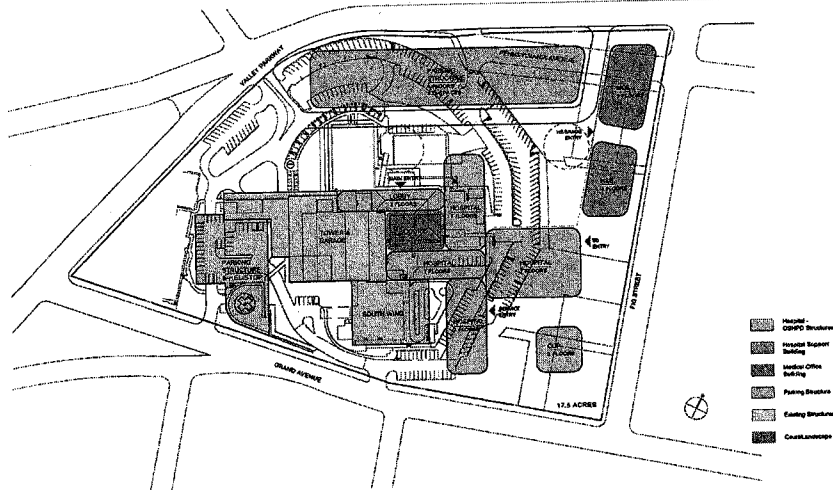


Site area: 14 acres (existing)

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Sample Scheme – 434 Beds on an Expanded Palomar Site

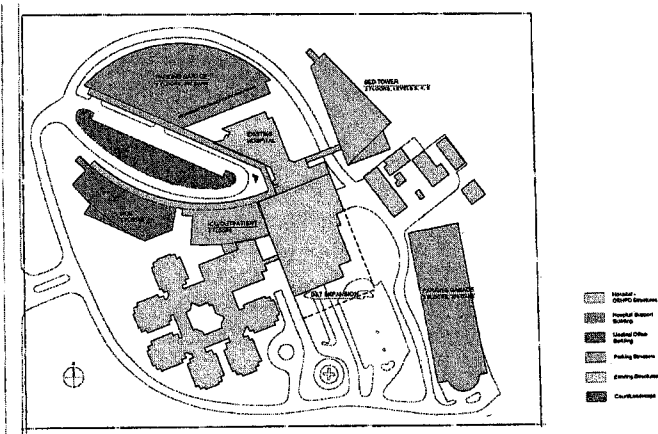


Site area: 17 acres (expanded site)

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Sample Scheme – 120 to 160 Beds at Pomerado

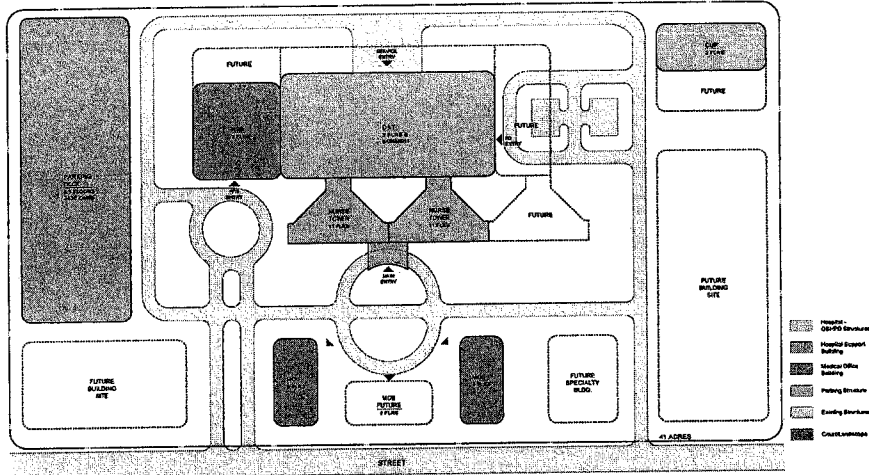


Site area: 30 acres

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Sample Scheme – 594 Beds at New Site



Site area: 40 to 50 acres

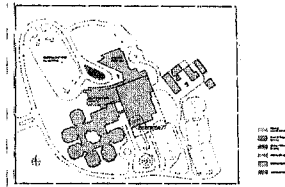
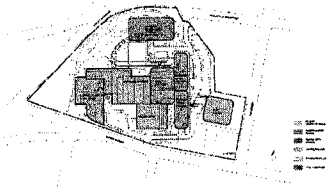
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Scheme A (Base) – 594 Beds / \$685.4M

