

TUESDAY, FEBRUARY 24, 2009
5:30 p.m. (Buffet Dinner for Committee Members & Invited Guests Only)
6:00 p.m. Meeting

456 E. GRAND AVENUE
ESCONDIDO, CA
1ST FLOOR CONFERENCE ROOM

	<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: Minutes – Tuesday, January 27, 2009 (<i>Addendum A</i>) .....	.....5	.... Ag2	6:15 p.m.
2. * Approval: Department Chair Service Agreements	.....5	.....	6:20 p.m.
• Kathleen M. Flores-Dahms, M.D. – Chair, Department of Radiology – Pomerado Hospital		.... Ag3-5	
• Donald J. Ponec, M.D – Chair, Department of Radiology – Palomar Medical Center		.... Ag6-8	
3. * Review/Approval: Issuance of GO Bonds, Election of 2004, Series 2009A.....	.....15	.... Ag9	6:35 p.m.
4. * Approval: January 2009 & YTD FY2009 Financial Report (<i>Addendum B</i>) .....	.....25	... Ag10	7:00 p.m.
FINAL ADJOURNMENT			7:00 p.m.

***NOTE: If you have a disability, please notify us at 760-740-6383
72 hours prior to the event so that
we may provide reasonable accommodations.***

Minutes
Finance Committee – Tuesday, January 27, 2009

TO: Board Finance Committee

MEETING DATE: Tuesday, February 24, 2009

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, January 27, 2009, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the Tuesday, January 27, 2009, Board Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

**POMERADO HOSPITAL
ADMINISTRATIVE SERVICES AGREEMENT
CHAIR, DEPARTMENT OF RADIOLOGY**

TO: Board Finance Committee

MEETING DATE: Tuesday, February 24, 2009

BY: David Tam, M.D., Chief Administrative Officer, Pomerado Hospital

BACKGROUND: Pomerado Hospital Medical Staff Officers and Department Chairs are provided a stipend for services performed as required by the Medical Staff By-laws. These Agreements serve to document the relationship of the Medical Staff Officers, Department Chairs and QMC Chair to PPH, and the duties to be performed as consideration for the stipend to assure compliance with Federal regulations.

Presented is the Administrative Services Agreement for the Chair of the Department of Radiology for Pomerado Hospital.

Chairman, Department of Radiology – Kathleen M. Flores-Dahms, M.D.

Attached is the Agreement Abstract for this individual.

BUDGET IMPACT: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Department Chair Service Agreement
	AGREEMENT DATE	January 1, 2009
	PARTIES	Kathleen M. Flores-Dahms, M.D., Pomerado Hospital Medical Staff and PPH
	PURPOSE	To provide administrative services on behalf of Pomerado Hospital Medical Staff in accordance with Medical Staff Bylaws
	SCOPE OF SERVICES	As per duties defined in Pomerado Hospital Medical Staff Bylaws
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	TERM	January 1, 2009 – December 31, 2009 – Chair, Department of Radiology
	RENEWAL	None
	TERMINATION	As described under §3.3 - 5
	COMPENSATION METHODOLOGY	Monthly.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	These are positions elected or appointed by the Medical Staff in accordance with Medical Staff Bylaws.
	POSITION POSTED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Methodology & Response: Elected/Appointed by the Pomerado Hospital Medical Staff
	ALTERNATIVES/IMPACT	N/A
	DUTIES	Defined in the Pomerado Hospital Medical Staff Bylaws.
	COMMENTS	The agreement template was developed by legal counsel in 2008. The positions are voted upon by Active members of the Medical Staff or appointed by the Chief of Staff.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <u>FINANCE</u> <input checked="" type="checkbox"/> BOD

DEPARTMENT CHAIR SERVICE AGREEMENT

THIS MEDICAL EXECUTIVE COMMITTEE SERVICE AGREEMENT (“Agreement”) is entered into on January 1, 2009, by and between Palomar Pomerado Health (“PPH”), a California health district organized under Division 23 of the California Health and Safety Code and Kathleen M. Flores-Dahms, M.D. (“Physician”), with respect to the following facts:

RECITALS:

A. PPH owns and operates Pomerado Hospital in Poway, CA and Palomar Medical Center in Escondido, CA.

B. The physicians and other independent practitioners practicing in PPH have organized themselves into a Medical Staff in conformity with the Medical Staff Bylaws of each hospital.

C. Physician is a member of the Medical Executive Committee (“MEC”) which has been established pursuant to the Medical Staff Bylaws of Pomerado Hospital. Physician is Chair of the Department of Radiology of that hospital. As Chair of the Department of Radiology, Physician is required to perform a number of duties (the “Duties”) set forth in the Medical Staff Bylaws.

D. The purpose of this Agreement is to provide a means of compensating Physician at no more than fair market value for performing the Duties required of a department chair. Additionally, this Agreement will delineate the expectations of the parties and assure effective performance by Physician.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Recitals. The recitals set forth above are hereby incorporated into this Agreement as a material and substantive part of this Agreement.

2. Duties. The Duties of Physician as a member of the MEC are as set forth in the Medical Staff Bylaws of PPH, as they may be amended from time to time, and shall include, without limitation, the Duties set forth on Exhibit A attached hereto and incorporated herein by this reference.

3. Compensation.

3.1 Monthly Rate. PPH agrees to pay Physician Seven Hundred Fifty dollars (\$750.00) per month for the months of February 2009 through December 2009 for Physician’s

**PALOMAR MEDICAL CENTER
ADMINISTRATIVE SERVICES AGREEMENT
CHAIR – DEPARTMENT OF RADIOLOGY**

TO: Board Finance Committee

MEETING DATE: Tuesday, February 24, 2009

BY: Gerald E. Bracht, Chief Administrative Officer

BACKGROUND: The Palomar Medical Center Department Chair is provided a stipend for services performed as required by the Medical Staff Bylaws. This Agreement serves to document the relationship of the Department Chair to PPH, and the duties to be performed as consideration for the stipend to assure compliance with Federal regulations.

Presented is the Department Chair Service Agreement for the Chair of the Department of Radiology for Palomar Medical Center.

Chairman, Department of Radiology – Donald J. Ponec, M.D.

The Agreement Abstract is attached.

BUDGET IMPACT: None.

STAFF RECOMMENDATION: Approval.

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT

Section Reference	Term/Condition	Term/Condition Criteria
	TITLE	Department Chair Service Agreement
	AGREEMENT DATE	January 1, 2009
	PARTIES	Donald J. Ponec, M.D., Palomar Medical Center Medical Staff and PPH
	PURPOSE	To provide administrative services on behalf of Palomar Medical Center Medical Staff in accordance with Medical Staff Bylaws
	SCOPE OF SERVICES	As per duties defined in Palomar Medical Center Medical Staff Bylaws
	PROCUREMENT METHOD	<input type="checkbox"/> Request For Proposal <input checked="" type="checkbox"/> Discretionary
	TERM	January 1, 2009 – December 31, 2009 – Chair, Department of Radiology
	RENEWAL	None
	TERMINATION	As described under §3.3 - 5
	COMPENSATION METHODOLOGY	Monthly.
	BUDGETED	<input checked="" type="checkbox"/> YES <input type="checkbox"/> NO – IMPACT:
	EXCLUSIVITY	<input checked="" type="checkbox"/> NO <input type="checkbox"/> YES – EXPLAIN:
	JUSTIFICATION	These are positions elected or appointed by the Medical Staff in accordance with Medical Staff Bylaws.
	POSITION POSTED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO Methodology & Response: Elected/Appointed by the Palomar Medical Center Medical Staff
	ALTERNATIVES/IMPACT	N/A
	DUTIES	Defined in the Palomar Medical Center Medical Staff Bylaws.
	COMMENTS	The agreement template was developed by legal counsel in 2008. The positions are voted upon by Active members of the Medical Staff or appointed by the Chief of Staff.
	APPROVALS REQUIRED	<input checked="" type="checkbox"/> VP <input checked="" type="checkbox"/> CFO <input checked="" type="checkbox"/> CEO <input checked="" type="checkbox"/> BOD Committee <u>FINANCE</u> <input checked="" type="checkbox"/> BOD

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A. PPH owns and operates Pomerado Hospital in Poway, CA and Palomar Medical Center in Escondido, CA.

B. The physicians and other independent practitioners practicing in PPH have organized themselves into a Medical Staff in conformity with the Medical Staff Bylaws of each hospital.

C. Physician is a member of the Medical Executive Committee (“MEC”) which has been established pursuant to the Medical Staff Bylaws of Palomar Medical Center. Physician is Chair of the Department of Radiology of that hospital. As Chair of the Department of Radiology, Physician is required to perform a number of duties (the “Duties”) set forth in the Medical Staff Bylaws.

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NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the parties, it is hereby agreed as follows:

1. Recitals. The recitals set forth above are hereby incorporated into this Agreement as a material and substantive part of this Agreement.
2. Duties. The Duties of Physician as a member of the MEC are as set forth in the Medical Staff Bylaws of PPH, as they may be amended from time to time, and shall include, without limitation, the Duties set forth on Exhibit A attached hereto and incorporated herein by this reference.

Issuance of GO Bonds, Election of 2004, Series 2009A

TO: Board Finance Committee

MEETING DATE: Tuesday, February 27, 2009

FROM: Bob Hemker, CFO

Background: An update on the preparations underway for the Issuance of General Obligation (GO) Bonds, Election of 2004, Series 2009A—authorized at the October 20, 2008, Board meeting—will be presented.

Actionable items, if any, will be discussed at the meeting.

Budget Impact: N/A

Staff Recommendation: To be presented at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

January 2009 & YTD FY2009 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, February 24, 2009

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for January 2009 and YTD FY2009 are submitted for the Finance Committee's approval (*Addendum B*).

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 2009**

	MEETING DATES:										
	1/27/09	2/24/09	3/31/09	4/28/09	5/26/09	6/30/09	7/28/09	8/25/09	9/29/09	10/27/09	12/8/09
MEMBERS											
NANCY BASSETT, R.N.	P										
TED KLEITER – CHAIR	P										
MARCELO RIVERA, M.D.	P										
MICHAEL COVERT, FACHE	P										
FRANK MARTIN, M.D.	P										
JOHN LILLEY, M.D.	P										
<i>BRUCE KRIDER – ALTERNATE</i>											
<i>– 2ND ALTERNATE</i>											
<i>– 3RD ALTERNATE</i>											
<i>– 4TH ALTERNATE</i>											
STAFF ATTENDEES											
BOB HEMKER	P										
GERALD BRACHT	P										
DAVID TAM	P										
TANYA HOWELL – SECRETARY	P										
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JANUARY 27, 2009

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
MEETING LOCATION	Board Conference Room, 1 st Floor, 456 E. Grand Avenue, Escondido, CA			
MEETING CALLED TO ORDER	7:20 p.m. by Chair Ted Kleiter.			
ESTABLISHMENT OF QUORUM	See roster			
PUBLIC COMMENTS	There were no public comments			
INFORMATION ITEM(S)	<ul style="list-style-type: none"> • None 			
MINUTES – DECEMBER 2, 2008	No discussion		MOTION: By Director Rivera seconded by Director Bassett and carried to approve the minutes of the December 2, 2008, Board Finance Committee meeting as presented. All in favor. None opposed.	
ANNUAL REVIEW OF FINANCE COMMITTEE BYLAWS	No discussion		MOTION: By Director Bassett, seconded by Director Rivera and carried to recommend approval of the Finance Committee Bylaws as presented. All in favor. None opposed.	Y
BOARD MEMBER POSITION DESCRIPTION	No discussion		MOTION: By Director Bassett, seconded by Director Rivera and carried to recommend approval of the Board Member Position Description as it relates to the Board Finance Committee as written. All in favor. None opposed.	Y
DESIGNATION OF SUBORDINATE OFFICERS OF THE DISTRICT	Addition of Manager General Accounting to facilitate adequate on-site signature authority.		MOTION: By Director Greer seconded by Director Bassett and carried to recommend approval of the Resolution designating subordinate officers of the district. All in favor. None opposed.	Y
BOARD FINANCE COMMITTEE MEETING SCHEDULE FOR CY2009	<ul style="list-style-type: none"> • Exceptions to regular dates/meeting types are highlighted in red <ul style="list-style-type: none"> o Two meetings are currently scheduled to be held as Special Board meetings <ul style="list-style-type: none"> ■ June Budget Workshop – date as yet unknown ■ Joint Board Finance & Quality Review Meeting on July 28th o Based on available space needs for full Board meetings, the two Special Board meetings will be moved to POM/PMC • The meetings will remain as evening meetings 		MOTION: By Director Rivera seconded by Michael Covert and carried to approve the Calendar Year 2009 Meeting Schedule for the Board Finance Committee, with a change in location for the two meetings scheduled as Full Board meetings. All in favor. None opposed.	Y

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JANUARY 27, 2009

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
ADMINISTRATIVE SERVICES AGREEMENTS – POM				
DR. MARTIN – COS DR. ACHEATEL – COS ELECT DR. ACHEATEL – CHAIR, QMC	Annual renewals of stipend agreements for medical staff. Standard agreements.	MOTION: By Director Rivera seconded by Director Greer and carried to recommend approval of the two-year [January 1, 2009 to December 31, 2010] Administrative Services Agreements with Franklin M. Martin, M.D., as Chief of Staff at POM; and with Roger J. Acheatel, M.D., as Chief of Staff-Elect at POM; and approval of the one-year [January 1, 2009 to December 31, 2009] Administrative Services Agreement with Roger J. Acheatel, M.D., as Chair of the Quality Management Committee at POM All in favor. None opposed. Dr Martin abstained	Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.	Y
ADMINISTRATIVE SERVICES AGREEMENTS – PMC				
DR. SCHULTZ – CHAIR DEPT OF FAMILY PRACTICE DR. HARRISON – CHAIR, QMC	Annual renewals of stipend agreements for medical staff. Standard agreements.	MOTION: By Director Rivera seconded by Michael Covert and carried to recommend of The Board Finance Committee recommends approval of the one-year [January 1, 2009 to December 31, 2009] Administrative Services Agreements with James H. Schultz, M.D., as Chair of the Department of Family Practice at PMC and with Daniel Harrison, M.D., as Chair of the Quality Management Committee at PMC. All in favor. None opposed.	Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.	Y
UPDATED TEMPLATE FOR PHYSICIAN INDEPENDENT CONTRACTOR AGREEMENTS	The Legal Department reviewed the standard templated Agreement to ensure it was complete and in compliance with California laws. <ul style="list-style-type: none"> • Language was added/modified relating to confidentiality, indemnification privacy & insurance – highlighted in the copy of the Agreement in the packet • Legal will review annually to ensure continued compliance 	MOTION: By Director Rivera seconded by Director Bassett and carried to recommend approval to the new templated format for Physician Independent Contractor Agreements. All in favor. None opposed.	Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.	Y
VHA/NOVATION SUPPLY CHAIN PURCHASING COALITION	Bob Hemker and Michael Covert have periodically had discussions with the Board regarding Group Purchasing Organizations (GPOs) and the lack of services available for local regionalized strategies vs. national contracting strategies. <ul style="list-style-type: none"> • Driving price points is a localized matter, especially for preference items • VHA has localized down to the West Coast level, which was tested in the northern market in the Seattle and Oregon areas • Will be creating a Southern California Purchasing Coalition <ul style="list-style-type: none"> o Have an interest level to put together the coalition o Will be a legal entity 	MOTION: By Director Rivera seconded by Director Greer and carried to recommend approval for PPH to participate in the new, to-be-formed, Southern California Purchasing Coalition; and to recommend that the CFO be given approval to execute the requisite Supply Chain Analytics Participation Agreement and VHA Supply Chain Network Agreement. All in favor. None opposed.	Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.	N

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JANUARY 27, 2009

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> o Members will pick strategies on which they want to work o Nominal buy-in to join <ul style="list-style-type: none"> ■ Payments come out of distributions and are self-funding o Easy walk-away – 90-day written notice o Bob Hemker sees upside potential • Michael Covert stated that he had the opportunity to help create such an entity when he was in Sarasota, FL <ul style="list-style-type: none"> o That entity generated \$10M savings in the first year o These are real opportunities o Will provide periodic reports back to the Board on cost savings o Same discussions being held in other Southern California VHA hospitals o Worth leveraging of opportunity around the table o Annual spend of half a billion dollars with this group, with estimated savings upwards of \$10M overall • Next meeting with the Coalition is February 10th <ul style="list-style-type: none"> o Trying to assemble and get commitments in place • Request endorsement of Finance Committee that the District is willing to commit, subject to final due diligence 			
<p>ICOC – MINUTES FROM 9/23/08 ANNUAL MEETING</p>	<p>The PPH Finance Committee is the reporting conduit for the efforts of the ICOC. At their meeting, the ICOC passed out a no exceptions report, which has previously been reviewed and approved by this Committee.</p>	<p>MOTION: By Director Greer seconded by Michael Covert and carried to recommend approval of the draft minutes from the ICOC Annual Meeting held on September 23, 2008, for inclusion in the Board's public records. All in favor. None opposed.</p>	<p>Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>
<p>CO-MANAGER FOR GO BONDS</p>	<p>Bob Hemker stated that, at the direction of the Board, a Co-Manager for the additional GO bond issue was being sought. Efforts were being made in conjunction with Ellen Riley of Kaufman Hall, whose analysis was distributed for the Committee's review (<i>Attachment 1</i>).</p> <ul style="list-style-type: none"> • There are two levels at which Co-Manager involvement could be utilized <ul style="list-style-type: none"> o Making strategy and for the distribution effort o We're looking for a Co-Manager for the distribution effort • Would only apply to this upcoming issue of GO Bonds • Will revisit each time we go forward for a new issue • Three potential candidates: Merrill Lynch, JP Morgan, and Morgan Stanley were deemed to meet the necessary criteria 	<p>MOTION: By Director Bassett seconded by Director Greer and carried to recommend that the Board grant to the CEO and the CFO the authority to select the Co-Manager for the GO Bond issue. All in favor. None opposed.</p>	<p>Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">N</p>

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JANUARY 27, 2009

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> o Morgan Stanley wasn't originally considered a value add, as they are in the process of a merger with Citi <ul style="list-style-type: none"> ■ As current Manager, we would likely have gotten additional outlets from Citi o JP Morgan – wanted 30% of the book <ul style="list-style-type: none"> ■ Twice the going market of a 15% minimum position o Both Merrill Lynch & Morgan Stanley would agree to book share of 15% <ul style="list-style-type: none"> ■ Short-listed as candidates, subject to due diligence interviews to be conducted next week ■ Merrill Lynch has California GO distribution experience • Short timeline due to finalization of Preliminary Official Statement (POS) <ul style="list-style-type: none"> o Co-Manager must be named when POS is published 			
<p>DECEMBER 2008 AND YTD FY2009 FINANCIAL REPORT</p>	<p>Bob Hemker stated that we are now at the 6-month point for financials.</p> <ul style="list-style-type: none"> • As addressed at last month's meeting, the Balanced Scorecard (BSC) was updated to tie to PPH's Board-approved initiatives <ul style="list-style-type: none"> o A legend for the FY09 BSC was distributed (<i>Attachment 2</i>) to assist the Board in their review of the updated BSC • 6-month performance, annualized, will be the base for the FY2010 budget <ul style="list-style-type: none"> o Also reviewed to determine where we need to rebase and adjust to meet FY09 performance o We are on target but cannot allow slippage o Significant improvements year on year • Admissions & patient days are key <ul style="list-style-type: none"> o Down compared to budget o Outpatient volumes are up o Adjusted discharges up year on year • Negative variance to budget of 549 admissions <ul style="list-style-type: none"> o Due in large part to negative variances for births, CV surgeries, inpatient surgeries • Volatility of surgery becomes paramount <ul style="list-style-type: none"> o ESC had a negative variance of 148; PMC had a negative variance of 53; but POM had a positive variance of 120 • Chairman Kleiter stated concerns about the current economic situation, and whether the fact that more people are becoming unemployed would cause a decline in patients covered by health insurance 	<p>MOTION: By Director Bassett seconded by Dr. Martin and carried to recommend approval of the Financial Report for December 2008 and YTD FY2009. All in favor. None opposed.</p>	<p>Forwarded to the February 9, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JANUARY 27, 2009

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> o We will watch month to month for potential negative impact • Slide 31 – ADC showed a low of 293 in November with a high of 309 in July – other 4 months were between 301-306 • ER visits are only up 1.3% year on year <ul style="list-style-type: none"> o Usually averages closer to 5% per year o Could mean people are choosing not to go to the ER for urgent care services o Not enough increase in <i>expresscare</i> clinics to account for the change o ER admit conversion percentage is up approximately 1% compared to prior year • Salaries, Wages, Contract Labor are up \$200K year on year, nearly absorbing Salaries, Wages, Contract Labor inflation • Supplies are up 9.3% year on year <ul style="list-style-type: none"> o \$2M negative variance in implantables – ortho, neuro and cardiology • \$131K negative variance in investment income, which is nominal considering the market • Slide 16 is a new slide reflecting outpatient gross charges, up approximately \$25M from budget • Implantable supply costs partially explained by: <ul style="list-style-type: none"> o Cardiology Services up \$1M o Surgery patient supply up \$1.4M • Bottom line for the past six months shows across the board profitability each month • Variance analysis <ul style="list-style-type: none"> o Volume only accounts for a portion of the variance o Making it up on our rate efficiency <ul style="list-style-type: none"> ■ Flat-line volume picking up almost \$3M in positive rate variance o Patient days are averaging 9287/month or roughly 300/day o Strength in the bottom bottom line <ul style="list-style-type: none"> ■ Margins are also coming back into line • Mix of business but it's on the strength of business, with growing volumes <ul style="list-style-type: none"> o Revenue growth, especially outpatient, with strong net revenue growth o Have absorbed cost of living and contract adjustments o Total expenses are down .4% year on year – total absorption of inflation plus 			

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JANUARY 27, 2009

AGENDA ITEM	DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	<ul style="list-style-type: none"> o 10.4% OEBITDA vs. 6.9% prior year • Forecast net income of \$25.7M for FY09 based upon 6 months actual and 6 months budget <ul style="list-style-type: none"> o No margin for slippage in each of the remaining 6 months • Slide 27 – Supplies <ul style="list-style-type: none"> o Pharmaceuticals showed a positive variance o Prosthesis/implantables include ortho, spine & cardiology <ul style="list-style-type: none"> ■ Cath lab – issues are ICDs, BIVs, pacemakers & stents <ul style="list-style-type: none"> ▲ Changes in stents? Quantity per case? Not volume per unit/consumption on per case basis ▲ Volume variance is \$136K – more volume this year, but it's outpatient ▲ ICDs had a \$456K volume variance on the first 6 months <ul style="list-style-type: none"> (a) Up nearly 90 cases, with 30% year on year growth (b) All outpatient ▲ Need to determine how to package & present vendor selection options to cardiology physicians, especially as we move into the VHA Coalition, and discuss costs with them ■ Ortho <ul style="list-style-type: none"> ▲ Costs of metal on knees vs. last year is pure metal cost – construct design ▲ Hips are up almost 10% ▲ Director Rivera inquired about prosthetic clinical care outcomes and was requested to make those inquiries of the Quality Committee, as the information was not available from the financial discipline • We're seeing positive trends and holding to the rebased budget— we need to continue focus and continue to manage the volume swings 			
ADJOURNMENT	The meeting was adjourned at 8:23 p.m.			
SIGNATURES: <ul style="list-style-type: none"> • COMMITTEE CHAIR _____ Ted Kleiter • COMMITTEE SECRETARY _____ Tanya Howell 				

ATTACHMENT 1

TO: Robert Hemker, Chief Financial Officer
Palomar Pomerado Health

FROM: Ellen G. Riley, Senior Vice President
Kaufman Hall

DATE: January 26, 2009

RE: Selection of a Co-Manager for the 2009 GO Issue

Given the current economic situation, specifically relative to the banking industry, the credit crisis has had a significant impact on the overall capitalization and balance sheet strength of the financial institution. Citigroup has been the sole Senior Manager/ Investment Banker for Palomar Pomerado Health ("PPH") from the period of 2003 through present, supporting the issuance of approximately \$448 million (\$127 million of new money revenue bonds and \$321 million of GOs). Given the unstable nature of financial institutions through the economic recovery period, it is in PPH's best interest to ensure that the completion of the Master Facility Plan is uncompromised in terms of being able to execute the Plan of Finance. The Plan of Finance, presented to the Board of Directors Special Board Meeting in January 2009, identified the additional indebtedness totaling approximately \$285 million between now and 2014.

