

**Posted**  
**June 23, 2009**

**BOARD FINANCE COMMITTEE MEETING**

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

1<sup>st</sup> Floor Conference Room  
 456 E. Grand Avenue  
 Escondido, CA

	<u>Time</u>	<u>Page</u>	<u>Target</u>
❖ <b>CALL TO ORDER</b> .....	.....5	.....	<b>6:00 p.m.</b>
➤ Public Comments <i>5 minutes allowed per speaker with a cumulative total of 15 minutes per group.                For further details &amp; policy, see Request for Public Comment notices available in meeting room.</i>	.....5	.....	6:05 p.m.
➤ Information Item(s)	.....5	.....	6:10 p.m.
1. * Approval: Minutes – Tuesday, May 26, 2009 ( <i>Addendum A</i> ) .....	.....5	..... AG2	6:15 p.m.
2. * Approval: Independent Contractor Agreement – Home Health .....	.....5	.. AG3-5	6:20 p.m.
David Golembeski, MD – Medical Advisor to Maternal Infant Program			
3. * Update/Approval: DPR Construction Management Contract.....	.....15	..... AG6	6:35 p.m.
4. * Approval: Formation of a Medical Foundation 1206(I) ( <i>Addendum B</i> ).....	.....15	..... AG7	6:50 p.m.
5. * Review/Approval: Joint Venture Agreement between PPH and North County Radiology (NCR).....	.....15	..... AG8	7:05 p.m.
6. * Approval: May 2009 & YTD FY2009 Financial Report ( <i>Addendum C</i> ) .....	.....15	..... AG9	7:20 p.m.
<b>FINAL ADJOURNMENT</b> .....			<b>7:20 p.m.</b>

**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**

\* Asterisks indicate anticipated action. Action is not limited to those designated items.

**Minutes**  
**Finance Committee – Tuesday, May 26, 2009**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, June 30, 2009

**FROM:** Tanya Howell, Secretary

**BY:** Bob Hemker, CFO

**Background:** The minutes of the Board Finance Committee meeting held on Tuesday, May 26, 2009, are respectfully submitted for approval (*Addendum A*).

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval of the Tuesday, May 26, 2009, Board Finance Committee minutes.

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**Independent Contractor Agreement  
With David Golembeski, M.D.  
Medical Advisor for the Home Health Maternal Infant Program**

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, June 30, 2009

**FROM:** Elissa Hamilton, RN, CNA-BC, MBA, Director Home Health

**BACKGROUND:** The Home Health Maternal Infant Program is in need of a Medical Advisor. David Golembeski, M.D., has served in the past as the Medical Advisor for the Welcome Home Baby Grant. He is familiar with the Home Health program and would offer education and clinical advisory oversight.

**BUDGET IMPACT:** Budgeted for FY2010

**STAFF RECOMMENDATION:**

**COMMITTEE QUESTIONS:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

**PALOMAR POMERADO HEALTH - AGREEMENT ABSTRACT**

<b>Section Reference</b>	<b>Term/Condition</b>	<b>Term/Condition Criteria</b>
	<b>TITLE</b> Independent Contractor Agreement: Medical Advisor to the Home Health Maternal Infant Program.	Dr. Golembeski (Contractor) shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor will serve as medical advisor to the Home Health Maternal Infant Program.
	<b>AGREEMENT DATE</b>	July 1, 2009 through June 30, 2010
	<b>PARTIES</b>	PPH (Home Health Department) and David Golembeski, MD
	<b>PURPOSE</b>	Medical Advisor to the Home Health Maternal Infant Program
	<b>SCOPE OF SERVICES</b>	Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor will conduct annual in-services of Maternal/Infant Health care issues; attend Ad-hoc committee meetings as requested; conduct monthly chart reviews/plan of care oversight and attend Professional Advisory Committee Meetings held three times per year.
	<b>PROCUREMENT METHOD</b>	<input type="checkbox"/> <b>Request For Proposal</b> <input type="checkbox"/> <b>Discretionary</b>
	<b>TERM</b>	One year
	<b>RENEWAL</b>	
	<b>TERMINATION</b>	30 day written notice without cause
	<b>COMPENSATION METHODOLOGY</b>	Monthly payment on or before the 15 <sup>th</sup> of the month with supporting documentation.
	<b>BUDGETED</b>	<input checked="" type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO – IMPACT:</b>
	<b>EXCLUSIVITY</b>	<input type="checkbox"/> <b>NO</b> <input type="checkbox"/> <b>YES – EXPLAIN:</b>
	<b>JUSTIFICATION</b>	Education for Maternal Infant Home Health staff. Medical Advisor as needed for staff/medical staff/patient related issues.
	<b>AGREEMENT NOTICED</b>	<input type="checkbox"/> <b>YES</b> <input type="checkbox"/> <b>NO</b> <b>Methodology &amp; Response:</b>
	<b>ALTERNATIVES/IMPACT</b>	
	<b>Duties</b>	<input checked="" type="checkbox"/> <b>Provision for Staff Education</b> <input type="checkbox"/> <b>Provision for Medical Staff Education</b> <input checked="" type="checkbox"/> <b>Provision for participation in Quality Improvement</b> <input type="checkbox"/> <b>Provision for participation in budget process development</b>
	<b>COMMENTS</b>	
	<b>APPROVALS REQUIRED</b>	<input checked="" type="checkbox"/> <b>VP</b> <input checked="" type="checkbox"/> <b>CFO</b> <input checked="" type="checkbox"/> <b>CEO</b> <input checked="" type="checkbox"/> <b>BOD Committee Finance</b> <input checked="" type="checkbox"/> <b>BOD</b>

## **INDEPENDENT CONTRACTOR AGREEMENT**

This Independent Contractor Agreement ("Agreement") is entered into by and between David Golembeski, MD ("Contractor"), with a principal place of business at 3020 Children's Way; San Diego, CA 92123 and Palomar Pomerado Health, a local healthcare district organized pursuant to Division 23 of the California Health and Safety Code ("PPH"), with a principal place of business at 15255 Innovation Drive, San Diego, California 92128.

WHEREAS, Contractor is a medical doctor with necessary privileges to practice medicine at PPH's medical facilities. Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor will serve as medical advisor to the Home Health Maternal Infant Program.

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

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

### **1. DUTIES OF CONTRACTOR**

#### **1.1 Scope of Services:**

1.1.1 Contractor shall provide consulting services on an as-needed basis as agreed to between Contractor and PPH. Contractor will serve as medical advisor to the Home Health Maternal Infant Program. Contractor will conduct annual in-services of Maternal/Infant Health care issues; attend Ad-hoc committee meetings as requested; conduct monthly chart reviews/plan of care oversight and attend Professional Advisory Committee Meetings held three (3) times per year. Aside from officially scheduled meetings or work, Contractor shall not engage in any billable activities under this Agreement without the prior permission of PPH. PPH may limit the number of hours worked under this Agreement to one-two (1-2) per month (20 hours/year).

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

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

## DPR Construction Management Contract

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, June 30, 2009

**FROM:** David Tam, MD, CAO, Pomerado

**Background:** An update on the status of discussions/negotiations with DPR regarding the contract will be provided at the meeting, including previously outlined questions/requirements by the Board. Possible action depends on status at the meeting.

**Budget Impact:** Embedded in overall project budget.

**Staff Recommendation:** Will be provided at the meeting

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## Medical Foundation Formation: 1206(I)

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, June 30, 2009

**FROM:** Robert Trifunovic, MD

**Background:** A Business Model to facilitate growth of primary care and needed specialties for the District. The request is for a non-binding Letter of Intent between PPH and Centre for HealthCare to proceed with creation of structure, governance, and professional service agreements within the Foundation Model (*See Addendum B*).

**Budget Impact:** At this point, the current request of the Committee has no fiscal impact to the Finances of the District, except for already-budgeted consultancy fees.

**Staff Recommendation:** Approval

**Committee Questions:**

**COMMITTEE RECOMMENDATION:**

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

## North County Radiology Joint Venture Agreement

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, June 30, 2009

**FROM:** Bob Hemker, CFO  
Gerald Bracht, CAO, PMC

**Background:** Development of a possible joint venture between the District and North County Radiology (NCR) is underway, and current status of the terms, structure and conditions will be reviewed. More information will be available at the meeting and/or provided under separate cover.

**Budget Impact:** TBD

**Staff Recommendation:** A recommendation will be made at the meeting.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**



## May 2009 & YTD FY2009 Financial Report

**TO:** Board Finance Committee

**MEETING DATE:** Tuesday, June 30, 2009

**FROM:** Robert Hemker, CFO

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

**Budget Impact:** N/A

**Staff Recommendation:** Staff recommends approval.

**Committee Questions:**

### COMMITTEE RECOMMENDATION:

**Motion:**

**Individual Action:**

**Information:**

**Required Time:**

# ADDENDUM A

BOARD FINANCE COMMITTEE MEETING  
ATTENDANCE ROSTER & MEETING MINUTES  
CALENDAR YEAR 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
<b>MEMBERS</b>											
NANCY BASSETT, R.N.	P	P	P	P	P						
TED KLEITER – CHAIR	P	P	P	P	P						
MARCELO RIVERA, M.D.	P	E	P	E	P						
MICHAEL COVERT, FACHE	P	P	P	P	P						
FRANK MARTIN, M.D.	P	P	P	P	P						
JOHN LILLEY, M.D.	P	P	P	P	A						
<i>BRUCE KRIDER – ALTERNATE</i>		P	G	E							
<i>LINDA GREER, R.N. – 2<sup>ND</sup> ALTERNATE</i>			G	P							
<i>– 3<sup>RD</sup> ALTERNATE</i>											
<i>– 4<sup>TH</sup> ALTERNATE</i>											
<b>STAFF ATTENDEES</b>											
BOB HEMKER	P	P	P	P	P						
GERALD BRACHT	P	P	P	P	P						
DAVID TAM	P	P	P	P	P						
TANYA HOWELL – SECRETARY	P	P	P	P	P						
<b>INVITED GUESTS</b>	<b>SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS</b>										

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 26, 2009**

1. AGENDA ITEM			
DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<b>CALL TO ORDER</b>			
<ul style="list-style-type: none"> <li>The meeting – held in Conference Rooms B&amp;C at 15255 Innovation Drive, San Diego, CA, was called to order at 6:36 p.m. by Chair Ted Kleiter</li> </ul>			
<b>ESTABLISHMENT OF QUORUM</b>			
<ul style="list-style-type: none"> <li>See roster</li> </ul>			
<b>PUBLIC COMMENTS</b>			
<ul style="list-style-type: none"> <li>There were no public comments</li> </ul>			
<b>INFORMATION ITEM(S)</b>			
<ul style="list-style-type: none"> <li>None</li> </ul>	<i>Information Only</i>	Forwarded to the June 8, 2009, Board of Directors meeting as Information	
<b>1. APPLICATIONS FOR INDEPENDENT CITIZENS' OVERSIGHT COMMITTEE (ICOC)</b>			
<ul style="list-style-type: none"> <li>Bob Hemker reviewed the requirements for ICOC membership, stating that there were two positions coming vacant on June 30<sup>th</sup> – one At Large and one for a required seat representing a <i>bona fide</i> Taxpayers' Organization.</li> <li>There were four applicants for the two positions, and all four were invited to attend tonight's meeting                             <ul style="list-style-type: none"> <li>John Amodeo – At Large – in attendance</li> <li>Alex Galenes – At Large – in attendance</li> <li>Ronald D. Klingensmith – Taxpayers' Organization OR At Large – in attendance</li> <li>Barry I. Newman – Taxpayers' Organization OR At Large – unable to attend due to a prior commitment</li> <li>Their credentials and reasons for wanting to serve were provided in the agenda packet</li> </ul> </li> <li>There must be a minimum membership of 9, but membership has been as high as 11</li> <li>Options for nominations:                             <ul style="list-style-type: none"> <li>Could consider recommendation to the Board for the minimum requirement of 2, 1 of whom would have to represent a Taxpayers' Organization</li> <li>Could recommend all four individuals, as there is no maximum to the membership                                     <ul style="list-style-type: none"> <li>Having more than required minimum of members would be advantageous                                             <ol style="list-style-type: none"> <li>If a single member resigns or their term expires, application and review process wouldn't be necessary</li> <li>If a required Taxpayers' Organization representative were to resign, the qualified At Large member could be moved into that seat, again either forestalling a need for application and review process or creating a need only for the easier-to-fill At Large seat</li> </ol> </li> </ul> </li> </ul> </li> <li>There were no questions posed to the candidates</li> </ul>	<p><b>MOTION:</b> By Director Rivera, seconded by Director Bassett and carried to nominate John Amodeo, Alex Galenes and Barry I. Newman to At Large seats on the ICOC. All in favor. None opposed.</p> <p><b>MOTION:</b> By Michael Covert, seconded by Dr. Martin and carried to nominate Ronald D. Klingensmith as the Taxpayers' Organization representative on the ICOC. All in favor. None opposed.</p>	Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval	<b>Y</b>

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 26, 2009**

<b>1. AGENDA ITEM</b>			
<b>DISCUSSION</b>	<b>CONCLUSION/ACTION</b>	<b>FOLLOW UP/RESPONSIBLE PARTY</b>	<b>FINAL?</b>
<ul style="list-style-type: none"> <li>Chairman Kleiter thanked the applicants for attending the meeting, noting that the ICOC is an important committee for PPH and thanking them all for their interest in serving</li> </ul>			
<b>2. ICOC MINUTES – MID-YEAR MEETING ON TUESDAY, APRIL 21, 2009</b>			
<ul style="list-style-type: none"> <li>No discussion.</li> </ul>	<p><b>MOTION:</b> By Michael Covert, seconded by Director Bassett and carried to recommend approval of the draft minutes from the ICOC Mid-Year Meeting held on Tuesday, April 21, 2009, for inclusion in the Board's public records. All in favor. None opposed.</p>	Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<b>3. MINUTES – TUESDAY, APRIL 28, 2009</b>			
<ul style="list-style-type: none"> <li>No discussion.</li> </ul>	<p><b>MOTION:</b> By Director Bassett, seconded by Dr. Martin and carried to approve the minutes of the April 28, 2009, Board Finance Committee meeting as presented. All in favor. None opposed.</p>		<b>Y</b>
<b>4. WOUND CARE CENTERS AGREEMENT– RESTORATIVE WOUND HEALING AND HYPERBARIC MEDICAL GROUP</b>			
<ul style="list-style-type: none"> <li>Sheila Brown and Ann Moore had not finalized negotiations with the physicians and requested that the agreement be pulled from the agenda                             <ul style="list-style-type: none"> <li>It will be presented at a future meeting</li> </ul> </li> </ul>	<b>N/A</b>		<b>N</b>
<b>5. DELEGATION OF EXPENDITURE &amp; REQUISITION APPROVAL AUTHORITY</b>			
<ul style="list-style-type: none"> <li>Bob Hemker stated that the additional authorities were being requested related to Facilities Master Plan (FMP) expenditures only to ensure there were no delays on certain expenditures                             <ul style="list-style-type: none"> <li>ADD E-4 outlines authorities by amount, name and title</li> <li>Not in conflict to current Board policy, just additional</li> <li>Has already been reviewed through the Facilities &amp; Grounds Board Committee</li> <li>Authority for the CEO remains the same</li> <li>David Tam was provided authority up to \$1M by earlier action</li> <li>Action provides more flexibility to avoid construction delays</li> </ul> </li> </ul>	<p><b>MOTION:</b> By Director Bassett, seconded by Director Rivera and carried to recommend approval of the delegated approval authorities as presented. All in favor. None opposed.</p>	Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval	<b>Y</b>
<b>6. REQUEST FOR ADDITIONAL FUNDING TO COMPLETE NICU EXPANSION</b>			
<ul style="list-style-type: none"> <li>David Tam &amp; Mike Shanahan reviewed the original approved funding, which crossed over 2 fiscal years with total funding of \$1.6M, expanding the NICU from 6 to 12 beds                             <ul style="list-style-type: none"> <li>Costs have gone up to \$1.9M, so the additional \$300K funds are being requested out of the FY09 routine capital budget</li> <li>NICU is now licensed and ready to be used</li> </ul> </li> </ul>	<p><b>MOTION:</b> By Director Rivera, seconded by Director Bassett and carried to recommend approval for additional funding in the amount of \$300,300 to complete the NICU expansion at PMC. All in favor.</p>	Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval	<b>Y</b>

**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 26, 2009**

**1. AGENDA ITEM**

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> <li>• Mr. Shanahan stated that during the course of inspecting the newly expanded area, OSHPD inspectors also inspected the existing areas and required unanticipated renovations                             <ul style="list-style-type: none"> <li>o Among other items (<i>detailed on Attachment 1</i>), electrical upgrades and asbestos abatement were required</li> </ul> </li> <li>• Based on lessons learned in this renovation, Mr. Shanahan stated that future renovations will include a recommendation to raise the overage for contingency to 20% for PMC projects</li> </ul>	None opposed.		

**7. POLICIES & PROCEDURES FOR CORPORATE CREDIT CARDS**

<ul style="list-style-type: none"> <li>• Bob Hemker stated that this topic originated at the Board Audit &amp; Compliance Committee. As a public entity, there are often requests for accountings of Board and executive expenses. Information needs to be compiled from numerous sources to meet the requests, because expenses can originate in many different ways. The question arose regarding how we can more easily reconcile dollars spent on reimbursable expenses.                             <ul style="list-style-type: none"> <li>o There are several ways to expend funds:                                     <ul style="list-style-type: none"> <li>– PPH generated from accounts payable</li> <li>– Use of a corporate credit card, assigned to individuals</li> <li>– Use of a personal credit card, expense reimbursement to user after the fact</li> </ul> </li> <li>o If expenditures for a single trip are made by more than one of these methods, reconciliation can be difficult to track                                     <ul style="list-style-type: none"> <li>– Can only tell from review of cost center to which expenditures expended for travel and training are charged</li> <li>– Corporate credit card statement could be reviewed for other charges                                             <ul style="list-style-type: none"> <li>1) Credit card statement wouldn't necessarily name traveler, because a single card—such as Governance—is utilized for multiple individuals</li> </ul> </li> </ul> </li> <li>o Cleanest method would be for individual incurring expenses to pay with a personal check or credit card, then submit a detailed expense claim                                     <ul style="list-style-type: none"> <li>– Most organizations require that all expenses for one trip be reimbursed on one claim form</li> <li>– Downside is lag time between expenditure via personal account and reimbursement timeline</li> </ul> </li> <li>o The District has expanded the use of corporate credit cards                                     <ul style="list-style-type: none"> <li>– Example: Mr. Hemker is using part of his travel/training budget to pay for multiple people in his division to attend a function, online registration for which requires a credit card, so Tanya pays for all attendees with her card (<i>ADD F4 to F6</i>)</li> </ul> </li> <li>o Do we need to formulate a definitive plan for how expenses should be incurred and reimbursed?</li> </ul> </li> <li>• Should a procedure/policy be formulated whereby all expense claims are filed at gross (e.g., airfare, registrations, meals, etc.), itemized to show amounts for items already paid via corporate credit card as deductions, and amounts paid via personal accounts as reimbursable?</li> </ul>	<p><i>Guidance was provided to management regarding possible updates to current policies and procedures.</i></p>	<p>Forwarded to the June 8, 2009, Board of Directors meeting as information.</p> <p>Management will review and update the current policies and procedures for presentation to the Board Finance Committee and then to the Board Audit &amp; Compliance Committee for review and comment.</p>	<b>N</b>
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**BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, MAY 26, 2009**

1. AGENDA ITEM			
DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<b>8. APRIL 2009 AND YTD FY2009 FINANCIAL REPORT</b>			
<ul style="list-style-type: none"> <li>• Utilizing the presentation included in the agenda packet as Addendum G, Bob Hemker presented the April 2009 and YTD FY2009 financial statements. Only select slides were presented for discussion.</li> <li>• April 2009 Month-to-Date Income (<i>ADD G-19</i>)               <ul style="list-style-type: none"> <li>o No major changes to revenues</li> <li>o Continued negative variance in Supplies</li> <li>o Property Tax Revenues had a negative variance of \$200K                   <ul style="list-style-type: none"> <li>■ Some reassessments are affecting tax revenues received by the County</li> </ul> </li> <li>o Investment Income has been up and down during the month, ending with a negative variance of \$504K for the month</li> </ul> </li> <li>• Fiscal Year-to Date Income Statement (<i>ADD G-18</i>)               <ul style="list-style-type: none"> <li>o Operating Income shows a positive YTD variance of \$380K</li> <li>o Investment Income reflects a negative YTD variance of \$2.4M</li> <li>o Net Income is \$18.1M, short of budget by \$2.2M – all from investment income</li> <li>o YTD Supply Expenses showed a negative variance of \$3.6M                   <ul style="list-style-type: none"> <li>■ Reviewed to determine if issue is rate/volume related                       <ul style="list-style-type: none"> <li>▲ It is volume – especially outpatient procedures</li> <li>▲ Volume variance is \$6M for POM/PMC                           <ul style="list-style-type: none"> <li>(a) \$2.7M less for a rate variance, showing that we're buying more efficiently</li> <li>(b) Implantable cases budgeted by UOS                               <ul style="list-style-type: none"> <li>(i) PMC budgeted for 2092, actually at 3354</li> <li>(ii) POM budgeted for 1463, actually at 1674</li> </ul> </li> </ul> </li> </ul> </li> </ul> </li> <li>o Cash Collections (<i>ADD G-54</i>)                   <ul style="list-style-type: none"> <li>■ IOU received from the State in March was paid in April</li> <li>■ \$41M for the month – a new record</li> <li>■ Have already collected about \$38M in May</li> <li>■ If June holds to that trend, should be approximately \$5M surplus resulting from Revenue Cycle strategies</li> </ul> </li> </ul> </li> </ul>	<p><b>MOTION:</b> By Director Rivera, seconded by Dr. Martin and carried to recommend approval of the Financial Report for April 2009 and YTD FY2009 as presented. All in favor. None opposed.</p>	<p>Forwarded to the June 8, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p><b>Y</b></p>
<b>ADJOURNMENT</b>	<b>The meeting was adjourned at 7:22 p.m.</b>		
<b>SIGNATURES:</b>			
• <b>COMMITTEE CHAIR</b>	_____		
	Ted Kleiter		
• <b>COMMITTEE SECRETARY</b>	_____		
	Tanya Howell		

# ATTACHMENT 1



**Palomar Medical Center  
NICU Expansion & Remodel**

Original Project Budget                      \$1,600,000.00    Per CIP 120915  
  
Projected Total Costs                          \$1,898,495.40

**Additional Funding Needed                      \$298,495.40**

**Detail of Additional Funding Required to Complete Project**

<b>Vendor</b>	<b>Amount</b>	<b>Notes</b>
HCI - Access Control	-\$6,274.87	Additional Access Control (Card Reader & Door Release) at Existing NICU
JT Specialties	-\$508.00	
PCL Construction	-\$384,543.00	Additional work for the General Contractor including electrical panel relocation required by OSHPD, additional asbestos abatement, correction of existing conditions as required by OSHPD (HVAC, Electrical, Low Voltage), Increased/Changed Scope due to Owner or A/E Changes.
Berg Electric	-\$2,500.00	Live Electrical Work required for Electrical Panel Relocation.
Armstrong Med Industries	-\$1,465.12	3 Additional Bedside Carts
NEC Unified Solutions	\$3,000.00	Wireless ZT not required.
Developmental Toys & Furniture	\$2,500.00	Funded by foundation.
Signage	-\$1,000.00	No signage figured in original budget for new NICU.
IOR - Inspection Services	-\$23,200.00	Additional inspection services required due to extended schedule & OSHPD requirements.
Project Management Services	\$12,484.00	Savings for having direct PPH Project Manager rather than consultant.
Architect & Engineers	-\$13,122.40	Additional services for extended contract duration. A request for an additional of \$67k has been requested. This is not reflected here as it is expected that this can be negotiated.
Western Environmental	-\$4,300.00	Additional abatement testing services as required by additional asbestos abatement.
Finance Charge	-\$17,895.00	Additional finance charge not figured in original budget.
Project Contingency Offset	\$138,465.60	Use of \$138k of project contingency to offset cost overruns. Projected use of \$40k in contingency to complete project (13% of additional funding requested)
Other Misc. Costs.	-\$136.61	
<b>Total</b>	<b>-\$298,495.40</b>	

# ADDENDUM B

## LETTER OF INTENT

THIS LETTER OF INTENT is made effective on the \_\_\_\_ day of \_\_\_\_, 2009 (the “effective date”), by and between Center for Healthcare (“CHC”) and Palomar Pomerado Health, a California healthcare district organized under Section 23 of the Health and Safety Code, (“PPH”).

WHEREAS, CHC is a multispecialty physician practice organization with 2 physician clinics located throughout the North County San Diego region; and

WHEREAS, PPH is a California health district which owns and operates two licensed acute care hospitals in Poway and Escondido, California, as well as numerous outpatient services throughout its district; and

WHEREAS, the parties have a longstanding and collaborative relationship for the provision of health care services to residents of PPH’s health district; and

WHEREAS, the parties believe that the reimbursement and competitive environments in the future will require greater services and economic, operational and strategic planning integration in order to provide accessible quality care at a reasonable price.

NOW, THEREFORE in consideration of the mutual promises contained herein and for other valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

### **AGREEMENT**

#### **1. Principal Terms.**

The parties hereby state their intent to enter into an agreement with one another upon the principle terms and conditions described on Exhibit “A” attached hereto. The parties agree to use their best efforts to consummate the transaction described on Exhibit “A” by December 31, 2009, subject to (i) each party’s due diligence, (ii) the successful negotiation, preparation, execution and delivery of definitive agreements, (iii) each parties legal counsels’ satisfactory review of potential legal and regulatory restrictions, and (iv) each parties board approval.

