

Posted
Tuesday
August 18, 2009

BOARD FINANCE COMMITTEE MEETING



TUESDAY, AUGUST 25, 2009
 5:30 p.m. (Buffet Dinner for Committee Members & Invited Guests Only)
 6:00 p.m. Meeting

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

	<u>Time</u>	<u>Page</u>	<u>Target</u>
CALL TO ORDER .....	.....	.....	6:00 p.m.
➤ Public Comments <i>5 minutes allowed per speaker with a cumulative total of 15 minutes per group.</i> <i>For further details & policy, see Request for Public Comment notices available in meeting room.</i>	.....5	.....	6:05 p.m.
➤ Information Item(s)			
• Status of RAC Litigation (Janine)			
• Upcoming Revenue Bond Issue	.....15	.....	6:20 p.m.
• Re-establishment of Board Program Reviews			
1. * Approval: Minutes – Tuesday, July 28, 2009 (<i>Addendum A</i>).....	.....5	.....	6:25 p.m.
2. Review: Pharmacy Stewardship (<i>Addendum B</i>).....	.....20	.....	6:45 p.m.
3. Review: Update on Legal Fees for FY2009 .....	.....20	.....	7:05 p.m.
4. * Approval: June 2009 & YTD FY2009 Pre-Audit Close .....	.....15	.....	7:20 p.m.
5. * Approval: July 2009 & YTD FY2010 Financial Report (<i>Addendum C</i>).....	.....15	.....	7:35 p.m.
FINAL ADJOURNMENT .....	.....	.....	7:35 p.m.

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

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

Minutes
Finance Committee – Tuesday, July 28, 2009

TO: Board Finance Committee

MEETING DATE: Tuesday, August 25, 2009

FROM: Tanya Howell, Secretary

BY: Bob Hemker, CFO

Background: The minutes of the Board Finance Committee meeting held on Tuesday, July 28, 2009, are respectfully submitted for approval (*Addendum A*).

Budget Impact: N/A

Staff Recommendation: Staff recommends approval of the Tuesday, July 28, 2009, Board Finance Committee minutes.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

Pharmacy Stewardship

TO: Board Finance Committee

MEETING DATE: Tuesday, August 26, 2009

FROM: Michael Kruse, PharmD, BCPS

Background: The Pharmacy Department's Clinical Programs, which include formulary management as well as clinical services, have successfully managed growing drug costs. More importantly, this has been achieved while improving patient outcomes and developing the internal workforce. A program overview will be presented (*Addendum B*), with an emphasis on cost savings/cost-avoidance and the future of the program.

Budget Impact: In addition to revenue provided by medications, the clinical pharmacy program offsets the pharmacy department's entire \$6.4 million payroll.

Staff Recommendation:

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

PALOMAR POMERADO HEALTH

Legal Services Update

TO: Board Finance Committee

MEETING DATE: Tuesday August 25, 2009

FROM: Janine Sarti, Esq., General Counsel

BACKGROUND: An update will be provided on the Legal Services Department Strategic Plan. Presentation materials will be forwarded under separate cover or provided at the meeting.

BUDGET IMPACT: None

STAFF RECOMMENDATION: Information only

COMMITTEE QUESTIONS:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

June 2009 & YTD FY2009 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, August 25, 2009

FROM: Robert Hemker, CFO

Background: The pre-audit financial statements for the FY2009 financial close are being finalized and will be forwarded under separate cover or provided at the meeting.

Budget Impact: N/A

Staff Recommendation: Recommendation will be provided at the meeting.

Committee Questions:

COMMITTEE RECOMMENDATION:

Motion:

Individual Action:

Information:

Required Time:

July 2009 & YTD FY2010 Financial Report

TO: Board Finance Committee

MEETING DATE: Tuesday, August 25, 2009

FROM: Robert Hemker, CFO

Background: The Board Financial Reports (unaudited) for July 2009 and YTD FY2010 are submitted for the Finance Committee's approval (*Addendum D*).

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

MEMBERS	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
NANCY BASSETT, R.N.	P	P	P	P	P	P	P				
TED KLEITER – CHAIR	P	P	P	P	P	P	E				
MARCELO RIVERA, M.D.	P	E	P	E	P	P	C				
MICHAEL COVERT, FACHE	P	P	P	P	P	P	P				
FRANK MARTIN, M.D.	P	P	P	P	P	P	P				
JOHN LILLEY, M.D.	P	P	P	P	A	P	E				
BRUCE KRIDER – ALTERNATE		P	G	E		G	P				
LINDA GREER, R.N. – 2 ND ALTERNATE			G	P			G				
– 3 RD ALTERNATE											
– 4 TH ALTERNATE											
STAFF ATTENDEES											
BOB HEMKER	P	P	P	P	P	P	P				
GERALD BRACHT	P	P	P	P	P	P	P				
DAVID TAM	P	P	P	P	P	P	P				
TANYA HOWELL – SECRETARY	P	P	P	P	P	P	P				
INVITED GUESTS	SEE TEXT OF MINUTES FOR NAMES OF GUEST PRESENTERS										

BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JULY 28, 2009

1. AGENDA ITEM			
DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
CALL TO ORDER			
<ul style="list-style-type: none"> The meeting – held in the Graybill Auditorium at Palomar Medical Center – was called to order at 7:30 p.m. by Acting Chair Marcelo Rivera. 			
ESTABLISHMENT OF QUORUM			
<ul style="list-style-type: none"> See roster 			
PUBLIC COMMENTS			
<ul style="list-style-type: none"> There were no public comments 			
ADJOURNMENT TO CLOSED SESSION			
<ul style="list-style-type: none"> After reciting the purpose of the closed session as listed on the agenda, “Pursuant to California Government Code §54954.5(h), Report Involving Trade Secret, with discussion concerning a proposed new service, estimated date of public disclosure on December 14, 2009”, Director Rivera adjourned the meeting to Closed Session at 7:34 p.m. 			
RESUMPTION OF OPEN SESSION			
<ul style="list-style-type: none"> Director Rivera resumed the open session at 7:55 p.m. There was no action taken as a result of the discussions held in the Closed Session 			
INFORMATION ITEM(S)			
<ul style="list-style-type: none"> Pomerado Outpatient Pavilion (POP) Building Update <ul style="list-style-type: none"> Management had been reviewing options with regard to monetizing the District’s interest in the POP Building The effort hasn’t been abandoned, but the economics in the market are still unfavorable 	<i>Information Only</i>		Y
1. MINUTES – JUNE 30, 2009			
<ul style="list-style-type: none"> No discussion. 	<p>MOTION: By Director Krider, seconded by Director Bassett carried to approve the minutes of the June 30, 2009, Board Finance Committee meeting as presented. All in favor. None opposed.</p>		Y
2. PALOMAR POMERADO IMAGING, LLC			
<ul style="list-style-type: none"> This discussion was moved to the top of the agenda to accommodate the guest presenters Gerald Bracht introduced Dr. Kathleen Flores and Ms. Lesley Finney of North County Radiology (NCR) <ul style="list-style-type: none"> Utilizing the presentation included as Addendum F of the agenda packet, Mr. Bracht discussed the proposed structure of the partnership NCR is very engaged w/our organization and demonstrating our partnership 	<p>MOTION: By Director Krider seconded by Director Bassett and carried to recommend approval of the creation of the structure. All in favor. None opposed.</p>	<p>Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.</p> <p><i>Paul Patchen’s memo to the medical staff is to be forwarded to Drs. Martin and Rivera</i></p>	N

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o Freestanding ambulatory imaging services are no longer available to the community by PPH <ul style="list-style-type: none"> – We are interested in going forward with them in the future in context with a Joint Venture (JV) • Discussions began on a potential JV in February <ul style="list-style-type: none"> o Would form a single entity for the ownership, management and oversight of the portfolio businesses o The structure of the proposed JV is outlined on ADD F-43 <ul style="list-style-type: none"> – PSA = Professional Services Agreement <ol style="list-style-type: none"> 1) Would create Palomar Pomerado Imaging, LLC (PPI) 2) Consciously aligns practitioners into the new JV 3) Structure provides flexibility <ol style="list-style-type: none"> a) If a third business partner is appropriate to be involved, could create a separate LLC between PPI and the third party 4) Could use a REIT or other financing solution to leverage capital 5) Model provides flexibility to adapt, to grow and to assume risk o Exclusivity as to provider of radiology services – not as to assets o Decisions that the JV's governing board would make would come up to the PPH Board if PPH assets were to be committed <ul style="list-style-type: none"> – Will not affect day to day operational aspects because those authorities would already be in place – Will provide financial statements to PPH Board on a regular basis o All PPH physicians who currently utilize services would be able to continue to use the services of the LLC 			

3. GENERAL OBLIGATION BONDS – TAX LEVY 2009-2010

<ul style="list-style-type: none"> • Standard information regarding the levying of the tax for the GO Bonds <ul style="list-style-type: none"> o Current levy is \$17.75/\$100K of assessed value o Entirely up to the District how much to ask the County to levy, based upon upcoming debt service for the year o A couple of exposures this year <ul style="list-style-type: none"> – Default rates are up – Overall assessed values are down due to growing number of reassessment requests o State is also talking about pulling property tax allocations from local government agencies as part of the State's budget solution o Current levy could result in a shortfall <ul style="list-style-type: none"> – Shortfall in collections would require PPH to advance funds to meet the assessment and then add on to the subsequent year's levy – Estimated shortfall could be \$500K 	<p>MOTION: By Director Krider seconded by Director Bassett and carried to recommend approval of the resolution authorizing the County of San Diego to levy and collect the required <i>ad valorem</i> taxes for the 2009-2010 tax roll in the amount of \$17.75/\$100,000 of assessed value. All in favor. None opposed.</p>	<p>Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.</p>	<p align="center">Y</p>
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BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JULY 28, 2009

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o Options for this year's levy <ul style="list-style-type: none"> – Raise the levy above the \$17.75 – Take the economic risk and leave the levy at \$17.75 o Staff recommends maintaining a levy of \$17.75/\$100K of assessed value for this year o Could continue to see multiple year pressures on the levy o Will keep Board apprised of status 			

4. ESTABLISHMENT OF APPROPRIATIONS LIMIT FOR FY2010

<ul style="list-style-type: none"> • We have a cap on the unrestricted property tax revenues we can collect <ul style="list-style-type: none"> o Required to calculate and establish that cap on a yearly basis o Anticipated unrestricted property tax revenues are well below the cap 	<p>MOTION: By Director Bassett seconded by Dr. Martin and carried to recommend approval of the Resolution Establishing the Appropriations Limit of the District for FY2010. All in favor. None opposed.</p>	<p>Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.</p>	Y
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5. POLICY – ANNUAL ADOPTION OF STATEMENT OF INVESTMENT

<ul style="list-style-type: none"> • Annual review of the Board's policy for the delegation of authority to invest funds • No changes 	<p>MOTION: By Director Krider seconded by Director Bassett and carried to recommend approval of the re-adoption of the Annual Adoption of Statement of Investment Policy as previously approved by the Board. All in favor. None opposed.</p>	<p>Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.</p>	Y
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6. INDEPENDENT CONTRACTOR AGREEMENT – ARIA ANVAR, BS, MD, MBA – ELECTRONIC MEDICAL RECORD PROJECT MANAGEMENT

<ul style="list-style-type: none"> • Bob Hemker presented the agreement on behalf of Dr. Kanter <ul style="list-style-type: none"> o Budgeted from funds for the CPOE project <ul style="list-style-type: none"> – Activities will be capitalized o Up to 20 hours per week o Already serving in this capacity, just a renewal 	<p>MOTION: By Director Bassett, seconded by Director Krider and carried to recommend approval of the one-year [August 1, 2009 to July 31, 2010] Independent Contractor Agreement for Electronic Medical Record Project Management with Aria Anvar, BS, MD, MBA. All in favor. None opposed.</p>	<p>Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.</p>	Y
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7. PHYSICIAN RECRUITMENT AGREEMENT – R. GHAFAR NAFES, MD, AND GRAYBILL MEDICAL GROUP, INC. – FAMILY PRACTICE

<ul style="list-style-type: none"> • Standard agreement, in conjunction w/Graybill Medical Group 	<p>MOTION: By Dr. Martin, seconded by Michael Covert and carried to recommend approval of the Physician</p>	<p>Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.</p>	Y
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BOARD FINANCE COMMITTEE – MEETING MINUTES – TUESDAY, JULY 28, 2009

1. AGENDA ITEM			
DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
	Recruitment Agreement with R. Ghafar Nafes, MD, and Graybill Medical Group, Inc. All in favor. None opposed.		
8. MEDICAL DIRECTOR AGREEMENT – ROBERT STEIN, MD – CARDIOLOGY SERVICES AT PALOMAR MEDICAL CENTER			
<ul style="list-style-type: none"> • Gerald Bracht, CAO, PMC, stated that Dr. Stein has been serving in this role for many years <ul style="list-style-type: none"> o Quality elements have been written into the agreement o Exact same agreement as previously approved 	<p>MOTION: By Dr. Martin, seconded by Director Krider and carried to recommend approval of the one-year [July 1, 2009 to June 30, 2010] Medical Director Agreement for Cardiology Services at PMD with Robert Stein, MD. All in favor. None opposed.</p>	Forwarded to the August 10, 2009, Board of Directors meeting with a recommendation for approval.	Y
9. JUNE 2009 AND YTD FY2009 FINANCIAL REPORT			
<ul style="list-style-type: none"> • Utilizing the presentation included in the agenda packet as Addendum G, Bob Hemker presented the preliminary statistical indicators for June 2009 and YTD FY2009 financial statements. Financial statements were not yet ready as the result of extended review for year-end pre-audit closing. Only select slides were presented for discussion. <ul style="list-style-type: none"> o Early indication as it relates to June we should be on a similar pathway as May for June for financial performance o Admissions are aggregately down for organization <ul style="list-style-type: none"> – Negative YTD variances of 5.4% at PMC and 7.3% at POM o Patient days have an aggregate negative variance of 3% o ADC is at 302 against a budget of 312 o Patient days were pretty stable through the year on a month-to-month basis <ul style="list-style-type: none"> – Especially in terms of ICU and Telemetry – Med Surg, PEDS and Rehab had the most variability o Inpatient surgeries <ul style="list-style-type: none"> – Negative variance of 12% at PMC – Positive variance of 21% at POM o Outpatient surgeries <ul style="list-style-type: none"> – Negative variances of 1% at PMC and 4% at POM – Aggregate negative variance of just over 2% o CV surgeries are up slightly <ul style="list-style-type: none"> – Showed a little more stability than in the prior year o Total surgeries had an aggregate negative variance of about 3% o Outpatient registrations show a positive aggregate variance of 7% 	Information Only	Forwarded to the August 10, 2009, Board of Directors meeting as information <ul style="list-style-type: none"> • A request was made for an update on when program reviews will be brought back to the Committee 	

1. AGENDA ITEM

• DISCUSSION	CONCLUSION/ACTION	FOLLOW UP/RESPONSIBLE PARTY	FINAL?
<ul style="list-style-type: none"> o ER visits <ul style="list-style-type: none"> – Up almost 1% at PMC – Negative variance of 2% at POM – Total system-wide negative variance of only .2% o ER admissions <ul style="list-style-type: none"> – Negative variances of 1.3% at PMC and .01% at POM o ER conversions were right on at 16.4% against a budget of 16.5% o Trauma had a negative variance of about 2% o Deliveries <ul style="list-style-type: none"> – Negative variances of 5.6% at PMC and 2% at POM – Aggregate negative variance of 4.8%, just 255 deliveries short of budget o Payor mix <ul style="list-style-type: none"> – Medicare has shown stability through the year – Medicare Managed Care was also relatively constant – Medi-Cal showed more variability <ol style="list-style-type: none"> 1) Need to review in conjunction with w/Medi-Cal Managed Care and Self Pay to get true picture; shows more patients being converted to an insured status 2) Medi-Cal offsetting Self Pay is a good thing – Overall blend of payor mix is pretty good o Case mix index <ul style="list-style-type: none"> – Ended year with a positive variance compared to prior year <ol style="list-style-type: none"> 1) 1.28 at PMC 2) 1.21 at POM 3) 1.27 consolidated o Case mix index – Medicare <ul style="list-style-type: none"> – Seeing variability, which will likely increase as CDI moves forward • Committee Questions/Discussion <ul style="list-style-type: none"> o A general question was raised on the topic of patient self-pay cash policies and how discounts, payment terms and patient discussions are handled 			
ADJOURNMENT	The meeting was adjourned at 8:54 p.m.		
SIGNATURES:			
• ACTING CHAIR	COMMITTEE _____ Marcelo Rivera, MD		
• COMMITTEE SECRETARY	_____		
	Tanya Howell		

ADDENDUM B

Pharmacy Clinical Programs

A report by insistence of physicians
on P&T Committee

Michael Kruse, PharmD, BCPS
Clinical Pharmacy Specialist
Pharmacy Residency Director

ADD B-2
PALOMAR
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Pharmacy Budget

- Productivity
 - Tightly managed
- Supplies
 - Tightly managed
- Technology
 - Used through lifespan
- Clinical Programs
 - Greatest known and unknown impact

ADD B-3

Clinical Programs – Clinical Specialists

- Jeremy, Mike, Olga, John
 - Formulary management
 - Medication use evaluation
 - Create clinical programs/protocols for staff pharmacists to run
 - Antibiotic Stewardship Program
 - Patient rounding
 - Manage specific patients' drug therapy
 - Physician relationships
 - Patient safety and regulatory compliance
 - Problem solving
 - Committee Involvement (more than 20 committees)
 - Staff development
 - Newsletter
 - Residency management
- Fulfill all four areas of Balanced Scorecard

ADD B-4

Clinical Programs – Staff Pharmacists

- Clinical Services in the “Trenches”
 - Drug Info (Physician) 2000 questions
 - Drug Info (Nursing) 10,000 questions
 - Enoxaparin Dosing 5000 patient days
 - Warfarin Dosing 7000 patient days
 - Vancomycin 7000 patient days
 - Aminoglycoside 3000 patient days
 - Renal Dosing 15,000 patient days
 - TPN 1500 patient days
 - Manage specific patients’ drug therapy
 - Much more....

