

BOARD FINANCE COMMITTEE MEETING

**Posted
11/26/08**

Tuesday, December 2, 2008
5:30 p.m. (Buffet dinner for Committee Members & Invited Guests *only*)
6:00 p.m. Meeting

Palomar Medical Center
555 E. Valley Parkway, Escondido, CA
Graybill Auditorium

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER .....	.....	.....	6:00 p.m.
➤ Public Comments	5	.....	6:05 p.m.
➤ Information Item(s)	5	.....	6:10 p.m.
1. * Approval: Finance Committee Minutes – Tuesday, October 28, 2008 (<i>Addendum A</i>)	5	AG2	6:15 p.m.
2. * Review/Approval: Independent Contractor Agreements	15	.....	6:30 p.m.
• Christopher Wiesner, MD & Kevin Daly, MD – Voice Recognition Project Management		AG3-6	
• Aria Anvar, BS, MD, MBA – Electronic Medical Record Project Management		AG7-9	
• Cerner Physician Advisory Council (CPAC) – Cerner Optimization		AG10-12	
3. * Review/Approval: Independent Citizens’ Oversight Committee – Applications for Vacant Seat (<i>Addendum B</i>).....	20	AG-13	6:50 p.m.
4. Review: Market Update	20	AG14	7:10 p.m.
5. * Approval: October 2008 & YTD FY2009 Financial Report (<i>Addendum C</i>).....	25	AG15	7:35 p.m.
FINAL ADJOURNMENT .....	.....	.....	7:35 p.m.

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

Minutes
Finance Committee – Tuesday, October 28, 2008

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, October 28, 2008, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the Tuesday, October 28, 2008, Board Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**PALOMAR POMERADO HEALTH
CHRISTOPHER WIESNER, MD
KEVIN DALY, MD
INDEPENDENT CONTRACTOR AGREEMENTS**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Kim Colonnelli, RN
Service Line Administrator for Emergency, Trauma & Forensics

BACKGROUND: California Emergency Physicians (CEP) Med America, Inc., provides exclusive professional emergency services to Palomar Medical Center (PMC) and Pomerado Hospital (POM). CEP has provided 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 medical director and group physicians have been supportive of operational efforts to develop the Electronic Medical Record (EMR) and will be actively involved in the effort to install Voice Recognition as an adjunct to Power Note ED, which is the physician dictation component of the EMR.

The project to install Voice recognition required short term project management. This contract enables two practicing CEP physicians—**Christopher Wiesner, MD, and Kevin Daly, MD**—to be compensated for acting as project managers for the duration of the Voice Recognition project.

BUDGET IMPACT: Budgetary impact is for the period November 1, 2008 – December 31, 2008.

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
	TITLE	Independent Contractor Agreements
	AGREEMENT DATE	October 1, 2008
Exhibit A	PARTIES	PPH and Christopher Wiesner, MD PPH and Kevin Daly, MD
	PURPOSE	To provide payment for project management of the Voice Recognition system by Drs. Wiesner and Daly
	SCOPE OF SERVICES	Short term project management
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	TERM	October 1, 2008 through December 31, 2008 (three months)
	RENEWAL	No renewal
	TERMINATION	Limited scope as defined in the terms of the contract
	COMPENSATION METHODOLOGY	Monthly payment on or before the 15 th day of each calendar month commencing with 1 st calendar month of this agreement.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	EXCLUSIVITY	<input type="checkbox"/> NO <input checked="" type="checkbox"/> YES – EXPLAIN: CEP Med America contracted with PPH for provision of emergency services
	JUSTIFICATION	Already familiar with product (Cerner and Power Note ED)
	POSITION POSTED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> No Methodology & Response: This is not a position or contract we are recruiting for
	ALTERNATIVES/IMPACT	N/A
	Duties	All included <input checked="" type="checkbox"/> Provision for Staff Education <input checked="" type="checkbox"/> Provision for Medical Staff Education <input checked="" type="checkbox"/> Provision for participation in Quality Improvement
	COMMENTS	This is an addendum to a previous agreement.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between Christopher Wiesner, MD ("Contractor"), with a principal place of business at Palomar Medical Center, 555 E. Valley Pkwy., Escondido, CA 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. DUTIES OF CONTRACTOR

1.1 Scope of Services: Contractor shall assist the CMIO in his work as it relates to the development and maintenance of the PPH electronic health record.

1.1.1 Contractor shall provide the consulting services described herein on an as-needed basis as agreed between Contractor and PPH. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this agreement, and in no event shall Contractor's work exceed 6 hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

1.2 Local, State and Federal Taxes: If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this Agreement. PPH shall not:

1.2.1 withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf;

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between Kevin Daly M.D. ("Contractor"), with a principal place of business at 555 E. Valley Parkway, Escondido, California, 92025 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. DUTIES OF CONTRACTOR

1.1 Scope of Services: Contractor shall assist the CMIO in his work as it relates to the development and maintenance of the PPH electronic health record.

1. Contractor shall provide the consulting services described herein on an

as-needed basis as agreed between Contractor and PPH. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this agreement, and in no event shall Contractor's work exceed 6 hours per month.

2. Contractor shall provide services in compliance with all applicable laws,

regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

1.2 Local, State and Federal Taxes: If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA

**PALOMAR POMERADO HEALTH
PHYSICIAN INDEPENDENT CONTRACTOR AGREEMENT
INFORMATION SYSTEMS SERVICES**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Ben Kanter, MD, CMIO

BACKGROUND: Palomar Pomerado Health (PPH) requires the active training and involvement of physicians in many aspects of Information Systems programs, Quality and Safety projects, and Regulatory initiatives. Currently, PPH employs a CMIO (Benjamin Kanter, MD) who is solely responsible for the relationship between the medical staff and information systems. In addition to succession planning, another primary physician champion and expert in information systems will improve service to the entire PPH enterprise.

Aria Anvar, BS, MD, MBA, is a Hospitalist, currently on active staff at both PMC and Pomerado. From 1988-1993 he was an Information Systems Specialist for Unisys Corporation, where he led information systems implementation, database consolidation, and quality improvement projects. In addition, he has received training as a national Baldrige examiner.

Dr. Anvar has an abiding interest in improving the Quality and Safety of patient care delivery, and an intimate knowledge of PPH's infrastructure. His knowledge of information systems and the Quality/Safety/Baldrige work at Unisys make him a unique asset for PPH.

BUDGET IMPACT: After discussion with many different sites across the U.S., a fair market value was established for the mean value hourly reimbursement for such work. We have contracted for 20 hours of work/month. No budget impact – amount is budgeted.

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
	TITLE	Independent Contractor Agreement
9.1	AGREEMENT DATE	April 1, 2008
	PARTIES	Aria Anvar, BS, MD, MBA and PPH
Sec.1	PURPOSE	To assist the CMIO in the development and maintenance of the electronic medical record. To assist in tactical and strategic planning for the electronic medical record.
1.1	SCOPE OF SERVICES	Not to exceed 20 hours/month
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input type="checkbox"/> Discretionary
9.1	TERM	1 year
9.1	RENEWAL	No automatic renewal
9.2	TERMINATION	30 day notice by either party without cause
2.1	COMPENSATION METHODOLOGY	Hourly rate - itemized
	BUDGETED	x YES – IMPACT: None
	EXCLUSIVITY	x No
	JUSTIFICATION	Medical and IT subject matter expert required to assist in the planning and design of the electronic record. Fee is standard for this process and is based upon analysis from similar projects across the U.S.
	AGREEMENT NOTICED	x No Methodology & Response:
	ALTERNATIVES/IMPACT	n/a
	Duties	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	COMMENTS	Renewal of contract backdated to reflect expiration of contract from prior year.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between Aria Anvar, BS, MD, MBA ("Contractor"), with a principal place of business at _____ and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. DUTIES OF CONTRACTOR

1.1 Scope of Services: Contractor shall assist the CMIO in his work as it relates to the development and maintenance of the PPH electronic health record, the CAPE project, and with any other Information System projects or initiatives that the parties mutually agree to.

1.1.1 Contractor shall provide the consulting services described herein on an as-needed basis as agreed between Contractor and PPH. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this agreement, and in no event shall Contractor's work exceed 20 hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

1.2 Local, State and Federal Taxes: If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this Agreement. PPH shall not:

**PALOMAR POMERADO HEALTH
PHYSICIAN INDEPENDENT CONTRACTOR AGREEMENT
CERNER OPTIMIZATION**

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Ben Kanter MD, CMIO

BACKGROUND: Palomar Pomerado Health (PPH) requires the active participation of physicians in the design and implementation of the Cerner Optimization project. This team, known as the Cerner Physician Advisory Council (CPAC), is broad based and provides design review work and consultative oversight for the physician components of the Cerner Optimization project. Through its representative on the Cerner Optimization Steering Committee, CPAC has a defined role within the overall project.

The CPAC team is currently composed of the following physicians who would be covered under these contracts:

Greg Hirsch – Critical Care, Internal Medicine, Pulmonary – PMC and POM
Frank Martin – General Surgery – POM and PMC
John Steele – General Surgery, Trauma – PMC
Robert Reichman – Cardiothoracic Surgery – PMC
Mikhail Malek – Cardiology – PMC and POM
Nabil Fatayerji – Neonatology – POM and PMC
Jaime Rivas – Emergency Services – PMC and POM
George Moore – Internal Medicine, Kaiser – PMC

It is probable that this list will expand and contract over the next 24 months.

BUDGET IMPACT: It is standard practice to reimburse physicians for their time spent on such projects. After discussion with many different sites across the U.S., a fair market value was established for the mean value hourly reimbursement for such work. We have contracted for 20 hours of work/month – aggregate for all physicians’ services. No budget impact – amount has been budgeted within the Cerner Optimization project.

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
	TITLE	Independent Contractor Agreement – Physician
9.1	AGREEMENT DATE	May 3, 2008
	PARTIES	PPH and Drs. Greg Hirsch, Frank Martin, John Steele, Robert Reichman, Mikhail Malek, Nabil Fatayerji, Jaime Rivas & George Moore
Sec.1	PURPOSE	To assist the CMIO in the development and maintenance of the electronic medical record
1.1	SCOPE OF SERVICES	Not to exceed 6 hours/month
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input type="checkbox"/> Discretionary
9.1	TERM	1 year
9.1	RENEWAL	No automatic renewal
9.2	TERMINATION	14 day notice by either party without cause
2.1	COMPENSATION METHODOLOGY	Hourly rate - itemized
	BUDGETED	<input checked="" type="checkbox"/> YES – IMPACT: None
	EXCLUSIVITY	<input checked="" type="checkbox"/> No
	JUSTIFICATION	Medical subject matter experts required to assist in the planning and design of the electronic record. Fee is standard for this process and is based upon analysis from similar projects across the U.S.
	AGREEMENT NOTICED	<input checked="" type="checkbox"/> No Methodology & Response:
	ALTERNATIVES/IMPACT	n/a
	Duties	<input type="checkbox"/> Provision for Staff Education <input type="checkbox"/> Provision for Medical Staff Education <input type="checkbox"/> Provision for participation in Quality Improvement <input type="checkbox"/> Provision for participation in budget process development
	COMMENTS	Renewal of contract backdated to reflect expiration of contract from prior year.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Finance Committee <input checked="" type="checkbox"/> BOD

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement") is entered into by and between _____ ("Contractor"), with a principal place of business at _____ and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor has occasion to use various computer programs approved by PPH and in use at PPH facilities. Contractor has agreed to serve as a consultant regarding implementation and performance of computer-based programs to be used at PPH medical facilities from the perspective of a trained medical practitioner.

WHEREAS, PPH desires to engage Contractor to provide such services;

NOW, THEREFORE, in consideration of the promises, and of the mutual covenants hereinafter set forth, and intending to be legally bound hereby, the parties hereto agree as follows:

1. DUTIES OF CONTRACTOR

1.1 Scope of Services: Contractor shall assist the CMIO in his work as it relates to the development and maintenance of the PPH electronic health record.

1.1.1 Contractor shall provide the consulting services described herein on an as-needed basis as agreed between Contractor and PPH. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this agreement, and in no event shall Contractor's work exceed 6 hours per month.

1.1.2 Contractor shall provide services in compliance with all applicable laws, regulations, and standards of care, as well as all PPH policies, procedures, rules and regulations.

1.2 Local, State and Federal Taxes: If Contractor is required to pay any federal, state or local sales, use, property or value added taxes based on the services provided under this Agreement, the taxes shall be separately billed to PPH. Contractor shall pay any interest or penalties incurred due to late payment or nonpayment of such taxes by PPH. In addition, Contractor shall pay all income taxes, Workers Compensation, and FICA (Social Security and Medicare taxes) incurred while performing under this Agreement. PPH shall not:

1.2.1 withhold FICA (Social Security and Medicare taxes) from Contractor's payments or make FICA payments on Contractor's behalf;

PPH Independent Citizens' Oversight Committee Applications to Fill Vacant Seat

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Bob Hemker, CFO

Background: As reported at the September 30, 2008, meeting, Edward R. Lehman resigned his seat on the Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds Independent Citizens' Oversight Committee (ICOC). Mr. Lehman'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 Mr. Lehman was the Senior Citizen's Organization representative on the ICOC—also required pursuant to the PP&G. It was recommended at the meeting that current member William C. Bonner—qualified by virtue of his status as a volunteer with Rancho Bernardo Senior Services to fill that Required Member vacancy—be appointed to fill the Senior Citizens' Organization seat.

At the October 20, 2008, meeting of the Board of Directors, the Board appointed William C. Bonner as the Required Senior Citizens' Organization representative for the remainder of his term. As this action vacated an At Large seat on the ICOC, the Board also authorized the posting of a vacancy for an At Large seat. Deadline for submission of applications was set for Tuesday, November 18, 2008. Applications received from qualified applicants were to be scheduled for review at the December 2, 2008, Board Finance Committee meeting

Notice of the pending vacancy was posted pursuant to the PP&G of the ICOC—on Tuesday, October 21, 2008, on the District's web site, in the District's hospitals, and in the local newspaper. Applications were made 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 as the review and processing conduit by the Board. The applications and a proposed Selection Matrix to aid in their evaluation are attached as Addendum B.

Budget Impact: N/A

Staff Recommendation: It is recommended that the Selection Matrix be used to evaluate the applications. Consistent with previous methodology, it is recommended that the full Finance Committee evaluate all applicants (conducting phone and/or face-to-face interviews with the finalists as warranted) prior to recommending to the District Board the proposed finalist(s) for the pending vacancy for an At Large seat on the ICOC.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Market Update

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Robert Hemker, CFO

Background: An update on current market conditions – including Citi and FSA – will be presented.

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

October 2008 & YTD FY2009 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, December 2, 2008

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for October 2008 and YTD FY2009 are submitted for the Finance Committee's approval (*Addendum C*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

ADDENDUM A

**BOARD FINANCE COMMITTEE MEETING
ATTENDANCE ROSTER & MEETING MINUTES
CALENDAR YEAR 2008**

MEMBERS	MEETING DATES:										
	1/22/08	2/26/08	3/25/08	4/29/08	5/27/08	7/1/08	7/29/08	8/26/08	9/30/08	10/28/08	12/2/08
NANCY BASSETT, R.N.	P	P	P	P							
TED KLEITER – CHAIR	P	P	P	P	P	P	P	P	P	P	
BRUCE KRIDER, M.A.	P	P	P	P	P	E	P	P	E	E	
MARCELO RIVERA, M.D.	P	P	P	P	P	E	P ¹	A	P	P	
MICHAEL COVERT, FACHE	P	P	P	P	P	P	E ²	P	P	E	
BEN KANTER, M.D.	E	P	P	P	P	E	P	P	E	A	
JOHN LILLEY, M.D.	P	E	P	E	A	P	E	A	E	A	
LINDA GREER – ALTERNATE			GUEST			P	P ¹			P	
LINDA BAILEY – 2 ND ALTERNATE						E	GUEST		P		
ALAN LARSON, M.D. – 3 RD ALTERNATE						E					
NANCY BASSETT, R.N. – 4 TH ALTERNATE						P	GUEST				
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P	P	P	P	P	P	P	
GERALD BRACHT	P	P	P	P	P	P	P	P	P	P	
DAVID TAM			P	P	P	E	P	E	P	P	
STEVE GOLD	P	P									
TANYA HOWELL – SECRETARY	P	P	P	P	P	P	P	P	P	P	
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

¹ Director Rivera left the meeting following the Plan of Finance update, and was replaced by Linda Greer as the Finance Committee Alternate

² Sheila Brown attended as Interim CEO, with full voting privileges

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, OCTOBER 28, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/ RESPONSIBLE PARTY	FINAL ?
MEETING LOCATION	Meeting Room E, Pomerado Hospital, 15615 Pomerado Road, Poway, CA			
MEETING CALLED TO ORDER	6:07p.m. by Chair Ted Kleiter			
ESTABLISHMENT OF QUORUM	See roster			
PUBLIC COMMENTS	<ul style="list-style-type: none"> • Ronald Feldman, MD – representing PPH Doctors PAC <ul style="list-style-type: none"> o Written request Re: Radiology Contract: “Retain Valley Radiology Medical Group. Postpone Board vote until new Board is seated” <ul style="list-style-type: none"> ▪ Physicians as a group are concerned about changing radiology groups in the district ▪ He depends on them [Valley Radiology] “as a right hand” ▪ Knows it is not a quality issue ▪ Thinks it’s a mistake that will adversely affect quality of care • Robroy Fawcett – representing himself <ul style="list-style-type: none"> o Written request Re: “Prop BB Tax Rate Calculations; Radiology Contract” <ul style="list-style-type: none"> ▪ Voiced concerns after reading the Fitch rating on the pending \$110M GO Bond issue ▪ Believed that tax base vulnerability may cause PPH to exceed the tax levy promised <ul style="list-style-type: none"> ▲ Notes that PPH has said that won’t happen ▪ Distributed a handout to the Committee members containing information from a PPH presentation on the Integrated Plan of Finance (PoF) and a 2004 table from Citigroup that showed a preliminary GO Bond financing analysis <ul style="list-style-type: none"> ▲ Showed GO Bonds would be issued in 2005, 2008, 2011 and 2016 <ul style="list-style-type: none"> (a) Concerned about PPH’s acceleration of 2 years on the issuance of the 3rd set of GO Bonds (b) Will PPH be able to keep tax rate given that monies will be spent earlier? ▪ Noted that in FY2008, there was a loss from operations of \$9.4M <ul style="list-style-type: none"> ▲ PoF requires more than that – how will it affect the construction projects? 			

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, OCTOBER 28, 2008

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/ RESPONSIBLE PARTY	FINAL ?
	<ul style="list-style-type: none"> ▪ Also a paper loss on the derivative on swap/insurance <ul style="list-style-type: none"> ▲ Auction Rate Securities interest rate has doubled and LIBOR has gone below the line <ul style="list-style-type: none"> (a) How has that affected the PoF? ○ Radiology group <ul style="list-style-type: none"> ▪ Only knows what he's read in papers ▪ Something to do with an email containing "salacious" materials that passed through a server at PPH and caused "bad blood" ▪ Tried to research the issue and cannot find reasons for why we're making the change ▪ Can't see justification ▪ Now understands discussion has been postponed from this meeting to November's full Board meeting ▪ Recommendation to postpone to December meeting • Evelyn Madison – representing herself <ul style="list-style-type: none"> ○ Written request re: North County Radiology Medical Group: "Defer approval/review until new Board is seated in December" ○ Stated that she had authority to speak for Dr. Donald Brust, who had an emergency and was unable to attend this evening's meeting • Andrew Polansky, MD <ul style="list-style-type: none"> ○ Written request re: Money Used to Change Radiology Contract: "Table new contract until more accurate information is obtained and the misinformation is removed" ○ Member of the medical community as a physician in the area for over 20 years ○ Believes there has been misinformation given to the current Board, as well as inaccurate information by both Administration and vendors <ul style="list-style-type: none"> ▪ By tabling the issue, then getting accurate information, the new Board can make a more prudent decision ○ Understands there are issues with credentialing for physicians in the new group <ul style="list-style-type: none"> ▪ Believes it will affect their ability to take over when the old contract expires ○ Does not believe the transition is good for physicians <ul style="list-style-type: none"> ▪ Stated that an overwhelming majority of the medical staff voted (90 to 1) that the current contract should remain in place ▪ Medical staff also disagreed with the way the termination was handled by Administration 			

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	<ul style="list-style-type: none"> • Lee Thibadeau <ul style="list-style-type: none"> o Written request re: Review/Approval – Item #1: “Request continuance ‘til after new board seated in Dec. I understand Item 1 pulled off agenda ‘til Nov. 10th Board meeting. Request item not heard until Dec. meeting” <ul style="list-style-type: none"> ▪ Request for the same reasons as stated by others that the item be postponed until the Board meeting in December, when new member(s) of the Board may be seated 			
<p>NORTH COUNTY RADIOLOGY MEDICAL GROUP, INC.</p>	<p>Chair Ted Kleiter noted that this item was being pulled from the agenda and would not be discussed by the Board Finance Committee. It will be put on a later agenda of the full Board.</p>			
<p>INFORMATION ITEM(S)</p>	<ul style="list-style-type: none"> • Medicare Recovery Audit Contractor (RAC) Program Update <ul style="list-style-type: none"> o Status on the ongoing issues with regard to audits o California was part of a demonstration project <ul style="list-style-type: none"> ▪ Key focus of audits in demo project was in the acute rehab area ▪ 24 of the denials by the RAC were overturned by an Administrative Law Judge after appeal <ul style="list-style-type: none"> ▲ Good indicator that the findings of the California contractor were incorrect <ul style="list-style-type: none"> (a) That contractor was not awarded the California contract going forward ▲ We should be getting reimbursement on about \$321K for those overturned denials o Program rolls out at the national level in March 2009 <ul style="list-style-type: none"> ▪ Focus will be looking at different types of events to be reviewed • Independent Citizens’ Oversight Committee (ICOC) – Posting of Notice of Vacancy <ul style="list-style-type: none"> o Notice of the vacancy on the ICOC left by the resignation of a member was posted last week on the PPH web site and in avenues used in the past o Applications are being accepted, with a deadline for application of November 18, 2008 o Candidates will be reviewed by Finance Committee <ul style="list-style-type: none"> ▪ To confirm qualified based on Procedures, Policies & Guidelines of the ICOC ▪ For recommendation to the Board regarding appointment to the ICOC • Escrow at 151 Valley Boulevard <ul style="list-style-type: none"> o Final property of the five referenced in the MOU with the City of Escondido 	<p><i>Information Only</i></p>		<p align="center">Y</p>

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	<ul style="list-style-type: none"> o Seller has been working with tenants, as it was their responsibility to vacate the property prior to turning over possession to PPH <ul style="list-style-type: none"> ▪ Tenancies have for the most part vacated <ul style="list-style-type: none"> ▲ One residential tenant remains and is expected to have vacated by the end the of month o Should hit targeted close of escrow date <ul style="list-style-type: none"> ▪ May close sooner if completely vacated • Capitation for CY2009-2010 as related to risk partner groups and conditions outlined by the Board <ul style="list-style-type: none"> o Should be able to make a report out as to which groups will be participating at next meeting • State budget and the status of projected reductions in per diem reimbursement to hospital-based facilities <ul style="list-style-type: none"> o Possibility that reimbursement will be reinstated in March 2009 <ul style="list-style-type: none"> ▪ If no reinstatement in March 2009—would be negative \$5M <ul style="list-style-type: none"> ▲ \$3.8M reduction was already anticipated in the FY09 budget ▲ Would be a negative reduction against budget of about \$1M more ▪ If the State reinstates the reimbursements, it will cause a positive gain by increasing the projected ROI from the Board-approved conversion of beds to sub-acute at Villa POM 			
<p>DRAFT AUDITED FINANCIAL STATEMENTS FOR YEARS ENDED JUNE 30, 2008 AND 2007</p>	<p>Bob Hemker introduced Mark Kawauchi of the auditing firm Deloitte & Touche (D&T). Utilizing the documents listed as Addenda C and C1 in the agenda packet, Mr. Kawauchi reviewed the auditors' findings for years ended June 30, 2008 and 2007 Audited Financial Statements.</p> <ul style="list-style-type: none"> • Mr. Kawauchi handed hard copies of the presentations to Committee members <ul style="list-style-type: none"> o No significant changes from those that were previously emailed with the agenda packet • Both the financials and the auditor's report are in draft form <ul style="list-style-type: none"> o Information has already been presented to the Audit Committee of the Board for review & approval o Will be printed in "final" after approval by both the Audit & Finance Committees of the Board o Anticipates that it will then be presented at the November Board meeting for approval • As the financials are part of the information that accompanies the bond issue, they have been given a very thorough review up through the corporate level at D&T 	<p>MOTION: Motion by Director Rivera seconded by Director Greer and carried to recommend approval of the Draft Audited Financial Statements for Years Ended June 30, 2008 and 2007 as presented. All in favor. None opposed.</p>	<p>Forwarded to the November 10, 2008, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>

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	<ul style="list-style-type: none"> • This is Mr. Kawauchi’s second year as Partner on the PPH account <ul style="list-style-type: none"> ○ Shibani Dogra is in her first year as the new manager on the account <ul style="list-style-type: none"> ■ Lisa Biggs was the manager last year (maternity leave this year) • One item is still being cleared through D&T’s technical partner <ul style="list-style-type: none"> ○ Additional disclosure regarding the subsequent events related to the credit crisis <ul style="list-style-type: none"> ■ Need to determine whether there should be a footnote disclosure <ul style="list-style-type: none"> ▲ Anticipate doing so ▲ Will ensure the Board Audit & Finance Committees and Management agree ▲ ■ D&T footnote would be across all industries and all audits – not specific to PPH <ul style="list-style-type: none"> ▲ Want to ensure the disclosure utilized for PPH follows the standard D&T disclosure verbiage • Audit went well, with 100% cooperation from management • Will discuss items identified in the audit that are unusual to PPH <ul style="list-style-type: none"> ○ Audit of a healthcare district is more complex than a traditional hospital audit <ul style="list-style-type: none"> ■ As a quasi-government entity, a district must follow both GASB (Government Accounting Standards Board) and FASB (Financial Standards Accounting Board) rules <ul style="list-style-type: none"> ▲ Private sector organizations only follow FASB rules • Pages 1 -10 are the Management’s Discussion and Analysis (MD&A) required by GASB <ul style="list-style-type: none"> ○ D&T reviewed this information in conjunction with the audited financial statements <ul style="list-style-type: none"> ■ Must confirm that the information provided by Management is consistent and that the explanations make sense • Page 11 is the Independent Auditors’ Report <ul style="list-style-type: none"> ○ D&T’s opinion on the audit of the consolidated balance sheets of PPH ○ Last paragraph more fully explains GASB Financial Statement reviews ○ “Clean” opinion ○ There were no limitations on procedures D&T performed • Consolidated balance sheets – notable items: <ul style="list-style-type: none"> ○ Page 12 – Assets & Page 13 – Liabilities & Net Assets <ul style="list-style-type: none"> ■ Estimated third-party payor settlements were an asset of \$2.6 M in 2007 <ul style="list-style-type: none"> ▲ Settlements related to cost reports – what we expect to settle with 			