#### **2. Exclusive Negotiations.**

In consideration of, among other things, the execution of this Letter Agreement and the expenditure of extensive time, effort and expense by or on behalf of the parties in negotiating the definitive agreements and otherwise proceeding in accordance herewith, each party agrees that until the expiration of the term thereof, they will not directly or indirectly solicit, initiate or participate in any way in discussions or negotiations with or provide any information to any other person or entity concerning any affiliation, merger, joint venture, business combination or similar transaction related to owning, operating or providing health services within PPH’s health district. Each party agrees that to the extent any such discussions are presently occurring, they will terminate the discussions during the term of this agreement.

### **3. Confidentiality of Exchanged Information.**

During the negotiations concerning the agreement, the term of this Letter Agreement and at all times following the expiration of negotiations and this Letter Agreement, the parties will not disclose any information exchanged between them which is confidential and proprietary and not in the public domain, including but not limited to financial proposals, price lists, forecasts, studies, information concerning potential risk sharing arrangements, business plans, and other confidential information (“Confidential Information”). None of the parties shall photograph or photocopy the other parties’ Confidential Information without the consent of the other. In addition, nothing herein shall require or permit CHC or PPH to exchange price related information for patient care service rendered by them.

### **4. Return of Information.**

Within ten (10) days following a written request therefore by either party, all Confidential Information thereof and all analysis, compilations, forecasts, studies, or other documents prepared by the other party based upon the Confidential Information will be returned to the requesting party.

### **5. Remedies for Breach of Letter Agreement.**

If a party discloses another party’s Confidential Information or otherwise breaches this Letter of Intent, the other party may resort to any one or more of the following remedies, which are intended by the parties to be cumulative and in addition to any other rights and/or remedies that might exist at law or in equity:

- 5.1 Obtain an injunction or other equitable relief preventing the party from disclosing the Confidential Information or otherwise breaching this Letter Agreement, it being the understanding and agreement of the parties that any such disclosure or breach will cause immediate and irreparable harm and that damages at law arising from any such breach may be difficult to ascertain and not adequately compensate a party for harm suffered as a result of such disclosure or breach.
- 5.2 Obtain and/or seek such other legal and/or equitable relief to which the injured party may be entitled under applicable law.
- 5.3 In the event of any controversy, claim or action being filed or instituted between the parties to this Letter of Intent to enforce the terms and conditions of this Letter of Intent or arising from the breach of any provision hereof, the prevailing party will be entitled to receive from the other party all costs, damages and expenses, including reasonable attorney fees, incurred by the prevailing party, whether or not such controversy or claim is litigated or prosecuted to judgment. The prevailing party will be that party who was awarded judgment as a result of trial or arbitration, or who receives a payment of money from the other party in settlement of claims asserted by that party.

### **6. Compliance with Laws.**

The parties intend this Letter Agreement be in strict compliance with applicable law, statutes, rules and regulations. If, in the opinion of any party’s legal counsel, laws, regulations, interpretations or rulings raise questions regarding the enforceability of this Letter of Intent,

or if such matters adversely effect strict compliance with this Letter of Intent, or if any authority commences regulatory or enforcement action, the parties shall renegotiate any terms of this Letter of Intent to cure the unenforceable term and secure such strict compliance.

**7. Costs.**

Each party will bear its own costs with respect to legal services, tax accounting advice, and other professional services related to the transactions contemplated hereby.

**8. Representations.**

Each party shall obtain their own legal counsel and shall rely exclusively upon their own legal counsel in evaluating the legal issues raised by way of the transaction contemplated herein.

**9. Scope of Agreement.**

This Letter of Intent is an outline of the basic provisions to be set forth in definitive agreements implementing the transactions described herein. Except for the agreement of the parties to use their best efforts to consummate the transaction and except for the provisions of paragraphs 3, 4, and 5 hereof (which are legally binding agreements of the parties), there is no legally binding or enforceable contract between the parties until such time as definitive agreements are prepared, reviewed and executed by the parties.

The parties have accepted and agreed to the terms of this Letter Agreement effective the date first above written.

**CENTER FOR HEALTHCARE**

**Dated:** \_\_\_\_\_, 2009

**By:** \_\_\_\_\_  
**Chief Executive Officer**

**PALOMAR POMERADO HEALTH**

**Dated:** \_\_\_\_\_, 2009

**By:** \_\_\_\_\_  
**Michael H. Covert**  
**President & Chief Executive Officer**

**LETTER OF INTENT**  
**EXHIBIT A**

The purpose of the Letter of Intent between CHC and PPH, dated \_\_\_ June, 2009, shall be to take such action as necessary towards the development of a nonprofit medical foundation structure under California Code 1206(l). The parties will discuss issues addressing economic, operational, and strategic planning integration.

This includes exploring the development of the structure, governance, and professional services agreements necessary to create the medical foundation.

ADDENDUM C

# Financial Statements

*May 2009*

PALOMAR  
POMERADO  
HEALTH  
SPECIALIZING IN YOU

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Balanced Scorecard  
Financial Indicators

ADD C-3

February		March		April		May		YTD 2009			
Actual	Actual	Actual	Actual	Budget	Variance	% Actual to Budget		Actual	Budget	Variance	% Actual to Budget
<b>PPH Indicators:</b>											
8.0%	9.4%	9.4%	9.8%	11.1%	(1.3%)	88.3%	OEBITDA Margin w/Prop Tax	9.9%	10.3%	(0.4%)	96.1%
\$ 11,161.27	\$ 11,183.33	\$ 10,574.82	\$ 10,808.65	\$ 10,646.64	\$ (162.01)	101.5%	Expenses/Adj Discharge	\$ 10,849.43	\$ 10,744.87	\$ (104.56)	101.0%
\$ 6,713.71	\$ 6,846.74	\$ 6,363.56	\$ 6,719.57	\$ 6,376.14	\$ (343.43)	105.4%	SWB/Adj Discharge	\$ 6,494.77	\$ 6,419.71	\$ (75.06)	101.2%
6.20	6.37	6.35	6.38	6.55	0.17	97.4%	Prod FTE's/Adj Occupied Bed	6.36	6.60	0.24	96.4%
3,065	3,315	3,341	3,445	3,391	54	101.6%	Adjusted Discharges	36,803	36,675	128	100.3%
<b>PPH North Indicators:</b>											
6.7%	7.9%	7.6%	12.6%	12.2%	0.4%	103.3%	OEBITDA Margin w/Prop Tax	10.2%	11.3%	(1.1%)	90.3%
\$ 10,387.22	\$ 10,226.35	\$ 9,952.15	\$ 10,025.50	\$ 9,856.38	\$ (169.12)	101.7%	Expenses/Adj Discharge	\$ 10,092.71	\$ 9,973.91	\$ (118.80)	101.2%
\$ 5,520.30	\$ 5,390.53	\$ 5,118.57	\$ 5,280.77	\$ 5,168.46	\$ (112.31)	102.2%	SWB/Adj Discharge	\$ 5,252.38	\$ 5,238.38	\$ (14.00)	100.3%
5.14	5.19	5.21	5.26	5.29	0.03	99.4%	Prod FTE's/Adj Occupied Bed	5.25	5.38	0.13	97.6%
2,211	2,434	2,421	2,497	2,451	46	101.9%	Adjusted Discharges	26,632	26,491	141	100.5%
<b>PPH South Indicators:</b>											
10.2%	6.3%	11.1%	3.2%	7.3%	(4.1%)	43.8%	OEBITDA Margin w/Prop Tax	7.1%	6.6%	0.5%	107.6%
\$ 11,991.44	\$ 13,006.85	\$ 11,165.51	\$ 11,658.41	\$ 11,643.50	\$ (14.91)	100.1%	Expenses/Adj Discharge	\$ 11,671.67	\$ 11,665.96	\$ (5.71)	100.0%
\$ 6,116.00	\$ 6,568.34	\$ 5,980.18	\$ 5,957.20	\$ 6,024.93	\$ 67.73	98.9%	SWB/Adj Discharge	\$ 5,893.33	\$ 6,002.26	\$ 108.93	98.19%
6.27	6.67	6.57	6.34	6.45	0.11	98.3%	Prod FTE's/Adj Occupied Bed	6.33	6.42	0.09	98.6%
823	845	882	928	919	9	101.0%	Adjusted Discharges	9,889	9,960	(71)	99.3%

Financial Results  
Executive Summary of Key Indicators

	May 2009			FY 09 Y-T-D @ MAY 2009			Moody Benchmark
	Actual	Budget	Variance	Actual	Budget	Variance	
<b><i>Statistics:</i></b>							
Acute Admissions	2,301	2,502	(201)	25,503	27,037	(1,534)	
Acute Patient Days	9,308	9,654	(346)	101,190	104,319	(3,129)	
Acute ALOS	3.93	3.86	0.07	3.93	3.86	0.07	
Case Mix Index (w/o Births)	1.51	1.40	0.11	1.45	1.40	0.05	
Total Surgeries	1,548	1,658	(110)	17,193	17,918	(725)	
Births	414	454	(40)	4,663	4,908	(245)	
E/R Visits & Admissions	8,148	7,698	450	82,807	83,184	(377)	
ER to Admit Rate	15.2%	16.5%	(1.3%)	16.6%	16.5%	0.1%	
Productivity %	99.5%	100%	(0.5%)	98.5%	100%	(1.5%)	
<b><i>Income Statement:</i></b>							
Net Patient Revenue	37,982,290	36,604,793	1,377,497	401,133,671	395,172,710	5,960,961	
Total Net Revenue	38,431,933	37,206,614	1,225,319	407,637,504	402,072,721	5,564,783	
Sal., Wages, Cont. Lbr	17,466,057	17,369,059	(96,998)	190,230,110	189,276,849	(953,261)	
Supplies	5,899,179	5,647,284	(251,895)	64,897,587	61,029,806	(3,867,781)	
Total Expenses	37,232,265	36,102,768	(1,129,497)	399,156,555	394,068,213	(5,088,342)	
<b>Net Inc. (Loss) before Non-Op</b>	<b>1,199,668</b>	<b>1,103,846</b>	<b>95,822</b>	<b>8,480,949</b>	<b>8,004,508</b>	<b>476,441</b>	
<b>Net Income (Loss)</b>	<b>1,928,491</b>	<b>2,445,796</b>	<b>(517,305)</b>	<b>20,013,242</b>	<b>22,765,958</b>	<b>(2,752,716)</b>	
<b><i>Cash Flow:</i></b>							
Cash Collections	38,600,000	36,000,000	2,600,000	389,100,000	396,000,000	(6,900,000)	
Days in A/R - Gross				46.3	52.4	(6.1)	
Days Cash on Hand				102.6	80.0	22.6	
<b><i>Ratios:</i></b>							
OEBITDA w/ Prop. Tax	9.8%	11.1%	(1.3%)	9.9%	10.3%	(0.4%)	
Net Income Margin	5.0%	6.6%	(1.6%)	4.9%	5.7%	(0.8%)	
Bad Debt % of Net Revenue	13.6%	10.1%	(3.5%)	13.1%	10.1%	(3.0%)	7.1%
Return On Assets				2.0%	2.3%	0.3%	4.3%
Annual Debt Service Coverage				2.9			4.4
Cushion Ratio				7.0			15.3

## Financial Results

## Executive Summary &amp; Highlights

Statistics

<b>CONSOLIDATED</b>	<b>Apr</b>	<b>May</b>	<b>Apr vs May % Change</b>	<b>May Budget</b>	<b>Act vs Bud % Variance</b>
Patient Days Acute	9,027	9,308	3.1%	9,654	(3.6%)
Patient Days SNF	6,306	6,431	2.0%	6,452	(0.3%)
ADC Acute	300.89	300.25	(0.2%)	311.42	(3.6%)
ADC SNF	210.20	207.45	(1.3%)	208.13	(0.3%)
Surgeries CVS Cases	13	15	15.4%	13	15.4%
Surgeries Total	1,508	1,548	2.7%	1,658	(6.6%)
Number of Births	399	414	3.8%	454	(8.8%)
 <b>NORTH</b>					
Patient Days Acute	6,781	7,026	3.6%	7,155	(1.8%)
Patient Days SNF	2,705	2,744	1.4%	2,639	4.0%
ADC Acute	226.02	226.64	0.3%	230.80	(1.8%)
ADC SNF	90.17	88.52	(1.8%)	85.13	4.0%
 <b>SOUTH</b>					
Patient Days Acute	2,246	2,282	1.6%	2,499	(8.7%)
Patient Days SNF	3,601	3,687	2.4%	3,813	(3.3%)
ADC Acute	74.87	73.61	(1.7%)	80.61	(8.7%)
ADC SNF	120.03	118.94	(0.9%)	123.00	(3.3%)

## Balance Sheet

Current Cash & Cash Equivalents decreased \$0.7 million from \$114.6 million in April to \$113.9 million in May. Total Cash and Investments are \$116.6 million, compared to \$118.4 million at April. Days Cash on Hand went from 104.3 days in April to 102.6 days in May.

Net Accounts Receivable increased \$0.1 million from \$95.4 million in April to \$95.5 million in May. Gross A/R days decreased from 47.3 days in April to 46.3 days in May.

May YTD collections including capitation are \$389.1 million compared to budget of \$396.0 million.

Construction in Progress increased \$7.5 million from \$361.1 million in April to \$368.6 million in May. The increase is attributed to Building Expansion A & E Services, construction and permitting costs of \$6.4 million, Cerner Optimization Project \$0.5 million and Other \$0.6 million.

Other Current Liabilities decreased \$0.6 million from \$22.5 million to \$21.9 million. The decrease is due to the realization of deferred property tax revenue of \$1.0 million which was partially offset by an increase in capitation liability of \$0.6 million.

## Financial Results

## Executive Summary &amp; Highlights

Income Statement

Gross Patient Revenue reflects a YTD favorable budget variance of \$68.9 million. The variance breakdown is as follows.

	North	South	Outreach	Consolidated
Total	45,062,531	21,688,787	2,132,964	68,884,282
Routine	(3,632,003)	(2,736,568)	-	(6,368,571)
IP Ancillary	(2,992,321)	8,726,493	-	5,734,172
OP	51,686,855	15,698,862	2,132,964	69,518,681

Deductions from Revenue reflect a YTD unfavorable budget variance of \$62.9 million. Total Deductions from Revenue is 72.24% of gross revenue compared to a budget of 71.28%.

Net Capitation reflects a YTD unfavorable budget variance of \$0.5 million. Cap Premium shows a favorable budget variance of \$6.9 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 \$5.8 million and \$1.6 million, respectively.

Other Operating Revenue has a YTD unfavorable budget variance of \$0.4 million. The breakdown is a \$1.0 million favorable budget variance in Revenue Cycle Management; which is offset by a \$0.7 million unfavorable budget variance from a new department, Weight Solutions, a \$0.4 million unfavorable budget variance from Health Development and the Research Institute combined, and Other unfavorable of \$0.3 million.

## Financial Results

## Executive Summary &amp; Highlights

Income Statement (cont'd)

Salaries, Wages & Contract Labor has a YTD unfavorable budget variance of \$0.9 million. The breakdown is as follows:

	YTD Actual	YTD Budget	Variance
Consolidated	190,230,110	189,276,849	(953,261)
North	112,511,926	112,222,938	(288,988)
South	47,172,809	48,797,609	1,624,800
Central	23,837,830	22,531,532	(1,306,298)
Outreach	6,707,545	5,724,770	(982,775)

Employee Benefits Expense has a YTD unfavorable budget variance of \$2.6 million primarily due to \$2.5 million unfavorable variance in Group Health Insurance.

Supplies Expense reflects a YTD unfavorable budget variance of \$3.9 million primarily due to Prosthesis expense.

Professional Fees & Purchased Services reflect a YTD favorable budget variance of \$1.0 million due to Purchased Services.

Non-Operating Income reflects a YTD unfavorable budget variance of \$3.2 million. This is due to an unfavorable Investment Income variance of \$1.7 million and unfavorable Other of \$1.5 million.

Ratios & Margins

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

## Financial Results

## Executive Summary &amp; Highlights

Stat	MTD	Budget	YTD	Budget	PY
Patient Days - Acute	9,308	9,654	101,190	104,319	104,675
Discharges - Acute	2,370	2,502	25,758	27,037	26,756
OP Registrations	4,618	4,119	47,455	44,507	44,232
ER Visits	6,907	6,427	69,081	69,453	68,432
Deliveries	414	454	4,663	4,908	4,953

**Profit & Loss (in millions)**

	MTD	Budget	YTD	Budget	PY
Capitation	0.1	Breakeven	(0.6)	(0.2)	(4.4)
Net Patient Revenue	38.0	36.6	401.1	395.2	377.1
Total Revenue	38.4	37.2	407.6	402.1	386.5
SWB	22.5	21.3	231.7	231.5	221.0
Contract Labor	0.6	0.4	7.3	4.0	10.3
Supplies	5.9	5.6	64.9	61.0	61.2
Total Expense	37.2	36.1	399.2	394.1	393.0
Net Income from Ops	1.2	1.1	8.5	8.0	-6.5
Net Income	1.9	2.4	20.0	22.8	8.4

Key Variance Explanations  
Month-To-Date

ADD C-10

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Net Income From Operations</b>	<b>1,199,668</b>	<b>1,103,846</b>		<b>95,822</b>
<b>Total Net Revenue</b>				<b>1,377,497</b>
Net Patient Revenue			1,377,497	
<b>Other Operating Revenue</b>				<b>(152,178)</b>
Rent - contra to Other Direct			(150,000)	
Weight Solutions - contra to Supplies			(60,309)	
PPNC Health Development and Research Institute			(36,801)	
Other			94,932	
<b>Salaries &amp; Wages</b>				<b>179,128</b>
Volume Variance			(270,761)	
Rate & Efficiency (Nursing & Non-Nursing)			449,889	
<b>Benefits</b>				<b>(1,430,420)</b>
Group Health Insurance			(1,282,543)	
FICA			(81,411)	
SUI			(50,841)	
Pension			(1,431)	
Work Comp			13,401	
Other			(27,595)	
<b>Contract Labor</b>				<b>(276,126)</b>
Volume Variance			(5,832)	
Rate & Efficiency (Nursing & Non-Nursing)			(270,294)	
<u>Breakdown of total variance:</u>				
Registered Nurse	(275,867)			
Other Temp Help	(17,897)			
Clerical/Admin	(7,866)			
Therapist Temp	25,504			



## Key Variance Explanations

## Month-To-Date (cont'd)

ADD C-11

	Actual	Budget	Variance Detail	Variance
<b>Professional Fees</b>				<b>(109,031)</b>
Finance Audit Fees			(31,342)	
Revenue Cycle			(26,827)	
Pom ER Physician Fees			(21,467)	
Other			(29,394)	
<b>Supplies</b>				<b>(251,895)</b>
Volume Variance			(89,930)	
Rate & Efficiency			(161,965)	
<u>Breakdown of total variance:</u>				
Other Medical	(153,076)			
Prosthesis	(115,508)			
Other	16,689			
<b>Purchased Services</b>				<b>74,943</b>
Medi-Cal eligibility Services			(236,378)	
Nursing Admin - COPE			202,005	
Other			109,316	
<b>Depreciation</b>				<b>278,843</b>
Depreciation			278,843	
<b>Other Direct Expenses</b>				<b>405,061</b>
Radiosurgery - contra to revenue			(110,750)	
Gas			(15,967)	
Electricity			(10,704)	
Marketing			90,860	
Insurance			109,518	
Rent			196,059	
Other			146,045	
<b>Total Actual to Budget MID Variance for May 2009</b>			<b>95,822</b>	<b>95,822</b>

# Key Variance Explanations

## Month-To-Date (cont'd)

ADD C-12

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Total Actual to Budget MTD Variance for May 2009</b>				<b>95,822</b>
<b>Non-Operating Income (Expense)</b>	<b>728,823</b>	<b>1,341,950</b>		<b>(613,127)</b>
<b>Property Tax</b>	<b>966,666</b>	<b>1,166,666</b>	<b>(200,000)</b>	
<b>Investment Income (Loss)</b>	<b>359,430</b>	<b>548,526</b>	<b>(189,096)</b>	
<u>Breakdown of Actual:</u>				
Salomon Bros (69% Gov't Sec, 30% Corp Bonds; 1% MMF)	183,937			
Pacific Inc (93% Gov't Sec6% Corp Bonds, 1% MMF)	108,360			
LAIF	42,843			
Other (Dr's Loans, LOC, Escondido Escrow, Bond Invest)	24,290			
<b>Interest Expense</b>	<b>(406,159)</b>	<b>(488,038)</b>	<b>81,879</b>	
<b>Other</b>	<b>(191,114)</b>	<b>114,796</b>	<b>(305,910)</b>	
<b>Net Income</b>	<b><u>1,928,491</u></b>	<b><u>2,445,796</u></b>		<b><u>(517,305)</u></b>

# Key Variance Explanations

## Year-To-Date

ADD C-13

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Net Income From Operations</b>	<b>8,480,949</b>	<b>8,004,508</b>		<b>476,441</b>
<b>Total Net Revenue</b>				<b>5,960,961</b>
Net Patient Revenue			5,960,961	
<b>Other Operating Revenue</b>				<b>(396,178)</b>
Revenue Cycle Management			1,000,000	
Corporate Health			(158,063)	
PPNC Health Development and Research Institute			(404,811)	
Weight Solutions - contra to Supplies			(663,399)	
Rent - contra to Other Direct			(300,000)	
Other			130,095	
<b>Salaries &amp; Wages</b>				<b>2,391,464</b>
Volume Variance			(646,782)	
Rate & Efficiency (Nursing & Non-Nursing)			3,038,246	
<b>Benefits</b>				<b>(2,630,606)</b>
Group Health Ins			(2,487,609)	
FICA			(443,725)	
State Unemployment Insurance			(407,982)	
Work Comp Insurance			275,378	
Pension			617,809	
Other			(184,477)	
<b>Contract Labor</b>				<b>(3,344,725)</b>
Volume Variance			(13,816)	
Rate & Efficiency (Nursing & Non-Nursing)			(3,330,909)	
<u>Breakdown of total variance:</u>				
Registered Nurse	(3,433,542)			
Clerical/Admin	(155,490)			
Therapist Temp	505,357			
Other Temp Help	(261,050)			

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Professional Fees</b>				<b>(101,535)</b>
Pom ER Physician Fees			(256,864)	
Pal ER Physician Fees			(202,288)	
Foundation			186,669	
Legal Counsel			193,109	
Other			(22,161)	
<b>Supplies</b>				<b>(3,867,781)</b>
Volume Variance			(213,001)	
Rate & Efficiency			(3,654,780)	
<u>Breakdown of total variance:</u>				
Prosthesis		(3,923,732)		
Other		55,951		
<b>Purchased Services</b>				<b>1,141,512</b>
Medi-Cal eligibility Services			(551,098)	
Wound Care - contra to reduced Revenue			248,432	
Pt Financial Services			293,009	
Health Info Services - reduction in transcription			179,905	
Nursing Admin - COPE			220,021	
Other			751,243	
<b>Depreciation</b>				<b>1,175,649</b>
Depreciation			1,175,649	
<b>Other Direct Expenses</b>				<b>147,680</b>
Radiosurgery - contra to revenue			(1,321,537)	
Marketing			(342,237)	
Electricity			(369,103)	
Gas			(166,102)	
Rent (includes timeshare budget)			1,001,660	
Insurance - Liability			1,058,356	
Other			286,643	
<b>Total Actual to Budget YTD Variance for May 2009</b>			<b>476,441</b>	<b>476,441</b>

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
<b>Total Actual to Budget YTD Variance for May 2009</b>				<b>476,441</b>
<b>Non-Operating Income (Expense)</b>	<b>11,532,293</b>	<b>14,761,450</b>		<b>(3,229,157)</b>
<b>Property Tax</b>	<b>12,433,326</b>	<b>12,833,326</b>	<b>(400,000)</b>	
<b>Investment Income (Loss)</b>	<b>4,367,323</b>	<b>6,033,786</b>	<b>(1,666,463)</b>	
<u>Breakdown of Actual:</u>				
Salomon Bros (69% Gov't Sec, 30% Corp Bonds; 1% MMF)	1,827,656			
Pacific Inc (93% Gov't Sec 6% Corp Bonds, 1% MMF)	1,621,788			
LAIF	336,163			
Other (Dr's Loans, LOC, Escondido Escrow, Bond Invest)	581,716			
<b>Interest Expense</b>	<b>(5,041,559)</b>	<b>(5,368,418)</b>	<b>326,859</b>	
<b>Other</b>	<b>(226,797)</b>	<b>1,262,756</b>	<b>(1,489,553)</b>	
PDP Investment			(930,129)	
Timeshare Reclass from Other Direct			(649,696)	
Other			90,272	
<b>Net Income</b>	<b><u>20,013,242</u></b>	<b><u>22,765,958</u></b>		<b><u>(2,752,716)</u></b>