ADD B-5

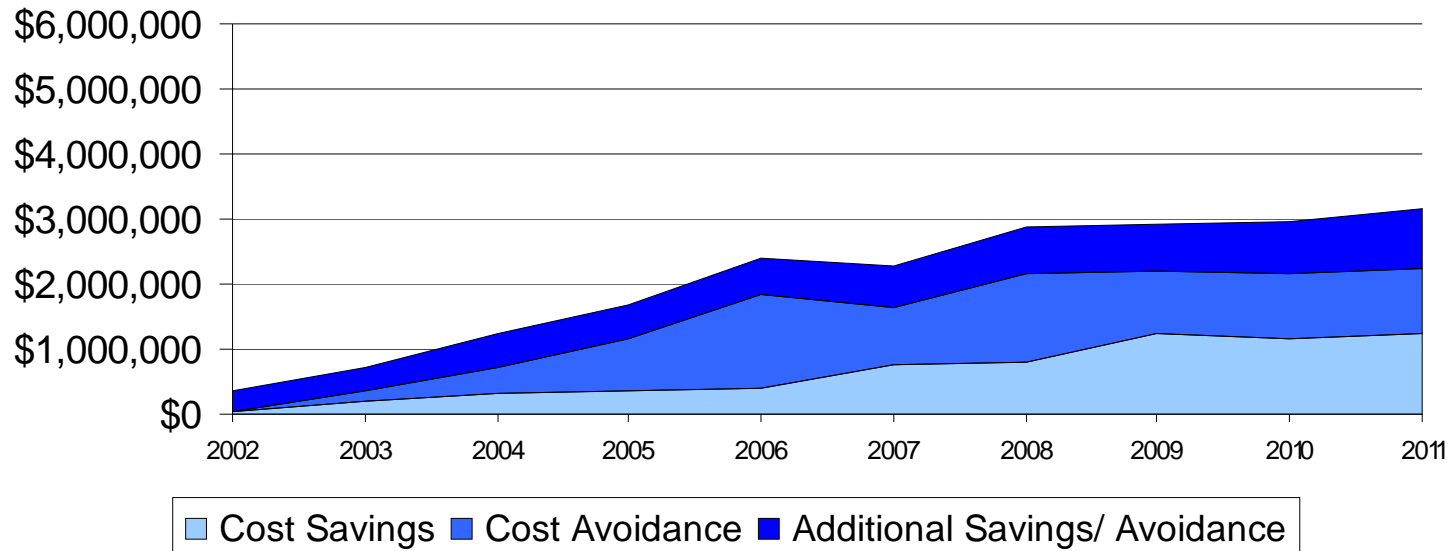
Clinical Programs - Residency

- Inexpensive \$40,000/resident
 - Become extenders of both clinical specialists and staff
 - Learn most duties of both specialists and staff
 - Complete projects for pharmacy management
 - Complete at least 2 large projects per year
 - Would cost tens of thousands of dollars if another pharmacist completed the project
 - Cost containment efforts up to \$2 million
 - Contribute toward patient safety
 - Provide about 15 lectures to staff per year
 - Work weekend shifts to decrease “per diem” use
 - Medicare education funding reimburses most of costs
- Overall 100% of salary and benefits are covered in some way
- Fulfill all four areas of Balanced Scorecard

ADD B-6

Clinical Programs Savings

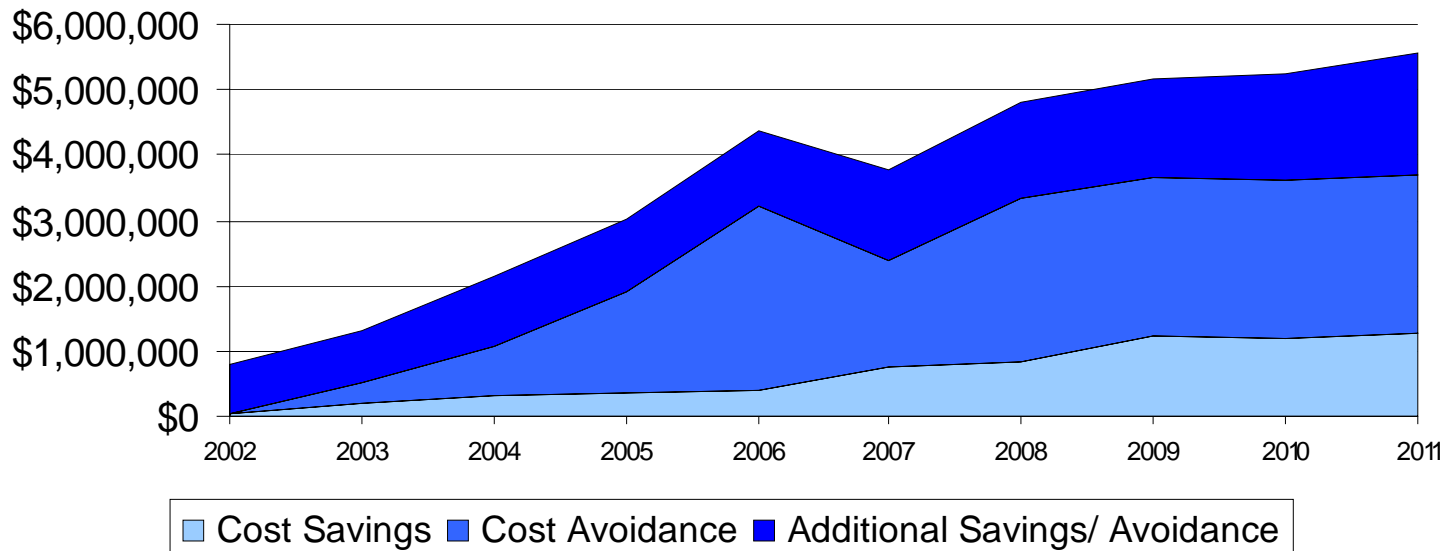
Low Estimate



ADD B-7

Clinical Programs Savings

High Estimate



ADD B-8

Specifics

- See document
- Conservative estimates of savings or avoidance
- Savings divided
 - Hard
 - Intermediate
 - Soft
- Takes minimal or no credit for generics unless concerted effort was made to switch practices
- Takes minimal or no credit for 340B pricing unless concerted effort was made to switch practices or acquire pricing
- IVIG is one exception where manufacturer's claimed no 340B product was available = \$55,000 savings/year

ADD B-9

More “soft” savings?

- Study of Medicare data for ICU patients admitted with some kind of clot (PE,DVT, MI, etc)
 - Over 141,000 patients
 - 158 hospitals with clinical pharmacy services in ICU
 - 134 hospitals without services in ICU
- ICUs without clinical pharmacy services
 - 49% higher bleeding rate
 - 37% higher mortality
 - 14.8% longer length of stay
 - \$215,397,354 extra total Medicare charges
 - \$26,363,674 extra drug charges
- PPH Provides Some ICU Coverage
 - Rounds at both facilities
 - Decentralized pharmacist at Palomar
- “Soft” savings aren’t all soft
- Olga’s febrile neutropenia improvements example of decrease mortality due to pharmacy’s efforts

ADD B-10

Pharmacy Department Payroll

- \$6.4 million/year
- Clinical programs pay 100% of payroll
- Pharmacy is a steward of PPH resources
- “Soft” savings deserve more credit
 - Pharmacy is improving care and saving lives

ADD B-11

Future Directions with Budget

- Generics
- Biologics
- Efficiencies
- Technology

ADD B-12

Generics

- Generics not included in aforementioned savings, but their trends will affect future budget
- How generics work
 - First generic usually gets 6 months exclusivity and price drops 25%
 - After 6 months, many competitors = 75% price drop
- 8 of the 30 drugs from 2003 are now generic
- Just experienced GOLDEN years of generics
- Entering TWIGHLIGHT years

ADD B-13

Biologics

- Biologics are complex proteins that are difficult to reproduce
- Bad news – “Biologics” are growing part of budget
- At \$100,000-\$700,000/year each - can have permanent long-term budget impact
- Trends at PPH
 - 10 of the 30 drugs from 2003 were “biologics”
 - 14 of 30 drugs in 2009 are “biologics”
- FDA has no rules for approving generic “biologics”
 - House proposal for health care reform includes 12 year exclusivity to first generics rather than 6 months like normal chemical drugs
 - May see prices drop only 25% rather than 75%
 - May see dual monopoly
- Expect more biologics to be approved and existing biologics to be expensive through year 2022

ADD B-14

Clinical Efficiencies

- Need to work on efficiencies
- Have used outside programmer to make clinical reports in Cerner
 - Save more than 0.5 FTE per year
 - Clinical monitoring could not be accomplished without reports
 - Reports shared with Diabetes Nurses – doubled their efficiency!
- Need to consider either expansion of staff or more resources for efficiency
- More programming time dedicated to pharmacy is logical first step and does not increase FTEs

ADD B-15

Clinical Efficiencies

- Premiere Safety Surveillor or comparable report-writer is needed
 - Might allow Olga to round more efficiently (esp. as system expands)
 - Need to prevent infection and resistance
 - Current drugs cost tens of dollars per day
 - Drugs for resistance cost hundreds of dollars per day
 - Create 30 new reports in 30 minutes without a programmer?
 - Steve Tanaka reports there is a program within Cerner that is comparable, but this needs to be user-friendly

ADD B-16

Clinical Efficiencies

- Hire another clinical specialist dedicated to teaching
- Schools of pharmacy may share some expense
 - Can bring in 20 pharmacy students per year
 - Like residents, these become inexpensive clinical “extenders”
 - “Free projects”
 - Last year 3 UCSD students completed major patient safety projects that would have cost \$20,000 in pharmacist time to complete
 - Assisted resident in DVT prophylaxis study
 - Assisted resident in evaluating ALL drug black box warnings to determine compliance and plans

ADD B-17

Operational Efficiency and Technology

- Adverse outcomes due to unsafe dispensing system could cancel all benefits of clinical programs
- Technology investment
 - Prevents adverse outcomes due to dispensing and administration errors
 - Frees up pharmacists for clinical services
- 1.5 FTE for CPOE and barcoding are already in budget – essential to health-system
- Urgent need for closed loop medication system

ADD B-18

Conclusion

- PPH has been very supportive of pharmacy's efforts
- Pharmacy has been a steward of these resources
- Pharmacy pays for its entire payroll of \$6.4 million/year through cost-savings and cost containment (on top of revenues provided)
- In tight times -- need investment in departments that have demonstrated clinical outcomes AND financial success

ADD B-19

ADDENDUM C

Financial Statements

July 2009

PALOMAR
POMERADO
HEALTH
SPECIALIZING IN YOU

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Financial Results

Executive Summary of Key Indicators

	July 2009			Moody Benchmark
	Actual	Budget	Variance	
<u>Statistics:</u>				
Acute Admissions	2,318	2,454	(136)	
Acute Patient Days	9,067	9,578	(511)	
Acute ALOS	3.86	3.90	(0.04)	
Case Mix Index (w/o Births)	1.53	1.46	0.07	
Total Surgeries	1,773	1,633	140	
Births	421	448	(27)	
E/R Visits & Admissions	8,302	7,495	807	
ER to Admit Rate	15.7%	17.4%	(1.7%)	
Productivity %	101.8%	100%	1.8%	
<u>Income Statement:</u>				
Net Patient Revenue	39,452,240	38,344,010	1,108,230	
Total Net Revenue	39,948,806	38,981,263	967,543	
Sal., Wages, Cont. Lbr	18,174,843	17,979,655	(195,188)	
Supplies	6,505,050	6,216,472	(288,578)	
Total Expenses	38,549,613	37,699,434	(850,179)	
Net Inc. (Loss) before Non-Op	1,399,193	1,281,829	117,364	
Net Income (Loss)	2,441,775	2,311,147	130,628	
<u>Cash Flow:</u>				
Cash Collections	39,200,000	38,800,000	400,000	
Days Cash on Hand	104.2	80.0	24.2	
<u>Ratios:</u>				
Net Income Margin	6.1%	5.9%	0.2%	
Bad Debt % of Net Revenue	16.4%	15.2%	(1.2%)	7.1%
Return On Assets				4.3%
Annual Debt Service Coverage				4.4
Cushion Ratio				15.3

Financial Results

Executive Summary & Highlights

Statistics

	Jun	Jul	Jun vs Jul % Change	Jul Budget	Act vs Bud % Variance
CONSOLIDATED					
Patient Days Acute	9,057	9,067	0.1%	9,578	(5.3%)
Patient Days SNF	6,339	6,497	2.5%	6,588	(1.4%)
ADC Acute	301.90	292.49	(3.1%)	308.96	(5.3%)
ADC SNF	211.30	209.58	(0.8%)	212.52	(1.4%)
Surgeries CVS Cases	12	19	58.3%	12	58.3%
Surgeries Total	1,686	1,773	5.2%	1,633	8.6%
Number of Births	429	421	(1.9%)	448	(6.0%)
 NORTH					
Patient Days Acute	6,917	6,896	(0.3%)	7,134	(3.3%)
Patient Days SNF	2,645	2,647	0.1%	2,775	(4.6%)
ADC Acute	230.57	222.46	(3.5%)	230.11	(3.3%)
ADC SNF	88.17	85.39	(3.2%)	89.52	(4.6%)
 SOUTH					
Patient Days Acute	2,140	2,171	1.4%	2,444	(11.2%)
Patient Days SNF	3,694	3,850	4.2%	3,813	1.0%
ADC Acute	71.33	70.04	(1.8%)	78.83	(11.2%)
ADC SNF	123.13	124.19	0.9%	123.00	1.0%

Financial Results

Executive Summary & Highlights

Balance Sheet

Current Cash & Cash Equivalents decreased \$8.6 million from \$117.5 million in June to \$108.9 million in July. The entry to establish the Board Designated Fund was posted in July. Total Cash and Investments are \$123.8 million, compared to \$117.8 million at June. Days Cash on Hand went from 103.3 days in June to 104.2 days in July.

Net Accounts Receivable decreased \$0.9 million from \$94.3 million in June to \$93.4 million in July.

July collections including capitation are \$39.2 million compared to budget of \$38.8 million.

Other Current Liabilities increased \$12.7 million from \$17.1 million to \$29.8 million. The increase is due to the initial entry to record Deferred Property Tax Revenue of \$14 million which was offset by the realization of deferred property tax revenue of \$1.0 million.

Financial Results

Executive Summary & Highlights

Income Statement

Gross Patient Revenue reflects a YTD favorable budget variance of \$4.8 million. The variance breakdown is as follows.

	North	South	Outreach	Consolidated
Total	3,891,415	1,068,115	(154,112)	4,805,418
Routine	(301,474)	(571,037)	-	(872,511)
IP Ancillary	1,255,242	95,592	-	1,350,834
OP	2,937,647	1,543,560	(154,112)	4,327,095

Net Capitation reflects an YTD favorable budget variance of \$0.8 million. Cap Premium shows a favorable budget variance of \$0.8 million. This favorable variance is due to retro 2008 premium adjustments in July.

Other Operating Revenue has a YTD unfavorable budget variance of \$0.1 million. The breakdown is a \$0.07 million unfavorable budget variance in the Grant Programs plus a \$0.03 million unfavorable budget variance in rebates and refunds.

Salaries, Wages & Contract Labor has a YTD unfavorable budget variance of \$0.2 million.

Employee Benefits Expense has a YTD unfavorable budget variance of \$0.5 million primarily due to unfavorable budget variances of \$0.3 million in Group Health Insurance and \$0.1 million in pension expense.

Supplies Expense reflects a YTD unfavorable budget variance of \$0.3 million primarily due to Prosthesis expense.

Professional Fees & Purchased Services reflect an YTD favorable budget variance of \$87 thousand.

Ratios & Margins

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

Key Variance Explanations

Month-To-Date

ADD C-7

	Actual	Budget	Variance Detail	Variance
Net Income From Operations	1,399,193	1,281,829		117,364
Total Net Revenue				1,108,230
Net Patient Revenue			1,108,230	
Other Operating Revenue				(140,687)
Welcome Home Baby			(70,587)	
Rebates and Refunds			(32,399)	
PPNC Health Development and Research Institute			(18,378)	
Home Health Outreach			(8,811)	
Other			(10,512)	
Salaries & Wages				(316,386)
Volume Variance			163,518	
Rate & Efficiency			(479,904)	
Benefits				(472,783)
Group Health Insurance			(291,990)	
Pension			(143,008)	
FICA			(30,025)	
Workers Compensation			(11,947)	
Other			4,187	
Contract Labor				121,198
Volume Variance			3,347	
Rate & Efficiency			117,851	

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

	<u>Actual</u>	<u>Budget</u>	<u>Variance Detail</u>	<u>Variance</u>
Professional Fees				77,158
Professional Fees			77,158	
Supplies				(288,578)
Volume Variance			57,693	
Rate & Efficiency			(346,271)	
<u>Breakdown of Variance:</u>				
Prosthesis	(361,015)			
Other	72,437			
Purchased Services				9,632
Purchased Services			9,632	
Depreciation				49,724
Depreciation			49,724	
Other Direct Expenses				(30,144)
Other Direct Expenses			(30,144)	
Total Actual to Budget MTD Variance for July 2009			117,364	117,364

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

			<u>Variance</u>
Total Actual to Budget MTD Variance for July 2009			117,364
Non-Operating Income (Expense)	1,042,582	1,029,318	13,264
Property Tax	1,166,666	1,166,666	0
Investment Income (Loss)	329,406	314,432	14,974
<u>Breakdown of Actual:</u>			
Salomon Bros (68% Gov't Sec, 31% Corp Bonds; 1% MMF)	207,573		
Pacific Inc (92% Gov't Sec, 6% Corp Bonds, 2% MMF)	65,597		
LAIF	28,881		
Other (Dr's Loans, LOCs, Esc Escrow, Bond Inv, Accrued Int)	27,355		
Interest Expense	458,840	481,154	22,314
Other	5,350	29,374	(24,024)
Net Income	<u>2,441,775</u>	<u>2,311,147</u>	<u>130,628</u>

Balance Sheet

Consolidated

	Current Month	Prior Month	Prior Fiscal Year End
Assets			
Current Assets			
Cash on Hand	\$16,095,314	\$10,354,783	\$10,354,783
Cash Marketable Securities	92,781,932	107,135,131	107,135,131
Total Cash & Cash Equivalents	108,877,246	117,489,914	117,489,914
Patient Accounts Receivable	204,096,464	196,918,121	196,918,121
Allowance on Accounts	-110,741,018	-102,639,179	-102,639,179
Net Accounts Receivable	93,355,446	94,278,942	94,278,942
Inventories	6,374,253	6,346,391	6,346,391
Prepaid Expenses	4,016,805	3,996,246	3,996,246
Other	19,151,169	4,488,921	4,488,921
Total Current Assets	231,774,919	226,600,414	226,600,414
Non-Current Assets			
Restricted Assets	264,467,788	278,894,137	278,894,137
Restricted by Donor	312,345	312,345	312,345
Board Designated	14,655,288	0	0
Total Restricted Assets	279,435,421	279,206,482	279,206,482
Property Plant & Equipment	389,926,091	389,824,433	389,824,433
Accumulated Depreciation	-224,014,481	-222,241,081	-222,241,081
Construction in Process	399,861,451	400,568,817	400,568,817
Net Property Plant & Equipment	565,773,061	568,152,169	568,152,169
Investment in Related Companies	1,276,220	1,418,426	1,418,426
Deferred Financing Costs	19,857,302	19,951,541	19,951,541
Other Non-Current Assets	7,094,648	6,630,935	6,630,935
Total Non-Current Assets	873,436,652	875,359,553	875,359,553
Total Assets	\$1,105,211,571	\$1,101,959,967	\$1,101,959,967