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	<p align="center">Medicare, based on CMS audits</p> <ul style="list-style-type: none"> ▲ Flipped to a liability of \$807K in 2008 ■ Fair value of interest rate swap was a \$4.4M asset in 2007 <ul style="list-style-type: none"> ▲ Flipped to a liability of \$6M in 2008 ○ Page 14 – Consolidated Statements of Activities <ul style="list-style-type: none"> ■ Bottom bottom line shows an excess of revenues over expenses of \$7.6M <ul style="list-style-type: none"> ▲ Change in rate swaps was a major loss of \$10.4M ○ Pages 17-31 – Footnotes <ul style="list-style-type: none"> ■ Consistent with prior years ■ Only potential change would be the addition of the standard disclosure by D&T with regard to the credit market conditions ● Shibani Dogra reviewed the Report on the Fiscal 2008 Consolidated Financial Statements <ul style="list-style-type: none"> ○ D&T tested PPH's internal controls <ul style="list-style-type: none"> ■ Performed enough testing to plan for standard procedures ■ Enough testing to ensure there are functioning controls in place ○ Scope of the audit was not restricted, and the auditors were able to perform all procedures ○ D& T is required to make certain communications to the District, and those statements are covered on Pages 2&3 ● Page 4 – Material Corrected Misstatements <ul style="list-style-type: none"> ○ Misstatements that were identified and corrected by Management during the audit process ○ Items 1-4 are miscellaneous <ul style="list-style-type: none"> ■ All had to be corrected since the audit will be included in the bond offering ○ Items 5-6 – were complex items requiring D&T to work with their national office for resolution of proper reporting methodologies <ul style="list-style-type: none"> ■ Neither had an impact on the statement of activities ■ Item 5 was related to the booking of the partnership which PPH entered into with PDP <ul style="list-style-type: none"> ▲ Ground lease rights for footprinting and parking rights at the POP building ▲ No actual cash went out to the partnership <ul style="list-style-type: none"> (a) Interest in the partnership was via the lease of land to the partnership ▲ Actual \$1 value, needed to be book up to an imputed value 			

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	<ul style="list-style-type: none"> <ul style="list-style-type: none"> ▲ No triggering event to require that the investment be recorded in PPH's books, thus, unusual in processing ■ Item 6 was the elimination of goodwill for acquiring all partnership interests at the Escondido Surgery Center (ESC) <ul style="list-style-type: none"> ▲ The partnership was dissolved in 2008, and PPH had acquired all partnership interests ▲ There was no goodwill ▲ Entry allowed a reclass of the hard asset categories and the lack of value for goodwill/intangibles <ul style="list-style-type: none"> (a) Technically didn't acquire ESC as a going concern as it was immediately dissolved into a department of the hospital (b) Now added into the depreciation and amortization schedules ○ No change to significant accounting policies – followed U.S. Generally Accepted Accounting Principles (GAAP) <ul style="list-style-type: none"> ■ PPH has stayed conservative in their accounting policies over the years ○ Page 5 – Financial statements will be embedded in bond offering, so D&T was required to review for consistency ○ Basically ready to print a final report after receiving standardized D&T footnote regarding market impact <ul style="list-style-type: none"> ■ Standardized footnote across all industries <ul style="list-style-type: none"> ▲ If there is any impact to the readability of our statements, D&T will report that, likely at the November Board meeting ○ Appendix A – contains uncorrected misstatements <ul style="list-style-type: none"> ■ Auditors came across information in the current year that impacted the financial statements for FY2007 ■ Management has corrected all that had impact to the 2008 financial statements <ul style="list-style-type: none"> ▲ Those left uncorrected impacted last year but were not material to this year and were effectively self-correcting by June 30, 2008 • Bob Hemker stated that bond counsel and the financing team have been involved throughout this audit process <ul style="list-style-type: none"> ○ Bond counsel, the rating agencies and the financing team have all had reports at various stages of the audit, they just didn't have the audit report page ○ Have been given notice that D&T anticipated an "unqualified" report <ul style="list-style-type: none"> ■ As audited financials were discussed with rating agencies and insurers, the events of FY08 and how we responded to them were discussed, including that the events had been addressed in the FY09 budget approval process 			

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	<ul style="list-style-type: none"> o The audit went through another step this year by going to the Audit Committee of the Board prior to review by the Finance Committee of the Board <ul style="list-style-type: none"> ■ Provided Board members twice the oversight ■ Director Greer noted that the Audit Committee members were also provided with and took advantage of an opportunity to meet with the auditors after the Audit Committee meeting, without Management present • The audited financials will be considered Draft until approval by the Board Finance Committee <ul style="list-style-type: none"> o CEO, CFO, Controller and Accounting Manager will sign the representation letter after Board Finance Committee approval, and they will become Final for publication to the full Board • Bob Hemker highlighted certain entries for the Committee <ul style="list-style-type: none"> o The wildfires of 2007 were recorded as an unreimbursed negative impact of \$1.3M <ul style="list-style-type: none"> ■ Typically, something like a wildfire would be recorded as an extraordinary event, however, wildfires are not considered extraordinary events in Southern California <ul style="list-style-type: none"> ▲ Considered a potentiality of doing business o The \$1.4M reduction in force that included adjustments for severance pay was also disallowed as extraordinary as adjustment of workforce should be considered ordinary to the course of business • Director Rivera congratulated Management on the information, the unqualified audit, and the continued strong, open and transparent financial picture 			
<p>MINUTES – SEPTEMBER 30, 2008</p>	<p>No discussion</p>	<p>MOTION: By Director Rivera, seconded by Director Greer and carried to approve the minutes of the September 30, 2008, Board Finance Committee meeting as presented. All in favor. None opposed.</p>		<p align="center">Y</p>
<p>ESTABLISHMENT OF PALOMAR POMERADO HEALTH RETAIL GROUP, LLC</p>	<p>Bob Hemker stated that PPH has encountered challenges as we venture out with retail services (e.g., Weight Solutions, the Women’s Boutique, the gift shops and other retail entities that – taken together – comprise a large book of retail business). Weight Solutions was approved by the Board, but has not yet been implemented due to a lack of ability to house retail operations appropriately. There were income tax and billing issues that made it difficult—if not impossible—for the PPH entity to provide the retail services. It was realized that PPH needed an umbrella – either part of PPH or a separate agency – under which these retail services could be housed. Janine Sarti, General Counsel, reviewed the issues and rationale for establishing a separate entity.</p>	<p>MOTION: By Director Rivera, seconded by Director Greer and carried to recommend that the Board establish Palomar Pomerado Health Retail Group, LLC, as a limited liability company under the Beverly-Killea Limited Liability Company Act.. All in favor. None opposed.</p>	<p>Forwarded to the November 10, 2008, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>

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	<ul style="list-style-type: none"> • A different vehicle for retail services <ul style="list-style-type: none"> ◦ Separate identity that needs to be created for billing & recovery for retail operations • Reviewed possibility of housing the retail operations under the auspices of Health Development <ul style="list-style-type: none"> ◦ It is a 501(c)(3) organization, created to provide access to organizations looking for a grant entity ◦ Could not have income from retail operations and still maintain 501(c)(3) status • Determined that PPH needed a subsidiary entity that would allow a retail book of business under the structure of an LLC <ul style="list-style-type: none"> ◦ PPH would be the sole member [shareholder] ◦ Revenue would flow to the member <ul style="list-style-type: none"> ■ PPH as an untaxable entity would reap the benefits associated thereto • LLC is not a corporation <ul style="list-style-type: none"> ◦ Separate entity from PPH <ul style="list-style-type: none"> ■ Articles of incorporation must be filed ■ Separate books must be maintained • Sole member would be PPH, with the same reporting structure as PPH currently has <ul style="list-style-type: none"> ◦ Would also have to have an operating agreement, describing the structure and operational purpose of the entity • Recommendation that an LLC be approved under which to place the retail operations of PPH for billing purposes <ul style="list-style-type: none"> ◦ Will afford a potential conduit for which we could appropriately send retail services ◦ Operations would still need PPH approval ◦ If any of the retail programs fail, what happens to the LLC? <ul style="list-style-type: none"> ■ Retail operations have no effect on the LLC structure • Section 5.5 – the “Company” is the LLC and can have officers <ul style="list-style-type: none"> ◦ The “Member” is PPH – that’s the distinction ◦ If the Company needs other officers to conduct routine business, it can appoint them <ul style="list-style-type: none"> ■ Allows flexibility for the future • Efficient structure 			

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<p>BOND ISSUANCE – UPDATE ON CY2008 GO BOND ISSUE & CONVERSION OF CoPs -2006 ARS</p>	<p>Bob Hemker brought the Committee up to date on actions related to the issuance of GO Bonds and the Conversion of the Certificates of Participation-Auction Rate Securities (CoPs-ARS).</p> <ul style="list-style-type: none"> • Both Board Finance Committee and the Board approved two discreet efforts <ul style="list-style-type: none"> o The issuance of GO Bonds in an amount not to exceed \$110M o The conversion and/or refunding of the CoPs-ARS of 2006 • The team continues to perform due diligence and make preparations <ul style="list-style-type: none"> o There are still market uncertainties <ul style="list-style-type: none"> ■ May have to act quickly OR stop the transaction o Key drivers to the GO Bond issue <ul style="list-style-type: none"> ■ Can we sustain the \$17.75/\$100K of assessed value (the \$17.75)? <ul style="list-style-type: none"> ▲ Has been reviewed with every updated Plan of Finance (PoF) from the first to the present, as well as through each bond issue ▲ Have tested where bond issues will be cycled in and their issue dates <ul style="list-style-type: none"> (a) Have tested out the sustainability of the \$17.75 (b) Reviewed the current challenge issues of the subprime market, assessed values in district due to the wildfires, etc. (c) Have had double-digit increases in assessed values; however, moderation is occurring (d) Used very conservative numbers to allow room for change/error in calculations ■ Still reviewing our ability to move with the GO Bond issue at this time <ul style="list-style-type: none"> ▲ Also reviewing options of traditional/current interest rate/capital appreciation rate bonds <ul style="list-style-type: none"> (a) Still evaluating which will provide the best structure o Awaiting the Moody's rating agency report o Both Fitch and S&P have reaffirmed their previous ratings from 2007 & 2005 (AA- and A+, respectively)—both of which were insured up at the time—and have applied those ratings on the new issue <ul style="list-style-type: none"> ■ Both agencies had access to all the above information regarding the audited financials, took it into account and still reaffirmed the rating <ul style="list-style-type: none"> ▲ Gives us the assurance that moving forward is appropriate ■ Both PPH internally—where it's been, what it's been through and where it's going—combined with current financials o Still waiting to see if there is economic value to insuring the bonds <ul style="list-style-type: none"> ■ Would possibly provide ability to maintain a AAA rating 	<p><i>Information only</i></p>		<p>N</p>

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	<ul style="list-style-type: none"> ■ Three insurers still in the market: <ul style="list-style-type: none"> ▲ FSA is under watch ▲ Assured ▲ Brookshire – which has not yet entered the healthcare arena • Questioned how we compare with other districts, Mr. Hemker stated that he was unsure <ul style="list-style-type: none"> o It has been several years since Tri-City issued bonds, and their last issue was revenue bonds o Grossmont does have some GO Bonds out, and he believes it's about the same o As to the local not-for-profits, we exceed one and one of the others is slightly better for Revenue Bonds • CoPs-ARS <ul style="list-style-type: none"> o Market has declined radically o Week-on-week resets have gone up and down o A couple of issues are moving through the market <ul style="list-style-type: none"> ■ Placements of municipal bonds basically froze ■ There is a significant backlog of bonds waiting to be issued ■ Slight movement in the market is causing a significant swing in rates ■ Market differential in holding vs staying in the market for an additional period of time may not be worth it ■ GO Bonds bring new project monies – revenue bonds can be held ■ Average of ARS market <ul style="list-style-type: none"> ▲ From July 2007 to February 10, 2008 the average was 3.54% across all 3 series in the issue ▲ Since February 11, 2008 – when the ARS market changed – resets have averaged 5.15%, or 160 basis points higher ■ Review against SIFMA <ul style="list-style-type: none"> ▲ Not keeping the pattern ▲ Some extreme highs and lows ▲ Not following the previous index change • By action at a previous Board meeting, Management has the authority on all three instruments to either convert or to refund <ul style="list-style-type: none"> o Rescission Notice has until the week of November 10th – must make a hard decision whether to “go\ no go” by then • Latest federal action does not affect us <ul style="list-style-type: none"> o Market is not noticeably better or worse this week than last 			

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<p>FINANCIAL REPORT SEPTEMBER 2008 & YTD 2009</p>	<p>Bob Hemker provided a summary review of the September 2008 & YTD FY2009 financial report, utilizing portions of the presentation distributed as Addendum F in the agenda packet.</p> <ul style="list-style-type: none"> • Slide F-10 is a new slide that provides a snapshot executive summary <ul style="list-style-type: none"> ○ Patient Days <ul style="list-style-type: none"> ■ Down to budget and against prior year ■ Initial concern is relieved by reviewing discharges, which are up about 2% year on year ■ Shorter LOS is positive ○ ER Visits <ul style="list-style-type: none"> ■ Down slightly against budget, but up about 5% year on year ○ Deliveries <ul style="list-style-type: none"> ■ Down year on year but up about 4% against budget ○ Capitation <ul style="list-style-type: none"> ■ Off as expected, due in part to the challenge of a calendar year cycle running through two fiscal years <ul style="list-style-type: none"> ▲ Director Rivera commented that the Board had been responsible for saving PPH from the losses it was incurring before the capitation agreement with Penn Elm was dissolved ○ Net Patient Revenue <ul style="list-style-type: none"> ■ Showing about a 5% growth year on year ■ Affected by the payor mix with bad debt reserves (i.e., what should mature into realizable cash) included ○ Total Revenues are up \$1M against budget ○ SWB & Contract Labor <ul style="list-style-type: none"> ■ Productivity percentages are right on <ul style="list-style-type: none"> ▲ Proof of managing hours ■ Still affected by newly hired RNs being proctored ■ If you take the totals of SWB and add Contract Labor for both YTD and Budget, we are right on budget ○ Supplies are slightly negative to budget <ul style="list-style-type: none"> ■ Due in large part to prosthesis costs ■ The new pharmacy contract is expected to provide better-than-anticipated savings ○ Net Income from Operations is up \$600K against budget ○ Bottom bottom line is down \$400K against budget 	<p>MOTION: By Director Rivera, seconded by Director Greer and carried to recommend approval of the September 2008 & YTD FY2009 Financial Report as presented. All in favor. None opposed.</p>	<p>Forwarded to the November 10, 2008, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>

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	<ul style="list-style-type: none"> ■ Unrealized gain/loss in mark to market investments ■ Down \$2M year on year in investment income • Slides F-13 & F-14 – Key Variance Explanations <ul style="list-style-type: none"> o Weight Solutions shows a negative variance as it has not yet been implemented awaiting the LLC solution o Negative volume variance in Salaries & Wages was more than gained back through the positive variance in workforce rate efficiencies o Negative Prosthesis expenses are almost the entire negative variance in Supplies <ul style="list-style-type: none"> ■ We have worked with the surgeons to cap contract with vendors of choice to allow as much leeway for choices in product as possible <ul style="list-style-type: none"> ▲ Contract updates are always going to be slightly behind the constantly evolving medical developments o San Diego Radiosurgery is a negative contra to revenue <ul style="list-style-type: none"> ■ They will see their first case this Thursday • Slide F-16 <ul style="list-style-type: none"> o Negative variances in September and YTD under non-operating income due to a large mark to market adjustment • Slide F-24 – Detail of Supplies Expenses YTD <ul style="list-style-type: none"> o Negative variance in Employee Apparel <ul style="list-style-type: none"> ■ Due in large part to the fact that Patient Access staff have now adopted a uniform, paid for by PPH ■ Gerald Bracht stated that scrubs are also a large part of that expense 			
ADJOURNMENT	The meeting was adjourned at 7:49 p.m.			
SIGNATURES: <ul style="list-style-type: none"> • COMMITTEE CHAIR _____ Ted Kleiter • COMMITTEE SECRETARY _____ Tanya Howell 				

ADDENDUM B

Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds
Independent Citizens' Oversight Committee ("ICOC")

APPLICATION

(Please Print or Type)

Name: JOHN A. AMODEO Work Phone: _____
Address: _____ Home Phone: _____
FAX #: _____ E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

- Business Representative - Active in a business organization representing the business community.**

Organization: _____

- Senior Citizens' Group Representative - Active in a senior citizens' organization.**

Organization: _____

- Taxpayers' Organization Representative - Active in a bona fide taxpayers' association.**

Organization: _____

~~Nurse or Physician Representative~~ Trained as a nurse or physician.

Training: I am a Professional Civil Engineer
IN CALIFORNIA. I HAVE BEEN AN OVERSEER
ON MANY CONSTRUCTION PROJECTS ON BEHALF OF
THE OWNER. I HAVE BEEN RESPONSIBLE FOR A
OFFICE HEADQUARTERS AND MAINTENANCE AND TECHNICAL
FACILITY OF 83,000 SF ON 14 ACRES.

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

I have been active in many community, business
and civic organizations, but not in the PPH boundaries
Including ROTARY, CHAMBER OF COMMERCE, COMMUNITY
PLANNING AND VISTA CLINIC. IN R.B. - neighborhood watch,
youth sports + have run for two offices but lost.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 15255 Innovation Drive, San Diego, California 92128) should it arise.

Signature: John A. Jander

Date: 11/5/08

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
15255 Innovation Drive
San Diego, California 92128-3410
Telephone: (858) 675-5140
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:

TUESDAY, NOVEMBER 18, 2008

Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds
Independent Citizens' Oversight Committee ("ICOC")

APPLICATION

(Please Print or Type)

Name: William Hoffman Work Phone: _____
Address: _____ Home Phone: SAME
FAX #: _____ E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

Business Representative - Active in a business organization representing the business community.

Organization: _____

Senior Citizens' Group Representative - Active in a senior citizens' organization.

Organization: _____

Taxpayers' Organization Representative - Active in a bona fide taxpayers' association.

Organization: _____

Nurse or Physician Representative - Trained as a nurse or physician.

Training:

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

• WISH TO ENSURE MEDICAL BILL PROCEDURES PROPERLY & EFFECTIVELY EXPLORED
• EDUCATION (BACKGROUND): BUSINESS OPERATIONS, CONTRACTS, FINANCE,
PLANNING, COMPUTER SYSTEMS, PROGRAMS, PROCEDURES, ETC)
- SEE WWW.WHITTEMAN.COM - BA & MS BUSINESS + LAW DEGREE
LIFETIME RESIDENT SD CT. MEMBER LAW BOARD'S JUDICIAL PUBLIC SAFETY BOARD.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 15255 Innovation Drive, San Diego, California 92128) should it arise.

Signature: 

Date: 10/22/08

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
15255 Innovation Drive
San Diego, California 92128-3410
Telephone: (858) 675-5140
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:

TUESDAY, NOVEMBER 18, 2008

Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds
Independent Citizens' Oversight Committee ("ICOC")

APPLICATION

(Please Print or Type)

Name: Tim Regella Work Phone: _____
Address: _____ Home Phone: _____
FAX #: _____ E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

Business Representative - Active in a business organization representing the business community.

Organization: _____

Senior Citizens' Group Representative - Active in a senior citizens' organization.

Organization: _____

Taxpayers' Organization Representative - Active in a bona fide taxpayers' association.

Organization: _____

Nurse or Physician Representative - Trained as a nurse or physician.

Training:

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

As an "At Large" member I believe my education and experience as a Professional Civil Engineer and Registered Land Surveyor with over 20 years of public works experience in north San Diego County may be a benefit to committee during the design review and construction phases of the Palomar Pomerado Health projects.

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 15255 Innovation Drive, San Diego, California 92128) should it arise.

Signature:  _____

Date: 10/30/2008

Please submit this Application via hand delivery, mail or e-mail to:
Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
15255 Innovation Drive
San Diego, California 92128-3410
Telephone: (858) 675-5140
Tanya.Howell@pph.org

**DEADLINE FOR SUBMISSION OF APPLICATIONS:
TUESDAY, NOVEMBER 18, 2008**

Palomar Pomerado Health Hospital, Emergency Care, Trauma Center Improvement and Repair Measure Bonds
Independent Citizens' Oversight Committee ("ICOC")

APPLICATION

(Please Print or Type)

Name: MARK B. SILBER Work
Phone: _____
Home
Phone: _____

Address: _____

FAX #: _____ E-Mail: _____

I can represent the following applicable constituencies located in the District as a (check all that apply):

Business Representative - Active in a business organization representing the business community.

Organization: U. of Phoenix - FACULTY
CHAPMAN Univ. - FACULTY

Senior Citizens' Group Representative - Active in a senior citizens' organization.

Organization: None

Taxpayers' Organization Representative - Active in a bona fide taxpayers' association.

Organization: None

Nurse or Physician Representative - Trained as a nurse or physician.

Training: N/A

Limited to the space provided below, please explain why you wish to serve on this committee and describe any qualifications you have which you feel may be an asset to the committee.

30 YEARS NATIONAL HEALTHcare Consultant
(Now retired)

ACHE Speaker - 25 years
A.H.A. " "

I am applying to serve on the Independent Citizens' Oversight Committee. I have read the conflict of interest information in the Ethics Policy Statement and I do not have a conflict of interest that would prevent my serving on the Committee. I agree to report such a conflict to the Committee Chair and to the District Staff Liaison (CFO, Palomar Pomerado Health, 15255 Innovation Drive, San Diego, California 92128) should it arise.

