

**FINANCE COMMITTEE MEETING**  
*(BOARD MEETING WITH RESPECT TO  
BOARD MEMBERS ON THE COMMITTEE)*

**Posted  
Mailed (US & E-mail)  
Faxed  
10-27-2006**

TUESDAY, OCTOBER 31, 2006  
5:30 p.m. (Dinner via Cafeteria Line  
for Committee Members & Invited Guests Only)  
6:00 p.m. Meeting

POMERADO HOSPITAL  
15615 Pomerado Road, Poway, CA  
Meeting Room E

	<u>Time</u>	<u>Page</u>	<u>Target</u>
<b>CALL TO ORDER .....</b>			<b>6:00 p.m.</b>
➤ Public Comments .....	5		6:00 p.m.
➤ Information Item(s)			
• Program Review Listing.....	5		6:05 p.m.
1. * Approval: Minutes – September 26, 2006, Finance Committee Meeting ( <i>Addendum A</i> ) .	5	Ag2	6:10 p.m.
2. * Approval: Physician Recruitment Agreement Serge Kaska, M.D., Orthopedic Physician ( <i>Addendum B</i> ) .....	5	Ag3-4	6:15 p.m.
3. * Approval: September 2006 & YTD FY2007 Financial Report ( <i>Addendum C</i> ) .....	20	Ag5	6:20 p.m.
4. * Approval: Nominations for Chair, Vice-Chair and Secretary of ICOC.....	5	Ag6	6:40 p.m.
5. * Review/Approval: 2007 Capitation Decisions.....	30	Ag7	6:45 p.m.
6. * Review/Approval: Status Update – Ramona Property.....	5	Ag8	7:15 p.m.
7. * Approval: Draft Audited Financial Statements for Years Ended June 30, 2005 and 2004 & Independent Auditors' Report ( <i>Separate Cover</i> ).....	20	Ag9	7:20 p.m.
<b>FINAL ADJOURNMENT .....</b>			<b>7:40 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  
Michael Covert, FACHE  
Robert Trifunovic, MD  
Paul E. Tornambe, MD  
Bruce Krider, *Alternate*

Bob Hemker  
Gerald Bracht  
Jim Flinn  
  
Tanya Howell, Secretary

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

**Minutes**  
**Finance Committee – September 26, 2006**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, October 31, 2006

**FROM:** Tanya Howell, Secretary

**BY:** Bob Hemker, CFO

**Background:** The minutes of the Finance Committee meeting held on Tuesday, September 26, 2006, are respectfully submitted for approval (*Addendum A*).

**Budget Impact:** N/A

**Staff Recommendation:** Approval of the Tuesday, September 26, 2006, Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## Physician Recruitment Agreement

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, October 31, 2006

**FROM:** Marcia Jackson, Chief Planning Officer

**Background:** The PPH community lacks an adequate number of orthopedic physicians as verified by AmeriMed, a national consulting firm that specializes in physician manpower studies. PPH has an established physician recruitment program and had allocated resources to attract an additional orthopedic physician to relocate to Inland North San Diego County. Serge Kaska, M.D. has signed a physician recruitment agreement with Palomar Pomerado Health and is prepared to establish a practice in Escondido in December 2006.

**Budget Impact:** None

**Staff Recommendation:** Approval of the Physician Recruitment Agreement with Dr. Serge Kaska and recommend approval by the full Board of Directors.