	Current Month	Prior Month	Prior Fiscal Year End
Liabilities			
Current Liabilities			
Accounts Payable	\$31,990,426	\$49,060,571	\$49,060,571
Accrued Payroll	15,147,791	12,894,999	12,894,999
Accrued PTO	13,797,944	14,113,565	14,113,565
Accrued Interest Payable	16,000,488	13,733,994	13,733,994
Current Portion of Bonds	9,780,000	9,780,000	9,780,000
Est Third Party Settlements	2,379,008	2,343,270	2,343,270
Other Current Liabilities	29,807,780	17,138,642	17,138,642
Total Current Liabilities	118,903,437	119,065,041	119,065,041
Long Term Liabilities			
Bonds & Contracts Payable	654,119,123	654,147,176	654,147,176
General Fund Balance			
Unrestricted	317,221,378	328,435,405	328,435,405
Restricted for Other Purpose	312,345	312,345	312,345
Board Designated	14,655,288	0	0
Total Fund Balance	332,189,011	328,747,750	328,747,750
Total Liabilities / Fund Balance	\$1,105,211,571	\$1,101,959,967	\$1,101,959,967

FISCAL YEAR 2010
Income Statement: Month-to-Date
Consolidated – Adjusted Discharges

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PALOMAR
 POMERADO
 HEALTH
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				Variance		\$/Adjusted Discharges			
	Actual	Budget	Variance	Volume	Rate/Eff	Actual	Budget	Variance	
Statistics:									
Admissions - Acute	2,318	2,454	(136)						
Admissions - SNF	96	91	5						
Patient Days - Acute	9,067	9,578	(511)						
Patient Days - SNF	6,497	6,588	(91)						
ALOS - Acute	3.86	3.90	(0.04)						
Adjusted Discharges	3,416	3,448	(32)						
Revenue:									
Gross Revenue	\$ 148,271,360	\$ 143,465,942	\$ 4,805,418 F	\$ (1,331,470)	\$ 6,136,888	\$43,404.96	\$ 41,608.45	\$ 1,796.51	
Deductions from Rev	(108,819,120)	(105,121,932)	(3,697,188) U	975,610	(4,672,798)	(31,855.71)	(30,487.80)	(1,367.91)	
Net Patient Revenue	39,452,240	38,344,010	1,108,230 F	(355,861)	1,464,091	11,549.25	11,120.65	428.60	
Other Oper Revenue	496,566	637,253	(140,687) U	(5,914)	(134,773)	145.36	184.82	(39.45)	
Total Net Revenue	39,948,806	38,981,263	967,543 F	(361,775)	1,329,318	11,694.62	11,305.47	389.14	
Expenses:									
Salaries, Wages & Contr Labor	18,174,843	17,979,655	(195,188) U	166,865	(362,053)	5,320.50	5,214.52	(105.99)	
Benefits	4,804,941	4,332,158	(472,783) U	40,206	(512,989)	1,406.60	1,256.43	(150.17)	
Supplies	6,505,050	6,216,472	(288,578) U	57,693	(346,271)	1,904.29	1,802.92	(101.37)	
Prof Fees & Purch Svc	4,812,147	4,898,937	86,790 F	45,466	41,324	1,408.71	1,420.81	12.10	
Depreciation	1,773,400	1,823,124	49,724 F	16,920	32,804	519.15	528.75	9.60	
Other	2,479,232	2,449,088	(30,144) U	22,729	(52,873)	725.77	710.29	(15.48)	
Total Expenses	38,549,613	37,699,434	(850,179) U	349,879	(1,200,058)	11,285.02	10,933.71	(351.30)	
Net Inc Before Non-Oper Income	1,399,193	1,281,829	117,364 F	(11,896)	129,260	409.60	371.76	37.84	
Property Tax Revenue	1,166,666	1,166,666	- U	(10,828)	10,828	341.53	338.36	3.17	
Non-Operating Income	(124,084)	(137,348)	13,264 F	1,275	11,989	(36.32)	(39.83)	3.51	
Net Income (Loss)	\$ 2,441,775	\$ 2,311,147	\$ 130,628 F	\$ (21,449)	\$ 152,077	\$ 714.81	\$ 670.29	\$ 44.52	
Net Income Margin	6.1%	5.9%	0.2%						
OEBITDA Margin w/o Prop Tax	7.9%	8.0%	(0.1%)						
OEBITDA Margin with Prop Tax	10.9%	11.0%	(0.1%)						

F= Favorable variance
 U= Unfavorable variance

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

				Variance		\$/Adjusted Discharges			
	July 09 YTD	July 08 YTD	Variance	Volume	Rate/Eff	Actual 09	Actual 08	Variance	
Statistics:									
Admissions - Acute	2,318	2,540	(222)						
Admissions - SNF	96	95	1						
Patient Days - Acute	9,067	9,587	(520)						
Patient Days - SNF	6,497	6,572	(75)						
ALOS - Acute	3.86	3.74	0.12						
ALOS - SNF	65.63	67.75	(2.12)						
Adjusted Discharges	3,416	3,600	(184)						
Revenue:									
Gross Revenue	\$ 148,271,360	\$ 131,046,951	\$ 17,224,409 F	\$ (6,697,955)	\$ 23,922,364	\$43,404.96	\$ 36,401.93	\$ 7,003.03	
Deductions from Rev	(108,819,120)	(94,593,924)	(14,225,196) U	4,834,801	(19,059,997)	(31,855.71)	(26,276.09)	(5,579.62)	
Net Patient Revenue	39,452,240	36,453,027	2,999,213 F	(1,863,155)	4,862,368	11,549.25	10,125.84	1,423.41	
Other Oper Revenue	496,566	481,361	15,205 F	(24,603)	39,808	145.36	133.71	11.65	
Total Net Revenue	39,948,806	36,934,388	3,014,418 F	(1,887,758)	4,902,176	11,694.62	10,259.55	1,435.06	
Expenses:									
Salaries, Wages & Contr Labor	18,174,843	17,547,177	(627,666) U	896,856	(1,524,522)	5,320.50	4,874.22	(446.29)	
Benefits	4,804,941	4,496,086	(308,855) U	229,800	(538,655)	1,406.60	1,248.91	(157.69)	
Supplies	6,505,050	5,536,898	(968,152) U	282,997	(1,251,149)	1,904.29	1,538.03	(366.26)	
Prof Fees & Purch Svc	4,812,147	4,597,010	(215,137) U	234,958	(450,095)	1,408.71	1,276.95	(131.76)	
Depreciation	1,773,400	1,915,873	142,473 F	97,922	44,551	519.15	532.19	13.04	
Other	2,479,232	1,975,226	(504,006) U	100,956	(604,962)	725.77	548.67	(177.10)	
Total Expenses	38,549,613	36,068,270	(2,481,343) U	1,843,489	(4,324,832)	11,285.02	10,018.96	(1,266.05)	
Net Inc Before Non-Oper Income	1,399,193	866,118	533,075 F	(44,268)	577,343	409.60	240.59	169.01	
Property Tax Revenue	1,166,666	1,166,666	- U	(59,630)	59,630	341.53	324.07	17.46	
Non-Operating Income	(124,084)	69,375	(193,459) U	(3,546)	(189,913)	(36.32)	19.27	(55.60)	
Net Income (Loss)	\$ 2,441,775	\$ 2,102,159	\$ 339,616 F	\$ (107,444)	\$ 447,060	\$ 714.81	\$ 583.93	\$ 130.87	

F= Favorable variance
U= Unfavorable variance

Cash Flow Statement

	July	YTD
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income (Loss) from operations	1,399,193	1,399,193
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation Expense	1,773,400	1,773,400
Provision for bad debts	6,465,671	6,465,671
Changes in operating assets and liabilities:		
Patient accounts receivable	(5,542,175)	(5,542,175)
Property Tax and other receivables	(15,060,296)	(15,060,296)
Inventories	(27,862)	(27,862)
Prepaid expenses and Other Non-Current assets	121,647	121,647
Accounts payable	(17,070,145)	(17,070,145)
Accrued compensation	1,937,171	1,937,171
Estimated settlement amounts due third-party payors	35,738	35,738
Other current liabilities	14,231,071	14,231,071
Net cash provided by operating activities	<u>(11,736,587)</u>	<u>(11,736,587)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net (purchases) sales of investments	14,124,260	14,124,260
Income (Loss) on investments	329,406	329,406
Investment in affiliates	(348,628)	(348,628)
Net cash used in investing activities	<u>14,105,038</u>	<u>14,105,038</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:		
Receipt of G.O. Bond Taxes	109,850	109,850
Receipt of District Taxes	134,332	134,332
Net cash used in non-capital financing activities	<u>244,182</u>	<u>244,182</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:		
Acquisition of property plant and equipment	3,033,659	3,033,659
Proceeds from sale of asset	0	0
Deferred Financing Costs	94,239	94,239
G.O. Bond Interest paid	0	0
Revenue Bond Interest paid	0	0
Proceeds from issuance of debt	0	0
Payments of Long Term Debt	0	0
Net cash used in activities	<u>3,127,898</u>	<u>3,127,898</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	5,740,531	5,740,531
CASH AND CASH EQUIVALENTS - Beginning of period	<u>10,354,783</u>	<u>10,354,783</u>
CASH AND CASH EQUIVALENTS - End of period	<u><u>16,095,314</u></u>	<u><u>16,095,314</u></u>

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2009</u>
<u>ADMISSIONS - Acute:</u>				
Palomar Medical Center	1,733	1,842	(109)	1,895
Pomerado Hospital	585	612	(27)	645
Total:	<u>2,318</u>	<u>2,454</u>	<u>(136)</u>	<u>2,540</u>
<u>ADMISSIONS - SNF:</u>				
Palomar Medical Center	45	36	9	35
Pomerado Hospital	51	55	(4)	60
Total:	<u>96</u>	<u>91</u>	<u>5</u>	<u>95</u>
<u>PATIENT DAYS - Acute:</u>				
Palomar Medical Center	6,896	7,134	(238)	7,138
Pomerado Hospital	2,171	2,444	(273)	2,449
Total:	<u>9,067</u>	<u>9,578</u>	<u>(511)</u>	<u>9,587</u>
<u>PATIENT DAYS- SNF:</u>				
Palomar Medical Center	2,647	2,775	(128)	2,723
Pomerado Hospital	3,850	3,813	37	3,849
Total:	<u>6,497</u>	<u>6,588</u>	<u>(91)</u>	<u>6,572</u>

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2009</u>
<u>EMERGENCY ROOM VISITS & TRAUMA CASES:</u>				
Palomar Medical Center	4,788	4,176	612	4,137
Pomerado Hospital	2,211	2,014	197	2,081
Total:	<u>6,999</u>	<u>6,190</u>	<u>809</u>	<u>6,218</u>
<u>EMERGENCY & TRAUMA ADMISSIONS:</u>				
Palomar Medical Center	973	951	22	982
Pomerado Hospital	330	354	(24)	364
Total:	<u>1,303</u>	<u>1,305</u>	<u>(2)</u>	<u>1,346</u>
<u>SURGERIES:</u> - Escondido Surgery Center started in Dec-07.				
Palomar Medical Center	1,084	1,046	38	1,111
Pomerado Hospital	689	587	102	644
Total:	<u>1,773</u>	<u>1,633</u>	<u>140</u>	<u>1,755</u>
<u>BIRTHS:</u>				
Palomar Medical Center	321	348	(27)	401
Pomerado Hospital	100	100	-	99
Total:	<u>421</u>	<u>448</u>	<u>(27)</u>	<u>500</u>

	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>	<u>FY 2009</u>
<u>ADJUSTED DISCHARGES</u>				
Palomar Medical Center	2,444	2,499	(55)	2,582
Pomerado Hospital	956	925	31	999
Other Activities	16	24	152	19
Total:	<u>3,416</u>	<u>3,448</u>	<u>128</u>	<u>3,600</u>
<u>AVERAGE LENGTH OF STAY- Acute:</u>				
Palomar Medical Center	3.95	3.87	0.08	3.75
Pomerado Hospital	3.58	3.99	(0.41)	3.71
Total:	<u>3.86</u>	<u>3.90</u>	<u>(0.04)</u>	<u>3.74</u>
<u>AVERAGE LENGTH OF STAY - SNF:</u>				
Palomar Medical Center	57.55	79.29	(21.74)	66.41
Pomerado Hospital	72.64	69.33	3.31	68.73
Total:	<u>65.63</u>	<u>73.20</u>	<u>(7.57)</u>	<u>67.75</u>

Supplies Expense
Month-to-Date

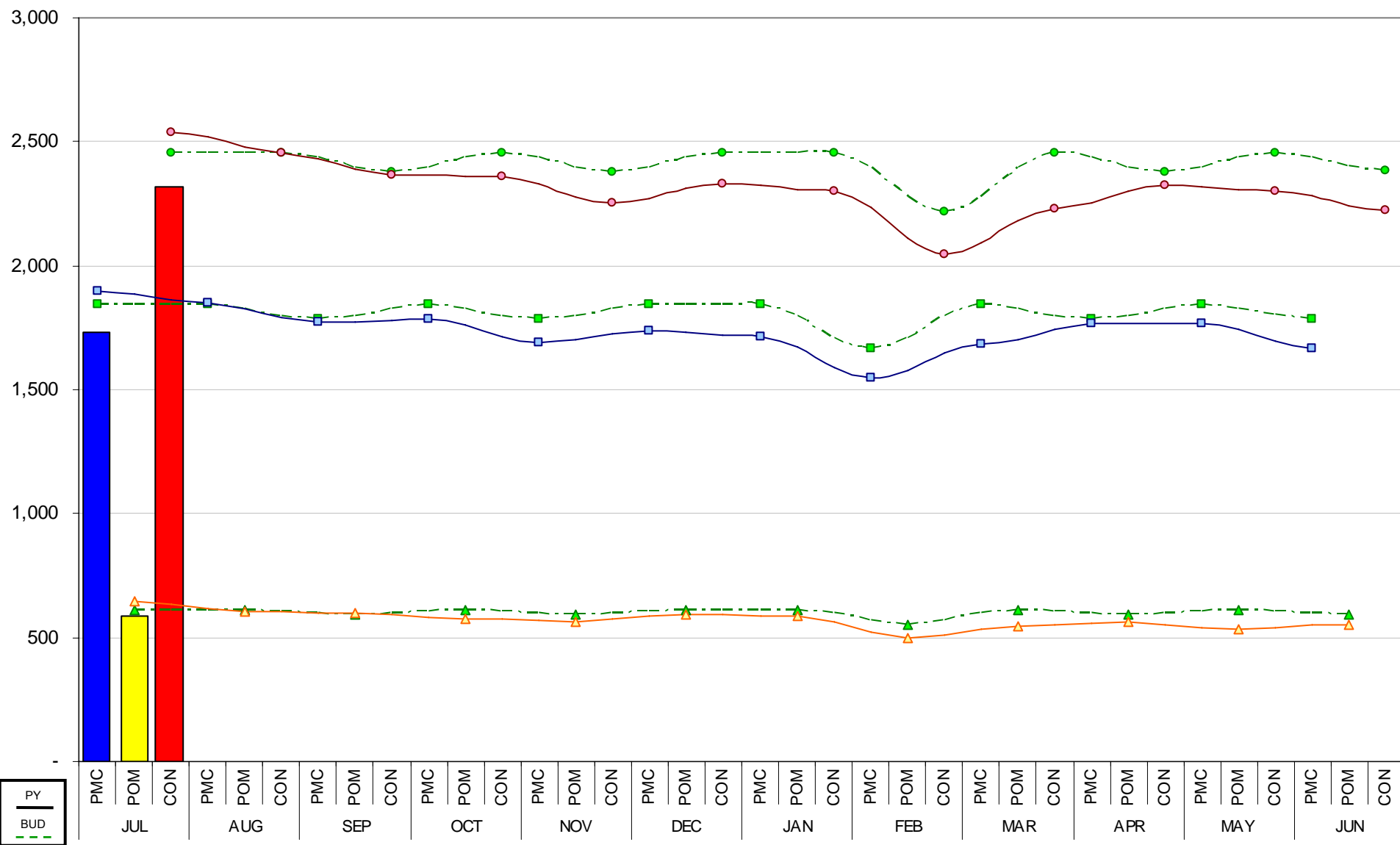
Account	Description	Actual	Budget	Variance
631000	Prosthesis	1,960,564	1,599,549	(361,015)
643000	Supplies Food Other	313,555	233,831	(79,724)
632000	Sutures/Surgical Needles	181,518	140,144	(41,374)
633000	Supplies Surgical Pack	177,966	169,559	(8,407)
649000	Other Minor Equipment	83,719	78,110	(5,609)
640000	Supplies X-ray Material	5,683	1,817	(3,866)
637000	Supplies IV Solutions	43,617	41,300	(2,317)
635000	Supplies Anesthesia Material	4,483	4,000	(483)
645000	Supplies Cleaning	36,120	36,634	514
647000	Supplies Employee Apparel	11,786	13,245	1,459
648000	Instruments/Minor Equipment	35,808	41,092	5,284
646000	Supplies Office/Administration	70,096	75,585	5,489
644000	Supplies Linen	2,060	10,195	8,135
639000	Supplies Radioactive	41,566	51,634	10,068
642000	Supplies Food/Meat	39,976	52,099	12,123
646100	Supplies Forms	29,472	42,222	12,750
636000	Supplies Oxygen/Gas	5,084	18,973	13,889
641000	Supplies Other Medical	1,307,295	1,334,125	26,830
638000	Supplies Pharmaceutical	1,161,099	1,188,389	27,290
634000	Supplies Surgery General	398,196	427,609	29,413
650000	Other Non Medical	595,388	656,360	60,973
	TOTAL	6,505,050	6,216,472	(288,578)