Signature: *M. B. Fisher, Ph.D.* Date: 10/28/08

Please submit this Application via hand delivery, mail or e-mail to:

Palomar Pomerado Health
c/o Tanya Howell, Exec Asst to CFO
15255 Innovation Drive
San Diego, California 92128-3410
Telephone: (858) 675-5140
Tanya.Howell@pph.org

DEADLINE FOR SUBMISSION OF APPLICATIONS:

TUESDAY, NOVEMBER 18, 2008

Palomar Pomerado Health

Selection Matrix – Prop BB Independent Citizens' Oversight Committee

Applicant Name: John A. Amodeo

Home Address: _____

Does the Applicant live within the District's Boundaries? **Yes** **No**

In which region of the District does the Applicant live? Rancho Bernardo

- Constituency represented:**
- Business Representative ("BR")**
 - Senior Citizens' Group Representative ("SC")**
 - Taxpayers' Organization Representative ("TP")**
 - Nurse or Physician Representative ("NPR")**
 - At Large ("AL")**

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

- Level of Prior Community Involvement** _____
- Level of Current Community Involvement** _____
- Level of PPH Involvement** _____
- Availability of Time** _____
- Subject Matter Expert – Constituency Represented** _____
- Subject Matter Expert – Facility Development** _____
- Subject Matter Expert – Financing Matters** _____
- Conflicts of Interest (Higher score for fewer conflicts)** _____
- Desire to sit on the Committee (based on application explanation)** _____

COMMENTS: **Total**

Palomar Pomerado Health
Selection Matrix – Prop BB Independent Citizens' Oversight Committee

Applicant Name: William Hoffman

Home Address: _____

Does the Applicant live within the District's Boundaries? **Yes** **No**

In which region of the District does the Applicant live? Escondido

- Constituency represented:**
- Business Representative ("BR")
 - Senior Citizens' Group Representative ("SC")
 - Taxpayers' Organization Representative ("TP")
 - Nurse or Physician Representative ("NPR")
 - At Large ("AL")

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

- Level of Prior Community Involvement _____
- Level of Current Community Involvement _____
- Level of PPH Involvement _____
- Availability of Time _____
- Subject Matter Expert – Constituency Represented _____
- Subject Matter Expert – Facility Development _____
- Subject Matter Expert – Financing Matters _____
- Conflicts of Interest (Higher score for fewer conflicts) _____
- Desire to sit on the Committee (based on application explanation) _____

COMMENTS: _____ **Total**

Palomar Pomerado Health

Selection Matrix – Prop BB Independent Citizens' Oversight Committee

Applicant Name: Tim Regello

Home Address: _____

Does the Applicant live within the District's Boundaries? **Yes** **No**

In which region of the District does the Applicant live? San Marcos

- Constituency represented:**
- Business Representative ("BR")**
 - Senior Citizens' Group Representative ("SC")**
 - Taxpayers' Organization Representative ("TP")**
 - Nurse or Physician Representative ("NPR")**
 - At Large ("AL")**

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

Level of Prior Community Involvement _____

Level of Current Community Involvement _____

Level of PPH Involvement _____

Availability of Time _____

Subject Matter Expert – Constituency Represented _____

Subject Matter Expert – Facility Development _____

Subject Matter Expert – Financing Matters _____

Conflicts of Interest (Higher score for fewer conflicts) _____

Desire to sit on the Committee (based on application explanation) _____

COMMENTS: **Total**

Palomar Pomerado Health

Selection Matrix – Prop BB Independent Citizens' Oversight Committee

Applicant Name: Mark B. Silber

Home Address: _____

Does the Applicant live within the District's Boundaries? **Yes** **No**

In which region of the District does the Applicant live? Poway

- Constituency represented:**
- Business Representative ("BR")**
 - Senior Citizens' Group Representative ("SC")**
 - Taxpayers' Organization Representative ("TP")**
 - Nurse or Physician Representative ("NPR")**
 - At Large ("AL")**

Please score the applicant on the following criteria, using a scale of one ("1") to five ("5"), with 5 being the highest:

- Level of Prior Community Involvement** _____
- Level of Current Community Involvement** _____
- Level of PPH Involvement** _____
- Availability of Time** _____
- Subject Matter Expert – Constituency Represented** _____
- Subject Matter Expert – Facility Development** _____
- Subject Matter Expert – Financing Matters** _____
- Conflicts of Interest (Higher score for fewer conflicts)** _____
- Desire to sit on the Committee (based on application explanation)** _____

COMMENTS: **Total**

<u>Applicant Name</u>	<u>Region of District</u>	<u>Constituency</u> <small>(BR, SC, TP, NPR, AL)</small>	<u>Score</u>	<u>Notes</u>

ADDENDUM C

Financial Statements

October 2009

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

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Balanced Scorecard
Financial Indicators

July		August		September		October		YTD 2009				
Actual	Actual	Actual	Actual	Budget	Variance	% Actual to Budget		Actual	Budget	Variance	% Actual to Budget	
PPH Indicators:												
10.7%	10.8%	9.4%	10.0%	10.0%	0.0%	100.0%	OEBITDA Margin w/Prop Tax	10.2%	9.9%	0.3%	103.0%	
\$ 10,019.10	\$ 10,408.78	\$ 11,124.08	\$ 10,988.88	\$ 10,739.87	\$ (249.01)	102.3%	Expenses/Adj Discharge	\$ 10,621.56	\$ 10,750.83	\$ 129.27	98.8%	
\$ 6,123.13	\$ 6,206.92	\$ 6,469.98	\$ 6,412.67	\$ 6,431.71	\$ 19.04	99.7%	SWB/Adj Discharge	\$ 6,298.83	\$ 6,440.12	\$ 141.29	97.8%	
6.29	6.43	6.50	6.59	6.62	0.03	99.5%	Prod FTE's/Adj Occupied Bed	6.44	6.62	0.18	97.3%	
3,600	3,481	3,293	3,416	3,395	21	100.6%	Adjusted Discharges	13,790	13,477	313	102.3%	
PPH North Indicators:												
6.1%	13.8%	13.9%	6.6%	10.9%	(4.3%)	60.6%	OEBITDA Margin w/Prop Tax	10.3%	10.8%	(0.5%)	95.4%	
\$ 9,371.63	\$ 9,612.24	\$ 10,465.47	\$ 10,352.15	\$ 9,994.57	\$ (357.58)	103.6%	Expenses/Adj Discharge	\$ 9,936.05	\$ 10,017.66	\$ 81.61	99.2%	
\$ 5,098.18	\$ 4,840.46	\$ 5,376.98	\$ 5,306.92	\$ 5,265.06	\$ (41.86)	100.8%	SWB/Adj Discharge	\$ 5,150.51	\$ 5,283.07	\$ 132.56	97.5%	
5.12	5.34	5.42	5.36	5.40	0.04	99.3%	Prod FTE's/Adj Occupied Bed	5.30	5.43	0.13	97.6%	
2,582	2,528	2,359	2,492	2,452	40	101.6%	Adjusted Discharges	9,962	9,728	234	102.4%	
PPH South Indicators:												
19.3%	3.3%	(8.9%)	14.4%	6.5%	7.9%	221.5%	OEBITDA Margin w/Prop Tax	8.0%	6.3%	1.7%	127.0%	
\$ 10,610.55	\$ 11,347.41	\$ 12,015.57	\$ 11,372.33	\$ 11,620.66	\$ 248.33	97.9%	Expenses/Adj Discharge	\$ 11,323.75	\$ 11,598.85	\$ 275.10	97.6%	
\$ 5,470.52	\$ 5,529.79	\$ 5,611.61	\$ 5,716.60	\$ 5,986.00	\$ 269.40	95.5%	SWB/Adj Discharge	\$ 5,580.57	\$ 5,969.89	\$ 389.32	93.5%	
6.12	6.17	6.26	6.71	6.43	(0.28)	104.4%	Prod FTE's/Adj Occupied Bed	6.31	6.41	0.10	98.4%	
999	933	918	906	923	(17)	98.2%	Adjusted Discharges	3,755	3,669	86	102.3%	

Financial Results
Executive Summary of Key Indicators

OCTOBER 2008
EXECUTIVE SUMMARY OF KEY INDICATORS

	OCTOBER 2008			FY 09 Y-T-D @ OCTOBER 2008			Moody Benchmark
	Actual	Budget	Variance	Actual	Budget	Variance	
<u>Statistics:</u>							
Acute Admissions	2,357	2,502	(145)	9,718	9,927	(209)	
Acute Patient Days	9,345	9,654	(309)	37,521	38,303	(782)	
Acute ALOS	3.85	3.86	(0.01)	3.82	3.86	(0.04)	
Case Mix Index (w/o Births)	1.40	1.40	-	1.41	1.40	0.01	
Total Surgeries	1,625	1,658	(33)	6,573	6,579	(6)	
Births	433	454	(21)	1,845	1,802	43	
E/R Visits & Admissions	7,116	7,698	(582)	29,571	30,543	(972)	
ER to Admit Rate	18.3%	16.5%	1.8%	17.7%	16.5%	1.2%	
Productivity %	96.5%	100%	(3.5%)	98.9%	100%	(1.1%)	
<u>Income Statement:</u>							
Net Patient Revenue	37,392,229	36,521,118	871,111	147,277,943	144,856,805	2,421,138	
Total Net Revenue	38,243,130	37,127,937	1,115,193	149,459,641	147,284,081	2,175,560	
Sal., Wages, Cont. Lbr	17,718,059	17,558,238	(159,821)	69,853,917	69,803,745	(50,172)	
Supplies	6,439,529	5,642,663	(796,866)	23,597,139	22,387,498	(1,209,641)	
Total Expenses	37,538,026	36,461,867	(1,076,159)	146,465,523	144,888,876	(1,576,647)	
Net Inc. (Loss) before Non-Op	705,104	666,070	39,034	2,994,118	2,395,205	598,913	
Net Income (Loss)	1,947,006	2,008,020	(61,014)	7,338,873	7,763,005	(424,132)	
<u>Cash Flow:</u>							
Cash Collections	34,500,000	36,000,000	(1,500,000)	133,900,000	144,000,000	(10,100,000)	
Days in A/R - Gross				55.7	52.4	3.3	
Days Cash on Hand				80.5	80	0.5	
<u>Ratios:</u>							
OEBITDA w/ Prop. Tax	10.0%	10.0%	0.0%	10.2%	9.9%	0.3%	
Net Income Margin	4.7%	5.0%	(0.3%)	4.4%	4.9%	(0.5%)	
Bad Debt % of Net Revenue	11.2%	10.2%	(1.0%)	14.0%	10.2%	(3.8%)	7.1%
Return On Assets				3.0%	3.2%	0.2%	4.3%
Annual Debt Service Coverage				2.9			4.4
Cushion Ratio				5.4			15.3

Financial Results

Executive Summary & Highlights

Statistics

CONSOLIDATED	Sep	Oct	Sep vs Oct % Change	Oct Budget	Act vs Bud % Variance
Patient Days Acute	9,098	9,345	2.7%	9,654	(3.2%)
Patient Days SNF	6,313	6,570	4.1%	6,452	1.8%
ADC Acute	303.28	301.44	(0.6%)	311.42	(3.2%)
ADC SNF	210.43	211.94	0.7%	208.13	1.8%
Surgeries CVS Cases	10	13	30.0%	13	0.0%
*Surgeries Total	1,866	1,625	(12.9%)	1,658	(2.0%)
Number of Births	441	433	(1.8%)	454	(4.6%)
*Escondido Surgery Center corrected in Sep-08.					
NORTH					
Patient Days Acute	6,757	7,101	5.1%	7,155	(0.8%)
Patient Days SNF	2,694	2,814	4.5%	2,639	6.6%
ADC Acute	225.24	229.05	1.7%	230.80	(0.8%)
ADC SNF	89.80	90.77	1.1%	85.13	6.6%
SOUTH					
Patient Days Acute	2,341	2,244	(4.1%)	2,499	(10.2%)
Patient Days SNF	3,619	3,756	3.8%	3,813	(1.5%)
ADC Acute	78.03	72.38	(7.2%)	80.61	(10.2%)
ADC SNF	120.63	121.16	0.4%	123.00	(1.5%)

Balance Sheet

Current Cash & Cash Equivalents decreased \$3.9 million from \$87.9 million in September to \$84.0 million in October. Total Cash and Investments are \$90.9 million, compared to \$95.9 million at September 30, 2008. Days Cash on Hand went from 85.0 days in September to 80.5 days in October.

Net Accounts Receivable increased \$3.5 million from \$95.7 million in September to \$99.2 million in October. Gross A/R days increased from 49.2 days in September to 55.7 days in October.

October YTD collections including capitation are \$133.9 million compared to budget of \$144.0 million.

Construction in Progress increased \$17.1 million from \$244.2 million in September to \$261.3 million in October. The increase is attributed to Building Expansion A & E Services and construction costs of \$16.0 million, Cerner Optimization project \$0.2 million, POP Building tenant improvements \$0.2 million and Other \$0.7 million.

Other Current Liabilities decreased by \$2.4 million from \$28.8 million to \$26.4 million primarily due to the realization of deferred property tax revenue of \$1.2 million in October.

Income Statement

Gross Patient Revenue reflects a YTD favorable budget variance of \$21.5 million. The variance breakdown is as follows.

	North	South	Outreach	Total
Consolidated	14,798,731	7,075,118	(342,914)	21,530,935
Routine	574,742	(790,710)	-	(215,968)
IP Ancillary	512,897	4,690,554	-	5,203,451
OP	13,711,092	3,175,274	(342,914)	16,543,452

Deductions from Revenue reflect a YTD unfavorable budget variance of \$19.1 million. Total Deductions from Revenue is 72.02% of gross revenue compared to a budget of 71.31%. Deductions from Revenue (excluding Bad Debt/Charity/Undocumented expenses) are 67.12% of YTD Gross Revenue compared to budget of 66.95%.

Net Capitation reflects a YTD unfavorable budget variance of \$0.9 million. Cap Premium shows a favorable budget variance of \$4.7 million. This favorable variance is due to retro 2007 premium adjustments in July and August. Cap Valuation and Out of Network Claim Expense both show an unfavorable budget variance of \$2.0 million and \$3.6 million, respectively.

Other Operating Revenue reflects a YTD unfavorable budget variance of \$0.2 million. This is comprised of a \$0.2 million unfavorable budget variance from a new department, Weight Solutions; a \$0.1 million unfavorable budget variance from Health Development and the Research Institute combined, and Other favorable of \$0.1 million.

Income Statement (cont'd)

Salaries, Wages & Contract Labor has a YTD favorable budget variance of \$0.1 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	69,853,917	69,803,745	(50,172)
North	41,431,826	41,595,297	163,471
South	17,015,588	17,876,015	860,427
Central	9,041,017	8,265,494	(775,523)
Outreach	2,365,486	2,066,939	(298,547)

Employee Benefits Expense has a YTD unfavorable budget variance of \$0.02 million. This variance can be broken down into the following categories: Work Comp Insurance – unfavorable by \$0.09 million; State Unemployment Insurance – unfavorable by \$0.03 million and all Other Benefits combined - favorable by \$0.10 million.

Supplies Expense reflects a YTD favorable budget variance of \$1.2 million due to Prosthesis expense.

Professional Fees & Purchased Services reflect a YTD unfavorable budget variance of \$0.1 million. The breakdown is Consulting – unfavorable \$0.3 million, Repairs & Maintenance – unfavorable \$0.3 million, and Dr. Recruitment Income Guarantee – favorable \$0.2 million.

Non-Operating Income reflects a YTD unfavorable variance of \$1.0 million. This is due to an unfavorable investment income variance of \$1.3 million partially offset by a favorable \$0.3 million variance in interest expense.

Ratios & Margins

All required Bond Covenant Ratios were achieved in October, 2008.

Key Variance Explanations

Month-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	705,104	666,070		39,034
Total Net Revenue				871,111
Net Patient Revenue			871,111	
Other Operating Revenue				244,082
Weight Solutions			(60,309)	
Tax Revenue, City of San Marcos			150,106	
Other			154,285	
Salaries & Wages				384,974
Volume Variance			(106,342)	
Rate & Efficiency (Nursing & Non-Nursing)			491,316	
Benefits				89,798
Work Comp Insurance			(18,329)	
State Unemployment Insurance			(7,590)	
Group Health Insurance			55,458	
Other			60,259	
Contract Labor				(544,795)
Volume Variance			(2,265)	
Rate & Efficiency (Nursing & Non-Nursing)			(542,530)	

Key Variance Explanations

Month-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				(124,663)
Childs Mascari Warmer Architecture - Cyberknife Project			(84,815)	
Consulting			(84,319)	
Other			44,471	
Supplies				(796,866)
Volume Variance			(34,903)	
Rate & Efficiency			(761,963)	
Prosthesis	(574,330)			
Pharmaceuticals	(151,855)			
Other	(70,681)			
Purchased Services				12,406
No Significant Variances			12,406	
Depreciation				(91,941)
Depreciation			(91,941)	
Other Direct Expenses				(5,072)
No Significant Variances			(5,072)	
Total Actual to Budget MTD Variance for October 2008			39,034	39,034

Key Variance Explanations

Year-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations				598,913
Total Net Revenue				2,421,138
Net Patient Revenue			2,421,138	
Other Operating Revenue				(245,578)
Weight Solutions			(241,236)	
PPNC Health Development and Research Institute			(147,204)	
Tax Revenue, City of San Marcos			150,106	
Other			(7,244)	
Salaries & Wages				1,782,029
Volume Variance			(1,587,425)	
Rate & Efficiency (Nursing & Non-Nursing)			3,369,454	
Benefits				(17,196)
Work Comp Insurance			(88,878)	
State Unemployment Insurance			(31,088)	
Other			102,770	
Contract Labor				(1,832,201)
Volume Variance			(33,750)	
Rate & Efficiency (Nursing & Non-Nursing)			(1,798,451)	

Key Variance Explanations

Year-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				(129,213)
Consulting			(252,974)	
Childs Mascari Warmer Architecture - Cyberknife Project			(84,815)	
Dr. Recruitment Income Guarantee			186,711	
Other			21,865	
Supplies				(1,209,641)
Volume Variance			(519,944)	
Rate & Efficiency (Nursing & Non-Nursing)			(689,697)	
Prosthesis	(1,265,532)			
Other	55,891			
Purchased Services				27,034
Repairs & Maintenance			(296,516)	
Replace x-ray tube in Imaging machine - (123,072)				
Other			323,550	
Depreciation				(161,325)
Depreciation			(161,325)	
Other Direct Expenses				(36,134)
Marketing FY08 invoice			(122,835)	
San Diego Radiosurgery - contra to revenue			(257,258)	
Other			343,959	
Total Actual to Budget YTD Variance for October 2008			598,913	598,913

Balance Sheet
Consolidated

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$5,693,250	\$15,114,783	\$12,578,422
Cash Marketable Securities	78,320,965	72,744,164	73,699,656
Total Cash & Cash Equivalents	84,014,215	87,858,947	86,278,078
Patient Accounts Receivable	241,053,418	210,649,291	173,630,766
Allowance on Accounts	(141,854,839)	(114,940,942)	(87,408,726)
Net Accounts Receivable	99,198,579	95,708,349	86,222,040
Inventories	6,788,506	6,814,261	6,826,298
Prepaid Expenses	5,445,275	4,389,574	3,790,644
Other	21,911,804	21,456,060	5,722,105
Total Current Assets	217,358,379	216,227,191	188,839,165
Non-Current Assets			
Restricted Assets	289,949,539	295,579,400	343,067,128
Restricted by Donor	306,861	306,861	303,600
Board Designated	6,574,179	7,770,885	12,117,325
Total Restricted Assets	296,830,579	303,657,146	355,488,053
Property Plant & Equipment	378,307,828	379,142,654	387,410,913
Accumulated Depreciation	(224,108,017)	(223,483,810)	(226,979,355)
Construction in Process	261,309,041	244,162,567	218,854,882
Net Property Plant & Equipment	415,508,852	399,821,411	379,286,440
Investment in Related Companies	2,869,564	3,055,523	3,109,523
Deferred Financing Costs	15,650,587	15,671,068	15,644,785
Other Non-Current Assets	5,990,604	6,143,590	5,956,094
Total Non-Current Assets	736,850,186	728,348,738	759,484,895
Total Assets	\$954,208,565	\$944,575,929	\$948,324,060

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$31,560,924	\$18,609,372	\$44,500,881
Accrued Payroll	9,973,534	15,773,386	12,139,225
Accrued PTO	14,037,695	13,662,524	13,977,901
Accrued Interest Payable	7,224,322	5,672,087	8,065,133
Current Portion of Bonds	9,730,000	9,730,000	9,660,000
Est Third Party Settlements	1,619,796	1,631,645	807,165
Other Current Liabilities	26,433,625	28,809,520	15,815,317
Total Current Liabilities	100,579,896	93,888,534	104,965,622
Long Term Liabilities			
Bonds & Contracts Payable	537,011,224	537,016,957	537,979,367
General Fund Balance			
Unrestricted	309,736,405	305,592,692	292,958,146
Restricted for Other Purpose	306,861	306,861	303,600
Board Designated	6,574,179	7,770,885	12,117,325
Total Fund Balance	316,617,445	313,670,438	305,379,071
Total Liabilities / Fund Balance	\$954,208,565	\$944,575,929	\$948,324,060

F I S C A L Y E A R 2 0 0 9
Income Statement: Monthly Trend
Consolidated

	Jul	Aug	Sep	Oct	YTD
Statistics:					
Admissions - Acute	2540	2,454	2,367	2,357	9,718
Admissions - SNF	95	107	101	87	390
Patient Days - Acute	9587	9,491	9,098	9,345	37,521
Patient Days - SNF	6572	6,497	6,313	6,570	25,952
LOS - Acute	3.74	3.81	3.87	3.85	3.82
LOS - SNF	67.75	60.16	67.88	69.16	66.04
Adjusted Discharges	3,600	3,481	3,293	3,416	13,790
Revenue:					
Gross Revenue	\$ 131,046,951	\$ 131,438,267	\$ 127,873,677	\$ 135,991,410	\$ 526,350,303
Deductions from Rev	(94,593,925)	(94,598,259)	(91,280,996)	(98,599,181)	(379,072,360)
Net Patient Revenue	36,453,026	36,840,008	36,592,681	37,392,229	147,277,943
Other Oper Revenue	481,361	331,016	518,420	850,901	2,181,698
Total Net Revenue	36,934,387	37,171,024	37,111,101	38,243,130	149,459,641
Expenses:					
Salaries, Wages & Contr Labor	17,547,177	17,429,247	17,159,435	17,718,059	69,853,917
Benefits	4,496,086	4,177,042	4,146,197	4,187,628	17,006,953
Supplies	5,536,898	5,656,890	5,963,822	6,439,529	23,597,139
Prof Fees & Purch Svc	4,597,010	4,825,802	5,138,315	5,033,215	19,594,342
Depreciation	1,915,873	1,905,155	1,841,193	1,956,220	7,618,441
Other	1,975,226	2,233,503	2,382,627	2,203,375	8,794,731
Total Expenses	36,068,270	36,227,639	36,631,589	37,538,026	146,465,523
Net Inc Before Non-Oper Income	866,117	943,385	479,512	705,104	2,994,118
Property Tax Revenue	1,166,666	1,166,666	1,166,666	1,166,666	4,666,664
Non-Operating Income	69,375	147,884	(614,405)	75,236	(321,909)
Net Income (Loss)	\$ 2,102,158	\$ 2,257,935	\$ 1,031,773	\$ 1,947,006	\$ 7,338,873
OEBITDA Margin with Prop Tax	10.7%	10.8%	9.4%	10.0%	10.2%

**Income Statement: Fiscal Year-to-Date
Consolidated – Adjusted Discharges**

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	9,718	9,927	(209)					
Admissions - SNF	390	362	28					
Patient Days - Acute	37,521	38,303	(782)					
Patient Days - SNF	25,952	25,600	352					
ALOS - Acute	3.82	3.86	(0.04)					
ALOS - SNF	66.04	72.41	(6.37)					
Adjusted Discharges	13,790	13,477	313					
Revenue:								
Gross Revenue	\$ 526,350,303	\$ 504,819,368	\$ 21,530,935 F	\$ 11,724,305	\$ 9,806,630	\$ 38,168.98	\$ 37,457.84	\$ 711.14
Deductions from Rev	(379,072,360)	(359,962,563)	(19,109,797) U	(8,360,042)	(10,749,755)	(27,488.93)	(26,709.40)	(779.53)
Net Patient Revenue	147,277,943	144,856,805	2,421,138 F	3,364,264	(943,126)	10,680.05	10,748.45	(68.39)
Other Oper Revenue	2,181,698	2,427,276	(245,578) U	56,373	(301,951)	158.21	180.11	(21.90)
Total Net Revenue	149,459,641	147,284,081	2,175,560 F	3,420,636	(1,245,076)	10,838.26	10,928.55	(90.29)
Expenses:								
Salaries, Wages & Contr Labor	69,853,917	69,803,745	(50,172) U	(1,621,175)	1,571,003	5,065.55	5,179.47	113.92
Benefits	17,006,953	16,989,757	(17,196) U	(394,583)	377,387	1,233.28	1,260.65	27.37
Supplies	23,597,139	22,387,498	(1,209,641) U	(519,944)	(689,697)	1,711.18	1,661.16	(50.01)
Prof Fees & Purch Svc	19,594,342	19,492,163	(102,179) U	(452,701)	350,522	1,420.91	1,446.33	25.42
Depreciation	7,618,441	7,457,116	(161,325) U	(173,190)	11,865	552.46	553.32	0.86
Other	8,794,731	8,758,597	(36,134) U	(203,416)	167,282	637.76	649.89	12.13
Total Expenses	146,465,523	144,888,876	(1,576,647) U	(3,365,008)	1,788,361	10,621.14	10,750.83	129.69
Net Inc Before Non-Oper Income	2,994,118	2,395,205	598,913 F	55,628	543,285	217.12	177.73	39.40
Property Tax Revenue	4,666,664	4,666,664	- -	108,382	(108,382)	338.41	346.27	(7.86)
Non-Operating Income	(321,909)	701,136	(1,023,045) U	16,284	(1,039,329)	(23.34)	52.02	(75.37)
Net Income (Loss)	\$ 7,338,873	\$ 7,763,005	\$ (424,132) U	\$ 180,294	\$ (604,426)	\$ 532.19	\$ 576.02	\$ (43.83)
Net Income Margin	4.4%	4.9%	(0.5%)					
OEBITDA Margin w/o Prop Tax	7.1%	6.7%	0.4%					
OEBITDA Margin with Prop Tax	10.2%	9.9%	0.3%					

F= Favorable variance
U= Unfavorable variance

**Income Statement: Month-to-Date
Consolidated – Adjusted Discharges**

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,357	2,502	(145)					
Admissions - SNF	87	90	(3)					
Patient Days - Acute	9,345	9,654	(309)					
Patient Days - SNF	6,570	6,452	118					
ALOS - Acute	3.85	3.86	(0.01)					
ALOS - SNF	69.16	72.49	(3.33)					
Adjusted Discharges	3,416	3,395	21					
Revenue:								
Gross Revenue	\$ 135,991,410	\$ 127,274,801	\$ 8,716,609 F	\$ 787,267	\$ 7,929,342	\$39,810.13	\$ 37,488.90	\$ 2,321.24
Deductions from Rev	(98,599,181)	(90,753,683)	(7,845,498) U	(561,363)	(7,284,135)	(28,863.93)	(26,731.57)	(2,132.36)
Net Patient Revenue	37,392,229	36,521,118	871,111 F	225,904	645,207	10,946.20	10,757.32	188.88
Other Oper Revenue	850,901	606,819	244,082 F	3,754	240,328	249.09	178.74	70.35
Total Net Revenue	38,243,130	37,127,937	1,115,193 F	229,657	885,536	11,195.30	10,936.06	259.23
Expenses:								
Salaries, Wages & Contr Labor	17,718,059	17,558,238	(159,821) U	(108,608)	(51,213)	5,186.79	5,171.79	(14.99)
Benefits	4,187,628	4,277,426	89,798 F	(26,458)	116,256	1,225.89	1,259.92	34.03
Supplies	6,439,529	5,642,663	(796,866) U	(34,903)	(761,963)	1,885.11	1,662.05	(223.06)
Prof Fees & Purch Svc	5,033,215	4,920,958	(112,257) U	(30,439)	(81,818)	1,473.42	1,449.47	(23.95)
Depreciation	1,956,220	1,864,279	(91,941) U	(11,532)	(80,409)	572.66	549.12	(23.54)
Other	2,203,375	2,198,302	(5,073) U	(13,598)	8,525	645.02	647.51	2.50
Total Expenses	37,538,026	36,461,867	(1,076,159) U	(225,537)	(850,623)	10,988.88	10,739.87	(249.01)
Net Inc Before Non-Oper Income	705,104	666,070	39,034 F	4,120	34,913	206.41	196.19	10.22
Property Tax Revenue	1,166,666	1,166,666	- -	7,216	(7,216)	341.53	343.64	(2.11)
Non-Operating Income	75,236	175,284	(100,048) U	1,084	(101,132)	22.02	51.63	(29.61)
Net Income (Loss)	\$ 1,947,006	\$ 2,008,020	\$ (61,014) U	\$ 12,421	\$ (73,436)	\$ 569.97	\$ 591.46	\$ (21.50)
Net Income Margin	4.7%	5.0%	(0.3%)					
OEBITDA Margin w/o Prop Tax	7.0%	6.8%	0.2%					
OEBITDA Margin with Prop Tax	10.0%	10.0%	0.0%					