# Balance Sheet

## Consolidated

ADD C-16

	Current Month	Prior Month	Prior Fiscal Year End
<b>Assets</b>			
<b>Current Assets</b>			
Cash on Hand	\$9,217,354	\$16,319,919	\$12,578,422
Cash Marketable Securities	104,693,835	98,323,348	73,699,656
<b>Total Cash &amp; Cash Equivalents</b>	<b>113,911,189</b>	<b>114,643,267</b>	<b>86,278,078</b>
<b>Patient Accounts Receivable</b>	<b>207,203,079</b>	<b>213,077,025</b>	<b>173,630,766</b>
Allowance on Accounts	-111,748,975	-117,644,334	-87,408,726
<b>Net Accounts Receivable</b>	<b>95,454,104</b>	<b>95,432,691</b>	<b>86,222,040</b>
Inventories	6,772,936	6,837,484	6,826,298
Prepaid Expenses	3,681,988	5,712,253	3,790,644
Other	4,801,895	6,801,056	5,722,105
<b>Total Current Assets</b>	<b>224,622,112</b>	<b>229,426,751</b>	<b>188,839,165</b>
<b>Non-Current Assets</b>			
Restricted Assets	302,485,946	320,922,891	343,067,128
Restricted by Donor	310,398	310,398	303,600
Board Designated	2,406,478	3,441,747	12,117,325
<b>Total Restricted Assets</b>	<b>305,202,822</b>	<b>324,675,036</b>	<b>355,488,053</b>
Property Plant & Equipment	370,931,063	371,919,375	387,410,913
Accumulated Depreciation	-226,530,293	-226,271,567	-226,979,355
Construction in Process	368,607,658	361,116,741	218,854,882
<b>Net Property Plant &amp; Equipment</b>	<b>513,008,428</b>	<b>506,764,549</b>	<b>379,286,440</b>
Investment in Related Companies	5,024,644	5,179,048	3,109,523
Deferred Financing Costs	20,129,249	20,225,827	15,644,785
Other Non-Current Assets	6,173,545	6,006,271	5,956,094
<b>Total Non-Current Assets</b>	<b>849,538,688</b>	<b>862,850,731</b>	<b>759,484,895</b>
<b>Total Assets</b>	<b>\$1,074,160,800</b>	<b>\$1,092,277,482</b>	<b>\$948,324,060</b>

	Current Month	Prior Month	Prior Fiscal Year End
<b>Liabilities</b>			
<b>Current Liabilities</b>			
Accounts Payable	\$18,045,433	\$37,409,289	\$44,500,881
Accrued Payroll	14,984,523	17,461,927	12,139,225
Accrued PTO	14,381,148	14,211,649	13,977,901
Accrued Interest Payable	12,181,759	10,913,050	8,065,133
Current Portion of Bonds	9,780,000	9,780,000	9,660,000
Est Third Party Settlements	3,184,821	3,149,479	807,165
Other Current Liabilities	21,873,423	22,523,160	15,815,317
<b>Total Current Liabilities</b>	<b>94,431,107</b>	<b>115,448,554</b>	<b>104,965,622</b>
<b>Long Term Liabilities</b>			
Bonds & Contracts Payable	643,444,629	643,468,857	537,979,367
<b>General Fund Balance</b>			
Unrestricted	333,568,188	329,607,926	292,958,146
Restricted for Other Purpose	310,398	310,398	303,600
Board Designated	2,406,478	3,441,747	12,117,325
<b>Total Fund Balance</b>	<b>336,285,064</b>	<b>333,360,071</b>	<b>305,379,071</b>
<b>Total Liabilities / Fund Balance</b>	<b>\$1,074,160,800</b>	<b>\$1,092,277,482</b>	<b>\$948,324,060</b>

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

**ADD C-17**

**PALOMAR  
POMERADO  
H E A L T H**  
SPECIALIZING IN YOU

	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	YTD
<b>Statistics:</b>												
Admissions - Acute	2,540	2,454	2,367	2,357	2,253	2,330	2,299	2,045	2,230	2,327	2,301	25,503
Admissions - SNF	95	107	101	87	73	82	76	83	96	85	88	973
Patient Days - Acute	9,587	9,491	9,098	9,345	8,802	9,397	9,381	8,512	9,242	9,027	9,308	101,190
Patient Days - SNF	6,572	6,497	6,313	6,570	6,197	6,477	6,457	5,778	6,451	6,306	6,431	70,049
LOS - Acute	3.74	3.81	3.87	3.85	3.85	4.11	3.98	4.11	4.13	3.90	3.93	3.93
LOS - SNF	67.75	60.16	67.88	69.16	78.44	84.12	83.86	67.98	71.68	85.22	61.84	71.55
Adjusted Discharges	3,600	3,481	3,293	3,416	3,231	3,209	3,391	3,065	3,315	3,341	3,445	36,803
<b>Revenue:</b>												
Gross Revenue	\$ 131,046,951	\$ 131,438,267	\$ 127,873,677	\$ 135,991,410	\$ 122,619,993	\$ 132,503,423	\$ 131,229,449	\$ 124,523,304	\$ 137,155,192	\$ 134,682,810	\$ 135,885,919	\$ 1,444,950,393
Deductions from Rev	(94,593,925)	(94,598,259)	(91,280,996)	(98,599,181)	(86,064,844)	(96,106,528)	(94,874,508)	(90,747,322)	(100,162,374)	(98,885,164)	(97,903,629)	(1,043,816,722)
Net Patient Revenue	36,453,026	36,840,008	36,592,681	37,392,229	36,555,149	36,396,895	36,354,941	33,775,982	36,992,818	35,797,646	37,982,290	401,133,671
Other Oper Revenue	481,361	331,016	518,420	850,901	300,829	1,450,298	449,619	433,865	917,502	320,379	449,643	6,503,833
<b>Total Net Revenue</b>	<b>36,934,387</b>	<b>37,171,024</b>	<b>37,111,101</b>	<b>38,243,130</b>	<b>36,855,978</b>	<b>37,847,193</b>	<b>36,804,560</b>	<b>34,209,847</b>	<b>37,910,320</b>	<b>36,118,025</b>	<b>38,431,933</b>	<b>407,637,504</b>
<b>Expenses:</b>												
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	16,478,026	18,029,612	17,073,874	17,466,057	190,230,110
Benefits	4,496,086	4,177,042	4,146,197	4,187,628	4,239,835	4,298,735	4,614,774	4,099,486	4,667,333	4,186,780	5,682,859	48,796,756
Supplies	5,536,898	5,656,890	5,963,822	6,439,529	5,668,865	5,884,036	5,823,179	5,567,814	6,583,678	5,873,696	5,899,179	64,897,587
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	4,131,337	4,158,625	4,726,957	4,782,351	51,958,984
Depreciation	1,915,873	1,905,155	1,841,193	1,956,220	1,908,874	1,941,062	1,563,527	1,570,761	1,576,337	1,602,459	1,594,305	19,375,765
Other	1,975,226	2,233,503	2,382,627	2,203,375	2,392,334	2,403,317	2,251,771	2,359,127	2,056,948	1,831,610	1,807,514	23,897,353
<b>Total Expenses</b>	<b>36,068,270</b>	<b>36,227,639</b>	<b>36,631,589</b>	<b>37,538,026</b>	<b>36,046,818</b>	<b>36,864,898</b>	<b>35,972,585</b>	<b>34,206,551</b>	<b>37,072,533</b>	<b>35,295,376</b>	<b>37,232,265</b>	<b>399,156,555</b>
<b>Net Inc Before Non-Oper Income</b>	<b>866,117</b>	<b>943,385</b>	<b>479,512</b>	<b>705,104</b>	<b>809,160</b>	<b>982,295</b>	<b>831,975</b>	<b>3,296</b>	<b>837,787</b>	<b>822,649</b>	<b>1,199,668</b>	<b>8,480,949</b>
Property Tax Revenue	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	1,166,666	966,666	966,666	12,433,326
Non-Operating Income	69,375	147,884	(614,405)	75,236	831,064	513,358	(524,032)	(461,359)	(371,131)	(329,180)	(237,843)	(901,033)
<b>Net Income (Loss)</b>	<b>\$ 2,102,158</b>	<b>\$ 2,257,935</b>	<b>\$ 1,031,773</b>	<b>\$ 1,947,006</b>	<b>\$ 2,806,890</b>	<b>\$ 2,662,319</b>	<b>\$ 1,474,609</b>	<b>\$ 708,603</b>	<b>\$ 1,633,322</b>	<b>\$ 1,460,135</b>	<b>\$ 1,928,491</b>	<b>\$ 20,013,242</b>
Net Income Margin	5.7%	6.1%	2.8%	5.1%	7.6%	7.0%	4.0%	2.1%	4.3%	4.0%	5.0%	4.9%
OEBITDA Margin w/o Prop Tax	7.5%	7.7%	6.3%	7.0%	7.4%	7.7%	6.5%	4.6%	6.4%	6.7%	7.3%	6.8%
OEBITDA Margin with Prop Tax	10.7%	10.8%	9.4%	10.0%	10.5%	10.8%	9.7%	8.0%	9.4%	9.4%	9.8%	9.9%

FISCAL YEAR 2009  
**Income Statement: Fiscal Year-to-Date**  
**Consolidated – Adjusted Discharges**

ADD C-18

PALOMAR  
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				Variance		\$/Adjusted Discharges		
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	25,503	27,037	(1,534)					
Admissions - SNF	973	969	4					
Patient Days - Acute	101,190	104,319	(3,129)					
Patient Days - SNF	70,049	69,755	294					
ALOS - Acute	3.93	3.86	0.07					
ALOS - SNF	71.55	72.81	(1.26)					
Adjusted Discharges	36,803	36,675	128					
<b>Revenue:</b>								
Gross Revenue	\$ 1,444,950,393	\$ 1,376,066,111	\$ 68,884,282 F	\$ 4,802,630	\$ 64,081,652	\$39,261.76	\$ 37,520.55	\$ 1,741.21
Deductions from Rev	(1,043,816,722)	(980,893,401)	(62,923,321) U	(3,423,432)	(59,499,889)	(28,362.27)	(26,745.56)	(1,616.71)
Net Patient Revenue	401,133,671	395,172,710	5,960,961 F	1,379,199	4,581,762	10,899.48	10,774.99	124.49
Other Oper Revenue	6,503,833	6,900,011	(396,178) U	24,082	(420,260)	176.72	188.14	(11.42)
<b>Total Net Revenue</b>	<b>407,637,504</b>	<b>402,072,721</b>	<b>5,564,783 F</b>	<b>1,403,280</b>	<b>4,161,503</b>	<b>11,076.20</b>	<b>10,963.13</b>	<b>113.08</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	190,230,110	189,276,849	(953,261) U	(660,598)	(292,663)	5,168.88	5,160.92	(7.95)
Benefits	48,796,756	46,166,150	(2,630,606) U	(161,125)	(2,469,481)	1,325.89	1,258.79	(67.10)
Supplies	64,897,587	61,029,806	(3,867,781) U	(213,001)	(3,654,780)	1,763.38	1,664.07	(99.31)
Prof Fees & Purch Svc	51,958,984	52,998,961	1,039,977 F	(184,973)	1,224,950	1,411.81	1,445.10	33.28
Depreciation	19,375,765	20,551,414	1,175,649 F	(71,727)	1,247,376	526.47	560.37	33.89
Other	23,897,353	24,045,033	147,680 F	(83,920)	231,600	649.33	655.62	6.29
<b>Total Expenses</b>	<b>399,156,555</b>	<b>394,068,213</b>	<b>(5,088,342) U</b>	<b>(1,375,344)</b>	<b>(3,713,001)</b>	<b>10,845.76</b>	<b>10,744.87</b>	<b>(100.89)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>8,480,949</b>	<b>8,004,508</b>	<b>476,441 F</b>	<b>27,937</b>	<b>448,501</b>	<b>230.44</b>	<b>218.26</b>	<b>12.19</b>
Property Tax Revenue	12,433,326	12,833,326	(400,000) U	44,790	(444,790)	337.83	349.92	(12.09)
Non-Operating Income	(901,033)	1,928,124	(2,829,157) U	6,729	(2,835,886)	(24.48)	52.57	(77.06)
<b>Net Income (Loss)</b>	<b>\$ 20,013,242</b>	<b>\$ 22,765,958</b>	<b>\$ (2,752,716) U</b>	<b>\$ 79,456</b>	<b>\$ (2,832,175)</b>	<b>\$ 543.79</b>	<b>\$ 620.75</b>	<b>\$ (76.95)</b>
Net Income Margin	4.9%	5.7%	(0.8%)					
OEBITDA Margin w/o Prop Tax	6.8%	7.1%	(0.3%)					
OEBITDA Margin with Prop Tax	9.9%	10.3%	(0.4%)					



				Variance		\$/Adjusted Discharges			
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
<b>Statistics:</b>									
Admissions - Acute	2,301	2,502	(201)						
Admissions - SNF	88	88	-						
Patient Days - Acute	9,308	9,654	(346)						
Patient Days - SNF	6,431	6,452	(21)						
ALOS - Acute	3.93	3.86	0.07						
ALOS - SNF	61.84	74.16	(12.32)						
Adjusted Discharges	3,445	3,391	54						
<b>Revenue:</b>									
Gross Revenue	\$ 135,885,919	\$ 127,389,875	\$ 8,496,044	F	\$ 2,028,621	\$ 6,467,423	\$39,444.39	\$ 37,567.05	\$ 1,877.34
Deductions from Rev	(97,903,629)	(90,785,082)	(7,118,547)	U	(1,445,708)	(5,672,839)	(28,419.05)	(26,772.36)	(1,646.69)
Net Patient Revenue	37,982,290	36,604,793	1,377,497	F	582,913	794,584	11,025.34	10,794.69	230.65
Other Oper Revenue	449,643	601,821	(152,178)	U	9,584	(161,762)	130.52	177.48	(46.96)
<b>Total Net Revenue</b>	<b>38,431,933</b>	<b>37,206,614</b>	<b>1,225,319</b>	<b>F</b>	<b>592,497</b>	<b>632,822</b>	<b>11,155.86</b>	<b>10,972.17</b>	<b>183.69</b>
<b>Expenses:</b>									
Salaries, Wages & Contr Labor	17,466,057	17,369,059	(96,998)	U	(276,594)	179,596	5,069.97	5,122.11	52.13
Benefits	5,682,859	4,252,439	(1,430,420)	U	(67,718)	(1,362,702)	1,649.60	1,254.04	(395.56)
Supplies	5,899,179	5,647,284	(251,895)	U	(89,930)	(161,965)	1,712.39	1,665.37	(47.01)
Prof Fees & Purch Svc	4,782,351	4,748,263	(34,088)	U	(75,614)	41,526	1,388.20	1,400.25	12.05
Depreciation	1,594,305	1,873,148	278,843	F	(29,829)	308,672	462.79	552.39	89.60
Other	1,807,514	2,212,575	405,061	F	(35,234)	440,295	524.68	652.48	127.81
<b>Total Expenses</b>	<b>37,232,265</b>	<b>36,102,768</b>	<b>(1,129,497)</b>	<b>U</b>	<b>(574,919)</b>	<b>(554,578)</b>	<b>10,807.62</b>	<b>10,646.64</b>	<b>(160.98)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>1,199,668</b>	<b>1,103,846</b>	<b>95,822</b>	<b>F</b>	<b>17,578</b>	<b>78,244</b>	<b>348.23</b>	<b>325.52</b>	<b>22.71</b>
Property Tax Revenue	966,666	1,166,666	(200,000)	U	18,579	(218,579)	280.60	344.05	(63.45)
Non-Operating Income	(237,843)	175,284	(413,127)	U	2,791	(415,918)	(69.04)	51.69	(120.73)
<b>Net Income (Loss)</b>	<b>\$ 1,928,491</b>	<b>\$ 2,445,796</b>	<b>\$ (517,305)</b>	<b>U</b>	<b>\$ 38,948</b>	<b>\$ (556,253)</b>	<b>\$ 559.79</b>	<b>\$ 721.26</b>	<b>\$ (161.47)</b>
Net Income Margin	5.0%	6.6%	(1.6%)						
OEBITDA Margin w/o Prop Tax	7.3%	8.0%	(0.7%)						
OEBITDA Margin with Prop Tax	9.8%	11.1%	(1.3%)						



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

ADD C-21

PALOMAR  
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				Variance		\$/Adjusted Discharges		
	11 Act + 1 Bud	FY 09 Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance
<b>Statistics:</b>								
Admissions - Acute	27,920	29,454	(1,534)					
Admissions - SNF	1,058	1,054	4					
Patient Days - Acute	110,527	113,656	(3,129)					
Patient Days - SNF	76,291	75,997	294					
Adjusted Discharges	40,079	39,951	128					
<b>Revenue:</b>								
Gross Revenue	\$ 1,568,116,235	\$ 1,499,231,953	\$ 68,884,282 F	\$ 4,803,426	\$ 64,080,856	\$ 39,125.63	\$ 37,526.77	\$ 1,598.86
Deductions from Rev	(1,131,514,651)	(1,068,591,330)	(62,923,321) U	(3,423,686)	(59,499,635)	(28,232.11)	(26,747.55)	(1,484.56)
Net Patient Revenue	436,601,584	430,640,623	5,960,961 F	1,379,740	4,581,221	10,893.52	10,779.22	114.30
Other Oper Revenue	7,115,650	7,511,828	(396,178) U	24,067	(420,245)	177.54	188.03	(10.49)
<b>Total Net Revenue</b>	<b>443,717,234</b>	<b>438,152,451</b>	<b>5,564,783 F</b>	<b>1,403,808</b>	<b>4,160,975</b>	<b>11,071.07</b>	<b>10,967.25</b>	<b>103.82</b>
<b>Expenses:</b>								
Salaries, Wages & Contr Labor	207,048,306	206,095,045	(953,261) U	(660,313)	(292,948)	5,166.00	5,158.70	(7.31)
Benefits	52,914,289	50,283,683	(2,630,606) U	(161,105)	(2,469,501)	1,320.25	1,258.63	(61.62)
Supplies	70,363,564	66,495,783	(3,867,781) U	(213,047)	(3,654,734)	1,755.62	1,664.43	(91.19)
Prof Fees & Purch Svc	56,601,596	57,641,573	1,039,977 F	(184,679)	1,224,656	1,412.25	1,442.81	30.56
Depreciation	21,248,913	22,424,562	1,175,649 F	(71,847)	1,247,496	530.18	561.30	31.13
Other	26,074,257	26,221,940	147,683 F	(84,013)	231,696	650.57	656.35	5.78
<b>Total Expenses</b>	<b>434,250,925</b>	<b>429,162,583</b>	<b>(5,088,342) U</b>	<b>(1,375,005)</b>	<b>(3,713,337)</b>	<b>10,834.87</b>	<b>10,742.22</b>	<b>(92.65)</b>
<b>Net Inc Before Non-Oper Income</b>	<b>9,466,309</b>	<b>8,989,868</b>	<b>476,441 F</b>	<b>28,803</b>	<b>447,638</b>	<b>236.19</b>	<b>225.02</b>	<b>11.17</b>
Property Tax Revenue	13,599,992	13,999,992	(400,000) U	44,855	(444,855)	339.33	350.43	(11.10)
Non-Operating Income	(725,749)	2,103,408	(2,829,157) U	6,739	(2,835,896)	(18.11)	52.65	(70.76)
<b>Net Income (Loss)</b>	<b>\$ 22,340,552</b>	<b>\$ 25,093,268</b>	<b>\$ (2,752,716) U</b>	<b>\$ 80,397</b>	<b>\$ (2,833,113)</b>	<b>\$ 557.41</b>	<b>\$ 628.10</b>	<b>\$ (70.69)</b>

## Cash Flow Statement

ADD C-22

	<u>May</u>	<u>YTD</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Income (Loss) from operations	1,199,668	8,480,949
<b>Adjustments to reconcile change in net assets to net cash provided by operating activities:</b>		
Depreciation Expense	1,594,305	19,375,765
Provision for bad debts	5,149,765	52,683,414
<b>Changes in operating assets and liabilities:</b>		
Patient accounts receivable	(5,171,179)	(61,915,479)
Property Tax and other receivables	(846,314)	(25,743,715)
Inventories	64,548	53,362
Prepaid expenses and Other Non-Current assets	2,184,669	(1,806,465)
Accounts payable	(19,363,856)	(26,455,448)
Accrued compensation	(2,307,905)	3,248,545
Estimated settlement amounts due third-party payors	35,342	2,377,656
Other current liabilities	419,190	25,859,053
Net cash provided by operating activities	<u>(17,041,767)</u>	<u>(3,842,362)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Net (purchases) sales of investments	13,101,727	18,072,874
Income (Loss) on investments	359,430	3,746,002
Investment in affiliates	7,661	1,288,862
Net cash used in investing activities	<u>13,468,818</u>	<u>23,107,738</u>
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>		
Receipt of G.O. Bond Taxes	1,270,717	11,737,792
Receipt of District Taxes	1,399,823	13,419,821
Net cash used in non-capital financing activities	<u>2,670,540</u>	<u>25,157,613</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>		
Acquisition of property plant and equipment	(5,198,997)	(132,709,687)
Proceeds from sale of asset	0	0
Deferred Financing Costs	96,578	(26,134)
G.O. Bond Interest paid	0	(13,059,705)
Revenue Bond Interest paid	(1,097,738)	(2,328,530)
Proceeds from issuance of debt	0	110,000,000
Payments of Long Term Debt	0	(9,660,000)
Net cash used in activities	<u>(6,200,156)</u>	<u>(47,784,056)</u>
<b>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(7,102,565)</b>	<b>(3,361,067)</b>
<b>CASH AND CASH EQUIVALENTS - Beginning of period</b>	<b>16,319,919</b>	<b>12,578,422</b>
<b>CASH AND CASH EQUIVALENTS - End of period</b>	<b>9,217,354</b>	<b>9,217,354</b>

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

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<b><u>ADMISSIONS - Acute:</u></b>				
Palomar Medical Center	19,198	20,249	(1,051)	19,928
Pomerado Hospital	6,305	6,788	(483)	6,644
<b>Total:</b>	<u>25,503</u>	<u>27,037</u>	<u>(1,534)</u>	<u>26,572</u>
<b><u>ADMISSIONS - SNF:</u></b>				
Palomar Medical Center	388	455	(67)	477
Pomerado Hospital	585	514	71	521
<b>Total:</b>	<u>973</u>	<u>969</u>	<u>4</u>	<u>998</u>
<b><u>PATIENT DAYS - Acute:</u></b>				
Palomar Medical Center	75,511	77,314	(1,803)	77,408
Pomerado Hospital	25,679	27,005	(1,326)	27,267
<b>Total:</b>	<u>101,190</u>	<u>104,319</u>	<u>(3,129)</u>	<u>104,675</u>
<b><u>PATIENT DAYS- SNF:</u></b>				
Palomar Medical Center	29,674	28,519	1,155	28,285
Pomerado Hospital	40,375	41,236	(861)	41,364
<b>Total:</b>	<u>70,049</u>	<u>69,755</u>	<u>294</u>	<u>69,649</u>

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<b><u>EMERGENCY ROOM VISITS &amp; TRAUMA CASES:</u></b>				
Palomar Medical Center	46,743	46,706	37	46,027
Pomerado Hospital	22,338	22,747	(409)	22,405
<b>Total:</b>	<u><u>69,081</u></u>	<u><u>69,453</u></u>	<u><u>(372)</u></u>	<u><u>68,432</u></u>
<b><u>EMERGENCY &amp; TRAUMA ADMISSIONS:</u></b>				
Palomar Medical Center	10,166	10,210	(44)	10,011
Pomerado Hospital	3,560	3,521	39	3,313
<b>Total:</b>	<u><u>13,726</u></u>	<u><u>13,731</u></u>	<u><u>(5)</u></u>	<u><u>13,324</u></u>
<b><u>SURGERIES:</u></b> - Escondido Surgery Center started in Dec-07.				
Palomar Medical Center	10,909	11,783	(874)	9,800
Pomerado Hospital	6,284	6,135	149	6,360
<b>Total:</b>	<u><u>17,193</u></u>	<u><u>17,918</u></u>	<u><u>(725)</u></u>	<u><u>16,160</u></u>
<b><u>BIRTHS:</u></b>				
Palomar Medical Center	3,595	3,805	(210)	3,855
Pomerado Hospital	1,068	1,103	(35)	1,098
<b>Total:</b>	<u><u>4,663</u></u>	<u><u>4,908</u></u>	<u><u>(245)</u></u>	<u><u>4,953</u></u>

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2008</u>
<b><u>ADJUSTED DISCHARGES</u></b>				
Palomar Medical Center	26,632	26,491	141	26,454
Pomerado Hospital	9,889	9,960	(71)	9,858
Other Activities	282	224	58	722
<b>Total:</b>	<u>36,803</u>	<u>36,675</u>	<u>128</u>	<u>37,034</u>
<b><u>AVERAGE LENGTH OF STAY- Acute:</u></b>				
Palomar Medical Center	3.90	3.82	0.08	3.86
Pomerado Hospital	4.01	3.98	0.03	4.07
<b>Total:</b>	<u>3.93</u>	<u>3.86</u>	<u>0.07</u>	<u>3.91</u>
<b><u>AVERAGE LENGTH OF STAY - SNF:</u></b>				
Palomar Medical Center	76.09	64.23	11.86	60.83
Pomerado Hospital	68.55	80.23	(11.68)	79.09
<b>Total:</b>	<u>71.55</u>	<u>72.81</u>	<u>(1.26)</u>	<u>70.49</u>