Bond Covenant Ratios

Cushion Ratio	Jun-08	Jun-09	Jul-09
Cash and Cash Equivalents	86,122,696	117,489,914	108,877,246
Board Designated Reserves	12,117,325	-	14,655,288
Trustee-held Funds (Revenue Fund only)	185,981	34,351	36,603
Total	98,426,002	117,524,265	123,569,137
Divided by:			
Annual Debt Service (excludes GO Bonds) (Bond Year 11/1/2009)	16,972,692	16,639,112	16,639,112
Cushion Ratio	5.8	7.1	7.4
REQUIREMENT	1.5	1.5	1.5
	Achieved	Achieved	Achieved
Days Cash on Hand	Jun-08	Jun-09	Jul-09
Cash and Cash Equivalents	86,122,696	117,489,914	108,877,246
Board Designated Reserves	12,117,325	-	14,655,288
Trustee-held Funds (Revenue Fund only)	185,981	34,351	36,603
Total	98,426,002	117,524,265	123,569,137
Divide Total by Average Adjusted Expenses per Day			
Total Expenses	428,153,444	436,487,975	38,549,613
Less: Depreciation	21,572,031	21,214,879	1,773,400
Adjusted Expenses	406,581,413	415,273,096	36,776,213
Number of days in period	366	365	31
Average Adjusted Expenses per Day	1,110,878	1,137,735	1,186,329
Days Cash on Hand	88.6	103.3	104.2
REQUIREMENT	80	80	80
	Achieved	Achieved	Achieved
Net Income Available for Debt Service	Jun-08	Jun-09	Jul-09
Excess of revenue over expenses Cur Mo.	(12,441,012)	(8,636,870)	2,441,775
Excess of revenues over expenses YTD (General Funds)	(4,053,517)	11,376,374	2,441,775
ADD:			
Depreciation and Amortization	21,391,200	21,214,879	1,773,400
Interest Expense	14,912,181	16,079,661	458,840
Net Income Available for Debt Service	32,249,864	48,670,914	4,674,015
<u>Aggregate Debt Service</u>			
1999 Insured Refunding Revenue Bonds	8,248,018	8,252,512	687,956
2006 Certificates of Participation	8,316,457	8,497,794	698,636
Aggregate Debt Service	16,564,475	16,750,305	1,386,593
Net Income Available for Debt Service	1.95	2.91	3.37
Required Coverage	1.15	1.15	1.15
	Achieved	Achieved	Achieved

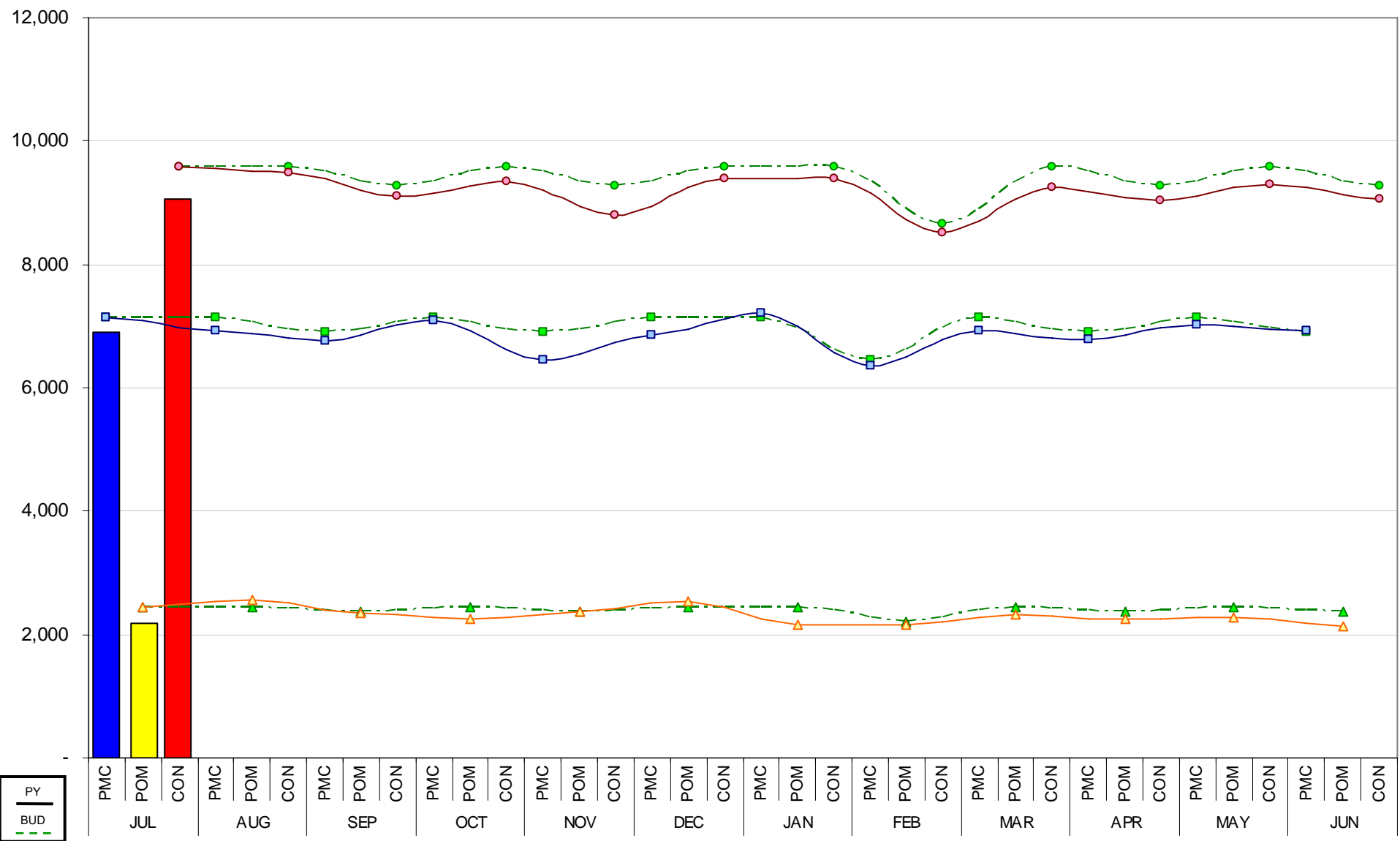
Statistical Indicators

Admissions – 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>
PMC	1,733	-	-	-	-	-	-	-	-	-	-	-	1,733	1,842
POM	585	-	-	-	-	-	-	-	-	-	-	-	585	612
CON	2,318	-	-	-	-	-	-	-	-	-	-	-	2,318	2,454

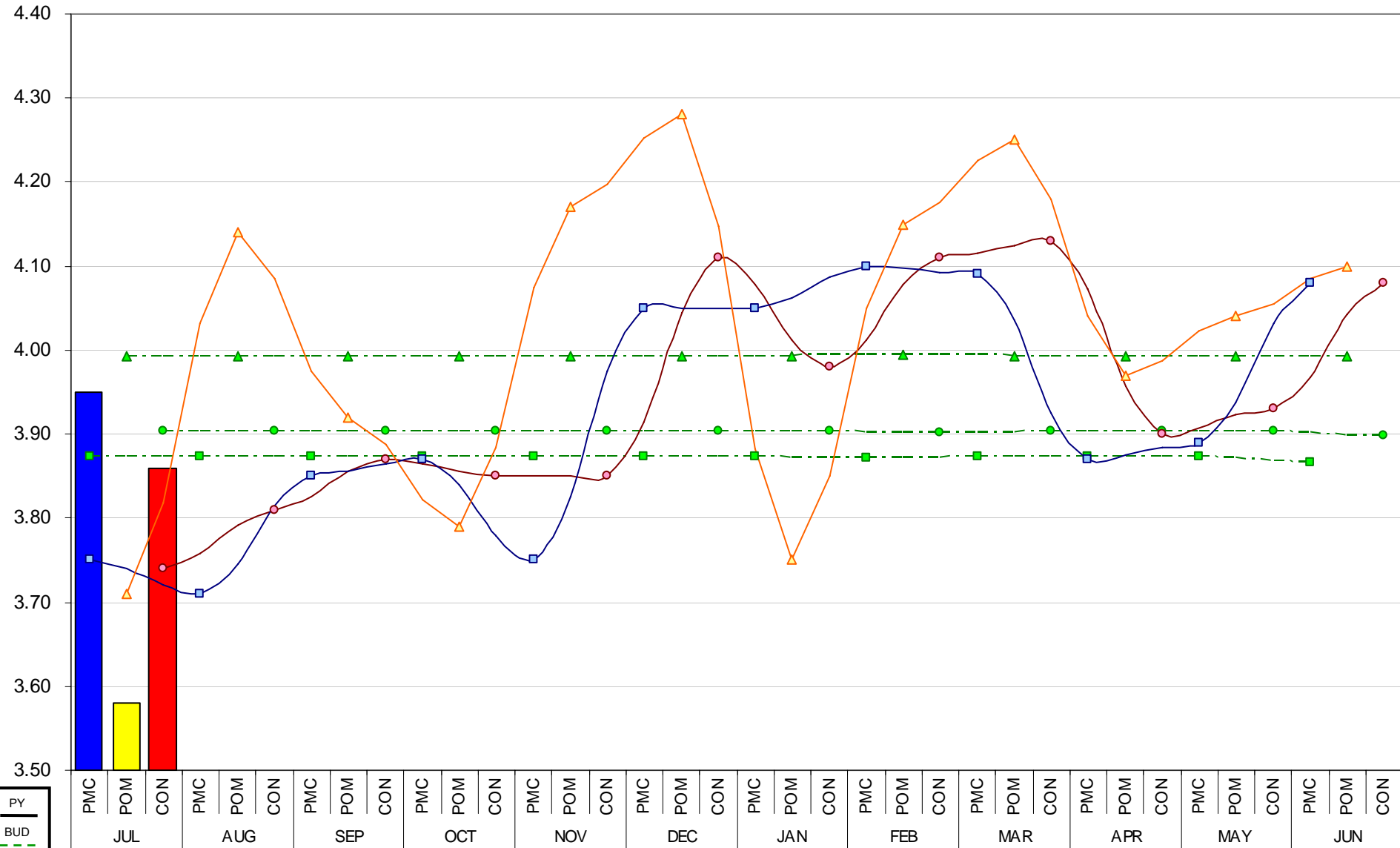
Statistical Indicators
Patient Days – Acute



	<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>
PMC	6,896	-	-	-	-	-	-	-	-	-	-	-	6,896	7,134
POM	2,171	-	-	-	-	-	-	-	-	-	-	-	2,171	2,444
CON	9,067	-	-	-	-	-	-	-	-	-	-	-	9,067	9,578

Statistical Indicators

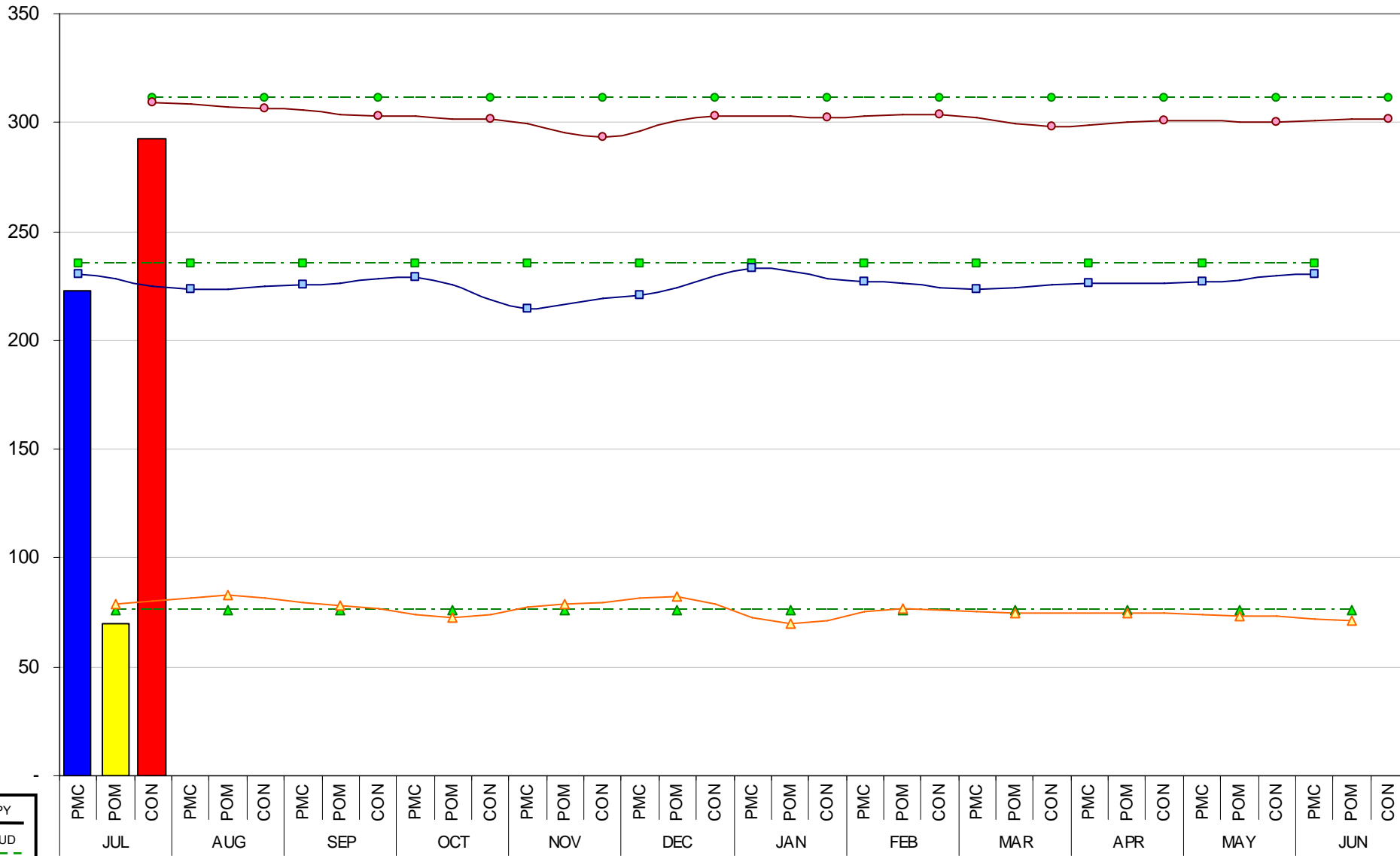
Average Length of Stay – Acute



	<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>
PMC	3.95	-	-	-	-	-	-	-	-	-	-	-	3.95	3.99
POM	3.58	-	-	-	-	-	-	-	-	-	-	-	3.58	3.87
CON	3.86	-	-	-	-	-	-	-	-	-	-	-	3.86	3.90

Statistical Indicators

Average Daily Census – Acute

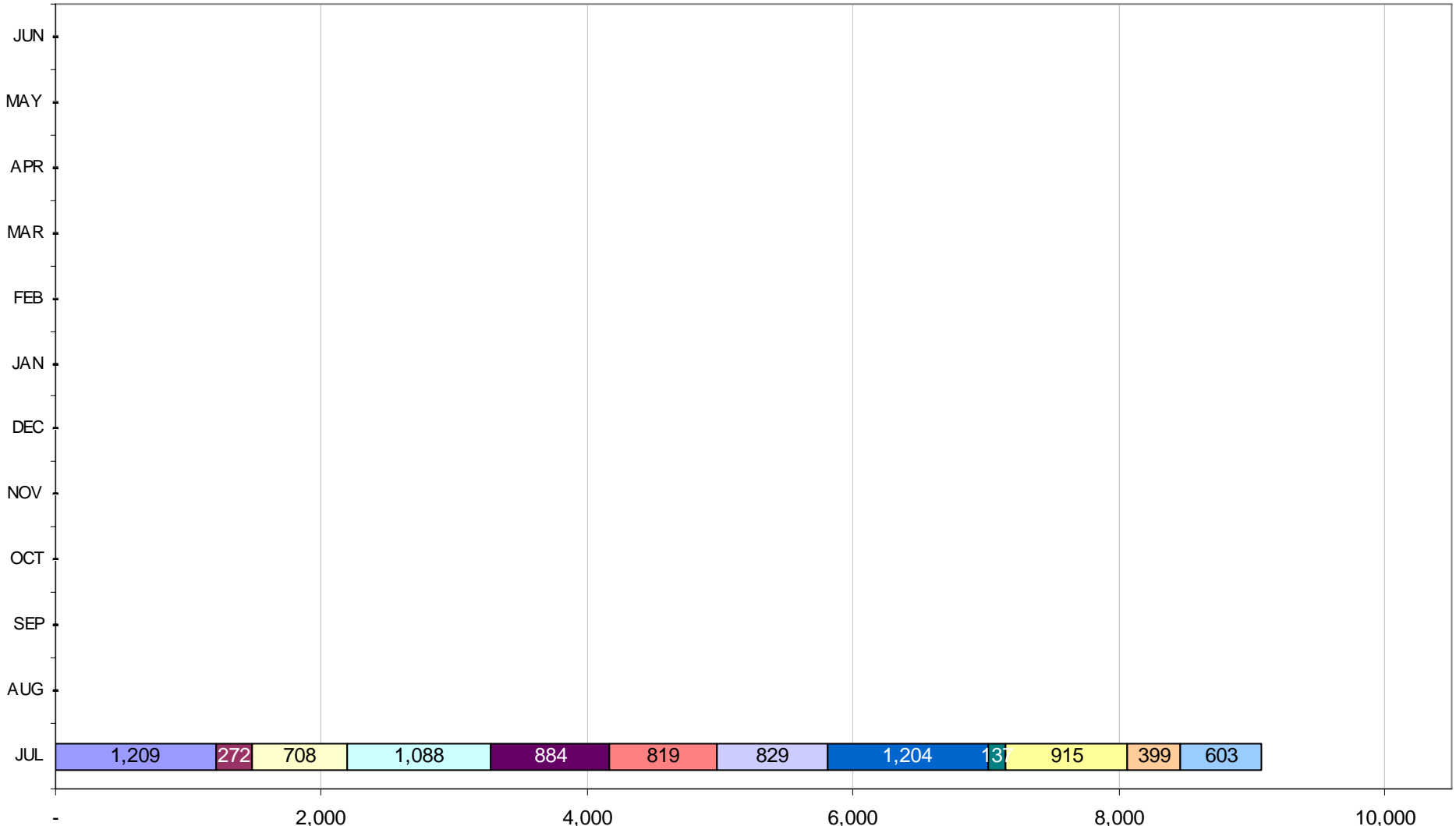


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	222	-	-	-	-	-	-	-	-	-	-	-	222	230
POM	70	-	-	-	-	-	-	-	-	-	-	-	70	79
CON	292	-	-	-	-	-	-	-	-	-	-	-	292	309