F= Favorable variance
U= Unfavorable variance

**Income Statement: Current vs. Prior Year-to-date
Consolidated – Adjusted Discharges**

	Oct 08 YTD	Oct 07 YTD	Variance	Variance		\$/Adjusted Discharges		
				Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	9,718	9,613	105					
Admissions - SNF	390	358	32					
Patient Days - Acute	37,521	37,688	(167)					
Patient Days - SNF	25,952	25,618	334					
ALOS - Acute	3.82	3.92	(0.10)					
ALOS - SNF	66.04	70.96	(4.92)					
Adjusted Discharges	13,790	13,161	629					
Revenue:								
Gross Revenue	\$ 526,350,303	\$ 463,290,759	\$ 63,059,544 F	\$ 22,141,926	\$ 40,917,618	\$ 38,168.98	\$ 35,201.79	\$ 2,967.19
Deductions from Rev	(379,072,360)	(325,466,103)	(53,606,257) U	(15,554,911)	(38,051,346)	(27,488.93)	(24,729.59)	(2,759.34)
Net Patient Revenue	147,277,943	137,824,656	9,453,287 F	6,587,015	2,866,272	10,680.05	10,472.20	207.85
Other Oper Revenue	2,181,698	3,453,749	(1,272,051) U	165,064	(1,437,115)	158.21	262.42	(104.21)
Total Net Revenue	149,459,641	141,278,405	8,181,236 F	6,752,079	1,429,157	10,838.26	10,734.63	103.64
Expenses:								
Salaries, Wages & Contr Labor	69,853,917	66,552,360	(3,301,557) U	(3,180,718)	(120,839)	5,065.55	5,056.79	(8.76)
Benefits	17,006,953	17,326,116	319,163 F	(828,062)	1,147,225	1,233.28	1,316.47	83.19
Supplies	23,597,139	21,211,860	(2,385,279) U	(1,013,773)	(1,371,506)	1,711.18	1,611.72	(99.46)
Prof Fees & Purch Svc	19,594,342	20,395,336	800,994 F	(974,749)	1,775,743	1,420.91	1,549.68	128.77
Depreciation	7,618,441	7,182,509	(435,932) U	(343,272)	(92,660)	552.46	545.74	(6.72)
Other	8,794,731	8,461,898	(332,833) U	(404,417)	71,584	637.76	642.95	5.19
Total Expenses	146,465,523	141,130,079	(5,335,444) U	(6,744,990)	1,409,546	10,621.14	10,723.36	102.22
Net Inc Before Non-Oper Income	2,994,118	148,326	2,845,792 F	7,089	2,838,703	217.12	11.27	205.85
Property Tax Revenue	4,666,664	4,500,000	166,664 F	215,067	(48,403)	338.41	341.92	(3.51)
Non-Operating Income	(321,909)	1,819,743	(2,141,652) U	86,970	(2,228,622)	(23.34)	138.27	(161.61)
Net Income (Loss)	\$ 7,338,873	\$ 6,468,069	\$ 870,804 F	\$ 309,127	\$ 561,677	\$ 532.19	\$ 491.46	\$ 40.73
Net Income Margin	4.4%	4.3%	0.1%					
OEBITDA Margin w/o Prop Tax	7.1%	5.2%	1.9%					
OEBITDA Margin with Prop Tax	10.2%	8.4%	1.8%					

F= Favorable variance
U= Unfavorable variance

FISCAL YEAR 2009

Cash Flow Statement

Fiscal Year 2009	October	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	705,104	2,994,118
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,956,220	7,618,441
Provision for bad debts	4,191,480	20,575,664
Changes in operating assets and liabilities:		
Patient accounts receivable	(7,681,710)	(33,552,203)
Property Tax and other receivables	(1,131,950)	(18,142,794)
Inventories	25,755	37,792
Prepaid expenses and Other Non-Current assets	(869,742)	(1,414,672)
Accounts payable	12,938,836	(12,939,957)
Accrued compensation	(5,425,852)	(2,105,897)
Estimated settlement amounts due third-party payors	(11,849)	812,631
Other current liabilities	(209,228)	19,284,972
Net cash provided by operating activities	4,487,064	(16,831,905)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	1,249,766	54,036,165
Income (Loss) on investments	435,783	848,284
Investment in affiliates	290,047	548,893
Net cash used in investing activities	1,975,596	55,433,342
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	255,461	613,868
Receipt of District Taxes	283,684	755,825
Net cash used in non-capital financing activities	539,145	1,369,693
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(16,443,819)	(38,938,107)
Proceeds from sale of asset	0	0
Deferred Financing Costs	20,481	(5,802)
G.O. Bond Interest paid	0	(7,037,392)
Revenue Bond Interest paid	0	0
Proceeds from issuance of debt	0	0
Payments of Long Term Debt	0	(875,000)
Net cash used in activities	(16,423,338)	(46,856,301)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(9,421,533)	(6,885,172)
CASH AND CASH EQUIVALENTS - Beginning of period	15,114,783	12,578,422
CASH AND CASH EQUIVALENTS - End of period	5,693,250	5,693,250

Summary of Key Indicators & Results
Fiscal Year-to-Date

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	7,296	7,435	(139)	7,255
Pomerado Hospital	2,422	2,492	(70)	2,358
Total:	<u>9,718</u>	<u>9,927</u>	<u>(209)</u>	<u>9,613</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	150	167	(17)	170
Pomerado Hospital	240	195	45	188
Total:	<u>390</u>	<u>362</u>	<u>28</u>	<u>358</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	27,916	28,388	(472)	28,057
Pomerado Hospital	9,605	9,915	(310)	9,631
Total:	<u>37,521</u>	<u>38,303</u>	<u>(782)</u>	<u>37,688</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	10,929	10,471	458	10,559
Pomerado Hospital	15,023	15,129	(106)	15,059
Total:	<u>25,952</u>	<u>25,600</u>	<u>352</u>	<u>25,618</u>

Summary of Key Indicators & Results
Fiscal Year-to-Date

EMERGENCY ROOM VISITS & TRAUMA CASES:

Palomar Medical Center	16,278	17,149	(871)	16,248
Pomerado Hospital	8,066	8,352	(286)	7,735
Total:	<u>24,344</u>	<u>25,501</u>	<u>(1,157)</u>	<u>23,983</u>

EMERGENCY & TRAUMA ADMISSIONS:

Palomar Medical Center	3,816	3,749	67	3,705
Pomerado Hospital	1,411	1,293	118	1,362
Total:	<u>5,227</u>	<u>5,042</u>	<u>185</u>	<u>5,067</u>

SURGERIES:

- Escondido Surgery Center started in Dec-07.

Palomar Medical Center	4,213	4,326	(113)	2,786
Pomerado Hospital	2,360	2,253	107	2,186
Total:	<u>6,573</u>	<u>6,579</u>	<u>(6)</u>	<u>4,972</u>

BIRTHS:

Palomar Medical Center	1,430	1,397	33	1,490
Pomerado Hospital	415	405	10	413
Total:	<u>1,845</u>	<u>1,802</u>	<u>43</u>	<u>1,903</u>

Summary of Key Indicators & Results
Fiscal Year-to-Date

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<u>ADJUSTED DISCHARGES</u>				
Palomar Medical Center	9,962	9,728	234	9,372
Pomerado Hospital	3,755	3,669	86	3,487
Other Activities	73	80	(7)	302
Total:	<u>13,790</u>	<u>13,477</u>	<u>313</u>	<u>13,161</u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.79	3.82	(0.03)	3.87
Pomerado Hospital	3.89	3.98	(0.09)	4.07
Total:	<u>3.82</u>	<u>3.86</u>	<u>(0.04)</u>	<u>3.92</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	73.84	64.24	9.60	61.03
Pomerado Hospital	61.32	77.58	(16.26)	80.10
Total:	<u>66.04</u>	<u>71.51</u>	<u>(5.47)</u>	<u>70.96</u>

Supplies Expense
Year-to-Date

Account	Description	Actual	Budget	Variance
631000	Prosthesis	6,135,234	4,869,702	(1,265,532)
641000	Supplies Other Medical	5,201,837	4,881,013	(320,824)
634000	Supplies Surgery General	1,727,331	1,643,440	(83,891)
632000	Sutures/Surgical Needles	591,009	520,545	(70,464)
647000	Supplies Employee Apparel	82,320	49,941	(32,379)
638000	Supplies Pharmaceutical	4,535,209	4,503,072	(32,137)
648000	Instruments/Minor Equipment	148,378	128,168	(20,210)
645000	Supplies Cleaning	147,425	139,771	(7,654)
642000	Supplies Food/Meat	190,379	183,277	(7,102)
635000	Supplies Anesthesia Material	9,562	4,114	(5,448)
644000	Supplies Linen	9,993	12,967	2,974
637000	Supplies IV Solutions	160,988	165,464	4,476
633000	Supplies Surgical Pack	651,780	659,266	7,486
640000	Supplies X-ray Material	(5,064)	9,186	14,250
636000	Supplies Oxygen/Gas	70,509	96,809	26,300
643000	Supplies Food Other	862,718	890,693	27,975
646100	Supplies Forms	155,479	204,606	49,127
639000	Supplies Radioactive	208,141	270,010	61,869
650000	Other Non Medical	2,252,321	2,319,168	66,847
646000	Supplies Office/Administration	255,214	421,811	166,597
649000	Other Minor Equipment	206,375	414,475	208,100
	TOTAL	23,597,139	22,387,498	(1,209,641)

FISCAL YEAR 2009

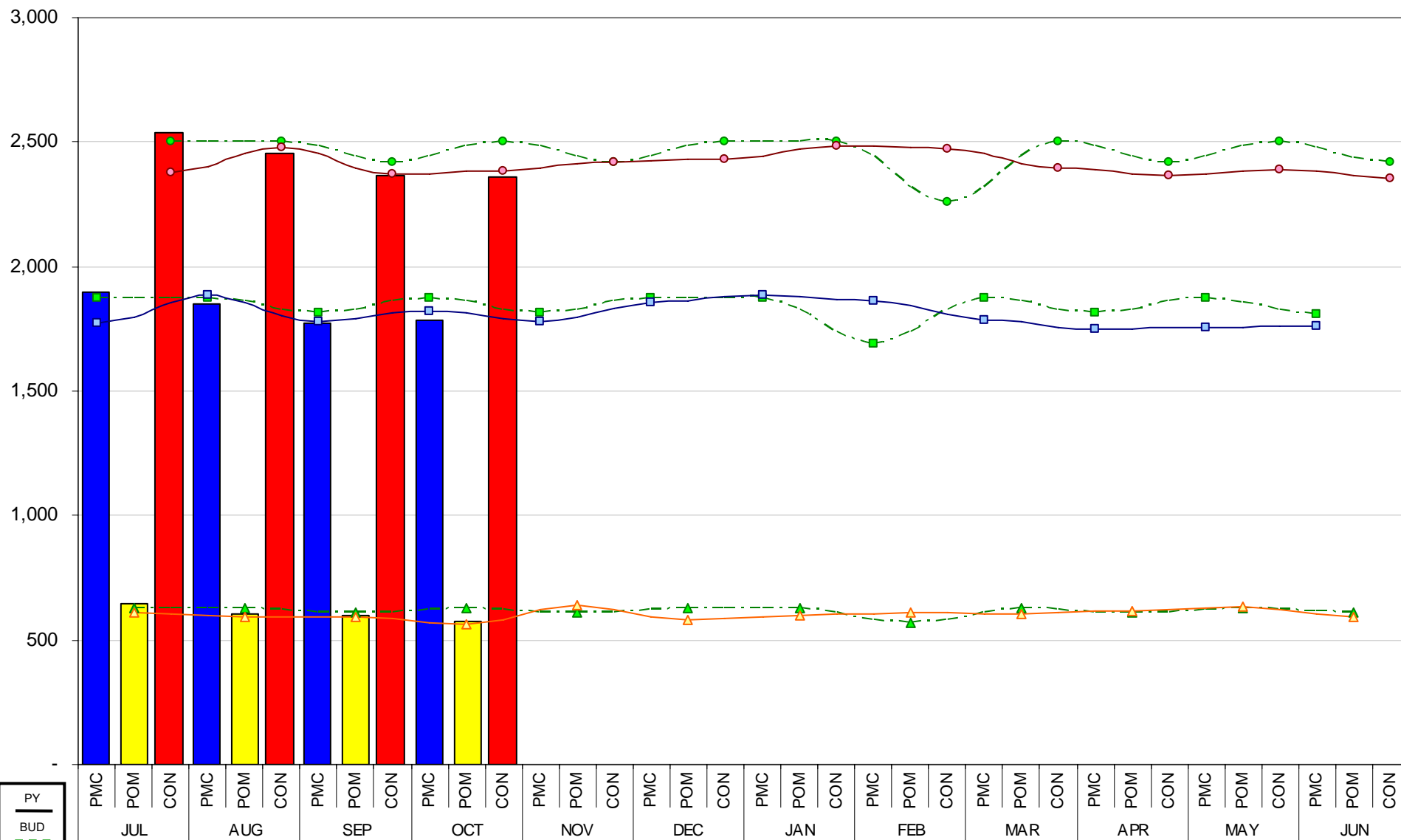
Bond Covenant Ratios

Cushion Ratio	Jun-07	Jun-08	Oct-08
Cash and Cash Equivalents	109,213,349	86,122,696	84,014,215
Board Designated Reserves	-	12,117,325	6,574,179
Trustee-held Funds (Revenue Fund only)	249,531	185,981	252,435
Total	109,462,880	98,426,002	90,840,829
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2008)	16,972,692	16,972,692	16,972,692
Cushion Ratio	6.4	5.8	5.4
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

Days Cash on Hand	Jun-07	Jun-08	Oct-08
Cash and Cash Equivalents	109,213,349	86,122,696	84,014,215
Board Designated Reserves	-	12,117,325	6,574,179
Trustee-held Funds (Revenue Fund only)	249,531	185,981	252,435
Total	109,462,880	98,426,002	90,840,829
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	385,355,509	428,153,444	146,465,523
Less: Depreciation	19,453,013	21,572,031	7,618,441
Adjusted Expenses	365,902,496	406,581,413	138,847,082
Number of days in period	365	366	123
Average Adjusted Expenses per Day	1,002,473	1,110,878	1,128,838
Days Cash on Hand	109	89	80
REQUIREMENT	80	80	80
	Achieved	Achieved	Achieved

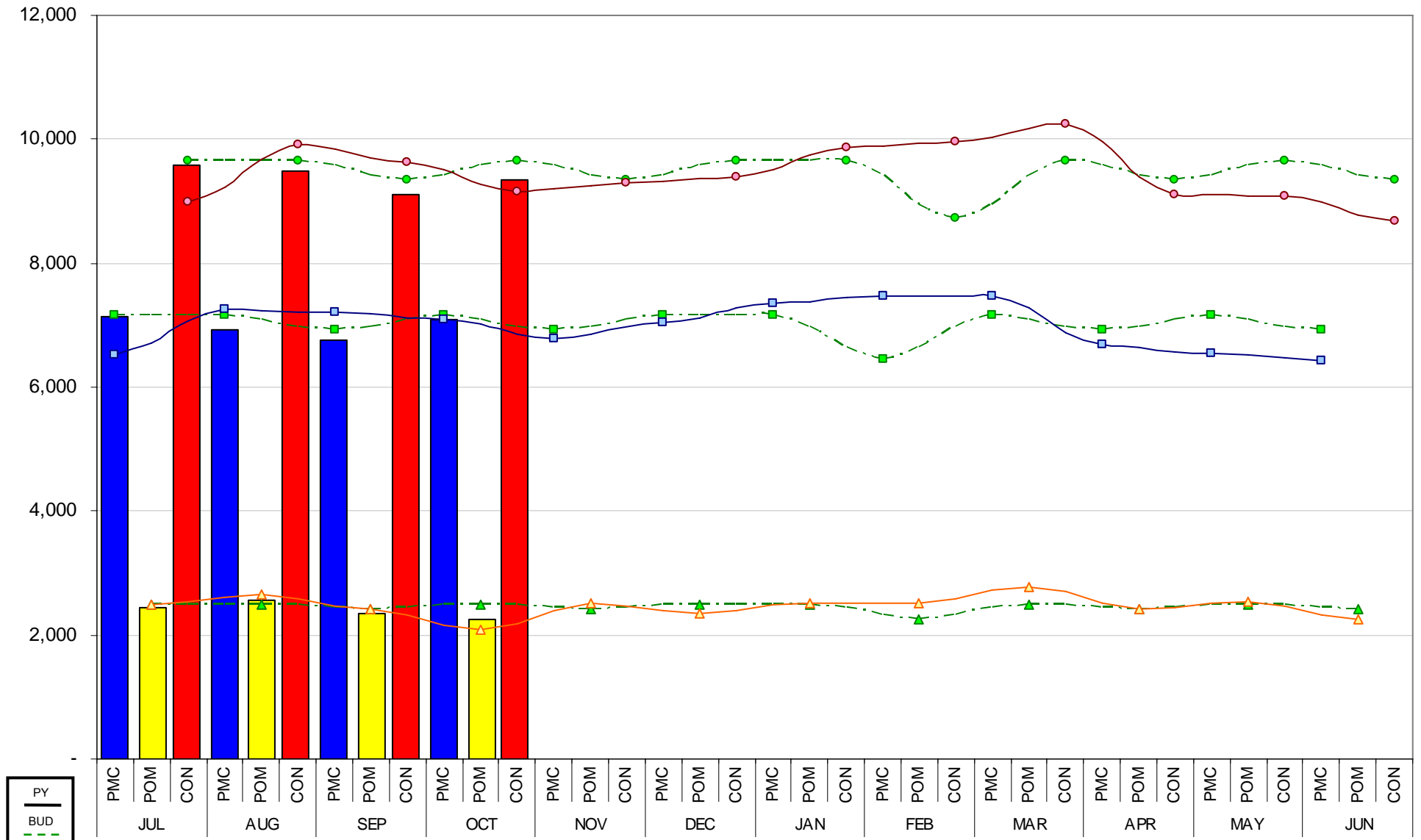
Net Income Available for Debt Service	Jun-07	Jun-08	Oct-08
Excess of revenue over expenses Cur Mo.	2,963,446	(13,859,525)	1,947,006
Excess of revenues over expenses YTD (General Funds)	21,974,509	(5,472,030)	7,338,873
ADD:			
Depreciation and Amortization	19,453,013	21,572,031	7,618,441
Interest Expense	3,343,683	14,912,181	1,675,508
Net Income Available for Debt Service	44,771,205	31,012,182	16,632,822
Aggregate Debt Service			
1999 Insured Refunding Revenue Bonds	8,249,916	8,248,018	2,748,862
2006 Certificates of Participation	4,373,342	8,316,457	2,908,702
Aggregate Debt Service	12,623,258	16,564,475	5,657,564
Net Income Available for Debt Service	3.55	1.87	2.94
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

Statistical Indicators
Admissions – Acute

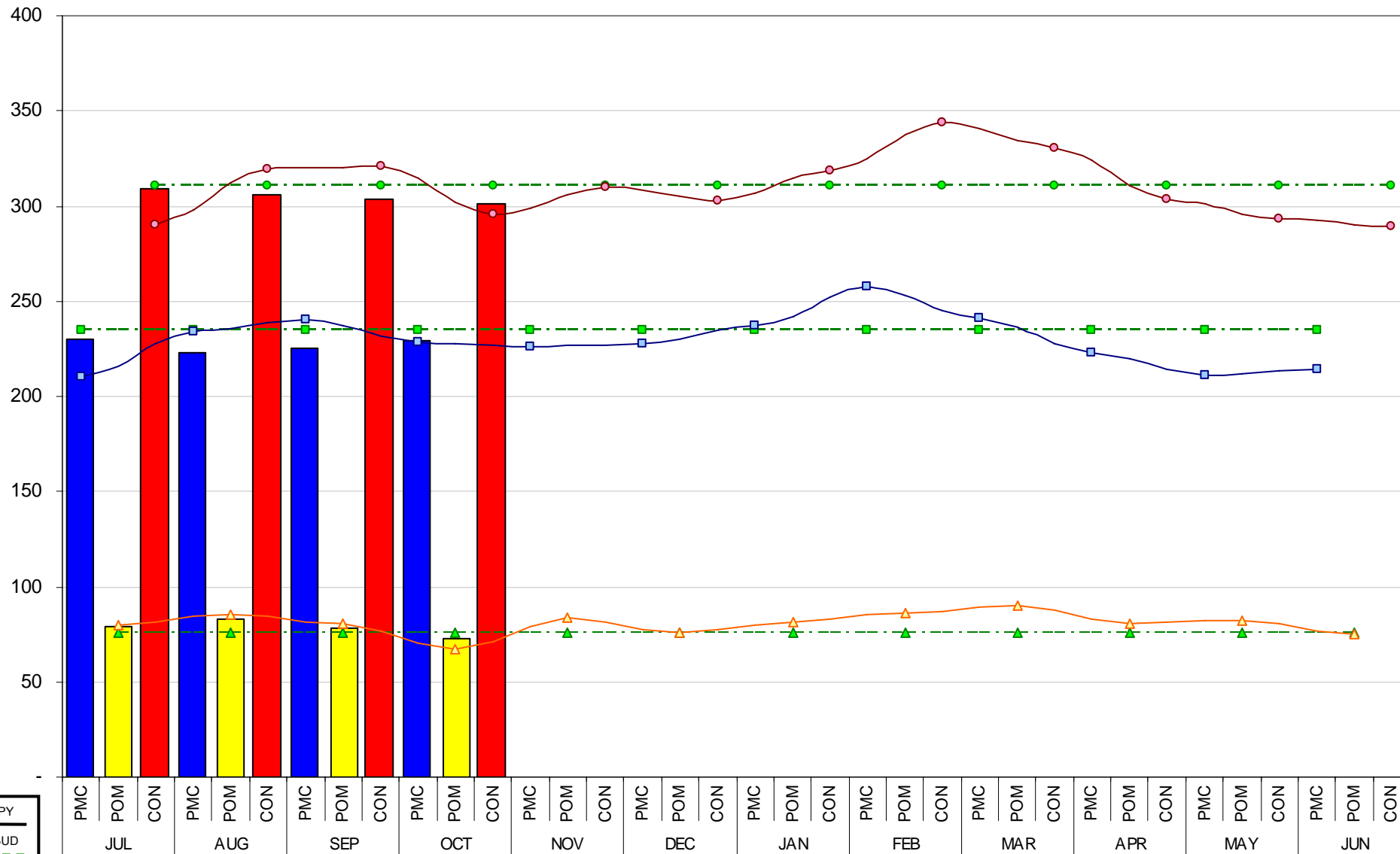


PY	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD	B-YTD
	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM		
BUD	1,895	645	1,848	606	1,771	596	1,782	575	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	7,296	7,435
	2,540	2,454	2,367	2,357	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	9,718	9,927

Statistical Indicators
Patient Days – Acute

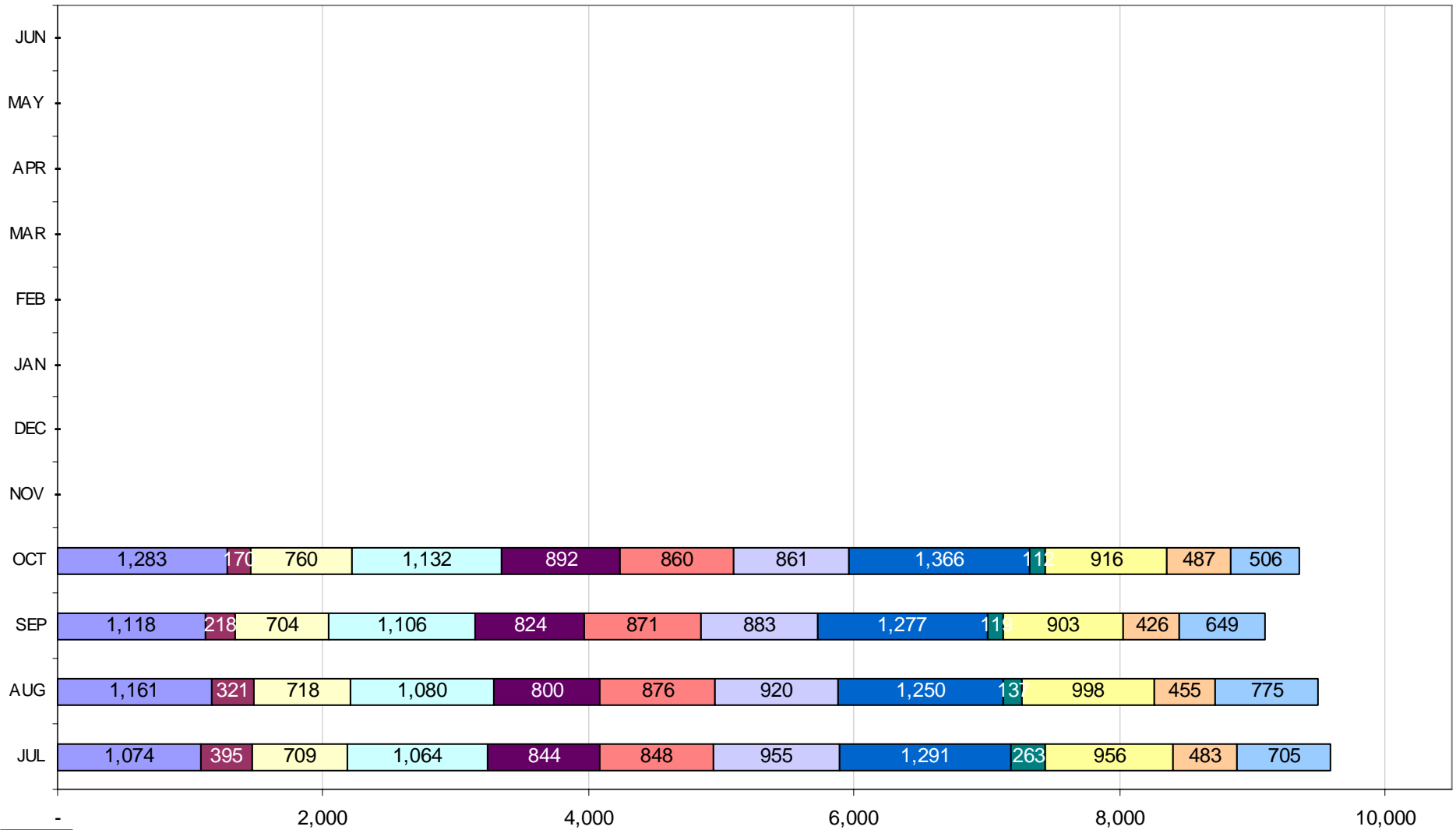


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	7,138	6,920	6,757	7,101	-	-	-	-	-	-	-	-	27,916	28,388
POM	2,449	2,571	2,341	2,244	-	-	-	-	-	-	-	-	9,605	9,915
CON	9,587	9,491	9,098	9,345	-	-	-	-	-	-	-	-	37,521	38,303