Supplies Expense  
Year-to-Date

Account	Description	Actual	Budget	Variance
631000	Prosthesis	17,189,987	13,266,255	(3,923,732)
641000	Supplies Other Medical	14,123,022	13,338,369	(784,653)
634000	Supplies Surgery General	4,747,985	4,476,739	(271,246)
632000	Sutures/Surgical Needles	1,657,063	1,417,816	(239,247)
633000	Supplies Surgical Pack	1,895,168	1,796,872	(98,296)
647000	Supplies Employee Apparel	233,179	136,019	(97,160)
648000	Instruments/Minor Equipment	428,126	349,077	(79,049)
645000	Supplies Cleaning	424,493	380,677	(43,816)
635000	Supplies Anesthesia Material	39,977	11,207	(28,770)
642000	Supplies Food/Meat	526,682	499,165	(27,517)
640000	Supplies X-ray Material	20,716	25,019	4,303
637000	Supplies IV Solutions	444,298	450,703	6,405
644000	Supplies Linen	25,410	35,318	9,908
639000	Supplies Radioactive	671,958	735,263	63,305
643000	Supplies Food Other	2,336,415	2,426,265	89,850
636000	Supplies Oxygen/Gas	138,976	263,330	124,354
646100	Supplies Forms	400,195	557,263	157,068
650000	Other Non Medical	6,146,511	6,321,864	175,353
638000	Supplies Pharmaceutical	11,948,443	12,264,895	316,452
646000	Supplies Office/Administration	766,855	1,148,838	381,983
649000	Other Minor Equipment	732,128	1,128,852	396,723
	<b>TOTAL</b>	<b>64,897,587</b>	<b>61,029,806</b>	<b>(3,867,781)</b>



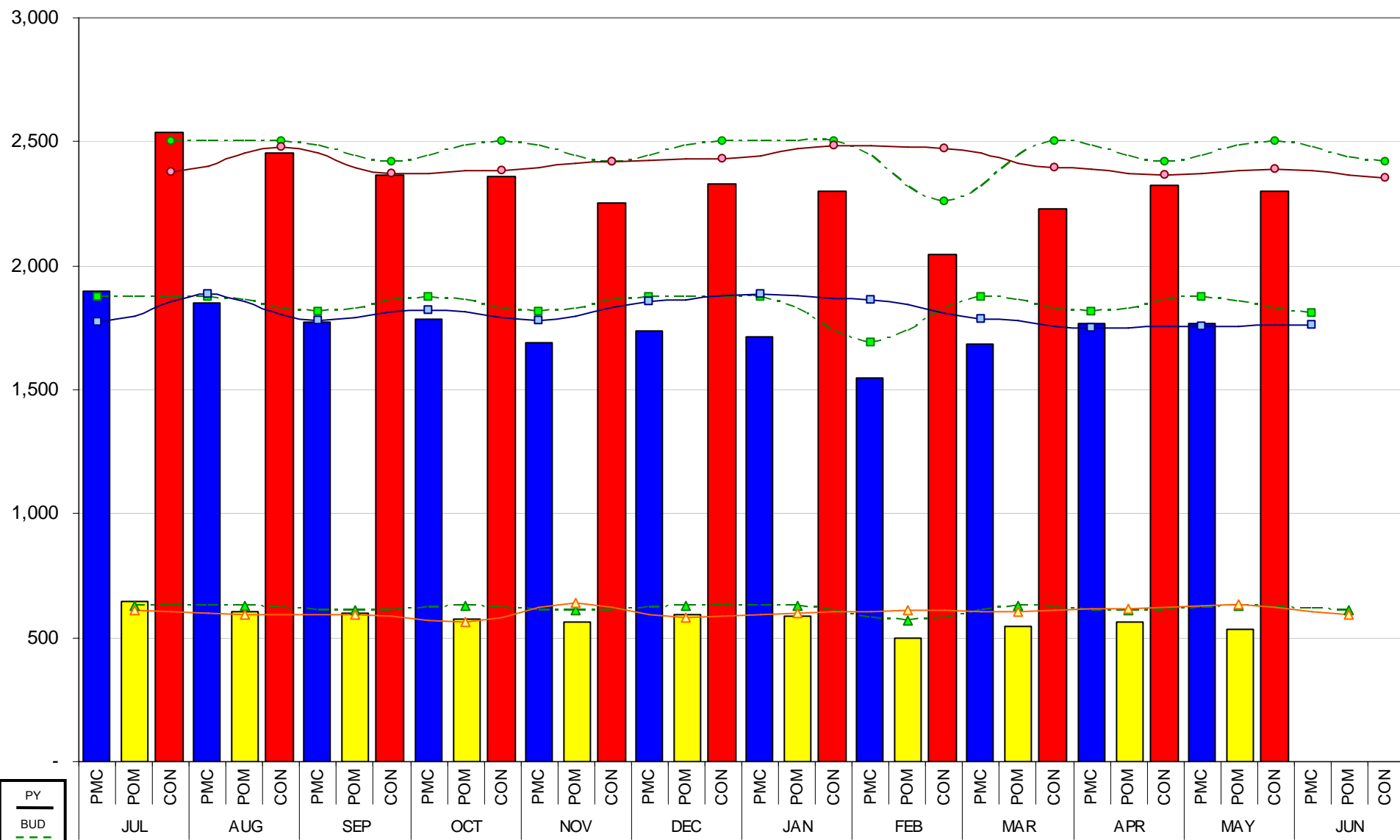
## Bond Covenant Ratios

ADD C-27

<b>Cushion Ratio</b>	<b>Jun-07</b>	<b>Jun-08</b>	<b>May-09</b>
Cash and Cash Equivalents	109,213,349	86,122,696	113,911,189
Board Designated Reserves	-	12,117,325	2,406,478
Trustee-held Funds (Revenue Fund only)	249,531	185,981	33,957
<b>Total</b>	<b>109,462,880</b>	<b>98,426,002</b>	<b>116,351,624</b>
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2009)	16,972,692	16,972,692	16,639,112
<b>Cushion Ratio</b>	<b>6.4</b>	<b>5.8</b>	<b>7.0</b>
<b>REQUIREMENT</b>	<b>1.5</b>	<b>1.5</b>	<b>1.5</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>Days Cash on Hand</b>	<b>Jun-07</b>	<b>Jun-08</b>	<b>May-09</b>
Cash and Cash Equivalents	109,213,349	86,122,696	113,911,189
Board Designated Reserves	-	12,117,325	2,406,478
Trustee-held Funds (Revenue Fund only)	249,531	185,981	33,957
<b>Total</b>	<b>109,462,880</b>	<b>98,426,002</b>	<b>116,351,624</b>
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	385,355,509	428,153,444	399,156,555
Less: Depreciation	19,453,013	21,572,031	19,375,765
<b>Adjusted Expenses</b>	<b>365,902,496</b>	<b>406,581,413</b>	<b>379,780,790</b>
Number of days in period	365	366	335
<b>Average Adjusted Expenses per Day</b>	<b>1,002,473</b>	<b>1,110,878</b>	<b>1,133,674</b>
<b>Days Cash on Hand</b>	<b>109.2</b>	<b>88.6</b>	<b>102.6</b>
<b>REQUIREMENT</b>	<b>80</b>	<b>80</b>	<b>80</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>
<b>Net Income Available for Debt Service</b>	<b>Jun-07</b>	<b>Jun-08</b>	<b>May-09</b>
Excess of revenue over expenses Cur Mo.	2,963,446	(12,441,012)	1,928,491
Excess of revenues over expenses YTD (General Funds)	21,974,509	(4,053,517)	20,013,243
ADD:			
Depreciation and Amortization	19,453,013	21,391,200	19,375,765
Interest Expense	3,343,683	14,912,181	5,041,559
<b>Net Income Available for Debt Service</b>	<b>44,771,205</b>	<b>32,249,864</b>	<b>44,430,567</b>
<b>Aggregate Debt Service</b>			
1999 Insured Refunding Revenue Bonds	8,249,916	8,248,018	7,564,555
2006 Certificates of Participation	4,373,342	8,316,457	7,799,157
<b>Aggregate Debt Service</b>	<b>12,623,258</b>	<b>16,564,475</b>	<b>15,363,713</b>
<b>Net Income Available for Debt Service</b>	<b>3.55</b>	<b>1.95</b>	<b>2.89</b>
<b>Required Coverage</b>	<b>1.15</b>	<b>1.15</b>	<b>1.15</b>
	<b>Achieved</b>	<b>Achieved</b>	<b>Achieved</b>

Statistical Indicators

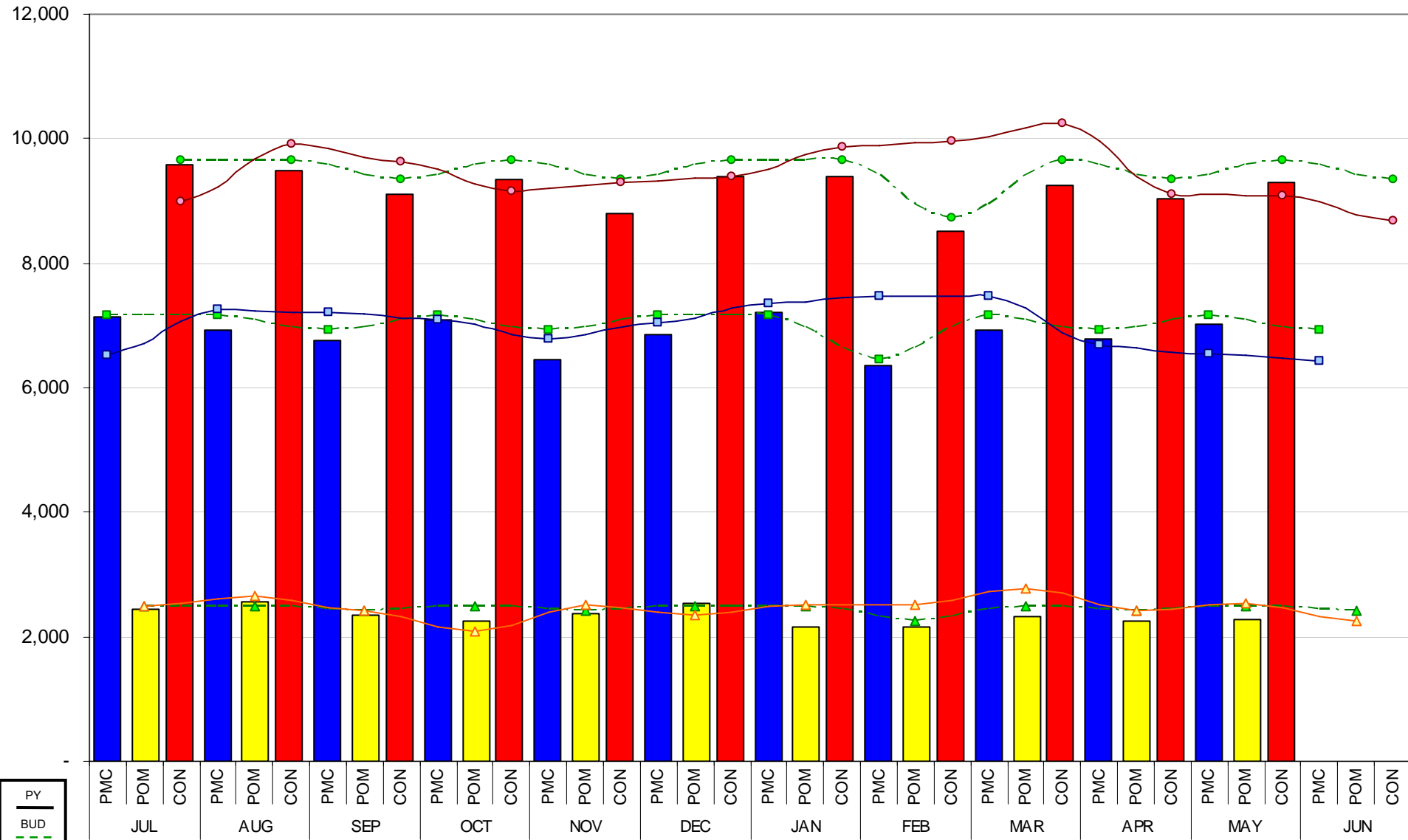
Admissions - Acute



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>
<b>PMC</b>	1,895	1,848	1,771	1,782	1,687	1,738	1,715	1,545	1,684	1,766	1,767	-	19,198	20,249
<b>POM</b>	645	606	596	575	566	592	584	500	546	561	534	-	6,305	6,788
<b>CON</b>	2,540	2,454	2,367	2,357	2,253	2,330	2,299	2,045	2,230	2,327	2,301	-	25,503	27,037

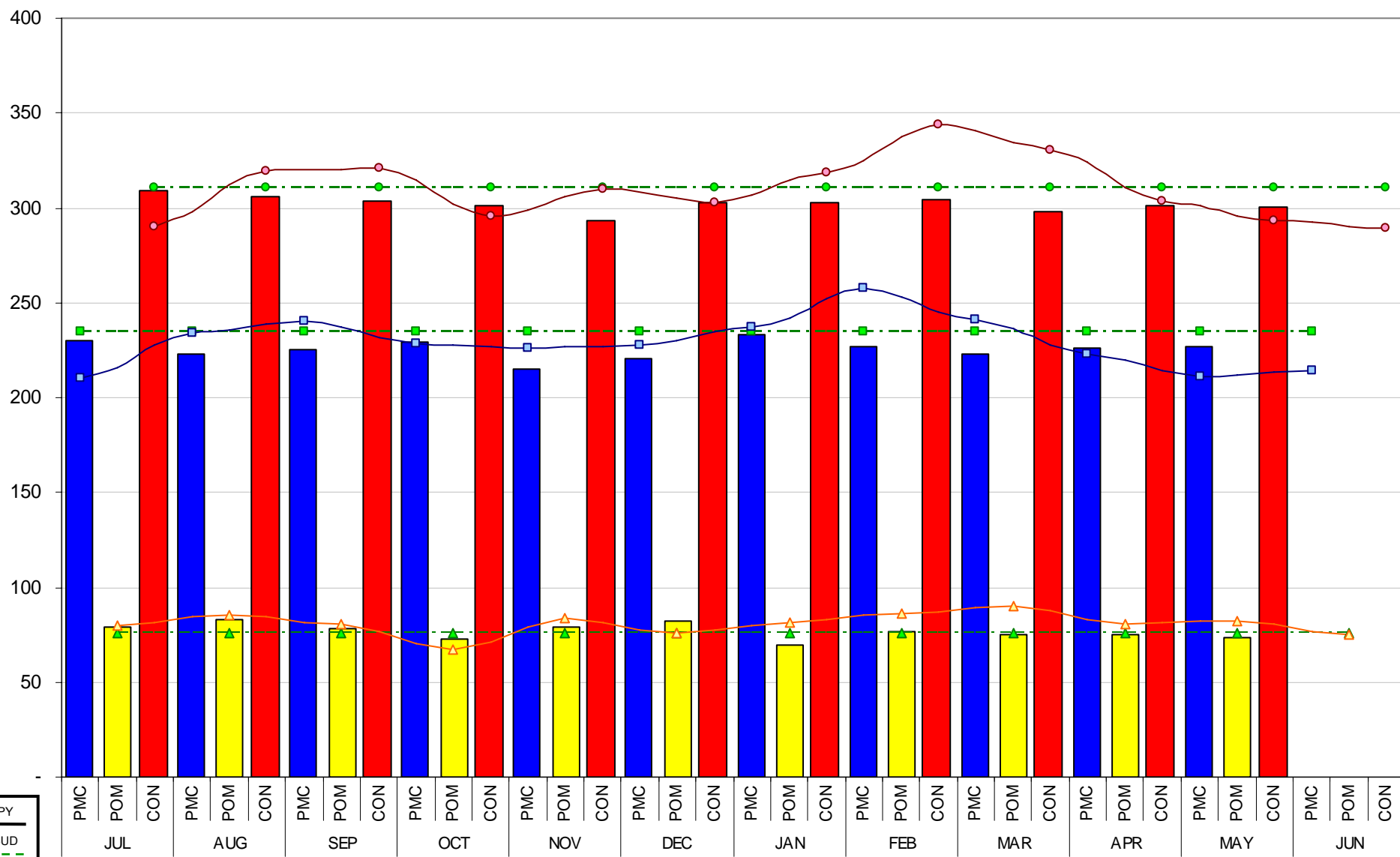
Statistical Indicators  
Patient Days – Acute



	<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>
<b>PMC</b>	7,138	6,920	6,757	7,101	6,440	6,848	7,217	6,360	6,923	6,781	7,026	-	75,511	77,314
<b>POM</b>	2,449	2,571	2,341	2,244	2,362	2,549	2,164	2,152	2,319	2,246	2,282	-	25,679	27,005
<b>CON</b>	9,587	9,491	9,098	9,345	8,802	9,397	9,381	8,512	9,242	9,027	9,308	-	101,190	104,319

Statistical Indicators

Average Daily Census – Acute

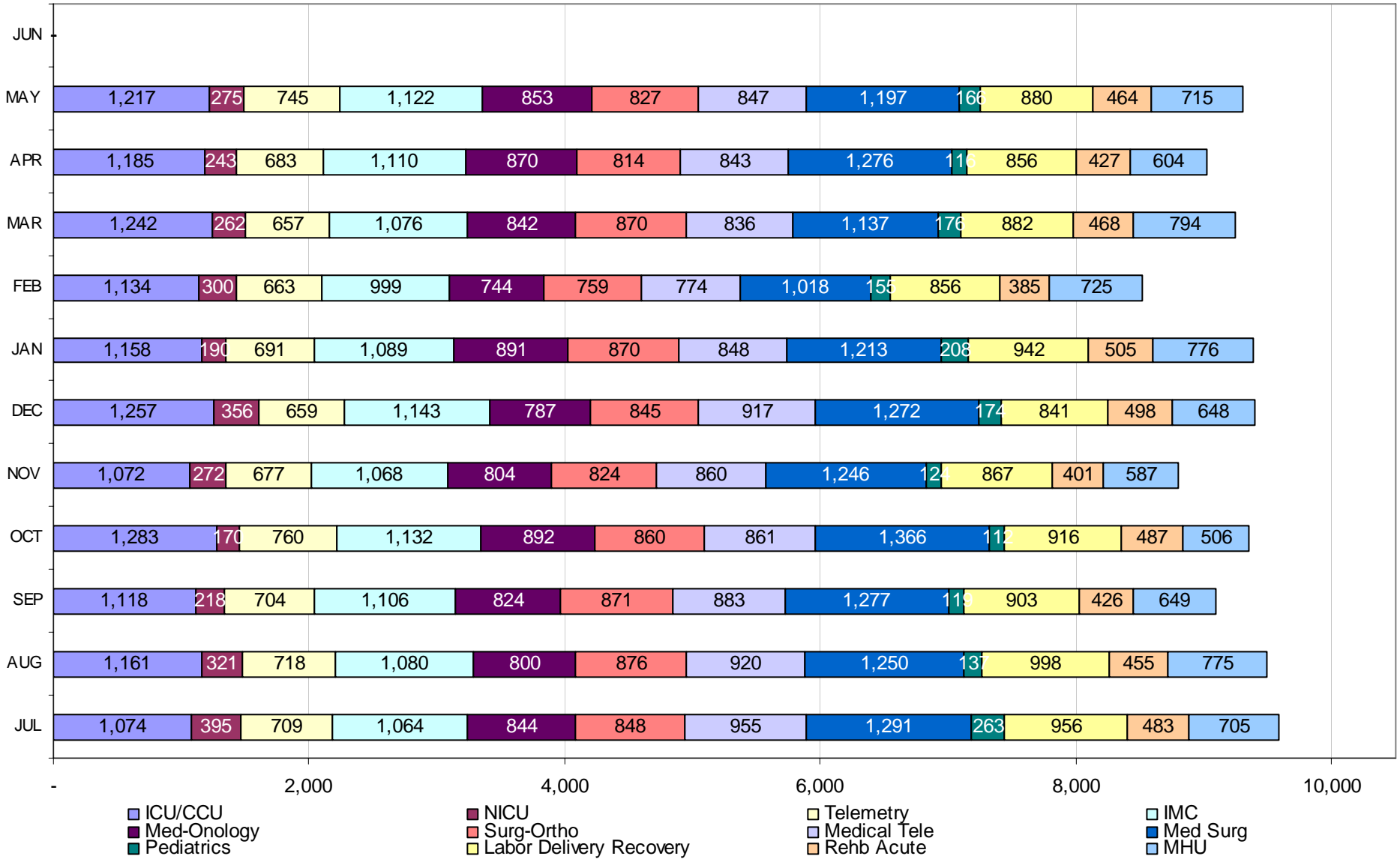


Legend:  
 PY (Solid line)  
 BUD (Dashed line)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
<b>PMC</b>	230	223	225	229	215	221	233	227	223	226	227	-	225	231
<b>POM</b>	79	83	78	72	79	82	70	77	75	75	74	-	77	81
<b>CON</b>	309	306	303	301	293	303	303	304	298	301	300	-	302	312

Statistical Indicators

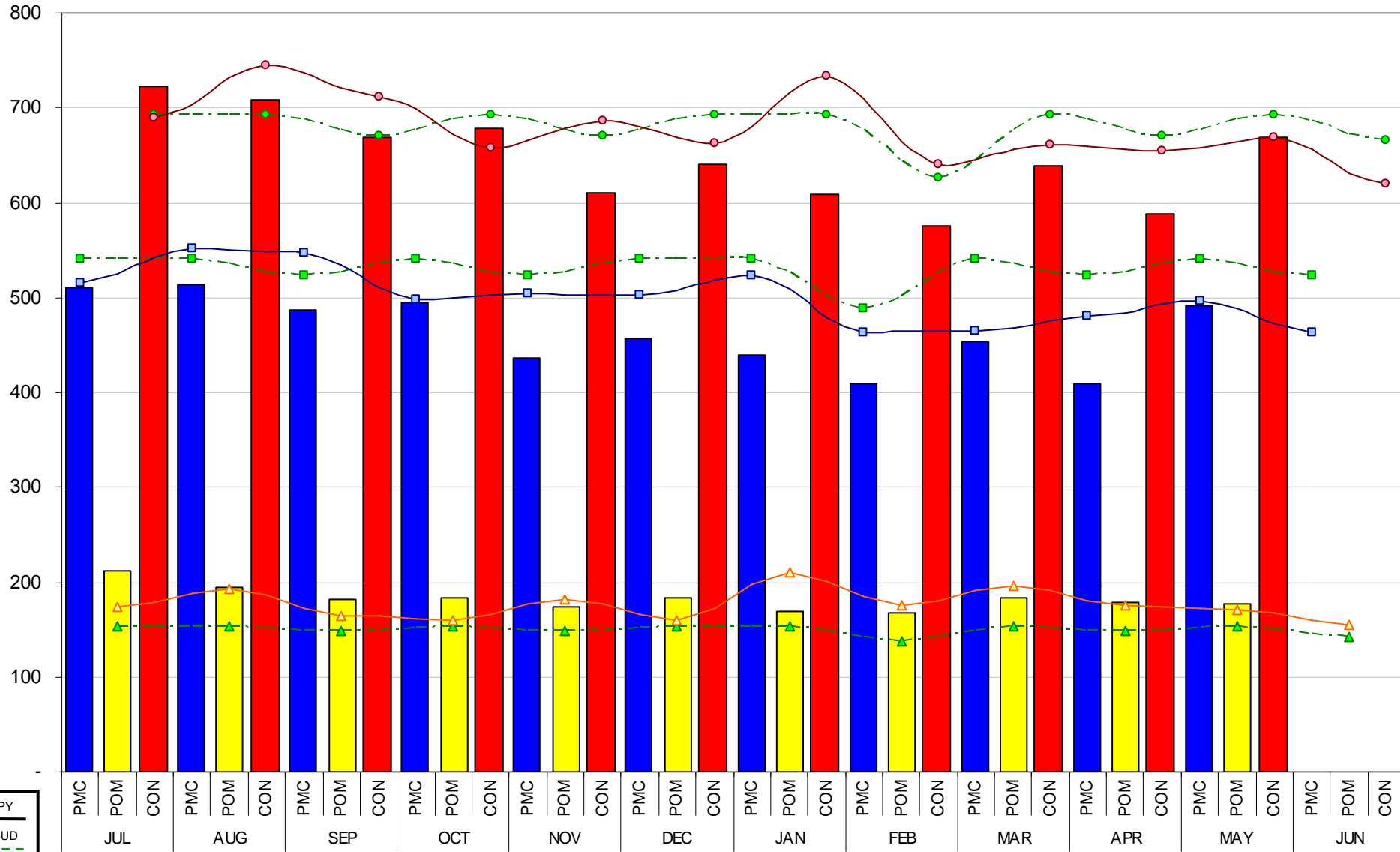
Patient Days



	<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>
<b>PMC</b>	7,138	6,920	6,757	7,101	6,440	6,848	7,217	6,360	6,923	6,781	7,026	-	75,511	77,314
<b>POM</b>	2,449	2,571	2,341	2,244	2,362	2,549	2,164	2,152	2,319	2,246	2,282	-	25,679	27,005
<b>CON</b>	9,587	9,491	9,098	9,345	8,802	9,397	9,381	8,512	9,242	9,027	9,308	-	101,190	104,319

Statistical Indicators

Surgeries (Inpatient only)