Statistical Indicators

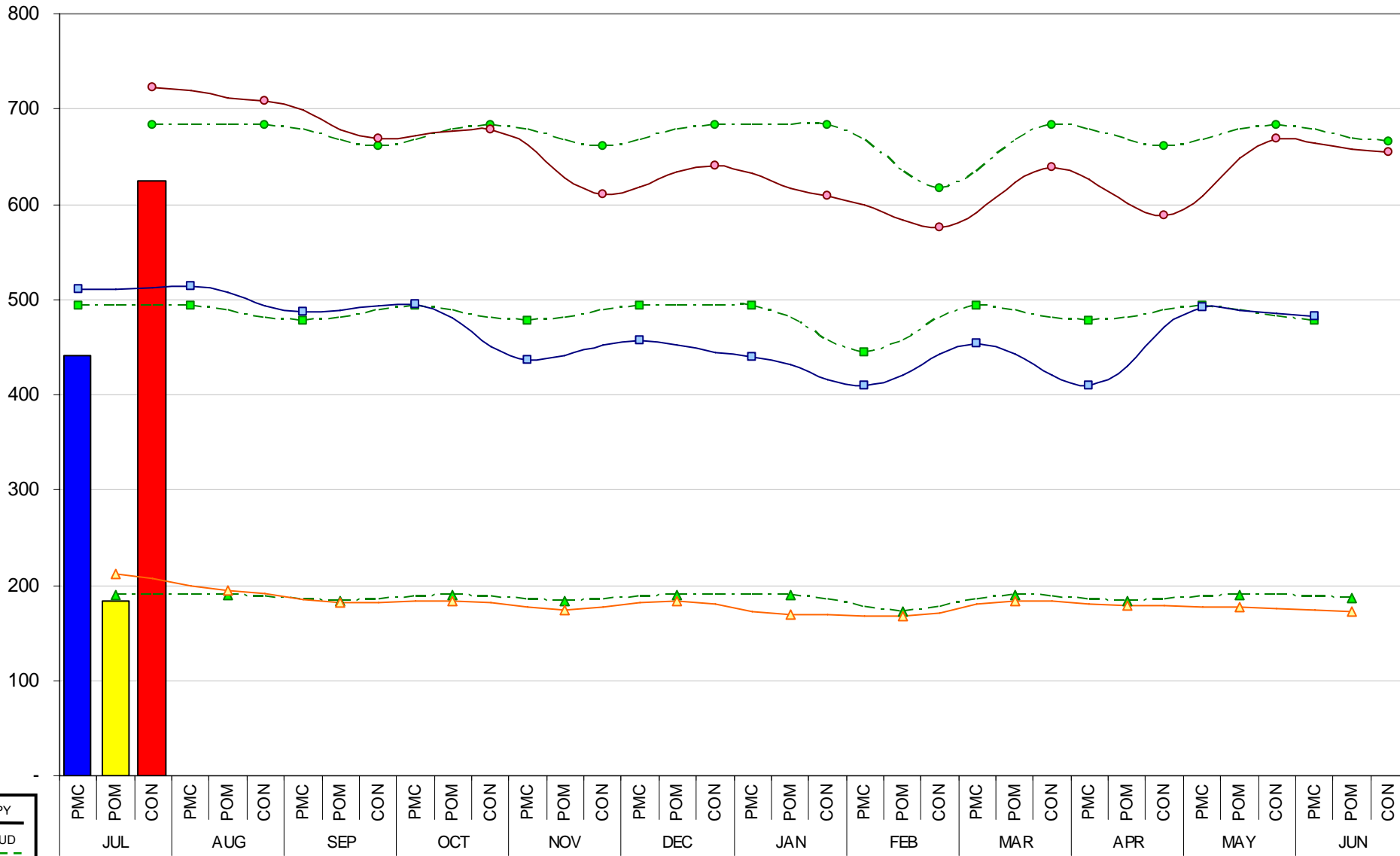
Patient Days



	<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>
PMC	6,896	-	-	-	-	-	-	-	-	-	-	-	6,896	7,134
POM	2,171	-	-	-	-	-	-	-	-	-	-	-	2,171	2,444
CON	9,067	-	-	-	-	-	-	-	-	-	-	-	9,067	9,578

Statistical Indicators

Surgeries (Inpatient only)

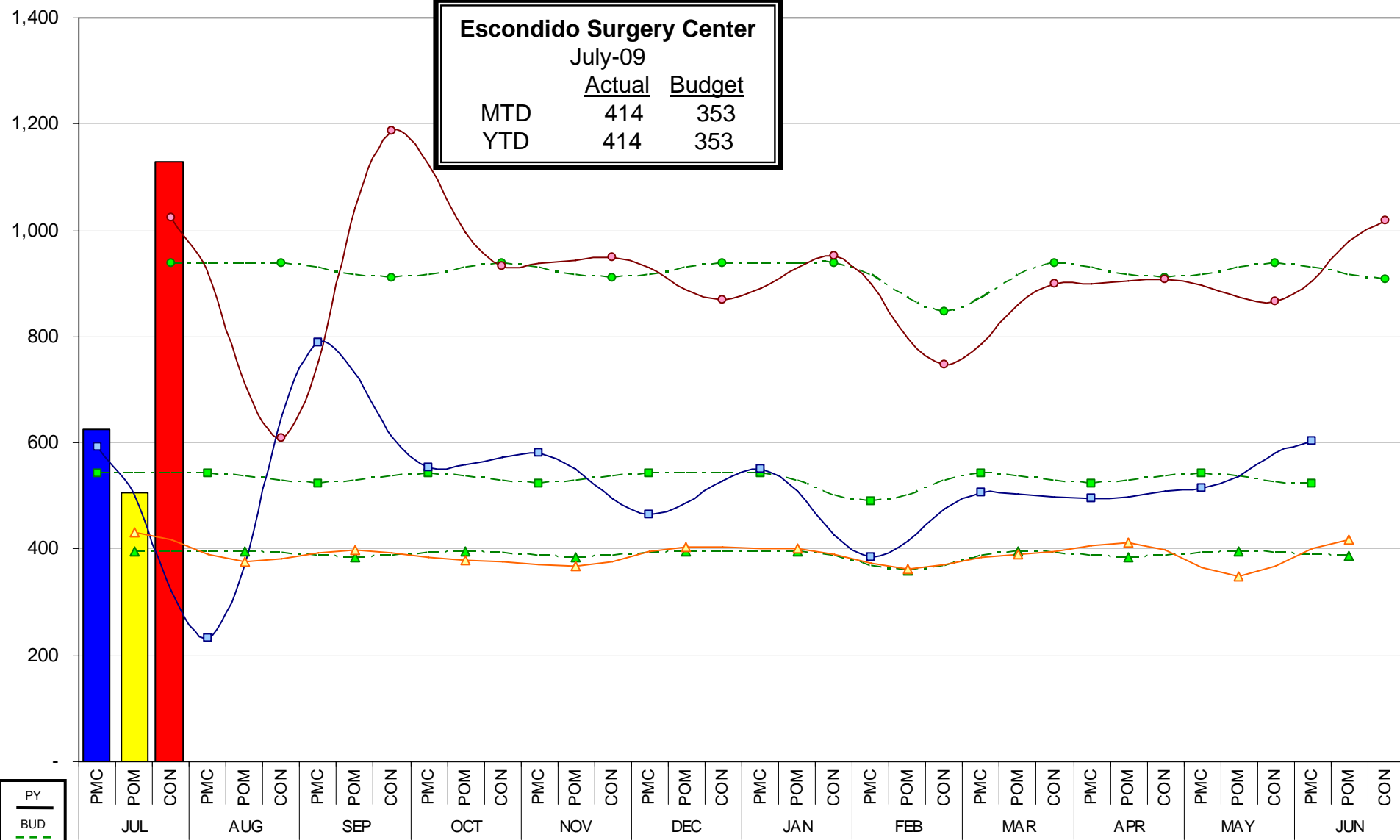


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	441	-	-	-	-	-	-	-	-	-	-	-	441	493
POM	184	-	-	-	-	-	-	-	-	-	-	-	184	190
CON	625	-	-	-	-	-	-	-	-	-	-	-	625	683

Statistical Indicators

Surgeries (Outpatient only)

Escondido Surgery Center		
July-09		
	<u>Actual</u>	<u>Budget</u>
MTD	414	353
YTD	414	353

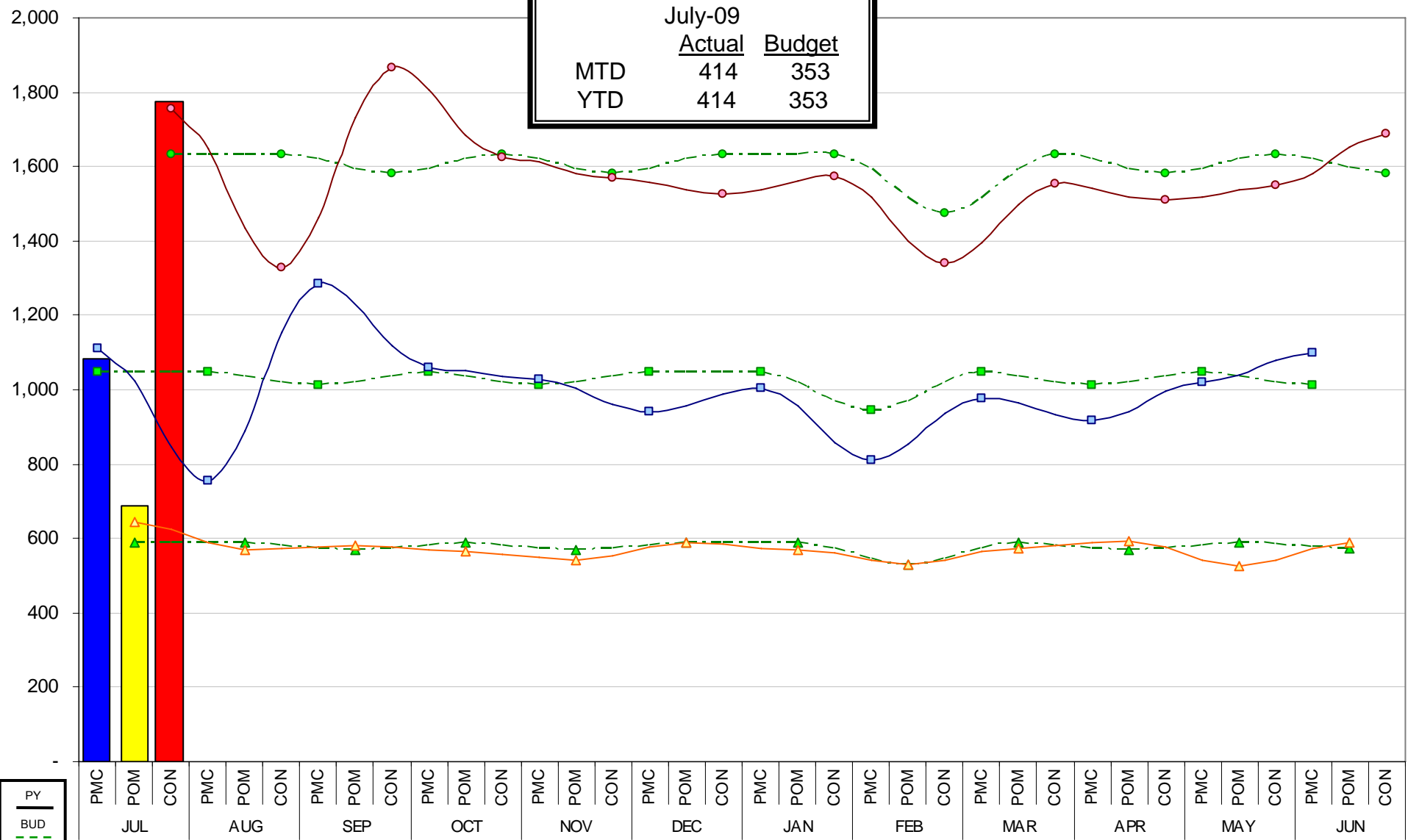


	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	624	-	-	-	-	-	-	-	-	-	-	-	624	541
POM	505	-	-	-	-	-	-	-	-	-	-	-	505	397
CON	1,129	-	-	-	-	-	-	-	-	-	-	-	1,129	938

Statistical Indicators

Total Surgeries

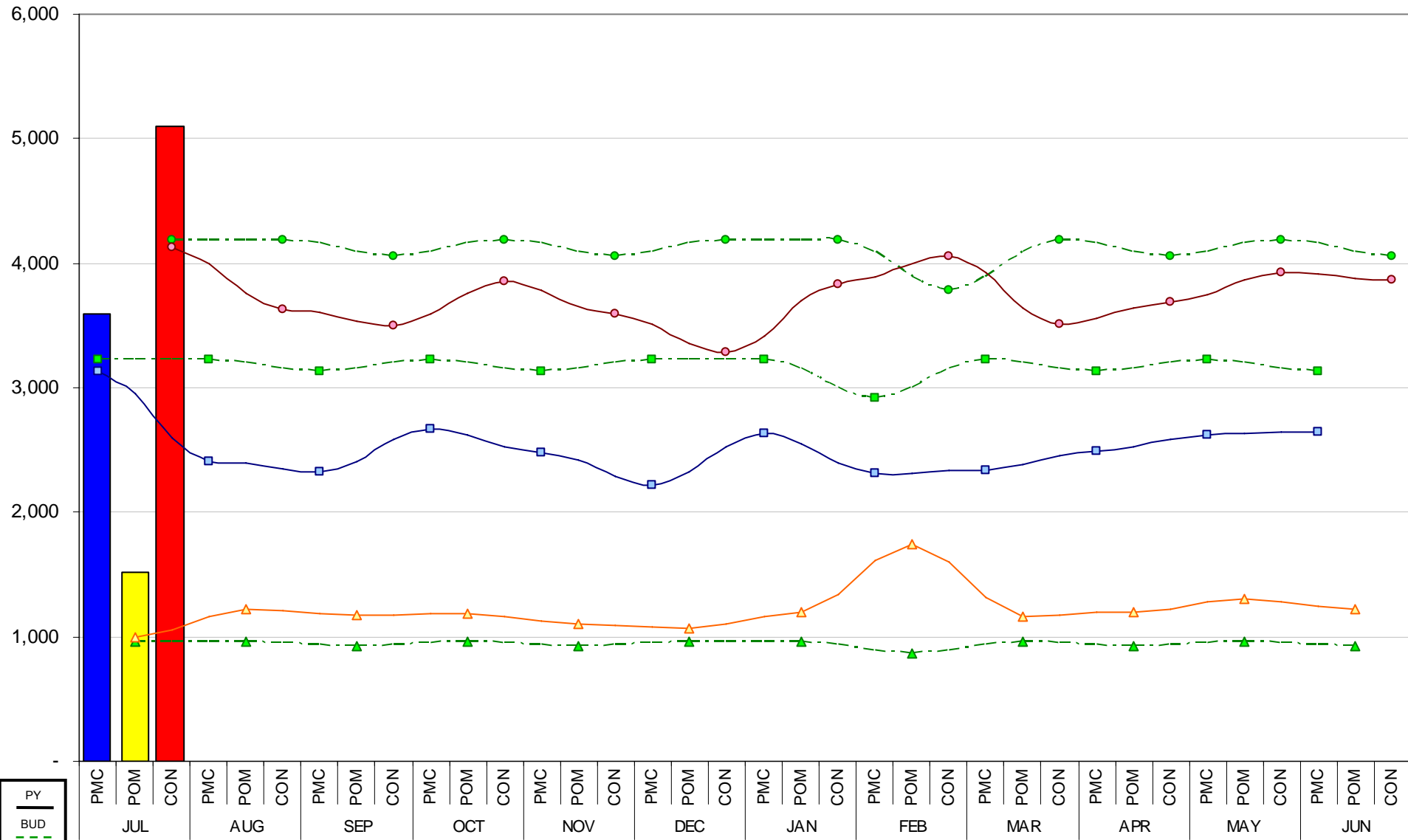
Escondido Surgery Center		
July-09		
	<u>Actual</u>	<u>Budget</u>
MTD	414	353
YTD	414	353



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	1,084	-	-	-	-	-	-	-	-	-	-	-	1,084	1,046
POM	689	-	-	-	-	-	-	-	-	-	-	-	689	587
CON	1,773	-	-	-	-	-	-	-	-	-	-	-	1,773	1,633

Statistical Indicators

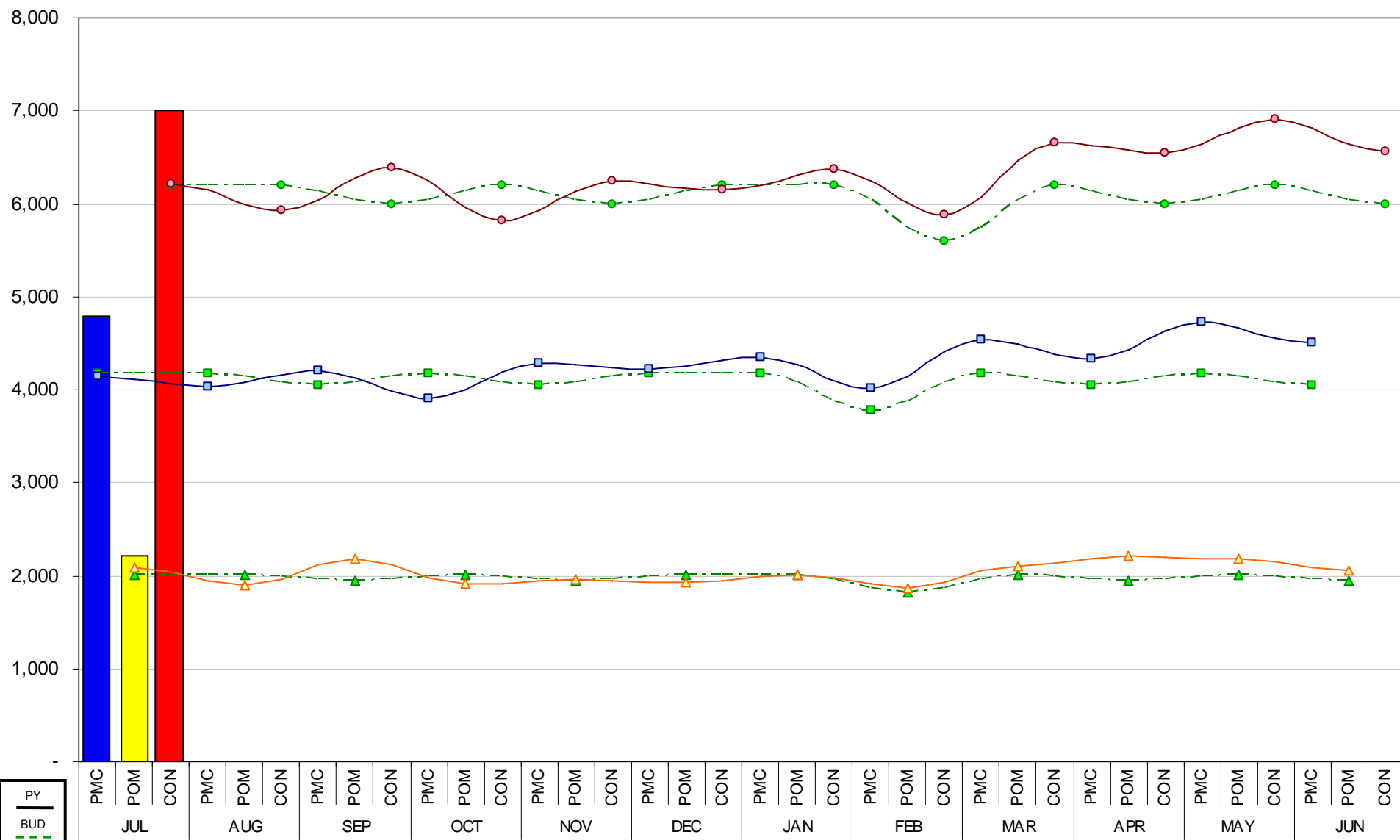
Outpatient Registrations *(excludes Lab)*