	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD	B-YTD
PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD	PY	BUD			
PMC	230	233	223	235	225	240	229	235	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	227	231	
POM	79	80	83	85	78	80	72	75	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78	81	
CON	309	310	306	315	303	310	301	310	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	305	312	

Statistical Indicators
Patient Days



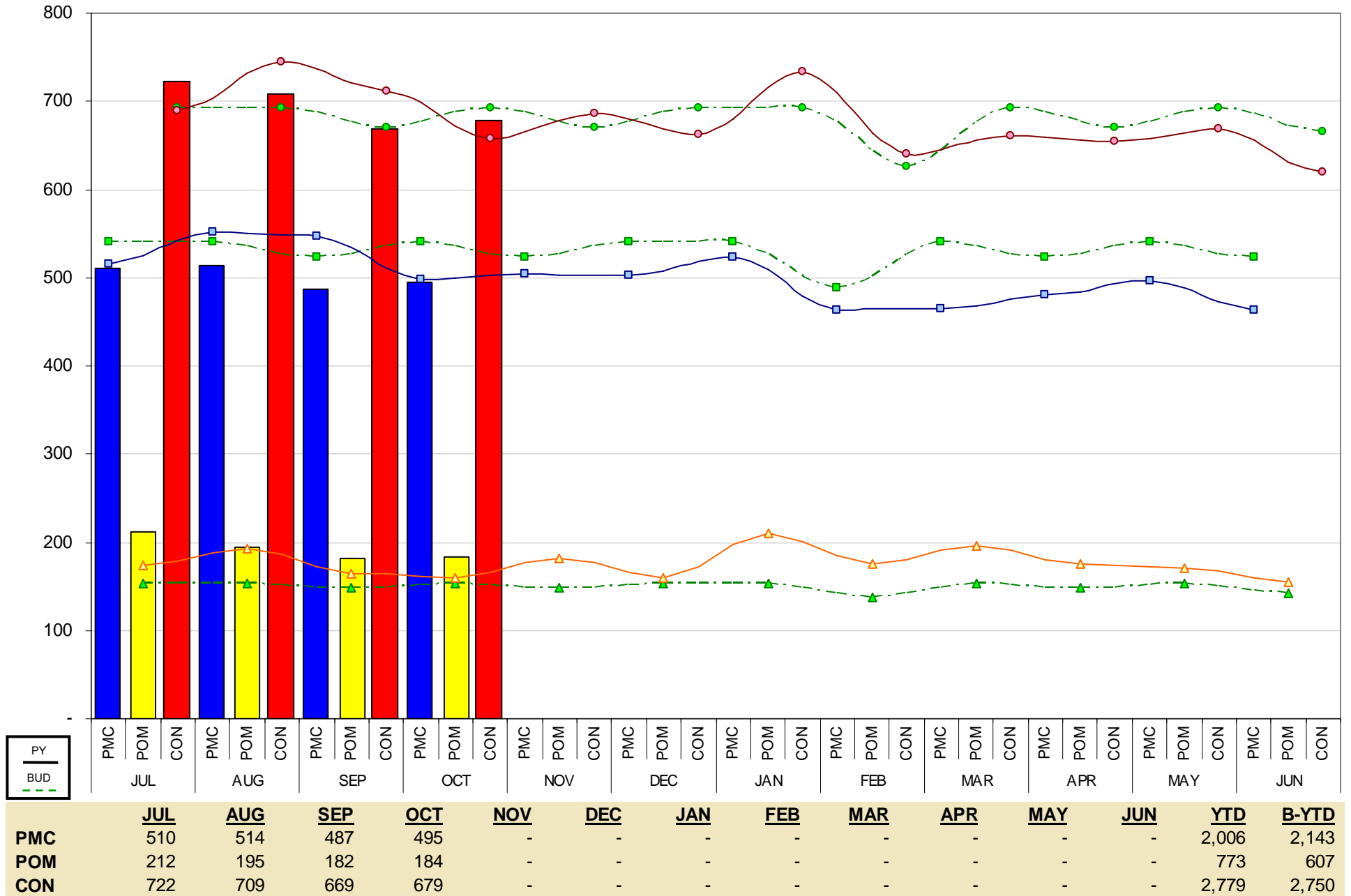
PY
BUD

- ICU/CCU
- Med-Onology
- NICU
- Telemetry
- IMC
- Surg-Ortho
- Labor Delivery Recovery
- Medical Tele
- Rehb Acute
- Med Surg
- MHU

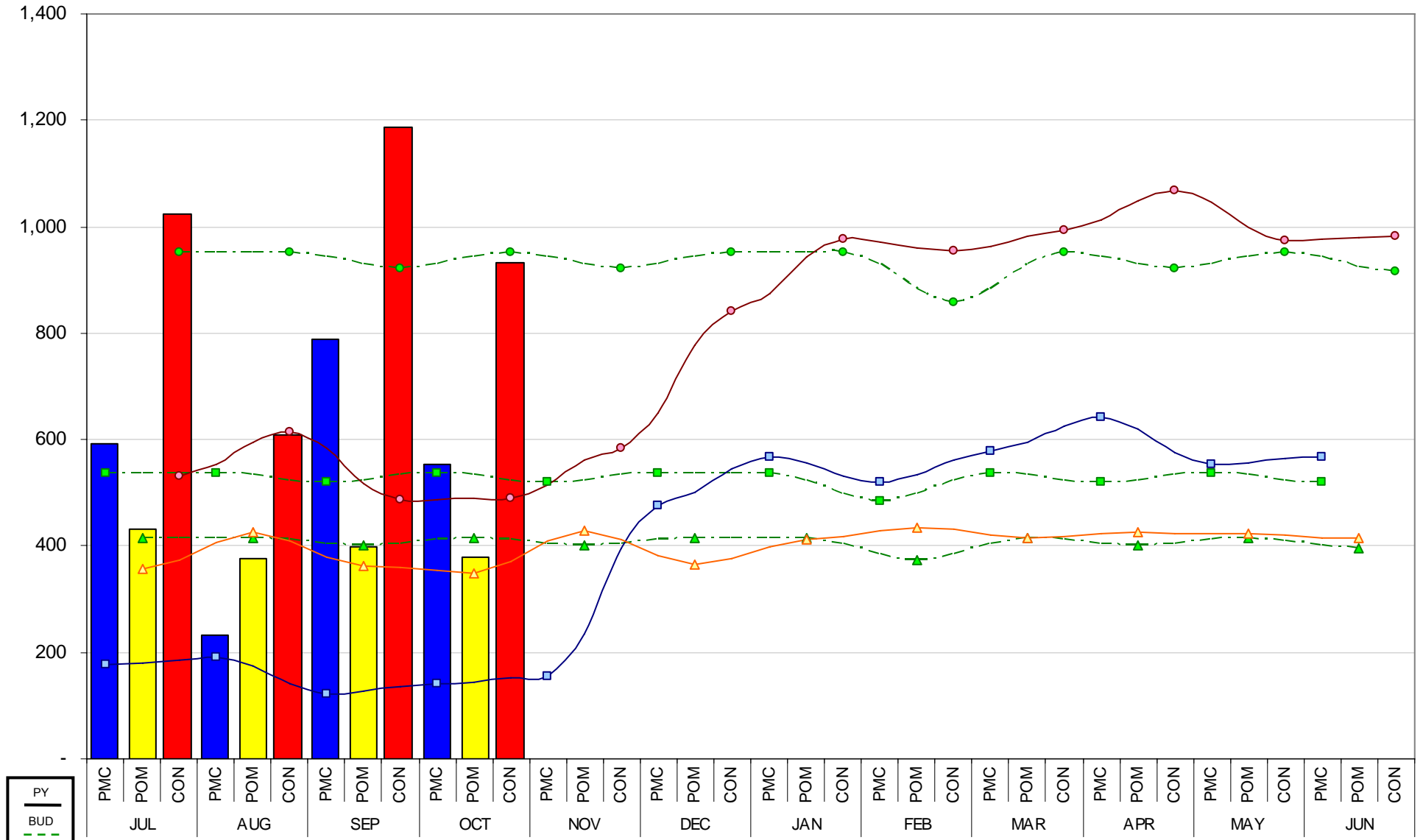
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	7,138	6,920	6,757	7,101	-	-	-	-	-	-	-	-	27,916	28,388
POM	2,449	2,571	2,341	2,244	-	-	-	-	-	-	-	-	9,605	9,915
CON	9,587	9,491	9,098	9,345	-	-	-	-	-	-	-	-	37,521	38,303

Statistical Indicators

Surgeries (Inpatient only)



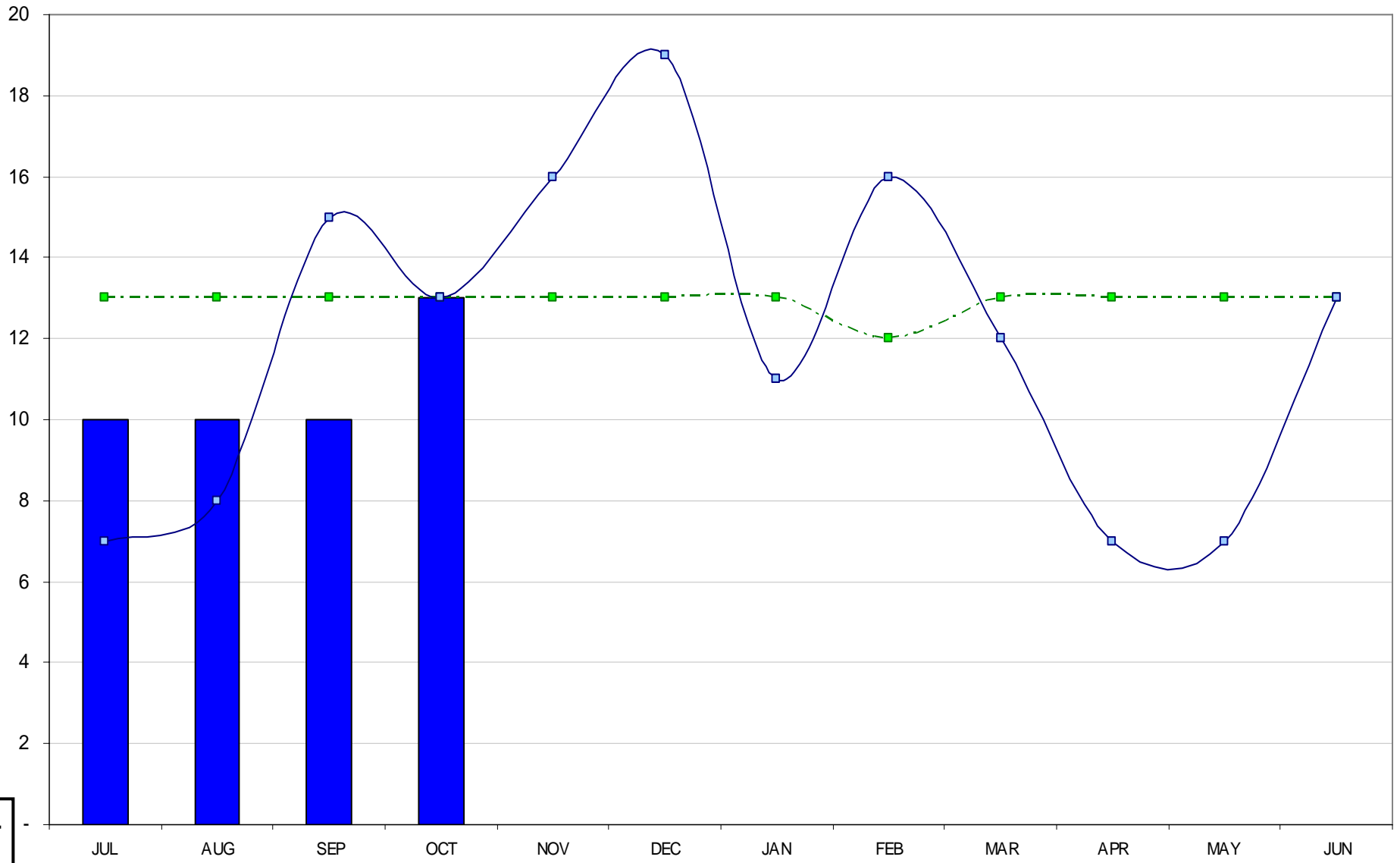
Statistical Indicators
Surgeries (Outpatient only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	591	232	788	553	-	-	-	-	-	-	-	-	2,164	2,131
POM	432	376	399	380	-	-	-	-	-	-	-	-	1,587	1,646
CON	1,023	608	1,187	933	-	-	-	-	-	-	-	-	3,751	3,777

Statistical Indicators

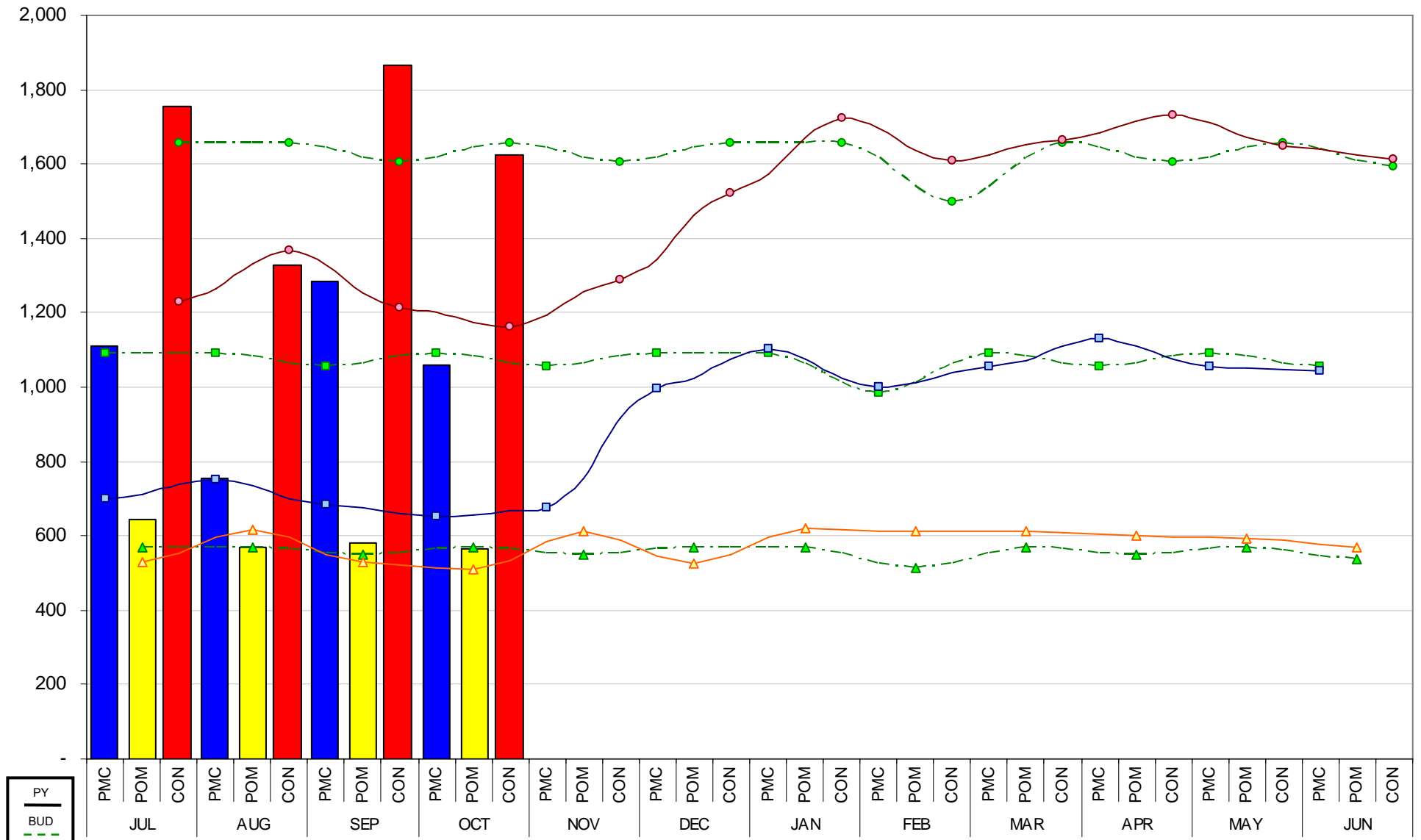
Surgeries – CVS (PMC only)



PY
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	10	10	10	13	-	-	-	-	-	-	-	-	43	52
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	10	10	10	13	-	-	-	-	-	-	-	-	43	52

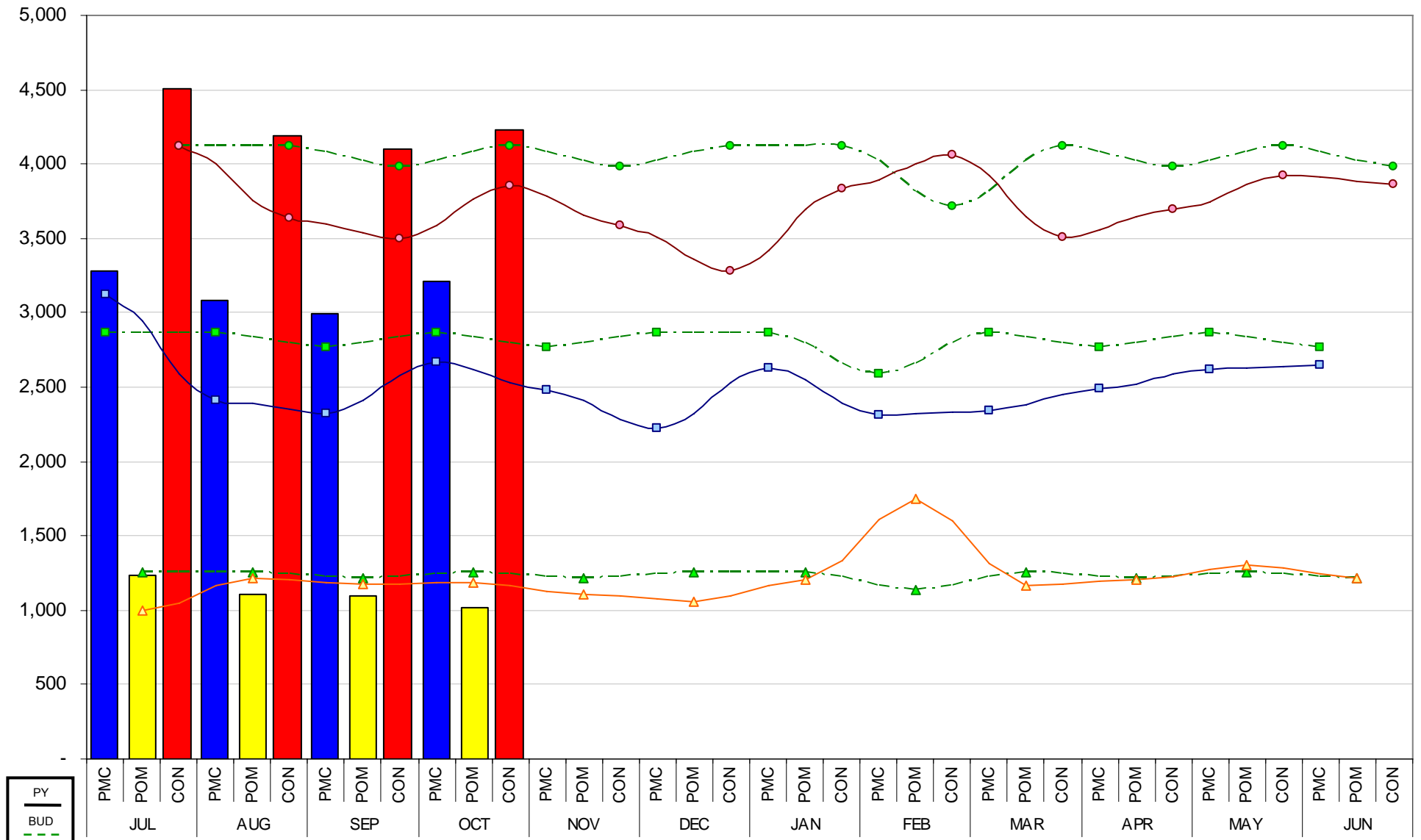
Statistical Indicators
Total Surgeries



	JUL		AUG		SEP		OCT		NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,111	756	1,285	1,061	-	-	-	-	-	-	-	-	-	-	-	-	4,213	4,326
POM	644	571	581	564	-	-	-	-	-	-	-	-	-	-	-	-	2,360	2,253
CON	1,755	1,327	1,866	1,625	-	-	-	-	-	-	-	-	-	-	-	-	6,573	6,579

Statistical Indicators

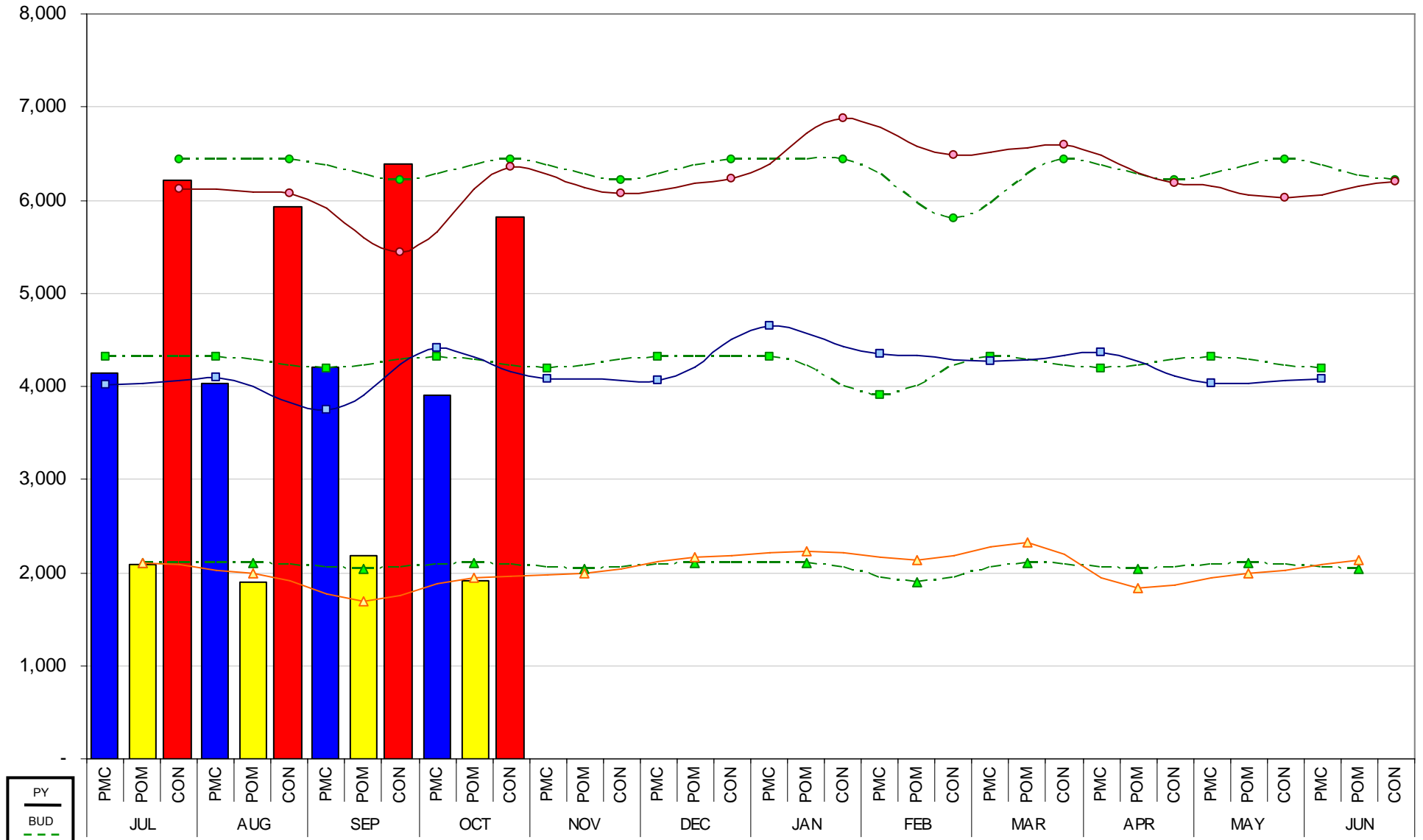
Outpatient Registrations (excludes Lab)



	JUL		AUG		SEP		OCT		NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	3,276	3,085	2,998	3,214	-	-	-	-	-	-	-	-	-	-	-	-	12,573	11,359
POM	1,231	1,108	1,101	1,013	-	-	-	-	-	-	-	-	-	-	-	-	4,453	4,983
CON	4,507	4,193	4,099	4,227	-	-	-	-	-	-	-	-	-	-	-	-	17,026	16,342