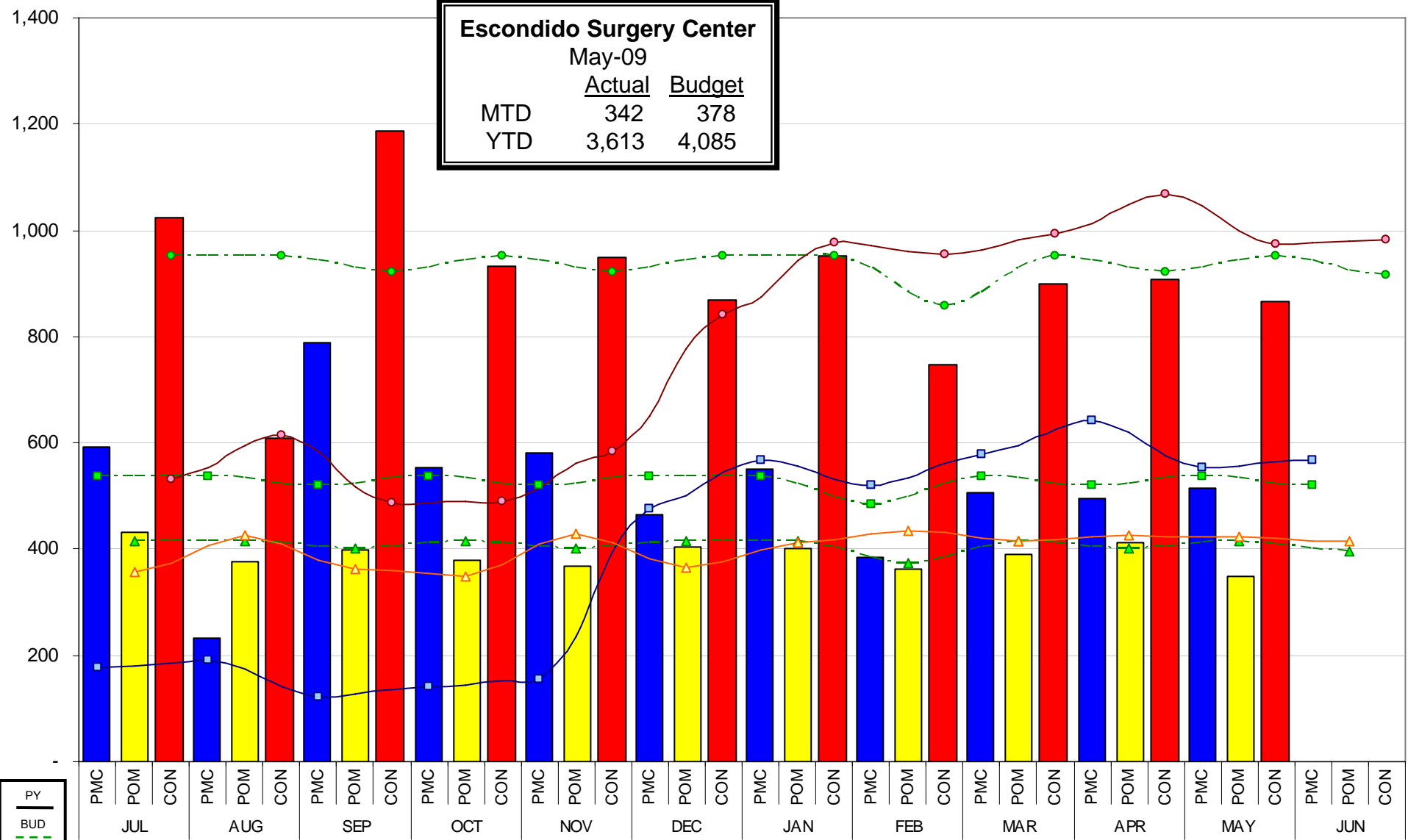
Legend:  
 PY (solid line)  
 BUD (dashed line)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
<b>PMC</b>	510	514	487	495	436	457	439	409	454	409	491	-	5,101	5,837
<b>POM</b>	212	195	182	184	174	184	169	167	184	179	177	-	2,007	1,653
<b>CON</b>	722	709	669	679	610	641	608	576	638	588	668	-	7,108	7,490

Statistical Indicators

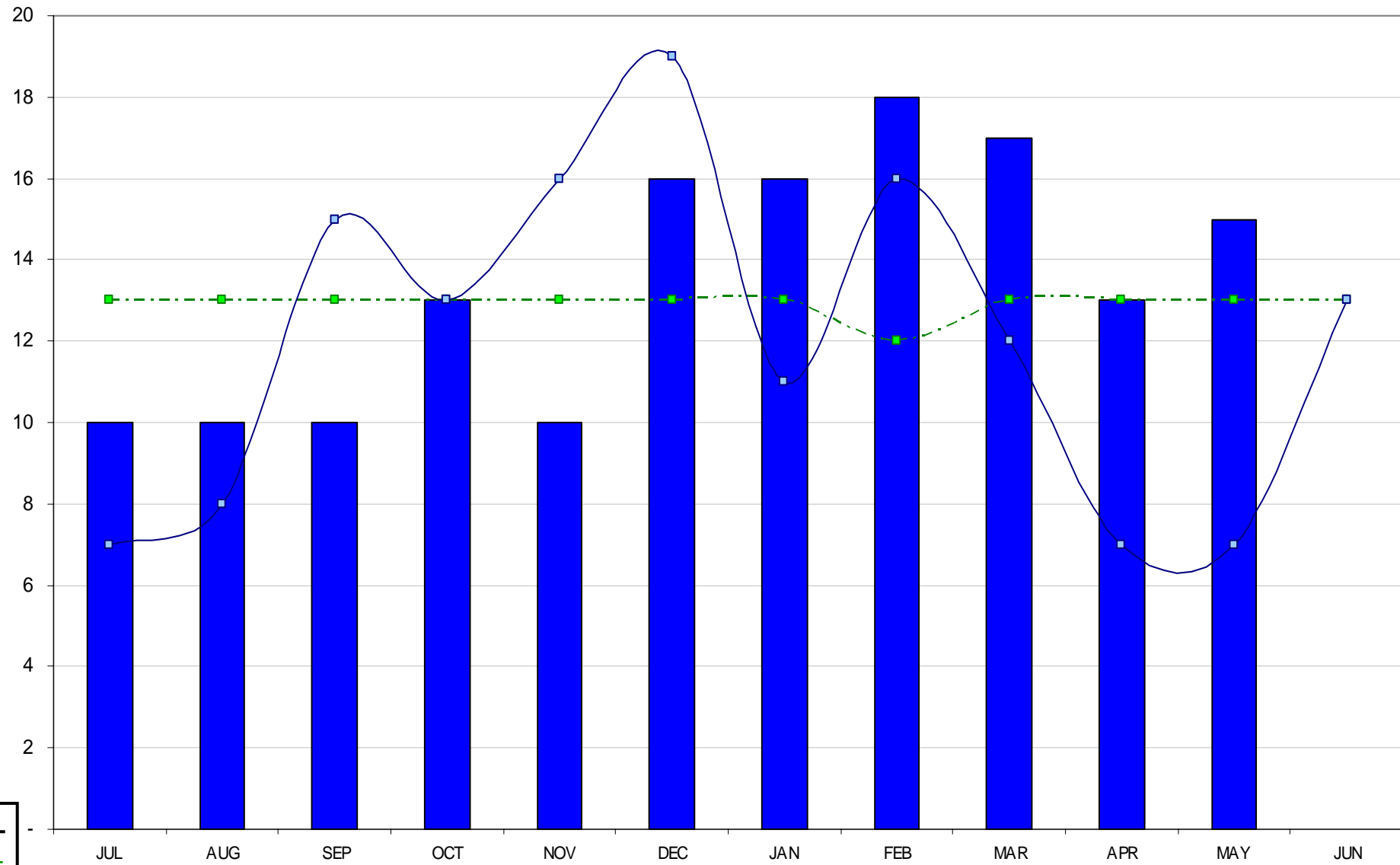
Surgeries (Outpatient only)

<b>Escondido Surgery Center</b>		
May-09		
	<u>Actual</u>	<u>Budget</u>
MTD	342	378
YTD	3,613	4,085



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
<b>PMC</b>	591	232	788	553	580	466	550	384	507	494	515	-	5,660	5,804
<b>POM</b>	432	376	399	380	368	404	401	363	391	413	350	-	4,277	4,482
<b>CON</b>	1,023	608	1,187	933	948	870	951	747	898	907	865	-	9,937	10,286

Statistical Indicators  
Surgeries – CVS (PMC only)



PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	10	10	10	13	10	16	16	18	17	13	15	-	148	142
<b>POM</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CON</b>	10	10	10	13	10	16	16	18	17	13	15	-	148	142



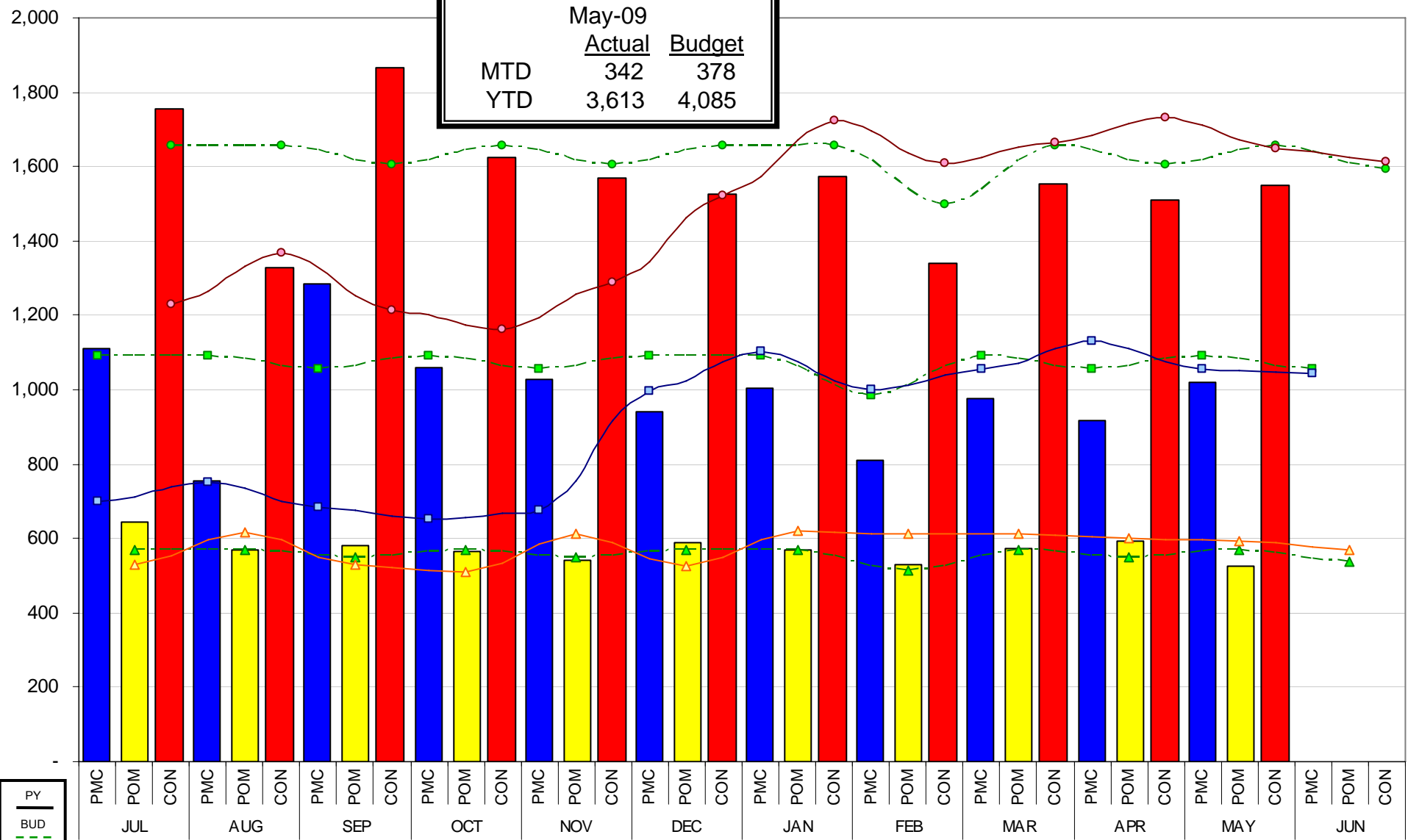
Statistical Indicators

Total Surgeries

**Escondido Surgery Center**

May-09

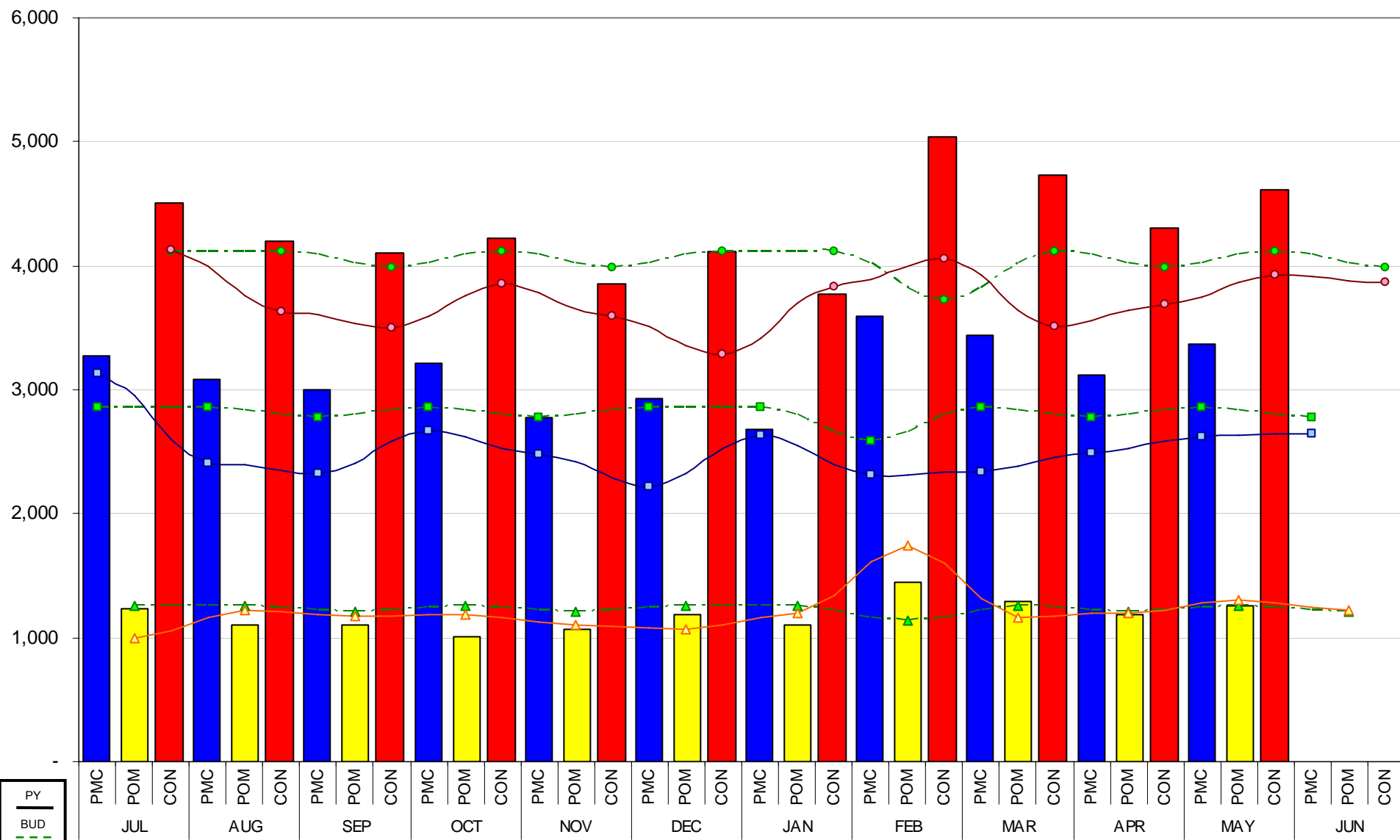
	<u>Actual</u>	<u>Budget</u>
MTD	342	378
YTD	3,613	4,085



	<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>
<b>PMC</b>	1,111	756	1,285	1,061	1,026	939	1,005	811	978	916	1,021	-	10,909	11,783
<b>POM</b>	644	571	581	564	542	588	570	530	575	592	527	-	6,284	6,135
<b>CON</b>	1,755	1,327	1,866	1,625	1,568	1,527	1,575	1,341	1,553	1,508	1,548	-	17,193	17,918

Statistical Indicators

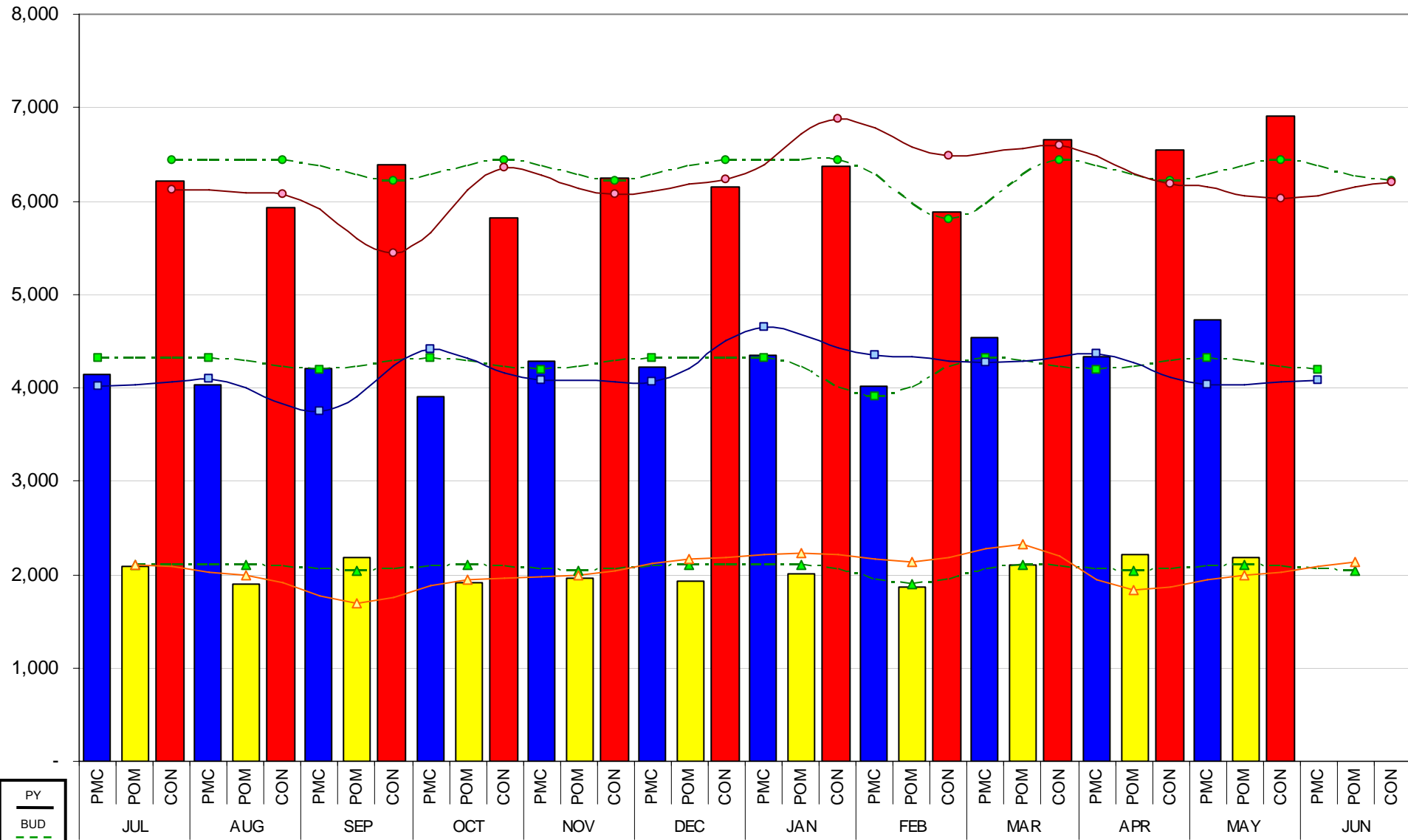
Outpatient Registrations (*excludes Lab*)



	<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>
<b>PMC</b>	3,276	3,085	2,998	3,214	2,780	2,924	2,675	3,598	3,433	3,114	3,365	-	34,462	30,936
<b>POM</b>	1,231	1,108	1,101	1,013	1,069	1,190	1,100	1,441	1,298	1,189	1,253	-	12,993	13,571
<b>CON</b>	4,507	4,193	4,099	4,227	3,849	4,114	3,775	5,039	4,731	4,303	4,618	-	47,455	44,507

Statistical Indicators

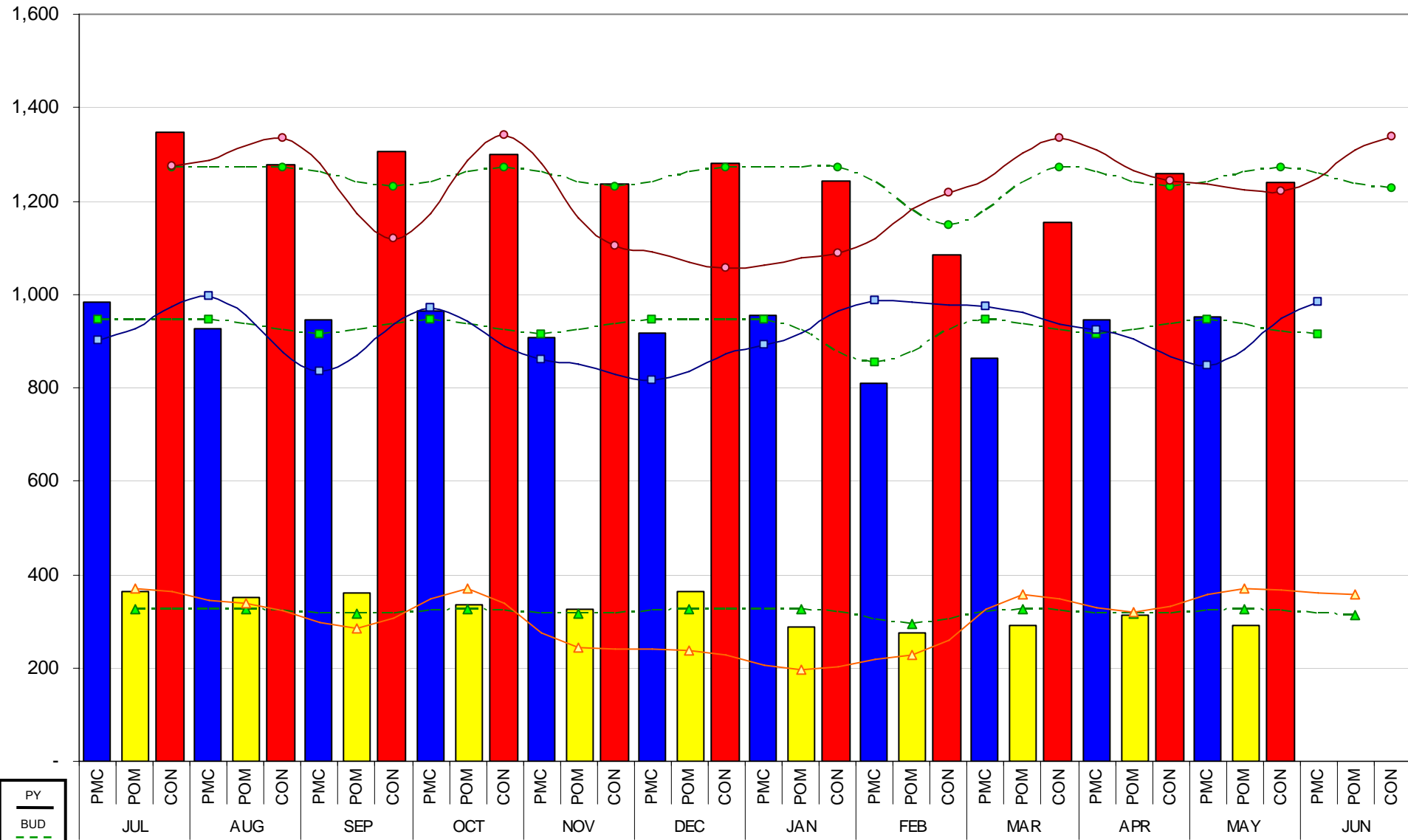
ER Visits (includes Trauma, Outpatient only)



	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	4,010	4,542	4,332	4,725	-	46,743	46,706
POM	2,081	1,895	2,184	1,906	1,956	1,929	2,014	1,871	2,109	2,211	2,182	-	22,338	22,747
CON	6,218	5,927	6,383	5,816	6,247	6,144	6,364	5,881	6,651	6,543	6,907	-	69,081	69,453
CON/DAY	201	191	213	188	208	198	205	210	215	218	223	-	206	207