Therefore, as PPH is anticipating issuing the next tranche of GO bonds, Series 2009 with an anticipated close in March 2009, we recommend the inclusion of a co-manager banking relationship to our finance team. The role of the co-manager would be for the express purpose of diversifying its banking relationship to insure the lowest possible cost of funds, enhance the distribution network for both retail and institutional sales effort, and ensure a successful sale of the bonds.

At your request, Kaufman Hall solicited three proposals to serve in a co-manager role for PPH, including Merrill Lynch, Morgan Stanley, and JPMorgan. The criteria we used to evaluate the proposals, given the objective and purpose of adding a co-manager to the transaction included: retail distribution capabilities, institutional distribution capabilities, general obligation financing experience, healthcare finance experience, and the expertise of the individuals staffed to the co-manager assignment.

We asked the potential co-manager firms to participate with a 15% allocation. Please note that JPMorgan will only participate with a minimum of 30% allocation.

The following summarizes strengths of each firm.

- National marketing network includes 158 institutional sales people in 40 offices nationwide with average tenure of experienced sales force of 19 years

JPMorgan

- 51 sales advisors in 6 offices representing institutional sales force nationwide
- \$145 billion in total capital to position firm for underwriting

Morgan Stanley:

- 17 national institutional salespeople dedicated to the coverage of the 150 largest institutions as buyers of tax-exempt securities
- Fixed Income Division with 241 salespeople covering the second tier of institutional buyers of tax-exempt securities
- \$192 billion of total capital as of fiscal year 2008

General Obligation Financing Experience

Merrill Lynch:

- Leading underwriter of all GO bonds nationwide since 2004 with over \$74.7 billion in par amount with 12% market share (Citi ranked second according to Merrill Lynch with \$12.7 billion in par)
- In California, Merrill Lynch ranks second in all GO bonds issued since 2004 in California totaling over \$14.6 billion in par
- In 2008, Merrill Lynch underwrote 88 GO issues totaling over \$13.1 billion
- Merrill Lynch was recently mandated as Senior Manager for the State of California's upcoming \$1.5 to \$2 billion GO bond issue (expected to price first quarter 2009)

JPMorgan:

- Leading underwriter of GO bonds since 2006, served as manager (not necessarily senior manager) on 275 GO bonds totaling \$57.8 billion of bonds
- Of the total identified above, California issues represented \$15.9 billion of bonds
- Total GO experience (co- and senior manager combined nationally and including California) in 2008 total 67 issues with total par of \$18 billion

Morgan Stanley:

- Since 2004, Morgan Stanley has senior managed 138 transactions totaling over \$30.2 billion in negotiated GO financings
- Since 2004, Morgan Stanley was senior manager in California on 21 transactions totaling \$7.4 billion in California

Retail Distribution

Merrill Lynch:

- Nationally maintains a 25% market share of all municipal bonds sold
- In California, Merrill Lynch distribution network includes 74 retail offices housing 1,840 financial advisors currently managing a customer base of 582,000 with \$13.7 billion in total assets and \$13.7 billion in municipal securities. This is exclusive of any additional benefit provided by Bank of America network.
- Since the credit freeze beginning in September 15, 2008, Merrill Lynch was senior manager underwriting 80 transactions with a total par of \$9.5 billion, many of which were sold solely using retail participation

JPMorgan:

- Retail distribution network includes JP Private Bank, Bear Stearns, and Chase Investor Services
- National sales force includes 12,000 advisors with 3,634 offices nationwide (representing both retail and institutional reps and including UBS affiliation)
- California coverage includes 40 offices and 1,050 brokers (including UBS, "WaMu", and Bear Stearns offices and representatives)

Morgan Stanley:

- Retail distribution with 388 offices nationwide, 7,829 financial advisors with \$739 billion in assets
- California retail presence with 75 offices and 1,512 financial advisors with \$116 billion in assets
- Private wealth investor network consisting of 120 professionals throughout the country; Private Wealth Management professionals in Los Angeles and San Francisco manage over \$50 billion in assets
- Note that on January 13, 2009, Morgan Stanley and Citi agreed to a definitive agreement to combine Morgan Stanley Global Wealth Management Group and Citi's Smith Barney into a new joint venture to be called Morgan Stanley Smith Barney; MS to maintain 51% ownership. The joint venture will result in more than 20,000 financial advisors and \$1.7 trillion in client assets providing PPH with "unmatched" distribution network for the retail distribution

Institutional Distribution Capabilities

Merrill Lynch:

- Consistently ranked as the number one overall institutional firm representing 75% of institutional buying

- Morgan Stanley served as the bookrunning senior manager for the State of California's \$1.75 billion GO deal in April, 2008
- Since January 2008, Morgan Stanley has served as co-manager on 436 transactions for approximately \$74.9 billion of GO transactions, of which 40 transactions totaling \$19.1 billion in par in California.

Healthcare Financing Experience

Merrill Lynch:

- Merrill Lynch ranks as the nations second leading underwriter of all healthcare bonds in 2008 with over \$8.1 billion in total par
- Merrill Lynch ranks as the number one underwriter of all *healthcare* GO bonds in 2008 with approximately \$712 million in total par (second listed is Morgan Stanley followed by Citi)
- Merrill Lynch served as co-manager for a \$268 million healthcare GO bond financing in 2008 bringing Merrill Lynch's total GO underwriting to over \$980 million in 2008 (when including co-manager par)

JPMorgan:

- From 2004 to 2008, JPMorgan's healthcare group managed approximately 223 transactions totaling \$24.6 billion in par
- JPMorgan served as co-manager (Merrill Lynch served as the senior manager) on the \$290 million Bexar County Hospital District (University Health System) fixed rate offering in June 2008
- JPMorgan senior managed transactions nationwide since 2006 total approximately \$15.5 MM representing 117 deals

Morgan Stanley:

- In 2008, national healthcare transactions for Morgan Stanley totaled \$7.6 billion placing Morgan Stanley with a number three ranking behind Citi and Merrill Lynch respectively
- In 2008, in the California marketplace, Morgan Stanley was the number one underwriter accounting for \$2.3 billion in par amount of bonds (with Citi, JP Morgan and Merrill Lynch respectively following)

All three firms in which responses were obtained have significant capabilities, track records, and presence in the California market and would serve to enhance the proposed Series 2009 \$110 million GO bonds. Certainly what we have witnessed in the last year in the banking industry is that no firm is immune to the crisis and turmoil and in the coming months, with the issuance of PPH's bonds, the recommendation to appoint a co-manager is a sound strategy to insure diversification that will deliver broad distribution of sales at the lowest cost possible to PPH.

JPMorgan has stipulated at least a 30% participation as a co-manager position, which they believe is reasonable in this marketplace. Given the work and leadership performed to date by Citibank, management believes that the proposed 15% is a sufficient allowance that accomplishes PPH's objectives for this issue with capable alternative banks, either Merrill Lynch or Morgan Stanley to diversify the banking relationship risk and provide a broader distribution strategy for the sale of the bonds.

Given the pending affiliation of Morgan Stanley and Citi with their retail operations, PPH would inherently benefit from the added retail network distribution through a combined Morgan Stanley/Smith Barney affiliation. Therefore, adding Morgan Stanley to the PPH transaction could bring incremental value more to the transaction from an institutional distribution perspective (as that remains separate) as the affiliation results no net gain from a retail perspective with that aspect of the equation fulfilled through the affiliation agreement.

Given the overall strength and capabilities of both Morgan Stanley and Merrill Lynch, Kaufman Hall would support management's selection of either investment banking firm. Both firms would aptly serve the immediate objective and needs of the District. At this juncture, in order to finalize a management recommendation for board adoption, PPH and KH will be meeting with the representatives of both Merrill Lynch and Morgan Stanley to conduct interviews as part of the due diligence to this process. Management requests the Finance Committee of the Board to accept the recommendation of selecting either Morgan Stanley or Merrill Lynch as the co-manager subject to follow up interviews to be conducted in early February.

Finally, we recommend that the selection of the co-manager investment banking firm reflect only the upcoming G.O. bond, Series 2009 issue at this time. We would recommend that PPH revisit the selection of the co-manager for the next tranche of revenue bonds and / or G.O bonds at the time of those financings. That would insure that PPH is in a position to be responsive to the ongoing changes in the capital markets including changes that evolve in the banking sector such that we can identify and select the banking team that provides the best fit for PPH.

ATTACHMENT 2

PPH - FY 2009 BALANCE SCORECARD : LEGEND

Objectives	Outcome Measures	FY '09 DRAFT INITIATIVES	FY09 Threshold	FY09 Target	FY09 Maximum	
1.1 Achieve profitability	OEBITDA Margin % with Property Tax	Enhance revenue charge capture through completion of HealthwoRx projects #8 (Charge Service Optimization), #11 (Charge Capture and Reconciliation) and # 9 (CDM maintenance and redesign)	Less than 10.4%	10.40%	10.40%	greater than 10.4%
		Enhance clinical documentation through completion of HealthwoRx p				
OEBITDA w/Property Tax			below 100.00	100.00-101.99	100.00-101.99	102.00+
1.2 Demonstrate business growth	Increase in Adjusted Discharges above budget	Leverage existing relationships and programs to grow business	less than 2%	2% to less than 5%	5% to less than 6%	8% or greater
Adjusted Discharges			below 102.0	102.01-105.00	105.01-108.00	above 108.01
3.2 Optimize process efficiency and effectiveness	Cost per Total Adjusted Discharge (OEBITDA)	Systematically identify and improve key processes to increase reliable delivery of services	less than 5% below budget	\$10,150 (5% to less than 7%below budget)	\$9,947 (7% to less than 9%below budget)	\$9,748 (9% or greater below budget)
Expense/Adj Discharge			above 95.01%	93.01-95.00	91.01-93.00	below 91.00
Productive FTEs / Adj Occ Bed			> 2% greater than budget	2% greater than Budget to Budget amount	Budget to 2% less than budget	Greater than 2% less than budget
SWB/Adj Discharge			above 102.01	100.01-102.00	98.01-100.00	below 98.00
Prod FTE/Adj Discharge			above 102.01	100.01-102.00	98.01-100.00	below 98.00

ADDENDUM B

Financial Statements

January 2009

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

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Balanced Scorecard
Financial Indicators

October		November		December		January		% Actual to Budget	YTD 2009			
Actual	Actual	Actual	Actual	Budget	Variance	Actual	Budget		Variance	% Actual to Budget		
PPH Indicators:												
10.0%	10.5%	10.8%	9.7%	10.4%	(0.7%)	93.3%	OEBITDA Margin w/Prop Tax	10.3%	10.1%	0.2%	102.0%	
\$ 10,988.88	\$ 11,156.83	\$ 11,509.66	\$ 10,613.27	\$ 10,726.96	\$ 113.69	98.9%	Expenses/Adj Discharge	\$ 10,813.78	\$ 10,737.39	\$ (76.39)	100.7%	
\$ 6,412.67	\$ 6,720.09	\$ 6,656.36	\$ 6,313.51	\$ 6,419.11	\$ 105.60	98.4%	SWB/Adj Discharge	\$ 6,406.86	\$ 6,421.23	\$ 14.37	99.8%	
6.59	6.73	6.21	6.06	6.61	0.55	91.7%	Prod FTE's/Adj Occupied Bed	6.38	6.60	0.22	96.7%	
3,416	3,231	3,209	3,391	3,392	(1)	100.0%	Adjusted Discharges	23,622	23,547	75	100.3%	
PPH North Indicators:												
7.1%	12.7%	10.4%	12.2%	11.3%	0.9%	108.0%	OEBITDA Margin w/Prop Tax	10.9%	11.1%	(0.2%)	98.2%	
\$ 10,352.15	\$ 10,311.92	\$ 10,663.44	\$ 9,823.61	\$ 9,953.96	\$ 130.35	98.7%	Expenses/Adj Discharge	\$ 10,069.99	\$ 9,985.04	\$ (84.95)	100.9%	
\$ 5,306.92	\$ 5,250.89	\$ 5,439.63	\$ 5,232.59	\$ 5,230.81	\$ (1.78)	100.0%	SWB/Adj Discharge	\$ 5,215.25	\$ 5,248.79	\$ 33.54	99.4%	
5.36	5.61	5.25	4.98	5.37	0.39	92.7%	Prod FTE's/Adj Occupied Bed	5.29	5.39	0.10	98.1%	
2,492	2,361	2,287	2,452	2,451	1	100.0%	Adjusted Discharges	17,061	17,003	58	100.3%	
PPH South Indicators:												
13.7%	2.3%	11.7%	1.3%	6.9%	(5.6%)	18.8%	OEBITDA Margin w/Prop Tax	6.7%	6.4%	0.3%	104.7%	
\$ 11,372.33	\$ 12,470.69	\$ 11,375.32	\$ 11,681.76	\$ 11,685.73	\$ 3.97	100.0%	Expenses/Adj Discharge	\$ 11,535.18	\$ 11,638.58	\$ 103.40	99.1%	
\$ 5,716.60	\$ 6,189.88	\$ 5,846.95	\$ 6,002.07	\$ 6,027.63	\$ 25.56	99.6%	SWB/Adj Discharge	\$ 5,759.07	\$ 5,989.50	\$ 230.43	96.2%	
6.71	6.37	5.89	6.47	6.47	0.00	100.0%	Prod FTE's/Adj Occupied Bed	6.27	6.42	0.15	97.7%	
906	847	896	909	920	(11)	98.8%	Adjusted Discharges	6,406	6,401	5	100.1%	

Financial Results
Executive Summary of Key Indicators

	JANUARY 2009			FY 09 Y-T-D @ JANUARY 2009			Moody Benchmark
	Actual	Budget	Variance	Actual	Budget	Variance	
<u>Statistics:</u>							
Acute Admissions	2,299	2,502	(203)	16,600	17,352	(752)	
Acute Patient Days	9,381	9,654	(273)	65,101	66,952	(1,851)	
Acute ALOS	3.98	3.86	0.12	3.88	3.86	0.02	
Case Mix Index (w/o Births)	1.45	1.40	0.05	1.42	1.40	0.02	
Total Surgeries	1,575	1,658	(83)	11,243	11,500	(257)	
Births	412	454	(42)	3,073	3,150	(77)	
E/R Visits & Admissions	7,608	7,698	(90)	52,087	53,388	(1,301)	
ER to Admit Rate	16.4%	16.5%	(0.1%)	17.3%	16.5%	0.8%	
Productivity %	100.7%	100%	0.7%	99.2%	100%	(0.8%)	
<u>Income Statement:</u>							
Net Patient Revenue	36,354,941	36,602,254	(247,313)	256,584,929	253,507,319	3,077,610	
Total Net Revenue	36,804,560	37,209,073	(404,513)	260,967,373	257,755,052	3,212,321	
Sal., Wages, Cont. Lbr	16,794,323	17,504,230	709,907	121,182,539	121,560,331	377,792	
Supplies	5,823,179	5,648,122	(175,057)	40,973,219	39,153,390	(1,819,829)	
Total Expenses	35,972,585	36,385,855	413,270	255,349,824	252,833,369	(2,516,455)	
Net Inc. (Loss) before Non-Op	831,975	823,218	8,757	5,617,549	4,921,683	695,866	
Net Income (Loss)	1,474,609	2,165,168	(690,559)	14,282,692	14,315,333	(32,641)	
<u>Cash Flow:</u>							
Cash Collections	36,300,000	36,000,000	300,000	233,000,000	252,000,000	(19,000,000)	
Days in A/R - Gross				59.1	52.4	6.7	
Days Cash on Hand				94.9	80.0	14.9	
<u>Ratios:</u>							
OEBITDA w/ Prop. Tax	9.7%	10.4%	(0.7%)	10.3%	10.1%	0.2%	
Net Income Margin	4.0%	5.8%	(1.8%)	5.5%	5.6%	(0.1%)	
Bad Debt % of Net Revenue	13.6%	10.1%	(3.5%)	14.4%	10.1%	(4.3%)	7.1%
Return On Assets				3.1%	3.1%	0.0%	4.3%
Annual Debt Service Coverage				3.1			4.4
Cushion Ratio				6.4			15.3

Financial Results

Executive Summary & Highlights

Statistics

	Dec	Jan	Dec vs Jan % Change	Jan Budget	Act vs Bud % Variance
CONSOLIDATED					
Patient Days Acute	9,397	9,381	(0.2%)	9,654	(2.8%)
Patient Days SNF	6,477	6,457	(0.3%)	6,483	(0.4%)
ADC Acute	303.12	302.60	(0.2%)	311.42	(2.8%)
ADC SNF	208.94	208.29	(0.3%)	209.13	(0.4%)
Surgeries CVS Cases	16	16	0.0%	13	23.1%
Surgeries Total	1,527	1,575	3.1%	1,658	(5.0%)
Number of Births	416	412	(1.0%)	454	(9.3%)
NORTH					
Patient Days Acute	6,848	7,217	5.4%	7,155	0.9%
Patient Days SNF	2,742	2,748	0.2%	2,639	4.1%
ADC Acute	220.90	232.81	5.4%	230.80	0.9%
ADC SNF	88.45	88.65	0.2%	85.13	4.1%
SOUTH					
Patient Days Acute	2,549	2,164	(15.1%)	2,499	(13.4%)
Patient Days SNF	3,735	3,709	(0.7%)	3,844	(3.5%)
ADC Acute	82.23	69.80	(15.1%)	80.61	(13.4%)
ADC SNF	120.48	119.65	(0.7%)	124.00	(3.5%)

Balance Sheet

Current Cash & Cash Equivalents increased \$6.3 million from \$101.5 million in December to \$107.8 million in January. Total Cash and Investments are \$107.3 million, compared to \$102.4 million at December. Days Cash on Hand went from 90.4 days in December to 94.9 days in January.

Net Accounts Receivable decreased \$0.4 million from \$107.7 million in December to \$107.3 million in January. Gross A/R days decreased from 59.9 days in December to 59.1 days in January.

January YTD collections including capitation are \$233.0 million compared to budget of \$252.0 million.

Construction in Progress increased \$3.9 million from \$310.3 million in December to \$314.2 million in January. The increase is attributed to Building Expansion A & E Services and construction costs of \$3.2 million, Cerner Optimization project \$0.1 million, Pom Phase I \$0.2 million and Other \$0.4 million.

Other Current Liabilities decreased by \$1.0 million from \$29.1 million to \$28.1 million primarily due to the realization of deferred property tax revenue of \$1.2 million in January.

Income Statement

Gross Patient Revenue reflects a YTD favorable budget variance of \$29.8 million. The variance breakdown is as follows.

	North	South	Outreach	Total
Consolidated	19,797,536	9,624,792	417,571	29,839,899
Routine	(682,427)	(1,749,331)	-	(2,431,758)
IP Ancillary	(4,666,694)	5,009,202	-	342,508
OP	25,146,657	6,364,921	417,571	31,929,149

Deductions from Revenue reflect a YTD unfavorable budget variance of \$26.7 million. Total Deductions from Revenue is 71.89% of gross revenue compared to a budget of 71.29%.

Net Capitation reflects a YTD unfavorable budget variance of \$0.5 million. Cap Premium shows a favorable budget variance of \$5.0 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 \$2.6 million and \$2.9 million, respectively.

Other Operating Revenue reflects a YTD favorable budget variance of \$0.1 million. This is comprised of a \$1.0 million favorable budget variance in Revenue Cycle Management, which is partially offset by a \$0.4 million unfavorable budget variance from a new department, Weight Solutions; a \$0.3 million unfavorable budget variance from Health Development and the Research Institute combined, and Other unfavorable of \$0.2 million.

Income Statement (cont'd)

Salaries, Wages & Contract Labor has a YTD favorable budget variance of \$0.4 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	121,182,539	121,560,331	377,792
North	71,709,663	72,184,454	474,791
South	29,930,410	31,292,427	1,362,017
Central	15,350,538	14,446,405	(904,133)
Outreach	4,191,928	3,637,045	(554,883)

Employee Benefits Expense has a YTD unfavorable budget variance of \$0.5 million. This variance can be broken down into the following categories: Group Health Insurance – unfavorable by \$0.4; State Unemployment Insurance – unfavorable by \$0.2; Work Comp Insurance – unfavorable by \$0.1 million; and all Other Benefits combined - favorable by \$0.2 million.

Supplies Expense reflects a YTD unfavorable budget variance of \$1.8 million primarily due to Prosthesis expense.

Professional Fees & Purchased Services reflect a YTD unfavorable budget variance of \$0.07 million. The breakdown is Consulting Services – unfavorable \$0.17 million and Purchased Services favorable - \$0.10 million.

Non-Operating Income reflects a YTD unfavorable budget variance of \$0.70 million. This is due to an unfavorable investment income variance of \$0.80 million which is partially offset by a favorable interest expense variance of \$0.10 million.

Ratios & Margins

All required Bond Covenant Ratios were achieved in January, 2009.