Palomar

Pomerado



434 Beds

160 Beds

755,000 BGSF

326,500 BGSF

2009 / 2011

2008 / 2009

\$514.9M

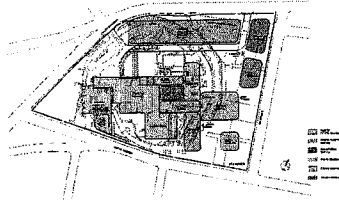
\$170.5M

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Scheme A1 – 594 Beds / \$666.4M

**Palomar
(Expanded Site)**

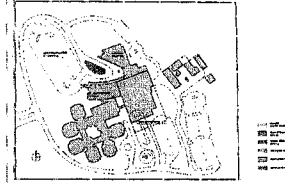


434 Beds

750,000 BGSF
(Includes Non-OSHPD Building)
2009 / 2011

\$495.5M

Pomerado



160 Beds

326,500 BGSF
2008 / 2009

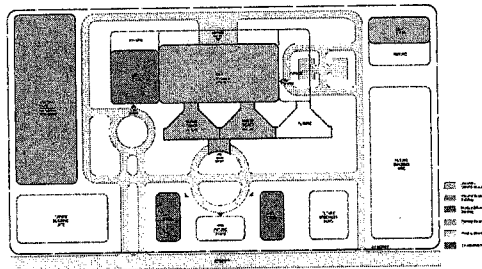
\$170.5M

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Scheme E (Benchmark) – 594 Beds / \$751.4M

New Site



594 Beds

1,153,000 BGSF
(Includes Non-OSHPD Building)
2009

\$751.4M

PALOMAR POMERADO HEALTH

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**Options for Study and Evaluation
Operational Implications - December 16 - 18**

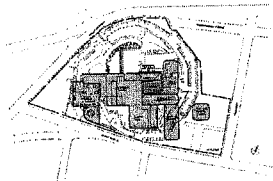
Option	No. of Beds	Trauma	Cardiovascular Services	Neurosciences	Medicine	Surgery	Ortho	Oncology	Women's Services	Inpatient Psychiatry	Acute Rehabilitation
A											
Palomar	434										
D2											
Palomar	To be determined										
New Hospital	387										
D3											
Palomar	To be determined										
New Hospital	302										

PALOMAR POMERADO HEALTH

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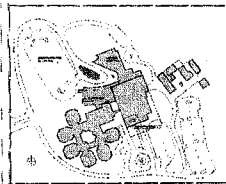
Scheme D3 – 600 Beds / \$650.4M

Palomar
Women's, Psych. & Rehab.



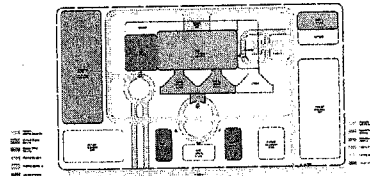
178 Beds
350,000 BGSF
2009 / 2011
\$187.0M

Pomerado



120 Beds
221,900 BGSF
2008 / 2009
\$76.9M

New Site
Tertiary Care



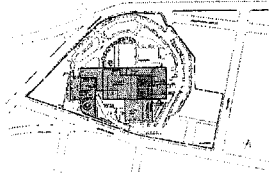
302 Beds
587,000 BGSF
(Includes Non-OSHPD Building)
2009
\$386.5M

PALOMAR POMERADO HEALTH

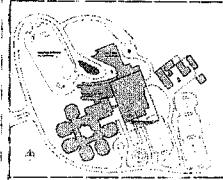
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Scheme D2 – 594 Beds / \$654.4M

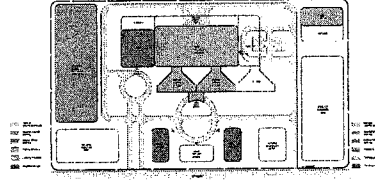
**Palomar
Psych. & Rehab.**



Pomerado



**New Site
Tertiary Care**



87 Beds
206,000 BGSF
2009 / 2011
\$84.1M

120 Beds
221,900 BGSF
2008 / 2009
\$76.9M

387 Beds
753,000 BGSF
(Includes Non-OSHPD Building)
2009
\$493.4M

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**PALOMAR MEDICAL CENTER
&
POMERADO HOSPITAL**

**Program & Planning Options
Comparative Analysis**

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Comparative Schemes— 594 to 600 Total Beds