Statistical Indicators

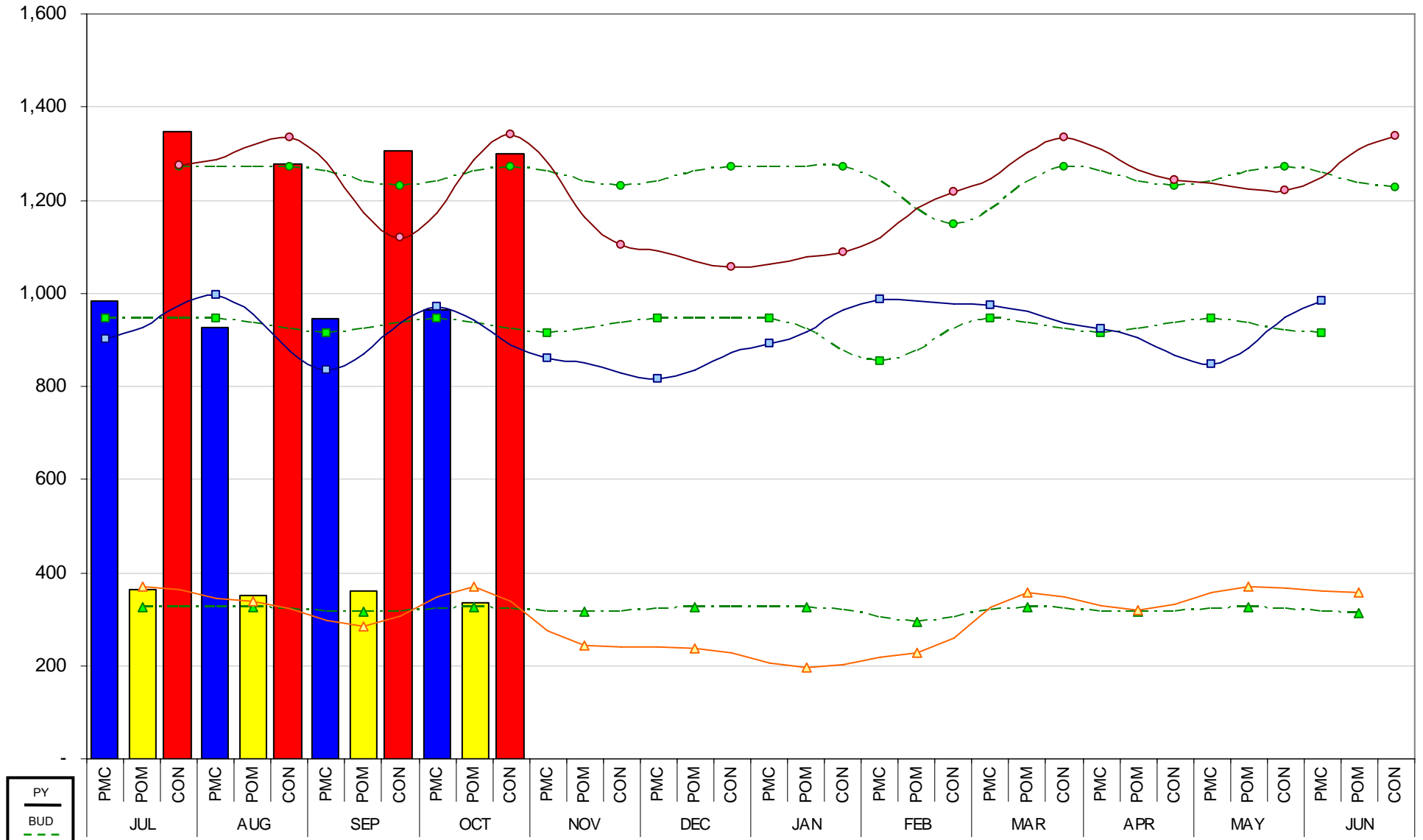
ER Visits (includes Trauma, Outpatient only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	4,137	4,032	4,199	3,910	-	-	-	-	-	-	-	-	16,278	17,149
POM	2,081	1,895	2,184	1,906	-	-	-	-	-	-	-	-	8,066	8,352
CON	6,218	5,927	6,383	5,816	-	-	-	-	-	-	-	-	24,344	25,501
CON/DAY	201	191	213	188	-	-	-	-	-	-	-	-	198	207

Statistical Indicators

ER Admissions (includes Trauma, Inpatient only)

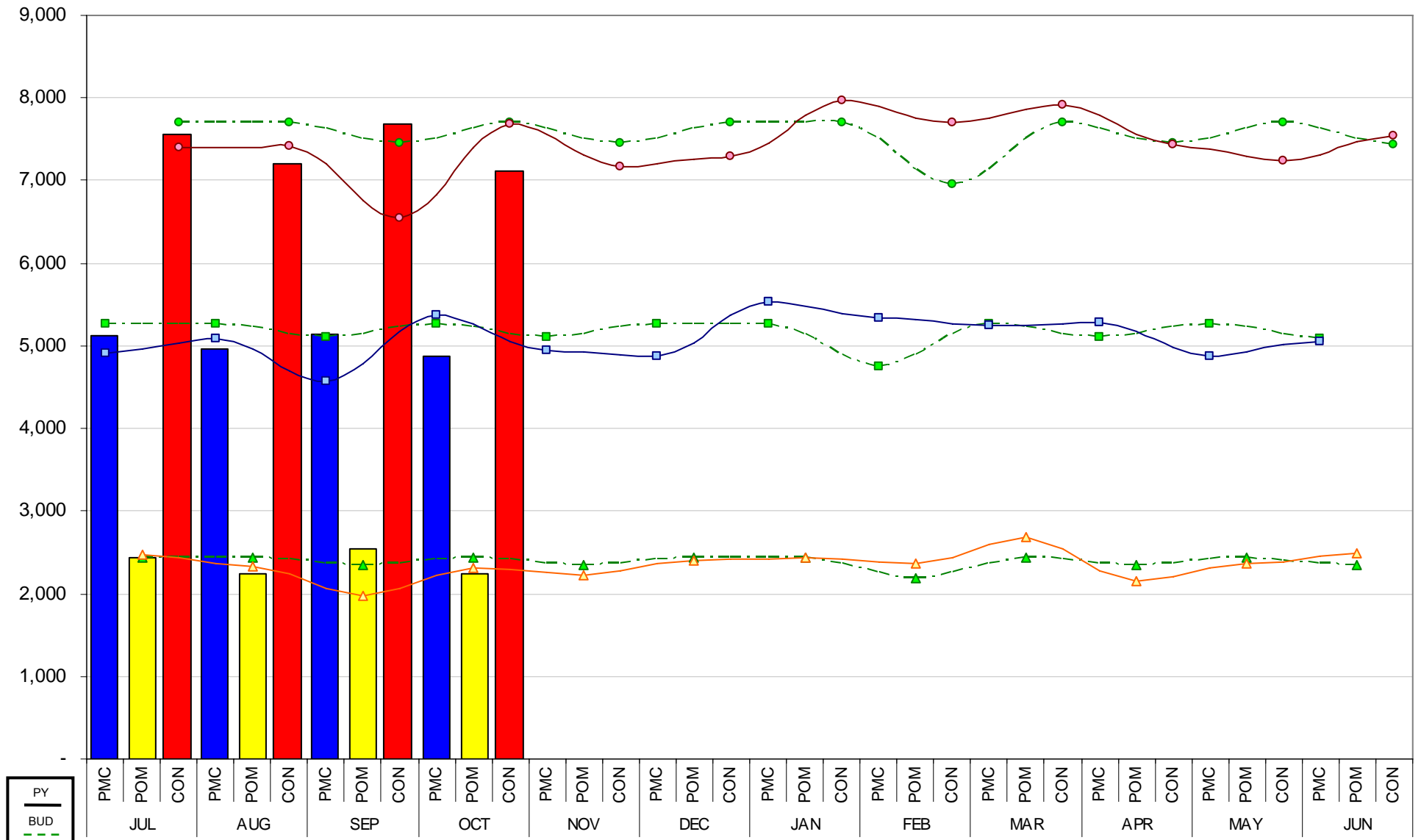


PY	Solid Line
BUD	Dashed Line

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	982	925	945	964	-	-	-	-	-	-	-	-	3,816	3,749
POM	364	351	360	336	-	-	-	-	-	-	-	-	1,411	1,293
CON	1,346	1,276	1,305	1,300	-	-	-	-	-	-	-	-	5,227	5,042

Statistical Indicators

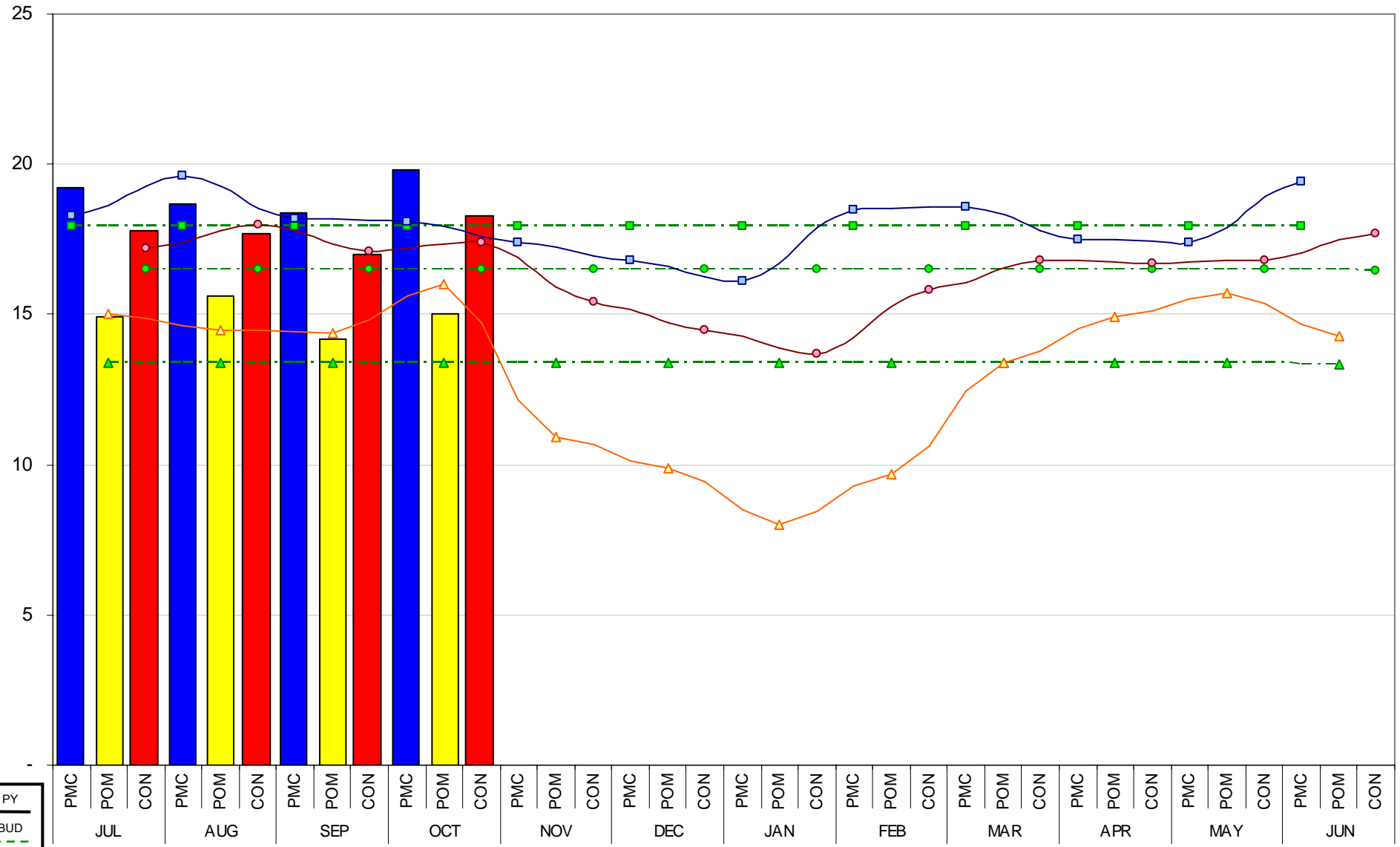
Total ER Visits (includes Trauma & Admissions)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	5,119	4,957	5,144	4,874	-	-	-	-	-	-	-	-	20,094	20,898
POM	2,445	2,246	2,544	2,242	-	-	-	-	-	-	-	-	9,477	9,645
CON	7,564	7,203	7,688	7,116	-	-	-	-	-	-	-	-	29,571	30,543

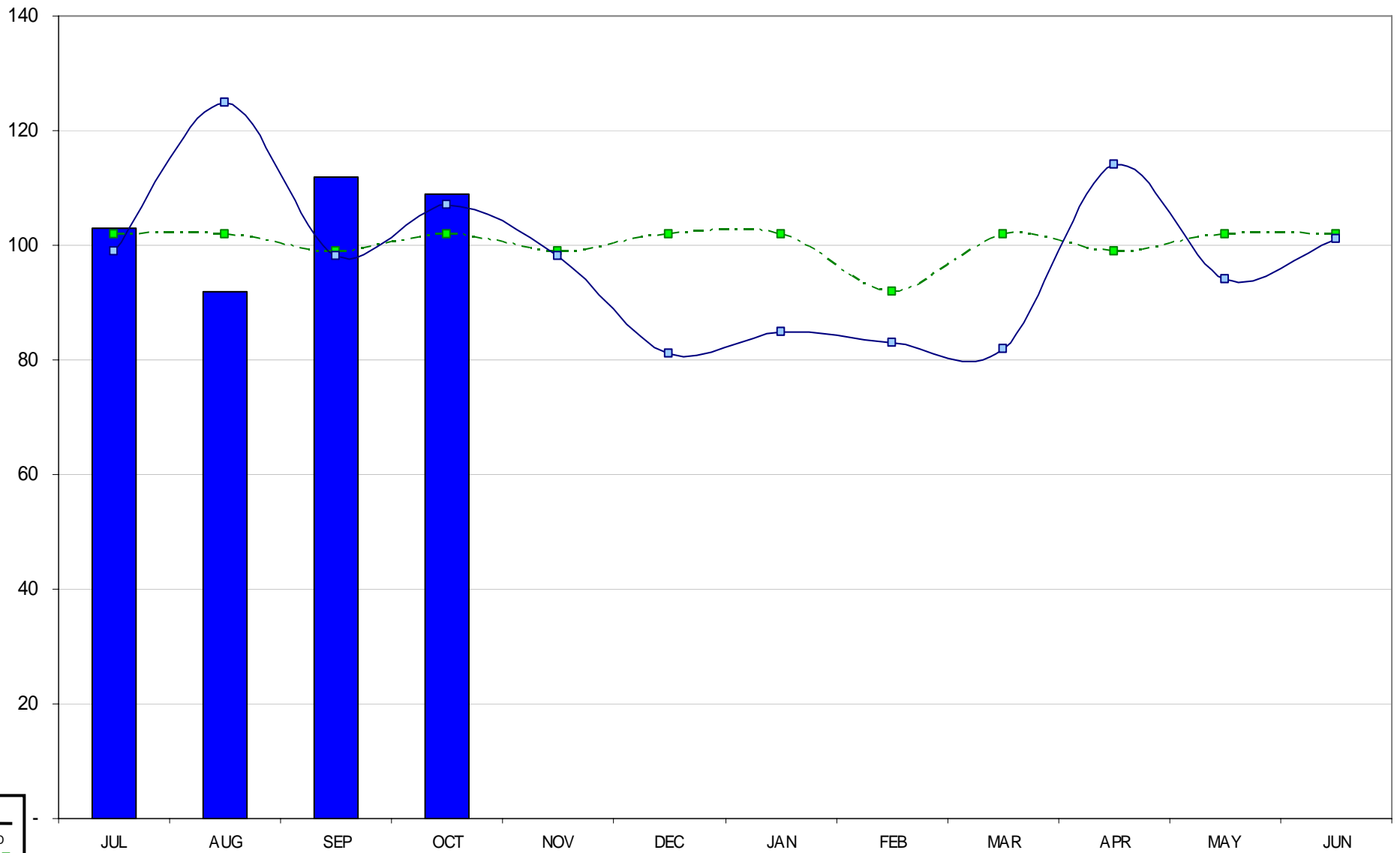
Statistical Indicators

ER Conversion (ER Admits as % of ER Visits)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	19.2	18.7	18.4	19.8	-	-	-	-	-	-	-	-	19.0	17.9
POM	14.9	15.6	14.2	15.0	-	-	-	-	-	-	-	-	14.9	13.4
CON	17.8	17.7	17.0	18.3	-	-	-	-	-	-	-	-	17.7	16.5

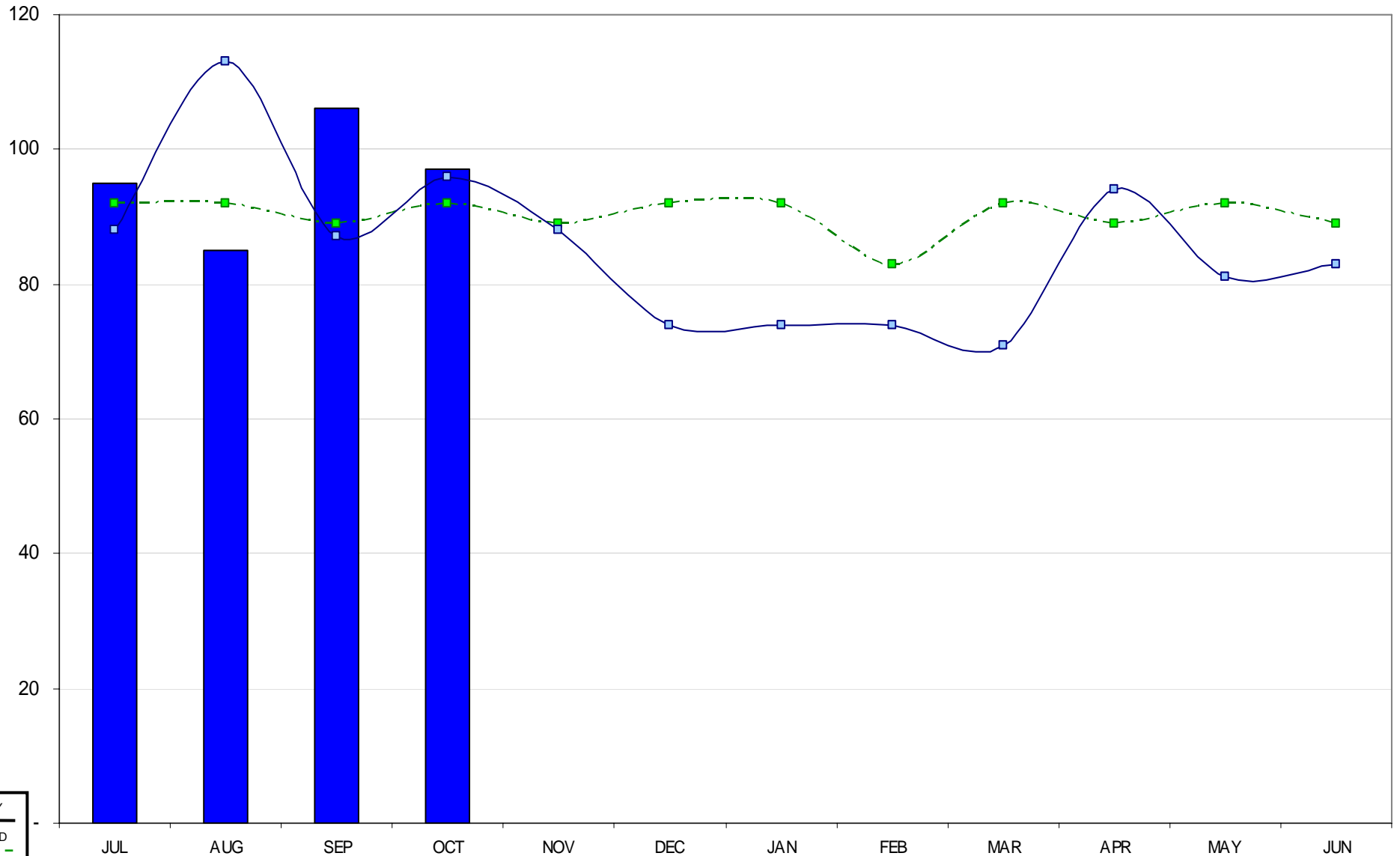
Statistical Indicators
Trauma Cases (PMC only)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	103	92	112	109	-	-	-	-	-	-	-	-	416	405
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	103	92	112	109	-	-	-	-	-	-	-	-	416	405

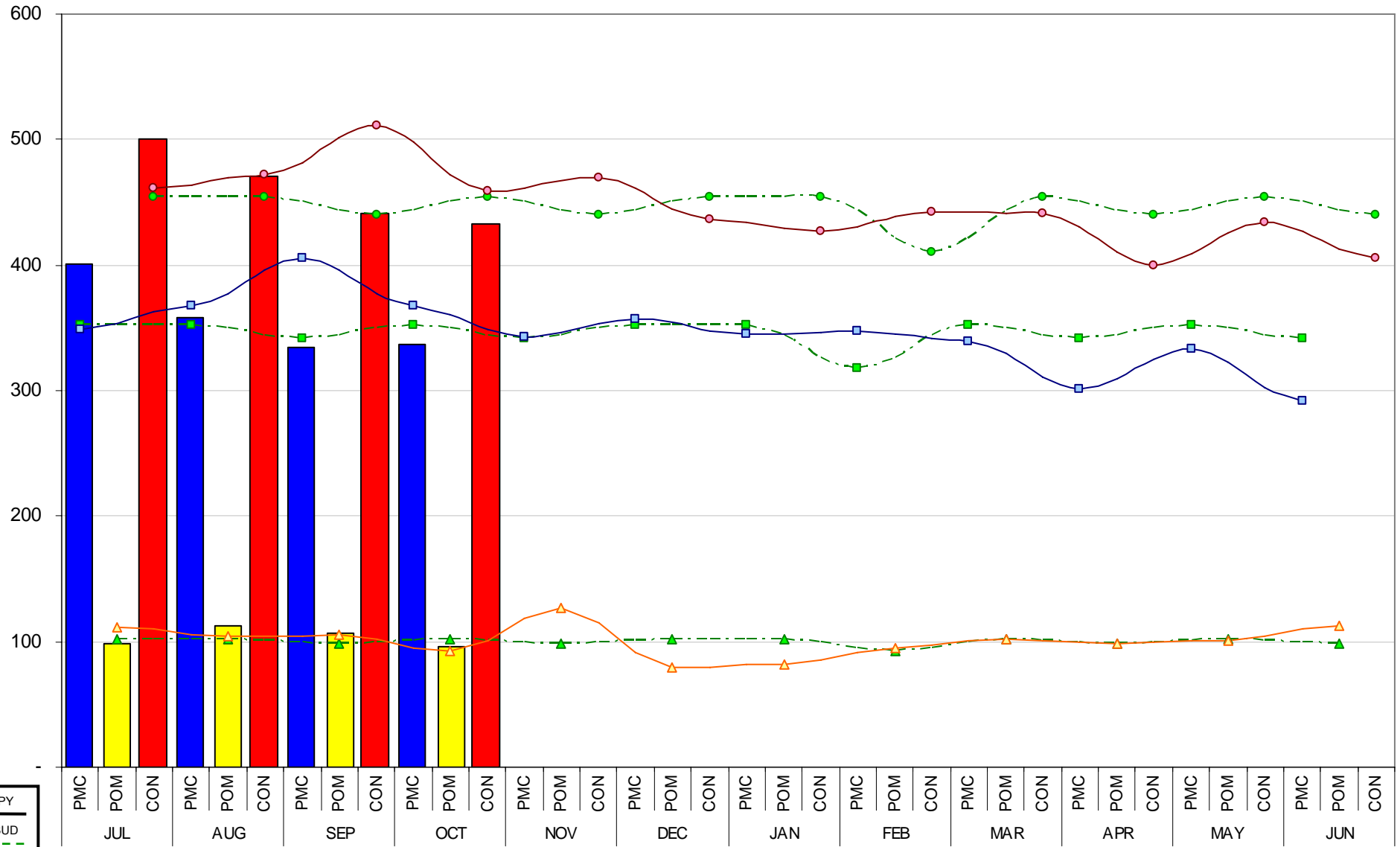
Statistical Indicators

Trauma Admissions (PMC only)



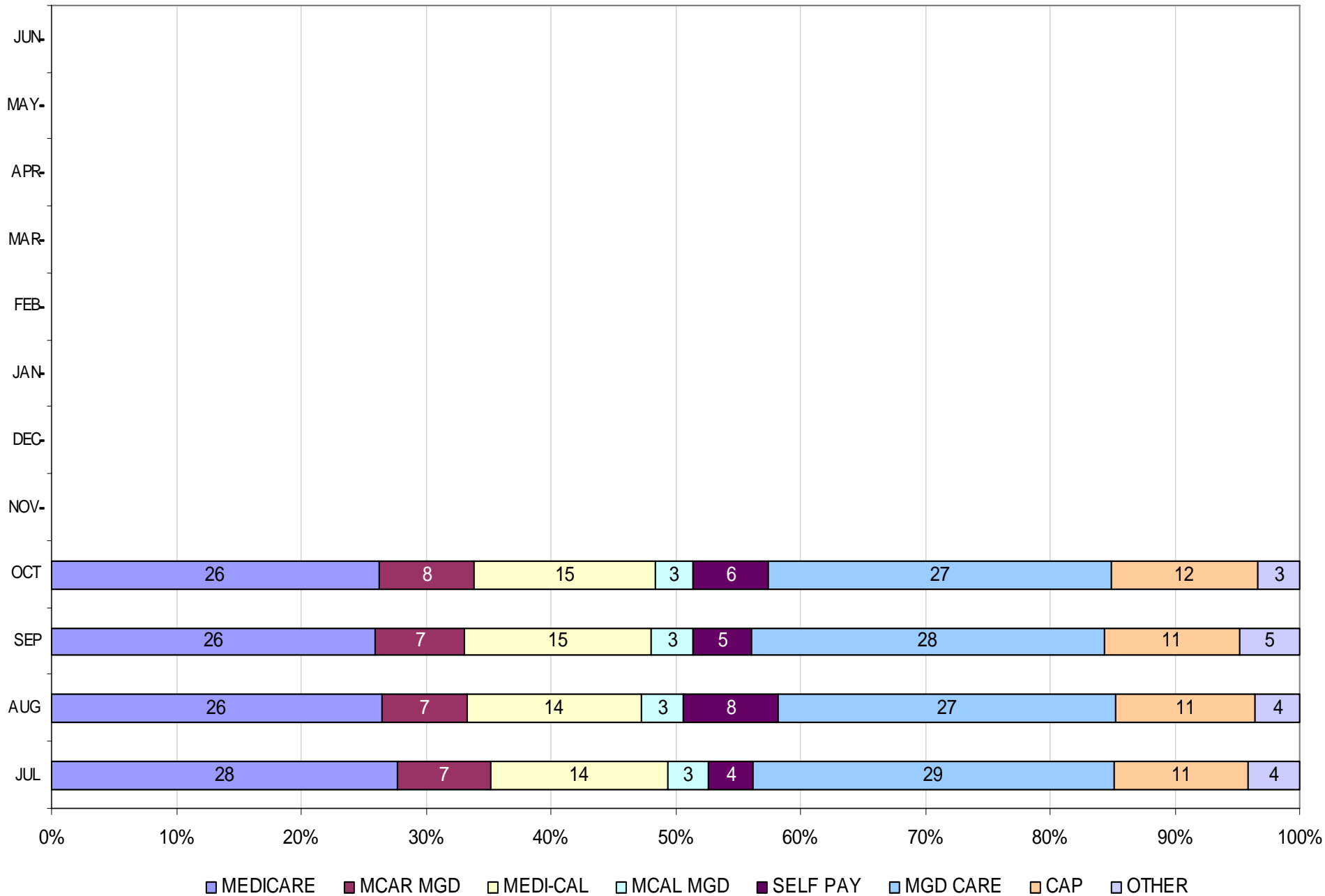
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	95	85	106	97	-	-	-	-	-	-	-	-	383	365
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	95	85	106	97	-	-	-	-	-	-	-	-	383	365