Financial Results
Executive Summary & Highlights

Stat

Patient Days - Acute
 Discharges - Acute
 OP Registrations
 ER Visits
 Deliveries

MTD	Budget	YTD	Budget	PY
9,381	9,654	65,101	66,952	66,252
2,358	2,502	16,760	17,352	16,988
3,775	4,119	28,764	28,565	27,428
6,364	6,427	43,099	44,575	43,161
412	454	3,073	3,150	3,236

Profit & Loss (in millions)

Capitation
 Net Patient Revenue
 Total Revenue

 SWB
 Contract Labor
 Supplies
 Total Expense

 Net Income from Ops

 Net Income

MTD	Budget	YTD	Budget	PY
0.1	Breakeven	(0.7)	(0.1)	0.3
36.4	36.4	256.6	253.5	243.0
36.8	37.2	261.0	257.8	248.3
20.9	21.4	146.2	148.7	144.9
0.5	0.4	5.1	2.5	6.5
5.8	5.6	41.0	39.2	38.3
36.0	36.4	255.3	252.8	252.7
0.8	0.8	5.6	4.9	(4.4)
1.5	2.2	14.3	14.3	7.3

Key Variance Explanations

Month-To-Date

	Actual	Budget	Variance Detail	Variance
Net Income From Operations	831,975	823,218		8,757
Total Net Revenue				(247,313)
Net Patient Revenue			(247,313)	
Other Operating Revenue				(157,200)
Weight Solutions - contra to Supplies			(60,309)	
PPNC Health Development and Research Institute			(36,801)	
Other			(60,090)	
Salaries & Wages				838,088
Volume Variance			5,052	
Rate & Efficiency (Nursing & Non-Nursing)			833,036	
Benefits				(345,386)
Group Health Insurance			(201,527)	
FICA			(148,877)	
State Unemployment Insurance			(40,098)	
Other			45,116	
Contract Labor				(128,181)
Volume Variance			108	
Rate & Efficiency (Nursing & Non-Nursing)			(128,289)	

Key Variance Explanations

Month-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				(19,488)
Consulting Services (Rule 4 Consulting - \$34K)			(33,801)	
Other			14,313	
Supplies				(175,057)
Volume Variance			1,665	
Rate & Efficiency			(176,722)	
Prosthesis	(337,874)			
Pharmaceutical	153,691			
Weight Solutions - contra to Other Rev	31,347			
Other	(22,221)			
Purchased Services				(27,130)
Wound Care - contra to reduced revenue			34,885	
Other			(62,015)	
Depreciation				309,621
Depreciation decreased due to matured assets using (1/2 yr convention) at 12/31/2008			309,621	
Other Direct Expenses				(39,197)
Radiosurgery - contra to revenue			(171,000)	
Insurance - Liability			159,183	
Other			(27,380)	
Total Actual to Budget MTD Variance for January 2009			8,757	8,757

Key Variance Explanations
 Month-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Non-Operating Income (Expense)	642,634	1,341,950		(699,316)
Property Tax	1,166,666	1,166,666		0
Investment Income (Loss)	(192,141)	548,526		(740,667)
Pacific Income Advisers	(141,358)			
Other	(50,783)			
Interest Expense	500,959	488,038		(12,921)
Other	169,068	114,796		54,272
Net Income	<u>1,474,609</u>	<u>2,165,168</u>		<u>(690,559)</u>

Key Variance Explanations

Year-To-Date

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Net Income From Operations	5,618,549	4,921,683		695,866
Total Net Revenue				3,077,610
Net Patient Revenue			3,077,610	
Other Operating Revenue				134,711
Weight Solutions - contra to Supplies			(422,163)	
PPNC Health Development and Research Institute			(257,607)	
Revenue Cycle Management			1,000,000	
Other			(185,519)	
Salaries & Wages				2,936,598
Volume Variance			(379,093)	
Rate & Efficiency (Nursing & Non-Nursing)			3,315,691	
Benefits				(519,844)
Group Health Insurance			(400,446)	
State Unemployment Insurance			(184,618)	
Work Comp Insurance			(94,208)	
FICA			(83,423)	
Pension			243,778	
Other			(927)	
Contract Labor				(2,558,806)
Volume Variance			(8,091)	
Rate & Efficiency (Nursing & Non-Nursing)			(2,550,715)	

Key Variance Explanations

Year-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				(172,911)
Consulting Services (Rule 4 Consulting - \$247k; Other \$42)			(205,491)	
Other			32,580	
Supplies				(1,819,829)
Volume Variance			(124,708)	
Rate & Efficiency			(1,695,121)	
Prosthesis	(2,326,792)			
Weight Solutions - contra to Other Rev	217,407			
Pharmaceutical	174,912			
Other	114,644			
Purchased Services				100,409
Medi-Cal eligiblity services			(101,022)	
Repairs & Maintenance (xray tube \$-123K)			(295,031)	
Wound Care - contra to reduced revenue			192,826	
Other			303,636	
Depreciation				26,918
Depreciation			26,918	
Other Direct Expenses				(508,990)
Radiosurgery - contra to revenue			(578,250)	
Marketing FY08 invoice (\$122K)			(394,402)	
Governing Board (General Election \$232K)			(163,699)	
Insurance - Liability			493,479	
Other			133,882	
Total Actual to Budget YTD Variance for January 2009			695,866	695,866

Key Variance Explanations
Year-To-Date (cont'd)

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Non-Operating Income (Expense)	8,665,143	9,393,650		(728,507)
Property Tax	8,166,662	8,166,662		0
Investment Income (Loss)	2,967,285	3,839,682		(872,397)
Salomon Brothers	1,322,478			
Pacific Income Advisers	1,297,835			
Other	346,972			
Interest Expense	3,275,078	3,416,266		141,188
Other	806,274	803,572		2,702
Net Income	<u>14,283,692</u>	<u>14,315,333</u>		<u>(32,641)</u>

**Balance Sheet
Consolidated**

**Palomar Pomerado Health
Consolidated Balance Sheet
As of January 31, 2009**

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$13,786,064	\$18,821,741	\$12,578,422
Cash Marketable Securities	93,979,957	82,662,942	73,699,656
Total Cash & Cash Equivalents	107,766,021	101,484,683	86,278,078
Patient Accounts Receivable	250,004,019	256,277,509	173,630,766
Allowance on Accounts	(142,711,460)	(148,608,418)	(87,408,726)
Net Accounts Receivable	107,292,559	107,669,091	86,222,040
Inventories	6,735,293	6,766,080	6,826,298
Prepaid Expenses	5,172,395	5,504,025	3,790,644
Other	11,175,325	13,987,395	5,722,105
Total Current Assets	238,141,593	235,411,274	188,839,165
Non-Current Assets			
Restricted Assets	235,906,787	240,721,627	343,067,128
Restricted by Donor	309,491	308,056	303,600
Board Designated	(821,956)	610,153	12,117,325
Total Restricted Assets	235,394,322	241,639,836	355,488,053
Property Plant & Equipment	375,352,750	376,181,029	387,410,913
Accumulated Depreciation	(225,515,995)	(225,309,501)	(226,979,355)
Construction in Process	314,192,401	310,305,046	218,854,882
Net Property Plant & Equipment	464,029,156	461,176,574	379,286,440
Investment in Related Companies	5,497,941	5,580,025	3,109,523
Deferred Financing Costs	15,436,103	15,524,872	15,644,785
Other Non-Current Assets	6,095,327	6,105,786	5,956,094
Total Non-Current Assets	726,452,849	730,027,093	759,484,895
Total Assets	\$964,594,442	\$965,438,367	\$948,324,060

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$30,337,295	\$34,255,602	\$44,500,881
Accrued Payroll	14,862,305	14,132,960	12,139,225
Accrued PTO	13,437,837	14,127,170	13,977,901
Accrued Interest Payable	10,650,234	9,097,999	8,065,133
Current Portion of Bonds	9,780,000	9,780,000	9,660,000
Est Third Party Settlements	2,718,972	2,680,738	807,165
Other Current Liabilities	28,088,011	29,112,989	15,815,317
Total Current Liabilities	109,874,654	113,187,458	104,965,622
Long Term Liabilities			
Bonds & Contracts Payable	528,159,025	528,164,758	537,979,367
General Fund Balance			
Unrestricted	327,073,228	323,167,942	292,958,146
Restricted for Other Purpose	309,491	308,056	303,600
Board Designated	(821,956)	610,153	12,117,325
Total Fund Balance	326,560,763	324,086,151	305,379,071
Total Liabilities / Fund Balance	\$964,594,442	\$965,438,367	\$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	Nov	Dec	Jan	YTD
Statistics:								
Admissions - Acute	2,540	2,454	2,367	2,357	2,253	2,330	2,299	16,600
Admissions - SNF	95	107	101	87	73	82	76	621
Patient Days - Acute	9,587	9,491	9,098	9,345	8,802	9,397	9,381	65,101
Patient Days - SNF	6,572	6,497	6,313	6,570	6,197	6,477	6,457	45,083
LOS - Acute	3.74	3.81	3.87	3.85	3.85	4.11	3.98	3.88
LOS - SNF	67.75	60.16	67.88	69.16	78.44	84.12	83.86	72.02
Adjusted Discharges	3,600	3,481	3,293	3,416	3,231	3,209	3,391	23,622
Revenue:								
Gross Revenue	\$ 131,046,951	\$ 131,438,267	\$ 127,873,677	\$ 135,991,410	\$ 122,619,993	\$ 132,503,423	\$ 131,229,449	\$ 912,703,168
Deductions from Rev	(94,593,925)	(94,598,259)	(91,280,996)	(98,599,181)	(86,064,844)	(96,106,528)	(94,874,508)	(656,118,239)
Net Patient Revenue	36,453,026	36,840,008	36,592,681	37,392,229	36,555,149	36,396,895	36,354,941	256,584,929
Other Oper Revenue	481,361	331,016	518,420	850,901	300,829	1,450,298	449,619	4,382,444
Total Net Revenue	36,934,387	37,171,024	37,111,101	38,243,130	36,855,978	37,847,193	36,804,560	260,967,373
Expenses:								
Salaries, Wages & Contr Labor	17,547,177	17,429,247	17,159,435	17,718,059	17,472,778	17,061,521	16,794,323	121,182,539
Benefits	4,496,086	4,177,042	4,146,197	4,187,628	4,239,835	4,298,735	4,614,774	30,160,297
Supplies	5,536,898	5,656,890	5,963,822	6,439,529	5,668,865	5,884,036	5,823,179	40,973,219
Prof Fees & Purch Svc	4,597,010	4,825,802	5,138,315	5,033,215	4,364,132	5,276,227	4,925,011	34,159,712
Depreciation	1,915,873	1,905,155	1,841,193	1,956,220	1,908,874	1,941,062	1,563,527	13,031,904
Other	1,975,226	2,233,503	2,382,627	2,203,375	2,392,334	2,403,317	2,251,771	15,842,153
Total Expenses	36,068,270	36,227,639	36,631,589	37,538,026	36,046,818	36,864,898	35,972,585	255,349,824
Net Inc Before Non-Oper Income	866,117	943,385	479,512	705,104	809,160	982,295	831,975	5,617,549
Property Tax Revenue	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	8,166,662
Non-Operating Income	69,375	147,884	(614,405)	75,236	831,064	513,358	(524,032)	498,481
Net Income (Loss)	\$ 2,102,158	\$ 2,257,935	\$ 1,031,773	\$ 1,947,006	\$ 2,806,890	\$ 2,662,319	\$ 1,474,609	\$ 14,282,692
Net Income Margin	5.7%	6.1%	2.8%	5.1%	7.6%	7.0%	4.0%	5.5%
OEBITDA Margin w/o Prop Tax	7.5%	7.7%	6.3%	7.0%	7.4%	7.7%	6.5%	7.1%
OEBITDA Margin with Prop Tax	10.7%	10.8%	9.4%	10.0%	10.5%	10.8%	9.7%	10.3%

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

				Variance		\$/Adjusted Discharges			
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	16,600	17,352	(752)						
Admissions - SNF	621	627	(6)						
Patient Days - Acute	65,101	66,952	(1,851)						
Patient Days - SNF	45,083	44,779	304						
ALOS - Acute	3.88	3.86	0.02						
ALOS - SNF	72.02	72.22	(0.20)						
Adjusted Discharges	23,622	23,547	75						
Revenue:									
Gross Revenue	\$ 912,703,168	\$ 882,863,269	\$ 29,839,899 F	\$ 2,812,025	\$ 27,027,874	\$38,637.84	\$ 37,493.66	\$ 1,144.18	
Deductions from Rev	(656,118,239)	(629,355,950)	(26,762,289) U	(2,004,574)	(24,757,715)	(27,775.73)	(26,727.65)	(1,048.08)	
Net Patient Revenue	256,584,929	253,507,319	3,077,610 F	807,451	2,270,159	10,862.12	10,766.01	96.10	
Other Oper Revenue	4,382,444	4,247,733	134,711 F	13,530	121,181	185.52	180.39	5.13	
Total Net Revenue	260,967,373	257,755,052	3,212,321 F	820,981	2,391,340	11,047.64	10,946.41	101.23	
Expenses:									
Salaries, Wages & Contr Labor	121,182,539	121,560,331	377,792 F	(387,184)	764,976	5,130.07	5,162.46	32.38	
Benefits	30,160,297	29,640,453	(519,844) U	(94,408)	(425,436)	1,276.79	1,258.78	(18.01)	
Supplies	40,973,219	39,153,390	(1,819,829) U	(124,708)	(1,695,121)	1,734.54	1,662.78	(71.76)	
Prof Fees & Purch Svc	34,159,712	34,087,210	(72,502) U	(108,572)	36,070	1,446.10	1,447.62	1.53	
Depreciation	13,031,904	13,058,822	26,918 F	(41,594)	68,512	551.69	554.59	2.90	
Other	15,842,153	15,333,165	(508,988) U	(48,838)	(460,150)	670.65	651.17	(19.48)	
Total Expenses	255,349,824	252,833,369	(2,516,455) U	(805,304)	(1,711,151)	10,809.83	10,737.39	(72.44)	
Net Inc Before Non-Oper Income	5,617,549	4,921,683	695,866 F	15,676	680,190	237.81	209.02	28.79	
Property Tax Revenue	8,166,662	8,166,662	- -	26,012	(26,012)	345.72	346.82	(1.10)	
Non-Operating Income	498,481	1,226,988	(728,507) U	3,908	(732,415)	21.10	52.11	(31.01)	
Net Income (Loss)	\$ 14,282,692	\$ 14,315,333	\$ (32,641) U	\$ 45,596	\$ (78,237)	\$ 604.64	\$ 607.95	\$ (3.31)	
Net Income Margin	5.5%	5.6%	(0.1%)						
OEBITDA Margin w/o Prop Tax	7.1%	7.0%	0.1%						
OEBITDA Margin with Prop Tax	10.3%	10.1%	0.2%						

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

				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	2,299	2,502	(203)					
Admissions - SNF	76	89	(13)					
Patient Days - Acute	9,381	9,654	(273)					
Patient Days - SNF	6,457	6,483	(26)					
ALOS - Acute	3.98	3.86	0.12					
ALOS - SNF	83.86	73.67	10.19					
Adjusted Discharges	3,391	3,392	(1)					
Revenue:								
Gross Revenue	\$ 131,229,449	\$ 127,395,989	\$ 3,833,460 F	\$ (37,558)	\$ 3,871,018	\$38,699.34	\$ 37,557.78	\$ 1,141.56
Deductions from Rev	(94,874,508)	(90,793,735)	(4,080,773) U	26,767	(4,107,540)	(27,978.33)	(26,767.02)	(1,211.31)
Net Patient Revenue	36,354,941	36,602,254	(247,313) U	(10,791)	(236,522)	10,721.01	10,790.76	(69.75)
Other Oper Revenue	449,619	606,819	(157,200) U	(179)	(157,021)	132.59	178.90	(46.31)
Total Net Revenue	36,804,560	37,209,073	(404,513) U	(10,970)	(393,543)	10,853.60	10,969.66	(116.06)
Expenses:								
Salaries, Wages & Contr Labor	16,794,323	17,504,230	709,907 F	5,160	704,747	4,952.62	5,160.45	207.83
Benefits	4,614,774	4,269,388	(345,386) U	1,259	(346,645)	1,360.89	1,258.66	(102.22)
Supplies	5,823,179	5,648,122	(175,057) U	1,665	(176,722)	1,717.25	1,665.13	(52.12)
Prof Fees & Purch Svc	4,925,011	4,878,393	(46,618) U	1,438	(48,056)	1,452.38	1,438.21	(14.17)
Depreciation	1,563,527	1,873,148	309,621 F	552	309,069	461.08	552.23	91.14
Other	2,251,771	2,212,574	(39,197) U	652	(39,849)	664.04	652.29	(11.75)
Total Expenses	35,972,585	36,385,854	413,269 F	10,727	402,542	10,608.25	10,726.96	118.71
Net Inc Before Non-Oper Income	831,975	823,219	8,756 F	(243)	8,999	245.35	242.69	2.65
Property Tax Revenue	1,166,666	1,166,666	- -	(344)	344	344.05	343.95	0.10
Non-Operating Income	(524,032)	175,284	(699,316) U	(52)	(699,264)	(154.54)	51.68	(206.21)
Net Income (Loss)	\$ 1,474,609	\$ 2,165,169	\$ (690,560) U	\$ (638)	\$ (689,922)	\$ 434.86	\$ 638.32	\$ (203.46)
Net Income Margin	4.0%	5.8%	(1.8%)					
OEBITDA Margin w/o Prop Tax	6.5%	7.2%	(0.7%)					
OEBITDA Margin with Prop Tax	9.7%	10.4%	(0.7%)					

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

				Variance		\$/Adjusted Discharges		
	Jan 09 YTD	Jan 08 YTD	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	16,600	16,951	(351)					
Admissions - SNF	621	609	12					
Patient Days - Acute	65,101	66,252	(1,151)					
Patient Days - SNF	45,083	44,759	324					
ALOS - Acute	3.88	3.90	(0.02)					
ALOS - SNF	72.02	74.10	(2.08)					
Adjusted Discharges	23,622	23,279	343					
Revenue:								
Gross Revenue	\$ 912,703,168	\$ 812,353,222	\$ 100,349,946 F	\$ 11,969,464	\$ 88,380,482	\$38,637.84	\$ 34,896.40	\$ 3,741.45
Deductions from Rev	(656,118,239)	(569,361,153)	(86,757,086) U	(8,389,144)	(78,367,942)	(27,775.73)	(24,458.14)	(3,317.58)
Net Patient Revenue	256,584,929	242,992,069	13,592,860 F	3,580,320	10,012,540	10,862.12	10,438.25	423.87
Other Oper Revenue	4,382,444	5,319,380	(936,936) U	78,377	(1,015,313)	185.52	228.51	(42.98)
Total Net Revenue	260,967,373	248,311,449	12,655,924 F	3,658,698	8,997,226	11,047.64	10,666.76	380.88
Expenses:								
Salaries, Wages & Contr Labor	121,182,539	120,840,870	(341,669) U	(1,780,507)	1,438,838	5,130.07	5,190.98	60.91
Benefits	30,160,297	30,515,397	355,100 F	(449,623)	804,723	1,276.79	1,310.86	34.07
Supplies	40,973,219	38,308,514	(2,664,705) U	(564,450)	(2,100,255)	1,734.54	1,645.63	(88.91)
Prof Fees & Purch Svc	34,159,712	36,239,451	2,079,739 F	(533,963)	2,613,702	1,446.10	1,556.74	110.65
Depreciation	13,031,904	12,579,107	(452,797) U	(185,344)	(267,453)	551.69	540.36	(11.32)
Other	15,842,153	14,235,355	(1,606,798) U	(209,748)	(1,397,050)	670.65	611.51	(59.14)
Total Expenses	255,349,824	252,718,694	(2,631,130) U	(3,723,636)	1,092,506	10,809.83	10,856.08	46.25
Net Inc Before Non-Oper Income	5,617,549	(4,407,245)	10,024,794 F	(64,938)	10,089,732	237.81	(189.32)	427.13
Property Tax Revenue	8,166,662	7,875,000	291,662 F	116,033	175,629	345.72	338.29	7.43
Non-Operating Income	498,481	3,828,361	(3,329,880) U	56,408	(3,386,288)	21.10	164.46	(143.35)
Net Income (Loss)	\$ 14,282,692	\$ 7,296,116	\$ 6,986,576 F	\$ 107,503	\$ 6,879,073	\$ 604.64	\$ 313.42	\$ 291.21
Net Income Margin	5.5%	2.9%	2.6%					
OEBITDA Margin w/o Prop Tax	7.1%	3.3%	3.8%					
OEBITDA Margin with Prop Tax	10.3%	6.5%	3.8%					

FISCAL YEAR 2009
Income Statement: Fiscal Year Projection
Consolidated – Adjusted Discharges

ADD B-21 **PALOMAR
POMERADO
HEALTH**
SPECIALIZING IN YOU

				Variance		\$/Adjusted Discharges		
	7 Act + 5 Bud	FY 09 Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
Statistics:								
Admissions - Acute	28,702	29,454	(752)					
Admissions - SNF	1,048	1,054	(6)					
Patient Days - Acute	111,805	113,656	(1,851)					
Patient Days - SNF	76,301	75,997	304					
Adjusted Discharges	40,026	39,951	75					
Revenue:								
Gross Revenue	\$ 1,529,071,852	\$ 1,499,231,953	\$ 29,839,899 F	\$ 2,814,508	\$ 27,025,391	\$ 38,201.97	\$ 37,526.77	\$ 675.20
Deductions from Rev	(1,095,353,619)	(1,068,591,330)	(26,762,289) U	(2,006,066)	(24,756,223)	(27,366.05)	(26,747.55)	(618.50)
Net Patient Revenue	433,718,233	430,640,623	3,077,610 F	808,442	2,269,168	10,835.91	10,779.22	56.69
Other Oper Revenue	7,646,539	7,511,828	134,711 F	14,102	120,609	191.04	188.03	3.01
Total Net Revenue	441,364,772	438,152,451	3,212,321 F	822,543	2,389,778	11,026.95	10,967.25	59.71
Expenses:								
Salaries, Wages & Contr Labor	205,717,253	206,095,045	377,792 F	(386,902)	764,694	5,139.59	5,158.70	19.10
Benefits	50,803,527	50,283,683	(519,844) U	(94,398)	(425,446)	1,269.26	1,258.63	(10.63)
Supplies	68,315,612	66,495,783	(1,819,829) U	(124,833)	(1,694,996)	1,706.78	1,664.43	(42.35)
Prof Fees & Purch Svc	57,714,075	57,641,573	(72,502) U	(108,211)	35,709	1,441.91	1,442.81	0.89
Depreciation	22,397,644	22,424,562	26,918 F	(42,098)	69,016	559.58	561.30	1.72
Other	26,730,928	26,221,940	(508,988) U	(49,226)	(459,762)	667.84	656.35	(11.49)
Total Expenses	431,679,040	429,162,585	(2,516,455) U	(805,667)	(1,710,788)	10,784.97	10,742.22	(42.74)
Net Inc Before Non-Oper Income	9,685,732	8,989,866	695,866 F	16,877	678,989	241.99	225.02	16.96
Property Tax Revenue	13,999,992	13,999,992	- -	26,282	(26,282)	349.77	350.43	(0.66)
Non-Operating Income	1,374,901	2,103,408	(728,507) U	3,949	(732,456)	34.35	52.65	(18.30)
Net Income (Loss)	\$ 25,060,625	\$ 25,093,266	\$ (32,641) U	\$ 47,108	\$ (79,749)	\$ 626.11	\$ 628.10	\$ (1.99)
Net Income Margin	5.7%	5.7%	(0.0%)					
OEBITDA Margin w/o Prop Tax	7.3%	7.2%	0.1%					
OEBITDA Margin with Prop Tax	10.4%	10.4%	0.0%					

F I S C A L Y E A R 2 0 0 9
Cash Flow Statement

Fiscal Year 2009	January	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	831,975	5,617,549
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,563,527	13,031,904
Provision for bad debts	4,956,914	37,045,454
Changes in operating assets and liabilities:		
Patient accounts receivable	(4,580,382)	(58,115,974)
Property Tax and other receivables	(703,939)	(20,794,572)
Inventories	30,787	91,005
Prepaid expenses and Other Non-Current assets	413,714	(3,770,169)
Accounts payable	(3,918,307)	(14,163,586)
Accrued compensation	40,012	2,183,016
Estimated settlement amounts due third-party payors	38,234	1,911,807
Other current liabilities	1,141,689	24,504,716
Net cash provided by operating activities	(185,776)	(12,458,850)
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	(5,071,501)	99,813,430
Income (Loss) on investments	(192,141)	2,967,284
Investment in affiliates	96,619	715,144
Net cash used in investing activities	(5,167,023)	103,495,858
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	1,606,429	6,690,246
Receipt of District Taxes	1,825,219	7,796,729
Net cash used in non-capital financing activities	3,431,647	14,486,975
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	(3,203,294)	(86,596,839)
Proceeds from sale of asset	0	0
Deferred Financing Costs	88,769	208,682
G.O. Bond Interest paid	0	(7,037,392)
Revenue Bond Interest paid	0	(1,230,793)
Proceeds from issuance of debt	0	0
Payments of Long Term Debt	0	(9,660,000)
Net cash used in activities	(3,114,525)	(104,316,342)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,035,677)	1,207,641
CASH AND CASH EQUIVALENTS - Beginning of period	18,821,741	12,578,422
CASH AND CASH EQUIVALENTS - End of period	13,786,064	13,786,064

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	12,436	12,996	(560)	12,774
Pomerado Hospital	4,164	4,356	(192)	4,177
Total:	<u>16,600</u>	<u>17,352</u>	<u>(752)</u>	<u>16,951</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	244	292	(48)	285
Pomerado Hospital	377	335	42	324
Total:	<u>621</u>	<u>627</u>	<u>(6)</u>	<u>609</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	48,421	49,621	(1,200)	49,246
Pomerado Hospital	16,680	17,331	(651)	17,006
Total:	<u>65,101</u>	<u>66,952</u>	<u>(1,851)</u>	<u>66,252</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	19,114	18,303	811	18,240
Pomerado Hospital	25,969	26,476	(507)	26,519
Total:	<u>45,083</u>	<u>44,779</u>	<u>304</u>	<u>44,759</u>

Summary of Key Indicators & Results

Fiscal Year-to-Date

EMERGENCY ROOM VISITS & TRAUMA CASES:

Palomar Medical Center	29,134	29,976	(842)	29,033
Pomerado Hospital	13,965	14,599	(634)	14,128
Total:	<u>43,099</u>	<u>44,575</u>	<u>(1,476)</u>	<u>43,161</u>

EMERGENCY & TRAUMA ADMISSIONS:

Palomar Medical Center	6,597	6,553	44	6,276
Pomerado Hospital	2,391	2,260	131	2,038
Total:	<u>8,988</u>	<u>8,813</u>	<u>175</u>	<u>8,314</u>

SURGERIES:

- Escondido Surgery Center started in Dec-07.