		A (Base)	A1	D2	D3 (New)	E (Benchmark)
PALOMAR	OSHPD Hospital	434 Beds	434 Beds	87 Beds	178 Beds	---
	Non-OSHPD Bldg.	---	94,000 BGSF	---	---	---
POMERADO	OSHPD Hospital	160 Beds	160 Beds	120 Beds	120 Beds	---
	Non-OSHPD Bldg.	---	---	---	---	---
NEW SITE	OSHPD Hospital	---	---	387 Beds	302 Beds	594 Beds
	Non-OSHPD Bldg.	---	---	115,000 BGSF	95,000 BGSF	96,000 BGSF
PROJECT COST *	Total	\$685.4 M	\$666.4 M	\$654.4 M	\$650.4 M	\$751.4 M
	Per Bed	\$1,453 M	\$1,121 M	\$1,101 M	\$1,084 M	\$1,265 M
	Compared to Base	---	(\$19 M)	(\$31 M)	(\$35 M)	+ \$86 M
	Land	\$0	\$15 M	\$68 M	\$68 M	\$82 M
DATE COMPLETE	Palomar	2011	2011	2013	2011	---
	Pomerado	2009	2009	2009	2009	---
	New Site	---	---	2009	2009	2009
NOT INCLUDED		MOB \$	MOB \$	MOB \$	MOB \$	MOB \$

Note: * Preliminary estimates based on input from Davis Langdon Adamson and Rudolph & Sletten

PALOMAR POMERADO HEALTH

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Comparative Schemes – 594 to 600 Total Beds

		A (Base) \$685.4 M	A1 \$666.4 M	D2 \$654.4 M	D3 \$650.4 M	E \$751.4 M
PALOMAR	OSHPD Hospital	434 Beds	434 Beds	87 Beds	178 Beds	---
	Non-OSHPD Bldg.	---	94,000 BGSF	---	---	---
POMERADO	OSHPD Hospital	160 Beds	160 Beds	120 Beds	120 Beds	---
	Non-OSHPD Bldg.	---	---	---	---	---
NEW SITE	OSHPD Hospital	---	---	387 Beds	302 Beds	594 Beds
	Non-OSHPD Bldg.	---	---	115,000 BGSF	95,000 BGSF	130,000 BGSF
EVALUATION Scale 1 to 5 (5 = Best)	Asset Utilization	5	5	5	5	1
	Risk Factor/ Disruption	1	1	3	3	5
	Future Growth	1	3	5	5	5
	Schedule	3	3	3	4	5
	Operations	4	4	2	3	5
	Cost	3	3	4	4	1
	TOTAL POINTS	17	19	22	24	22

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D Scheme Attributes

- **Fiscal**
 - Allows utilization of existing assets beyond 2030
- **Location**
 - New Hospital site could offer improved access / visibility
 - Maintains presence in central Escondido
- **Consolidation / Centralization**
 - Inpatient service lines
 - Support service programs

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D Scheme Attributes

- **Schedule**
 - Allows occupancy of a complete new Hospital sooner
 - Less disruption to existing Palomar campus
- **Growth**
 - New Hospital site offers maximum future growth
 - Growth potential remains at current Hospital sites

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**PALOMAR MEDICAL CENTER
(Including Potential New Site)**

Programming Status

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**Meeting with Directors & Managers
December 16 - 18**

Agenda

- How will a Third Hospital Site affect your Department Operations ?
 - What are the potential changes to current Delivery Models ?
 - What resources will require expansion or redistribution ?
 - What changes are anticipated in adding proposed Service Lines ?
- Discuss spatial requirements for operations remaining at PMC Campus
- Summarize Issues and Project Constraints
- Review Preliminary Volume Projections and Key Space Drivers
- Next Steps

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D Scheme Issues

- **Potential 3 site operational efficiency / cost challenges.**
 - Duplicate core services.
 - Physician / staff coverage.
- **Extension of long term fiscal commitments to Palomar or an exit strategy?**
- **Physician & Community Reaction?**
 - Avoid "second class" perception of Palomar?
 - Physician real estate investments?