Statistical Indicators

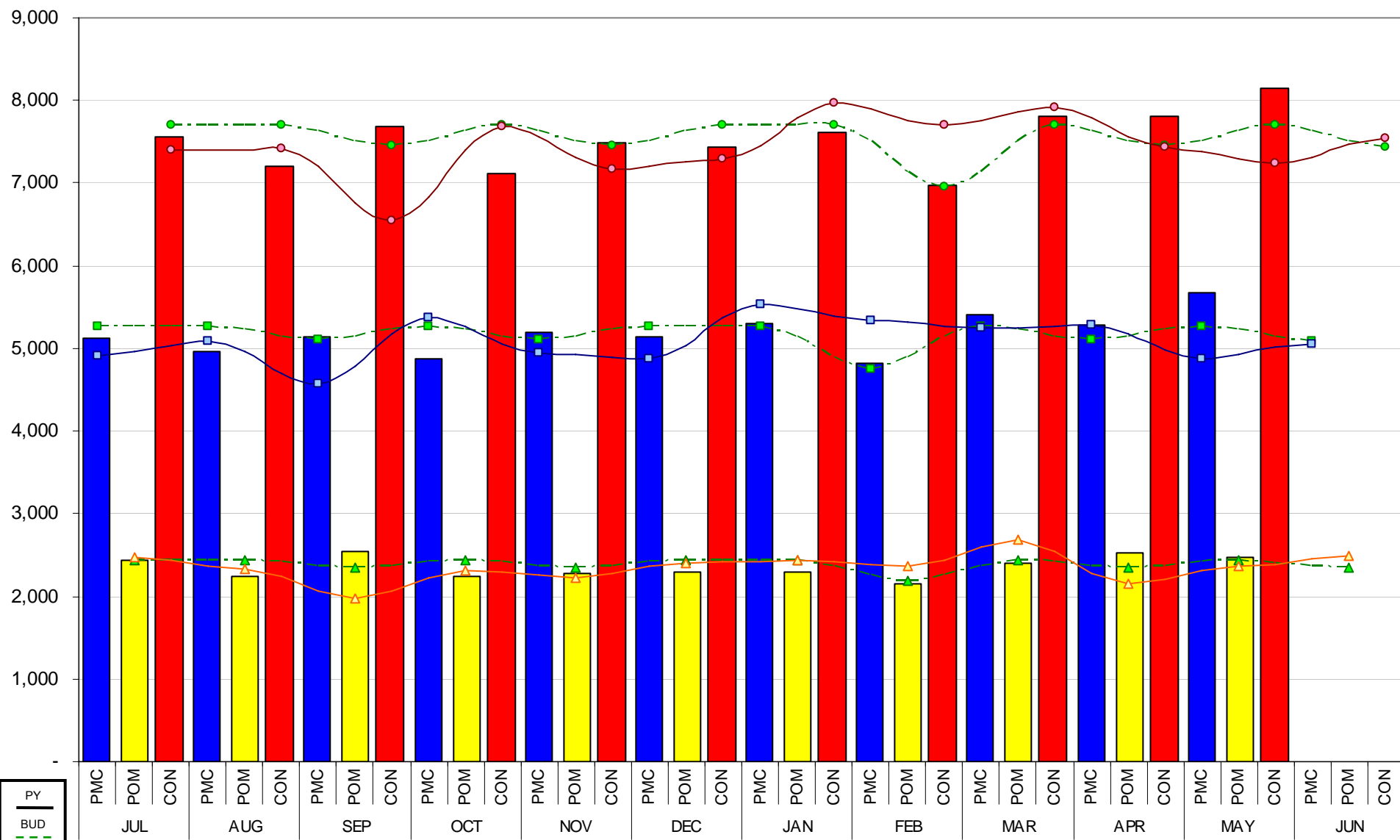
ER Admissions (includes Trauma, Inpatient only)



	<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>
<b>PMC</b>	982	925	945	964	908	918	955	811	863	944	951	-	10,166	10,210
<b>POM</b>	364	351	360	336	327	364	289	274	292	313	290	-	3,560	3,521
<b>CON</b>	1,346	1,276	1,305	1,300	1,235	1,282	1,244	1,085	1,155	1,257	1,241	-	13,726	13,731

Statistical Indicators

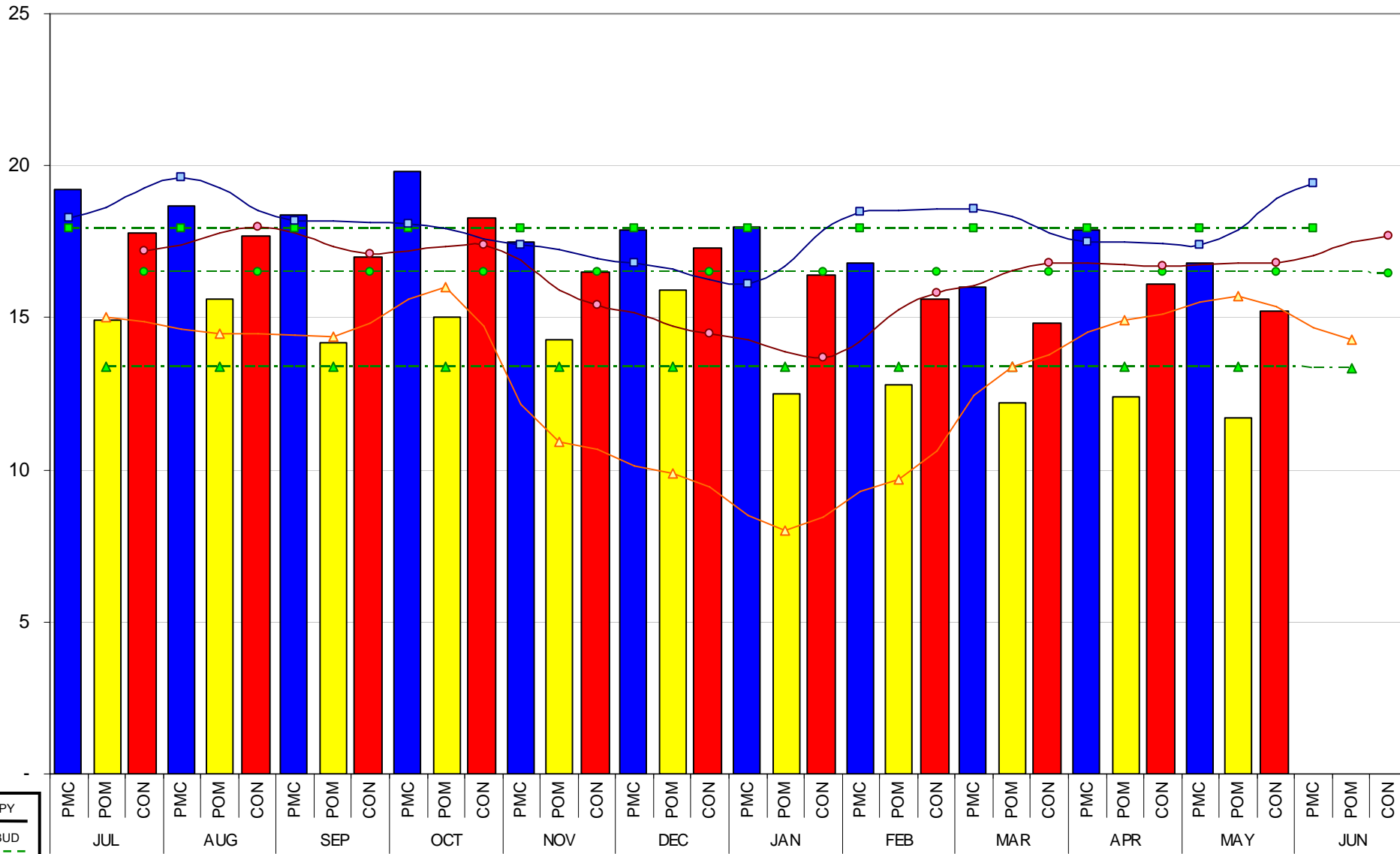
Total ER Visits (includes Trauma & Admissions)



	<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>
<b>PMC</b>	5,119	4,957	5,144	4,874	5,199	5,133	5,305	4,821	5,405	5,276	5,676	-	56,909	56,916
<b>POM</b>	2,445	2,246	2,544	2,242	2,283	2,293	2,303	2,145	2,401	2,524	2,472	-	25,898	26,268
<b>CON</b>	7,564	7,203	7,688	7,116	7,482	7,426	7,608	6,966	7,806	7,800	8,148	-	82,807	83,184

Statistical Indicators

ER Conversion (ER Admits as % of ER Visits)

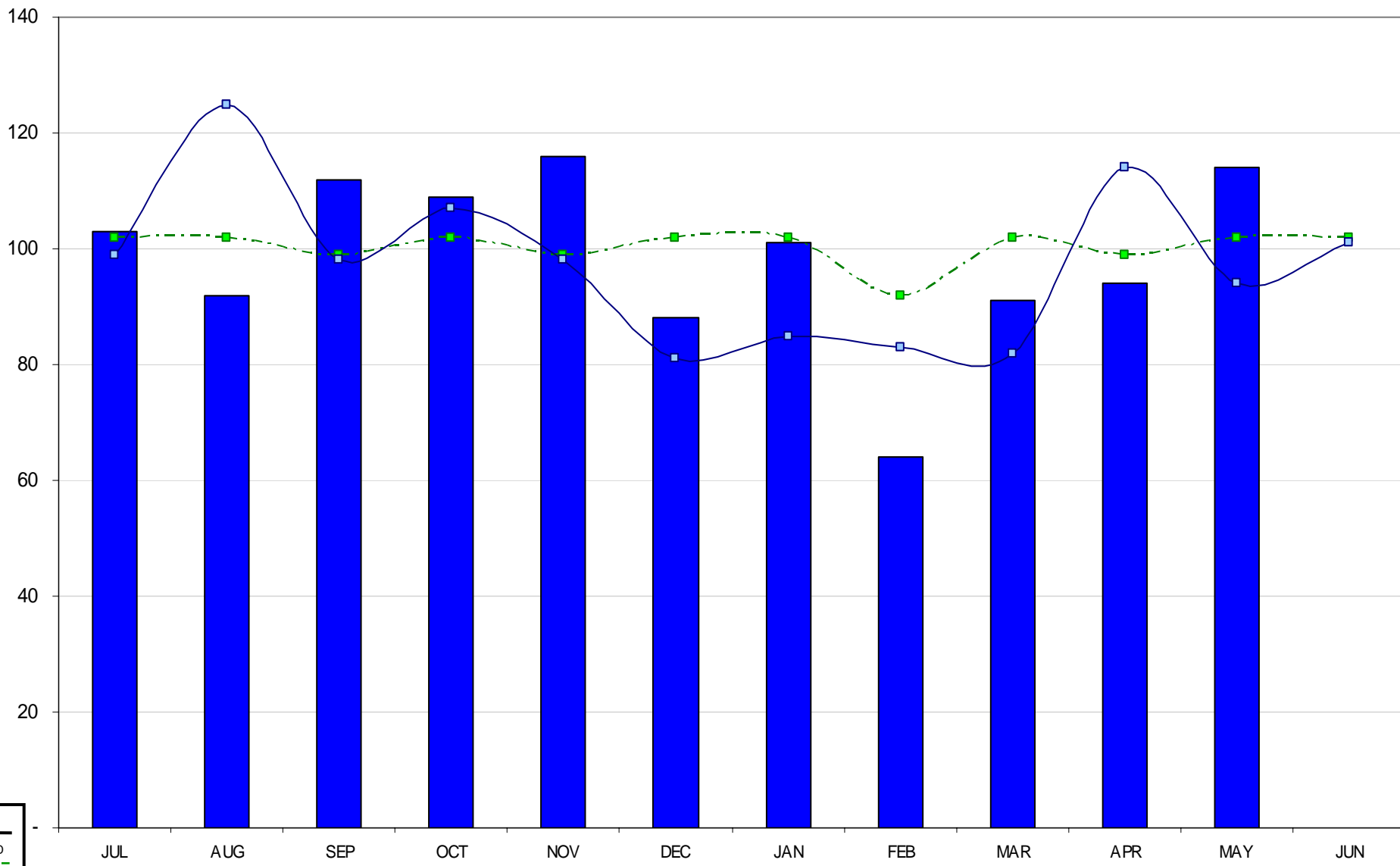


PY	(Blue Bar)
BUD	(Yellow Bar)

	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
<b>PMC</b>	19.2	18.7	18.4	19.8	17.5	17.9	18.0	16.8	16.0	17.9	16.8	-	17.9	17.9
<b>POM</b>	14.9	15.6	14.2	15.0	14.3	15.9	12.5	12.8	12.2	12.4	11.7	-	13.7	13.4
<b>CON</b>	17.8	17.7	17.0	18.3	16.5	17.3	16.4	15.6	14.8	16.1	15.2	-	16.6	16.5

Statistical Indicators

Trauma Cases (PMC only)

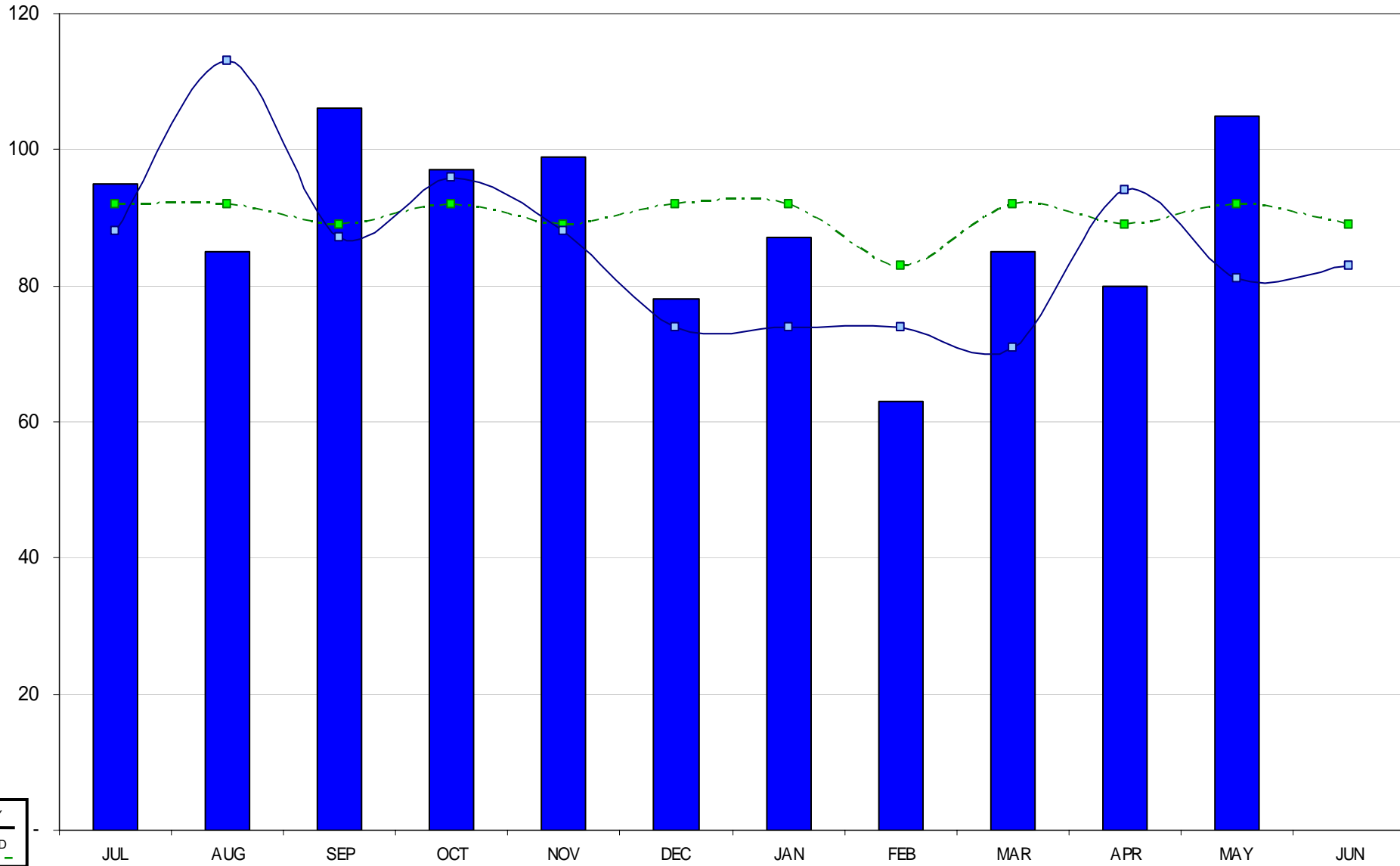


PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	103	92	112	109	116	88	101	64	91	94	114	-	1,084	1,103
<b>POM</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CON</b>	103	92	112	109	116	88	101	64	91	94	114	-	1,084	1,103

Statistical Indicators

Trauma Admissions (PMC only)

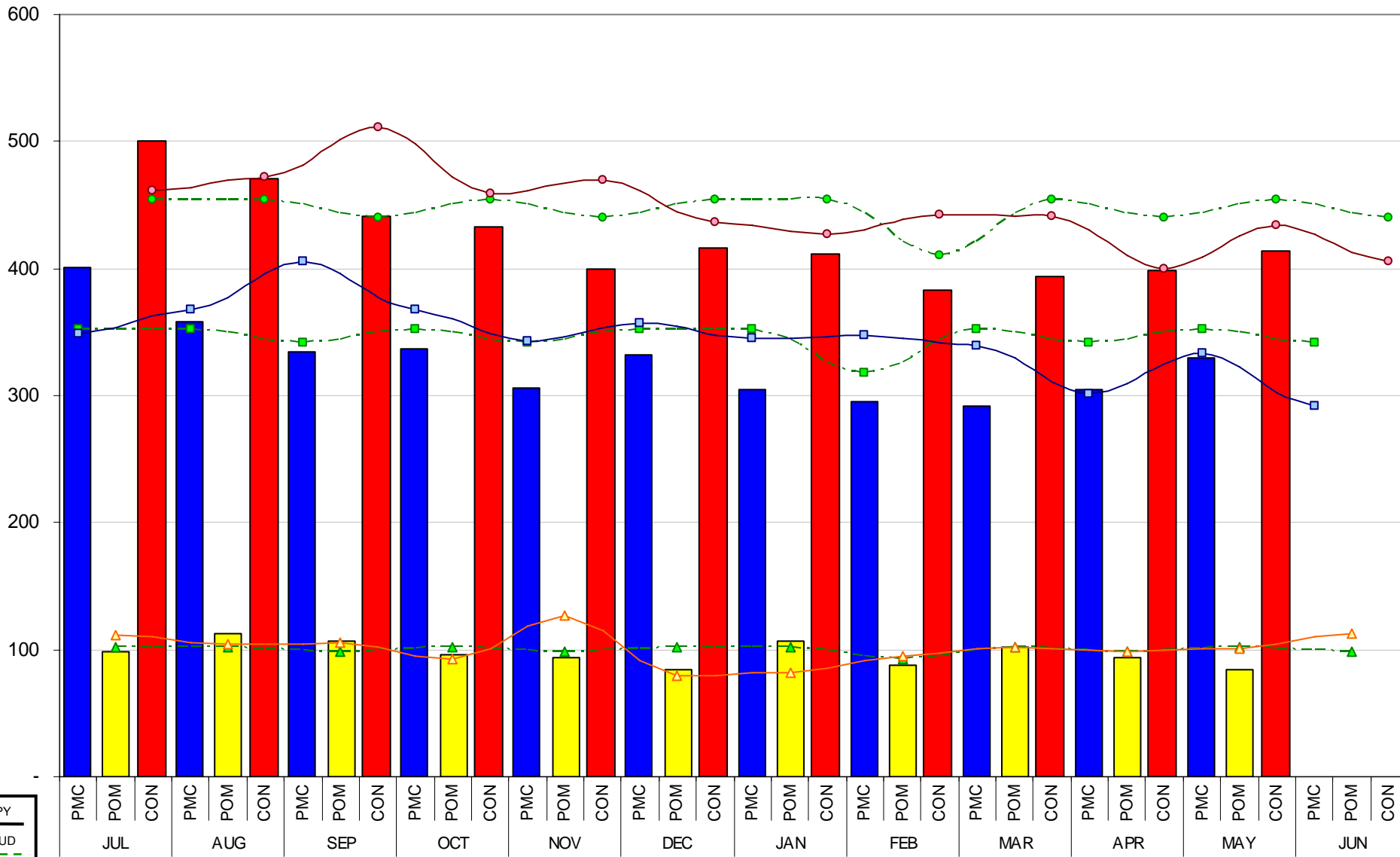


PY  
BUD

	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	95	85	106	97	99	78	87	63	85	80	105	-	980	994
<b>POM</b>	-	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>CON</b>	95	85	106	97	99	78	87	63	85	80	105	-	980	994



Statistical Indicators  
Deliveries

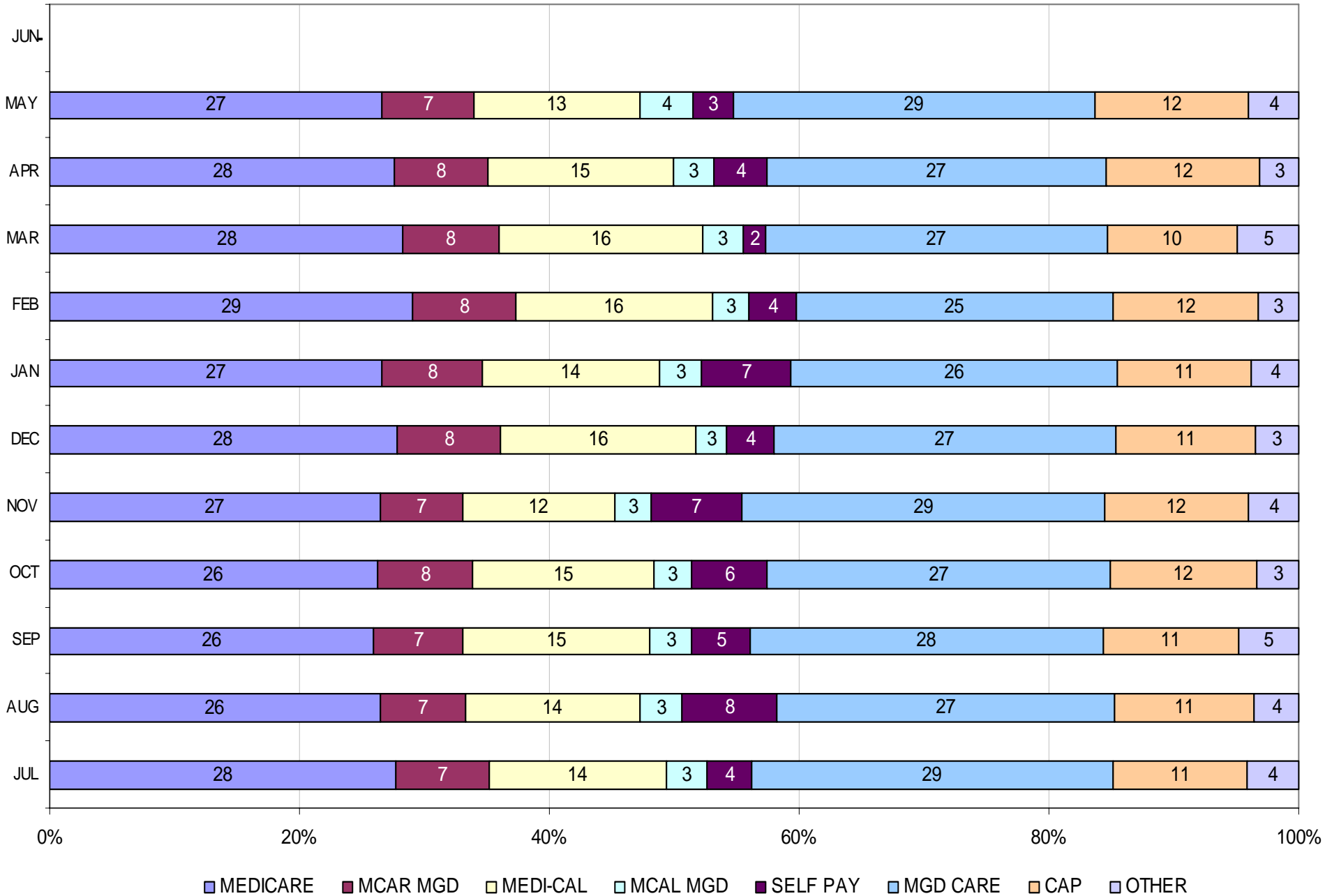


Legend:  
 PY (Solid line)  
 BUD (Dashed line)

	<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>
<b>PMC</b>	401	358	334	337	306	332	305	295	292	305	330	-	3,595	3,805
<b>POM</b>	99	113	107	96	94	84	107	88	102	94	84	-	1,068	1,103
<b>CON</b>	500	471	441	433	400	416	412	383	394	399	414	-	4,663	4,908