Palomar Medical Center	7,183	7,562	(379)	5,561
Pomerado Hospital	4,060	3,938	122	3,943
Total:	<u>11,243</u>	<u>11,500</u>	<u>(257)</u>	<u>9,504</u>

BIRTHS:

Palomar Medical Center	2,373	2,442	(69)	2,535
Pomerado Hospital	700	708	(8)	701
Total:	<u>3,073</u>	<u>3,150</u>	<u>(77)</u>	<u>3,236</u>

F I S C A L Y E A R 2 0 0 9
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	17,061	17,003	58	16,613
Pomerado Hospital	6,406	6,401	5	6,175
Other Activities	155	143	12	491
Total:	<u>23,622</u>	<u>23,547</u>	<u>75</u>	<u>23,279</u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.86	3.82	0.04	3.85
Pomerado Hospital	3.96	3.98	(0.02)	4.04
Total:	<u>3.88</u>	<u>3.86</u>	<u>0.02</u>	<u>3.90</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	79.31	64.22	15.09	64.68
Pomerado Hospital	67.45	79.03	(11.58)	82.36
Total:	<u>72.02</u>	<u>72.22</u>	<u>(0.20)</u>	<u>74.10</u>

Supplies Expense
Year-to-Date

Account	Description	Actual	Budget	Variance
631000	Prosthesis	10,840,210	8,513,418	(2,326,792)
641000	Supplies Other Medical	8,853,350	8,549,301	(304,049)
632000	Sutures/Surgical Needles	1,005,001	909,906	(95,095)
647000	Supplies Employee Apparel	162,793	87,295	(75,498)
634000	Supplies Surgery General	2,937,510	2,872,769	(64,741)
648000	Instruments/Minor Equipment	258,596	224,033	(34,563)
642000	Supplies Food/Meat	344,485	320,362	(24,123)
645000	Supplies Cleaning	268,074	244,315	(23,759)
635000	Supplies Anesthesia Material	26,104	7,192	(18,912)
644000	Supplies Linen	16,266	22,666	6,400
637000	Supplies IV Solutions	275,791	289,247	13,456
640000	Supplies X-ray Material	(1,258)	16,057	17,315
633000	Supplies Surgical Pack	1,130,405	1,152,881	22,476
636000	Supplies Oxygen/Gas	138,414	169,052	30,638
650000	Other Non Medical	4,013,253	4,055,501	42,248
643000	Supplies Food Other	1,509,195	1,556,568	47,373
639000	Supplies Radioactive	395,303	471,927	76,624
646100	Supplies Forms	259,559	357,643	98,084
638000	Supplies Pharmaceutical	7,696,543	7,871,455	174,912
646000	Supplies Office/Administration	470,261	737,314	267,053
649000	Other Minor Equipment	373,365	724,488	351,124
	TOTAL	40,973,219	39,153,390	(1,819,829)

FISCAL YEAR 2009

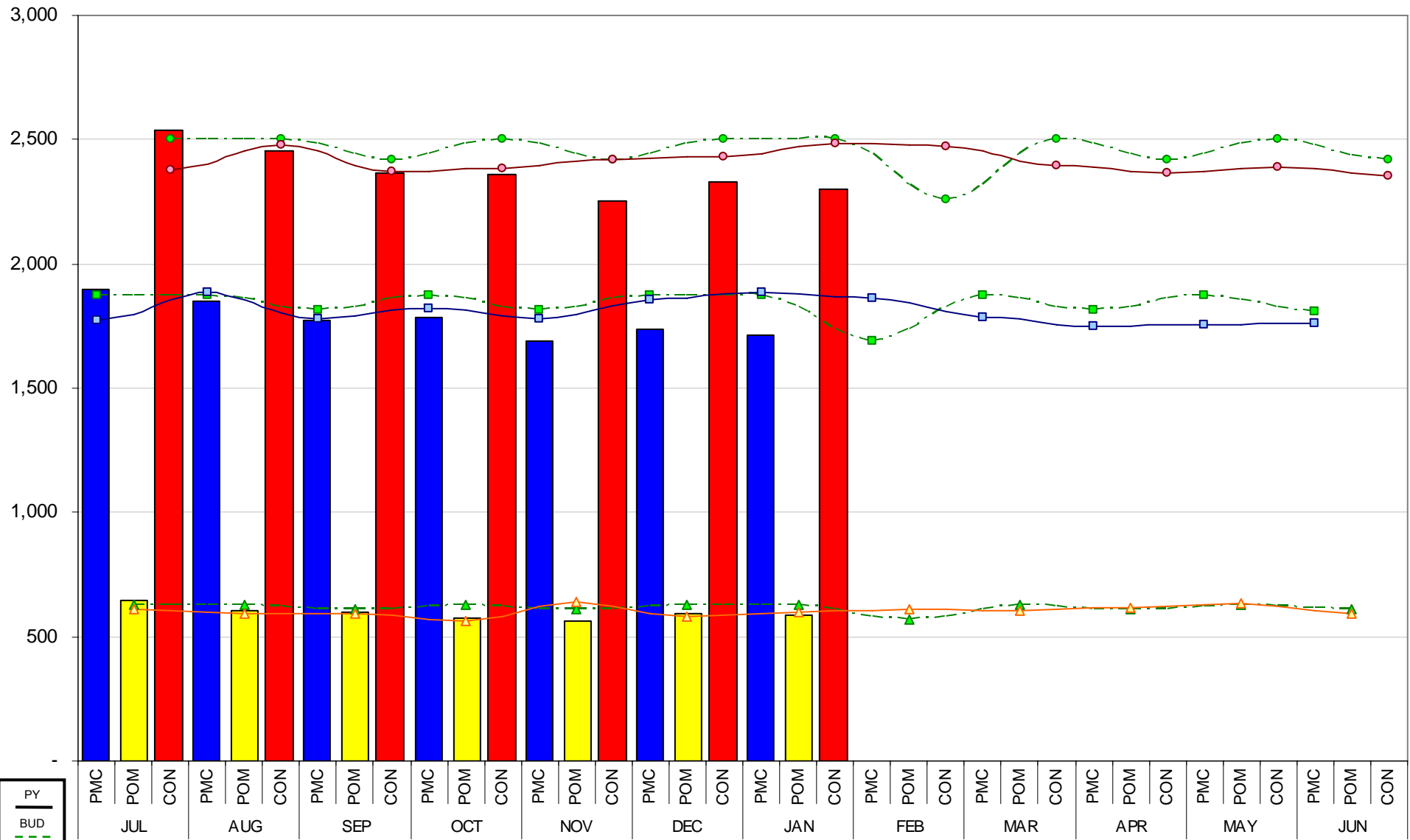
Bond Covenant Ratios

Cushion Ratio	Jun-07	Jun-08	Jan-09
Cash and Cash Equivalents	109,213,349	86,122,696	107,766,021
Board Designated Reserves	-	12,117,325	(821,956)
Trustee-held Funds (Revenue Fund only)	249,531	185,981	26,515
Total	109,462,880	98,426,002	106,970,580
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2009)	16,972,692	16,972,692	16,639,112
Cushion Ratio	6.4	5.8	6.4
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved

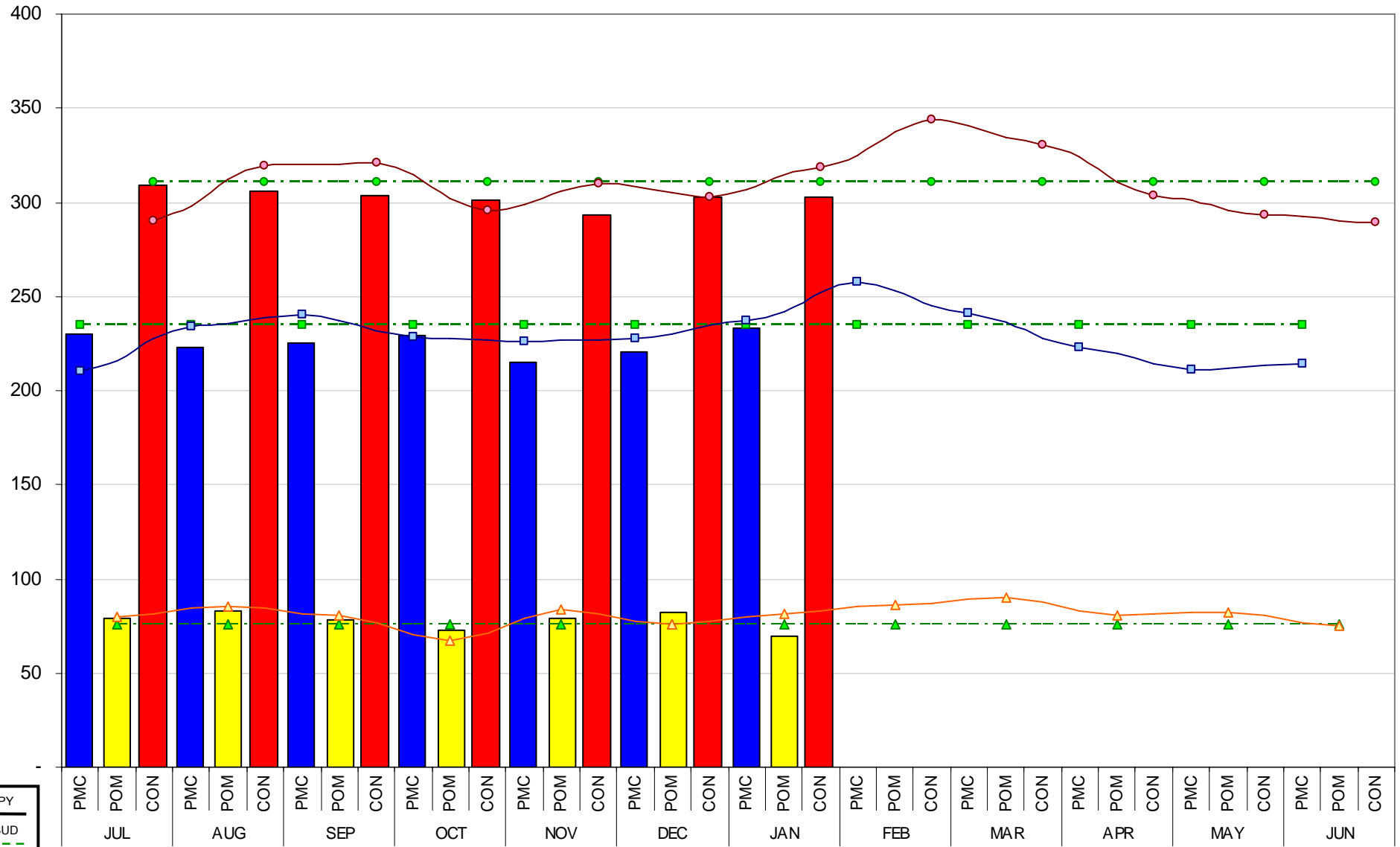
Days Cash on Hand	Jun-07	Jun-08	Jan-09
Cash and Cash Equivalents	109,213,349	86,122,696	107,766,021
Board Designated Reserves	-	12,117,325	(821,956)
Trustee-held Funds (Revenue Fund only)	249,531	185,981	26,515
Total	109,462,880	98,426,002	106,970,580
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	385,355,509	428,153,444	255,349,824
Less: Depreciation	19,453,013	21,572,031	13,031,904
Adjusted Expenses	365,902,496	406,581,413	242,317,920
Number of days in period	365	366	215
Average Adjusted Expenses per Day	1,002,473	1,110,878	1,127,060
Days Cash on Hand	109.2	88.6	94.9
REQUIREMENT	80	80	80
	Achieved	Achieved	Achieved

Net Income Available for Debt Service	Jun-07	Jun-08	Jan-09
Excess of revenue over expenses Cur Mo.	2,963,446	(12,441,012)	1,474,610
Excess of revenues over expenses YTD (General Funds)	21,974,509	(4,053,517)	14,282,692
ADD:			
Depreciation and Amortization	19,453,013	21,391,200	13,031,904
Interest Expense	3,343,683	14,912,181	3,275,078
Net Income Available for Debt Service	44,771,205	32,249,864	30,589,674
Aggregate Debt Service			
1999 Insured Refunding Revenue Bonds	8,249,916	8,248,018	4,812,730
2006 Certificates of Participation	4,373,342	8,316,457	5,004,612
Aggregate Debt Service	12,623,258	16,564,475	9,817,342
Net Income Available for Debt Service	3.55	1.95	3.12
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

Statistical Indicators
Admissions – Acute

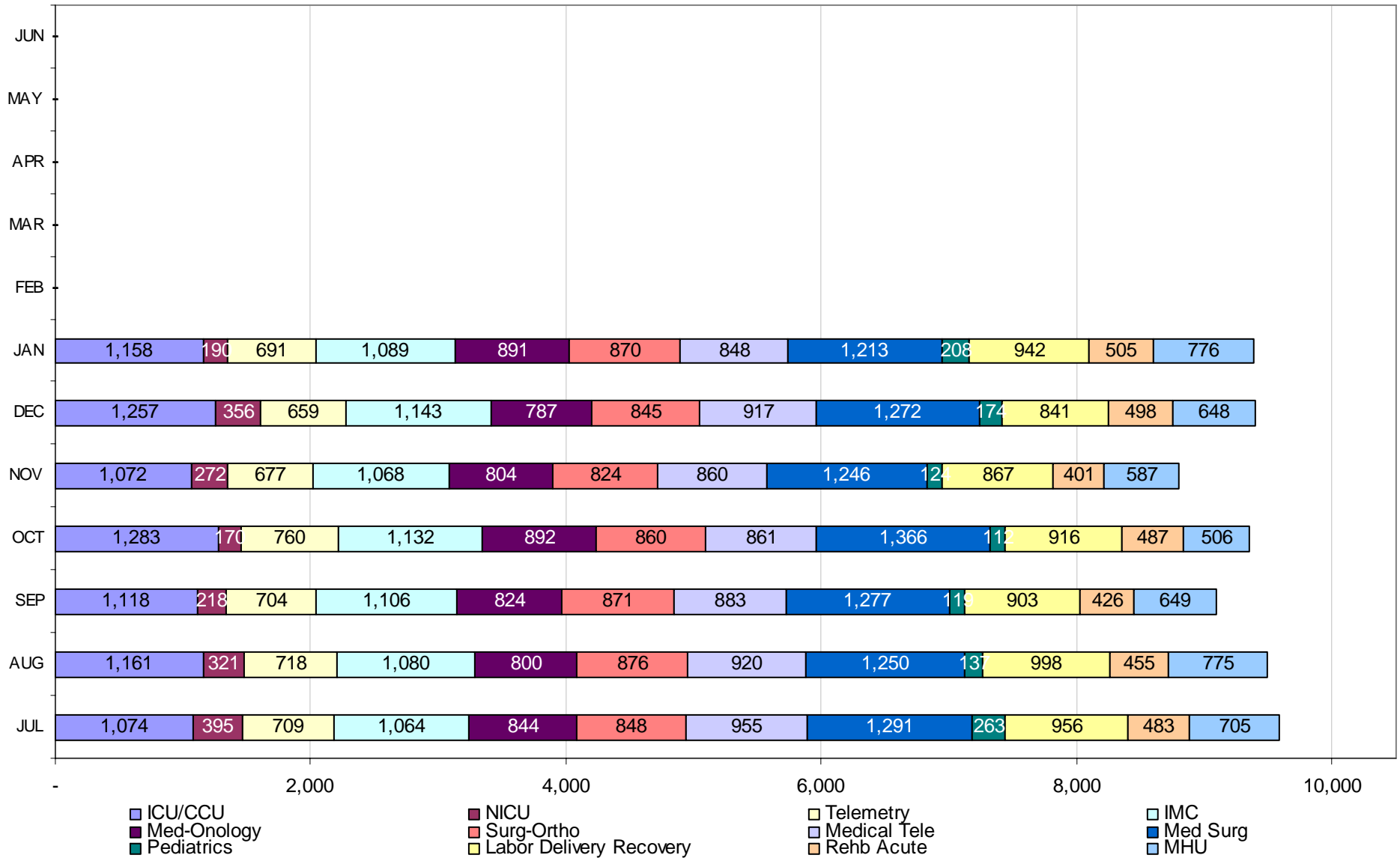


	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD	B-YTD
PY	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	PMC	POM	CON	CON
BUD	1,895	645	1,848	606	1,771	596	1,782	575	1,687	566	1,738	592	1,715	584	-	-	-	-	-	-	-	-	-	-	12,436	12,996
	2,540	2,454	2,367	2,357	2,253	2,330	2,299	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	16,600	17,352	



	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD	B-YTD
PMC	230	223	225	229	215	221	233	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	225	231		
POM	79	83	78	72	79	82	70	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	78	81		
CON	309	306	303	301	293	303	303	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	303	312		

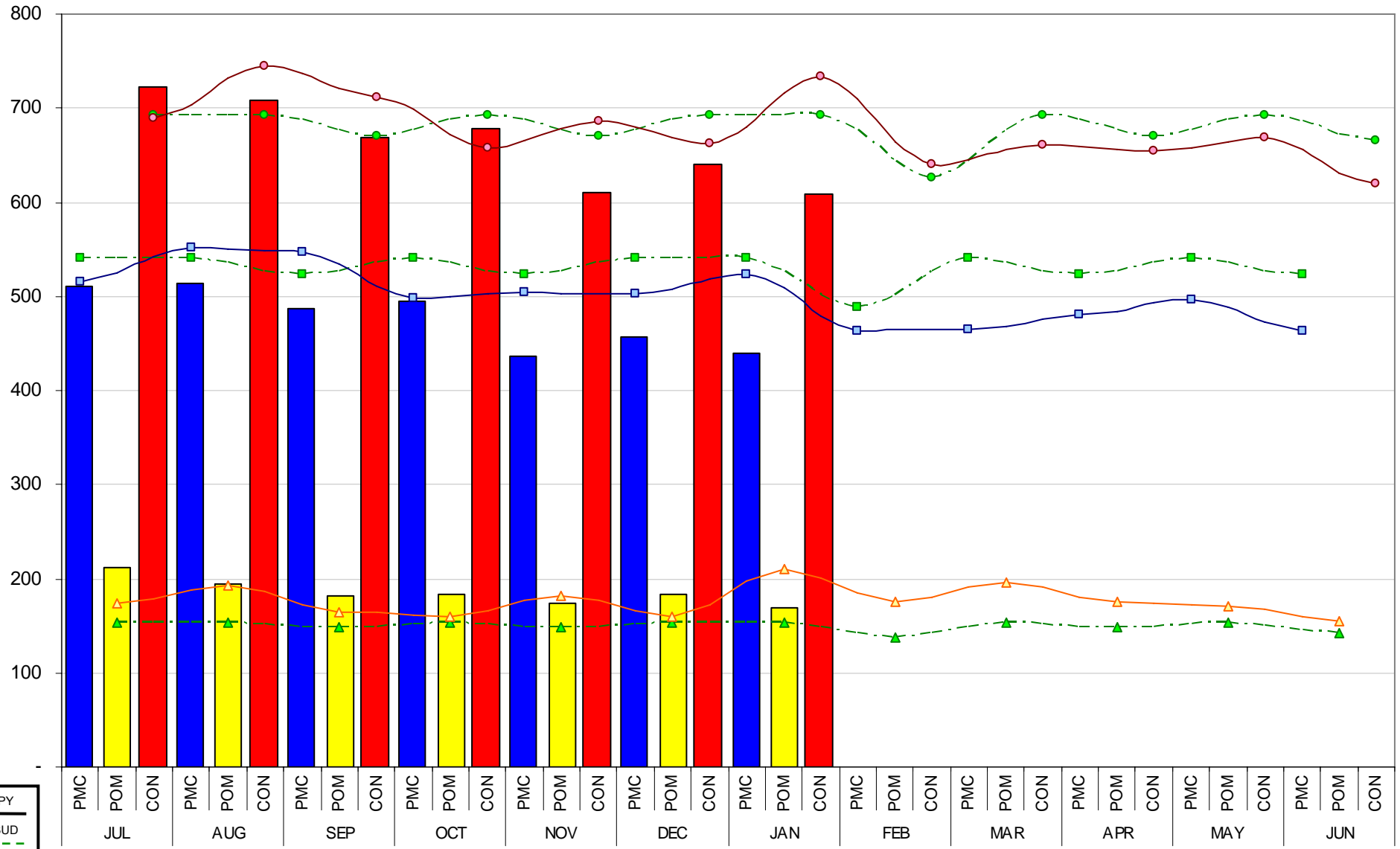
Statistical Indicators
Patient Days



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	7,138	6,920	6,757	7,101	6,440	6,848	7,217	-	-	-	-	-	48,421	49,621
POM	2,449	2,571	2,341	2,244	2,362	2,549	2,164	-	-	-	-	-	16,680	17,331
CON	9,587	9,491	9,098	9,345	8,802	9,397	9,381	-	-	-	-	-	65,101	66,952

Statistical Indicators

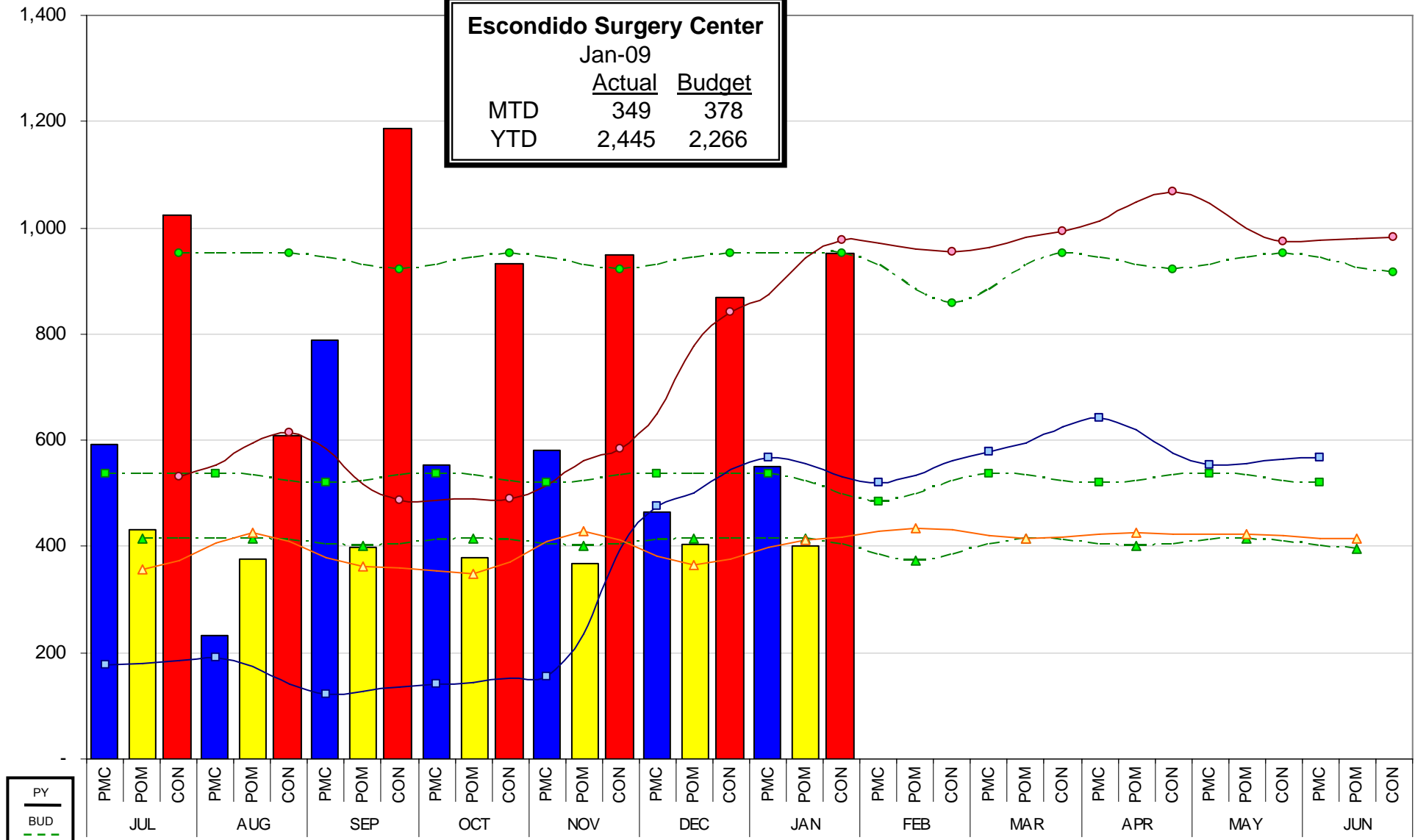
Surgeries (Inpatient only)