FISCAL YEAR 2009
 Statistical Indicators
 Deliveries

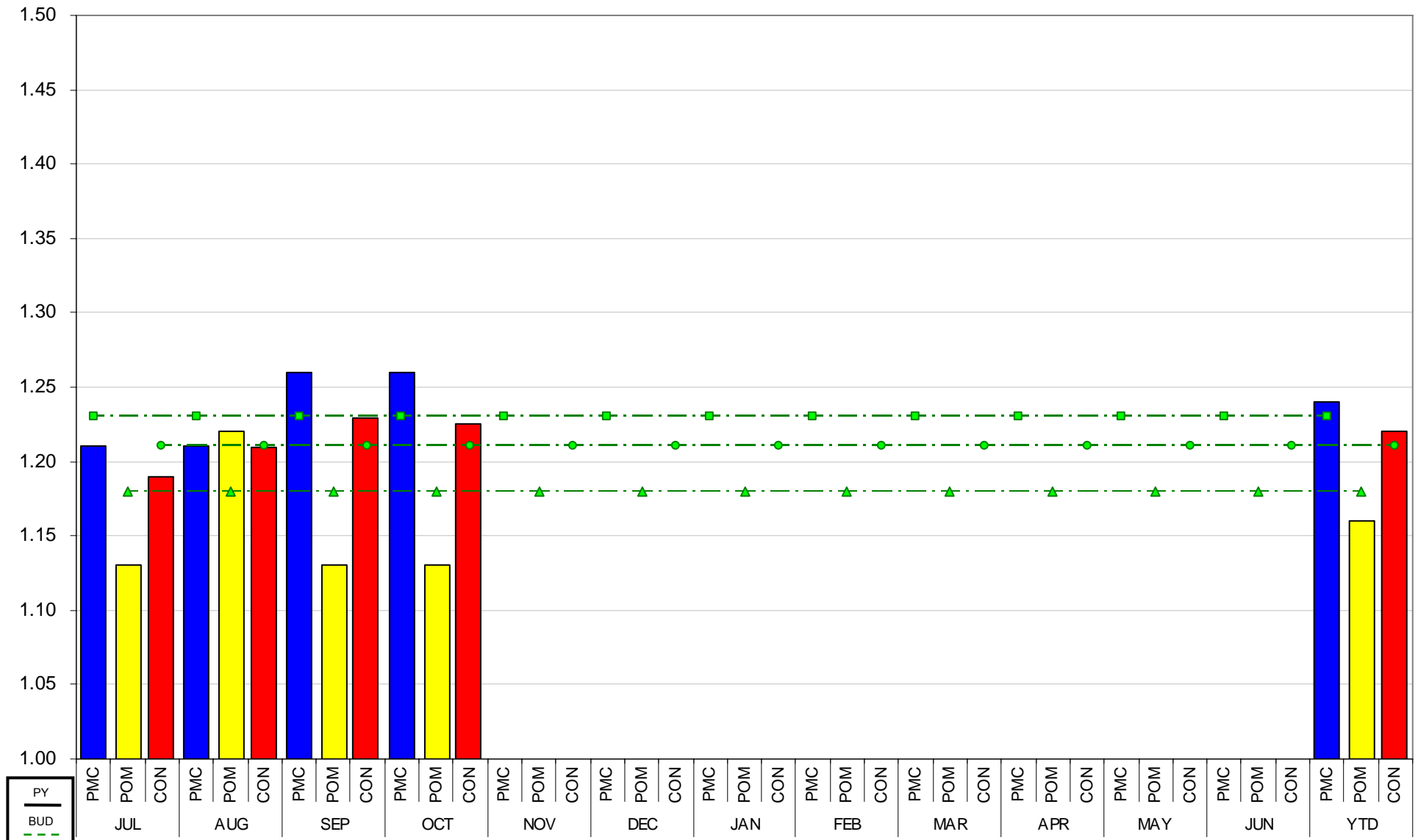


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	401	358	334	337	-	-	-	-	-	-	-	-	1,430	1,397
POM	99	113	107	96	-	-	-	-	-	-	-	-	415	405
CON	500	471	441	433	-	-	-	-	-	-	-	-	1,845	1,802

Payor Mix
Based on Gross Revenue

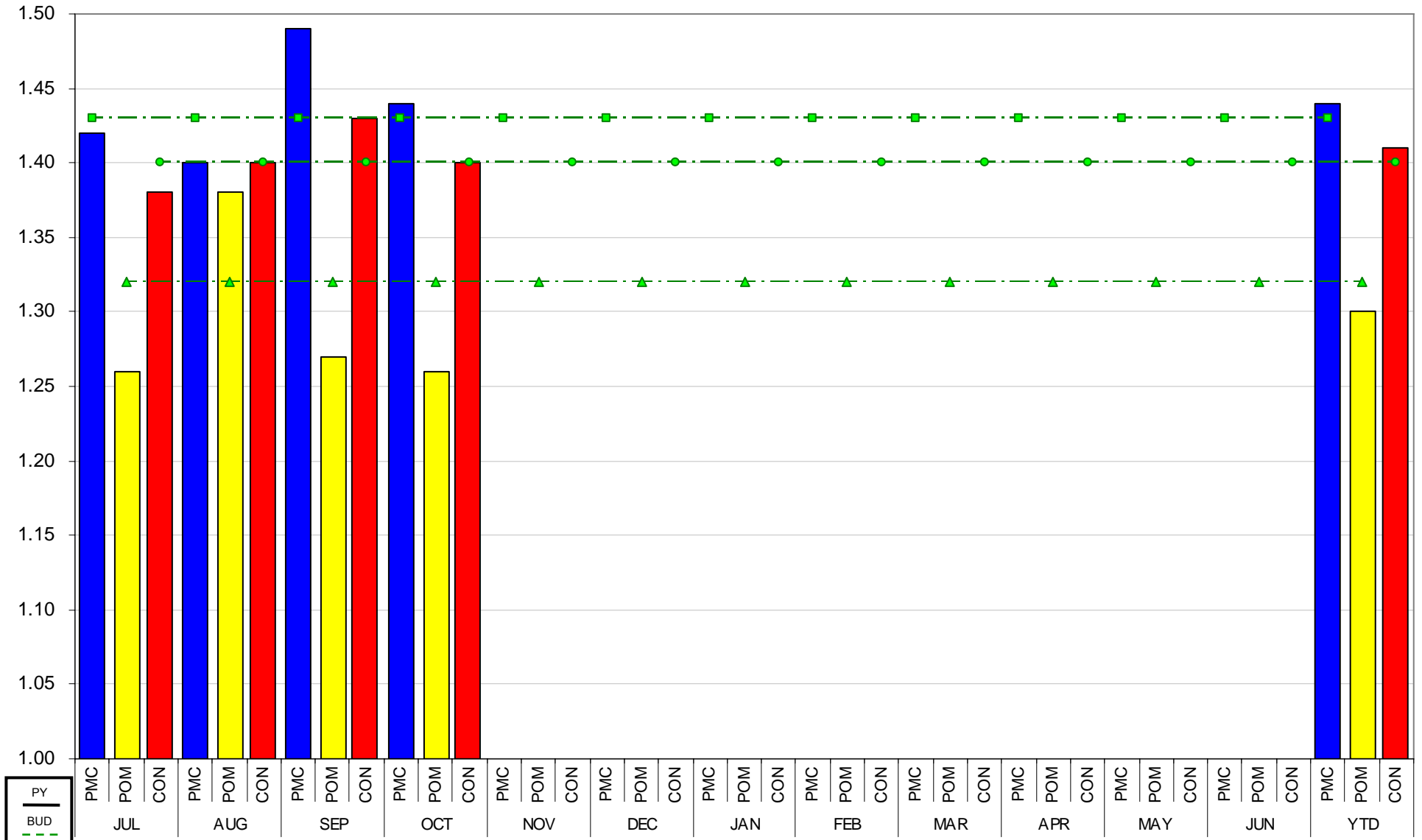


FISCAL YEAR 2009 Case Mix Index



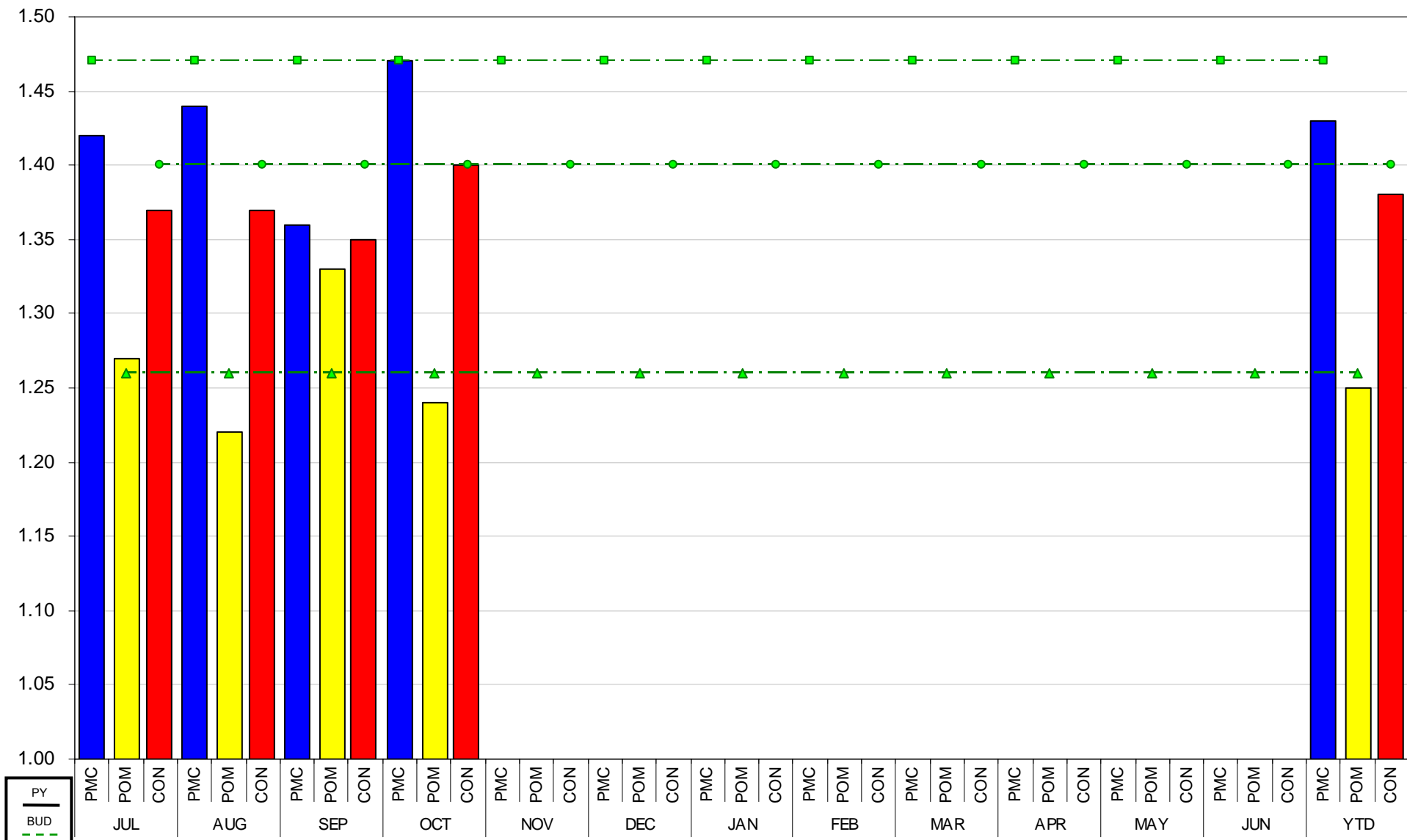
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD
PMC	1.21	1.21	1.26	1.26	-	-	-	-	-	-	-	-	1.24
POM	1.13	1.22	1.13	1.13	-	-	-	-	-	-	-	-	1.16
CON	1.19	1.21	1.23	1.23	-	-	-	-	-	-	-	-	1.22

Case Mix Index by Region
(excludes Deliveries)



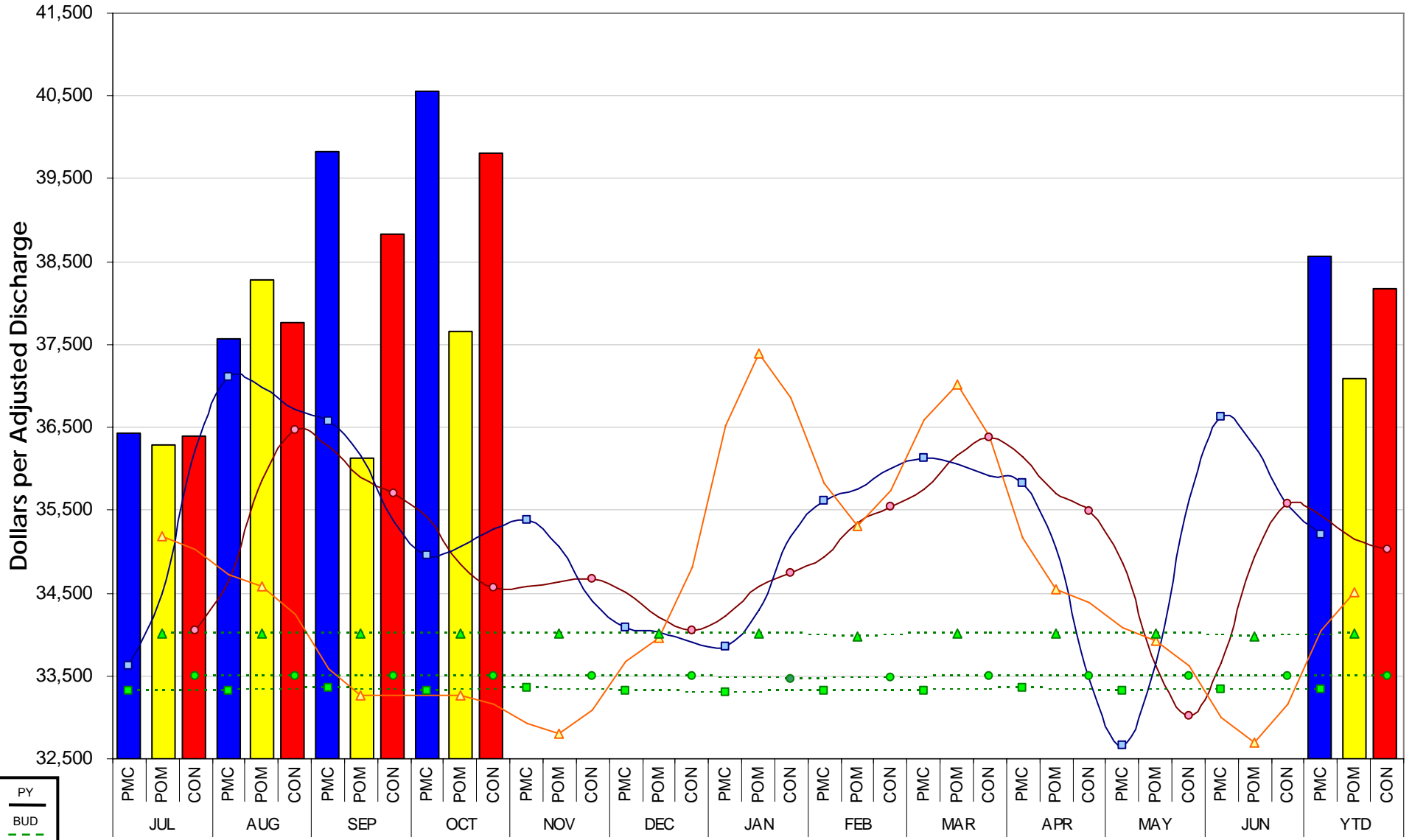
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.42	1.40	1.49	1.44	-	-	-	-	-	-	-	-	1.44
POM	1.26	1.38	1.27	1.26	-	-	-	-	-	-	-	-	1.30
CON	1.38	1.40	1.43	1.40	-	-	-	-	-	-	-	-	1.41

Case Mix Index by Region
Medicare



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.42	1.44	1.36	1.47	-	-	-	-	-	-	-	-	1.43
POM	1.27	1.22	1.33	1.24	-	-	-	-	-	-	-	-	1.25
CON	1.37	1.37	1.35	1.40	-	-	-	-	-	-	-	-	1.38

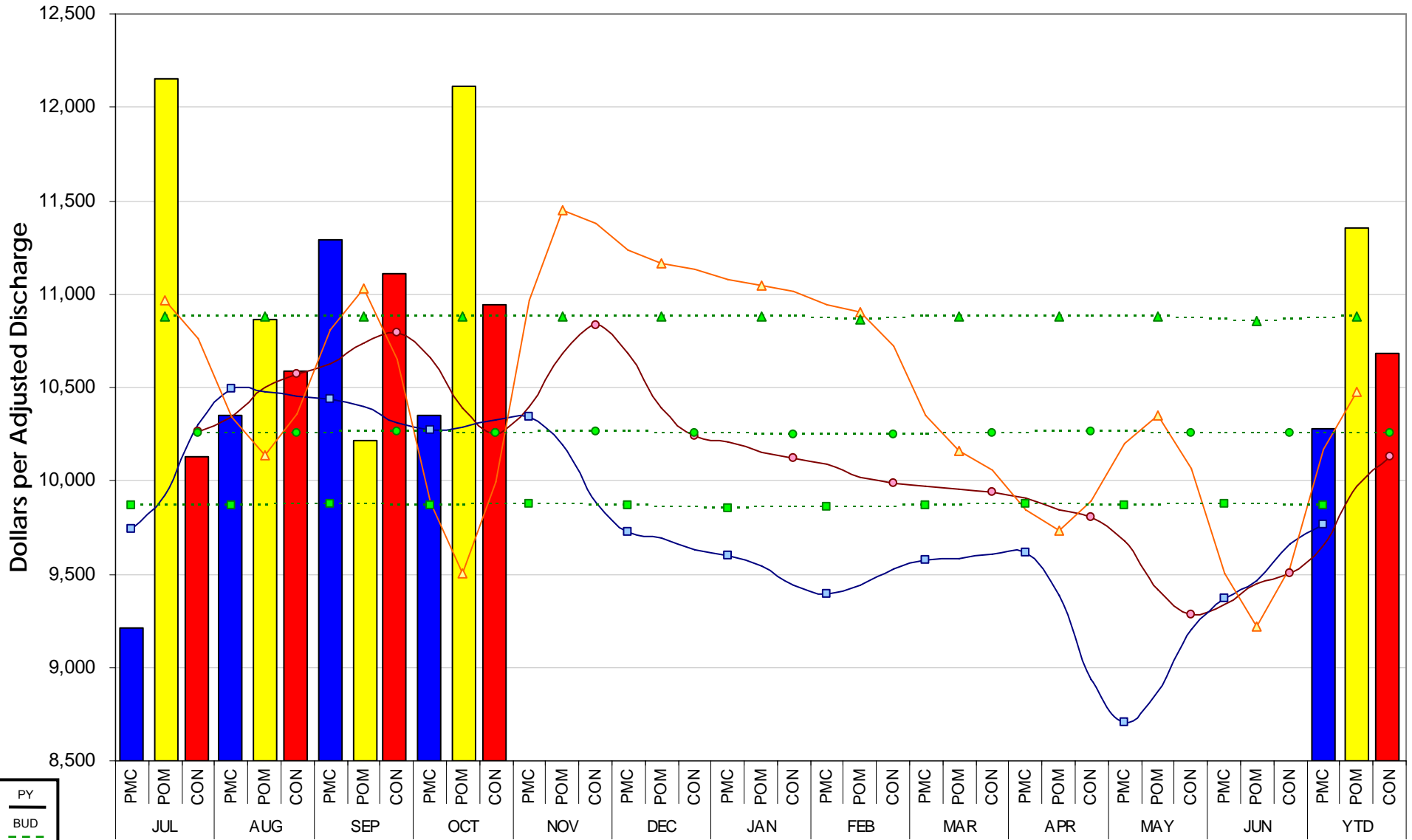
Adjusted Discharges
Gross Patient Revenue per Adjusted Discharges



PY
BUD

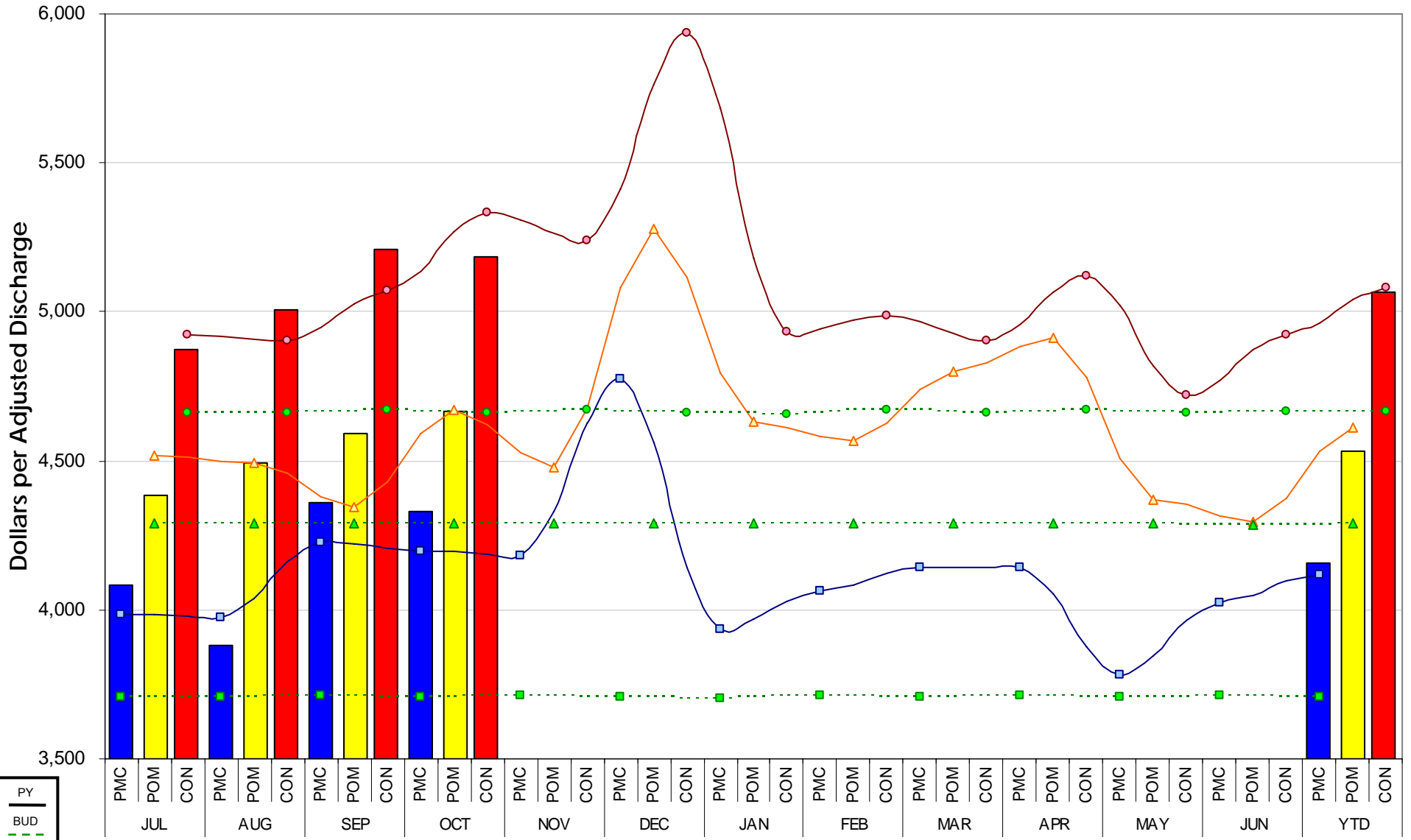
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	36,434	37,574	39,830	40,564	-	-	-	-	-	-	-	-	38,557	37,963
POM	36,286	38,286	36,127	37,664	-	-	-	-	-	-	-	-	37,086	36,027
CON	36,402	37,759	38,832	39,810	-	-	-	-	-	-	-	-	38,169	37,458