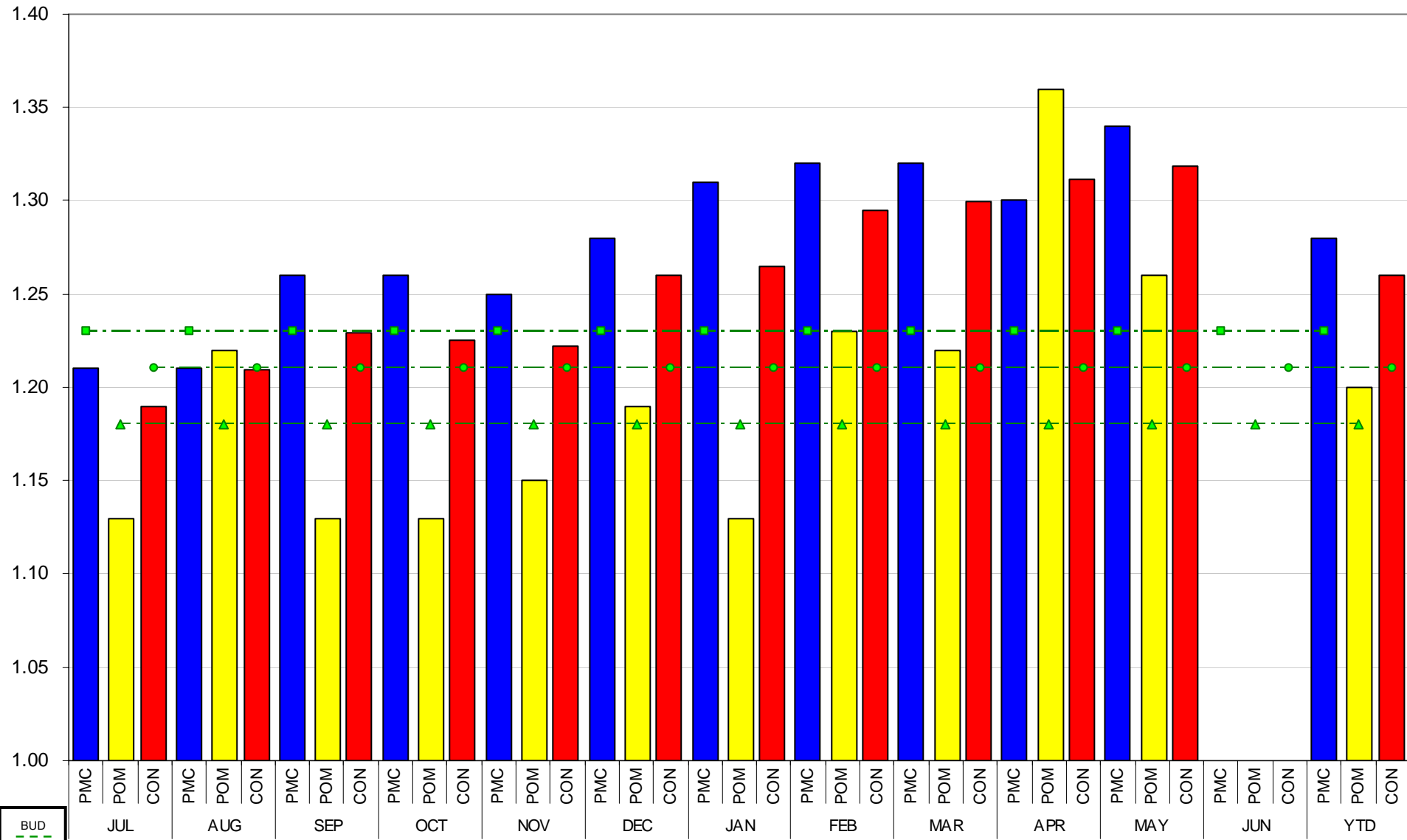
# Payor Mix Based on Gross Revenue

ADD C-44



Case Mix Index

ADD C-45

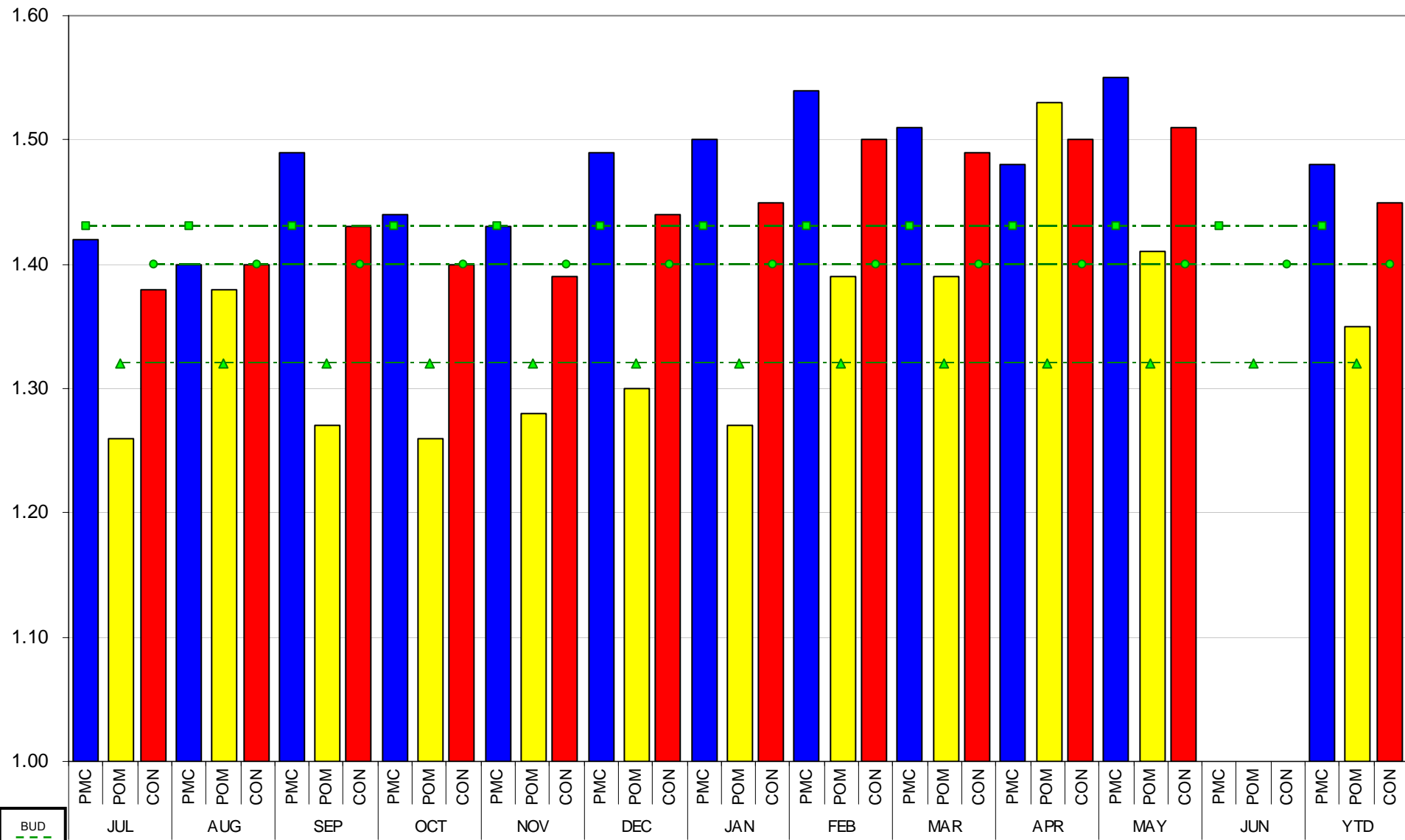


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>PMC</b>	1.21	1.21	1.26	1.26	1.25	1.28	1.31	1.32	1.32	1.30	1.34	-	1.28
<b>POM</b>	1.13	1.22	1.13	1.13	1.15	1.19	1.13	1.23	1.22	1.36	1.26	-	1.20
<b>CON</b>	1.19	1.21	1.23	1.23	1.22	1.26	1.27	1.29	1.30	1.31	1.32	-	1.26

# Case Mix Index by Region

(excludes Deliveries)

ADD C-46

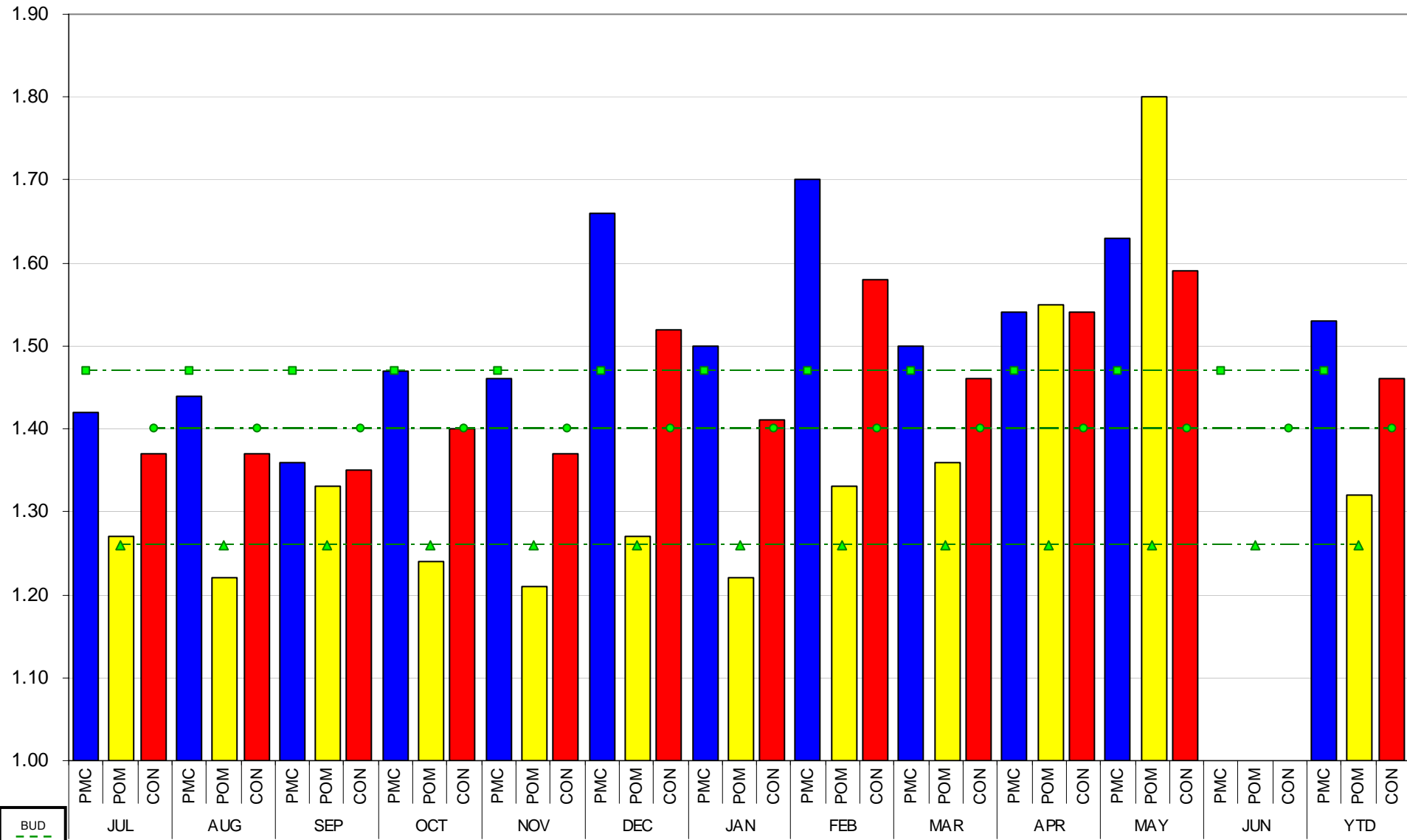


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>PMC</b>	1.42	1.40	1.49	1.44	1.43	1.49	1.50	1.54	1.51	1.48	1.55	-	1.48
<b>POM</b>	1.26	1.38	1.27	1.26	1.28	1.30	1.27	1.39	1.39	1.53	1.41	-	1.35
<b>CON</b>	1.38	1.40	1.43	1.40	1.39	1.44	1.45	1.50	1.49	1.50	1.51	-	1.45

Case Mix Index by Region

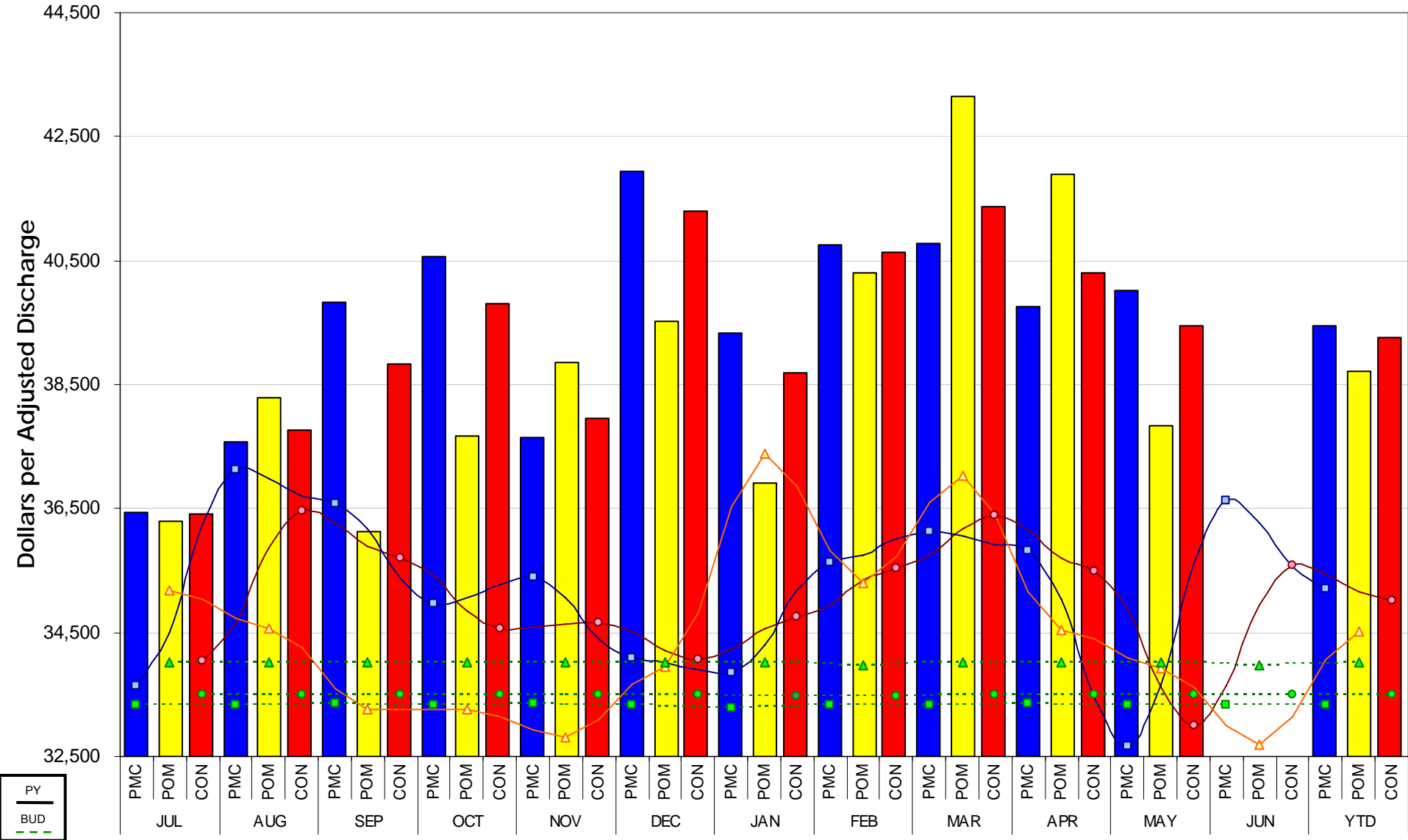
Medicare

ADD C-47



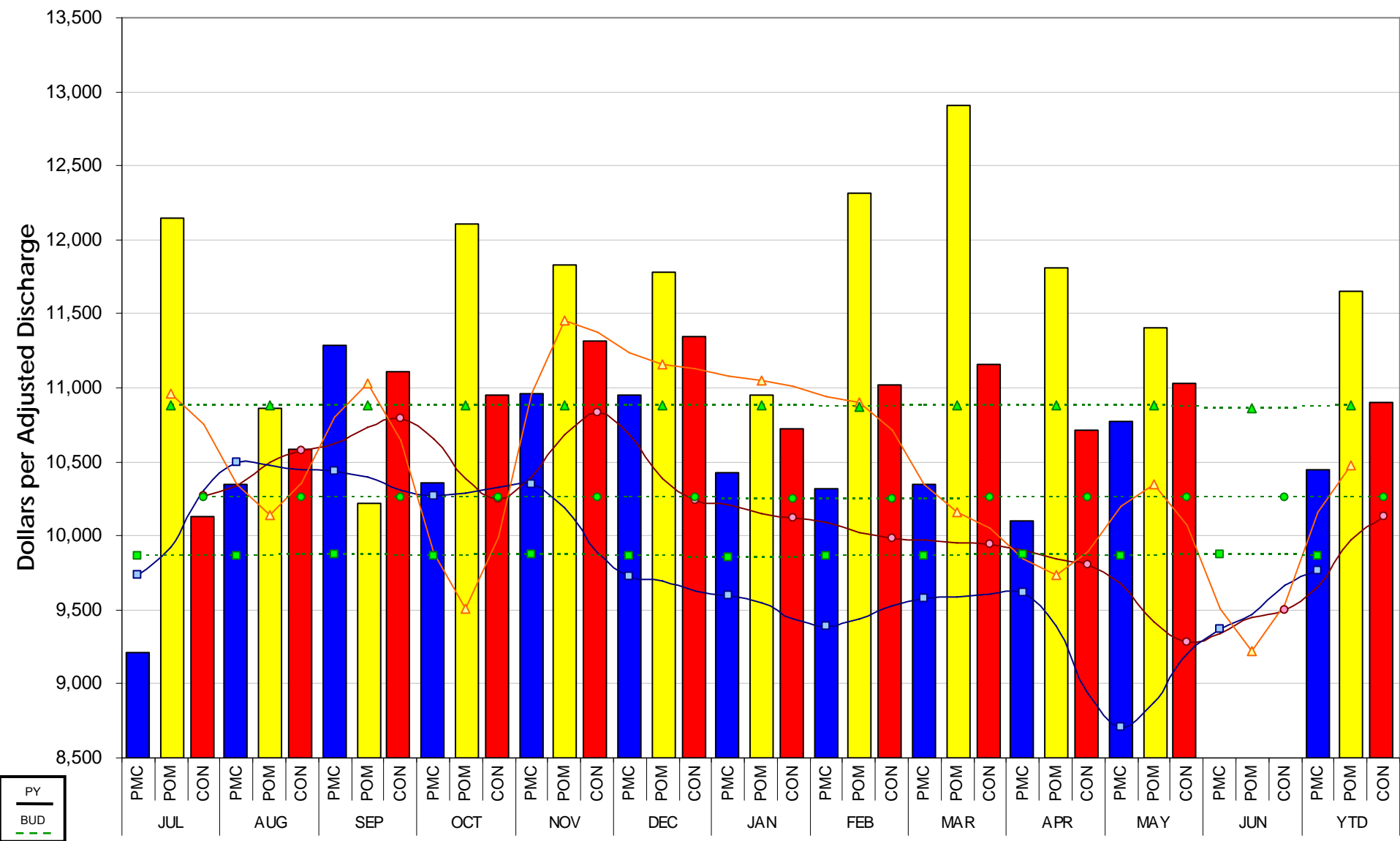
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>
<b>PMC</b>	1.42	1.44	1.36	1.47	1.46	1.66	1.50	1.70	1.50	1.54	1.63	-	1.53
<b>POM</b>	1.27	1.22	1.33	1.24	1.21	1.27	1.22	1.33	1.36	1.55	1.80	-	1.32
<b>CON</b>	1.37	1.37	1.35	1.40	1.37	1.52	1.41	1.58	1.46	1.54	1.59	-	1.46

Adjusted Discharges  
Gross 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>
<b>PMC</b>	36,434	37,574	39,830	40,564	37,640	41,941	39,327	40,742	40,777	39,768	40,011	-	39,458	37,967
<b>POM</b>	36,286	38,286	36,127	37,664	38,850	39,517	36,902	40,308	43,148	41,885	37,826	-	38,709	36,255
<b>CON</b>	36,402	37,759	38,832	39,810	37,951	41,291	38,699	40,628	41,374	40,312	39,444	-	39,262	37,521

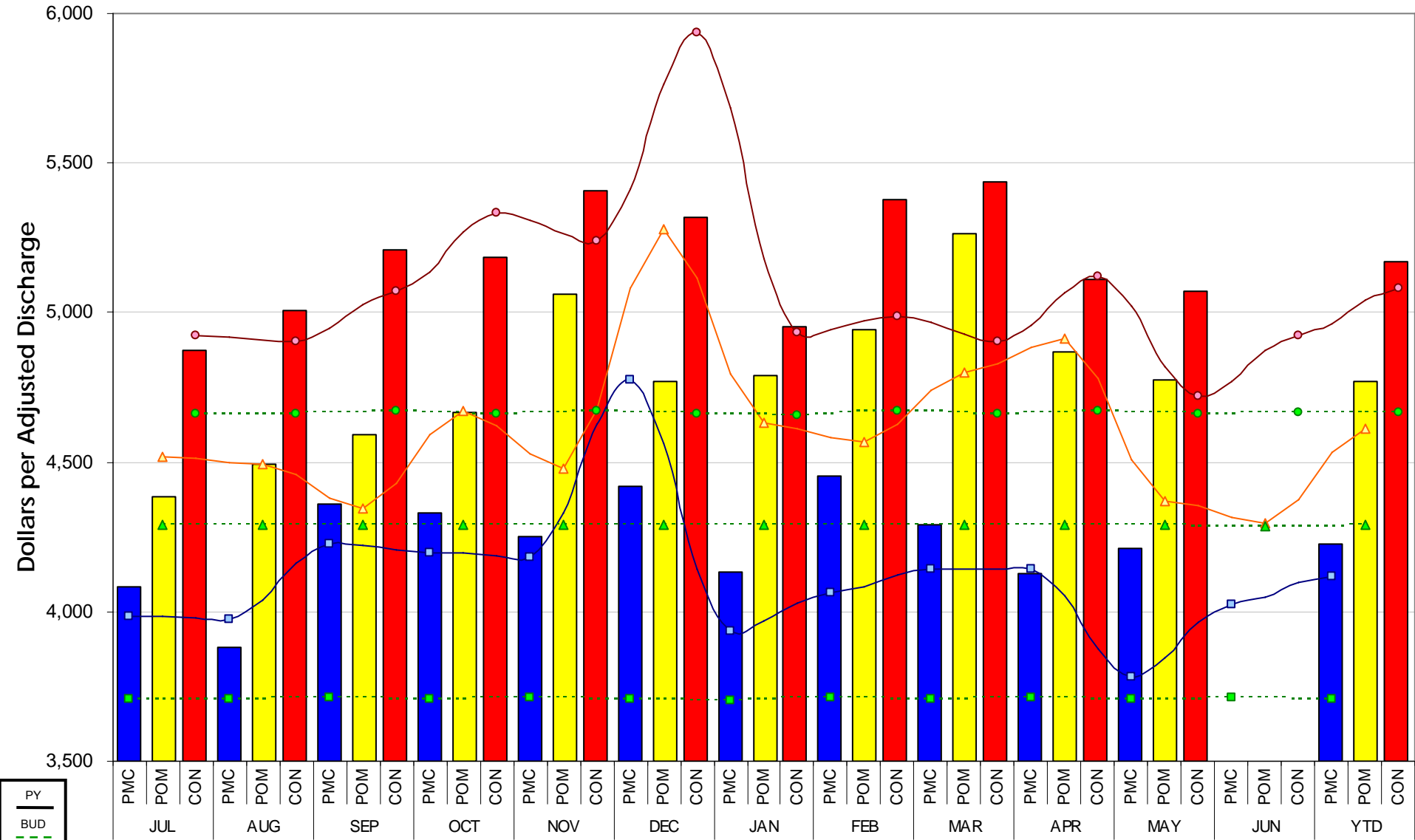
Adjusted Discharges  
Net Patient Revenue per Adjusted Discharges



	<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>
<b>PMC</b>	9,214	10,346	11,288	10,353	10,964	10,951	10,424	10,314	10,349	10,101	10,772	-	10,446	10,361
<b>POM</b>	12,150	10,864	10,216	12,110	11,826	11,779	10,955	12,318	12,907	11,813	11,409	-	11,650	11,436
<b>CON</b>	10,126	10,583	11,112	10,946	11,314	11,342	10,721	11,020	11,159	10,715	11,025	-	10,899	10,775