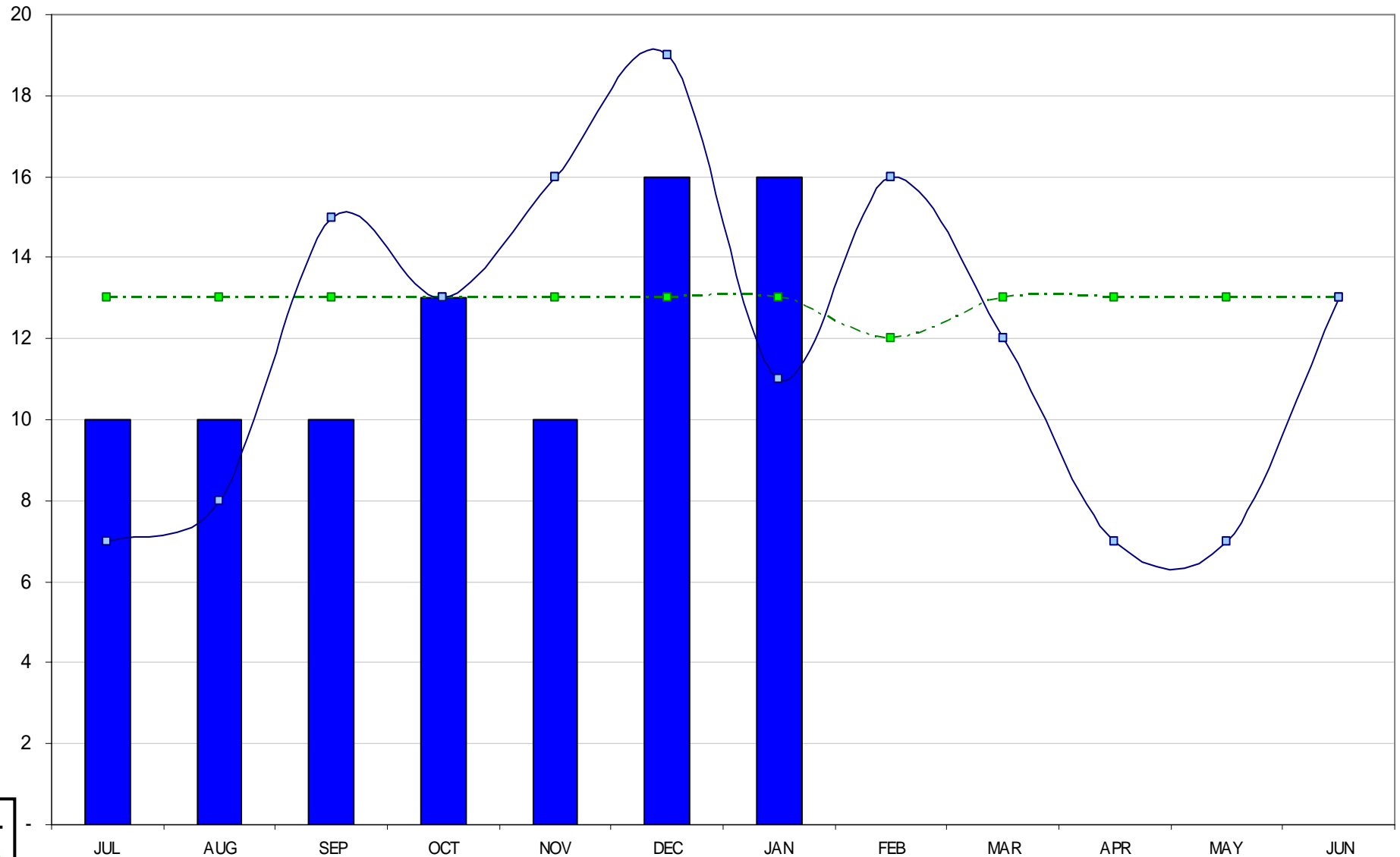
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	510	514	487	495	436	457	439	-	-	-	-	-	3,338	3,746
POM	212	195	182	184	174	184	169	-	-	-	-	-	1,300	1,061
CON	722	709	669	679	610	641	608	-	-	-	-	-	4,638	4,807

Statistical Indicators
Surgeries (Outpatient only)

Escondido Surgery Center		
Jan-09		
	<u>Actual</u>	<u>Budget</u>
MTD	349	378
YTD	2,445	2,266



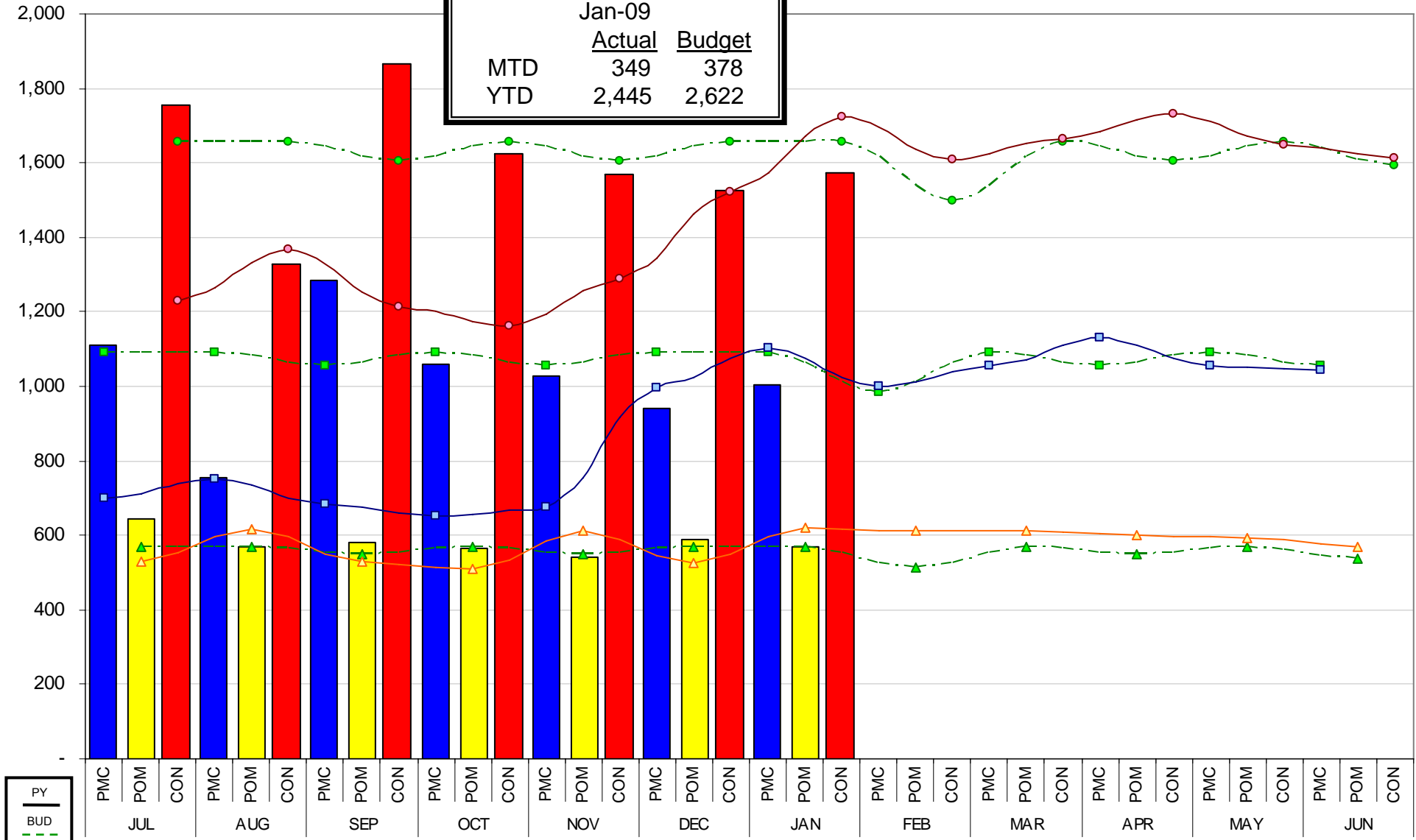
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	591	232	788	553	580	466	550	-	-	-	-	-	3,760	3,725
POM	432	376	399	380	368	404	401	-	-	-	-	-	2,760	2,877
CON	1,023	608	1,187	933	948	870	951	-	-	-	-	-	6,520	6,602



	<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	10	16	16	-	-	-	-	-	85	91
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	10	10	10	13	10	16	16	-	-	-	-	-	85	91

Statistical Indicators
Total Surgeries

Escondido Surgery Center
Jan-09
Actual Budget
MTD 349 378
YTD 2,445 2,622

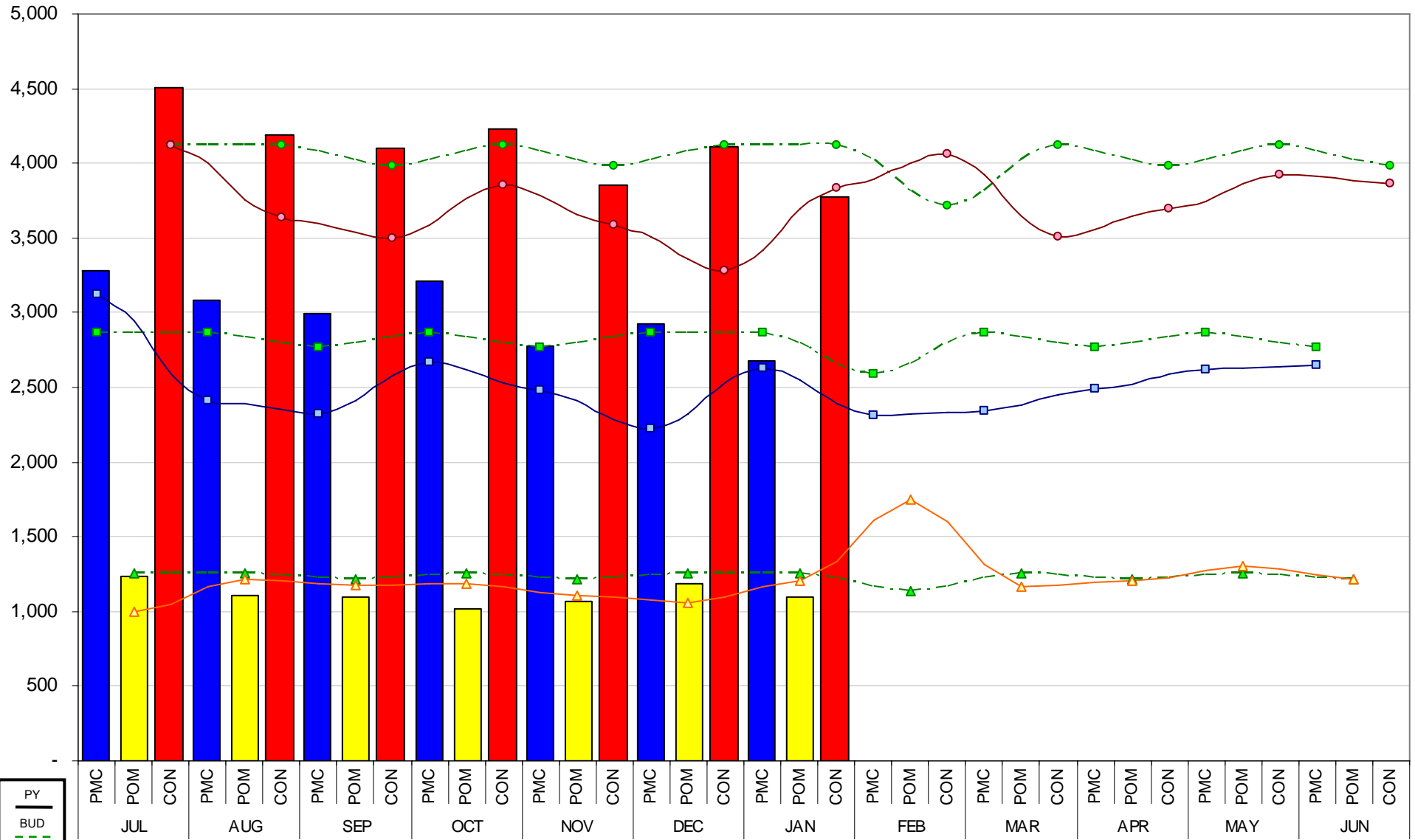


	JUL			AUG			SEP			OCT			NOV			DEC			JAN			FEB			MAR			APR			MAY			JUN		
PY	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON						

	<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	1,111	756	1,285	1,061	1,026	939	1,005	-	-	-	-	-	7,183	7,562
POM	644	571	581	564	542	588	570	-	-	-	-	-	4,060	3,938
CON	1,755	1,327	1,866	1,625	1,568	1,527	1,575	-	-	-	-	-	11,243	11,500

Statistical Indicators

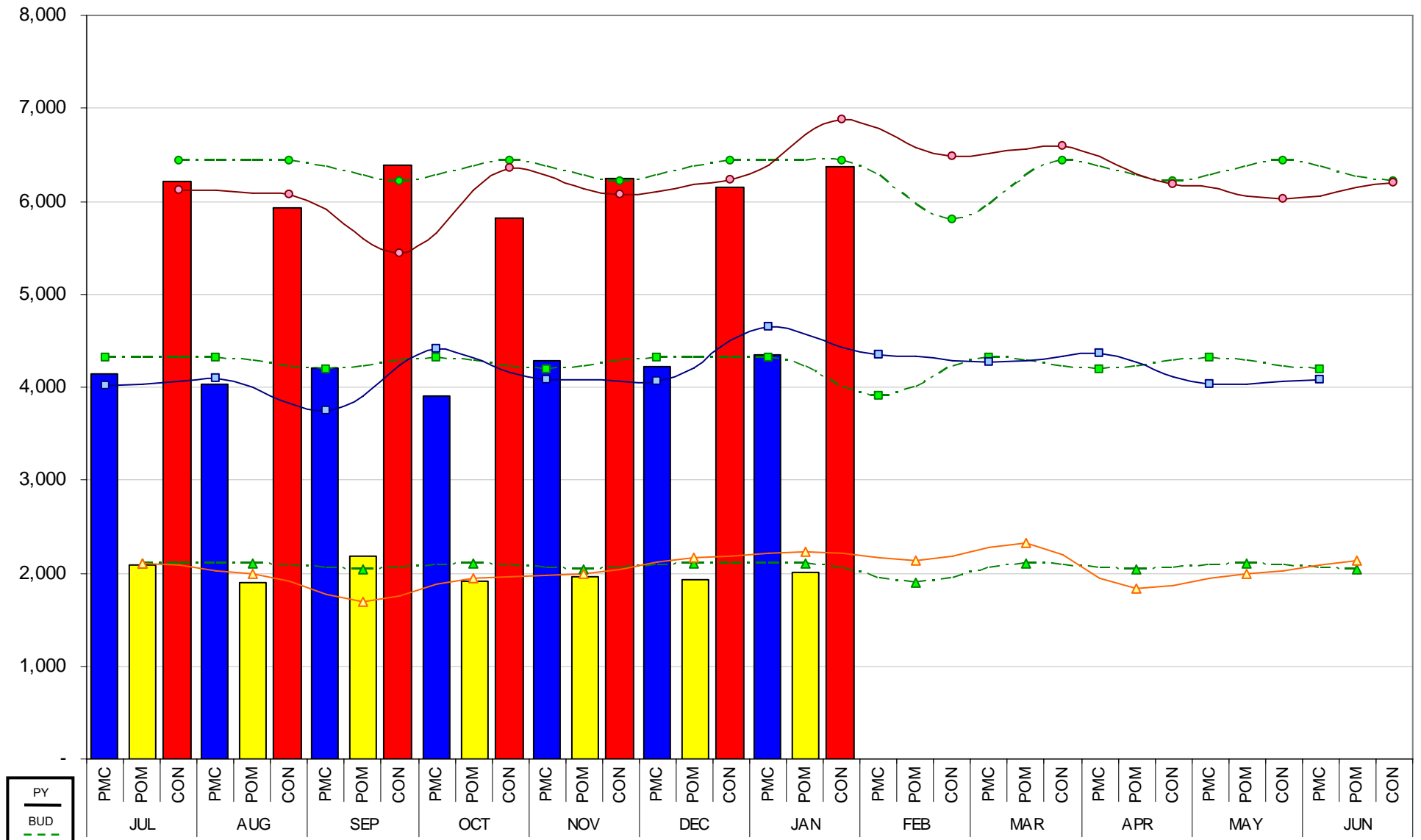
Outpatient Registrations (excludes Lab)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	3,276	3,085	2,998	3,214	2,780	2,924	2,675	-	-	-	-	-	20,952	19,855
POM	1,231	1,108	1,101	1,013	1,069	1,190	1,100	-	-	-	-	-	7,812	8,710
CON	4,507	4,193	4,099	4,227	3,849	4,114	3,775	-	-	-	-	-	28,764	28,565

Statistical Indicators

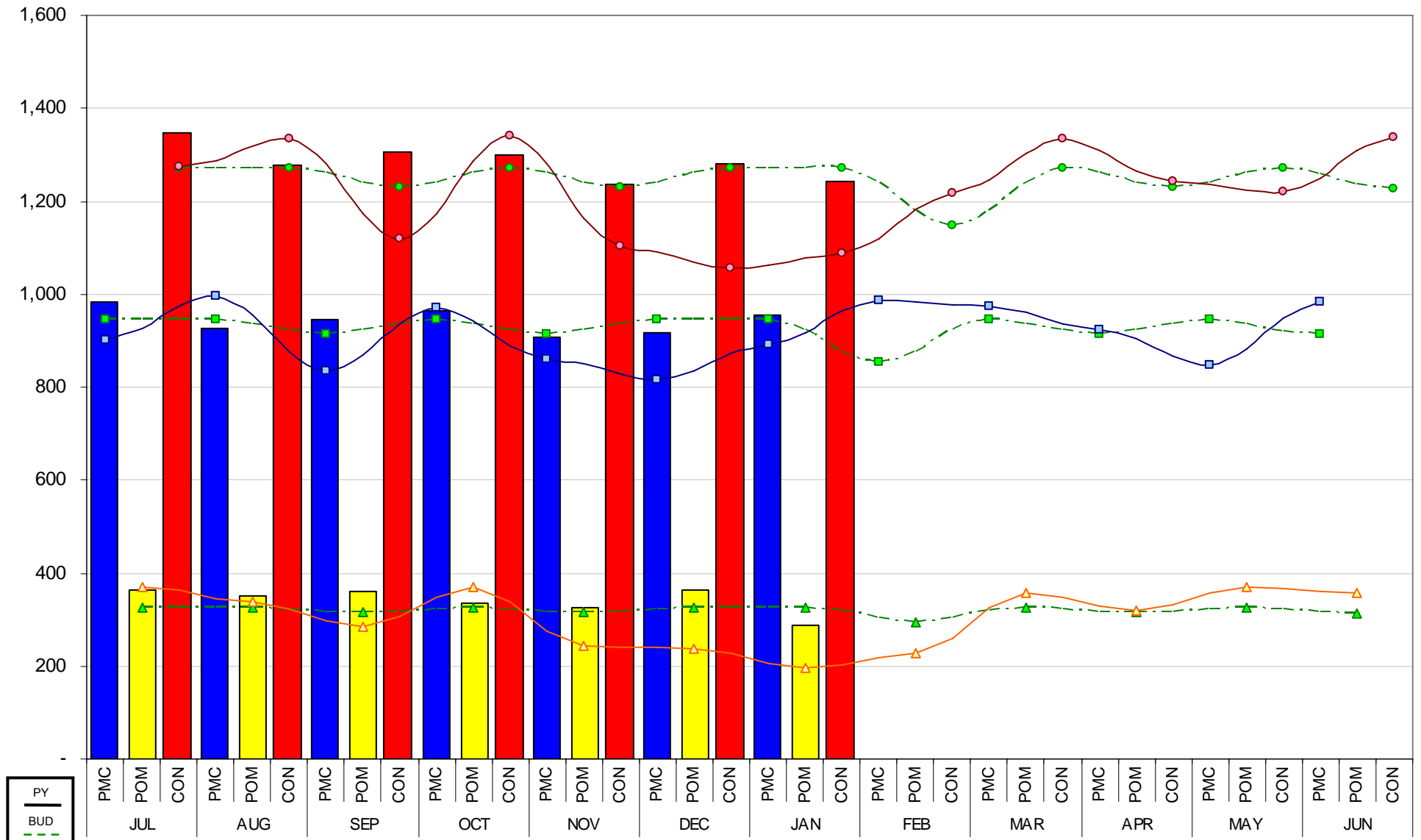
ER Visits (includes Trauma, Outpatient only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	4,137	4,032	4,199	3,910	4,291	4,215	4,350	-	-	-	-	-	29,134	29,976
POM	2,081	1,895	2,184	1,906	1,956	1,929	2,014	-	-	-	-	-	13,965	14,599
CON	6,218	5,927	6,383	5,816	6,247	6,144	6,364	-	-	-	-	-	43,099	44,575
CON/DAY	201	191	213	188	208	198	205	-	-	-	-	-	200	207

Statistical Indicators

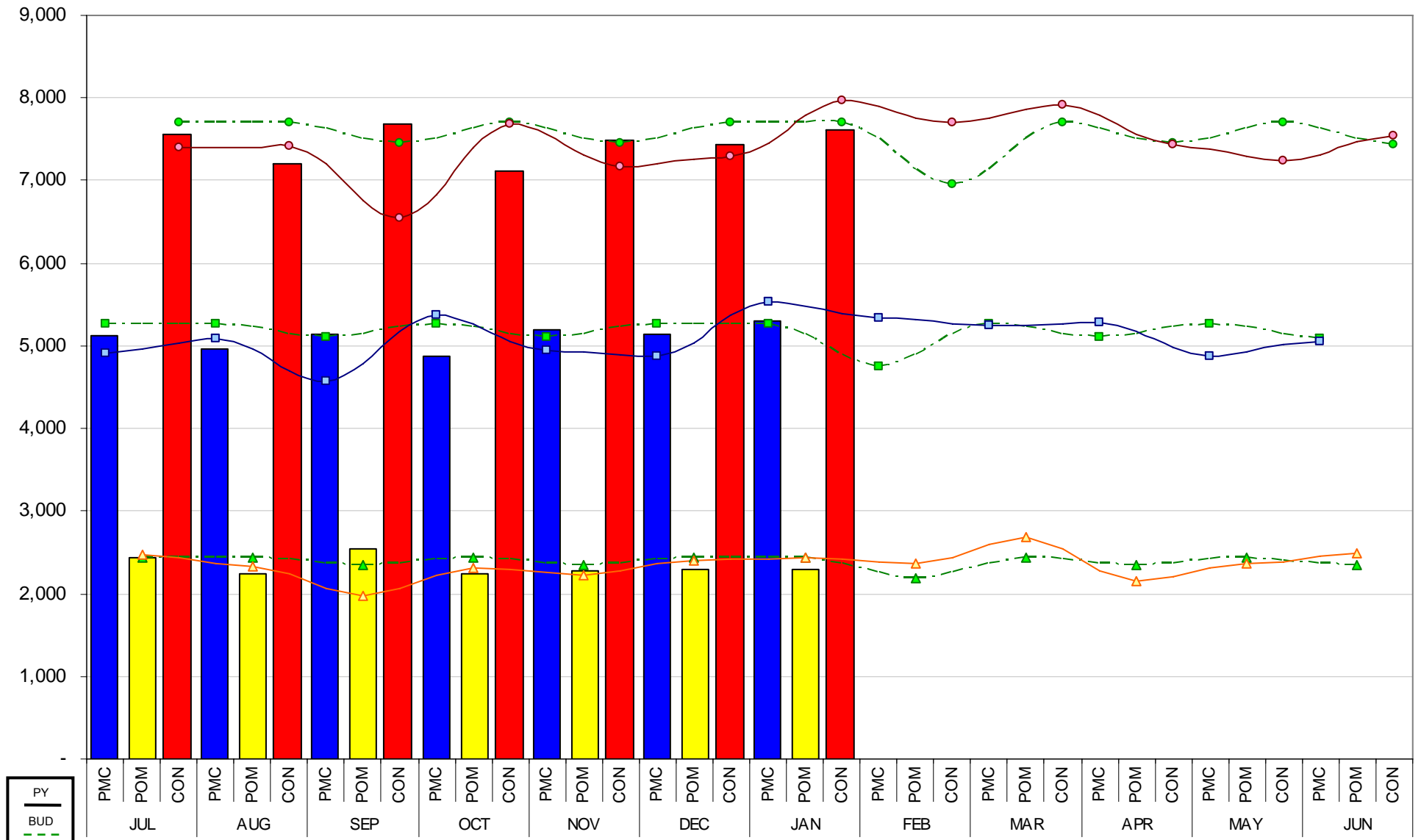
ER Admissions (includes Trauma, Inpatient only)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	982	925	945	964	908	918	955	-	-	-	-	-	6,597	6,553
POM	364	351	360	336	327	364	289	-	-	-	-	-	2,391	2,260
CON	1,346	1,276	1,305	1,300	1,235	1,282	1,244	-	-	-	-	-	8,988	8,813