Adjusted Discharges
Net Patient Revenue per Adjusted Discharges



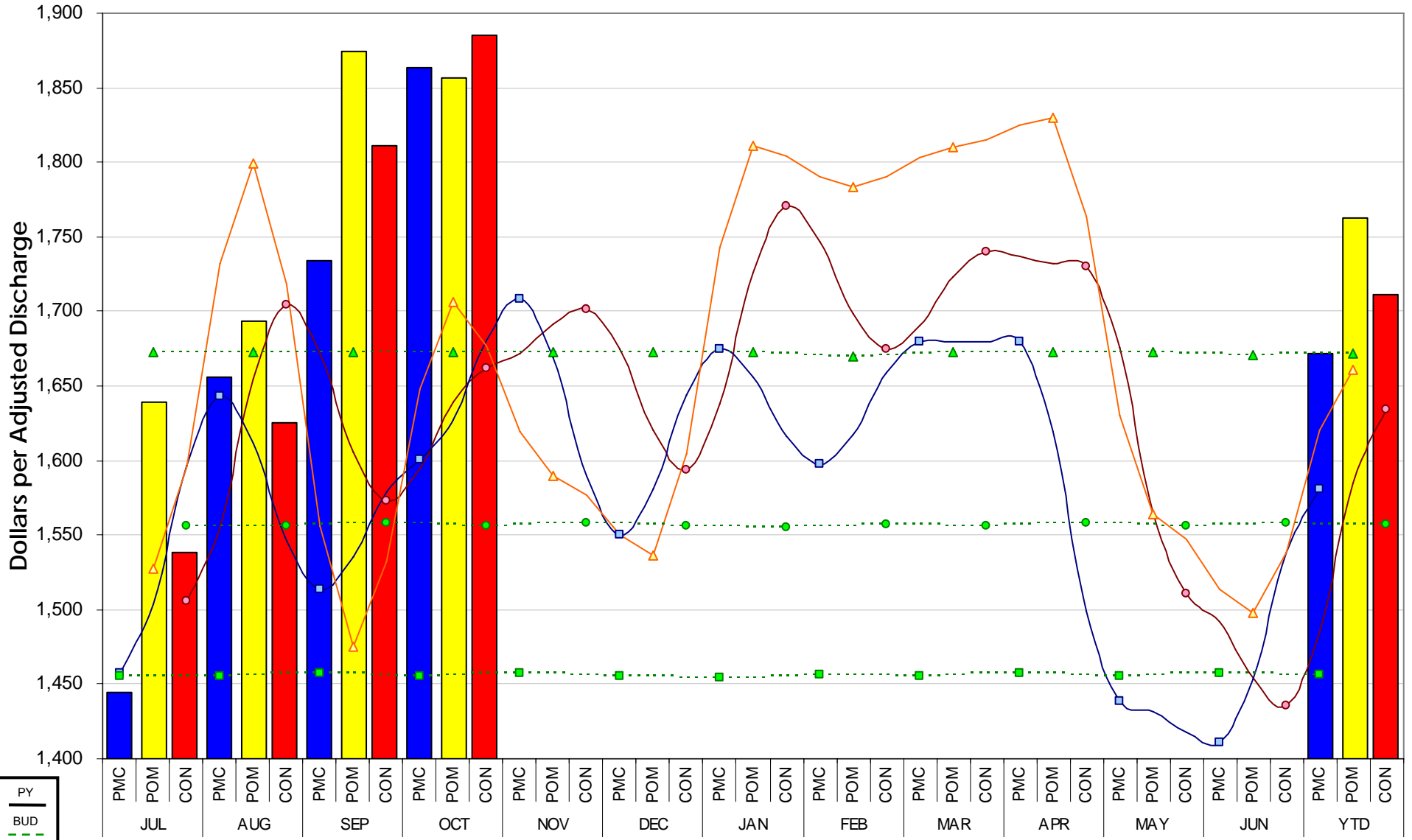
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	9,214	10,346	11,288	10,353	-	-	-	-	-	-	-	-	10,277	10,364
POM	12,150	10,864	10,216	12,110	-	-	-	-	-	-	-	-	11,351	11,334
CON	10,126	10,583	11,112	10,946	-	-	-	-	-	-	-	-	10,680	10,748

Adjusted Discharges
Salaries per Adjusted Discharges



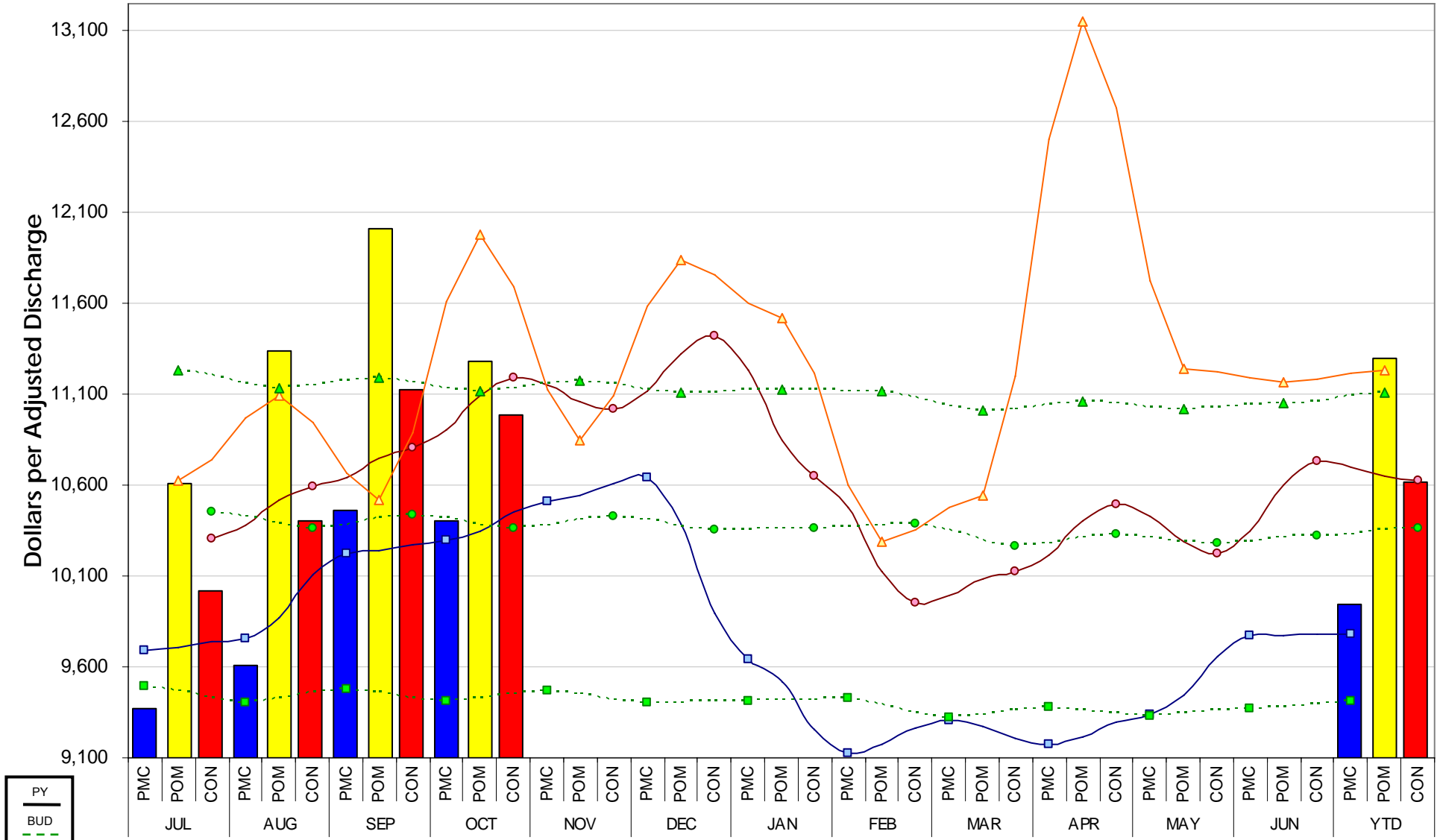
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	4,083	3,882	4,360	4,330	-	-	-	-	-	-	-	-	4,159	4,276
POM	4,386	4,491	4,594	4,665	-	-	-	-	-	-	-	-	4,531	4,872
CON	4,874	5,007	5,211	5,187	-	-	-	-	-	-	-	-	5,066	5,179

Adjusted Discharges
Supplies per Adjusted Discharge



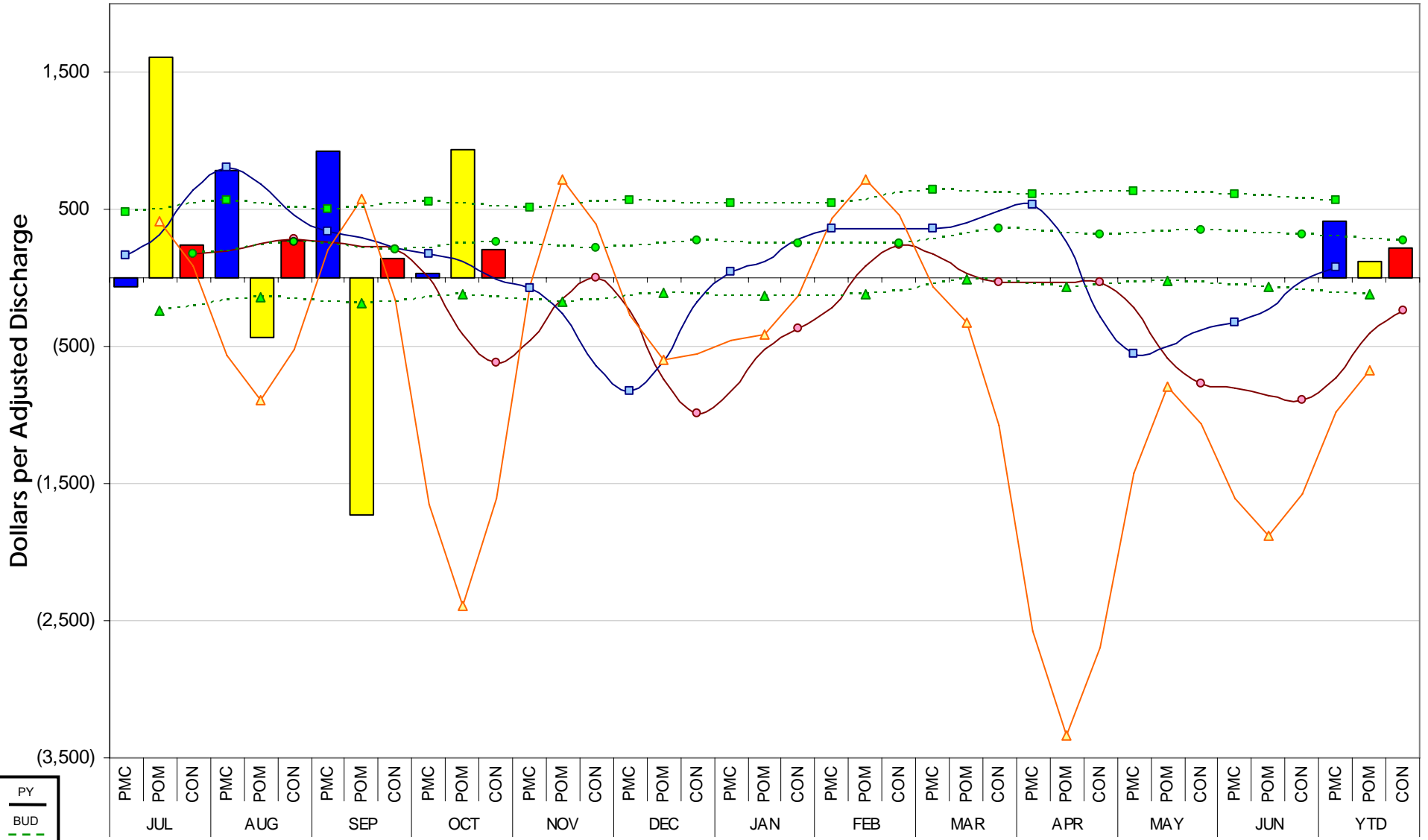
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,445	1,656	1,734	1,864	-	-	-	-	-	-	-	-	1,672	1,600
POM	1,639	1,693	1,874	1,857	-	-	-	-	-	-	-	-	1,763	1,678
CON	1,538	1,625	1,811	1,885	-	-	-	-	-	-	-	-	1,711	1,661

Adjusted Discharges
Total Expenses per Adjusted Discharges



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	9,372	9,612	10,465	10,403	-	-	-	-	-	-	-	-	9,949	10,018
POM	10,611	11,342	12,016	11,284	-	-	-	-	-	-	-	-	11,301	11,599
CON	10,019	10,407	11,124	10,989	-	-	-	-	-	-	-	-	10,621	10,751

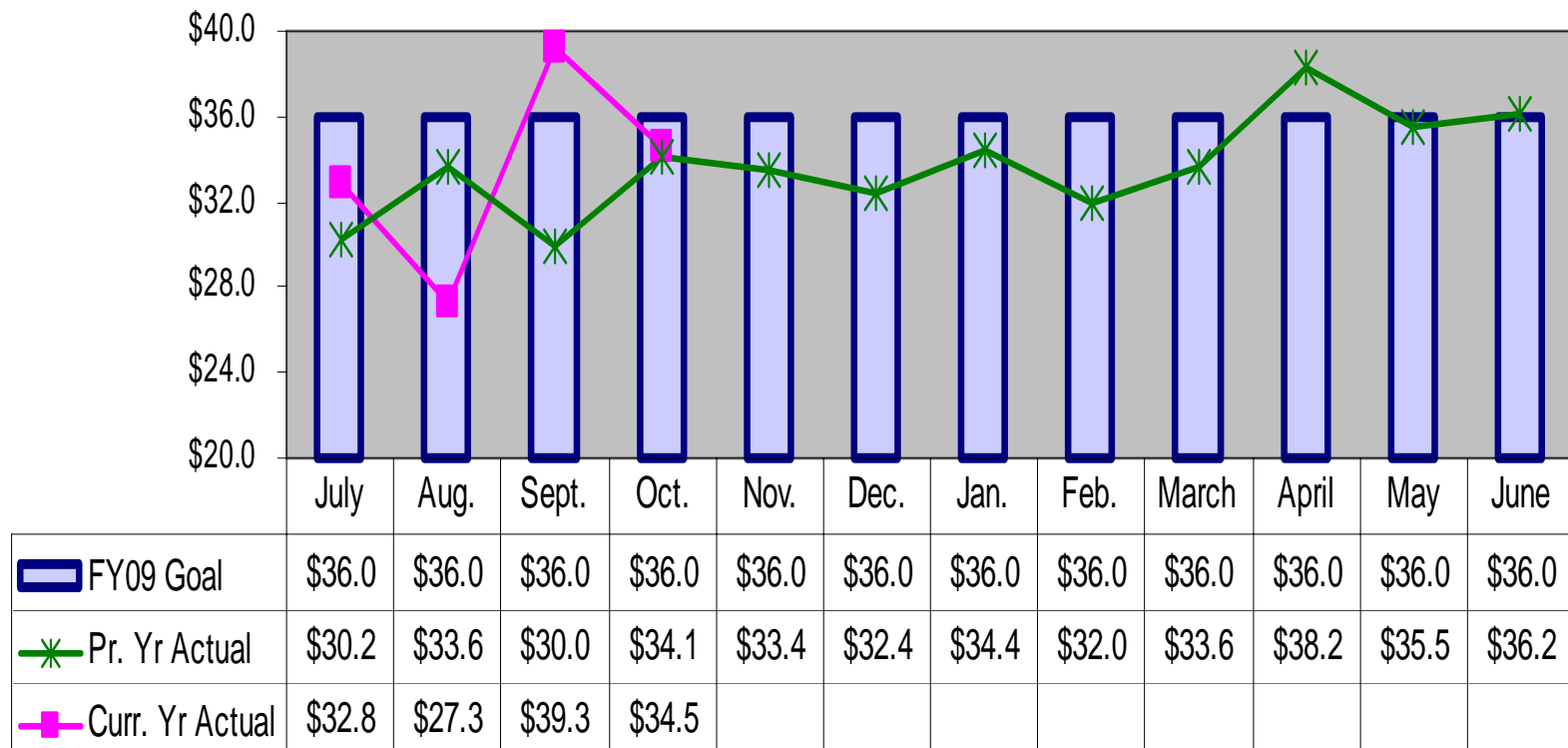
Adjusted Discharges
Net Operating Income per Adjusted Discharges



—	PY
- - -	BUD

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	(67)	785	921	36	-	-	-	-	-	-	-	-	409	434
POM	1,610	(436)	(1,731)	935	-	-	-	-	-	-	-	-	122	(122)
CON	241	271	146	206	-	-	-	-	-	-	-	-	217	178

PPH Monthly Collections
 in Millions



Revenue Cycle Key Indicators
Trend Report



	Current Month End	Current Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending Days in Period	10/31/2008 31	9/30/2008 30	8/31/2008 31	10/31/2008 123	6/30/2008 366	10/31/2007 31	
Revenue							
Gross for Month - North & South	135,209,065	127,123,758	130,708,523	\$ 523,363,367	\$ 1,384,127,824	\$ 110,501,244	\$ 8,085,307
Net Revenue - North & South	36,772,078	36,006,068	36,291,304	\$ 144,998,051	\$ 398,939,675	\$ 33,371,376	\$ 766,010
Net:Gross %	27.2%	28.3%	27.8%	27.7%	28.8%	30.2%	-1.1%
Last 3 Month Daily Average (Gross)	4,272,189	4,219,069	4,083,531	\$ 4,254,987	\$ 3,781,770	\$ 3,730,526	\$ 53,120
Last 3 Month Daily Average (Net)	1,185,538	1,176,369	1,112,262	1,178,846	1,089,999	1,105,447	9,168
Cash Collections							
Month to Date	34,533,647	39,257,070	27,339,450	\$ 133,880,822	\$ 403,728,413	\$ 34,139,078	\$ (4,723,423)
Month to Date Goal	35,998,045	35,998,045	35,998,045	143,992,180	396,657,548	35,059,317	-
Over (under) Goal	(1,464,398)	3,259,025	(8,658,595)	\$ (10,111,358)	\$ 7,070,865	\$ (920,239)	\$ (4,723,423)
% of Goal	96%	109%	76%	93.0%	101.8%	97.4%	-13.1%
Point of Service Collections							
Month to Date	507,339	280,771	422,071	\$ 1,593,791	\$ 3,387,302	\$ 323,959	\$ 226,568
Month to Date Goal	360,000	347,800	328,800	1,365,400	3,843,000	328,000	12,200
Over (under) Goal	\$ 147,339	\$ (67,029)	\$ 93,271	\$ 228,391	\$ (455,698)	\$ (4,041)	\$ 214,368
% of Goal	140.9%	80.7%	128.4%	116.7%	88.1%	98.8%	60.2%
Accounts Receivable							
0-30	126,612,161	102,872,276	97,586,631		\$ 82,995,765	\$ 110,507,718	\$ 23,739,885
31-60	34,511,668	32,283,591	41,452,186		25,895,259	27,942,238	2,228,077
61-90	21,062,966	25,618,090	21,011,517		14,408,929	17,834,773	(4,555,124)
91-180	32,286,279	29,109,510	26,237,085		23,299,340	24,852,934	3,176,769
Over 180	19,852,295	20,327,950	20,247,593		19,271,702	24,781,284	(475,655)
Total	\$ 234,325,369	\$ 210,211,417	\$ 206,535,012		\$ 165,870,995	\$ 205,918,946	\$ 24,113,952
A/R Days (Gross)	54.85	49.82	50.58		43.54	55.20	5.02
% of AR aged over 180 days	8.5%	9.7%	9.8%		12%	12%	-0.01
Number of Accounts	67,148	68,709	66,295		61,570	60,275	(1,561)
Credit Balance Accounts:							
Dollars \$	(4,481,600)	(3,758,240)	(3,678,701)		(3,144,574)	(3,699,107)	(723,361)
Number of Accounts	6,506	5,576	5,206		4,136	1,746	930

Revenue Cycle Key Indicators
Trend Report



	Current Month End	Current Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending Days in Period	10/31/2008 31	9/30/2008 30	8/31/2008 31	10/31/2008 123	6/30/2008 366	10/31/2007 31	
Accounts Receivable by Major Payer							
Medicare	52,693,991	40,304,572	40,013,579		\$ 32,549,770	\$ 46,005,816	\$ 12,389,419
Last 3 months daily average revenue	1,116,205	1,122,755	1,094,889		1,066,927	983,702	\$ (6,550)
Gross Days revenue outstanding	47.21	35.90	36.55		30.51	46.77	11.31
MediCal (Includes M-Cal HMO)	39,756,034	42,226,771	39,225,336		27,638,700	33,515,257	(2,470,737)
Last 3 months daily average revenue	759,790	733,064	695,581		660,788	687,702	26,726
Gross Days revenue outstanding	52.33	57.60	56.39		41.83	48.74	-5.28
Comm/Managed Care (Incl Mcare HMO)	105,151,473	92,776,199	93,134,540		78,740,548	94,989,226	12,375,274
Last 3 months daily average revenue	2,134,650	2,140,094	2,135,206		1,908,593	1,869,709	(5,444)
Gross Days revenue outstanding	49.26	43.35	43.62		41.26	50.80	5.91
Self-Pay	36,723,870	34,903,875	34,161,557		26,941,976	31,408,647	1,819,995
Last 3 months daily average revenue	261,543	223,156	157,873		172,970	180,609	38,387
Gross Days revenue outstanding	140.41	156.41	216.39		155.76	173.90	(16.00)
Accounts to Collections							
M-T-D Amount of BD to Collections	3,367,848	5,352,591	2,285,516	14,245,857	9,805,788	4,887,299	\$ (1,984,743)
% of Gross Revenue (Target < 2%)	2.5%	4.2%	1.7%	0.03	8.6%	4.4%	-1.7%
Charity & Undocumented Write-offs							
M-T-D Amount	1,559,242	1,785,256	1,175,696	5,999,561	2,847,359	2,710,367	\$ (226,014)
% of Gross Revenue (Target < 2%)	1.2%	1.4%	0.9%	1.1%	2.5%	2.5%	-0.3%
Administration Adjustments							
M-T-D Amount	187,416	121,487	91,814	576,973	624,358	566,461	\$ 65,929
% of Gross Revenue (Target < 1%)	0.1%	0.1%	0.1%	0.1%	0.5%	0.5%	0.0%

Revenue Cycle Key Indicators
Trend Report



	Current Month End	Current Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End	Change from Prior Month
Period Ending Days in Period	10/31/2008 31	9/30/2008 30	8/31/2008 31	10/31/2008 123	6/30/2008 366	10/31/2007 31	
Discharged Not Final Billed (DNFB)							
DNFB Action Required							
HIM (Waiting for Coding)	\$ 6,622,694	\$ 5,562,221	\$ 4,929,977		5,423,822	9,650,157	\$ 1,060,473
PBS (Correction required)	643,291	1,323,821	1,229,060		100,312	578,343	\$ (680,530)
Other holds requiring correction						-	\$ -
Total Action Required	7,265,985	6,886,042	6,159,037		5,524,134	10,228,500	379,943
# of AR Days action Required	1.70	1.63	1.51		1.45	2.74	0.07
DNFB No Action Required							
4 Day Standard Delay	\$ 18,481,084	\$ 14,463,924	\$ 19,781,424		18,224,428	19,270,871	\$ 4,017,160
Other	3,280,990	2,545,009	2,246,400		1,918,384	1,127,493	735,981
Total No Action Required	21,762,074	17,008,933	22,027,824		20,142,812	20,398,364	4,753,141
Total DNFB \$	29,028,059	23,894,975	28,186,861		25,666,946	30,626,864	5,133,084
Total Days in DNFB	6.79	5.66	6.90		6.74	8.21	1.13

Late Charges

Late Charges from Date of Service 5 to 20 Days

Number of line items	3,522	8,765	14,642	35,117	8,261	22,384	(5,243)
Dollar amount of Charges	822,760	1,629,642	1,576,679	5,259,243	949,778	703,864	\$ (806,882)
Dollar amount of Credits	(231,260)	(919,338)	(1,528,785)	(3,687,519)	(660,172)	(393,481)	\$ 688,078
Net Dollar Amount	591,500	710,304	47,894	1,571,724	289,606	310,382	\$ (118,804)
Absolute Dollar Amount	\$ 822,760	\$ 1,629,642	\$ 1,576,679	\$ 5,259,243	\$ 949,778	\$ 703,864	\$ (806,882)

Late Charges from Date of Service > 21 Days

Number of line items	5,568	15,525	16,377	44,870	95,068	7,206	(9,957)
Dollar amount of Charges	789,449	1,076,002	1,986,513	4,684,581	1,987,236	518,436	(286,553)
Dollar amount of Credits	(847,746)	(1,806,663)	(2,705,300)	(6,342,949)	(1,321,540)	(426,489)	958,917
Net Dollar Amount	(58,297)	(730,661)	(718,787)	(1,658,368)	665,696	91,947	672,364
Absolute Dollar Amount	\$ 1,637,195	\$ 2,882,665	\$ 4,691,813	\$ 11,027,530	\$ 3,308,776	\$ 944,926	\$ (1,245,470)

SUPPLEMENTAL INFORMATION

Nov-08	Oct 31-Nov 6	Nov 7-Nov 13			MTD Total	MTD Budget	% Variance
ADC (Acute)	294	301	0	0	297	311	(4.48)
PMC	225	223	0	0	224	231	(2.81)
POM	69	77	0	0	73	81	(9.25)
PCCC	92	91	0	0	91	85	7.14
VP	120	119	0	0	120	123	(2.50)
Patient Days (Acute)	2060	2104	0	0	4,164	4,359	(4.48)
PMC	1577	1563			3,140	3,231	(2.81)
POM	483	541			1,024	1,128	(9.25)
PCCC	642	635			1,277	1,192	7.14
VP	843	836			1,679	1,722	(2.50)
Discharges	545	551	0	0	1,096	1,130	(3.01)
PMC	405	420			825	846	(2.48)
POM	140	131			271	284	(4.58)
Number of Surgeries	232	253	0	0	485	467	3.85
PMC	157	164			321	322	(0.31)
POM	75	89			164	145	13.10
Number of Births	110	94	0	0	204	206	(0.97)
PMC	88	78			166	160	3.75
POM	22	16			38	46	(17.39)

Nov-08	Oct 31-Nov 6	Nov 7-Nov 13			MTD Total	MTD Budget	% Variance
OP Visits (inc. Lab)	2325	1890	0	0	4,215	4,112	2.50
PMC	1594	1184			2,778	2,806	(1.00)
POM	731	706			1,437	1,306	10.03
ER Visits	1,794	1,713	0	0	3,507	3,477	0.86
PMC	1,219	1,200			2,419	2,379	1.68
POM	575	513			1,088	1,098	(0.91)
Trauma Visits	33	26	0	0	59	47	25.53
IP	27	24			51	42	21.43
OP	6	2			8	5	60.00
Gross IP Revenue	22,508,192	21,803,372			44,311,564	43,906,854	0.92
Gross OP Revenue	8,036,617	7,664,810			15,701,427	13,618,458	15.30
Cash Collection	7,128,889	6,938,307			14,067,196	19,998,914	(29.66)
Days cash on hand	96	93			93	80	
Prod Hrs (PP 10)		218,237			218,237	211,876	(3.00)
PMC - North		131,514			131,514	128,027	(2.72)
POM - South		54,906			54,906	54,380	(0.97)
Others	-	31,817	-	-	31,817	29,469	(7.97)
Prod \$ (PP 10)		7,029,102			7,029,102	6,914,918	(1.65)
PMC - North		4,244,285			4,244,285	4,216,911	(0.65)
POM - South		1,693,111			1,693,111	1,701,576	0.50
Others	-	1,091,706	-	-	1,091,706	996,431	(9.56)