# Adjusted Discharges

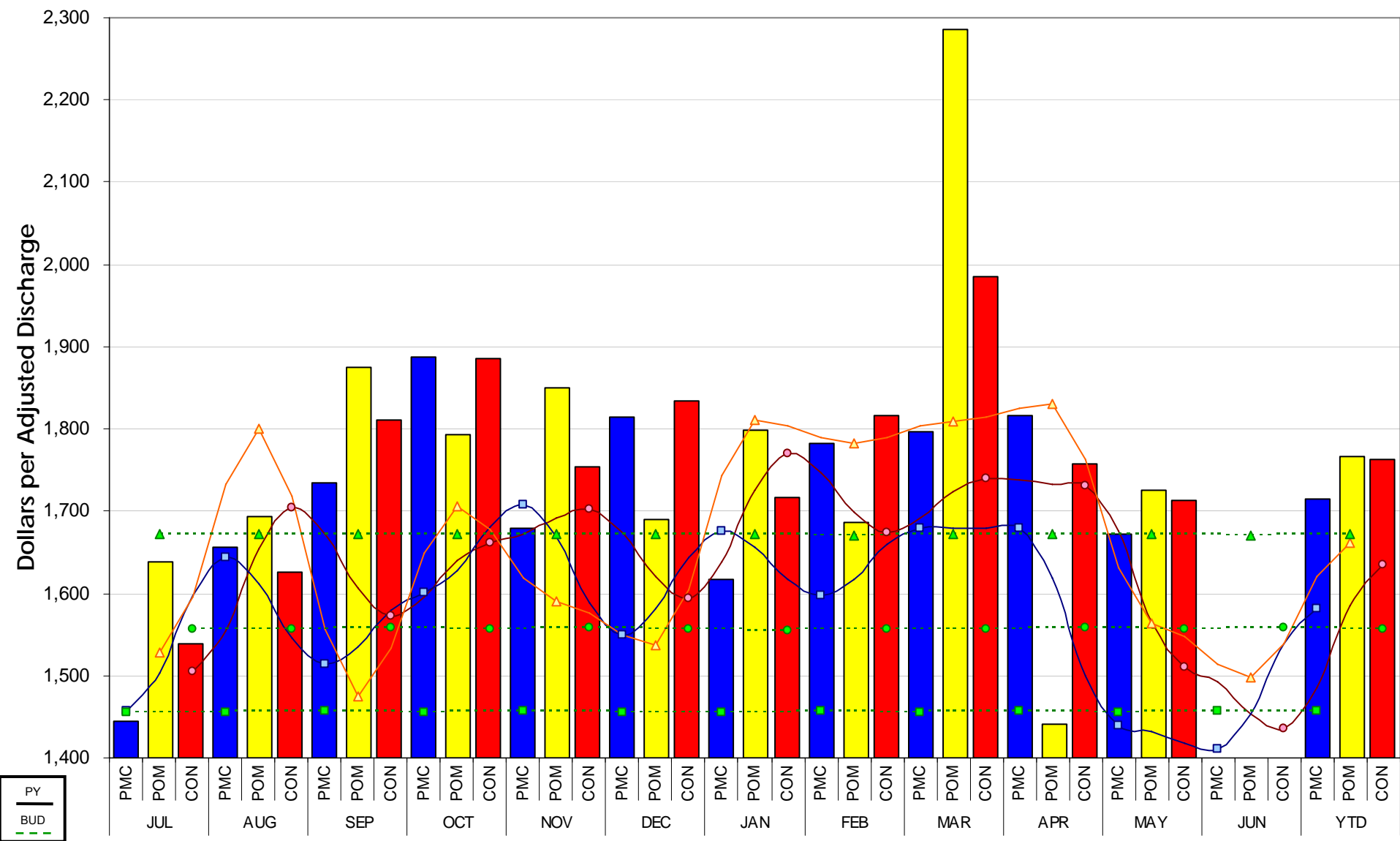
## Salaries per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	4,083	3,882	4,360	4,330	4,251	4,418	4,135	4,452	4,290	4,129	4,213	-	4,225	4,236
<b>POM</b>	4,386	4,491	4,594	4,665	5,061	4,769	4,791	4,945	5,265	4,869	4,773	-	4,770	4,899
<b>CON</b>	4,874	5,007	5,211	5,187	5,408	5,317	4,953	5,376	5,439	5,110	5,070	-	5,169	5,161



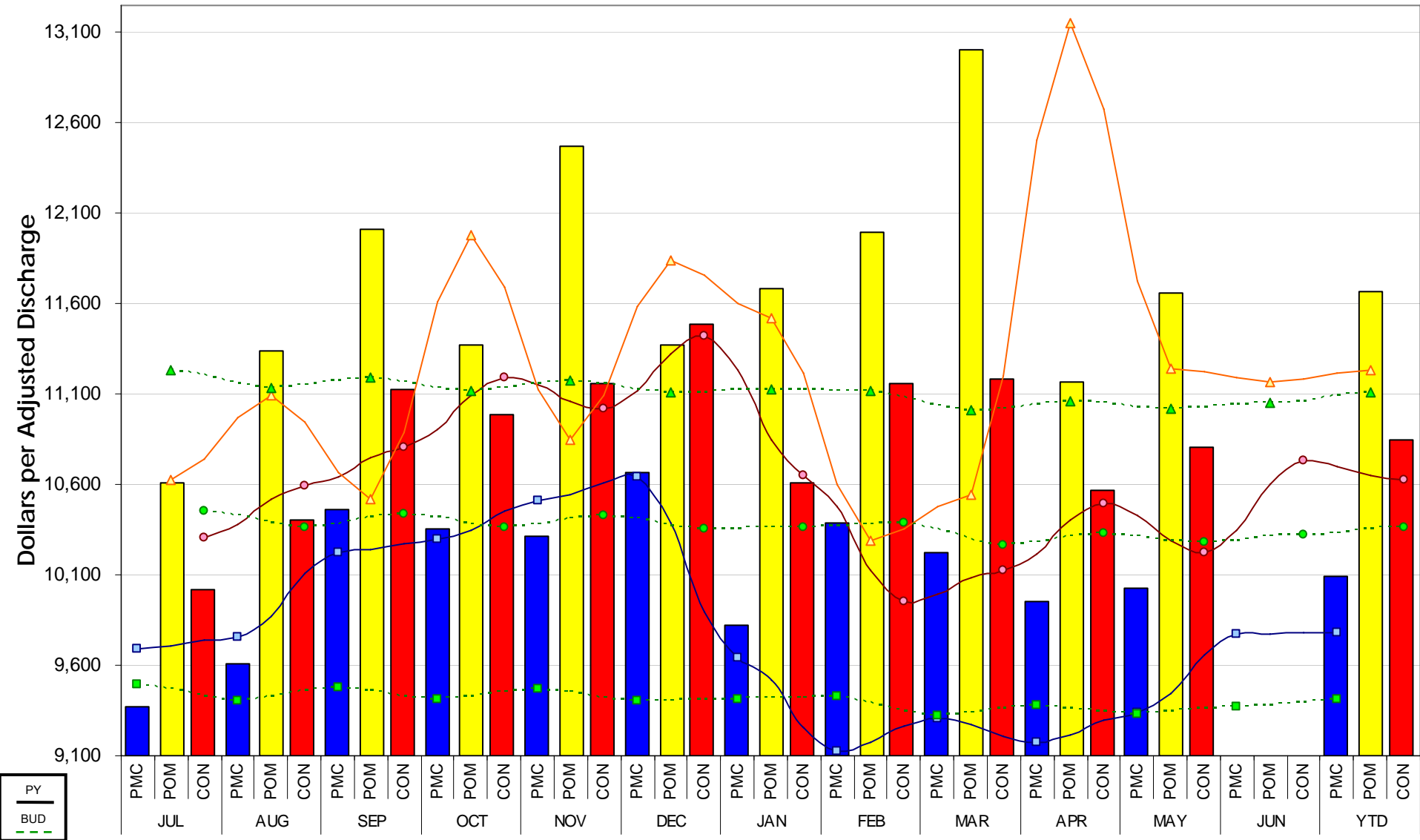
Adjusted Discharges  
Supplies per Adjusted Discharge



	<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>
<b>PMC</b>	1,445	1,656	1,734	1,887	1,680	1,815	1,616	1,783	1,796	1,816	1,672	-	1,715	1,600
<b>POM</b>	1,639	1,693	1,874	1,794	1,850	1,691	1,798	1,686	2,286	1,442	1,725	-	1,767	1,689
<b>CON</b>	1,538	1,625	1,811	1,885	1,755	1,834	1,717	1,817	1,986	1,758	1,712	-	1,763	1,664

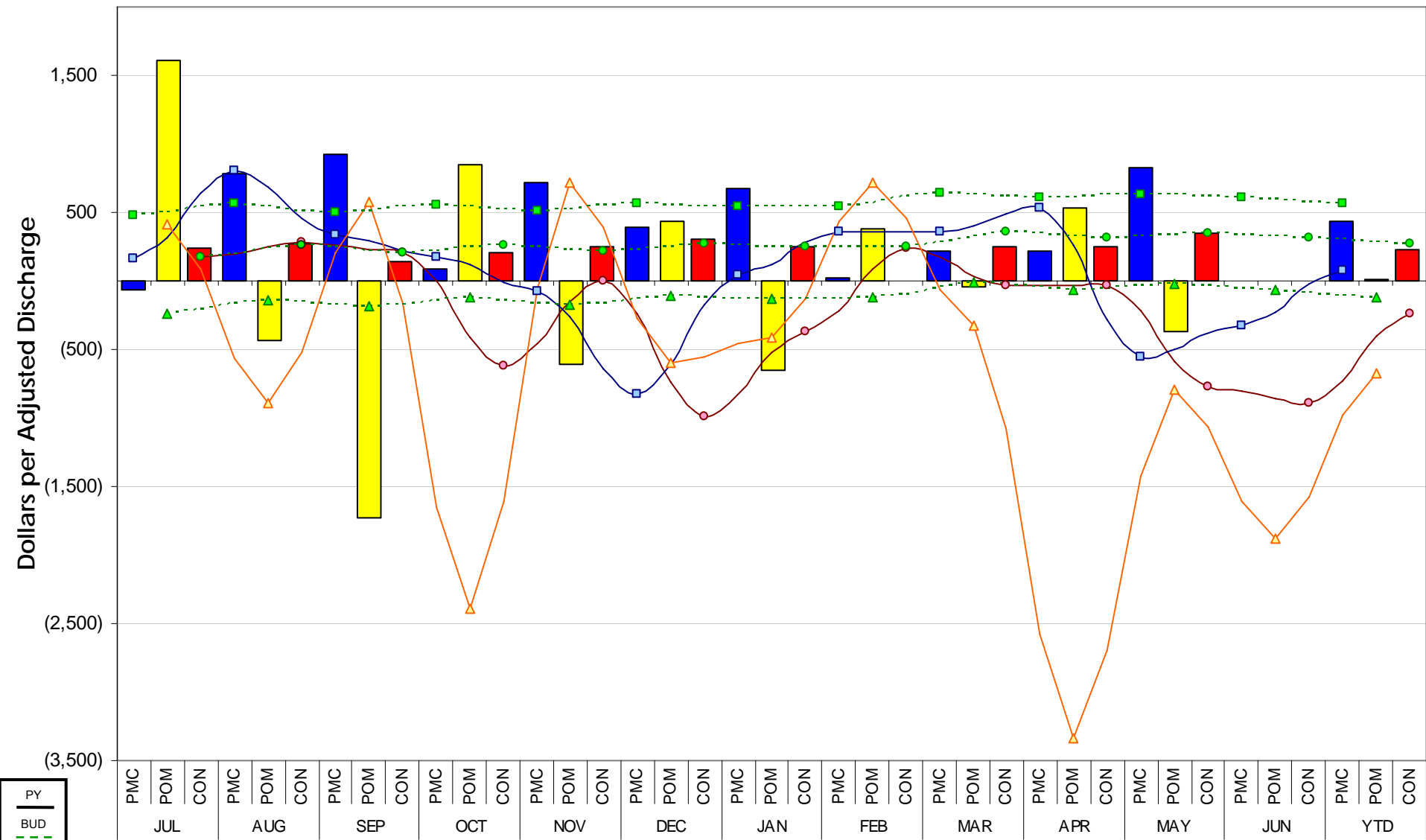
Adjusted Discharges

Total Expenses per Adjusted Discharges



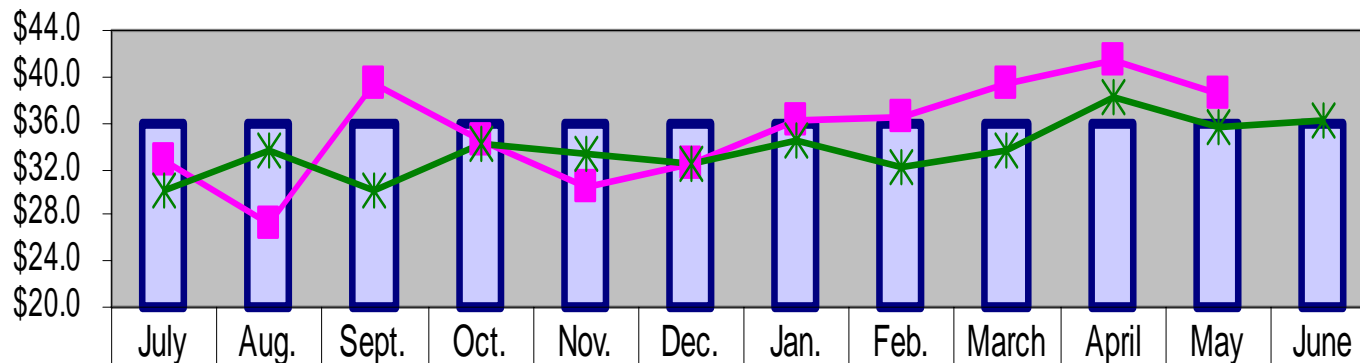
	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
<b>PMC</b>	9,372	9,612	10,465	10,352	10,312	10,663	9,823	10,387	10,226	9,952	10,025	-	10,093	9,974
<b>POM</b>	10,611	11,342	12,016	11,372	12,471	11,375	11,682	11,991	13,007	11,166	11,658	-	11,671	11,666
<b>CON</b>	10,019	10,407	11,124	10,989	11,157	11,488	10,608	11,160	11,183	10,564	10,808	-	10,846	10,745

Adjusted Discharges  
Net Operating Income per Adjusted Discharges



	JUL	AUG	SEP	OCT	NOV	DEC	JAN	FEB	MAR	APR	MAY	JUN	YTD	B-YTD
<b>PMC</b>	(67)	785	921	87	717	391	675	25	218	218	827	-	436	475
<b>POM</b>	1,610	(436)	(1,731)	846	(607)	436	(657)	386	(47)	529	(365)	-	6	(85)
<b>CON</b>	241	271	146	206	250	306	245	1	253	246	348	-	230	218

### PPH Monthly Collections in Millions



	July	Aug.	Sept.	Oct.	Nov.	Dec.	Jan.	Feb.	March	April	May	June
FY09 Goal	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0	\$36.0
Pr. Yr Actual	\$30.2	\$33.6	\$30.0	\$34.1	\$33.4	\$32.4	\$34.4	\$32.0	\$33.6	\$38.2	\$35.5	\$36.2
Curr. Yr Actual	\$32.8	\$27.3	\$39.3	\$34.5	\$30.5	\$32.3	\$36.3	\$36.5	\$39.5	\$41.5	\$38.6	



	Current Month End	Current Month End	Current 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	5/31/2009 31	4/30/2009 30	3/31/2009 31	5/31/2009 335	6/30/2008 366	5/31/2008 31	
<b>Revenue</b>							
Gross for Month - North & South	135,010,483	133,221,502	135,711,391	\$ 1,433,633,247	\$ 1,384,127,824	\$ 115,108,608	\$ 1,788,981
Net Revenue - North & South	37,484,974	34,874,045	36,094,720	\$ 393,412,986	\$ 398,939,675	\$ 31,720,709	\$ 2,610,929
Net:Gross %	27.8%	26.2%	26.6%	27.4%	28.8%	27.6%	1.6%
Last 3 Month Daily Average (Gross)	4,390,689	4,406,593	4,321,554	\$ 4,279,502	\$ 3,781,770	\$ 3,873,069	\$ (15,904)
Last 3 Month Daily Average (Net)	1,178,845	1,167,551	1,161,723	1,174,367	1,089,999	1,082,187	11,294
<b>Cash Collections</b>							
Month to Date	38,563,296	40,217,418	40,819,238	\$ 389,052,153	\$ 403,728,413	\$ 35,530,249	\$ (1,654,122)
Month to Date Goal	35,998,045	35,998,045	35,998,045	395,978,495	396,657,548	36,369,671	-
Over (under) Goal	2,565,251	4,219,373	4,821,193	\$ (6,926,342)	\$ 7,070,865	\$ (839,422)	\$ (1,654,122)
% of Goal	107%	112%	113%	98.3%	101.8%	97.7%	-4.6%
<b>Point of Service Collections</b>							
Month to Date	537,504	476,461	462,379	\$ 4,706,561	\$ 3,387,302	\$ 309,938	\$ 61,043
Month to Date Goal	417,000	417,000	385,000	4,084,400	3,843,000	328,000	-
Over (under) Goal	\$ 120,504	\$ 59,461	\$ 77,379	\$ 622,161	\$ (455,698)	\$ (18,062)	\$ 61,043
% of Goal	128.9%	114.3%	120.1%	115.2%	88.1%	94.5%	14.6%
<b>Accounts Receivable</b>							
0-30	92,313,328	97,461,764	99,017,219		\$ 82,995,765	\$ 81,800,143	\$ (5,148,436)
31-60	31,109,069	28,474,652	36,155,292		25,895,259	28,351,328	2,634,417
61-90	19,911,473	22,074,504	24,109,935		14,408,929	15,557,363	(2,163,031)
91-180	29,910,013	31,195,307	34,610,374		23,299,340	25,195,518	(1,285,294)
Over 180	26,515,188	24,841,284	25,924,840		19,271,702	22,218,112	1,673,904
Total	\$ 199,759,072	\$ 204,047,511	\$ 219,817,660		\$ 165,870,995	\$ 173,122,464	\$ (4,288,439)
A/R Days (Gross)	45.50	46.31	50.87		43.54	44.70	(0.81)
% of AR aged over 180 days	13.3%	12.2%	11.8%		12%	13%	0.01
Number of Accounts	71,105	73,558	72,496		61,570	61,531	(2,453)
<b>Credit Balance Accounts:</b>							
Dollars	\$ (5,798,356)	\$ (4,973,732)	\$ (4,790,368)		\$ (3,144,574)	\$ (3,609,401)	\$ (824,623)
Number of Accounts	10,135	9,932	9,624		4,136	3,334	203

Revenue Cycle Key Indicators  
Trend Report



	Current Month End	Current Month End	Current 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	5/31/2009 31	4/30/2009 30	3/31/2009 31	5/31/2009 335	6/30/2008 366	5/31/2008 31	
<b>Accounts Receivable by Major Payer</b>							
Medicare	42,976,678	44,453,434	45,401,048		\$ 32,549,770	\$ 37,691,243	\$ (1,476,756)
Last 3 months daily average revenue	1,197,518	1,249,648	1,211,490		1,066,927	1,116,210	\$ (52,130)
Gross Days revenue outstanding	35.89	35.57	37.48		30.51	33.77	0.32
MediCal (Includes M-Cal HMO)	36,324,415	36,155,967	39,004,300		27,638,700	26,701,590	168,447
Last 3 months daily average revenue	804,322	819,659	797,259		660,788	680,717	(15,337)
Gross Days revenue outstanding	45.16	44.11	48.92		41.83	39.23	1.05
Comm/Managed Care (Incl Mcare HMO)	91,342,436	92,046,073	98,096,668		78,740,548	77,027,585	(703,638)
Last 3 months daily average revenue	2,255,345	2,197,066	2,137,131		1,908,593	1,912,462	58,279
Gross Days revenue outstanding	40.50	41.89	45.90		41.26	40.28	(1.39)
Self-Pay (Incl Client Accts)	29,115,544	31,392,040	37,315,645		26,941,976	31,702,045	(2,276,496)
Last 3 months daily average revenue	133,504	140,220	180,325		172,970	163,621	(6,716)
Gross Days revenue outstanding	218.09	223.88	206.93		155.76	193.75	(5.79)
Accounts to Collections							
M-T-D Amount of BD to Collections	6,150,810	9,339,230	5,667,649	51,580,688	9,805,788	7,797,729	\$ (3,188,419)
% of Gross Revenue (Target < 2%)	4.6%	7.0%	4.2%	0.04	8.6%	6.8%	-2.5%
Charity & Undocumented Write-offs							
M-T-D Amount	1,093,668	3,162,103	2,713,221	20,153,236	2,847,359	2,197,775	\$ (2,068,435)
% of Gross Revenue (Target < 2%)	0.8%	2.4%	2.0%	1.4%	2.5%	1.9%	-1.6%
Administration Adjustments							
M-T-D Amount	81,642	293,592	60,031	1,333,298	624,358	344,731	\$ (211,950)
% of Gross Revenue (Target < 1%)	0.1%	0.2%	0.0%	0.1%	0.5%	0.3%	-0.2%

Revenue Cycle Key Indicators  
Trend Report



	Current Month End	Current Month End	Current Month End	Current Fiscal Year Year-to-Date	Most Recent Year End	Current Month End - Previous FY	Change from Prior Month
Period Ending	5/31/2009	4/30/2009	3/31/2009	5/31/2009	6/30/2008	5/31/2008	
Days in Period	31	30	31	335	366	31	
<b>Discharged Not Final Billed (DNFB)</b>							
<b>DNFB Action Required</b>							
HIM (Waiting for Coding)	\$ 1,412,575	\$ 2,467,518	\$ 5,183,947		5,423,822	6,952,319	\$ (1,054,943)
PBS (Correction required)	3,214	323,282	453,554		100,312	443,742	\$ (320,068)
Other holds requiring correction	-	365				-	\$ (365)
<b>Total Action Required</b>	<b>1,415,789</b>	<b>2,791,165</b>	<b>5,637,501</b>		<b>5,524,134</b>	<b>7,396,061</b>	<b>(1,375,376)</b>
<b># of AR Days action Required</b>	<b>0.32</b>	<b>0.63</b>	<b>1.30</b>		<b>1.45</b>	<b>1.91</b>	<b>(0.31)</b>
<b>DNFB No Action Required</b>							
4 Day Standard Delay	\$ 28,121,550	\$ 26,798,378	\$ 26,182,828		18,224,428	18,021,655	\$ 1,323,172
Other	2,426,794	5,375,163	3,254,135		1,918,384	2,741,177	(2,948,369)
<b>Total No Action Required</b>	<b>30,548,344</b>	<b>32,173,541</b>	<b>29,436,963</b>		<b>20,142,812</b>	<b>20,762,832</b>	<b>(1,625,197)</b>
<b>Total DNFB</b>	<b>\$ 31,964,133</b>	<b>\$ 34,964,706</b>	<b>\$ 35,074,464</b>		<b>25,666,946</b>	<b>28,158,893</b>	<b>(3,000,573)</b>
<b>Total Days in DNFB</b>	<b>7.28</b>	<b>7.93</b>	<b>8.12</b>		<b>6.74</b>	<b>7.27</b>	<b>(0.65)</b>

**Late Charges**

**Late Charges from Date of Service 5 to 20 Days**

Number of line items	30,876	5,652	7,758	143,287	8,261	4,470	25,224
Dollar amount of Charges	1,030,579	403,761	1,046,626	17,973,869	949,778	794,893	\$ 626,818
Dollar amount of Credits	(574,447)	(527,984)	(1,060,158)	(22,009,175)	(660,172)	(614,324)	\$ (46,464)
Net Dollar Amount	456,132	(124,222)	(13,531)	(4,035,305)	289,606	180,569	\$ 580,354
Absolute Dollar Amount	\$ 1,605,026	\$ 931,745	\$ 2,106,784	\$ 36,295,525	\$ 949,778	\$ 794,893	\$ 673,281

**Late Charges from Date of Service > 21 Days**

Number of line items	8,457	6,589	49,052	213,211	95,068	219,019	1,868
Dollar amount of Charges	1,324,806	1,320,359	1,713,383	21,920,797	1,987,236	1,734,403	4,446
Dollar amount of Credits	(1,452,501)	(1,499,542)	(2,455,328)	(40,778,906)	(1,321,540)	(1,266,597)	47,041
Net Dollar Amount	(127,695)	(179,183)	(741,945)	(18,858,109)	665,696	467,806	51,488
Absolute Dollar Amount	\$ 2,777,307	\$ 2,819,902	\$ 4,168,711	\$ 62,699,702	\$ 3,308,776	\$ 3,001,000	\$ (42,595)

# SUPPLEMENTAL INFORMATION



Jun-09	May 29-June 4	June 5-June 11	June 12-June 18		MTD Total	MTD Budget	% Variance
ADC (Acute)	307	314	285	0	302	311	(2.87)
PMC	241	237	218	0	232	231	0.59
POM	67	77	67	0	70	81	(12.80)
PCCC	88	88	91	0	89	85	4.32
VP	116	121	122	0	120	123	(2.66)
Patient Days (Acute)	2152	2200	1996	0	6,348	6,536	(2.87)
PMC	1685	1662	1525		4,872	4,843	0.59
POM	467	538	471		1,476	1,693	(12.80)
PCCC	613	615	637		1,865	1,788	4.32
VP	814	845	854		2,513	2,582	(2.66)
Discharges	522	558	507	0	1,587	1,692	(6.21)
PMC	400	428	387		1,215	1,266	(4.03)
POM	122	130	120		372	426	(12.68)
Number of Surgeries	265	263	248	0	776	693	11.98
PMC	183	170	163		516	483	6.83
POM	82	93	85		260	210	23.81
Number of Births	105	89	103	0	297	308	(3.57)
PMC	83	67	78		228	239	(4.60)
POM	22	22	25		69	69	-

Jun-09	May 29-June 4	June 5-June 11	June 12-June 18		MTD Total	MTD Budget	% Variance
Outpatient Visits (inc. Lab)	2295	1894	1914	0	6,103	6,167	(1.04)
PMC	1591	1249	1270		4,110	4,208	(2.33)
POM	704	645	644		1,993	1,959	1.74
ER Visits	1687	1984	1800	0	5,471	5,210	5.01
PMC	1171	1406	1270		3,847	3,567	7.85
POM	516	578	530		1,624	1,643	(1.16)
Trauma Visits	26	23	17	0	66	71	(7.04)
IP	22	19	13		54	62	(12.90)
OP	4	4	4		12	9	33.33
Gross IP Revenue	24,113,774	22,032,049	21,470,941		67,616,764	65,818,339	2.73
Gross OP Revenue	8,161,567	8,709,975	8,728,842		25,600,384	20,397,749	25.51
Cash Collection	6,215,329	7,494,565	8,076,076		21,785,970	24,544,122	(11.24)
Days cash on hand	114	115	116		116	80	
Prod Hrs (PP 25)		211,552			211,552	212,922	0.64
PMC - North		127,622			127,622	129,569	1.50
POM - South		54,881			54,881	54,587	(0.54)
Others	-	29,049	-	-	29,049	28,766	(0.98)
Prod \$ (PP 25)		6,876,333			6,876,333	6,977,701	1.45
PMC - North		4,148,660			4,148,660	4,270,135	2.84
POM - South		1,714,820			1,714,820	1,730,333	0.90
Others	-	1,012,853	-	-	1,012,853	977,233	(3.64)