Statistical Indicators

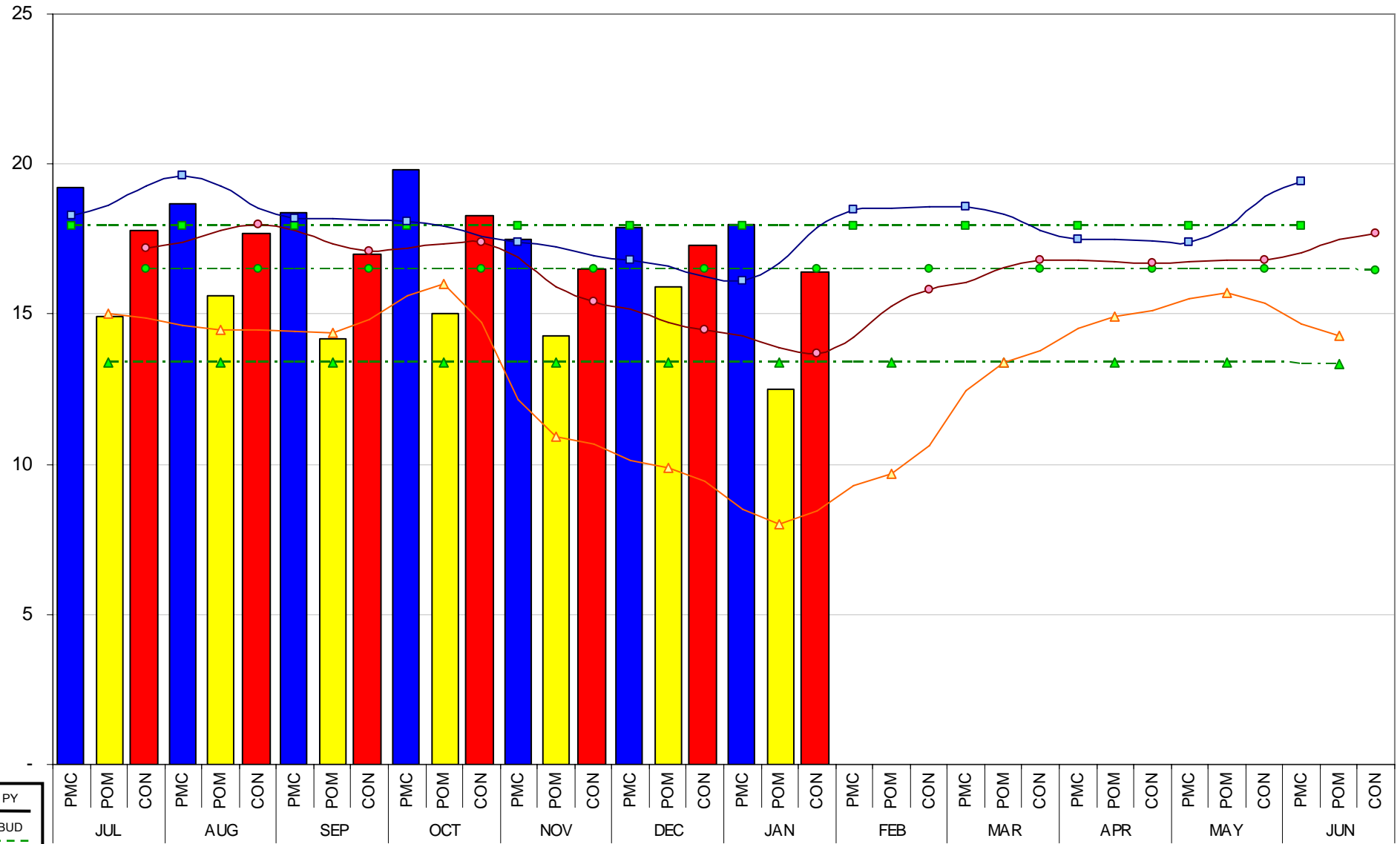
Total ER Visits (includes Trauma & Admissions)



	<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	5,119	4,957	5,144	4,874	5,199	5,133	5,305	-	-	-	-	-	35,731	36,529
POM	2,445	2,246	2,544	2,242	2,283	2,293	2,303	-	-	-	-	-	16,356	16,859
CON	7,564	7,203	7,688	7,116	7,482	7,426	7,608	-	-	-	-	-	52,087	53,388

Statistical Indicators

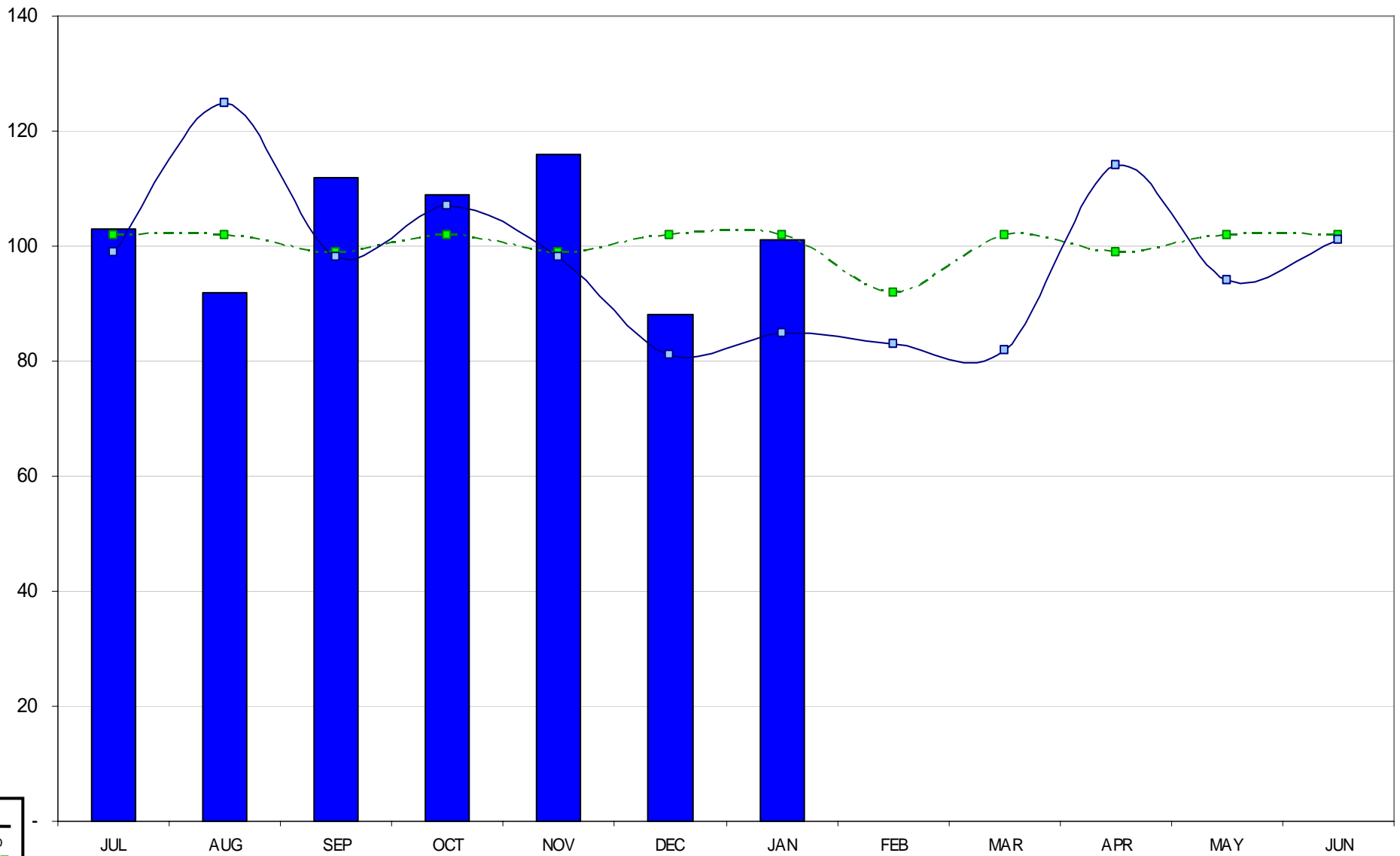
ER Conversion (ER Admits as % of ER Visits)



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	19.2	18.7	18.4	19.8	17.5	17.9	18.0	-	-	-	-	-	18.5	17.9
POM	14.9	15.6	14.2	15.0	14.3	15.9	12.5	-	-	-	-	-	14.6	13.4
CON	17.8	17.7	17.0	18.3	16.5	17.3	16.4	-	-	-	-	-	17.3	16.5

Statistical Indicators

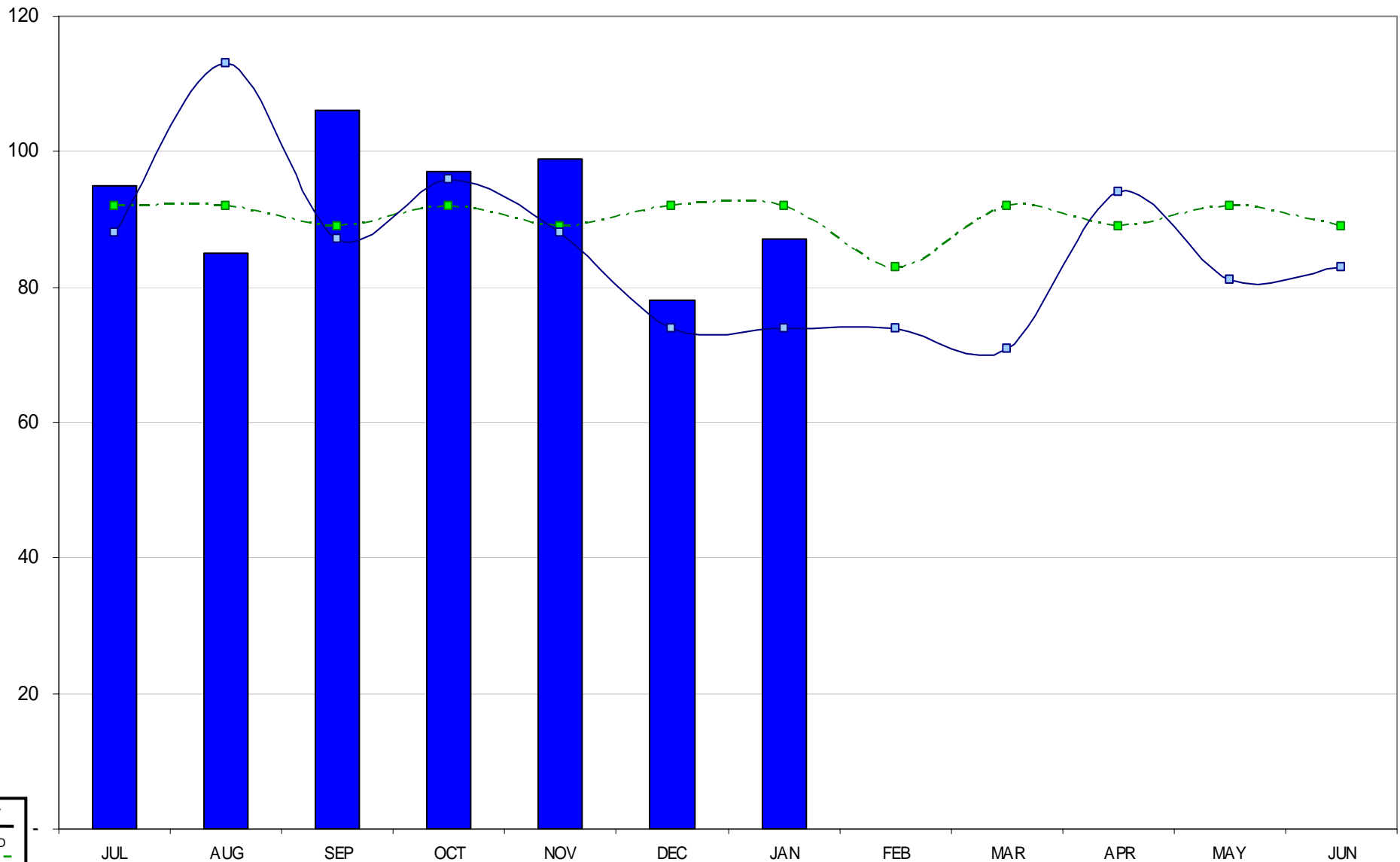
Trauma Cases (PMC only)



	<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	116	88	101	-	-	-	-	-	721	708
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	103	92	112	109	116	88	101	-	-	-	-	-	721	708

Statistical Indicators

Trauma Admissions (PMC only)

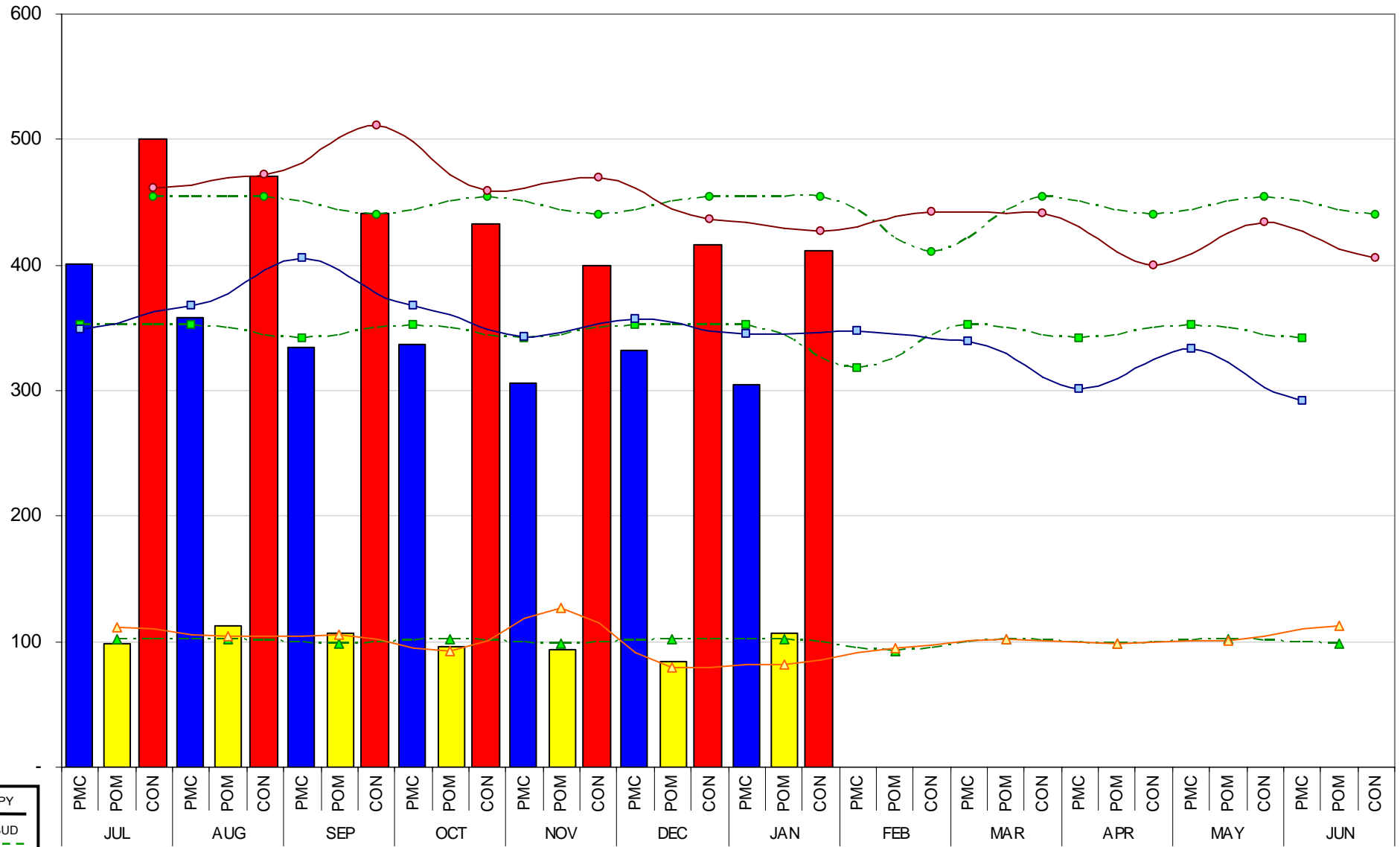


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	95	85	106	97	99	78	87	-	-	-	-	-	647	638
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	95	85	106	97	99	78	87	-	-	-	-	-	647	638

FISCAL YEAR 2009
 Statistical Indicators
 Deliveries

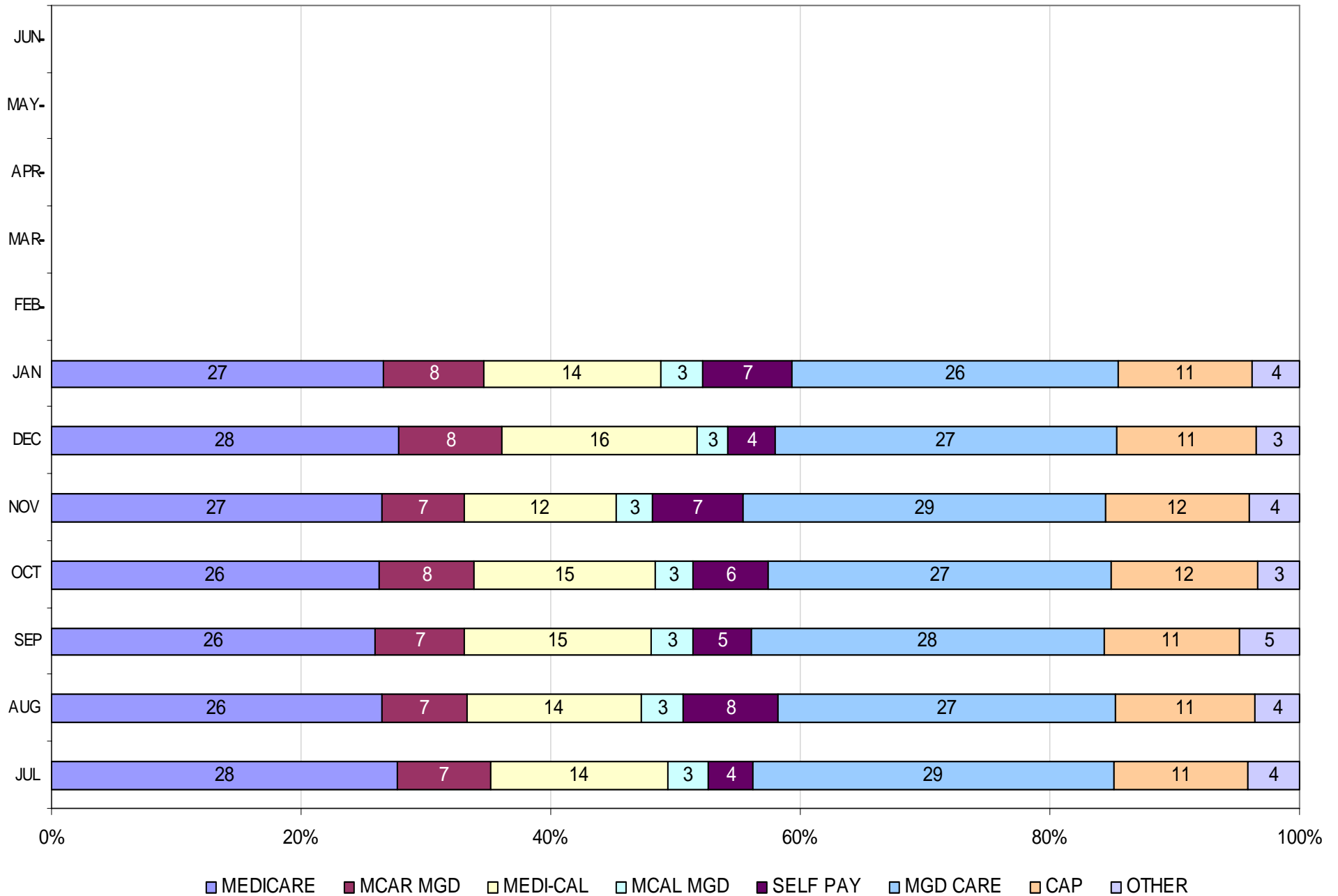
ADD B-43

PALOMAR
 POMERADO
 HEALTH
 SPECIALIZING IN YOU

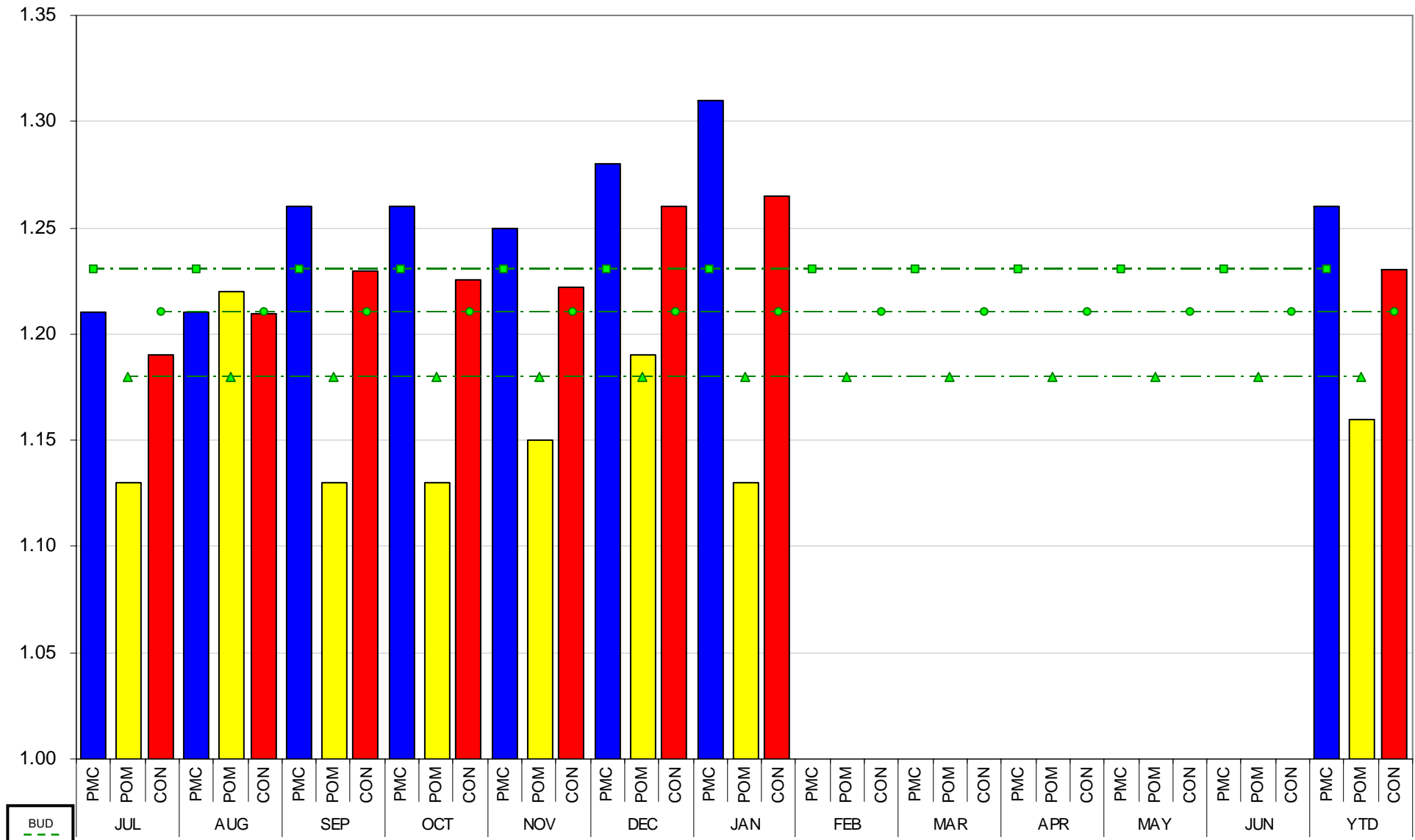


	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD	B-YTD
PMC	401	358	334	337	306	332	305	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	2,373	2,442	
POM	99	113	107	96	94	84	107	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	700	708	
CON	500	471	441	433	400	416	412	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	3,073	3,150	