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POMERADO HOSPITAL

Programming Status & Project Scope Options

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Pomerado – Moderate Approach

✓ Base Scheme

- Program for 2015 projections for Bed Need, D&T, Support and Administrative areas
- Maximize re-use of existing spaces
- Strategize MOB Program/ Decant of Non-OSHDP Spaces
- New 3rd Campus/ Consolidation opportunities

Bed Distribution (Total 123 Beds):

	Existing Patient Tower	New Construction
5/F	11 LDR + 4 NICU	
4/F	18 PP + 6 GYN + 10 M/S	
3/F	34 M/S	
2/F	24 IMC/ Telemetry	16 ICU
	107	16
Total Beds	123	

Project Cost = \$ 76.9 M

Note: * Psych beds assumed to be consolidated at Palomar Medical Center

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Pomerado – Option 1

✓ Add 2 Operating Rooms

- Provides flexibility for growth of Surgery program from 4 to 6 operating rooms
- Requires additional support and recovery space within Surgery Department
- Assumes displacement of portion of Emergency Department and increases area of new construction

Bed Distribution (Total 123 Beds):

	Existing Patient Tower	New Construction
5/F	11 LDR + 4 NICU	
4/F	18 PP + 6 GYN + 10 M/S	
3/F	34 M/S	
2/F	24 IMC/ Telemetry	16 ICU
	107	16
Total Beds	123	

Additional Project Cost = \$ 9.5 M

Note: * Psych beds assumed to be consolidated at Palomar Medical Center

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Pomerado – Option 2

✓ Add One 24-Bed Medical/Surgical Unit

- Increases bed capacity beyond 2015 need from 123 to 147 beds
- Provides future flexibility for increase in bed need without major new construction project
- Assumes increase in size of Dietary, Materials Management, and Lab to provide adequate capacity for additional beds

Bed Distribution (Total 147 Beds):

	Existing Patient Tower	New Construction
5/F	11 LDR + 4 NICU	
4/F	18 PP + 6 GYN + 10 M/S	
3/F	34 M/S	24 M/S
2/F	24 IMC/ Telemetry	16 ICU
	107	40
Total Beds	107	40

Additional Project Cost = \$ 16.3 M

Note: * Psych beds assumed to be consolidated at Palomar Medical Center

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Pomerado – Option 3

✓ Upgrade All Existing Bed Units to Current Space Standards

- Provides all bed rooms sized to current space standards
- Includes conversion of two additional floors (3/F and 4/F)
- Reduces bed capacity of existing nursing units from 34 to 24 beds per floor
- Requires the addition of one 18-bed nursing unit in new construction

Bed Distribution (Total 121 Beds):

	Existing Patient Tower	New Construction
5/F	11 LDR + 4 NICU	
4/F	18 PP + 6 GYN	
3/F	24 M/S	18 M/S
2/F	24 IMC/ Telemetry	16 ICU
	87	34
Total Beds	87	34

Additional Project Cost = \$ 13.4 M

Note: * Psych beds assumed to be consolidated at Palomar Medical Center

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Pomerado – Option 4A

- ✓ L&D: Upgrade Level 4/F to Current Space Standards for Post-Partum Unit
 - Includes renovation of one additional floor (4/F)
 - Reduces bed capacity of existing level 4/F
 - Requires the addition of 12 beds in new construction to meet 2015 bed need

Bed Distribution (Total 125 Beds):

	Existing Patient Tower	New Construction
5/F	11 LDR + 4 NICU	
4/F	18 PP + 6 GYN	
3/F	34 M/S	12 M/S
2/F	24 IMC/ Telemetry	16 ICU
	97	28
Total Beds	97	28

Additional Project Cost = \$ 9.1 M

Note: * Psych beds assumed to be consolidated at Palomar Medical Center

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Pomerado – Option 4B

- ✓ L&D: Provide new L&D Unit with Adjacent Post-Partum/ Women's Floor
 - Requires the addition of one 15-bed nursing unit in new construction at level 3/F for L&D (11 LDR) and NICU (4 beds)
 - Includes conversion of additional floor (3/F) for an adjacent Post-Partum unit to reinforce the Women's Center concept
 - Reduces bed capacity of existing level 3/F from 34 to 24 beds
 - Provides a V.I.P. floor of 18 beds on existing level 5/F with conversion of LDRs (11 beds) and 7 additional new beds

Bed Distribution (Total 121 Beds):

	Existing Patient Tower	New Construction
5/F	18 M/S	
4/F	24 M/S	
3/F	18 PP + 6 GYN	11 LDR + 4 NICU
2/F	24 IMC/ Telemetry	16 ICU
	90	31
Total Beds	90	31

Additional Project Cost = \$ 22.8 M

Note: * Psych beds assumed to be consolidated at Palomar Medical Center

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Customer Service

- This goal is on track (56% complete)
- Peggy Orr has transitioned to her new role and Mark Drapala will be here by mid-January to fill the customer service facilitation team
- Seven workgroups have been established and have begun meeting
- The first step of the workgroups is to develop Standards of Behavior