	<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>
PMC	3,587	-	-	-	-	-	-	-	-	-	-	-	3,587	3,229
POM	1,512	-	-	-	-	-	-	-	-	-	-	-	1,512	961
CON	5,099	-	-	-	-	-	-	-	-	-	-	-	5,099	4,190

Statistical Indicators

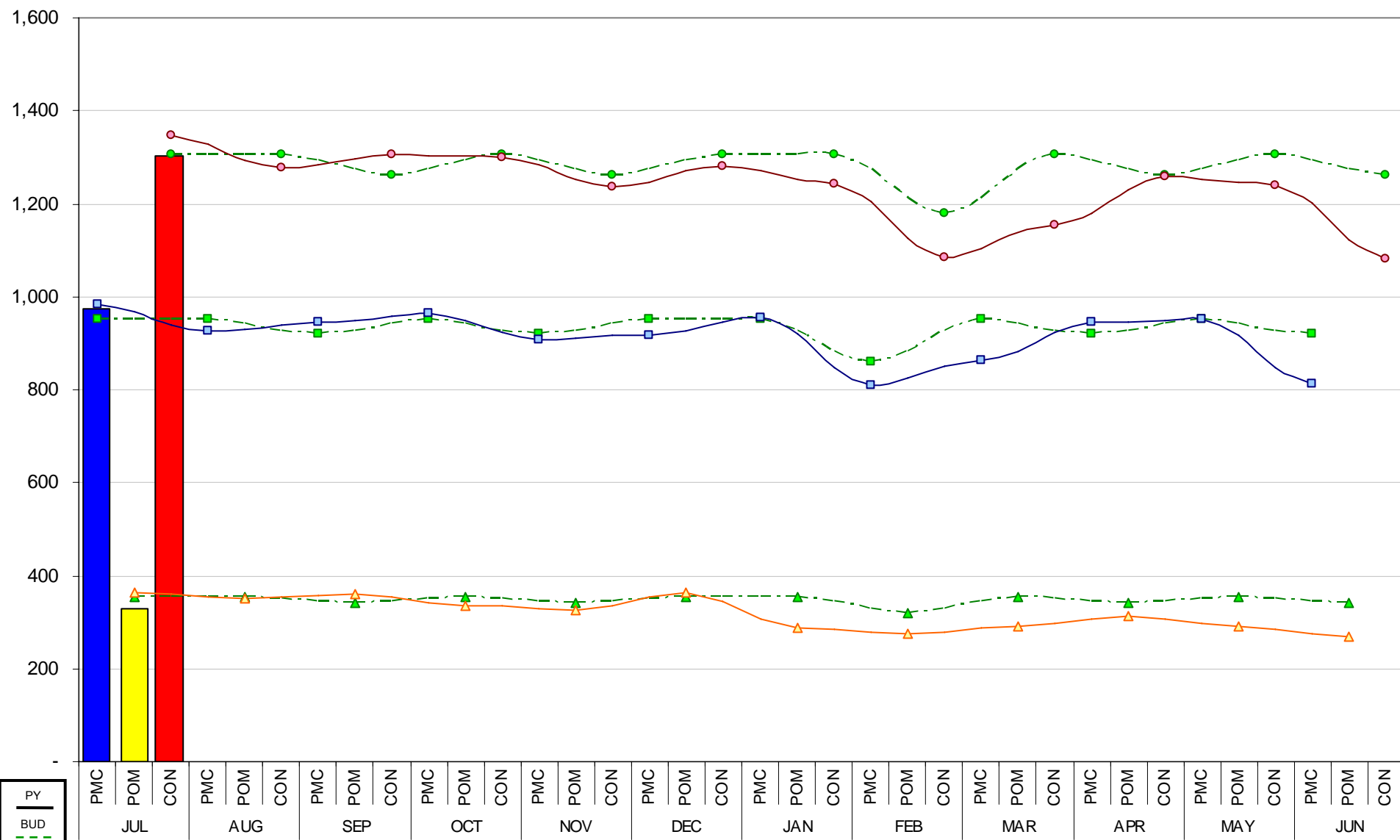
ER Visits (includes Trauma, Outpatient only)



	<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>
PM	4,788	-	-	-	-	-	-	-	-	-	-	-	4,788	4,176
PO	2,211	-	-	-	-	-	-	-	-	-	-	-	2,211	2,014
CO	6,999	-	-	-	-	-	-	-	-	-	-	-	6,999	6,190
CON/DAY	226	-	-	-	-	-	-	-	-	-	-	-	226	200

Statistical Indicators

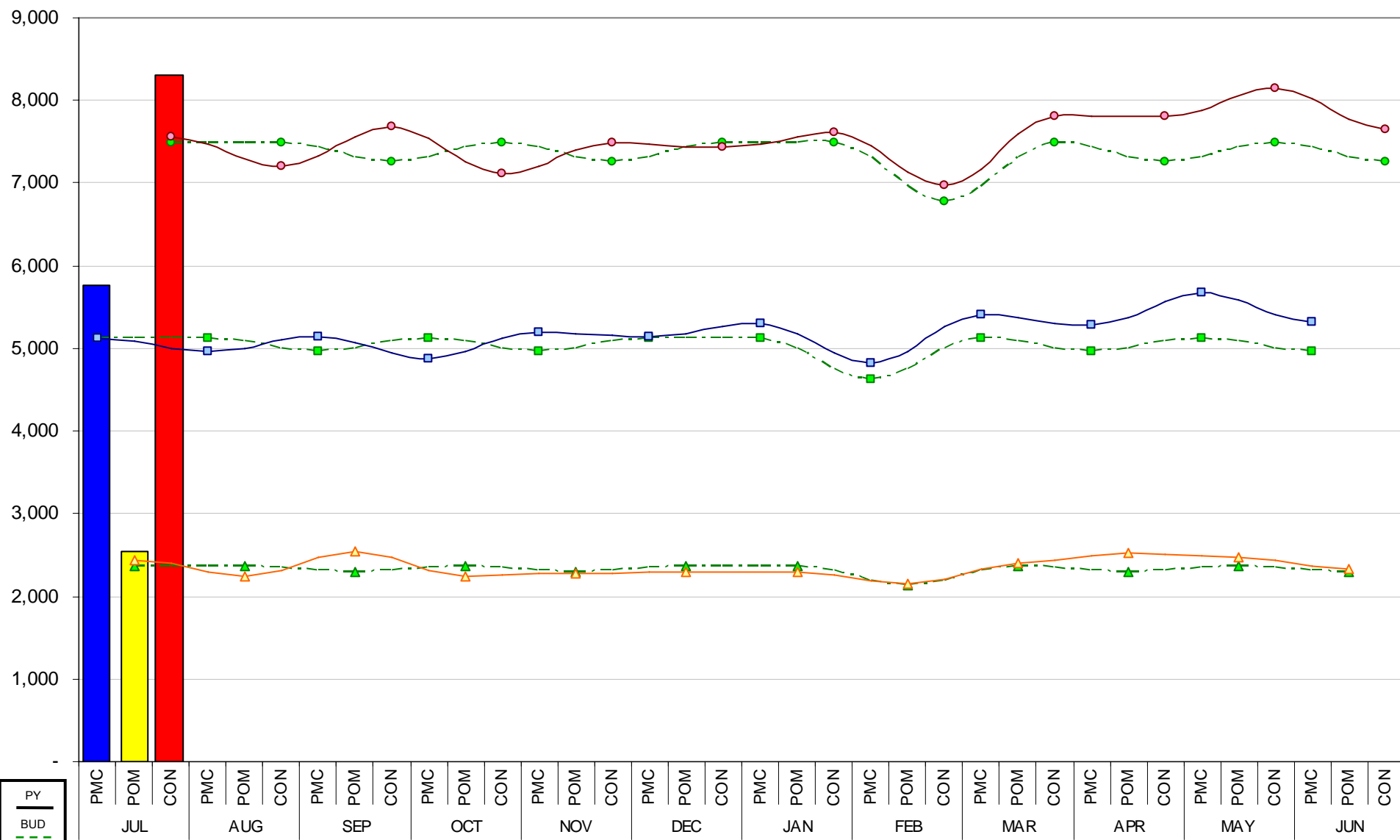
ER Admissions (includes Trauma, Inpatient only)



	<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>
PMC	973	-	-	-	-	-	-	-	-	-	-	-	973	951
POM	330	-	-	-	-	-	-	-	-	-	-	-	330	354
CON	1,303	-	-	-	-	-	-	-	-	-	-	-	1,303	1,305

Statistical Indicators

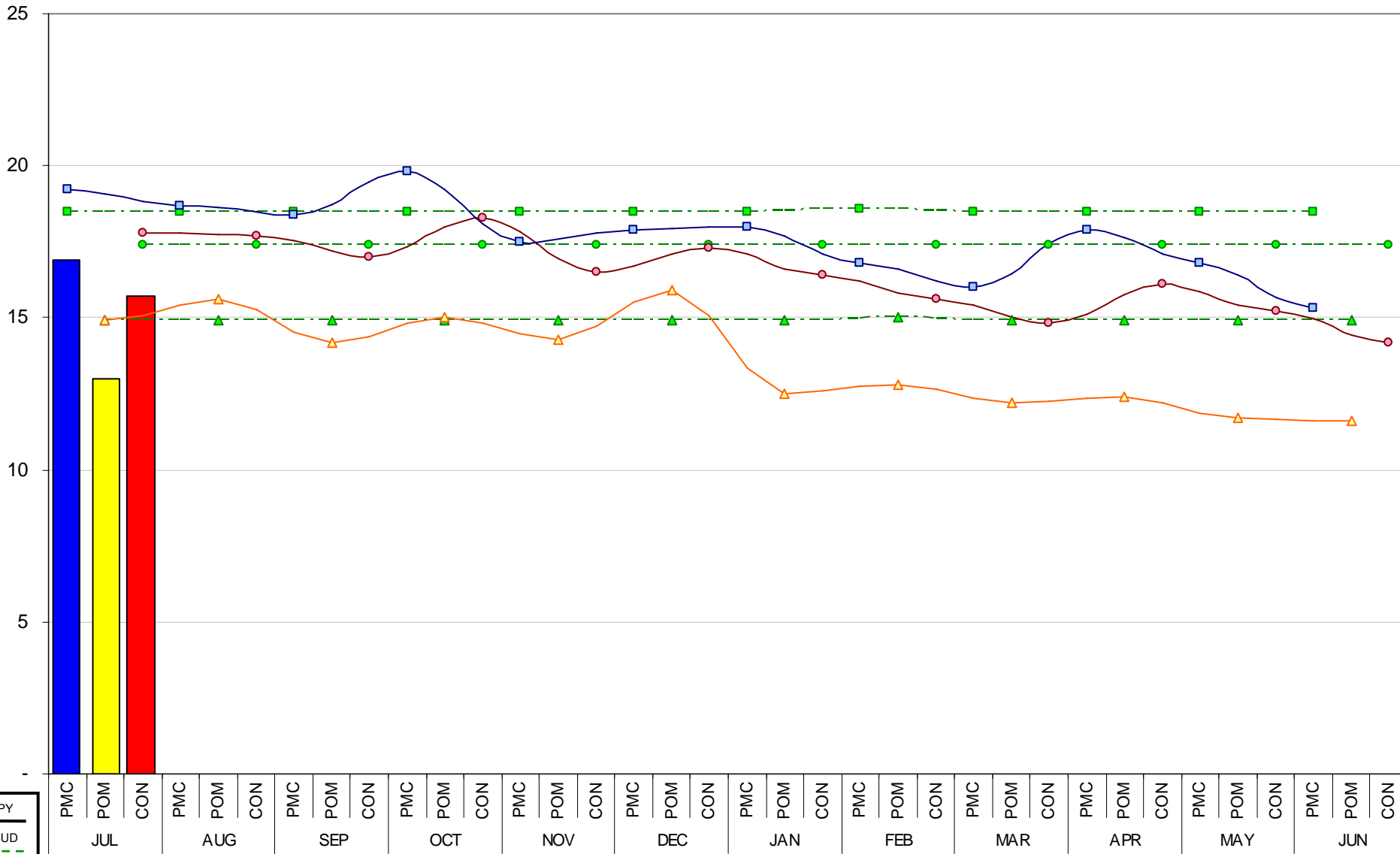
Total ER Visits (includes Trauma & Admissions)



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	5,761	-	-	-	-	-	-	-	-	-	-	-	5,761	5,127
POM	2,541	-	-	-	-	-	-	-	-	-	-	-	2,541	2,368
CON	8,302	-	-	-	-	-	-	-	-	-	-	-	8,302	7,495

Statistical Indicators

ER Conversion (ER Admits as % of ER Visits)

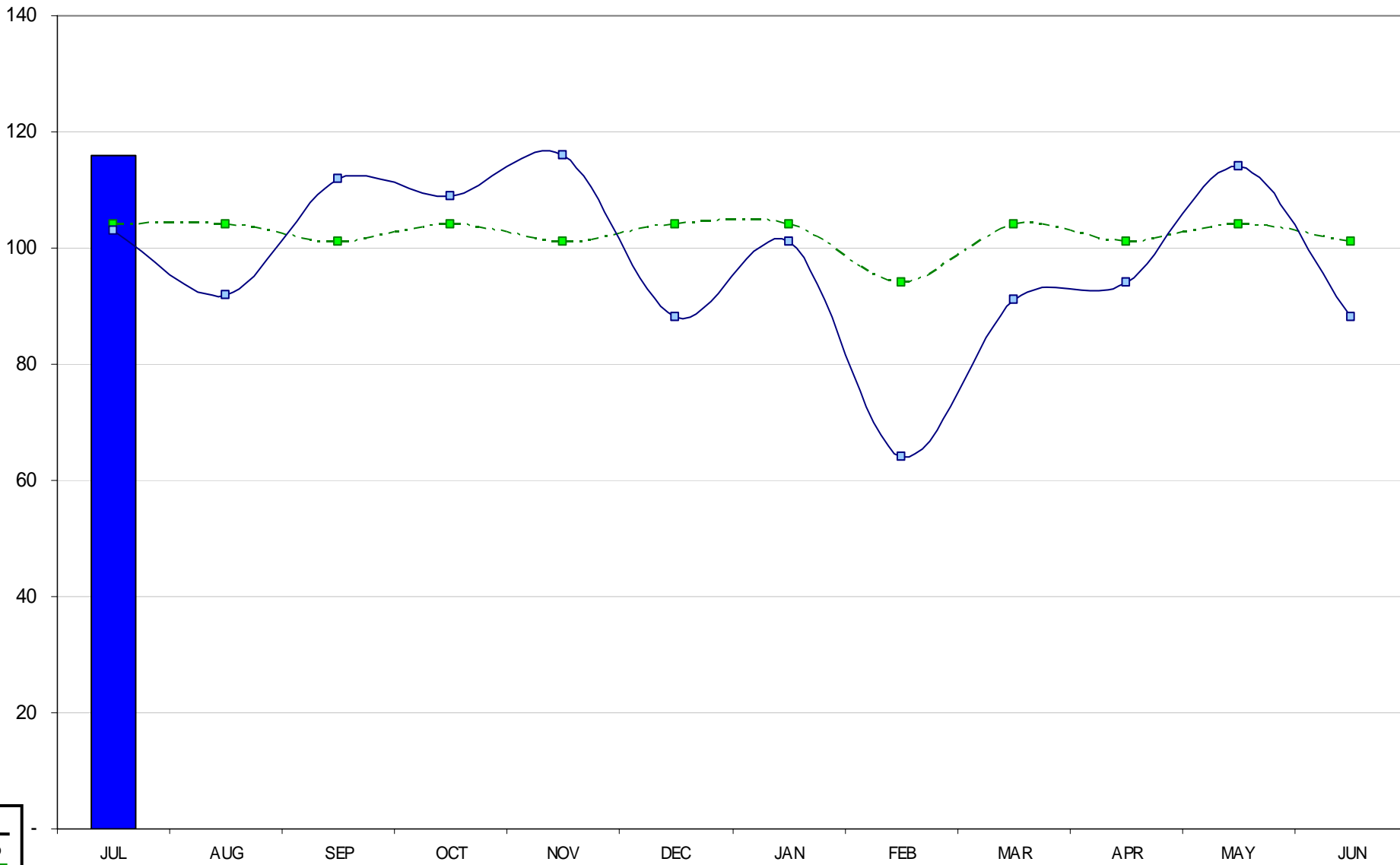


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	16.9	-	-	-	-	-	-	-	-	-	-	-	16.9	18.5
POM	13.0	-	-	-	-	-	-	-	-	-	-	-	13.0	14.9
CON	15.7	-	-	-	-	-	-	-	-	-	-	-	15.7	17.4

Statistical Indicators

Trauma Cases (PMC only)