**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>	Physician Recruitment Agreement—Orthopedic Surgery
	<b>AGREEMENT DATE</b>	
	<b>PARTIES</b>	1) PPH 2) Serge Kaska, M.D.
Recitals; Article I.1	<b>PURPOSE</b>	Provide recruitment assistance to enable Dr. Kaska to establish an orthopedic practice in Escondido
Article I	<b>SCOPE OF SERVICES</b>	Dr. Kaska will establish a full-time orthopedic practice in Escondido and will participate in government-funded programs.
2.2(a); Exhibit 3.1(a).2	<b>TERM</b>	1 year of income assistance; two year repayment/forgiveness period
Recruitment procedure D.2	<b>RENEWAL</b>	None available
Article VII	<b>TERMINATION</b>	Contract stipulates conditions for termination by hospital, termination by physician and termination in event of governmental action
Article II; 2.2, 2.3, 2.4, 2.5	<b>COMPENSATION METHODOLOGY</b>	For monthly income guarantee physician will submit monthly report of expenses and collections. For relocation and start-up cost assistance physician will submit receipts.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> – <b>IMPACT:</b> None
6.5	<b>EXCLUSIVITY</b>	<input checked="" type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES</b> – <b>EXPLAIN:</b> Government prohibits hospitals from requiring physician to exclusively have privileges or make referrals only to their hospital
	<b>PHYSICIAN MANPOWER STUDY</b>	AmeriMed, a national consulting firm who performed our Physician Manpower Study, completed an orthopedic analysis which confirmed there is a justifiable community need for this recruitment
	<b>EXTERNAL FINANCIAL VERIFICATION</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology:</b> Medical Development Specialists (MDS) developed a proforma for the practice to establish the contract value to cover income guarantee and cash flow needs. MDS also provided the market comparison to establish an appropriate income guarantee.
	<b>LEGAL COUNSEL REVIEW</b>	<input checked="" type="checkbox"/> <b>Yes</b> <input type="checkbox"/> <b>No</b> Legal counsel worked on this agreement and supports that agreement complies with Federal Regulations
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> CPO <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD   Finance Committee on October 31, 2006 <input checked="" type="checkbox"/> BOD

## September 2006 & Fiscal YTD 2007 Financial Report

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, October 31, 2006

**FROM:** Robert Hemker, CFO

**Background:** The Board Financial Reports (unaudited) for September 2006 and Fiscal YTD 2007 are submitted for the Committee's approval (*Addendum C*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PPH Independent Citizens' Oversight Committee  
Appointment of Officers**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, October 31, 2006

**FROM:** Robert Hemker, CFO

**Background:** Pursuant to the Policies, Procedures & Guidelines of the PPH Independent Citizens' Oversight Committee (ICOC), the PPH Board of Directors appoints the Officers of the ICOC. At its July 2005 meeting, the PPH Board delegated responsibility for those appointments to the Board Chair and the Finance Committee Chair.

- The terms of office expired on June 30, 2006
- Officers can serve up to three consecutive annual terms

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends that the following incumbent Officers of the ICOC be re-appointed to their currently held offices. If re-appointed, each Officer will be serving a second consecutive term of office.

- **Steve Yerxa, Chair**
- **Bob Wells, Vice-Chair**
- **John McIver, Secretary**

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

Motion:

**Individual Action:**

**Information:**

**Required Time:**

## Calendar Year 2007 Capitation Decisions

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, October 31, 2006

**FROM:** Margie Drobatschewsky, Director Managed Care

**BY:** Bob Hemker, CFO

**Background:** Capitation for Calendar Year 2007 will be discussed. Additional information will be provided at the meeting.

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommendation will be discussed at the meeting.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## Status Update – Ramona Property

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, October 31, 2006

**FROM:** Bob Hemker, CFO

**Background:** An update on the status of the Ramona Property Escrow will be presented.

**Budget Impact:** \$2,400,000 in capital funds under the Master Facility Plan

**Staff Recommendation:** Management will make a recommendation at the meeting.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**



**Draft Audited Financial Statements for Years Ended June 30, 2006 and 2005  
& Independent Auditors' Report**

**TO:** Board Finance Committee

**DATE:** Tuesday, October 31, 2006

**FROM:** Tim Nguyen, Corporate Controller

**BY:** Bob Hemker, CFO

**BACKGROUND:** The draft Audited Financial Statements for the Years Ended June 30, 2006 and 2005, and the Independent Auditors' Report are respectfully submitted for approval.

**NOTE:** The draft Audited Financial Statements and Independent Auditors' Report were being finalized at the time of the agenda release. They will be forwarded under separate cover upon receipt. It is possible that they may not be available until the Finance Committee meeting on Tuesday.

**BUDGET IMPACT:** N/A

**STAFF RECOMMENDATION:** Approval of the draft Audited Financial Statements for the Years Ended June 30, 2006 and 2005, and the Independent Auditors' Report as submitted.

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**