Payor Mix
Based on Gross Revenue



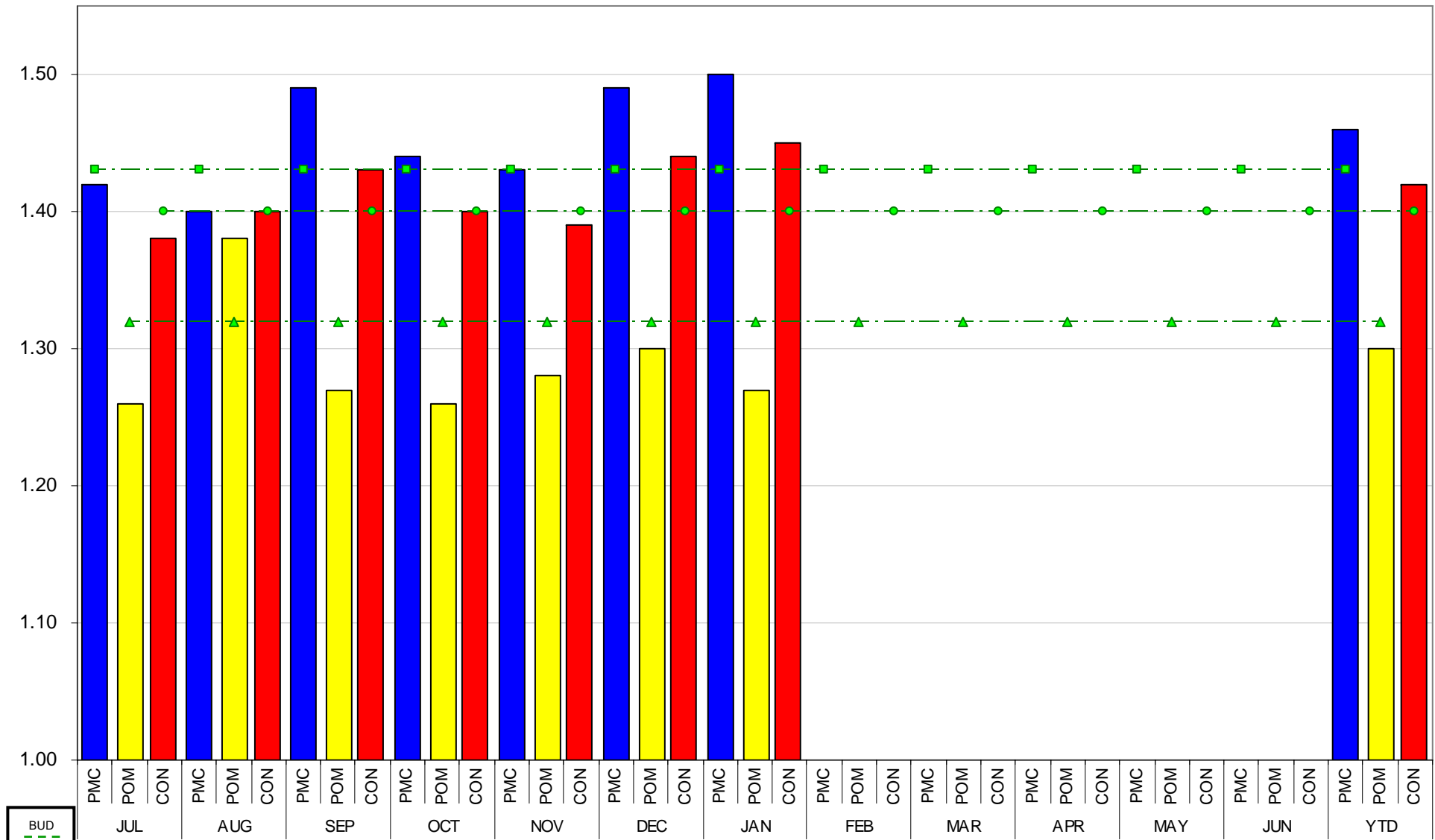
FISCAL YEAR 2009
Case Mix Index



	<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	1.21	1.21	1.26	1.26	1.25	1.28	1.31	-	-	-	-	-	1.26
POM	1.13	1.22	1.13	1.13	1.15	1.19	1.13	-	-	-	-	-	1.16
CON	1.19	1.21	1.23	1.23	1.22	1.26	1.27	-	-	-	-	-	1.23

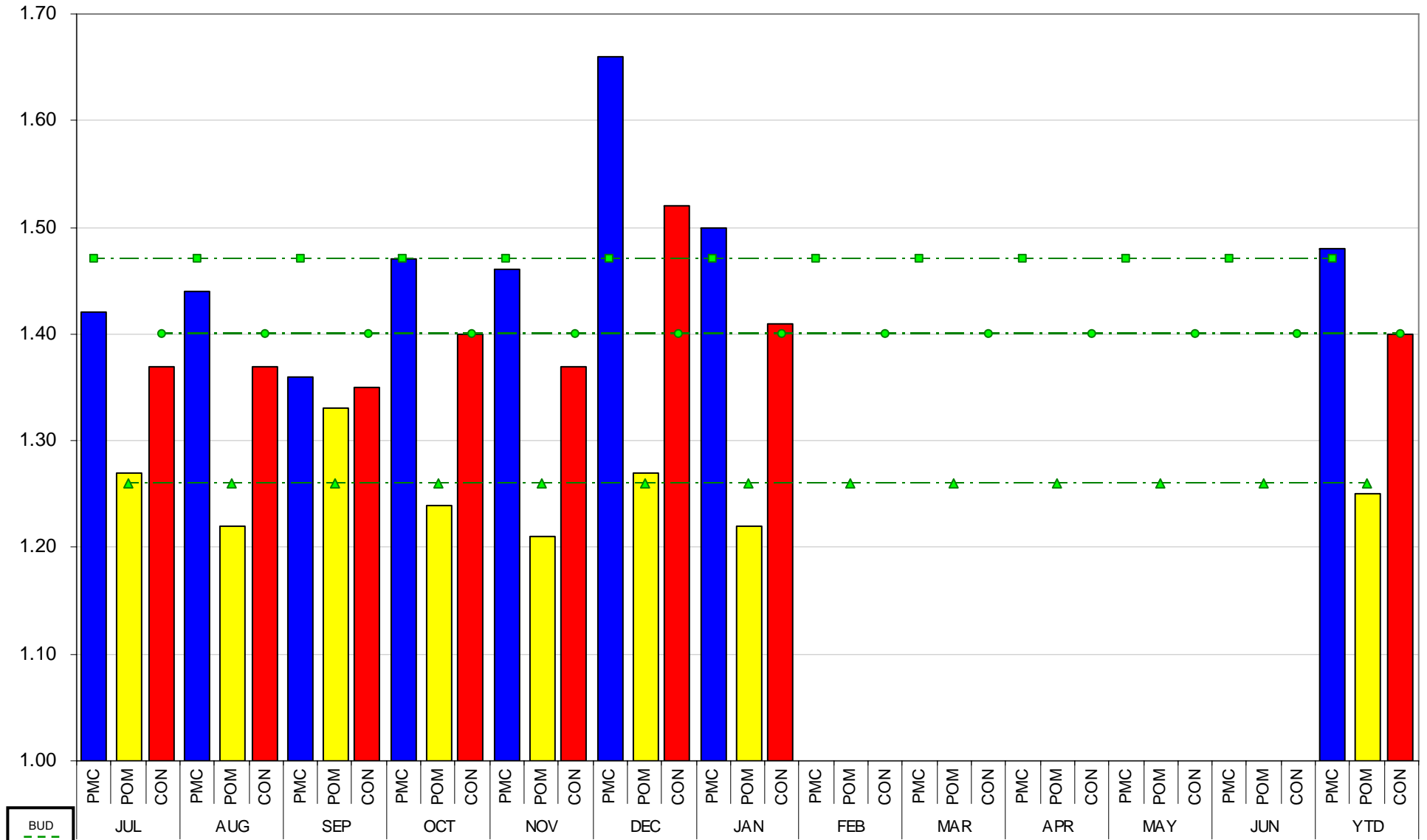
Case Mix Index by Region

(excludes Deliveries)



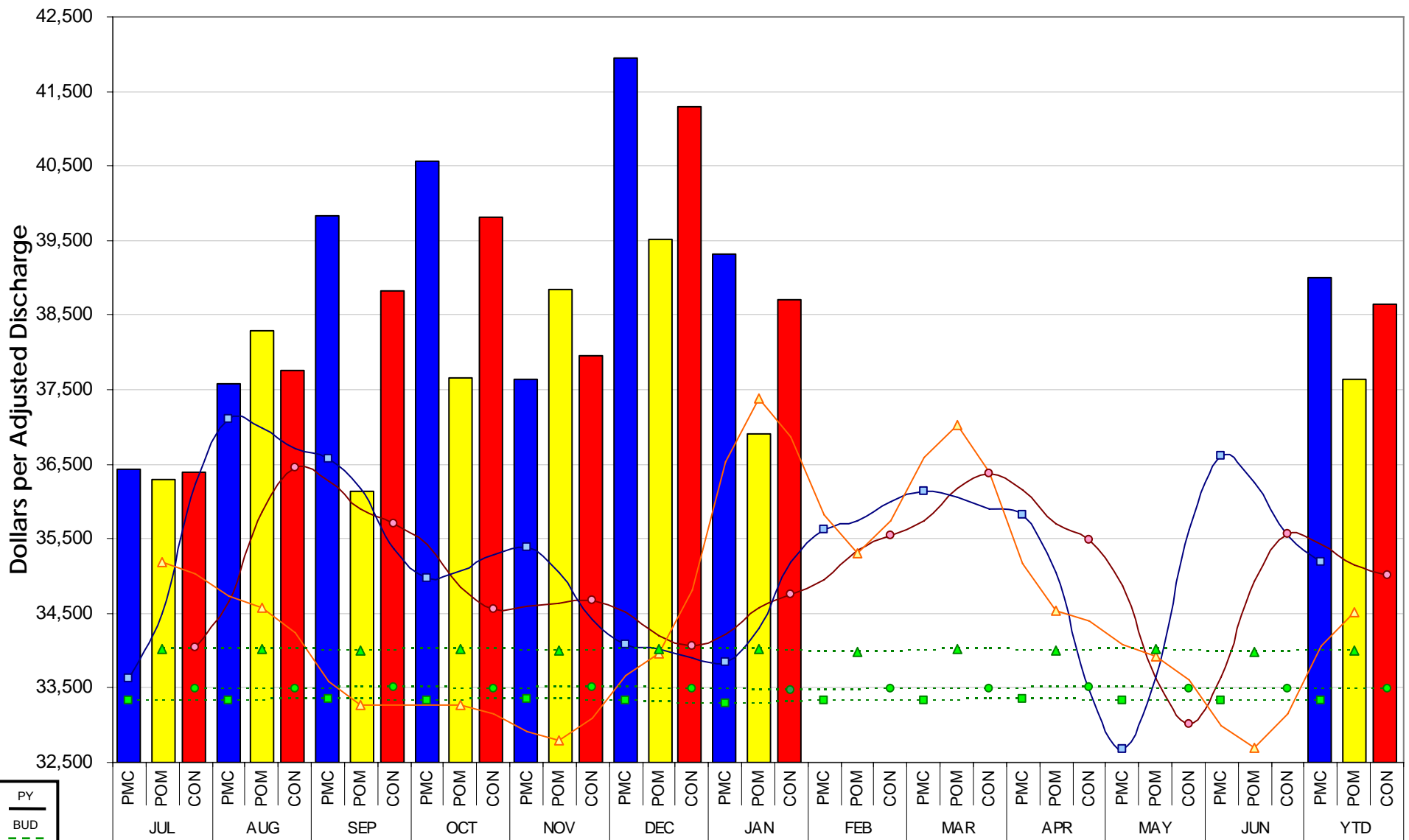
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
PMC	1.42	1.40	1.49	1.44	1.43	1.49	1.50	-	-	-	-	-	1.46
POM	1.26	1.38	1.27	1.26	1.28	1.30	1.27	-	-	-	-	-	1.30
CON	1.38	1.40	1.43	1.40	1.39	1.44	1.45	-	-	-	-	-	1.42

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	1.46	1.66	1.50	-	-	-	-	-	1.48
POM	1.27	1.22	1.33	1.24	1.21	1.27	1.22	-	-	-	-	-	1.25
CON	1.37	1.37	1.35	1.40	1.37	1.52	1.41	-	-	-	-	-	1.40

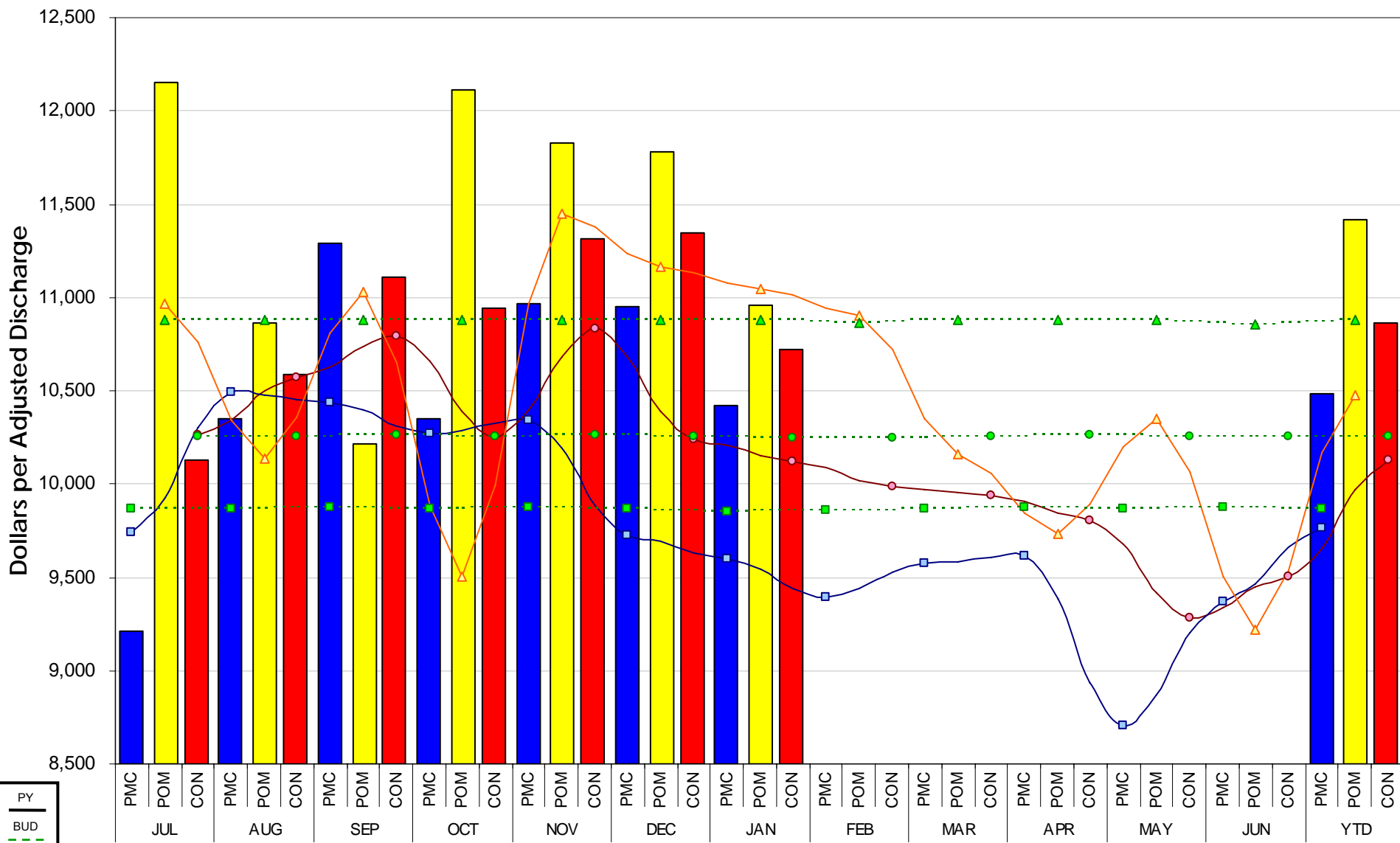
Adjusted Discharges
Gross Patient Revenue per Adjusted Discharges



PY
BUD

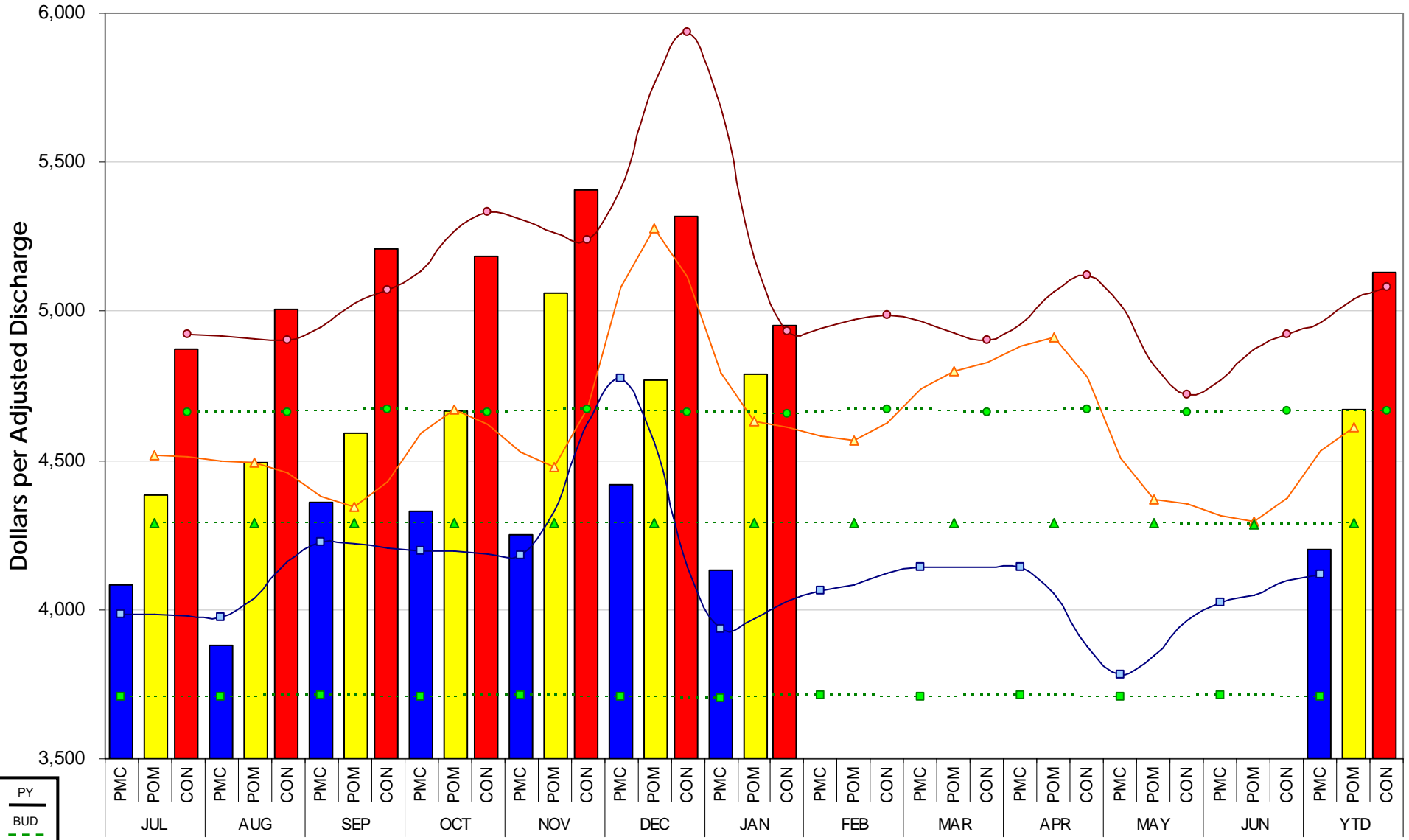
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	36,434	37,574	39,830	40,564	37,640	41,941	39,327	-	-	-	-	-	38,997	37,965
POM	36,286	38,286	36,127	37,664	38,850	39,517	36,902	-	-	-	-	-	37,639	36,165
CON	36,402	37,759	38,832	39,810	37,951	41,291	38,699	-	-	-	-	-	38,638	37,494

Adjusted Discharges
Net Patient Revenue per Adjusted Discharges



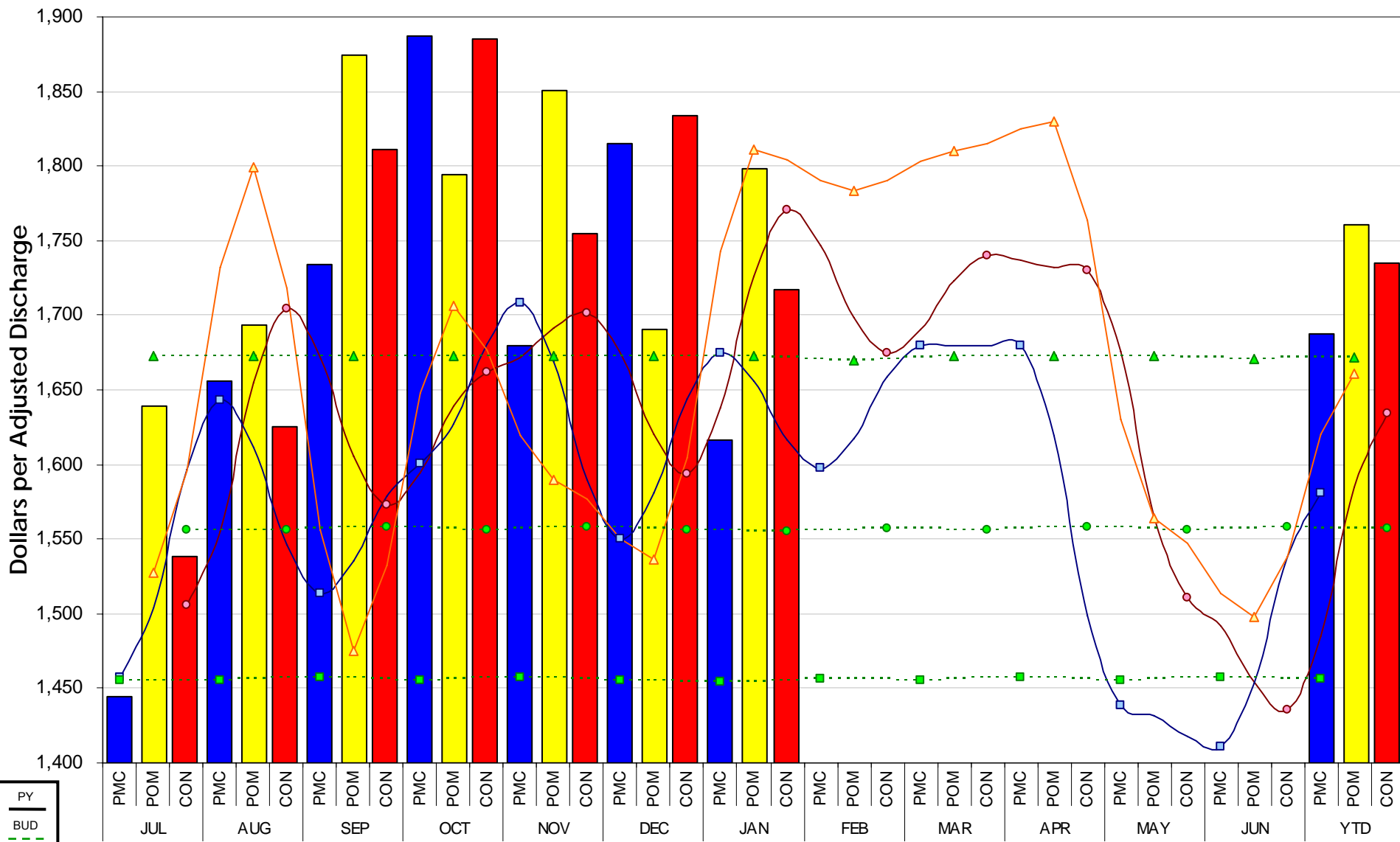
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	9,214	10,346	11,288	10,353	10,964	10,951	10,424	-	-	-	-	-	10,484	10,366
POM	12,150	10,864	10,216	12,110	11,826	11,779	10,955	-	-	-	-	-	11,419	11,396
CON	10,126	10,583	11,112	10,946	11,314	11,342	10,721	-	-	-	-	-	10,862	10,766