Customer Service

- Gallup Employee Survey results have been shared throughout PPH and impact plans have been developed and initiated
- Impact plans are being developed by all Patient Contact areas
- Discussions have been initiated with Medical Staff leadership regarding opportunities identified in the Physician Survey; will commence in third quarter with new leadership



Program Development

- The goal is on target to date (44% complete)
- Priority programs have been identified
 - Vascular
 - Neurosciences
 - Orthopedics
 - Women's Services
 - Cardiovascular
- Next step is to convene planning teams



Facilities Planning

- This goal is behind schedule (6% complete)
- Alternative sites and service distribution scenarios are being analyzed for Palomar
- Pomerado functional and space planning is continuing and should be complete by the end of January 2004



Image Development

- This goal is on track (48% complete)
- Image Plan was accepted by the Community Relations Committee; key strategies include:
 - Community relations
 - Marketing
 - Public relations
 - Internal relations
- Implementation is on track



Strategic Financial Planning

- Overall goal is 54% complete
- L-T financial planning model has been implemented.
 - Continuing to refine the analyticals and detail of information
 - Initial Investment Banker and Bond Counsel selection interviews are completed
 - Financing alternatives are being quantified
- Financial Planning has completed the drafting of a revised program modeling process. The analyticals to support the model still need to be developed.



Strategic Financial Planning

- The operating budget process is being accelerated to result in a completion date of May 04 for the FY05 budget. Budget is being linked to strategic initiatives. The I.T. system will provide enhanced monitoring tools.
- One-on-one educational sessions have been held w/Directors re: budget process, productivity tools, variance reporting.
- Educational sessions on Revenue Cycle are in development.
- Physician Advisory Committee has been initiated.



IT Strategic Plan

- Goal is 60% complete
- We currently have work underway on the majority of our scheduled projects:
 - Cerner – enterprise-wide patient care on schedule for May '04
 - Lawson – financials and procurement on schedule for February '04
 - Midas – Quality Management and
 - Vision – dietary management are on track for implementation in early '04



IT Strategic Plan

- Lawson – HR & Payroll and
- API – Time & Attendance have both completed initial team training and the system build is in process
- Avega – Decision Support system is built, the finance and contracts management departments are completing final testing with the development of comparative reports
- Web Site and Intranet – enhancements continue; the new expanded intranet site expected in early '04



Access To Care Initiative

- Goal implementation is 70% complete
- Decrease Door to Doc time in the ED
- Reduce average length of stay in the ED for admitted patients
- Reduce cancellation of elective surgeries
- Reduce number of days patients are cared for outside an inpatient unit



Access To Care Initiative

- Capacity
 - Pomerado Med/Surg beds
 - PMC Critical Care beds
- Turnaround time
 - Radiology CT strategies
- Continuum of care
 - Discharge orders
 - Home Care
 - SNF Sub-acute



Organizational Development

- Implementation is on track (37% complete)
- Management Development Council meets regularly and has finalized management competencies
- 360-degree assessment of entire leadership team is underway in December
- Workshops to train trainers are planned for January
- Management development classes planned to begin in February



Quality

- The overall goal is on track (38% complete)
- PMC was recognized for exceeding 85% compliance with all AHA Get with the Guidelines for acute MIs
- Indicators for the Balanced Scorecard are in approval process with the Board
- 20 physicians have attended physician leadership seminars
- Planned Medical Staff Leadership Seminar on Dealing with Difficult Physicians (1/13/04)



PALOMAR POMERADO HEALTH

December 18, 2003

Strategic Planning Committee

Potential Palomar Relocation Sites

Number	Site	Acreage	Land Costs	Pro	Comments
1	Sempra	40 Ac.	\$2m/acre	Visibility, access, size	Escondido tax base questions
2	UCSM/SMCC	18 Ac.-35 Ac.	\$2m/acre	Visibility, access, size	Politics of compiling property
3	Expand at PMC	3 Ac.	\$17 m	Remain in Escondido	Acquisition difficulties - time
4	Felicita	<20 Ac.	?	Available	Property size issues
5	Deer Springs Road	<30 Ac.	?	Unencumbered land	Difficult topography
6	Fallbrook	35 Ac.	\$.5 M/acre	Acquisition	Out of Hospital District
7	Lake Hodges 'Area	?	?	Open	Protected Habitat
8	Bear Valley Parkway sites	varies	varies	Available sites	Too far off freeway