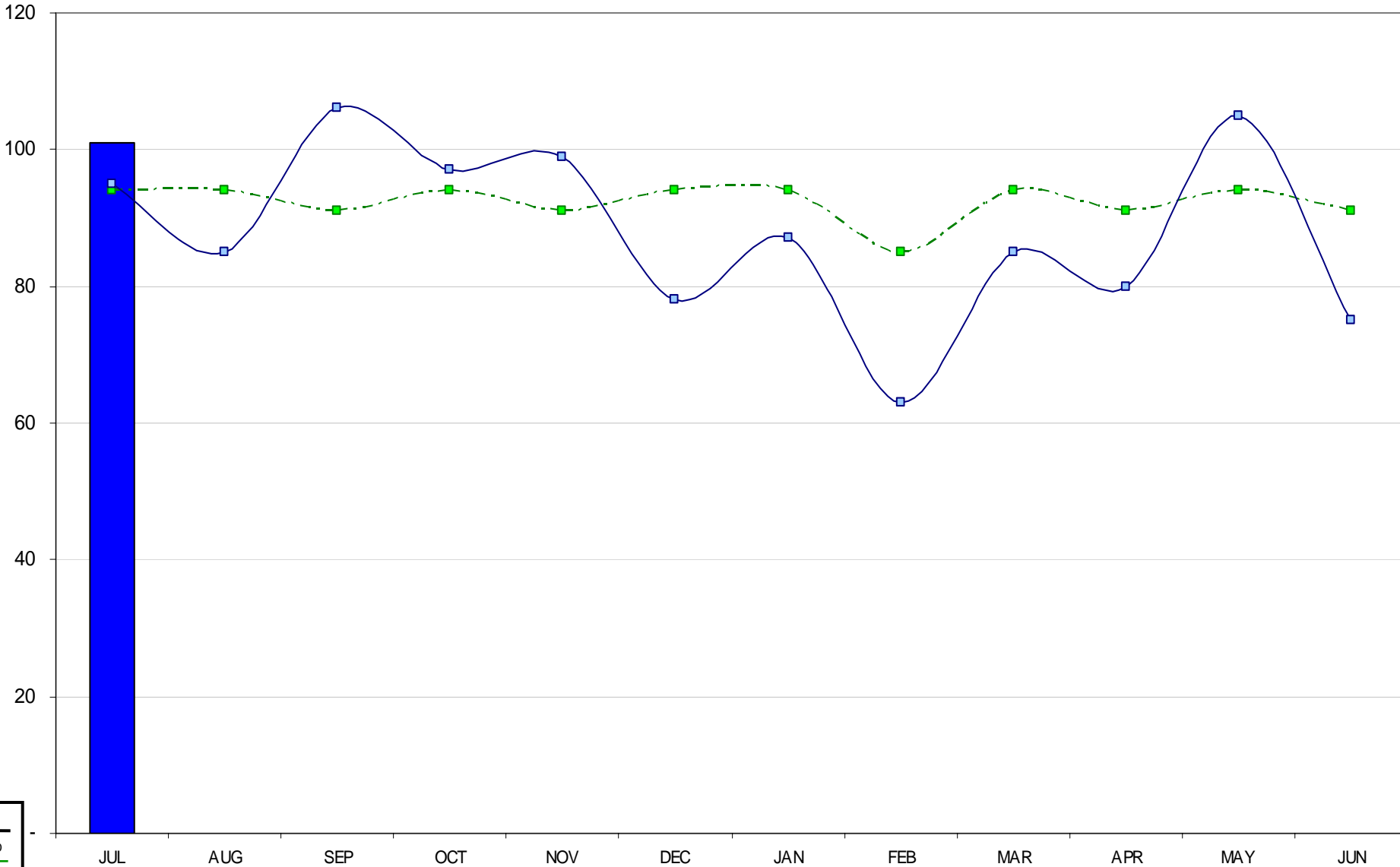


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	116	-	-	-	-	-	-	-	-	-	-	-	116	104
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	116	-	-	-	-	-	-	-	-	-	-	-	116	104

Statistical Indicators

Trauma Admissions (PMC only)

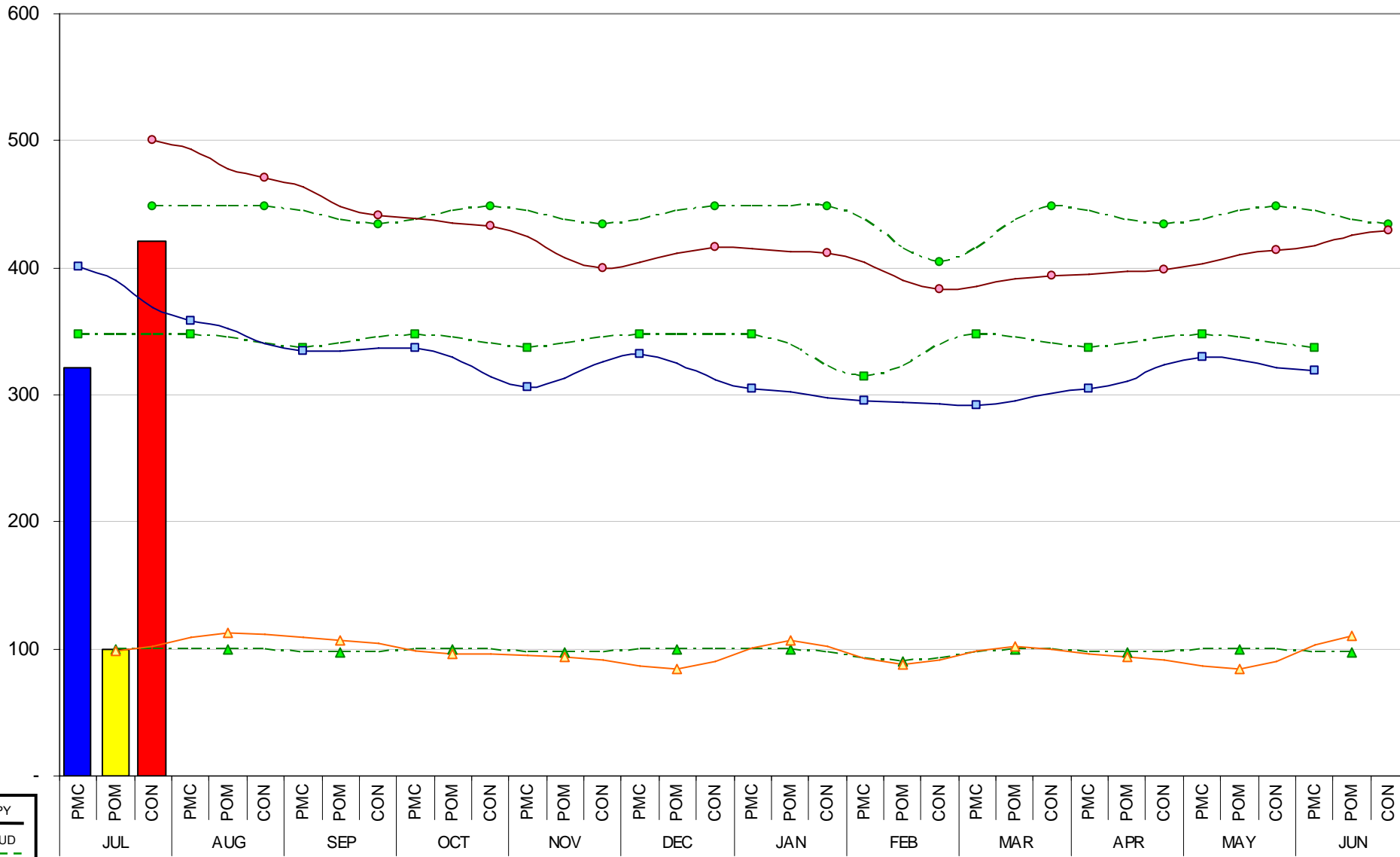


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	101	-	-	-	-	-	-	-	-	-	-	-	101	94
POM	-	-	-	-	-	-	-	-	-	-	-	-	-	-
CON	101	-	-	-	-	-	-	-	-	-	-	-	101	94

Statistical Indicators

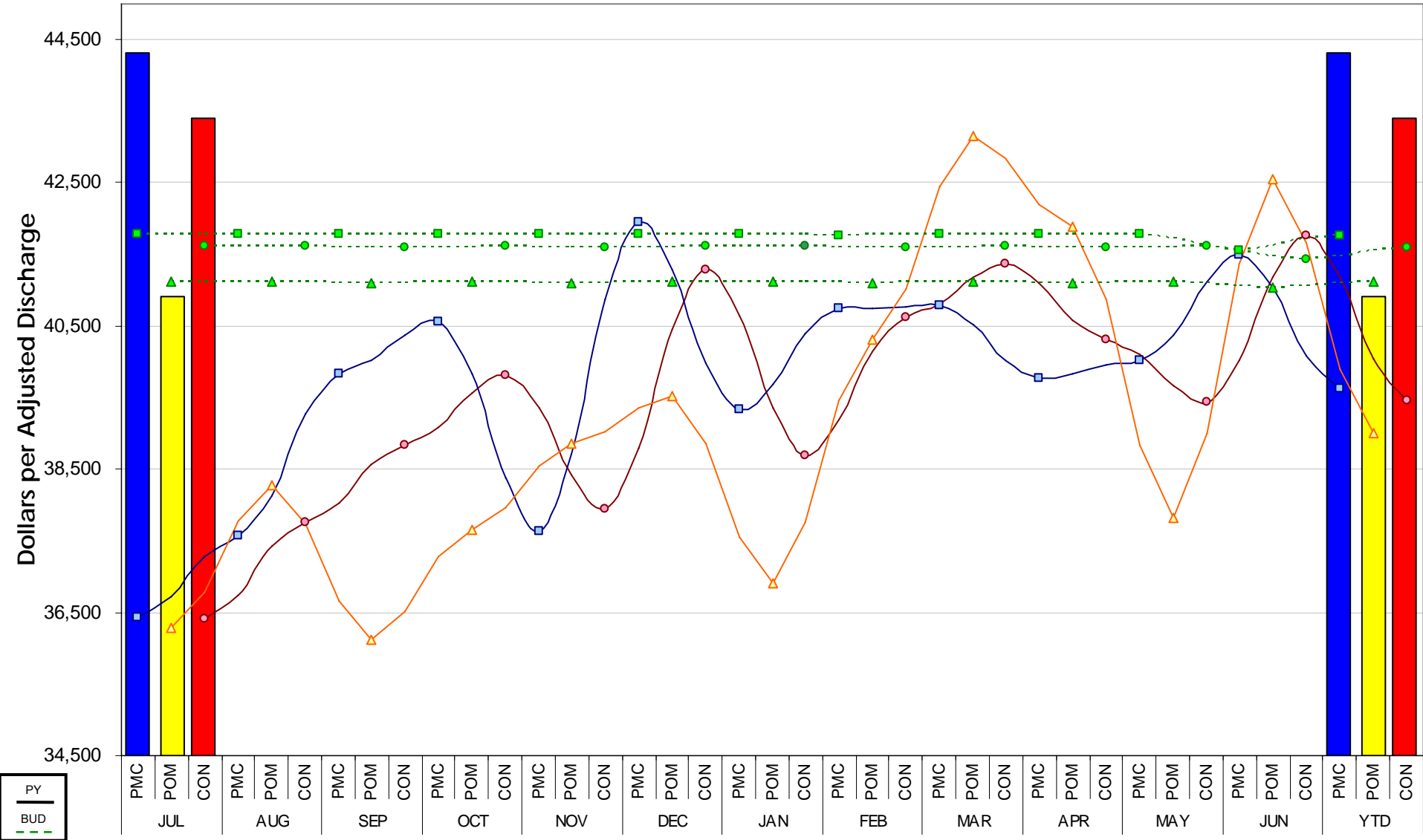
Deliveries



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	321	-	-	-	-	-	-	-	-	-	-	-	321	348
POM	100	-	-	-	-	-	-	-	-	-	-	-	100	100
CON	421	-	-	-	-	-	-	-	-	-	-	-	421	448

Adjusted Discharges

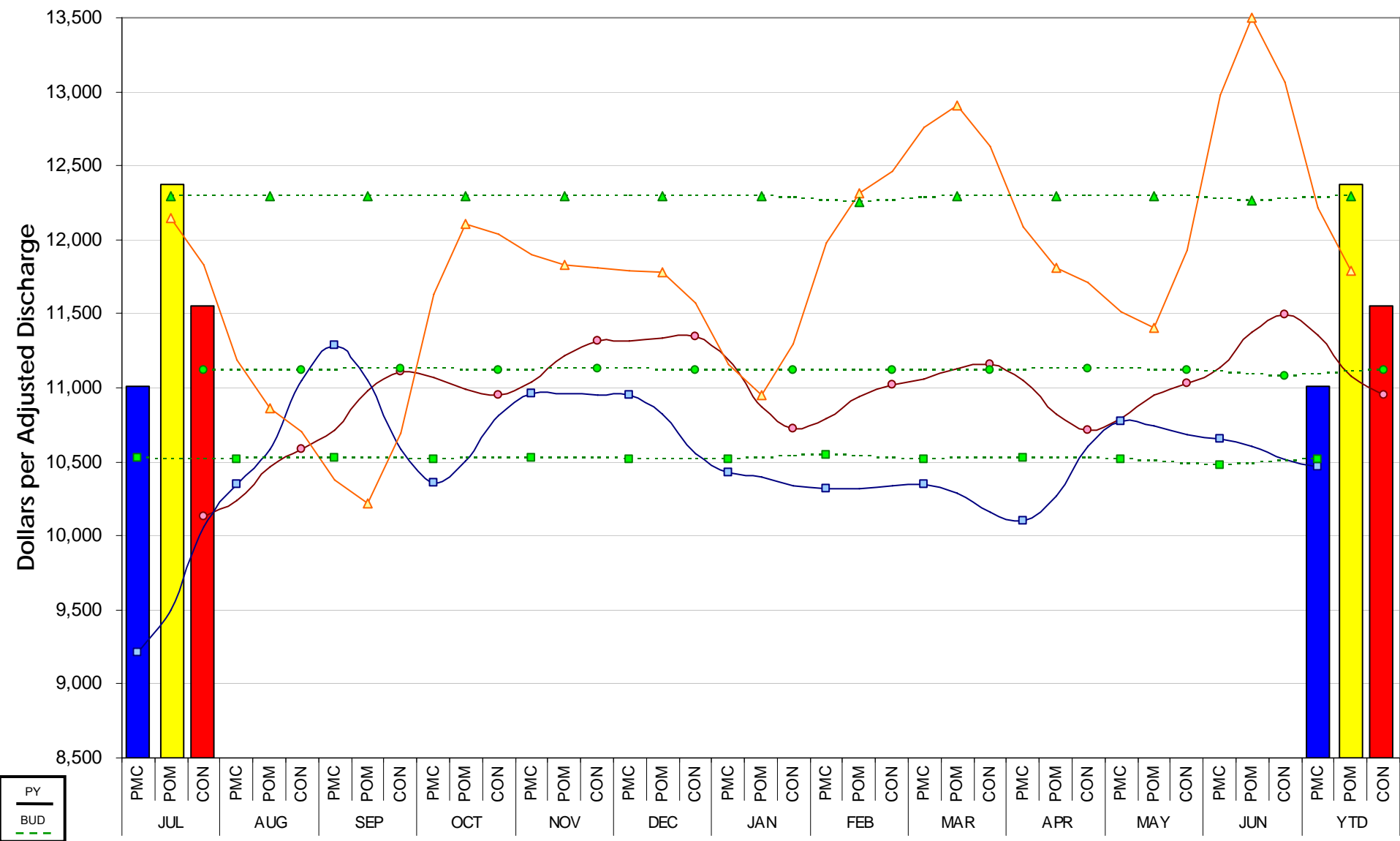
Gross Patient Revenue per Adjusted Discharges



	<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>
PMC	44,320	-	-	-	-	-	-	-	-	-	-	-	44,320	41,787
POM	40,910	-	-	-	-	-	-	-	-	-	-	-	40,910	41,127
CON	43,405	-	-	-	-	-	-	-	-	-	-	-	43,405	41,608

Adjusted Discharges

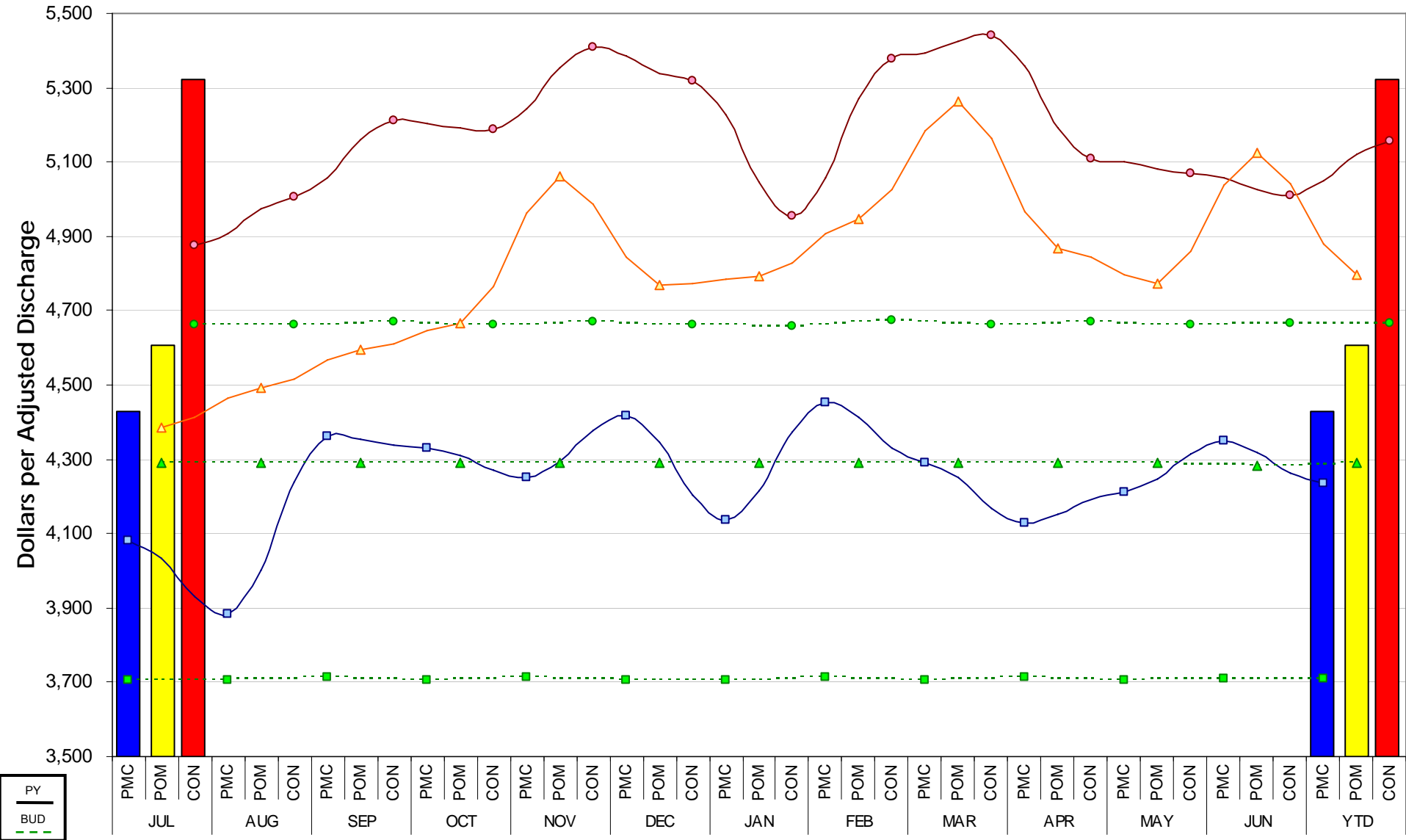
Net Patient Revenue per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	11,005	-	-	-	-	-	-	-	-	-	-	-	11,005	10,521
POM	12,371	-	-	-	-	-	-	-	-	-	-	-	12,371	12,298
CON	11,549	-	-	-	-	-	-	-	-	-	-	-	11,549	11,121