Adjusted Discharges
Salaries per Adjusted Discharges



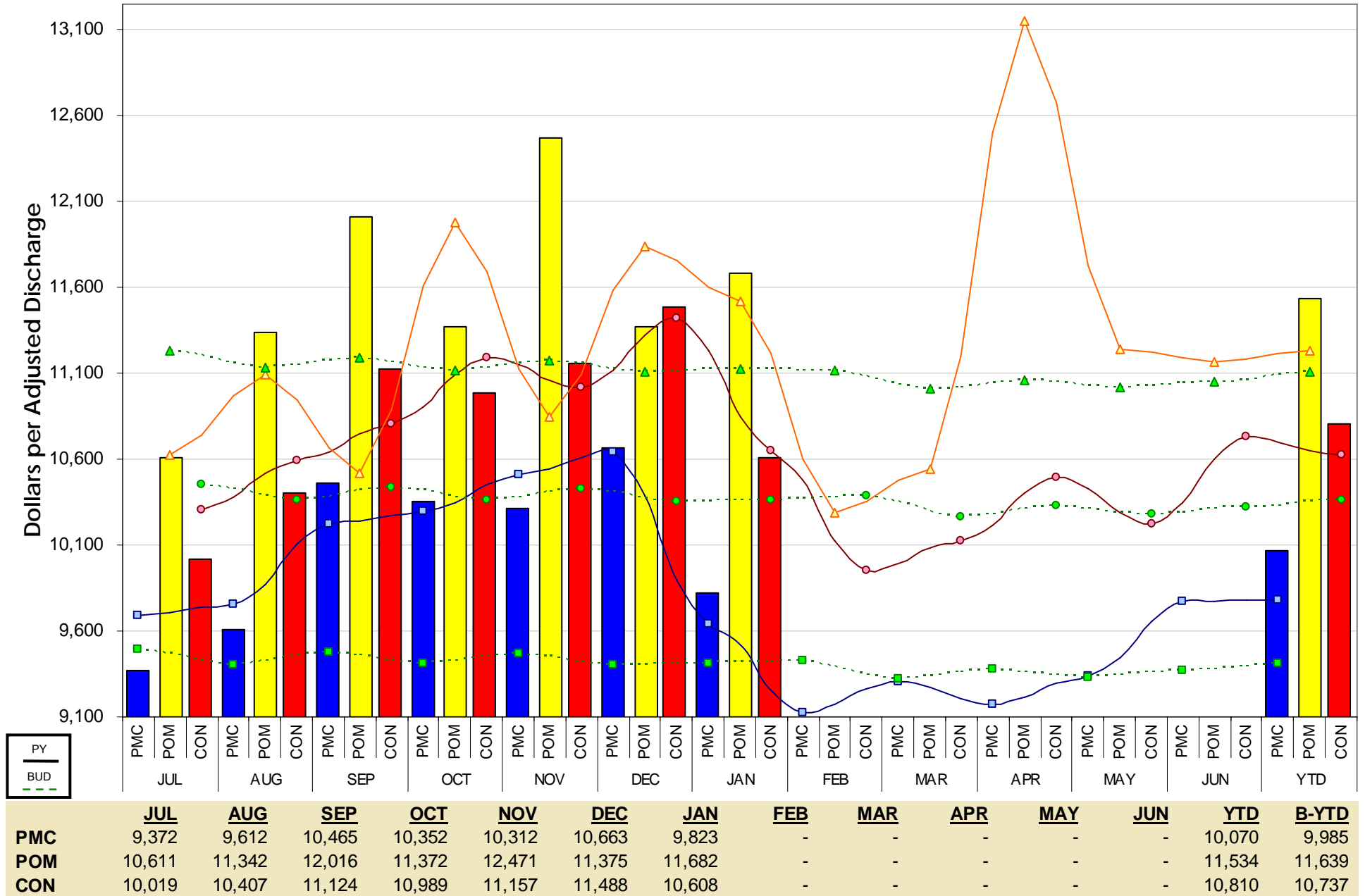
	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	4,083	3,882	4,360	4,330	4,251	4,418	4,135	-	-	-	-	-	4,203	4,245
POM	4,386	4,491	4,594	4,665	5,061	4,769	4,791	-	-	-	-	-	4,672	4,889
CON	4,874	5,007	5,211	5,187	5,408	5,317	4,953	-	-	-	-	-	5,130	5,162

Adjusted Discharges
Supplies per Adjusted Discharge

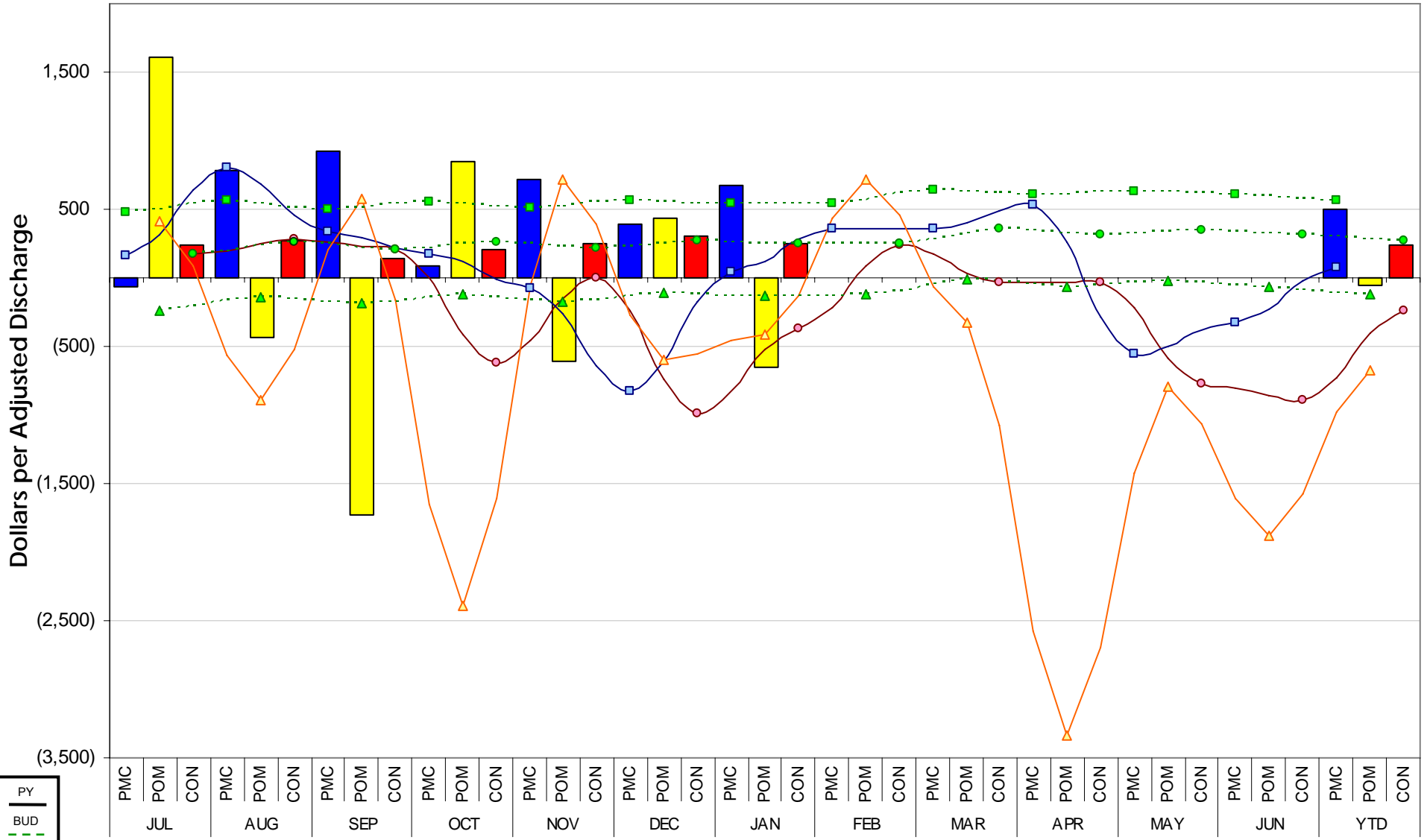


	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
PMC	1,445	1,656	1,734	1,887	1,680	1,815	1,616	-	-	-	-	-	1,688	1,600
POM	1,639	1,693	1,874	1,794	1,850	1,691	1,798	-	-	-	-	-	1,761	1,685
CON	1,538	1,625	1,811	1,885	1,755	1,834	1,717	-	-	-	-	-	1,735	1,663

Adjusted Discharges
Total Expenses per Adjusted Discharges

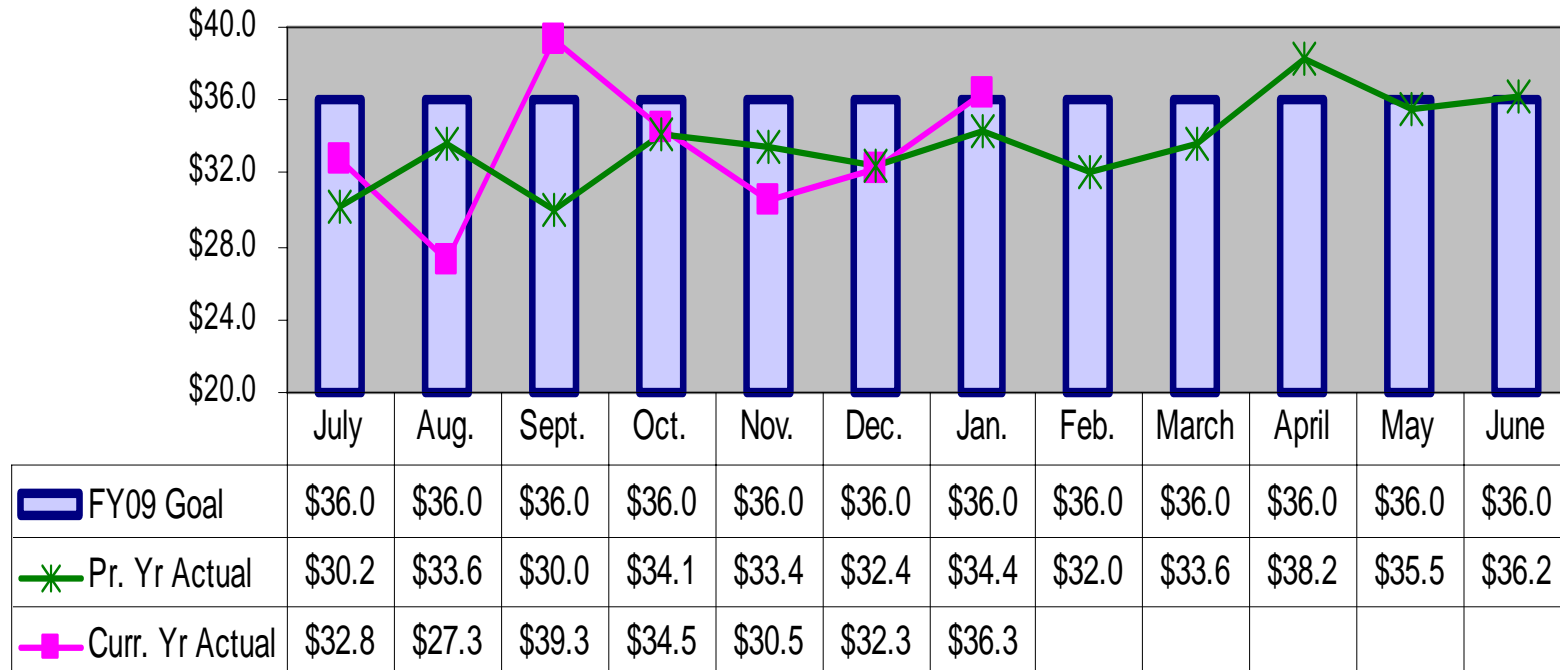


Adjusted Discharges
Net Operating Income per Adjusted Discharges



	JUL		AUG		SEP		OCT		NOV		DEC		JAN		FEB		MAR		APR		MAY		JUN		YTD		B-YTD			
	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON	PMC	POM	CON
PMC	(67)	785	921	87	717	391	675	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	495	468				
POM	1,610	(436)	(1,731)	846	(607)	436	(657)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(53)	(99)				
CON	241	271	146	206	250	306	245	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	238	209				

PPH Monthly Collections
 in Millions



Revenue Cycle Key Indicators
Trend Report



Source	Current Month End	Current Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End - Previous FY	Change from Prior Month
Period Ending Days in Period	1/31/2009 31	12/31/2008 31	11/30/2008 30	1/31/2009 215	6/30/2008 366	1/31/2008 31	
Revenue							
Gross for Month - North & South	129,974,580	131,325,505	121,772,557	\$ 906,436,009	\$ 1,384,127,824	\$ 118,313,389	\$ (1,350,925)
Net Revenue - North & South	35,517,143	35,598,466	35,902,350	\$ 252,016,010	\$ 398,939,675	\$ 35,730,643	\$ (81,323)
Net:Gross %	27.3%	27.1%	29.5%	27.8%	28.8%	30.2%	0.2%
Last 3 Month Daily Average (Gross)	4,163,833	4,220,730	4,220,938	\$ 4,215,981	\$ 3,781,770	\$ 3,723,488	\$ (56,897)
Last 3 Month Daily Average (Net)	1,163,239	1,176,879	1,194,291	1,172,167	1,089,999	1,131,750	(13,641)
Cash Collections							
Month to Date	36,259,939	32,283,637	30,523,393	\$ 232,947,791	\$ 403,728,413	\$ 34,370,722	\$ 3,976,302
Month to Date Goal	35,998,045	35,998,045	35,998,045	251,986,315	396,657,548	34,036,853	-
Over (under) Goal	261,894	(3,714,408)	(5,474,652)	\$ (19,038,524)	\$ 7,070,865	\$ 333,869	\$ 3,976,302
% of Goal	101%	90%	85%	92.4%	101.8%	101.0%	11.0%
Point of Service Collections							
Cash 15 days	443,707	370,905	372,808	\$ 2,781,211	\$ 3,387,302	\$ 295,094	\$ 72,802
Month to Date Goal	385,000	370,000	360,000	2,480,400	3,843,000	328,000	15,000
Over (under) Goal	\$ 58,707	\$ 905	\$ 12,808	\$ 300,811	\$ (455,698)	\$ (32,906)	\$ 57,802
% of Goal	115.2%	100.2%	103.6%	112.1%	88.1%	90.0%	15.0%
Accounts Receivable							
0-30	102,959,099	105,050,196	114,991,132		\$ 82,995,765	\$ 83,759,963	\$ (2,091,097)
31-60	42,483,181	56,192,904	36,672,980		25,895,259	28,978,153	(13,709,723)
61-90	33,217,649	29,692,075	21,839,340		14,408,929	17,180,246	3,525,574
91-180	40,531,348	37,425,587	35,546,397		23,299,340	26,124,659	3,105,761
Over 180	23,824,225	21,172,582	19,692,637		19,271,702	22,910,978	2,651,643
Total	\$ 243,015,502	\$ 249,533,344	\$ 228,742,486		\$ 165,870,995	\$ 178,954,001	\$ (6,517,842)
A/R Days (Gross)	58.36	59.12	54.19		43.54	48.06	(0.76)
% of AR aged over 180 days	9.8%	8.5%	8.6%		12%	13%	0.01
Number of Accounts	ATB	68,805	68,223		61,570	59,792	(68,805)
Credit Balance Accounts:							
Dollars ATB	\$ (5,472,002)	\$ (4,159,667)	\$ (4,336,639)		\$ (3,144,574)	\$ (1,786,521)	\$ (1,312,335)
Number of Accounts ATB	8,885	7,341	7,117		4,136	1,152	1,544

Revenue Cycle Key Indicators
Trend Report



Source	Current Month End	Current Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End - Previous FY	Change from Prior Month
Period Ending Days in Period	1/31/2009	12/31/2008	11/30/2008	1/31/2009	6/30/2008	1/31/2008	
	31	31	30	215	366	31	
Discharged Not Final Billed (DNFB)							
DNFB Action Required							
HIM (Waiting for Coding) DNFB Rpt	\$ 4,935,231	\$ 6,166,080	\$ 5,952,202		5,423,822	6,810,494	\$ (1,230,849)
PBS (Correction required) DNFB Rpt	39,712	33,217	42,018		100,312	853,210	\$ 6,495
Other holds requiring correction DNFB Rpt						-	\$ -
Total Action Required	4,974,943	6,199,297	5,994,220		5,524,134	7,663,704	(1,224,354)
# of AR Days action Required	1.19	1.47	1.42		1.45	2.06	(0.27)
DNFB No Action Required							
4 Day Standard Delay DNFB Rpt	\$ 21,151,498	\$ 23,636,849	\$ 17,021,766		18,224,428	23,118,482	\$ (2,485,351)
Other DNFB Rpt	12,939,094	41,542,437	35,979,766		1,918,384	2,449,285	(28,603,343)
Total No Action Required	34,090,592	65,179,286	53,001,532		20,142,812	25,567,767	(31,088,694)
Total DNFB	\$ 39,065,535	\$ 71,378,583	\$ 58,995,752		25,666,946	33,231,471	(32,313,048)
Total Days in DNFB	9.38	16.91	13.98		6.74	8.92	(7.53)
Late Charges							
Late Charges from Date of Service 5 to 20 Days							
Number of line items	30,488	9,057	9,310	83,972	8,261	9,562	21,431
Dollar amount of Charges	4,272,603	1,554,308	722,749	11,808,903	949,778	963,454	\$ 2,718,295
Dollar amount of Credits	(11,677,135)	(820,412)	(502,333)	(16,687,399)	(660,172)	(483,741)	\$ (10,856,723)
Net Dollar Amount	(7,404,532)	733,896	220,416	(4,878,496)	289,606	479,713	\$ (8,138,428)
Absolute Dollar Amount	\$ 4,272,603	\$ 1,554,308	\$ 1,225,082	\$ 12,311,236	\$ 949,778	\$ 963,454	\$ 2,718,295
Late Charges from Date of Service > 21 Days							
Number of line items	24,770	14,740	17,272	101,652	95,068	33,822	10,030
Dollar amount of Charges	2,277,278	4,950,589	3,441,304	15,353,752	1,987,236	631,820	(2,673,311)
Dollar amount of Credits	(20,864,653)	(1,911,003)	(3,645,219)	(32,763,824)	(1,321,540)	(789,088)	(18,953,650)
Net Dollar Amount	(18,587,376)	3,039,586	(203,915)	(17,410,073)	665,696	(157,268)	(21,626,962)
Absolute Dollar Amount	\$ 23,141,931	\$ 6,861,592	\$ 7,086,523	\$ 48,117,576	\$ 3,308,776	\$ 1,420,907	\$ 16,280,339

Revenue Cycle Key Indicators
Trend Report



Source	Current Month End	Current Month End	Previous Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End - Previous FY	Change from Prior Month
Period Ending Days in Period	1/31/2009	12/31/2008	11/30/2008	1/31/2009	6/30/2008	1/31/2008	
	31	31	30	215	366	31	
Discharged Not Final Billed (DNFB)							
DNFB Action Required							
HIM (Waiting for Coding) DNFB Rpt	\$ 4,935,231	\$ 6,166,080	\$ 5,952,202		5,423,822	6,810,494	\$ (1,230,849)
PBS (Correction required) DNFB Rpt	39,712	33,217	42,018		100,312	853,210	\$ 6,495
Other holds requiring correction DNFB Rpt						-	\$ -
Total Action Required	4,974,943	6,199,297	5,994,220		5,524,134	7,663,704	(1,224,354)
# of AR Days action Required	1.19	1.47	1.42		1.45	2.06	(0.27)
DNFB No Action Required							
4 Day Standard Delay DNFB Rpt	\$ 21,151,498	\$ 23,636,849	\$ 17,021,766		18,224,428	23,118,482	\$ (2,485,351)
Other DNFB Rpt	12,939,094	41,542,437	35,979,766		1,918,384	2,449,285	(28,603,343)
Total No Action Required	34,090,592	65,179,286	53,001,532		20,142,812	25,567,767	(31,088,694)
Total DNFB	\$ 39,065,535	\$ 71,378,583	\$ 58,995,752		25,666,946	33,231,471	(32,313,048)
Total Days in DNFB	9.38	16.91	13.98		6.74	8.92	(7.53)

Late Charges

Late Charges from Date of Service 5 to 20 Days

Number of line items	30,488	9,057	9,310	83,972	8,261	9,562	21,431
Dollar amount of Charges	4,272,603	1,554,308	722,749	11,808,903	949,778	963,454	\$ 2,718,295
Dollar amount of Credits	(11,677,135)	(820,412)	(502,333)	(16,687,399)	(660,172)	(483,741)	\$ (10,856,723)
Net Dollar Amount	(7,404,532)	733,896	220,416	(4,878,496)	289,606	479,713	\$ (8,138,428)
Absolute Dollar Amount	\$ 4,272,603	\$ 1,554,308	\$ 1,225,082	\$ 12,311,236	\$ 949,778	\$ 963,454	\$ 2,718,295

Late Charges from Date of Service > 21 Days

Number of line items	24,770	14,740	17,272	101,652	95,068	33,822	10,030
Dollar amount of Charges	2,277,278	4,950,589	3,441,304	15,353,752	1,987,236	631,820	(2,673,311)
Dollar amount of Credits	(20,864,653)	(1,911,003)	(3,645,219)	(32,763,824)	(1,321,540)	(789,088)	(18,953,650)
Net Dollar Amount	(18,587,376)	3,039,586	(203,915)	(17,410,073)	665,696	(157,268)	(21,626,962)
Absolute Dollar Amount	\$ 23,141,931	\$ 6,861,592	\$ 7,086,523	\$ 48,117,576	\$ 3,308,776	\$ 1,420,907	\$ 16,280,339

SUPPLEMENTAL INFORMATION

Feb-09	Jan 30-Feb 5				MTD Total	MTD Budget	% Variance
ADC (Acute)	286	0	0	0	286	311	(8.10)
PMC	209	0	0	0	209	231	(9.23)
POM	77	0	0	0	77	81	(4.87)
PCCC	89	0	0	0	89	85	4.36
VP	116	0	0	0	116	123	(5.69)
Patient Days (Acute)	2003	0	0	0	2,003	2,180	(8.10)
PMC	1466				1,466	1,615	(9.23)
POM	537				537	565	(4.87)
PCCC	622				622	596	4.36
VP	812				812	861	(5.69)
Discharges	511	0	0	0	511	565	(9.56)
PMC	384				384	423	(9.22)
POM	127				127	142	(10.56)
Number of Surgeries	253	0	0	0	253	234	8.12
PMC	166				166	161	3.11
POM	87				87	73	19.18
Number of Births	96	0	0	0	96	103	(6.80)
PMC	76				76	80	(5.00)
POM	20				20	23	(13.04)

Weekly Flash Report

Feb-09	Jan 30-Feb 5				MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2506	0	0	0	2,506	2,056	21.89
PMC	1710				1,710	1,403	21.88
POM	796				796	653	21.90
ER Visits	1692	0	0	0	1,692	1,738	(2.65)
PMC	1177				1,177	1,189	(1.01)
POM	515				515	549	(6.19)
Trauma Visits	20	0	0	0	20	23	(13.04)
IP	18				18	21	(14.29)
OP	2				2	2	0.00
Gross IP Revenue	21,707,774				21,707,774	21,968,262	(1.19)
Gross OP Revenue	9,026,682				9,026,682	6,809,396	32.56
Cash Collection	6,238,203				6,238,203	9,473,170	(34.15)
Days cash on hand	97				97	80	
Prod Hrs (PP 16)	218,595				218,595	208,813	(4.68)
PMC - North	130,415				130,415	123,728	(5.40)
POM - South	56,780				56,780	56,662	(0.21)
Others	31,400	-	-	-	31,400	28,423	(10.47)
Prod \$ (PP 16)	6,998,476				6,998,476	6,819,959	(2.62)
PMC - North	4,154,141				4,154,141	4,065,385	(2.18)
POM - South	1,737,389				1,737,389	1,788,129	2.84
Others	1,106,946	-	-	-	1,106,946	966,445	(14.54)