Adjusted Discharges

Salaries per Adjusted Discharges

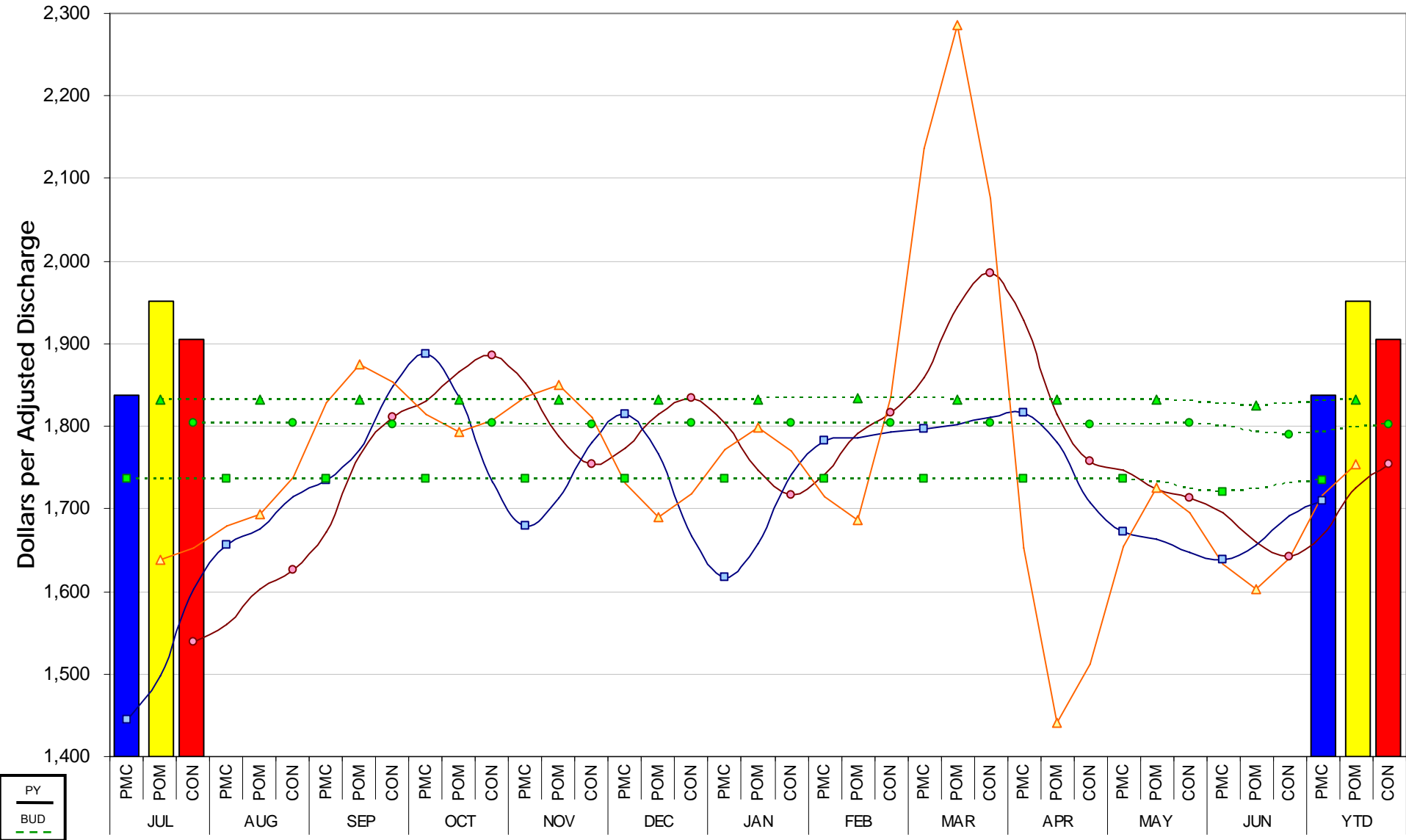


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	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	4,429	-	-	-	-	-	-	-	-	-	-	-	4,429	4,271
POM	4,608	-	-	-	-	-	-	-	-	-	-	-	4,608	4,967
CON	5,321	-	-	-	-	-	-	-	-	-	-	-	5,321	5,215

Adjusted Discharges

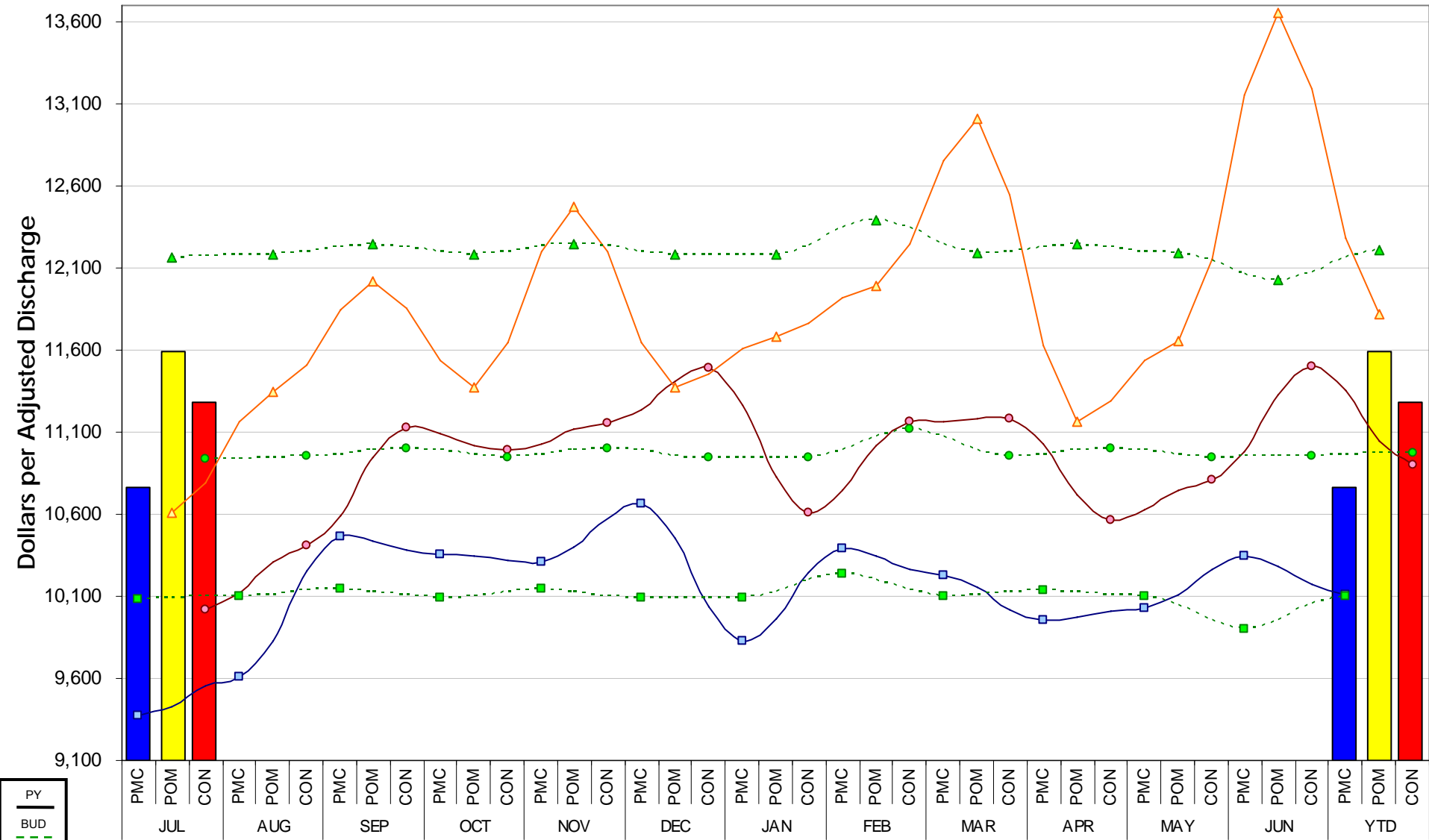
Supplies per Adjusted Discharge



	<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>
PMC	1,837	-	-	-	-	-	-	-	-	-	-	-	1,837	1,736
POM	1,952	-	-	-	-	-	-	-	-	-	-	-	1,952	1,833
CON	1,904	-	-	-	-	-	-	-	-	-	-	-	1,904	1,803

Adjusted Discharges

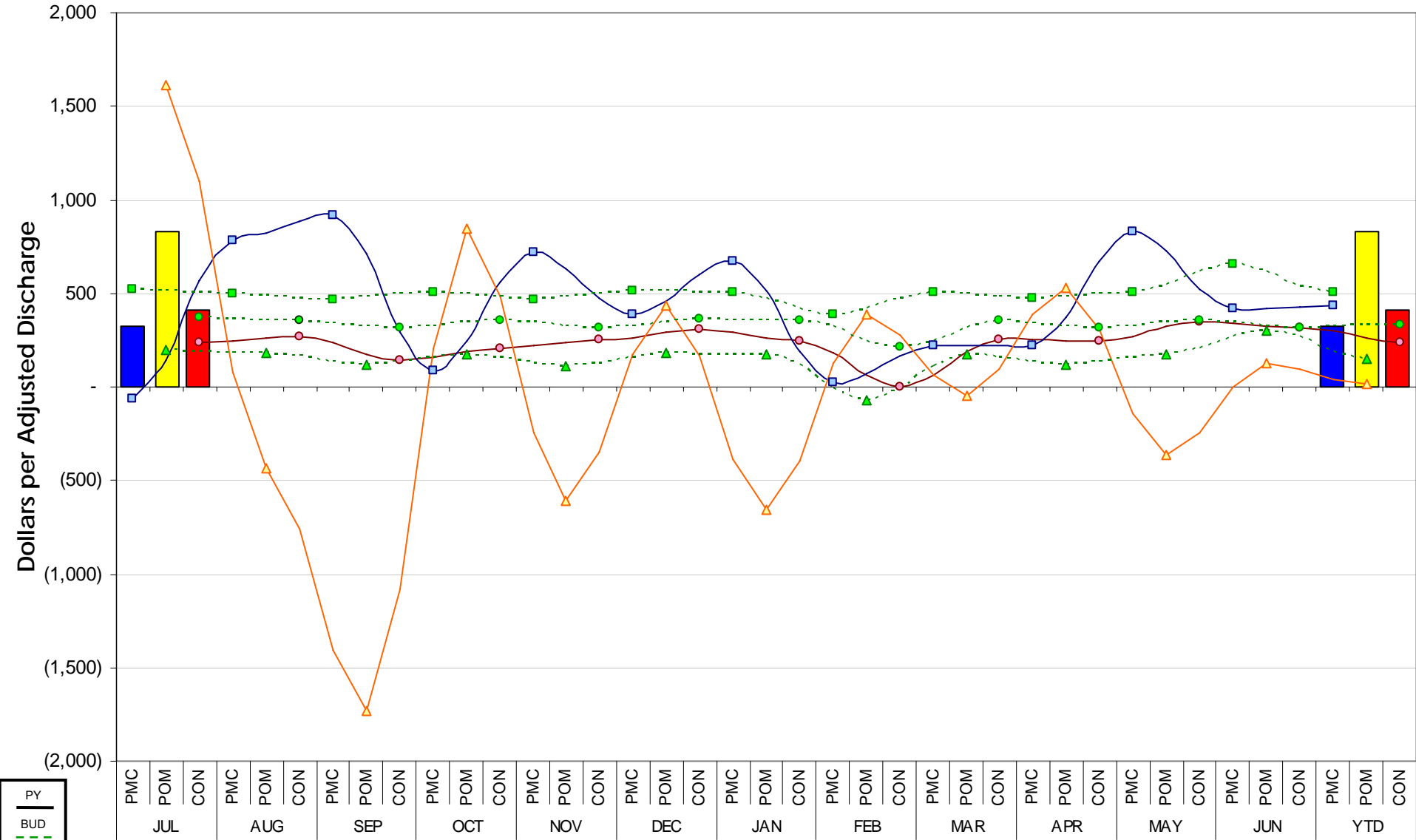
Total Expenses per Adjusted Discharges



	<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>
PMC	10,765	-	-	-	-	-	-	-	-	-	-	-	10,765	10,083
POM	11,589	-	-	-	-	-	-	-	-	-	-	-	11,589	12,165
CON	11,285	-	-	-	-	-	-	-	-	-	-	-	11,285	10,934

Adjusted Discharges

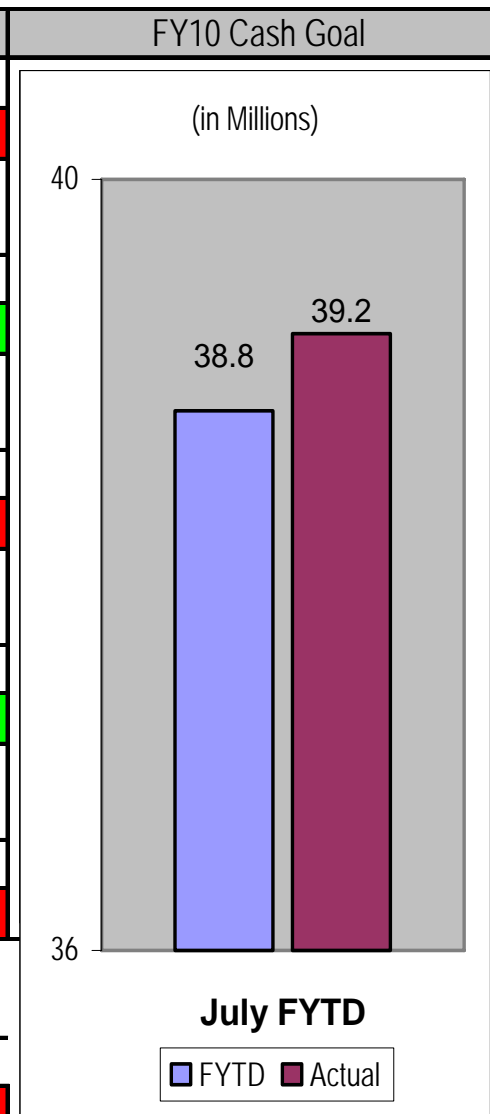
Net Operating Income per Adjusted Discharges



	<u>JUL</u>	<u>AUG</u>	<u>SEP</u>	<u>OCT</u>	<u>NOV</u>	<u>DEC</u>	<u>JAN</u>	<u>FEB</u>	<u>MAR</u>	<u>APR</u>	<u>MAY</u>	<u>JUN</u>	<u>YTD</u>	<u>B-YTD</u>
PMC	326	-	-	-	-	-	-	-	-	-	-	-	326	519
POM	829	-	-	-	-	-	-	-	-	-	-	-	829	197
CON	410	-	-	-	-	-	-	-	-	-	-	-	410	372

Revenue Optimization Pillar Team - Key Performance Indicator as of July 31, 2009

	Current	Goal	Trend	
Charge Services				
			MTD	YTD
CDM Build/Rebuild Clean Claim	52%	70%	█	█
Case Management				
CDI	\$ 393K	\$250K	█	█
Patient Access				
Co-Pay Collections	\$620K	\$741K	█	█
Coding				
DNFB	0.2 Days	0.5 Days	█	█
Patient Financial Services				
Billing Edits	\$8 M	< \$ 6 M	█	█
RAC				
Medicare 1 Day Stay	90%	100%	█	█



SUPPLEMENTAL INFORMATION

Week Ending

		8/6/2009	8/13/2009	8/20/2009	8/27/2009	MTD Total	MTD Budget	% Variance
Financial and Acuity	Palomar Medical Center							
	Gross Inpatient Charges	\$ 16,775,950	\$ 16,613,795			\$ 33,389,745	\$ 35,417,537	(5.73)
	Gross Outpatient Charges	\$ 6,924,781	\$ 6,991,267			\$ 13,916,048	\$ 11,742,437	18.51
	Net Revenue per Adj. Patient Day (est.)	\$ 2,250	\$ 2,328			\$ 2,288	\$ 2,224	2.88
	Total Expense per Adj. Patient Day (est.)	\$ 2,063	\$ 2,063			\$ 2,063	\$ 2,100	1.76
	Supply Expense per Adj. Patient Day (est.)	\$ 338	\$ 338			\$ 338	\$ 333	(1.50)
	Acute Case Mix Index	1.29	1.25					
	Pomerado Hospital							
	Gross Inpatient Charges	\$ 6,216,084	\$ 5,197,472			\$ 11,413,556	\$ 12,391,797	(7.89)
	Gross Outpatient Charges	\$ 2,485,762	\$ 2,619,114			\$ 5,104,876	\$ 4,788,032	6.62
	Net Revenue per Adj. Patient Day (est.)	\$ 1,601	\$ 1,539			\$ 1,571	\$ 1,588	(1.07)
	Total Expense per Adj. Patient Day (est.)	\$ 1,519	\$ 1,519			\$ 1,519	\$ 1,472	(3.19)
	Supply Expense per Adj. Patient Day (est.)	\$ 249	\$ 249			\$ 249	\$ 234	(6.41)
Acute Case Mix Index	1.15	1.25						
Productivity and Cash	Cash Collection	7,226,474	7,708,153			14,934,627	18,457,629	(19.09)
	Days Cash on Hand	112	115			115	80	
	Productivity Hrs (PP 3)	214,535				214,535	209,833	(2.24)
	PMC	125,577				125,577	122,629	(2.40)
	POM	57,043				57,043	56,453	(1.05)
	Others	31,915		-		31,915	30,751	(3.79)
	Productivity \$\$\$ (PP 3)	6,825,357				6,825,357	7,133,041	4.31
	PMC	3,957,298				3,957,298	4,176,396	5.25
	POM	1,744,188				1,744,188	1,860,106	6.23
	Others	1,123,871		-		1,123,871	1,096,539	(2.49)